

For the year ended 31 December 2004

1 General

The Company is an exempted company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its ultimate holding company is ASM International N.V. (“ASM International”), a company incorporated in the Netherlands.

The Company acts as an investment holding company. Its principal subsidiaries are engaged in the design, manufacture and marketing of machines, tools and materials used in semiconductor industry.

2 Potential impact arising from the recently issued accounting standards

In 2004, the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) issued a number of new or revised Hong Kong Accounting Standards (“HKASs”) and Hong Kong Financial Reporting Standards (“HKFRSs”) (hereinafter collectively referred to as “new HKFRSs”) which are effective for accounting periods beginning on or after 1 January 2005. The Group has not early adopted these new HKFRSs in the financial statements for the year ended 31 December 2004.

In April 2004, the HKICPA issued HKFRS 2 “Share-based Payment” which requires an expense to be recognised where the Group buys goods or obtains services in exchange for shares or rights over shares, or in exchange for other assets equivalent in value to a given number of shares or rights over shares. The principal impact of HKFRS 2 on the Group is in relation to the expensing of directors’ and employees’ shares of the Company granted under Employee Share Incentive Scheme (“Scheme” – see note 22 for details), which are calculated with reference to the market value of shares at the date of grant. Currently, the costs on the Scheme are recognised as expenses in the period in which the relevant employees’ services are rendered and are calculated with reference to the nominal value of shares expected to be issued under the Scheme.

The Group intends to follow the transitional provisions set out in HKFRS 2. In relation to shares granted on or before 7 November 2002 and shares granted after 7 November 2002 and vested before 1 January 2005, the Group does not intend to recognise and expense those shares with reference to the market value of shares at the date of grant. However, in relation to shares granted after 7 November 2002 and vested on or after 1 January 2005, such shares should be accounted for in accordance with HKFRS 2.

截至二零零四年十二月三十一日止年度

簡介

本公司為一家於開曼群島註冊成立之豁免公司，其股份於香港聯合交易所有限公司（「聯交所」）上市買賣。本公司之最終控股公司為於荷蘭註冊成立之ASM International N.V.（「ASM International」）。

本公司為一家投資控股公司。其主要附屬公司業務為設計、製造及銷售半導體工業所用之器材、工具及物料。

最近頒佈的會計準則所帶來的潛在影響

香港會計師公會於二零零四年頒佈了一系列新訂或修訂的香港會計準則及香港財務報告準則（以下全部簡稱「新訂香港財務報告準則」），該等準則於二零零五年一月一日或之後開始的會計年度生效。於截至二零零四年十二月三十一日年度的財務報告內，本集團沒有提早採用這些新訂香港財務報告準則。

香港會計師公會於二零零四年頒佈了香港財務報告準則二「以股本為基準之付款」。要求集團以股票或股權換購貨品或換取服務或以某數量之股票或股權換取等值之其他資產，均需確認為開支。香港財務報告準則二對本集團之主要影響為根據僱員股份獎勵制度（「制度」詳情見附註22）授予董事及僱員之股票需要以授予當日之市場價格計算，作為開支。現時，該制度之費用以預期將會發行之股票之票面價，確認為有關僱員提供服務期間之開支。

本集團制度遵照香港財務報告準則二所列出的過渡期條款，於二零零二年十一月七日或之前所授予的股權，及二零零二年十一月七日之後授予並於二零零五年一月一日或之前可行使的股權，不以授予當日之市場價格計算，確認為開支。惟於二零零二年十一月七日之後授予及於二零零五年一月一日或之後可行使的股權，應根據香港財務報告準則二列賬。

2 Potential impact arising from the recently issued accounting standards continued

The adoption of HKFRS 2 would have a significant impact on the results of operations and financial position of the Group for accounting periods beginning on or after 1 January 2005. However, it has no significant effect on the results for the year ended 31 December 2004 or prior accounting periods.

In relation to other new HKFRSs, the Group does not expect that their issuance will have a material effect on how the results of operations and financial position of the Group are prepared and presented.

3 Significant accounting policies

The financial statements have been prepared under the historical cost convention and have been prepared in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are as follows:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December each year. All significant inter-company transactions and balances within the Group have been eliminated on consolidation.

The results of subsidiaries acquired and disposed of during the year are included in the consolidated income statement from and up to their effective dates of acquisition and disposal respectively.

Revenue recognition

Sales of goods are recognised when goods are delivered and when title has been passed.

Interest income from bank deposits is accounted for on an accrual basis by reference to the principal outstanding and at the interest rates applicable.

Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of property, plant and equipment over their estimated useful lives, using the straight line method, at the following rates per annum:

Leasehold land	Over the term of the lease
Buildings	4%
Leasehold improvements	33 $\frac{1}{3}$ %
Plant and machinery	10% to 33 $\frac{1}{3}$ %
Furniture, fixtures and equipment	10% to 20%

The gain or loss arising from disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

最近頒佈的會計準則所帶來的潛在影響 續

採用香港財務報告準則二，將對本集團於二零零五年一月一日或之後開始會計年度的業績及財政狀況有重大之影響。惟此準則對本集團於截至二零零四年十二月三十一日止或之前的會計年度的業績並無重要的影響。

本集團認為其他新頒佈的香港財務報告準則，不會對本集團的財務表現及財政狀況之編製及呈列方式構成重大的影響。

主要會計政策

財務報表乃按歷史成本規定及依據香港普遍採用之會計原則編製。本公司所採用之主要會計政策如下：

綜合基準

綜合財務報表包括截至每年十二月三十一日止本公司及其附屬公司之財務報表。所有集團內公司間之重大交易及結餘均於綜合時註銷。

本年度購入及出售附屬公司之業績，分別由購入日期起及截至出售有效日期止列於綜合收益報表。

收入確認

貨物銷售於付運貨物或當移交業權後確認。

銀行存款利息收入乃按尚存本金以適用利率按應計基準入賬。

物業、廠房及設備

物業、廠房及設備乃按成本減折舊及累計減值虧損列賬。

物業、廠房及設備之折舊均按其估計可用年期，按直線法以下列年率將其成本撇銷：

租約土地	按租約年期攤銷
樓宇	4%
租約物業裝修	33 $\frac{1}{3}$ %
機器設備	10% 至 33 $\frac{1}{3}$ %
傢俬、裝置及設備	10% 至 20%

資產出售或報廢所產生的盈虧，均按該資產出售所得與賬面價值之差額釐定，並列入收益報表內。

3 Significant accounting policies continued

Investments in subsidiaries

Investments in subsidiaries are included in the Company's balance sheet at cost or directors' valuation less any identified impairment loss.

Income from investments in subsidiaries is accounted for when the Company's right to receive the dividend payment has been established.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the standard cost method, which closely approximate the actual cost calculated using the first-in, first-out method.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development expenditure is recognised only if it is anticipated that the development costs incurred on a clearly-defined project will be recovered through future commercial activity. The resultant asset is amortised on a straight line basis over its useful life.

Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Government grants received as subsidy for the Group's research and development activities are recognised in the same period as those expenses are charged in the income statement.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

主要會計政策 續

附屬公司投資

於附屬公司之投資乃按成本或董事估值減任何已辨認減值虧損列入本公司之資產負債表。

於附屬公司之投資所得收益於公司確立其享有收取股息權利時入賬。

存貨

存貨乃按成本值或可變現淨值兩者之較低值入賬。成本乃按標準成本法，此等計算接近以先入先出方式之實際成本值。

研究及發展費用

研究工作之費用於產生之期間確認為開支。

僅在明確界定項目所產生之發展費用預期將可透過日後之商業活動收回之情況下，因發展費用而產生之內部無形資產方會予以確認，而因此所產生之資產將會按可使用年期以直線法攤銷。

倘並無內部無形資產可予確認，則發展費用於產生之期間確認為開支。

本集團研究及開發活動所獲之政府津貼已在該等開支計入收益報表時同期確認入賬。

減值

於各資產負債表結算日，本集團均會審閱其資產之賬面值，以確認該等資產是否已出現減值虧損。倘本公司估計某項資產之可收回金額低於其賬面值，則該項資產之賬面值須減低至其可收回金額。減值虧損將即時確認為開支。

倘某項減值虧損期後撤回，則該項資產之賬面值須增加至重新估計之可收回金額，惟增加後之賬面值不得超過若在以往年度並無減值虧損而釐定之賬面值。減值虧損撤回時將即時確認為收益。

3 Significant accounting policies continued

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes income statement items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Leases

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership of the assets concerned to the Group. All other leases are classified as operating leases and the annual rentals are charged to the income statement on a straight line basis over the term of the relevant leases.

主要會計政策 續

稅項

所得稅開支乃指現時應付稅項及遞延稅項之總額。

現時應付稅項乃按本年度應課稅溢利計算。應課稅溢利與收益表呈列之溢利淨額不同，乃由於前者不包括在其他年度應課稅或可減免之收入或開支，並且不包括收益表內不應課稅或減免之項目。

遞延稅項就財務報表資產及負債賬面值及計算應課稅溢利相應稅基差額而須支付或可收回之稅項，並以資產負債表負債法計算。遞延稅項負債通常會就所有應課稅的暫時差額確認，而遞延稅項資產乃按可能出現可減免之暫時時差之應課稅溢利時提撥。若於一項交易中，因商譽（或負商譽）或因業務合併以外原因開始確認其他資產及負債而引致不影響應課稅溢利及會計溢利之暫時時差，則不會確認該等資產及負債。

遞延稅項負債乃按因於附屬公司之投資而引致之應課稅暫時差異而確認，惟若本集團能控制暫時差異之逆轉及暫時差異於可見將來不會逆轉之情況則除外。

遞延稅項資產之賬面值於每個結算日作審閱，並在沒可能有足夠應課稅溢利收回全部或部份資產價值時作調減。

遞延稅項乃按預期於負債償還或資產變現期間適用之稅率計算。遞延稅項於收益表中扣除或計入。惟倘遞延稅項直接在股本權益中扣除或計入之情況（在此情況下遞延稅項亦會於股本權益中處理）除外。

租約

倘租約之條款將有關資產擁有權之一切風險及回報大部份賦予本集團，則該等租約列為財務租約。所有其他租約則列為經營租約，其每年之租金乃以直線法按其租約計入收益報表內。

3 Significant accounting policies continued

Foreign currencies

Transactions in foreign currencies are translated at the approximate rates ruling on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies, except funds advanced to subsidiaries which are regarded as permanent equity funding, are re-translated at the rates ruling on the balance sheet date. Gains and losses arising on exchange are dealt with in the income statement. Funds advanced to subsidiaries which, although not designated as capital, are regarded as permanent equity funding, are stated at historical rates.

On consolidation, the assets and liabilities of subsidiaries outside Hong Kong are translated at the exchange rates at the balance sheet date and the results of subsidiaries outside Hong Kong are translated at the average exchange rate for the year. All exchange differences arising on consolidation are dealt with in the exchange reserve.

Employee Share Incentive Scheme

The costs on the Employee Share Incentive Scheme are recognised as expenses in the period in which the relevant employees' services are rendered and are calculated with reference to the nominal value of shares expected to be issued under the scheme.

Retirement benefit schemes

The retirement benefit costs charged to the income statement represent the contribution payable in respect of the current year to the Group's defined contribution retirement schemes, state-managed retirement benefit schemes and Mandatory Provident Fund Scheme.

4 Turnover

Turnover represents the amounts received and receivable for goods sold to customers during the year, less returns and allowance.

主要會計政策 續

外幣兌換

外幣交易均按交易當日之大概匯率折算。以外幣結算之資產及負債乃按資產負債表結算日之匯率換算，惟墊付予附屬公司作為永久權益資金的款項則除外。因兌換而產生之盈虧均撥入收益報表處理。墊付予附屬公司之款項雖然並非指定為資本，但仍被視為永久權益資金而按過往歷史匯率折算列賬。

在綜合結算時，香港以外附屬公司之資產及負債按資產負債表結算日期之匯率折算，而香港以外附屬公司之業績則按年內之平均匯率折算。因綜合結算而產生之所有兌換差額均撥入兌換儲備處理。

僱員股份獎勵制度

僱員股份獎勵制度之費用均於相關僱員提供服務期內確認為支出，並根據該制度按預期發行股份之票面值計算。

退休福利計劃

自收益表中扣除之退休福利成本指本集團於本年度就既定供款退休計劃、國家管理退休福利計劃及強制性公積金計劃應付之供款。

營業額

營業額為是年度出售貨品予客戶之已收或應收款項減去退貨及折扣。