



華潤上華
日誌
宏

上天翼展

The Leading
Mainstream Foundry in China
中國主流晶圓專工業之先鋒

CSMC TECHNOLOGIES CORPORATION

華潤上華科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊之有限公司)

Interim Report

2005

中期報告

上天翼辰鯤鵬舉

華日曉明宏圖壯

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COMPANY PROFILE AND CORPORATE INFORMATION

公司概況及公司資料

CSMC Technologies Corporation (“CSMC” or the “Company”) is a limited liability company incorporated in the Cayman Islands.

Pioneering the open foundry business model in China in 1997, we now own and operate the first and one of the largest open semiconductor foundries in China as measured by operational capacity. Our fab facilities are located in Wuxi, Jiangsu Province. Our business focus is on the semiconductor market in China, providing manufacturing services mainly for CMOS logic, mixed-signal, high voltage, non-volatile memory (“NVM”) integrated circuits (“ICs”) and DMOS. Mixed-signal ICs and DMOS are widely used for power management applications. CSMC also offers assistance to its customers by arranging upstream IC design services as well as downstream testing and packaging services.

CSMC, together with its subsidiaries known as the “Group”, currently targets the ICs market manufactured with 3.0 micron to 0.35 micron process technologies on 6-inch wafers. The management believes that this segment represents the mainstream semiconductor market in China and offers niche technology applications, such as mixed-signal and DMOS to address strong growth opportunities as consumer electronics manufacturing and assembly continues to grow rapidly in China, both for export and domestic consumption.

CSMC’s principal customers are the fast growing fabless design houses in China. The Group also provides more open foundry services to Integrated Device Manufacturers (“IDMs”). The management believes that our ability to maintain its leadership in the mainstream 6-inch market segment in China and the development of our key overseas markets will underpin the future success of CSMC.

CSMC was listed on the main board of The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) on 13 August 2004.

華潤上華科技有限公司（「華潤上華」或「本公司」）為於開曼群島註冊成立之有限公司。

本公司於一九九七年在中國開創開放式晶圓代工業務模式的先河，目前於中國擁有及經營第一家，並以營運能力計為其中一家最大型的半導體開放式晶圓代工廠。本公司晶圓製造廠位於江蘇省無錫市，我們專注發展中國半導體市場，主要提供CMOS邏輯、數模混合信號、高壓、非易失存記憶體（「NVM」）集成電路（「IC」）及DMOS製造服務。數模混合信號集成電路及DMOS廣泛應用於電源管理應用程式。本集團亦協助其客戶安排提供上游IC設計服務，以及下游測試及封裝服務。

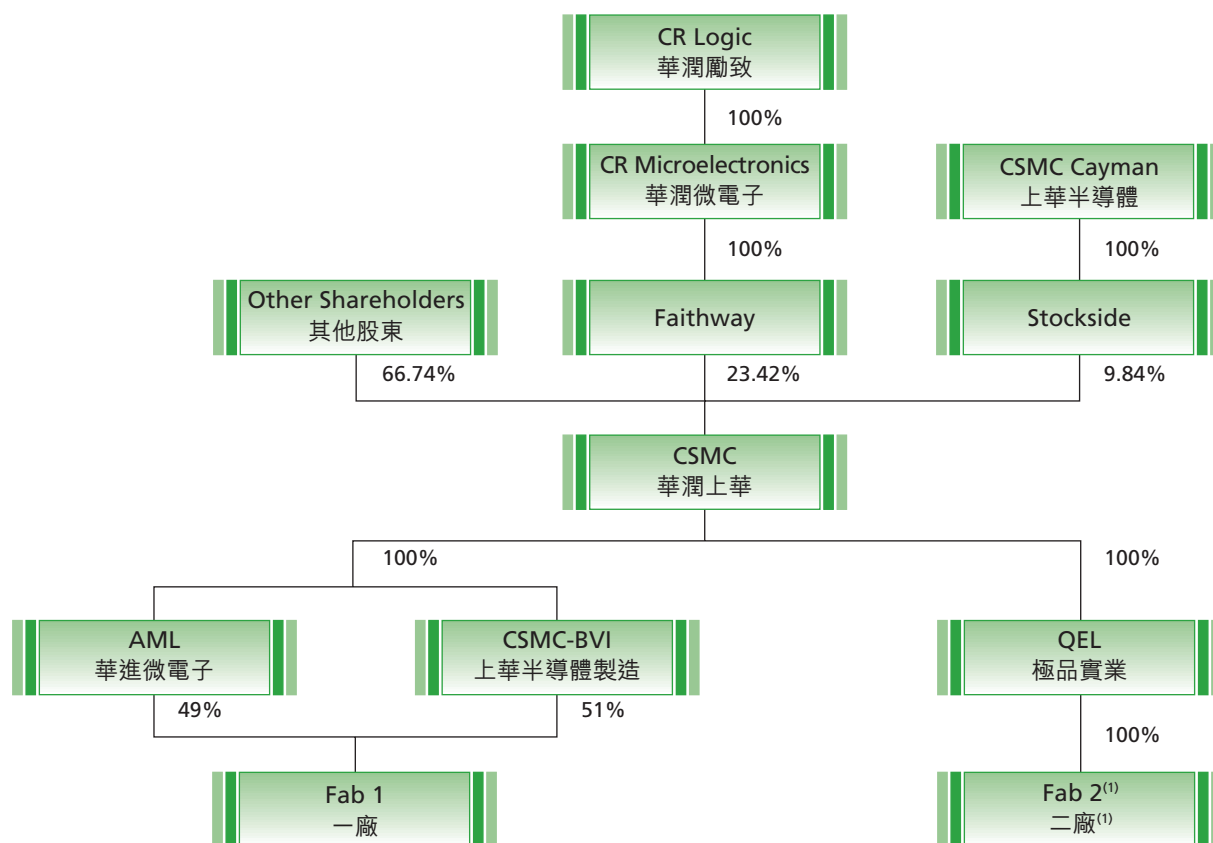
華潤上華（連同其附屬公司統稱「本集團」）目前針對的IC市場，是以採用3.0微米至0.35微米製程技術生產的6英寸晶圓製造的IC。管理層相信，隨著中國出口及國內消費的消費電子產品製造及組裝的持續激增，這類產品正代表中國的主流半導體市場，並提供合適的技術應用程式，如數模混合信號及DMOS，以把握龐大增長機會。

本集團的主要客戶是中國迅速增長的無生產線IC設計公司。本集團逐漸增加對IDM提供開放式晶圓代工服務。管理層相信，本集團維持於中國6英寸主流市場的領導地位及發展主要海外市場，將鞏固華潤上華未來的成功。

華潤上華於二零零四年八月十三日在香港交易所（「港交所」）主板上市。

Corporate Entity Structure

公司架構



Notes:

- (1) Operation of Fab 2 has not yet commenced.

Definitions: In this report, unless the context requires otherwise, the following words and expressions have the following meanings:

"AML":	Advanced Microelectronics Limited
"CR Logic":	China Resources Logic Limited
"CR Microelectronics":	China Resources Microelectronics (Holdings) Limited
"CSMC Cayman":	Central Semiconductor Manufacturing Corporation
"CSMC-BVI":	CSMC Manufacturing Co., Ltd.
"Fab 1":	CSMC Technologies Fab 1 Co., Ltd.
"Fab 2":	CSMC Technologies Fab 2 Co., Ltd.
"Faithway":	Faithway Resources Limited
"QEL":	Qualibest Enterprises Limited
"Stockside":	Stockside Limited

附註：

- (1) 二廠尚未開始投入運作。

釋義：於本報告內，除文義另有所指外，以下詞語具有以下涵義：

「華進微電子」：	華進微電子有限公司
「華潤勵致」：	華潤勵致有限公司
「華潤微電子」：	華潤微電子(控股)有限公司
「上華半導體」：	Central Semiconductor Manufacturing Corporation
「上華半導體製造」：	上華半導體製造有限公司
「一廠」：	無錫華潤上華半導體有限公司
「二廠」：	無錫華潤上華科技有限公司
「Faithway」：	Faithway Resources Limited
「極品實業」：	極品實業有限公司
「Stockside」：	Stockside Limited

Corporate Information

English Name	CSMC Technologies Corporation
Chinese Name	華潤上華科技有限公司
Chairman	Peter CHEN Cheng-yu
President	Robert LEE Naii
Executive Directors	Peter CHEN Cheng-yu Robert LEE Naii TSAI Nein-nan
Non-Executive Directors	Ken ONG Thiam Kin YU Yu CHEN Nan-xiang Paul P. WANG
Independent Non-Executive Directors	Kum Loon OON Mark HSUE Chi Nan Ralph Sytze YBEMA
Company Secretary	Frank LAI Ni Hium Certified Practising Accountant (Australia)
Auditors	PricewaterhouseCoopers
Legal Advisor	Richards Butler
Registered Office	Scotia Center, P.O. Box 2804 George Town, Grand Cayman Cayman Islands British West Indies
Principal Place of Business	No. 14 Liangxi Road Wuxi, Jiangsu 214061 China

公司資料

英文名稱	CSMC Technologies Corporation
中文名稱	華潤上華科技有限公司
主席	陳正宇
總裁	李乃義
執行董事	陳正宇 李乃義 蔡聯南
非執行董事	王添根 俞宇 陳南翔 王伯元
獨立非執行董事	溫金鸞 許奇楠 Ralph Sytze YBEMA
公司秘書	黎汝雄 澳洲執業會計師
核數師	羅兵咸永道會計師事務所
法律顧問	齊伯禮律師行
註冊辦事處	Scotia Center, P.O. Box 2804 George Town, Grand Cayman Cayman Islands British West Indies
主要營業地點	中國 江蘇省無錫市 梁溪路14號 郵編：214061

Corporate Information *(Continued)*

Place of Business in Hong Kong Registered under Part XI of the Companies Ordinance	Room 1101, Landmark North 39 Lung Sum Avenue Sheung Shui New Territories
Share Registrar and Transfer Office in Hong Kong	Computershare Hong Kong Investor Services Limited Rooms 1712-1716 Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Website Address	www.csmc.com.cn

公司資料 (續)

根據公司條例第XI部登記的香港營業地點	新界 上水 龍琛路39號 上水廣場1101室
香港股份過戶及登記處	香港中央證券登記有限公司 香港 灣仔皇后大道東183號 合和中心17樓 1712-1716室
網址	www.csmc.com.cn

FINANCIAL HIGHLIGHTS

財務概要

		Unaudited 未經審核		
		For the six months ended 30 June 截至六月三十日止六個月		
		2005 二零零五年 US\$'000 千美元	2004 二零零四年 US\$'000 千美元 (Restated) (重列)	Percentage change 百分比變動
Turnover	營業額	32,511	34,415	(5.5%)
Total earnings before interest expense, taxation and depreciation and amortization ("EBITDA")	未計利息開支、 稅項、折舊及 攤銷前的盈利總額 (「EBITDA」)	4,760	10,728	(55.6%)
Depreciation and amortization	折舊及攤銷	(10,707)	(6,214)	72.3%
Interest expenses	利息開支	(616)	(553)	11.4%
(Loss) profit before income tax	除稅前(虧損)溢利	(6,563)	3,961	(265.7%)
Income tax expense	所得稅支出	525	(586)	(189.6%)
(Loss) profit for the period	期內(虧損)溢利	(6,038)	3,375	(278.9%)
(Loss) earnings per share	每股(虧損)盈利			
Basic (US\$ cent)	基本(美仙)	(0.23)	0.20	(215.0%)
Diluted (US\$ cent)	攤薄(美仙)	(0.22)	不適用	不適用

FINANCIAL HIGHLIGHTS (Continued)

財務概要 (續)

		As at		
		於		
		30 June	31 December	
		2005	2004	
		二零零五年	二零零四年	
		六月二十日	十二月三十一日	Percentage
		US\$'000	US\$'000	change
		千美元	千美元	百分比變動
		(Unaudited)	(Restated)	
		(未經審核)	(重列)	
Total assets	資產總額	208,615	199,508	4.6%
Shareholders' equity	股東權益	153,892	160,413	(4.1%)
Cash and bank balances	現金及銀行結餘	22,324	24,463	(8.7%)
Bank borrowings	銀行貸款	36,544	17,500	108.8%
Ratio	比率			
Current ratio (times)	流動比率(倍)	1.07	1.53	(30.1%)
Quick ratio (times)	速動比率(倍)	0.78	1.11	(29.7%)
Debt to equity (%)	負債與權益比率(%)	23.7%	10.9%	117.4%
Net book value per share	每股賬面淨值			
(US\$ cent)	(美仙)	5.80	6.13	(5.4%)
Note:		附註:		
Current ratio	= current assets/current liabilities	流動比率	= 流動資產/流動負債	
Quick ratio	= (current assets – inventories)/current liabilities	速動比率	= (流動資產 – 存貨)/流動負債	
Debt to equity	= total bank borrowings/shareholders' equity	負債與權益比率	= 銀行貸款總額/股東權益	
Net book value per share	= Shareholders' equity/total outstanding shares	每股賬面淨值	= 股東權益/已發行股份總額	

CHAIRMAN'S STATEMENT

Dear Shareholders,

The first half of 2005 was the continuation of the softening of the worldwide semiconductor market starting from the fourth quarter of 2004 which impacted the demand for the Group's manufacturing services consequently. During the period, the Group's consolidated turnover amounted to approximately US\$32.51 million, representing a decrease of 5.5% compared to the same period of 2004. The Group incurred a net loss of approximately US\$6.04 million, compared to a net profit of US\$3.38 million for the same period of 2004.

Driven by the downturn in the worldwide semiconductor market, the net loss for this period was primarily the result of decrease in the Group's turnover due to flat order and softening average selling price ("ASP"). This down trend came at the height of the Group's capacity expansion program, which was to ensure the cost-effective use of the equipments. As such, the higher depreciation and amortization from capacity expansion as well as the decrease in production utilization also contributed to the loss.

Notwithstanding the downturn in the worldwide semiconductor market, the China market has continued to grow and CSMC's China operations also continue to deliver results. During the period, CSMC kept expanding its customer base in China market and turnover contribution from China was maintained at the level of 2004 even as the ASP declined compared to the same period of 2004.

Following the successful expansion in scale last year, the Group is leveraging on this market downturn to further expand our product and process mix. We have successfully developed non-logic and DMOS process technologies that meet the demand of the energy saving for the power management market. The turnover contribution from the non-logic processes significantly increased from 10.2% in the first half of 2004 to 29.2% in the first half of 2005. Besides, the turnover contribution from 0.6 micron and more advanced process technologies increased from 28.9% for the first half of 2004 to 39.5% for the same period of 2005. All of these developments will enable us to meet the increasing market demand in the near future.

主席報告

致各股東：

繼二零零四年第四季全球半導體市場開始放緩，二零零五年上半年情況持續，對本集團生產服務的需求亦因而受影響。期間，本集團的綜合營業額約為32,510,000美元，較二零零四年同期下跌5.5%。本集團錄得虧損淨額約6,040,000美元，二零零四年同期則為純利約3,380,000美元。

受全球半導體市場下滑影響，本期間的訂單量並無顯著增長、平均售價下跌，令本集團的營業額下降，以致產生虧損。為具成本效益利用已購設備，本集團實行產能擴充計劃，而恰逢於市場低谷期達到產能高峰。折舊及攤銷因產能擴充及產能使用率減少而有所增加，因而導致虧損。

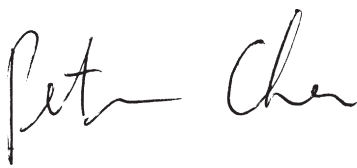
儘管全球半導體市場處於低谷，中國市場卻持續成長，華潤上華於中國的業務亦持續錄得業績。期間，本集團繼續擴充於中國市場的客戶基礎。雖然平均售價較二零零四年同期下跌，但來自中國的營業額卻維持在二零零四年的水平。

隨著去年成功擴大產能，本集團繼續改良產品及製程組合，務求在市場不景氣下進一步擴充業務範疇。華潤上華已成功開發非邏輯及DMOS製程技術，以滿足電源管理市場對節約能源的需求。非邏輯製程的營業額貢獻由二零零四年上半年的10.2%大幅上升至二零零五年上半年的29.2%。來自0.6微米及更先進製程技術的營業額貢獻，亦由二零零四年上半年的28.9%大幅上升至二零零五年上半年的39.5%。這些發展令我們在未來能滿足市場日益增加的需求。

CHAIRMAN'S STATEMENT *(Continued)*

With our capacity expansion, the Group's overseas market is expected to gain more importance. With the expanded capacity we have today, in addition to the China market, we are also focusing on major overseas IDMs as our long term and volume customers. In this respect, we are working closely with them to develop new strategic process technologies. Some of these key projects have delivered revenues and will continue to underpin the future success of the Group.

Going forward, the management believes the second half of 2005 will remain challenging. However, positive signs have emerged from our technology development projects with various customers. In particular, the Group is seeing positive trend in customers' order from all market segments. The management is optimistic that the progress of our technologies and key market segments will enhance the outlook for the second half of 2005 and beyond.



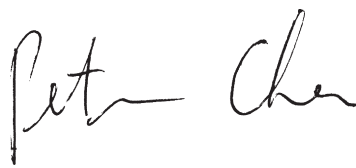
Dr. Peter CHEN Cheng-yu
Chairman

Hong Kong, 12 August 2005

主席報告 (續)

隨着本集團的產能擴充，預期海外市場將更顯重要。憑著現在已擴充的產能，除中國市場外，我們亦致力開拓主要海外IDM市場，作為本集團的長期高量客戶。為此，我們正與IDM緊密合作，攜手開發嶄新的策略制程技術。

展望未來，管理層相信二零零五年下半年仍然充滿挑戰。然而，我們與不同客戶所進行的技術開發計劃已顯露積極跡象。本集團所有市場的客戶訂單亦有好轉。管理層樂觀地表示，藉由技術及重要市場的進展，將有助於公司二零零五年下半年及未來的表現。



陳正宇博士
主席

香港，二零零五年八月十二日

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The first half of 2005 was a tough period for the semiconductor industry as a whole. This down trend, starting from the fourth quarter of 2004, came at the height of the Group's capacity expansion program. It thus put pressure on the Group to fill in the available capacity with lower ASP, which resulted in the loss in the first half of 2005. The Group's consolidated turnover for the six months ended 30 June 2005 amounted to approximately US\$32.51 million, representing a decrease of 5.5% when compared with the same period of 2004. The Group incurred a net loss of approximately US\$6.04 million during the period, compared to a net profit of US\$3.38 million over the same period of 2004.

BUSINESS REVIEW IN THE FIRST HALF OF YEAR 2005

Customer Base

The total number of customers of the Group reached 195 in the first half of 2005. The following table shows the Group's number of customers and the turnover breakdown by customer type for the six months ended 30 June 2005 and 2004 and two years ended 31 December 2004 and 2003:

		Six months ended 30 June 截至六月三十日止六個月						Year ended 31 December 截至十二月三十一日止年度					
		2005 二零零五年			2004 二零零四年			2004 二零零四年			2003 二零零三年		
		Turnover		Turnover		Turnover		Turnover		Turnover			
		數量	營業額	數量	營業額	數量	營業額	數量	營業額	數量	營業額		
		No.	(US\$'000)	%	No.	(US\$'000)	%	No.	(US\$'000)	%	No.	(US\$'000)	%
			(千美元)			(千美元)			(千美元)			(千美元)	
Fabless design	無生產線												
houses	設計公司	188	31,179	95.9%	136	30,916	89.8%	188	75,202	94.2%	127	40,547	96.4%
IDMs	IDM	7	1,332	4.1%	6	3,499	10.2%	6	4,658	5.8%	6	1,530	3.6%
Total	總計	195	32,511	100%	142	34,415	100%	194	79,860	100%	133	42,077	100%

管理層的討論及分析

概覽

二零零五年上半年對整體半導體業而言均為艱辛的時期。下滑趨勢由二零零四年第四季開始，適值遇上本集團產能擴充計劃的頂峰，迫使本集團以較低的平均售價填滿多餘的產能，以致二零零五年上半年錄得虧損。本集團截至二零零五年六月三十日止六個月的綜合營業額約為32,510,000美元，較二零零四年同期下跌5.5%。本集團於期內錄得淨虧損約6,040,000美元，比對二零零四年同期為純利約3,380,000美元。

二零零五年上半年的業務回顧

客戶群

本集團的客戶總數於二零零五上半年達195家。下表呈列於截至二零零五年及二零零四年六月三十日止六個月，以及二零零四年及二零零三年十二月三十一日止兩個年度，本集團的客戶數量以及按客戶類別所作的營業額分析：

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

The Group's customers include fabless design houses and IDMs. The Group provides open foundry services to IDMs, who outsource part of their production. The management believes many IDMs and overseas customers are going to increasingly outsource their production to China to reduce costs and be closer to a low-cost IC supply chain. The Group has long term symbiotic relationship with these customers since both customer types have stringent requirements on fabs to which they outsource production. Moreover, by seeking IDMs and customers outside of China, the Group is diversifying its market risks across its customer base and offsetting the adverse impacts of downturns in either the domestic or global semiconductor markets.

Chinese fabless design houses have experienced rapid growth in the last three years. The number of fabless design houses in China has increased to 471 by the end of 2004, according to CCID (CCID Consulting Co., Ltd., a professional market research and management consultancy services provider in China). The management believes the anticipated strong growth will benefit the Group. In the first half of 2005, 6 out of the top 10 Chinese design houses were the Group's customers, while the majority of the Chinese fabless design houses are small-scale operators and most of them rely on the Group to assist their design process.

The Group's Chinese customers accounted for 66.6% of its total turnover achieved in the first half of 2005, representing an increase of 4.6% over the same period of 2004. However, the Group's business from its overseas market declined as a result of market downturn and inventory build-up by its overseas customers. The turnover from IDMs accounted for 4.1% of the total turnover in the first half of 2005 compared with 10.2% in the same period of 2004. While the turnover from IDMs dropped, the number of our IDM customers increased to 7 and more new IDMs are developing products in our fab. The management believes IDMs' order volume will rebound in the near future when the market is back on the growth track again.

管理層的討論及分析 (續)

本集團的客戶包括無生產線IC設計公司及IDM。本集團向將部分生產外判的IDM提供開放式晶圓代工服務。管理層相信，許多IDM及海外客戶將增加於中國的外判生產，以降低成本及移近低成本IC供應鏈。由於該兩類客戶均對其外判生產的晶圓代工廠定下嚴格要求，故本集團與該等客戶的關係傾向為長久及互惠。此外，透過尋求中國以外的IDM以及海外客戶，本集團正拓展客戶基礎，以分散市場風險，抵銷本地及全球半導體市場下滑的不利影響。

中國無生產線IC設計公司於過去三年增長迅速。根據賽迪(賽迪顧問股份有限公司，中國一家專業市調及管理諮詢服務公司)的資料顯示，於二零零四年底，中國無生產線IC設計公司已增加至471家。管理層相信，其預期的強勁增長，將對本集團有利。於二零零五年上半年，中國十大無生產線IC設計公司中有六家為本集團的客戶，而大部分本集團的中國無生產線IC設計公司規模小，設計過程中依賴本集團的協助。

二零零五年上半年，本集團的中國客戶佔總營業額66.6%，較二零零四年同期上升4.6%。然而，本集團海外市場業務由於市場下滑及海外客戶存貨增加而減少。二零零五年上半年，來自IDM的營業額佔總營業額4.1%，二零零四年同期則為10.2%。來自IDM的營業額下跌的同時，IDM客戶數目卻上升至七名，亦有更多新的IDM於我們的晶圓廠開發產品。管理層相信，當市場將於短期內重回升軌時，IDM的訂單量亦會隨之反彈。

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

The following table shows the geographical breakdown of the Group's turnover for the six months ended 30 June 2005 and 2004:

管理層的討論及分析 (續)

下表呈列了按地區分析本集團截至二零零五年及二零零四年六月三十日止六個月的營業額：

		Six months ended 30 June 截至六月三十日止六個月			
		2005 二零零五年		2004 二零零四年	
		Unaudited Turnover 未經審核 營業額 (US\$ '000) (千美元)	%	Unaudited Turnover 未經審核 營業額 (US\$ '000) (千美元)	%
The PRC	中國	21,658	66.6%	21,332	62.0%
Asia, other than the PRC	亞洲(中國除外) 地區	7,608	23.4%	9,216	26.8%
United States	美國	1,877	5.8%	3,491	10.1%
Europe	歐洲	1,368	4.2%	376	1.1%
Total	總計	<u>32,511</u>	<u>100%</u>	<u>34,415</u>	<u>100%</u>

Production Capacity and Utilization Rate

During the first half of 2005, we maintained our production capacity at 59,200 6-inch wafers per month ("wpm"; for the purpose of this report, unless otherwise indicated, reference to 6-inch and 8-inch wafers are to wafers of an average of 12 layers and 20 layers, respectively).

The softened market demand for the Group's services resulted in our lowest half-year capacity utilization rate on record. Average capacity utilization was 56% in the first half of 2005 compared with 88% in the same period last year.

產能及產能利用率

於二零零五年上半年期間，我們維持月產能59,200片6英寸晶圓（「wpm」，就本報告而言，除特別註明外，平均分別為12層及20層的6吋及8吋的晶圓）。

市場對本集團服務的需求放緩，引致本集團錄得最低的半年產能利用率。二零零五年上半年的平均產能利用率為56%，去年同期則為88%。

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Technology Migration

The Group continued to enhance its core offerings to more advanced process technologies. Turnover derived from 0.6 micron and more advanced process technologies increased from 28.9% in the first half of 2004 to 39.5% in the same period of 2005. With increased capacity and continuing efforts to migrate towards mainstream technologies, the Group will be able to better serve its customers.

The table below shows the Group's turnover by process technologies:

管理層的討論及分析 (續)

技術改良

本集團繼續將其核心服務提升至更先進的製程技術。0.6微米及更先進的製程技術帶來的營業額貢獻由二零零四年上半年的28.9%增加至二零零五年同期的39.5%。結合產能增加及持續追隨主流技術，本集團將能為客戶提供更好的服務。

下表呈列按製程技術分析本集團的營業額：

		Six months ended 30 June 截至六月三十日止六個月			
		2005 二零零五年		2004 二零零四年	
		Unaudited Turnover 未經審核 營業額 (US\$ '000) (千美元)		Unaudited Turnover 未經審核 營業額 (US\$ '000) (千美元)	
			%		%
6-inch	6英吋				
>=1.0 micron	>=1.0微米	10,926	33.6%	11,097	32.2%
0.6 - 0.8 micron	0.6-0.8微米	6,808	20.9%	12,107	35.2%
0.5 - 0.6 micron	0.5-0.6微米	7,850	24.2%	1,951	5.7%
0.35 - 0.5 micron	0.35-0.5微米	4,960	15.3%	7,990	23.2%
Sub-total	小計	30,544	94.0%	33,145	96.3%
DMOS	DMOS	561	1.7%	11	0.0%
Others	其他	1,406	4.3%	1,259	3.7%
Total	總計	32,511	100.0%	34,415	100.0%

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

The current market downturn has resulted in 5.1% decline in overall ASP. The Group continues to seek ASP enhancement opportunities and focus on more advanced mixed-signal, DMOS and high voltage technologies. Mixed-signal and DMOS are widely used for power management applications. Turnover from non-logic products increased from 10.2 % in the first half of 2004 to 29.2% in the same period of 2005. Looking ahead, the management sees continuous turnover growth for non-logic processes.

The table below shows the Group's turnover by process mix:

管理層的討論及分析 (續)

現時市場下滑令整體平均售價下跌5.1%。本集團繼續尋求提升平均售價的機會，並著力於更先進的數模混合信號、DMOS及高壓技術。數模混合信號及DMOS廣泛應用於電源管理應用程式。來自非邏輯產品的營業額由二零零四年上半年的10.2%上升至二零零五年同期的29.2%。展望將來，管理層相信非邏輯製程的營業額將持續增長。

下表呈列按製程組合分析本集團的營業額：

		Six months ended 30 June 截至六月三十日止六個月			
		2005 二零零五年		2004 二零零四年	
		Unaudited Turnover 未經審核 營業額 (US\$ '000) (千美元)		Unaudited Turnover 未經審核 營業額 (US\$ '000) (千美元)	
			%		%
Logic	邏輯	21,074	64.8%	29,624	86.1%
Mixed-signal	數模混合信號	6,440	19.8%	3,294	9.6%
High Voltage	高壓	2,126	6.6%	172	0.5%
NVM	NVM	914	2.8%	55	0.1%
DMOS	DMOS	561	1.7%	11	0.0%
Others	其他	1,396	4.3%	1,259	3.7%
Total	總計	32,511	100.0%	34,415	100.0%

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Employees

CSMC's management believes that the Company's employees are its greatest asset. The Group had 1,380 employees as at 30 June 2005, while 1,337 at the end of 2004. The Group maintained good employee relations during the period. On 27 May 2005, the Group adopted a new Share Option Scheme, in addition to the Equity Incentive Plan (as defined in the prospectus of the Company dated 3 August 2004), as a means to motivate and retain employees.

In the highly competitive foundry business, a company needs strong human resources to ensure growth. The Group prides itself on its ability to recruit and develop local managerial, technical and operating personnel, and combine local talents with international expertise. Currently over 97% of the Company's staff are PRC citizens, including the majority of managers. As at 30 June 2005, 59.6% of the Group's employees hold college or graduate degrees.

管理層的討論及分析 (續)

僱員

華潤上華的管理層相信，本公司的僱員為其至關重要的資產。於二零零五年六月三十日止，本集團共有僱員1,380名，二零零四年十二月三十一日則有僱員1,337名。本集團於該期間與僱員維持良好工作關係。除股份獎勵計劃(定義見本公司二零零四年八月三日的招股章程)外，本集團亦於二零零五年五月二十七日採納一項新的購股權計劃，以激勵及挽留僱員。

晶圓代工業務的競爭非常激烈，強大的人力資源是公司增長所必需的。本集團就其招聘及發展本地的管理、技術及營運員工，以及結合本地人才與國際專才的記錄感到自豪。本集團現時超過97%的員工為中國本地人，包括大部分的經理。於二零零五年六月三十日，本集團的59.6%僱員均擁有大專或以上的學歷。

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

FINANCIAL RESULTS

The following table shows certain information relating to the Group's results of operations for each of the six months ended 30 June 2005 and 2004:

Consolidated Income Statement
For the six months ended 30 June 2005

管理層的討論及分析 (續)

經營業績

下表呈列有關本集團截至二零零五年及二零零四年六月三十日止六個月的經營業績的若干資料：

綜合損益賬
截至二零零五年六月三十日止六個月

		2005 二零零五年		2004 二零零四年	
		(US\$'000) (千美元)	%	(US\$'000) (千美元) (Restated) (重列)	%
Turnover	營業額	32,511	100.0	34,415	100.0
Cost of goods sold	銷售成本	(32,068)	(98.6)	(24,557)	(71.4)
Gross profit	毛利	443	1.4	9,858	28.6
Other gains	其他收益	885	2.7	636	1.8
Operating expenses:	經營費用：				
Selling and marketing costs	銷售及市場推廣開支	(833)	(2.6)	(835)	(2.4)
Administrative expenses	行政開支	(5,730)	(17.6)	(3,460)	(10.1)
Research and development expenses	研發費用	(559)	(1.7)	(1,463)	(4.3)
Other operating expenses	其他經營費用	(153)	(0.5)	(222)	(0.6)
Operating (loss) profit	經營(虧損)溢利	(5,947)	(18.3)	4,514	13.1
Finance costs	財務費用	(616)	(1.9)	(553)	(1.6)
(Loss) profit before income tax	除稅前(虧損)溢利	(6,563)	(20.2)	3,961	11.5
Income tax expense	所得稅開支	525	1.6	(586)	(1.7)
(Loss) profit for the period	本期(虧損)溢利	(6,038)	(18.6)	3,375	9.8
Dividends	股息	1,705		1,338	
(Loss) earnings per share - basic (US\$ cent)	每股(虧損)盈利 - 基本(美仙)	(0.23)		0.20	
- diluted (US\$ cent)	- 攤薄(美仙)	(0.22)		不適用	

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

管理層的討論及分析 (續)

		Unaudited 未經審核			
		Six months ended 30 June 截至六月三十日止六個月			
		2005 二零零五年		2004 二零零四年	
		(US\$'000) (千美元)	%	(US\$'000) (千美元)	%
		(Restated) (重列)			
Operating Data	經營數據				
Depreciation and amortization	折舊及攤銷	10,707		6,214	
Capital expenditure	資本開支	20,753		29,513	
Wafer sales	晶圓銷售額				
(6-inch 12-layer equivalent, units)	(6英吋12層，以片計)	186,716		189,269	
ASP (US\$)	平均售價(美元)	169		178	

Turnover

The Group's consolidated turnover for the six months ended 30 June 2005 amounted to approximately US\$32.51 million, representing a decrease of 5.5% over the same period last year. The decrease in turnover was primarily resulted from the decrease in the volume of wafers shipped as well as the decrease in ASP, against the worldwide semiconductor market downturn which started from the fourth quarter of 2004.

Cost of Goods Sold

Cost of goods sold increased by 30.6% from US\$24.56 million in the first half of 2004 to US\$32.07 million in the review period. The increase in cost of goods sold in the period was primarily due to an increase in depreciation from US\$6.17 million in the first half of 2004 to US\$10.67 million in the review period, as well as an increase in utility expenditures which were resulted from the increased fab spaces and the expansion of production capacity of Fab 1.

營業額

本集團截至二零零五年六月三十日止六個月的綜合營業額約為32,510,000美元，較去年同期下跌5.5%。隨著全球半導體市場由二零零四年第四季開始下滑，付運的晶圓數量及平均售價下跌，以致營業額減少。

銷售成本

銷售成本由二零零四年上半年的約24,560,000美元增加30.6%至回顧期間的約32,070,000美元。二零零五年回顧期內的銷售成本增加主要由於折舊費用由二零零四年上半年的約6,170,000美元增加至回顧期間的約10,670,000美元，以及工廠面積增加及一廠產能增加，以致動力費用上升。

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Gross Profit

Gross profit decreased by 95.5% from US\$9.86 million in the first half of 2004 to US\$0.44 million in the review period. Gross margin decreased from 28.6% in the first half of 2004 to 1.4% in the same period of 2005. The decrease in gross margin was primarily due to the reduction in the volume of wafer shipped and decrease in production utilization. The decrease in ASP was also responsible for the drop.

Operating Expenses

The Group's operating expenses increased by 21.7% from US\$5.98 million in the first half of 2004 to US\$7.28 million in the review period. The increased expenses mainly covered the write-down of inventories to net realizable value and provision for impairment of receivables, amounting to approximately US\$1.98 million in the first half of 2005 compared with US\$304,000 in the same period of 2004.

Net (Loss)Profit

As a result of the foregoing, the Group incurred a net loss of approximately US\$6.04 million in the first half of 2005, compared to a net profit of US\$3.38 million in the same period of 2004.

Dividends

In May 2005, the Company declared a final dividend of HK\$0.005 (equivalent to approximately US\$0.00064) per ordinary share for financial year ended 31 December 2004.

The Board of Directors did not propose any payment of dividend for interim of 2005.

管理層的討論及分析 (續)

毛利

毛利由二零零四年上半年的約9,860,000美元減少95.5%至回顧期間的約440,000美元。毛利率由二零零四年上半年的28.6%下跌至二零零五年同期的1.4%。毛利率下跌主要由於付運的晶圓數量減少及產能利用率降低所致。平均售價下降亦是其中一個原因。

經營開支

本集團的經營開支由二零零四年上半年的約5,980,000美元上升21.7%至回顧期間的約7,280,000美元。增加的開支主要包括將存貨減值至變現淨值，以及應收賬減損準備，二零零五年上半年共計1,980,000美元，相對二零零四年同期共計為304,000美元。

淨利(虧損)

由於以上所述的原因，本集團於二零零五年上半年錄得淨虧損約6,040,000美元，二零零四年同期則為純利約3,380,000美元。

股息

於二零零五年五月，本公司宣派截至二零零四年十二月三十一日止財務年度末期息每股普通股0.005港元(約相當於0.00064美元)。

董事會不建議派付二零零五年中期股息。

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Liquidity and Capital Resources

For the six months ended 30 June 2005, the Group's sources of liquidity mainly included net proceeds from the bank borrowings and cash flow from operating activities, which amounted to US\$19.04 million and US\$0.8 million, respectively. The Group's cash has principally been applied to fund capital expenditures related to the office building, purchase of machinery and equipment for Fab1 amounting to US\$7.59 million in total and construction of Fab 2 which cost US\$13.16 million, as well as dividend payment of approximately US\$1.28 million.

The table below sets forth the cash flow of the Group for the six months ended 30 June 2005 and 2004 and the cash and cash equivalents at the end of each of the two periods:

管理層的討論及分析 (續)

流動資金及資金資源

截至二零零五年六月三十日止六個月，本集團的流動資金來源主要包括銀行貸款及經營活動產生的現金流量，分別為約19,040,000美元及約800,000美元。本集團的現金主要用於辦公大樓、購買一廠的機器及設備的資本開支共計7,590,000美元及興建二廠約為13,160,000美元，另股息支出約1,280,000美元。

下表載列本集團截至二零零五年及二零零四年六月三十日止六個月的現金流量及於兩段期間期終的現金及現金等價物：

		Unaudited 未經審核	
		Six months ended 30 June 截至六月三十日止六個月	
		2005 二零零五年 (US\$'000) (千美元)	2004 二零零四年 (US\$'000) (千美元)
Net cash inflow from operating activities	經營活動產生的現金流入淨額	804	9,580
Net cash used in investing activities	投資活動動用的現金淨額	(20,708)	(29,404)
Net cash inflow from financing activities	融資活動產生的現金流入淨額	17,765	16,145
Decrease in cash and cash equivalents	現金及現金等價物減少	(2,139)	(3,679)
Effect on foreign exchange rate changes	匯率變動影響	—	2
Cash and cash equivalents at beginning of period	期初現金及 現金等價物	24,463	39,138
Cash and cash equivalents at end of period	期終現金及現金等價物	22,324	35,461

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Indebtedness

The bank borrowings of the Group as at 30 June 2005 and 31 December 2004 were as follows:

Short-term bank loans	短期銀行貸款
- Secured	— 有抵押
- Unsecured	— 無抵押
Total outstanding borrowings	未償還銀行貸款總額

As at 30 June 2005, the Group's short-term bank loans bore interest at rates ranging from 4.3% and 5.6% per annum. The secured portion was secured by certain of the Group's machinery and equipment with net book value of approximately US\$12.22 million.

Capital Expenditures

The Group incurred capital expenditures of US\$20.75 million in the first half of 2005, of which approximately US\$13.16 million was spent on construction of Fab 2 shell, US\$5.47 million was spent on Fab 1's technology migration to 0.35 micron and paid for the remainder of prior year's capacity expansion, and the remaining US\$2.12 million was spent on other capital expenditures, such as office buildings and IT implementation systems etc.

CSMC has slowed down the construction of supporting facilities of Fab 2 in line with its overall plan to look for strategic partners. As the semiconductor market dropped in the first half of 2005, Fab 2's construction plan was re-scheduled taking into consideration the cyclical demand forecast for the second half of 2005. The Fab 2 shell is expected to be completed by the end of 2005 and the supporting facilities will be completed in 2006.

The Group will continue to implement a prudent policy on capital expenditure policy and further optimize the allocation of its financial resources.

管理層的討論及分析 (續)

債務

本集團於二零零五年六月三十日及二零零四年十二月三十一日的銀行借貸載述如下：

30 June 2005 二零零五年 六月三十日 (US\$'000) 千美元	31 December 2004 二零零四年 十二月三十一日 (US\$'000) 千美元
3,987	—
32,557	17,500
<u>36,544</u>	<u>17,500</u>

於二零零五年六月三十日，本集團的短期銀行貸款按年利率介乎4.3厘至5.6厘計息。有抵押部分以本集團賬面淨值約12,220,000美元的若干機器及設備作抵押。

資本開支

本集團於二零零五年上半年所涉及的資本開支為約20,750,000美元，其中約13,160,000美元用於建築二廠廠房，約5,470,000美元用於一廠的0.35微米技術改良及支付前一年的產能擴充，餘下的約2,120,000美元則用於其他資本開支，如辦公大樓及資訊科技應用系統等。

華潤上華已因應尋求策略性夥伴的整體計劃而減慢建造二廠的支持設施。由於半導體市場於二零零五年上半年下滑，二廠的建造進度已根據對二零零五年下半年周期性需求的預測而重新編定。二廠廠房預期於二零零五年底完成，支持設施則將於二零零六年完成。

本集團將繼續執行謹慎的資本開支政策，並進一步善用資金資源分配。

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Commitments and Contingent Liabilities

As at 30 June 2005, the Group had capital commitments of US\$121.87 million, of which US\$10.72 million was contracted but not provided for the purchase of equipment for Fab 1, US\$11.35 million was authorized but not contracted for the purchase of equipment for Fab 1, US\$30.2 million was contracted but not provided for the purchase of building and facilities of Fab 2 and US\$69.6 million was authorized but not contracted for the purchase of building and facilities of Fab 2. Commitment of these authorized expenditure will depend on the Group's progress in finding a suitable strategic partner. As at 30 June 2005, the Group had lease commitments of US\$6.36 million, all due within five years for factory premises and machinery. The Group does not have any other commitment or contingent liabilities.

Basis of Preparation and Changes in Accounting Policies

This unaudited condensed consolidated financial information has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

The accounting policies and methods of computation used in the preparation of this condensed consolidated financial information are consistent with those used in the annual financial statements for the year ended 31 December 2004 except that the Group has changed certain of its accounting policies following its adoption of new/revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("new HKFRS") which are effective for accounting periods commencing on or after 1 January 2005.

管理層的討論及分析 (續)

承擔及或然負債

於二零零五年六月三十日，本集團的資本承擔為約121,870,000美元，其中10,720,000美元為一廠購置設備的已訂約但未撥備款項，約11,350,000美元為一廠購置設備的已授權但未訂約款項，約30,200,000美元為購置二廠廠房及設施的已訂約但未撥備的款項及約69,600,000美元為購置二廠廠房及設施的已授權但未訂約的款項。這些已授權開支的承擔將取決於本集團尋求一名合適策略性夥伴的進展。於二零零五年六月三十日，本集團廠房場地及樓宇的租賃承擔為約6,360,000美元，全部均於五年內到期支付。本集團並無任何其他承擔或或然負債。

編製基準及會計政策的變動

本未經審核簡明綜合財務資料已根據香港會計師公會發出的香港會計準則（「香港會計準則」）第34號「中期財務報告」而編製。

編製本簡明綜合財務資料所採用的會計政策及計算方法，與截至二零零四年十二月三十一日止年度的年度財務報表所採用者一致，惟本集團於採納新／經修訂香港財務報告準則及香港會計準則（「新香港財務報告準則」）後已更改其若干會計政策的情況除外，新香港財務報告準則於二零零五年一月一日當日或之後起計的會計期間生效。

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Following the adoption of the new HKFRS, certain comparative have been amended as required. Major changes are summarized as follows:

The adoption of revised HKAS 17 has resulted in a change in the accounting policy relating to the reclassification of leasehold land and land use rights from property, plant and equipment to operating leases. The up-front prepayments made for the leasehold land and land use rights are expensed in the income statement on a straight-line basis over the period of the lease or where there is impairment, the impairment is expensed in the income statement. In prior years, the leasehold land was accounted for at cost less accumulated depreciation and accumulated impairment.

The adoption of HKFRS 2 has resulted in a change in the accounting policy for share-based payments. Until 31 December 2004, the provision of shares under the Company's "Equity Incentive Plan" did not result in an expense in the income statements. Effective on 1 January 2005, the Group expenses the cost of shares granted under the Equity Incentive Plan in the income statement. As a transitional provision, the cost of share granted under the Equity Incentive Plan after 7 November 2002 and had not yet vested on 1 January 2005 was expensed retrospectively in the income statement of the respective periods.

管理層的討論及分析 (續)

採納新香港財務報告準則後，若干比較數字已根據有關規定作出修訂。主要改動概述如下：

採納經修訂香港會計準則第17號導致有關將租賃土地及土地使用權由物業、廠房及設備重列作經營租約的會計政策的變動。租賃土地及土地使用權的一次性預付款項是於租約期內以直線法在收益表中列作支出，或倘出現減值，則減值會於收益表內作出支出。於過往年度，租賃土地是按成本減累積折舊及累積減值入賬。

採納香港財務報告準則第2號導致以股份為本的付款的會計政策有所變動。直至二零零四年十二月三十一日為止，根據本公司的「股份獎勵計劃」提供股份，並不會導致收益表內出現一項開支。由二零零五年一月一日起，本集團於收益表內就根據股份獎勵計劃授出股份的成本產生開支。作為一項過渡性條文，於二零零二年十一月七日後根據股份獎勵計劃授出但於二零零五年一月一日尚未歸屬的股份的成本，已於各個期間的收益表內列作開支。

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

The adoption of revised HKFRS 2 resulted in:

Increase in cost of goods sold	銷售成本增加
Increase in selling and marketing costs	銷售及市場推廣開支增加
Increase in administrative expense	行政開支增加
Decrease in basic earnings per share	每股基本盈利減少
Decrease in diluted earnings per share	每股攤薄盈利減少

Legal Liabilities & Proceedings

For the six months ended 30 June 2005, the Company was not involved in any material litigation or arbitration and no material litigation or claims was pending or made against the Company as far as the Company is aware.

Foreign Exchange Risk Management

The Group's operational cash flow is primarily denominated in Renminbi and US dollars. The Group's borrowings were also denominated in Renminbi and US dollars. The Directors believe with reference to the Group's working capital position, the Group is not exposed to any significant risks from currency exchange rate fluctuations. It is the Group's policy not to enter into derivative transactions for speculative purposes.

Future Plans for Material Investments

In addition to the on-going Fab 2 project which has been disclosed in prior reports, the management will continue to explore opportunities including acquisitions of low cost capacity which will add value to the Group.

管理層的討論及分析 (續)

採納經修訂香港財務報告準則第2號導致：

Six months ended 30 June 截至六月三十日止六個月	
2005 二零零五年 US\$'000 (千美元)	2004 二零零四年 US\$'000 (千美元)
392	207
85	45
319	169
0.0003	0.0003
0.0003	—

法律責任及所得款項

截至二零零五年六月三十日止六個月，本集團並無涉及任何重大訴訟或仲裁，且就本公司所知，亦無任何尚未了結或對本公司的重大訴訟或申索。

外匯風險管理

本集團的營運現金流量主要以人民幣及美元為單位。本集團的借款亦以人民幣及美元為單位。在考慮本集團的營運資金狀況後，董事相信，本集團並無重大匯兌率波動風險。本集團的政策是不會就投機目的而訂立任何衍生交易。

未來的重要投資計劃

除於以往報告已披露的正在進行的二廠工程外，管理層會繼續尋求機會，包括並購低成本生產能力以使本集團增值。

ADDITIONAL INFORMATION

Compliance with the Code on Corporate Governance

The Directors are of the view that during the six months ended on 30 June 2005, the Company has met the code provisions set out in the Code on Corporate Governance Practice contained in the Appendix 14 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange ("Listing Rules").

Model Code for Securities Transactions by Directors

The Company has adopted the Code of Conduct regarding securities transactions by directors as set out in Appendix 10 of Listing Rules during the period. The Company has made specific enquiry to all Directors, and all Directors have complied with required standard of dealing set out therein.

Corporate Governance

CSMC recognizes its responsibilities to shareholders and aims to protect and enhance shareholder value through solid corporate governance. Considerable efforts are devoted to identify and formalize best practices. The Group is committed to ensuring transparent, open and accountable disclosures. Good corporate governance is not just a question of regulatory compliance but is ingrained into the Company's culture and emphasized at every level. The Board has been and will continue to uphold the appropriate standards of corporate governance within the Group, thereby ensuring that all business is conducted in an honest, ethical and responsible manner.

其他資料

遵守企業管治常規法

就各董事所知，截至二零零五年六月三十日止六個月，本集團已遵守香港交易所證券上市規則（「上市規則」）附錄十四所載的企業管治常規法中的規定。

董事進行證券交易的標準守則

本公司已於本期間內採納上市規則附錄十所載有關董事進行證券交易的有關程序。本公司曾對所有董事作出明確查詢，所有董事已符合當中所載交易的規定標準。

公司管治

華潤上華確認其對股東的責任，並旨在透過穩固的公司管治保障及提高股東價值。華潤上華竭力物色最佳常規，並將之規範化。本集團承諾確保作出具透明度、公開及負責任的披露。良好的公司管治不僅關乎遵守監管規定，同時亦涉及本公司上下各階層的文化。董事會一直維持本集團內適當的公司管治水平，亦將繼續這樣做，以確保所有業務均在誠實、合乎道德及負責任的大前提下進行。

ADDITIONAL INFORMATION *(Continued)*

The Board of Directors

The Board's primary role is to protect and enhance long-term shareholder value. It sets the overall strategy for the Group, ensures effective management and provides proper supervision of the Group's business conduct.

The Board consists of 10 Directors, three of whom are Executive Directors and members of management. There are 7 Non-Executive Directors, of whom three are Independent Directors. The Board benefits from the depth of experience and expertise from each Director. All Board members understand their duty to represent the interest of the shareholders and each member participates in meetings as required. The Board meets at least four times a year, and the Group ensures that Board members have access to appropriate information and documents about the Group on a timely basis.

As at 30 June 2005, the Board has two Board Committees to assist in the execution of its responsibilities, namely the Audit Committee and Remuneration Committee to oversee particular aspects of the Group affairs. Further on 5 July 2005, the Board established the Nomination Committee to ensure there is a formal, considered and transparent procedure for the appointment of new directors to the Board. Independent Non-Executive Directors play a vital role in these committees to ensure that independent and objective views are expressed and considered.

其他資料 (續)

董事會

董事會的主要功能是保護及增加長期股東價值。董事會為本集團制定整體策略，確保有效管理，並適度監察本集團的商業道德。

董事會共有十名董事，其中三名為執行董事及管理層成員。另有七名非執行董事，其中三名為獨立董事。董事會所惠於每名董事豐富的經驗及專業知識。所有董事會成員均明白其代表股東權益的職責，每位成員都遵照規定參與會議。董事會每年最少開會四次，而本集團亦確保董事會成員有定期索閱有關本集團的文件及適當的資料。

於二零零五年六月三十日，董事會旗下有兩個委員會協助其執行責任，審視本集團事宜的特定範疇。兩個委員會為審核委員會及薪酬委員會。於二零零五年七月五日，董事會更成立提名委員會，以確保委任新董事進入董事會時有正式、考慮周全而具透明度的程序。非獨立執行董事於這些委員會內扮演重要角色，確保獨立、客觀的意見獲得表達及考慮。

ADDITIONAL INFORMATION *(Continued)*

The Audit Committee

The Audit Committee is responsible for assisting the Board in reviewing the effectiveness of the financial reporting process and the internal controls and risk management systems of the Group. The Audit Committee also oversees the audit process and performs other duties as assigned by the Board.

All the members of the Audit Committee are Non-Executive Directors, with a majority serving as Independent Directors. The Audit Committee members include:

Mrs. Kum Loon OON (*Chairperson*)

Mr. YU Yu

Mr. Ralph Sytze YBEMA

The Audit Committee meets at least 4 times every year. For the six months ended 30 June 2005, the Audit Committee met two times in the presence of the Group's CFO, internal auditors and senior management. During these meetings, the Audit Committee reviewed the nature, scope and findings of internal and external audits. The Audit Committee has full access to the external auditor in these reviews when it sees fit.

The Remuneration Committee

The primary aim of the Remuneration Committee is to formulate transparent procedures for developing remuneration policies and compensation packages for the employees of the Group. The Remuneration Committee is also entrusted to adopt appropriate staff development and retention policies. The Remuneration Committee comprises three members, the majority of whom are Independent Non-Executive Directors. They are:

Mr. Ken ONG Thiam Kin (*Chairman*)

Mr. Mark HSUE Chi Nan

Mr. Ralph Sytze YBEMA

For the six months ended 30 June 2005, the Remuneration Committee met two times in the presence of members of the Group's senior management. During these meetings, the Remuneration Committee reviewed existing and proposed compensation packages and bonus rewards for the staff as a whole. The Remuneration Committee has full access to the records and details of such packages, upon request.

其他資料 (續)

審核委員會

審核委員會的職責，是協助董事會審閱本集團財務中報程序及內部監控及風險管理系統的有效性。審核委員會亦監察審核程序及履行董事會指派的其他職務。

審核委員會的全體成員均為非執行董事，大部分為獨立董事。成員包括：

溫金鸞女士 (主席)

俞宇先生

Ralph Sytze YBEMA先生

審核委員會每年至少開會四次。截至二零零五年六月三十日止六個月，審核委員會在本集團CFO、內部審核員及高級管理人員列席下開會兩次。會上，審核委員會審視內部及外部審核的性質、範疇及結果。審核委員會於審視期間，在其認為適當的時候會接觸外聘核數師。

薪酬委員會

薪酬委員會的主要目的是為制定本集團員工薪酬及福利政策設立具透明度的機制。薪酬委員會亦有權採納適當的員工發展及挽留政策。薪酬委員會由三名成員組成，大部分為獨立非執行董事，包括：

王添根先生 (主席)

許奇楠先生

Ralph Sytze YBEMA先生

截至二零零五年六月三十日止六個月，薪酬委員會在本集團高級管理人員列席下開會兩次。會上，薪酬委員會審視現時整體員工的福利及花紅安排，以及建議的新安排。薪酬委員會可在要求下取得該些資料的記錄及詳情。

ADDITIONAL INFORMATION *(Continued)*

The Nomination Committee

The Nomination Committee is responsible for reviewing the composition of the Board and in case of necessary recommends change. It is also responsible for considering any nominations of new members to the Board.

The Nomination Committee comprises five members, the majority of whom are Independent Non-Executive Directors. They are:

Mr. Ralph Sytze YBEMA (*Chairman*)

Mrs. Kum Loon OON

Mr. Mark HSUE Chi Nan

Dr. CHEN Nan-xiang

Dr. Peter CHEN Cheng-yu

Meetings of Nomination Committee are held when necessary. The first meeting was held on 5 July 2005.

Significant Investment, Acquisitions & Disposals of Subsidiaries and Associates

As at 30 June 2005, the Group has no significant investment, acquisition and disposal of subsidiaries and associates.

其他資料 (續)

提名委員會

提名委員會負責審視董事會的組成部分，並在必要時作出改動建議。提名委員會亦負責對董事會新提名成員予以考慮。

提名委員會由五名成員組成，大部分為獨立非執行董事，包括：

Ralph Sytze YBEMA先生 (主席)

溫金鸞女士

許奇楠先生

陳南翔博士

陳正宇博士

提名委員會於有需要時開會。首次會議於二零零五年七月五日舉行。

重要投資、收購及出售附屬公司及聯營公司

於二零零五年六月三十日，本集團並無重要投資、收購及出售附屬公司及聯營公司。

ADDITIONAL INFORMATION *(Continued)*

Directors' Interests in Shares, Underlying Shares and Debentures of the Company

As at 30 June 2005, the interests or short positions held by the Directors of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance "SFO"), as recorded in the register required to be kept by the Company under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules were as follows:

- Shares allocated to the Directors under the Equity Incentive Plan

As at 30 June 2005, particulars of outstanding shares allocated to Directors and connected persons (as defined in the Listing Rules) under the Equity Incentive Plan were as follows:

Director	董事	Outstanding Shares Allocated under the Equity Incentive Plan 根據股份獎勵計劃 獲分配的未發行股份	Approximate Percentage of Interest in the Company 於本公司權益的 概約百分比
Dr. Peter CHEN Cheng-yu	陳正宇博士	5,250,000	0.20%
Mr. Robert LEE Naii	李乃義先生	3,750,000	0.14%
Mr. TSAI Nein-nan	蔡聯南先生	2,618,042	0.10%
Total	總計	11,618,042	0.44%

其他資料 (續)

董事於本公司股份、相關股份及債券的權益

於二零零五年六月三十日，本公司董事於本公司或其關連公司(定義見證券及期貨條例(「證券及期貨條例」第XV部)的股份、相關股份及債券中，持有本公司根據證券及期貨條例第352條所存置的登記冊內所記錄的權益或淡倉，或根據上市規則所載的上市公司董事進行證券交易的標準守則，須知會本公司及聯交所的權益或淡倉載述如下：

— 根據股份獎勵計劃分配予董事的股份

於二零零五年六月三十日，根據股份獎勵計劃向董事及關連人士(定義見上市規則)分配的未發行股份的詳情如下：

Outstanding Shares Allocated under the Equity Incentive Plan 根據股份獎勵計劃 獲分配的未發行股份	Approximate Percentage of Interest in the Company 於本公司權益的 概約百分比
5,250,000	0.20%
3,750,000	0.14%
2,618,042	0.10%
11,618,042	0.44%

ADDITIONAL INFORMATION (Continued)

- Ordinary shares held by the Directors

As at 30 June 2005, particulars of ordinary shares held by Directors and connected persons (as defined in the Listing Rules), directly and indirectly, were as follows:

Director	董事	Shares Held 持有股份	Approximate Percentage of Interest in the Company 於本公司權益的 概約百分比
Dr. Peter CHEN Cheng-yu	陳正宇博士	10,220,963	0.38%
Mr. Robert LEE Naii	李乃義先生	4,741,230	0.18%
Mr. TSAI Nein-nan	蔡聯南先生	2,099,913	0.08%
Total	總計	17,062,106	0.64%

Directors' Rights to Acquire Shares or Debentures

Save as disclosed otherwise in this report, as at 30 June 2005, the directors of the Company or their respective associates had no other interest or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or as recorded in the register required to be maintained pursuant to Section 352 of the SFO, or as otherwise to be notified to the Company or the Hong Kong Stock Exchange pursuant to the Model Code in the Listing Rules.

其他資料 (續)

— 董事持有的普通股股份

於二零零五年六月三十日，董事及關連人士(定義見市規則)直接及間接持有的普通股股份如下：

Shares Held 持有股份	Approximate Percentage of Interest in the Company 於本公司權益的 概約百分比
10,220,963	0.38%
4,741,230	0.18%
2,099,913	0.08%
17,062,106	0.64%

董事購入股份及債券的權利

於二零零五年六月三十日，除本報告另有披露外，於本公司或任何聯連公司(定義見證券及期貨條例第XV部)的股份、相關股份或債券中，本公司董事或其各自關連人士並無擁有其他權益或淡倉而須根據證券及期貨條例第XV部第7及8分部通知本公司或香港交易所，或本公司根據證券及期貨條例第352條所存置的登記冊內須予以記錄，或根據上市規則標準守則須通知本公司或港交所。

ADDITIONAL INFORMATION (Continued)

Substantial Shareholders

So far as known to any Director of the Company, as at 30 June 2005, shareholders (other than a Director or chief executive) who had interest or short positions in the shares or underlying shares of the Company as recorded in the register of the Company required to be kept under the section 336 of part XV of the SFO, were as follows:

其他資料 (續)

主要股東

據本公司任何董事所知，於二零零五年六月三十日，於本公司股份或相關股份中擁有權益或淡倉，或擁有本公司根據證券及期貨條例第352條所存置的登記冊內所記錄的權益或淡倉的股東（不包括董事及行政總裁）載述如下：

Name of shareholder 股東名稱	Capacity and Nature of Interest 身份及權益性質	Number of shares 股份數目	Percentage of Aggregate Long Position in Shares to the Total Issued Share Capital of the Company 好倉股份總值 與本公司已 發行股本的 百分比
Faithway Resources Limited	Beneficial Interest 受益人權益	622,778,030	23.42%
Stockside Limited	Beneficial Interest 受益人權益	261,614,616	9.84%
Crown Crystal Investments Limited	Beneficial Interest 受益人權益	289,433,780	10.89%

ADDITIONAL INFORMATION (Continued)

Share Option Plans

As disclosed in the 2004 Annual Report, the Company adopted the Equity Incentive Plan on 8 May 2004 by way of ordinary resolution of shareholders. The objective of the Equity Incentive Plan is to share the pride of ownership among the executives and employees of the Group and to reward their performance and contribution. The Equity Incentive Plan provided the Company with a flexible means of retaining, motivating, rewarding, remunerating, compensating and/or providing benefits to the participants. The Equity Incentive Plan is subject to the administration of the Remuneration Committee.

Movement in the number of outstanding shares under the Equity Incentive Plan are as follows:

		Six months ended 30 June 2005 截至二零零五年 六月三十日 止六個月 '000 千股	Year ended 31 December 2004 截至二零零四年 十二月三十一日 止年度 '000 千股
As at beginning of period/year	期／年初	144,485	—
Allocated	已分配	30,499	144,485
Issued	已發行	(42,666)	—
As at end of period/year	期／年末	<u>132,318</u>	<u>144,485</u>

In addition to the Equity Incentive Plan, the Company, as approved by its shareholders by way of ordinary resolution, adopted the Share Option Scheme (the "Scheme") on 27 May 2005. The purpose of the Scheme is to provide participants with the opportunity to acquire proprietary interests in the Company and to encourage them to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its shareholders as a whole. The Scheme provided the Company with a flexible means of either retaining, motivating, rewarding, remunerating, compensating and/or providing benefits to the participants. This Scheme is subject to the administration of the Remuneration Committee. As at 30 June 2005, no option has been granted to any participants.

其他資料 (續)

購股權計劃

如二零零四年年報所披露，本公司於二零零四年五月八日通過普通決議案，批准採納股份獎勵計劃。此計劃旨在讓本集團的行政人員及僱員以股東身份分享集團成果，並回報彼等的表現及貢獻。股份獎勵計劃為本公司提供一個靈活的方法，讓本公司能留住、激勵、獎勵、慰勞、補償參與者，及／或給予參與者福利。股份獎勵計劃由薪酬委員會管理。

根據購股權計劃已發行股份數目的變動：

	Six months ended 30 June 2005 截至二零零五年 六月三十日 止六個月 '000 千股	Year ended 31 December 2004 截至二零零四年 十二月三十一日 止年度 '000 千股
As at beginning of period/year	144,485	—
Allocated	30,499	144,485
Issued	(42,666)	—
As at end of period/year	<u>132,318</u>	<u>144,485</u>

除股份獎勵計劃外，本公司於二零零五年五月二十七日通過普通決議案，批准採納購股權計劃（「計劃」）。計劃目的是為參與者提供購買本公司資本權益的機會，並鼓勵他們為本公司及其股東的整體利益，努力增加本公司及其股份的價值。計劃為本公司提供一個靈活的方法，讓公司能留住、激勵、獎勵、慰勞、補償參與者，及／或給予參與者福利。計劃由薪酬委員會管理。於二零零五年六月三十日，並無給予任何參與者購股權。

ADDITIONAL INFORMATION *(Continued)*

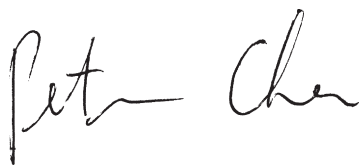
Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

Interim Result Reviewed by the Audit Committee and the Auditor

The Audit Committee has reviewed, with the management and the Company's external auditor, the accounting principles and policies adopted by the Group, and the unaudited interim financial reports for the six months ended 30 June 2005.

On behalf of the Board



Dr. Peter CHEN Cheng-yu
Chairman

Hong Kong, 12 August 2005

其他資料 (續)

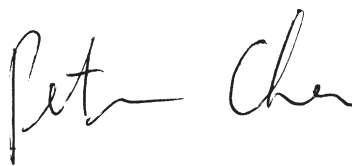
購買、出售或贖回本公司上市證券

本公司或其任何附屬公司於本期間概無進行任何購買、出售或贖回本公司的上市證券。

經審核委員會及核數師審核的中期業績

審核委員會與管理層及本公司外聘的核數師已審閱本集團採納的會計原則及常規，以及截至二零零五年六月三十日止六個月未經審核中期財政報告。

代表董事會



陳正宇博士
主席

香港，二零零五年八月十二日

Condensed Consolidated Income Statement 簡明綜合收益表

For the six months ended 30 June 2005

截至二零零五年六月三十日止六個月

		Unaudited		
		Six months ended 30 June		
		未經審核		
		截至六月三十日止六個月		
		2005	2004	
		二零零五年	二零零四年	
		US\$'000	US\$'000	
		千美元	千美元	
		(Restated)		
		(重列)		
Turnover	營業額	3	32,511	34,415
Cost of goods sold	銷售成本	3,5	(32,068)	(24,557)
Gross profit	毛利	3	443	9,858
Other gains	其他收益	4	885	636
Selling and marketing costs	銷售及市場推廣開支	5	(833)	(835)
Administrative expenses	行政開支	5	(6,442)	(5,145)
Operating (loss) profit	經營(虧損)溢利		(5,947)	4,514
Finance costs	財務費用	6	(616)	(553)
(Loss) profit before income tax	除所得稅前(虧損)溢利		(6,563)	3,961
Income tax expense	所得稅開支	7	525	(586)
(Loss) profit for the period	期內(虧損)溢利		(6,038)	3,375
Attributable to:	應佔溢利:			
Equity holders of the Company	本公司股本持有人		(6,038)	3,375
(Loss) earnings per share for (loss) profit attributable to the equity holders of the Company during the period (expressed in United States dollar)	本公司股本持有人期內應佔(虧損)溢利的每股(虧損)盈利(美元計)			
- basic	— 基本	8	(0.0023)	0.0020
- diluted	— 攤薄	8	(0.0022)	不適用
Dividends (US\$'000)	股息(千美元)	9	1,705	1,338

Condensed Consolidated Balance Sheet 簡明綜合資產負債表

As at 30 June 2005

於二零零五年六月三十日

			Unaudited 未經審核 30 June 2005 二零零五年 六月三十日	Restated 經重列 31 December 2004 二零零四年 十二月三十一日
		Note 附註	US\$'000 千美元	US\$'000 千美元
ASSETS	資產			
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	10	147,918	137,965
Land use rights	土地使用權	10	548	554
Intangible assets	無形資產	10	1,010	837
Deferred tax assets	遞延稅項資產		524	278
			<u>150,000</u>	<u>139,634</u>
Current assets	流動資產			
Inventories	存貨		16,074	16,553
Trade and note receivables	應收貿易賬款及應收票據	11	13,832	16,467
Prepayments and other receivables	預付款項及其他應收款項		2,689	1,273
Due from related parties	應收關連人士款項	18(c)	876	783
Due from a shareholder	應收一名股東款項		6	6
Tax recoverable	可收回稅項		824	—
Restricted bank deposits	有限制銀行存款		1,990	329
Cash and bank balances	現金及銀行結餘		22,324	24,463
			<u>58,615</u>	<u>59,874</u>
Total assets	資產總額		<u>208,615</u>	<u>199,508</u>

Condensed Consolidated Balance Sheet (Continued) 簡明綜合資產負債表 (續)

As at 30 June 2005

於二零零五年六月三十日

			Unaudited 未經審核 30 June 2005 二零零五年 六月三十日	Restated 經重列 31 December 2004 二零零四年 十二月三十一日
		Note 附註	US\$'000 千美元	US\$'000 千美元
EQUITY	權益			
Share capital	股本	12	34,087	33,540
Other reserves	其他儲備	13	117,048	116,373
Retained earnings	保留盈利			
- Proposed final dividend	- 建議末期股息		—	1,705
- Others	- 其他		2,757	8,795
			<u>153,892</u>	<u>160,413</u>
LIABILITIES	負債			
Current liabilities	流動負債			
Trade and note payables	應付貿易賬款及應付票據	14	13,137	15,373
Accruals and other payables	應計費用及其他應付款項		1,339	3,395
Advances from customers	預收款項		2,459	1,321
Taxation payable	應付稅項		—	962
Due to related parties	應付關連人士款項	18(c)	819	544
Short-term bank loans	短期銀行貸款	15	36,544	17,500
Dividend payables	應付股息		425	—
			<u>54,723</u>	<u>39,095</u>
Total equity and liabilities	權益及負債總額		<u>208,615</u>	<u>199,508</u>
Net current assets	流動資產淨額		<u>3,892</u>	<u>20,779</u>
Total assets less current liabilities	資產總額減流動負債		<u>153,892</u>	<u>160,413</u>

Condensed Consolidated Statement of Changes in Equity 簡明綜合權益變動表

For the six months ended 30 June 2005

截至二零零五年六月三十日止六個月

		Share capital 股本 US\$'000 千美元	Other reserves 其他儲備 US\$'000 千美元	Retained earnings 保留溢利 US\$'000 千美元	Total 總計 US\$'000 千美元
Balance as at 1 January 2004 (Audited)	二零零四年一月一日 結餘(經審核)	16	92,836	2,375	95,227
Issuance of warrants (Note 12(ii))	發行認股權證(附註12(ii))	—	17,400	—	17,400
Repurchase and currency re-denomination of share capital (Note 12(i))	購回股份及重定股本貨幣單位 (附註12(i))	21,270	(21,270)	—	—
Share issuance expenses	股份發行開支	—	(7,433)	—	(7,433)
Exercise of warrants (Note 12(ii))	行使認股權證(附註12(ii))	3,480	(3,480)	—	—
Issuance of shares upon listing (Note 12(iii))	上市時發行股份(附註12(iii))	8,774	35,098	—	43,872
Profit for the year	年度溢利	—	—	11,342	11,342
Appropriation to statutory reserves	分配至法定儲備	—	2,046	(2,046)	—
Translation adjustments	滙兌調整	—	5	—	5
Balance as at 31 December 2004 as previously reported (Audited)	如前呈列於二零零四年 十二月三十一日結餘(經審核)	33,540	115,202	11,671	160,413
Effect on changes of accounting policies (Note 2(a))	會計政策變動之影響 (附註2(a))	—	1,171	(1,171)	—
Balance as at 31 December 2004, restated (Unaudited)	二零零四年十二月三十一日 結餘, 重列(未經審核)	33,540	116,373	10,500	160,413
Issuance of shares under Equity Incentive Plan (Note 12)	根據股份獎勵計劃發行的股份 (附註12)	547	677	—	1,224
Dividends (Note 9(ii))	股息(附註9(ii))	—	—	(1,705)	(1,705)
Loss for the period	期內虧損	—	—	(6,038)	(6,038)
Translation adjustments	滙兌調整	—	(2)	—	(2)
Balance as at 30 June 2005 (Unaudited)	二零零五年六月三十日結餘 (未經審核)	34,087	117,048	2,757	153,892

Condensed Consolidated Cash Flow Statement 簡明綜合現金流量表

For the six months ended 30 June 2005

截至二零零五年六月三十日止六個月

		Unaudited	
		Six months ended 30 June	
		未經審核	
		截至六月三十日止六個月	
		2005	2004
		二零零五年	二零零四年
		US\$'000	US\$'000
		千美元	千美元
Net cash inflow from operating activities	經營活動所產生的現金流入淨額	804	9,580
Net cash used in investing activities	投資活動所動用的現金淨額	(20,708)	(29,404)
Net cash inflow from financing activities	融資活動所產生的現金流入淨額	17,765	16,145
Decrease in cash and cash equivalents	現金及現金等價物減少	(2,139)	(3,679)
Effect on foreign exchange rate changes	匯率變動影響	—	2
Cash and cash equivalents at beginning of period	期初的現金及現金等價物	24,463	39,138
Cash and cash equivalents at end of period	期終的現金及現金等價物	22,324	35,461

Notes to the Condensed Interim Report 簡明中期報告附註

30 June 2005

二零零五年六月三十日

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

This unaudited condensed consolidated financial information has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants.

This condensed consolidated financial information should be read in conjunction with the 2004 annual financial statements.

The accounting policies and methods of computation used in the preparation of this condensed consolidated financial information are consistent with those used in the annual financial statements for the year ended 31 December 2004 except that the Group has changed certain of its accounting policies following its adoption of new/revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards (“new HKFRS”) which are effective for accounting periods commencing on or after 1 January 2005.

This interim financial information has been prepared in accordance with those HKFRS standards and interpretations issued and effective as at the time of preparing this information (July 2005). The HKFRS standards and interpretations that will be applicable at 31 December 2005, including those that will be applicable on an optional basis, are not known with certainty at the time of preparing this interim financial information.

The changes to the Group’s accounting policies and the effect of adopting these new policies are set out in note 2 below.

1. 編製基準及會計政策的變動

本未經審核簡明綜合財務資料已根據香港會計師公會發出的香港會計準則（「香港會計準則」）第34號「中期財務報告」而編製。

本簡明綜合財務資料應與二零零四年年度財務報表一併閱讀。

編製本簡明綜合財務資料所採用的會計政策及計算方法，與截至二零零四年十二月三十一日止年度的年度財務報表所採用者一致，惟本集團於採納新／經修訂香港財務報告準則及香港會計準則（「新香港財務報告準則」）後已更改其若干會計政策的情況除外，新香港財務報告準則於二零零五年一月一日當日或之後起計的會計期間生效。

本中期財務資料已根據於編製本資料之時（二零零五年七月）已發出並生效之該等香港財務報告準則及詮釋而編製。於編製本中期財務資料之時，並不能確定香港財務報告準則的準則及詮釋（包括將適用於選擇適用的準則及詮釋）於二零零五年十二月三十一日將會適用。

本集團的會計政策的變動及採納該等新政策的影響載於以下附註2。

Notes to the Condensed Interim Report (Continued) 簡明中期報告附註(續)

30 June 2005

二零零五年六月三十日

2. CHANGES IN ACCOUNTING POLICIES

(a) Effect of adopting new HKFRS

In 2005, the Group adopted the new/revised standards of HKFRS below, which are relevant to its operations. The 2004 comparatives have been amended as required, in accordance with the relevant requirements.

HKAS 1
香港會計準則第1號
HKAS 2
香港會計準則第2號
HKAS 7
香港會計準則第7號
HKAS 8
香港會計準則第8號
HKAS 10
香港會計準則第10號
HKAS 16
香港會計準則第16號
HKAS 17
香港會計準則第17號
HKAS 21
香港會計準則第21號
HKAS 23
香港會計準則第23號
HKAS 24
香港會計準則第24號
HKAS 27
香港會計準則第27號
HKAS 28
香港會計準則第28號
HKAS 31
香港會計準則第31號
HKAS 32
香港會計準則第32號

2. 會計政策變動

(a) 採納於香港財務報告準則的影響

二零零五年，本集團採納與其營運有關的香港財務報告準則的新／經修訂準則。二零零四年的比較數字已根據有關規定作出所需修訂。

Presentation of Financial Statements
財務報表的呈列
Inventories
存貨
Cash Flow Statements
現金流量表
Accounting Policies, Changes in Accounting Estimates and Errors
會計政策、會計估計的變動及錯誤
Events after the Balance Sheet Date
結算日後的事項
Property, Plant and Equipment
物業、廠房及設備
Leases
租賃
The Effects of Changes in Foreign Exchange Rates
匯率變動的影響
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Related Party Disclosures
關連人士披露
Consolidated and Separate Financial Statements
綜合及個別財務報表
Investments in Associates
於聯營公司的投資
Investments in Joint Ventures
於合營企業的投資
Financial Instruments: Disclosures and Presentation
金融工具：披露與呈列

Notes to the Condensed Interim Report (Continued) 簡明中期報告附註 (續)

30 June 2005

二零零五年六月三十日

2. CHANGES IN ACCOUNTING POLICIES (Continued)

(a) Effect of adopting new HKFRS (Continued)

HKAS 33
香港會計準則第33號

HKAS 36
香港會計準則第36號

HKAS 38
香港會計準則第38號

HKAS 39
香港會計準則第39號

HKAS 40
香港會計準則第40號

HKAS-Int 12
香港會計準則—詮釋第12號

HKAS-Int 15
香港會計準則—詮釋第15號

HKAS-Int 21
香港會計準則—詮釋第21號

HKFRS 2
香港會計準則第2號

HKFRS 3
香港會計準則第3號

2. 會計政策變動 (續)

(a) 採納於香港財務報告準則的影響 (續)

Earnings per Share
每股盈利

Impairment of Assets
資產減值

Intangible Assets
無形資產

Financial Instruments: Recognition and Measurement
金融工具：確認及計量

Investment Property
投資物業

Scope of HKAS-Int 12 Consolidation – Special Purpose Entities
香港會計準則—詮釋第12號合併的範圍—特設實體

Operating Leases – Incentives
經營租約—獎勵

Income Taxes – Recovery of Revalued Non-Depreciated Assets
所得稅—收回經重估非折舊資產

Share – based Payments
以股份為本的付款

Business Combinations
業務合併

Notes to the Condensed Interim Report (Continued) 簡明中期報告附註 (續)

30 June 2005

二零零五年六月三十日

2. CHANGES IN ACCOUNTING POLICIES (Continued)

(a) Effect of adopting new HKFRS (Continued)

The adoption of new/revised HKASs 1, 2, 7, 8, 10, 16, 21, 23, 24, 27, 28, 31, 32, 33, 36, 39, 40, HKAS-Ints 12, 15 and 21 and HKFRS 3 did not result in substantial changes to the Group's accounting policies. In summary:

- HKASs 1, 2, 7, 8, 10, 16, 23, 27, 28, 31, 32, 33, 36, 39, 40, HKAS-Ints 12, 15 and 21 and HKFRS 3 had no material effect on the Group's policies.
- HKAS 21 had no material effect on the Group's policy. The functional currency of each of the consolidated entities has been re-evaluated based on the guidance to the revised standard. All the Group entities have the same functional currency as the presentation currency for respective entity financial statements.
- HKAS 24 has affected the identification of related parties and some other related-party disclosures.

2. 會計政策變動 (續)

(a) 採納於香港財務報告準則的影響 (續)

採納新／經修訂香港會計準則第1、2、7、8、10、16、21、23、24、27、28、31、32、33、36、39、40號；香港會計準則－詮釋第12、15及21號，以及香港財務報告準則第3號並不會令本集團的會計政策出現重大變動。現概述如下：

- 香港會計準則第1、2、7、8、10、16、23、27、28、31、32、33、36、39、40號；香港會計準則－詮釋第12號、香港會計準則－詮釋第15號及香港會計準則－詮釋第21號，以及香港財務報告準則第3號並無對本集團的政策造成重大影響。
- 香港會計準則第21號並無對本集團的政策有任何重大影響。各家綜合實體的功能貨幣已根據經修訂準則的指引重估。本集團所有實體擁有與各家實體的財務報表呈列貨幣相同的功能貨幣。
- 香港會計準則第24號對識別關連人士及部分其他關連人士披露方面有所影響。

Notes to the Condensed Interim Report (Continued) 簡明中期報告附註 (續)

30 June 2005

二零零五年六月三十日

2. CHANGES IN ACCOUNTING POLICIES (Continued)

(a) Effect of adopting new HKFRS (Continued)

The adoption of revised HKAS 17 has resulted in a change in the accounting policy relating to the reclassification of leasehold land and land use rights from property, plant and equipment to operating leases. The up-front prepayments made for the leasehold land and land use rights are expensed in the income statement on a straight-line basis over the period of the lease or where there is impairment, the impairment is expensed in the income statement. In prior years, the leasehold land was accounted for at cost less accumulated depreciation and accumulated impairment.

The adoption of HKFRS 2 has resulted in a change in the accounting policy for share-based payments. Until 31 December 2004, the provision of shares under the Company's "Equity Incentive Plan" did not result in an expense in the income statements. Effective on 1 January 2005, the Group expenses the cost of shares granted under the Equity Incentive Plan in the income statement. As a transitional provision, the cost of share granted under the Equity Incentive Plan after 7 November 2002 and had not yet vested on 1 January 2005 was expensed retrospectively in the income statement of the respective periods (Note 5).

The Group has reassessed the useful lives of its intangible assets in accordance with the provisions of HKAS 38. No adjustment resulted from this reassessment.

2. 會計政策變動 (續)

(a) 採納於香港財務報告準則的影響 (續)

採納經修訂香港會計準則第17號導致有關將租賃土地及土地使用權由物業、廠房及設備重列作經營租約的會計政策的變動。租賃土地及土地使用權的一次性預付款項是於租約期內以直線法在收益表中列作支出，或倘出現減值，則減值會於收益表內作出支出。於過往年度，租賃土地是按成本減累積折舊及累積減值入賬。

採納香港財務報告準則第2號導致以股份為本的付款的會計政策有所變動。直至二零零四年十二月三十一日為止，根據本公司的「股本獎勵計劃」提供股份，並不會導致收益表內出現一項開支。由二零零五年一月一日起，本集團於收益表內就根據股本獎勵計劃授出股份的成本產生開支。作為一項過渡性條文，於二零零二年十一月七日後根據股份獎勵計劃授出但於二零零五年一月一日尚未歸屬的股份的成本，已於各個期間的收益表內列作開支(附註5)。

本集團根據香港會計準則第38條的條文，重新評估其無形資產的可使用年期。該項評估並無導致作出任何調整。

Notes to the Condensed Interim Report (Continued) 簡明中期報告附註 (續)

30 June 2005

二零零五年六月三十日

2. CHANGES IN ACCOUNTING POLICIES (Continued)

(a) Effect of adopting new HKFRS (Continued)

All changes in the accounting policies have been made in accordance with the transition provisions in the respective standards. All standards adopted by the Group require retrospective application other than HKFRS 2 which only requires retrospective application for all equity instruments granted after 7 November 2002 and not vested at 1 January 2005.

The adoption of revised HKFRS 2 resulted in:

		Year ended 31 December 截至十二月 三十一日 止年度 2004 二零零四年 US\$'000	Six months ended 30 June 截至 六月三十日 止六個月 2005 二零零五年 US\$'000	2004 二零零四年 US\$'000
Increase in cost of goods sold	銷售成本增加	576	392	207
Increase in selling and marketing costs	銷售及市場推廣開支增加	126	85	45
Increase in administrative expense	行政開支增加	469	319	169
Decrease in basic earnings per share	每股基本盈利減少	0.0006	0.0003	0.0003
Decrease in diluted earnings per share	每股攤薄盈利減少	0.0005	0.0003	—

2. 會計政策變動 (續)

(a) 採納於香港財務報告準則的影響 (續)

會計政策已根據各項準則的過渡性條文作出所有變動。本集團所採納的一切準則均規定須作出追溯性的條文應用，惟香港財務報告準則第2號除外，其規定僅會對於二零零二年十一月七日後授出但於二零零五年一月一日尚未歸屬的所有股票工具採取追溯性的條文應用。

採納經修訂香港財務報告準則第2號導致：

Notes to the Condensed Interim Report (Continued) 簡明中期報告附註(續)

30 June 2005

二零零五年六月三十日

2. CHANGES IN ACCOUNTING POLICIES (Continued)

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the accounts of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated accounts are presented in United States dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (1) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

2. 會計政策變動(續)

(b) 外幣換算

(i) 功能及呈列貨幣

集團內各實體的賬目內的项目均以該實體經營的主要經濟環境通行的貨幣(「功能貨幣」)表示。綜合賬目以美元呈列，該貨幣為本公司的功能及呈列貨幣。

(ii) 交易及結餘

外幣交易均按交易當日的匯率換算為功能貨幣。上述交易結算過程中以及按年終匯率換算以外幣列值的貨幣資產和負債時出現的外匯收益及虧損均在收益表中確認。

(iii) 集團公司

其功能貨幣與呈列貨幣不同的所有集團實體(各實體均無極高通脹經濟地區的貨幣)的業績及財務狀況均按以下方法換算為呈列貨幣：

- (1) 每份呈列的資產負債表的資產與負債均以該資產負債表的結算日的收市匯率換算；

Notes to the Condensed Interim Report (Continued) 簡明中期報告附註 (續)

30 June 2005

二零零五年六月三十日

2. CHANGES IN ACCOUNTING POLICIES (Continued)

(b) Foreign currency translation (Continued)

(iii) Group companies (Continued)

- (2) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (3) all resulting exchange differences are recognized as a separate component of equity.

(c) Impairment of assets

Assets that have an indefinite useful life are not subject to amortization, which are at least tested annually for impairment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2. 會計政策變動 (續)

(b) 外幣換算 (續)

(iii) 集團公司 (續)

- (2) 每份損益表的收入及支出項目按平均匯率換算(除非該平均值並不合理地接近於交易日通行匯率的累計影響,在此情況下收入及支出乃於交易日換算);及
- (3) 所有兌換差異乃確認為股東資金的一個分項(累計滙兌調整)。

(c) 資產減值

無明確使用期限的資產不予攤銷,而該項資產在某些事件發生或環境變化導致資產的賬面價值可能無法回收時,最少每年進行減值測試,以審核減值。進行攤銷的資產在某些事件發生或環境變化導致資產的賬面價值可能無法回收時,進行減值審核。若一項資產的賬面價值超過其可回收價值時,應就其差額確認減值損失。一項資產的可回收價值系按其淨銷售價格和可使用價值中較高者確認。估計資產減值準備時,按最少現金流量產生單位分別予以計算(現金衍生單位)。

Notes to the Condensed Interim Report (Continued) 簡明中期報告附註 (續)

30 June 2005

二零零五年六月三十日

2. CHANGES IN ACCOUNTING POLICIES (Continued)

(d) Investments - loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet.

(e) Trade and other receivables

Trade and other receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognized in the income statement.

2. 會計政策變動 (續)

(d) 投資－貸款及應收款項

貸款及應收款項是非衍生性質的財務資產，附帶固定或可計算的付款，但並不存在活躍市場的報價。貸款及應收款項於本集團直接向債務人提供金錢、貨物或服務時產生，也無意將應收款項進行買賣。貸款及應收款項計入流動資產，惟到期日於結算日後逾十二個月者則除外，而被分類為非流動資產。貸款及應收款項於資產負債表計入應收貿易賬款及其他應收款項。

(e) 應收貿易賬款及其他應收款項

應收貿易賬款及其他應收款項最初按公允價值確認，其後按實際利率法攤薄成本減減值準備計算。應收貿易賬款減值準備是於有明顯證據表明本集團無法按應收款項的原有條款收回所有金額時確認。撥備的金額為賬面值與估計未來現金流量的現值（按實際利率貼現計算）間的差額。撥備金額於收益表內確認。

Notes to the Condensed Interim Report (Continued) 簡明中期報告附註(續)

30 June 2005

二零零五年六月三十日

2. CHANGES IN ACCOUNTING POLICIES (Continued)

(f) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(g) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability, including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2. 會計政策變動(續)

(f) 股本

普通股分類列為股權。

與發行新股或購股權直接有關的增量成本，列入股權作為所得款項的減值(減去稅項)。

(g) 借款

借款最初按公允價值(扣除已產生的交易成本)確認。交易成本為收購、發行或出售財務資產或金融負債直接應佔的附帶成本，包括向代理商、顧問、經紀及交易商支付的費用及佣金、監管代理機構及證券交易所徵收的款項及過戶登記稅項及稅款。借款其後按攤銷成本列賬；所得款項(扣除交易成本)與贖回價值的任何差額於借款期使用實際利息法在收益表確認。

除非集團有權利無條件延遲償還負債直至結算日後十二個月或以上，否則借款列為流動負債。

Notes to the Condensed Interim Report (Continued) 簡明中期報告附註 (續)

30 June 2005

二零零五年六月三十日

2. CHANGES IN ACCOUNTING POLICIES (Continued)

(h) Share based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of shares granted under the Equity Incentive Plan is recognized as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of shares that are expected to become exercisable. At each balance sheet date, the entity revises its estimates of the number of shares that are expected to become exercisable. It recognizes the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the shares are issued.

(i) Interest income

Interest income is recognized on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognized either as cash is collected or on a cost-recovery basis as conditions warrant.

2. 會計政策變動 (續)

(h) 以股份支付的報酬

本集團推行一項按股本結算、以股份支付報酬的計劃。按僱員服務以換取根據股份獎勵計劃授出的股份的公允價值乃確認為開支。於歸屬期內列作開支的總金額乃參照已授出的股份的公允價值釐定，不包括任何非市場歸屬條件(例如盈利能力及銷售增長目標)的影響。非市場歸屬條件已包括在假設預期可予行使的購股權的數目。於各結算日，各實體均會修改其估計預期可予行使的股份的數目，並於收益表內確認修改原來估計數字(如有)的影響以及在餘下歸屬期間對股本作相應調整。

當購股權獲行使時，已收取所得款項(扣除任何直接應佔交易成本)均列入股本(面值)及股份溢價中。

(i) 利息收入

利息收入按時間比例採用實際利率法予以確認。當應收款項耗損時，本集團減低賬面值至其可收回款額，即估計未來現金流量按工具的原先實際利率折現，以及繼續展開折現為利息收入。耗損貸款的利息收入於收回現金時或按成本收回基準於條件獲得保證時予以確認。

Notes to the Condensed Interim Report (Continued) 簡明中期報告附註 (續)

30 June 2005

二零零五年六月三十日

2. CHANGES IN ACCOUNTING POLICIES (Continued)

(i) Comparatives

Certain comparative figures were reclassified to conform to the current period presentation.

3. SEGMENT INFORMATION

The Group has only one business segment which is the manufacturing of integrated circuit and related products.

An analysis by geographical segment, as determined by location of ultimate customers, is as follows:

2. 會計政策變動 (續)

(i) 比較數字

若干比較數字已經重列，以符合本期間的呈報方式。

3. 分部資料

本集團唯一的業務分部為製造集成電路及相關產品。

按最終客戶所在地釐定的地區分部分析如下：

		Six months ended 30 June 2005		
		截至二零零五年六月三十日止六個月		
		Turnover	Cost of goods sold	Gross profit
		營業額	銷售成本	毛利
		US\$'000	US\$'000	US\$'000
		千美元	千美元	千美元
The PRC	中國	21,658	(21,043)	615
Asia, other than the PRC	亞洲 (中國除外)	7,608	(8,381)	(773)
United States	美國	1,877	(1,439)	438
Europe	歐洲	1,368	(1,205)	163
Total	總額	32,511	(32,068)	443

Notes to the Condensed Interim Report (Continued) 簡明中期報告附註 (續)

30 June 2005

二零零五年六月三十日

3. SEGMENT INFORMATION (Continued)

		Turnover	Cost of goods sold	Gross profit
		營業額	銷售成本	毛利
		US\$'000	US\$'000	US\$'000
		千美元	千美元	千美元
The PRC	中國	21,332	(14,571)	6,761
Asia, other than the PRC	亞洲(中國除外)	9,216	(7,055)	2,161
United States	美國	3,491	(2,741)	750
Europe	歐洲	376	(190)	186
Total	總額	34,415	(24,557)	9,858

No segment information by location of assets is presented as the majority of the Group's assets are located in the PRC.

4. OTHER GAINS

Interest income	利息收入	88	106
Refund of value-added tax (a)	增值稅退稅(a)	746	507
Others	其他	51	23
		885	636

3. 分部資料(續)

Six months ended 30 June 2004

截至二零零四年六月三十日止六個月

		Turnover	Cost of goods sold	Gross profit
		營業額	銷售成本	毛利
		US\$'000	US\$'000	US\$'000
		千美元	千美元	千美元
The PRC	中國	21,332	(14,571)	6,761
Asia, other than the PRC	亞洲(中國除外)	9,216	(7,055)	2,161
United States	美國	3,491	(2,741)	750
Europe	歐洲	376	(190)	186
Total	總額	34,415	(24,557)	9,858

由於本集團大部分資產均位於中國，故並無按資產所在地呈列分部資料。

4. 其他收益

Six months ended 30 June

截至六月三十日止六個月

	2005	2004
	二零零五年	二零零四年
	US\$'000	US\$'000
	千美元	千美元
Interest income	88	106
Refund of value-added tax (a)	746	507
Others	51	23
	885	636

Notes to the Condensed Interim Report (Continued) 簡明中期報告附註 (續)

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4. OTHER GAINS (Continued)

(a) According to relevant PRC rules and regulations, CSMC Technologies Fab 1 Co., Ltd. ("Fab 1"), the Company's only operating subsidiary in the PRC, being a qualified manufacturer of micro-electronics products, is entitled to refund of VAT from 1 July 2000 to 31 March 2005. Since 1 January 2002, the net VAT payables related to domestic sales were firstly paid to the tax bureau and any portion in excess of 3% of domestic sales would be refunded. The Group's VAT refund for the period ended 30 June 2005 amounted to approximately US\$ 746,000 (2004: US\$ 507,000). Such VAT refund has been recorded on cash basis.

5. EXPENSES BY NATURE

Expenses included in cost of goods sold, selling and marketing costs and administrative expenses are analyzed as follows:

Depreciation, amortization and impairment expenses (Note 10)	折舊、攤銷及減值開支	10,707	6,214
Employee benefit expense	僱員福利開支	5,606	4,542
Changes in inventories of finished goods and work-in-progress	製成品及在製品的存貨變動	200	1,079
Raw materials and consumables used	所用原材料及消耗品	10,979	11,632
Write-down of inventories to net realisable value	將存貨撇減至可變現淨值	771	111
Provision for impairment of receivables	應收款項減值準備	1,204	193

4. 其他收益 (續)

(a) 根據中國相關法例及法規，本公司唯一於中國經營業務的附屬公司無錫華潤上華半導體有限公司（「一廠」）為合資格的微電子產品製造商，由二零零零年七月一日至二零零五年三月三十一日獲增值稅退稅。自二零零二年一月一日起，一廠首先就內銷額向稅務局繳付增值稅，隨後獲退還超逾內銷額3%的應付增值稅淨額。本集團截至二零零五年六月三十日止期間的增值稅退稅額約為746,000美元（二零零四年：507,000美元）。該增值稅退稅已以現金基準入賬。

5. 開支 (按性質分類)

銷售成本、銷售及市場推廣開支、行政開支所包括的費用分析載列如下：

Six months ended 30 June 截至六月三十日止六個月

2005 二零零五年 US\$'000 千美元	2004 二零零四年 US\$'000 千美元
10,707	6,214
5,606	4,542
200	1,079
10,979	11,632
771	111
1,204	193

Notes to the Condensed Interim Report (Continued) 簡明中期報告附註(續)

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6. FINANCE COSTS

Finance costs represent interest expense on bank borrowings.

7. INCOME TAX EXPENSE

The Company is exempted from taxation in Cayman Islands.

No Hong Kong profits tax has been provided as there was no assessable profit earned in or derived from Hong Kong.

The Company's subsidiaries registered in the People's Republic of China (the "PRC") are subject to Enterprise Income Tax ("EIT") on the taxation income as reported in their PRC statutory accounts adjusted in accordance with relevant PRC income tax laws. The general applicable EIT rate is 33%. However, being located in the "Old Urban Area of Coastal Open Economic Zone" (沿海經濟開發區的老市區), CSMC Technologies Fab1 Co., Ltd. ("Fab1"), the only operating subsidiary of the Group in the PRC, is entitled to a preferential EIT rate of 24%. Furthermore, in accordance with the PRC "Law of Enterprise Income Tax for Enterprise with Foreign Investment", Fab1 is also entitled to full exemption from EIT for the first two years and a 50% reduction in EIT for next three years, commencing from the first profitable year after offsetting all tax losses carried forward from previous five years. Moreover, since Fab1 also qualified as an "advanced-technology enterprise", it is further entitled to a 50% reduction in EIT for an additional three years. The first profitable year of Fab1 was 1999.

6. 融資成本

融資成本代表銀行借貸的利息支出

7. 所得稅開支

本公司獲豁免繳交開曼群島稅項。

由於並無自香港賺取或產生應課稅溢利，故並無就香港利得稅作出撥備。

本公司於中華人民共和國(「中國」)註冊的附屬公司，須就他們的中國法定賬目所呈報的應課稅收入(根據有關中國所得稅法作出調整)繳付企業所得稅(「企業所得稅」)。適用企業所得稅率為33%。然而，由於本集團於中國的唯一營運附屬公司無錫華潤上華半導體有限公司(「一廠」)位於沿海經濟開發區的老市區，故就企業所得稅享有24%的優惠稅率。再者，根據中國「外商投資企業所得稅法」，一廠亦可從其抵銷過往五年結轉的所有稅項虧損的首個獲利年度起的首兩年，有權獲享全數豁免繳付企業所得稅，及於隨後三年減免50%企業所得稅。此外，由於一廠亦符合「高新技術企業」資格，因而可再享三年50%企業所得稅減免。一廠首個獲利年度為一九九九年。

Notes to the Condensed Interim Report (Continued) 簡明中期報告附註 (續)

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7. INCOME TAX EXPENSE (Continued)

In April 2005, Fab1 received approval from the PRC National Administration of Taxation to be classified as an encouraged technology intensive foreign investment enterprise. As a result, from 1 January 2004 onwards, Fab 1 enjoys a preferential EIT rate of 15%. However, according to PRC "Law of Enterprise Income Tax for Enterprise with Foreign Investment", the minimum EIT rate applicable to a foreign investment enterprise is 10%, and therefore although Fab 1 can enjoy 50% reduction in EIT for the years ended 31 December 2004 to 2006, Fab 1 is still subject to 10% EIT rate. Accordingly, EIT previously over-accrued on a rate of 12% of approximately US\$279,000 during the year ended 31 December 2004 was reversed to reflect the preferential EIT rate of 10%.

The amount of taxation credited/charged to the consolidated profit and loss accounts represents:

7. 所得稅開支 (續)

於二零零五年四月，一廠收到中國國家稅務總局的批准，被分類為受鼓勵技術密集型外商投資企業。因此，自二零零四年一月一日起，一廠就企業所得稅享有15%的優惠稅率。然而，根據中國外商投資企業所得稅法，外商投資企業的企業所得稅稅率最低為10%，所以，雖然一廠就截至二零零四年至二零零六年十二月三十一日止年度的企業所得稅獲50%減免，一廠仍須按10%的企業所得稅稅率繳納稅項。截至二零零四年十二月三十一日止年度，過往按12%多計提之企業所得稅約為279,000美元已被撥回，以反映10%的企業所得稅優惠稅率。

於綜合損益賬計入／扣除的稅項金額為：

		Six months ended 30 June 截至六月三十日止六個月	
		2005 二零零五年 US\$'000 千美元	2004 二零零四年 US\$'000 千美元
Current income tax	現行所得稅		
- PRC taxation	- 中國稅項	—	586
- Reversal of over-accrued EIT	- 沖回多計提的企業所得稅	(279)	—
Deferred income tax	遞延所得稅	(246)	—
		<u>(525)</u>	<u>586</u>

Notes to the Condensed Interim Report (Continued) 簡明中期報告附註 (續)

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8. (LOSS) EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

(Loss) profit attributable to equity holders of the Company (US\$'000)	本公司股本持有人應佔(虧損)溢利(千美元)		
Weighted average number of ordinary shares in issue ('000)	普通股加權平均股數(千股)		
Basic (loss) earnings per share (US\$ per share)	每股基本(虧損)盈利(美元)		

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the six months ended 30 June 2005, the Company has only one category of dilutive potential ordinary share: share issued under the Equity Incentive Plan (Note 12). A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding shares granted under the Equity Incentive Plan. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the issuance of the shares under the Equity Incentive Plan.

8. 每股(虧損)盈利

基本

每股基本盈利的計算方法為以期內本公司股本持有人應佔溢利除以普通股加權平均股數。

Six months ended 30 June

截至六月三十日止六個月

	2005 二零零五年	2004 二零零四年
(Loss) profit attributable to equity holders of the Company (US\$'000)	(6,038)	3,375
Weighted average number of ordinary shares in issue ('000)	2,655,213	1,657,987
Basic (loss) earnings per share (US\$ per share)	<u>(0.0023)</u>	<u>0.0020</u>

攤薄

每股攤薄盈利的計算方式為調整已發行普通股加權平均股數，以假設轉換所有潛在攤薄普通股。截至二零零五年六月三十日止六個月，本公司只有一類潛在攤薄普通股股份：股份獎勵計劃(附註12)的已發行股份。完成有關的計算，以決定購入的股份數目，價格為附於股份獎勵計劃授出的已發行股份上的認購權的貨幣價值計算的公允價值(釐定為本公司股份的平均年度市場股價)。上述計算的股份數目與已發行的股份數目比較(假設根據股份獎勵計劃發行股份)。

Notes to the Condensed Interim Report (Continued) 簡明中期報告附註 (續)

30 June 2005

二零零五年六月三十日

8. (LOSS) EARNINGS PER SHARE (Continued)

8. 每股(虧損)盈利(續)

		Six months ended 30 June 2005 截至六月三十日 止六個月 二零零五年
(Loss) profit attributable to equity holders of the Company (US\$'000)	本公司股本持有人應佔(虧損)溢利(千美元)	(6,038)
Weighted average number of ordinary shares in issue ('000)	普通股加權平均股數(千股)	2,655,213
Adjustment for Equity Incentive Plan ('000)	股份獎勵計劃調整(千股)	108,431
Weighted average number of ordinary shares for diluted earnings per share	每股攤薄盈利的普通股加權平均股數(千股)	2,763,644
Diluted (loss) earnings per share (US\$ per share)	每股攤薄(虧損)盈利(美元)	<u>(0.0022)</u>

No diluted earnings per share for the six months ended 30 June 2004 is presented as the potential dilutive ordinary shares were anti-dilutive.

截至二零零四年六月三十日止六個月每股攤薄盈利並無呈列,因為潛在可攤薄普通股具有反攤薄作用。

Notes to the Condensed Interim Report (Continued) 簡明中期報告附註 (續)

30 June 2005

二零零五年六月三十日

9. DIVIDENDS

9. 股息

		Six months ended 30 June 截至六月三十日止六個月	
		2005 二零零五年	2004 二零零四年
Interim dividend (i)	中期股息 (i)	—	1,338
Final dividend proposed of HK\$0.005 per ordinary share (ii)	擬派每股普通股0.005港元 的末期股息 (ii)	<u>1,705</u>	<u>—</u>
		<u>1,705</u>	<u>1,338</u>

(i) In March 2004, the Company declared a dividend of US\$1,338,000 which was satisfied by a bonus issue pursuant to which a total of 1,338,000 ordinary shares of US\$0.0001 each of the Company were allotted and issued by the capitalisation of the sum of US\$133.8 then standing to the credit of the share premium account of the Company.

(ii) In March 2005, the Company declared a final dividend of HK\$0.005 (equivalent to approximately US\$0.00064) per ordinary share for the financial year ended 31 December 2004.

(i) 於二零零四年三月，本公司宣派股息1,338,000美元，以紅利發行形式償付。據此，本公司藉著把本公司股份溢價賬的貸項133.8美元資本化，配發及發行本公司每股面值0.0001美元的普通股合共1,338,000股。

(ii) 於二零零五年三月，本公司就截至二零零四年十二月三十一日止財政年度宣派末期股息每股普通股0.005港元（約相當於約0.00064美元）。

Notes to the Condensed Interim Report (Continued) 簡明中期報告附註(續)

30 June 2005

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10. CAPITAL EXPENDITURE

10. 資本開支

		Property, plant and equipment 物業、廠房 及設備 US\$'000 千美元	Land use rights 土地使用權 US\$'000 千美元	Intangible assets 無形資產 US\$'000 千美元
Opening net book amount as at 1 January 2005	於二零零五年一月一日 期初賬面淨值	137,965	554	837
Addition	增加	20,764	—	88
Transfer	轉移	(125)	—	125
Disposal	出售	(25)	—	—
Depreciation/amortization charges	折舊／攤銷費用	(10,661)	(6)	(40)
Closing net book amount as at 30 June 2005	於二零零五年六月三十日 期末賬面淨值	<u>147,918</u>	<u>548</u>	<u>1,010</u>
Opening net book amount as at 1 January 2004	於二零零四年一月一日 期初賬面淨值	82,830	567	395
Additions	增加	24,995	—	431
Depreciation/amortisation charge	折舊／攤銷費用	(6,167)	(9)	(38)
Closing net book amount as at 30 June 2004	於二零零四年六月三十日 期末賬面淨值	<u>101,658</u>	<u>558</u>	<u>788</u>
Additions	增加	46,609	—	96
Disposals	出售	(25)	—	—
Depreciation/amortisation charge	折舊／攤銷費用	(8,647)	(4)	(47)
Impairment	減值	(1,630)	—	—
Closing net book amount as at 31 December 2004	於二零零四年 十二月三十一日 期末賬面淨值	<u>137,965</u>	<u>554</u>	<u>837</u>

As at 30 June 2005, certain of the Group's machinery and equipment with net book value of approximately US\$12,219,000 were mortgaged as collateral to secure the Group's short-term bank loans (Note 15).

於二零零五年六月三十日，本集團賬面淨值約為12,219,000美元的若干機器及設備作出抵押，以獲取短期銀行貸款(附註15)。

Notes to the Condensed Interim Report (Continued) 簡明中期報告附註(續)

30 June 2005

二零零五年六月三十日

11. TRADE AND NOTE RECEIVABLES

11. 應收貿易賬款及票據

		30 June 2005 二零零五年 六月三十日 US\$'000 千美元	31 December 2004 二零零四年 十二月三十一日 US\$'000 千美元
Trade receivables	貿易應收賬款		
- related parties	— 關連人士	3,812	5,707
- others	— 其他	11,407	10,235
Less: provision for impairment of receivables	減：應收款項減值準備	(1,867)	(663)
		<u>13,352</u>	<u>15,279</u>
Note receivables	應收票據	480	1,188
		<u>13,832</u>	<u>16,467</u>

The carrying amount of trade receivables approximates to the fair value.

應收貿易賬款的面值約為其公允價值。

Notes to the Condensed Interim Report (Continued) 簡明中期報告附註 (續)

30 June 2005

二零零五年六月三十日

11. TRADE AND NOTE RECEIVABLES (Continued)

The Group would generally grant a credit term from 0 to 90 days to its customers. A certain portion of the Group's sales are on letter of credit. At 30 June 2005, the ageing analysis of the trade receivables (including amounts due to related parties of trading in nature) was as follows:

0 to 30 days	0至30日
30 to 90 days	30至90日
90 to 180 days	90至180日
180 to 360 days	180至360日

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers, internationally dispersed.

The Group has recognized a loss of US\$1,204,000 (2004: US\$193,000) for the impairment of its trade receivables during the six months ended 30 June 2005. The loss has been included in general and administrative costs in the income statement.

11. 應收貿易賬款及票據 (續)

本集團一般給予客戶0-90日信貸期。部分銷售以信用證方式進行。於二零零五年六月三十日，應收貿易賬款的賬齡分析如下：

30 June 2005 二零零五年 六月三十日 US\$'000 千美元	31 December 2004 二零零四年 十二月三十一日 US\$'000 千美元
8,349	8,041
4,219	7,234
599	1,068
665	124
<u>13,832</u>	<u>16,467</u>

由於本集團擁有大量客戶，且分散世界各地，故就應收貿易賬款方面並無集中的信貸風險。

本集團於截至二零零五年六月三十日止六個月期間錄得應收貿易賬款減值虧損1,204,000美元(二零零四年：193,000美元)。該虧損已納入損益表一般及行政開支中。

Notes to the Condensed Interim Report (Continued) 簡明中期報告附註 (續)

30 June 2005

二零零五年六月三十日

12. SHARE CAPITAL

12. 股本

		30 June 2005 二零零五年 六月三十日 US\$'000 千美元	31 December 2004 二零零四年 十二月三十一日 US\$'000 千美元
Authorised	法定股本		
- 10,000,000,000	- 10,000,000,000股		
(2004: 10,000,000,000)	(二零零四年 :		
ordinary shares of HK\$0.1 each	10,000,000,000股)		
	每股面值0.1港元的普通股	<u>128,205</u>	<u>128,205</u>
Issued and fully paid	已發行及繳足		
- 2,658,812,559	- 2,658,812,559股		
(2004: 2,616,146,000)	(二零零四年 :		
ordinary shares of HK\$0.1 each	2,616,146,000股)		
	每股面值0.1港元的普通股	<u>34,087</u>	<u>33,540</u>

Notes to the Condensed Interim Report (Continued) 簡明中期報告附註 (續)

30 June 2005

二零零五年六月三十日

12. SHARE CAPITAL (Continued)

Movements in share capital during the period was as follows:

12. 股本 (續)

期內的股本變動如下：

		US\$ denominated ordinary share 以美元列值的 普通股		US\$ denominated preferred shares 以美元列值的 優先股		HK\$ denominated ordinary share 以港元列值的 普通股	
		Number of shares 股份數目 '000 千股	Amount 金額 US\$'000 千美元	Number of shares 股份數目 '000 千股	Amount 金額 US\$'000 千美元	Number of shares 股份數目 '000 千股	Amount 金額 US\$'000 千美元
As at 1 January 2004	於二零零四年 一月一日	111,800	11	52,200	5	—	—
Dividends satisfied by shares (Note 9(ii))	以股份償付 的股息 (附註9(ii))	1,338	—	—	—	—	—
Issuance of shares	發行股份	691	—	—	—	—	—
Repurchase and currency re-denomination of share capital (i)	購回股份及 重定股本 貨幣單位 (i)	(113,829)	(11)	(52,200)	(5)	1,660,291	21,286
As at 30 June 2004	於二零零四年 六月三十日	—	—	—	—	1,660,291	21,286
Exercise of warrants (ii)	行使認股權證 (ii)	—	—	—	—	271,440	3,480
Issuance of shares upon listing (iii)	上市時發行 股份 (iii)	—	—	—	—	684,415	8,774
As at 31 December 2004	於二零零四年 十二月 三十一日	—	—	—	—	2,616,146	33,540
Share issued under the Equity Incentive Plan	根據股份獎勵 計劃發行 的股份	—	—	—	—	42,667	547
As at 30 June 2005	於二零零五年 六月三十日	—	—	—	—	2,658,813	34,087

Notes to the Condensed Interim Report (Continued) 簡明中期報告附註 (續)

30 June 2005

二零零五年六月三十日

12. SHARE CAPITAL (Continued)

- (i) On 8 May 2004, 113,829,109 ordinary shares and 52,200,000 preferred shares of US\$0.0001 each were repurchased and 1,660,291,090 ordinary shares of HK\$0.1 each were allotted and issued, credited as fully paid, to the former holders of such ordinary and preferred shares in exchange therefor on a pro rata basis.
- (ii) On 27 February 2004, the Company issued 17,400,000 unlisted warrants at US\$1 each with total proceeds of US\$17,400,000.

Upon listing, all of the 17,400,000 warrants were exercised and consequently 271,440,000 ordinary shares with a par value of HK\$0.1 (equivalent to approximately US\$0.013) each were issued at HK\$0.5 (equivalent to approximately US\$0.064) each according to the terms of the warrants resulting in a share premium of approximately US\$13,920,000.

- (iii) 684,415,000 ordinary shares of HK\$0.1 (equivalent to approximately US\$0.0128) each were issued upon the Company's initial public offering of shares at an issue price of HK\$0.5 (equivalent to approximately US\$0.064) each on 13 August 2004, resulting in a share premium of approximately US\$35,098,000.

12. 股本 (續)

- (i) 於二零零四年五月八日，113,829,109股普通股及52,200,000股每股面值0.0001美元的優先股已被購回，以及1,660,291,090股每股面值0.1港元的普通股獲入賬列繳足的方式配發及發行予該等普通股及優先股的前持有人，以按比例換取股份。
- (ii) 於二零零四年二月二十七日，本公司已按每份1美元發行17,400,000股非上市認股權證，合共所得款額為17,400,000美元。

於上市後，17,400,000份認股權證已獲悉數行使，因此，根據認股權證的條款，已按每股0.5港元（相等於約0.064美元）發行271,440,000股每股面值0.1港元（相等於約0.013美元）的普通股，導致產生約13,920,000美元的股份溢價。

- (iii) 於本公司首次公開發售股份後，於二零零四年八月十三日按發行價每股0.5港元（相等於約0.064美元）發行684,415,000股每股面值0.1港元（相等於約0.0128美元）的普通股，導致產生約35,098,000美元的股份溢價。

Notes to the Condensed Interim Report (Continued) 簡明中期報告附註(續)

30 June 2005

二零零五年六月三十日

12. SHARE CAPITAL (Continued)

Equity Incentive Plan

The Company, as approved by its shareholders by way of ordinary resolution, adopted an "Equity Incentive Plan" on 8 May 2004. Under the Equity Incentive Plan the Company may allocate the Company's shares to full time employees of the Company and its subsidiaries, and the directors (including executive directors, non-executive directors and independent non-executive directors) (the "Plan participants"). The objective of the Equity Incentive Plan is to share the pride of ownership among the executives and employees of the Group and to reward their performance and contribution. The term of the Equity Incentive Plan is 10 years from the date of adoption.

Under the Equity Incentive Plan, the total number of shares which may fall to be issued must not exceed 15% of the shares of the Company in issue from time to time and, when aggregated with the number of shares which may be issued under any other employee incentive schemes (if any), must not exceed 30% of the shares of the Company in issue from time to time. Further, the total number of shares which may be issued pursuant to the Equity Incentive Plan in any financial year must not exceed 3% of the total number of shares in issue at the close of business on the last business day of the preceding financial year.

In general, the shares allocated under the Equity Incentive Plan will vest in equal portions over a period of four years commencing from the date of the grant to the Equity Incentive Plan participants. Shares allocated will only be issued once they vest and formal applications from the respective Equity Incentive Plan participants are received. An administration fee of US\$0.01 per share is payable by the participant upon application. Such vested and applied for shares will be issued to the Equity Incentive Plan participants as bonus shares. The Group has no legal or constructive obligation to repurchase or settle the shares in cash.

12. 股本(續)

股份獎勵計劃

本公司股東於二零零四年五月八日通過普通決議案，批准採納「股份獎勵計劃」。根據計劃，本公司可向本公司及其附屬公司的全職僱員及董事(包括執行董事、非執行董事及獨立非執行董事)(「計劃參與者」)分配本公司的股票。股份獎勵計劃旨在讓本集團的行政人員及僱員以股東身份分享集團成果，並回報彼等的表現及貢獻。計劃自採納日期起計為期十年。

根據股份獎勵計劃，可能將予發行的股票總數不得超過本公司不時已發行股票的15%，而於計入因任何其他僱員獎勵計劃(如有)而可能發行的股票數目後，不得超過本公司已發行股票的30%。此外，於任何財政年度就股份獎勵計劃可能發行的股票總數，不得超過上一個財政年度的最後一個營業日營業時間結束時已發行的股票總數的30%。

總括而言，根據股份獎勵計劃分配的股票將自發出日期起計的四年內按相同份額逐次撥歸股份獎勵計劃參與者名下。已分配的股票將僅於該等股票已歸屬有關人士名下及已收取有關參與者的正式申請後可會予以發行。股份獎勵計劃參與者於提出申請時應付每股0.01美元的行政費用。該等已被歸屬及提出申請的股票將以紅股方式授予參與者。本集團並無法定或不可推翻的責任，以現金購回或結算股份。

Notes to the Condensed Interim Report (Continued) 簡明中期報告附註 (續)

30 June 2005

二零零五年六月三十日

12. SHARE CAPITAL (Continued)

Equity Incentive Plan (Continued)

Movement in the number of share outstanding are as follows:

As at beginning of period/year	於期／年初
Allocated	已配發
Issued	已發行
As at end of period/year	於期／年終

The fair value of options granted during the six months ended 30 June 2005 determined using the binomial model were HK\$0.41 (first grant) and HK\$0.36 (second grant). The significant inputs into the model were share price at the grant date of HK\$0.49 (first grant) and HK\$0.45 (second grant), expected dividend paid out rate of 1% and annual risk-free interest rate of 1.99%. The volatility is measured based on the volatility return on Hang Seng Index for the past ten years.

12. 股本 (續)

股份獎勵計劃 (續)

已發行股份數目的變動如下：

Six months ended	Year ended
30 June	31 December
2005	2004
截至二零零五年	截至二零零四年
六月三十日	十二月三十一日
止六個月	止年度
'000	'000
千股	千股
144,485	—
30,499	144,485
(42,666)	—
<u>132,318</u>	<u>144,485</u>

截至二零零五年六月三十日止六個月授出的購股權採用二項式模型釐定的公允價值為0.41港元(首次授出)及0.36港元(第二次授出)。模型的重要輸入數據為授出日期的股價0.49港元(首次授出)及0.45港元(第二次授出)、預期股息派付比率1%及年度無風險利率1.99厘。波幅乃根據恒生指數過去十年的波幅回報計算。

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二零零五年六月三十日

12. SHARE CAPITAL (Continued)

Share Options

The Company, as approved by its shareholders by way of ordinary resolution, adopted a "Share Option Scheme" (the "Scheme") on 27 May 2005. Under the Scheme, the Company may issue options to the directors (including executive directors, non-executive directors and independent non-executive directors) and employees of the Company and its subsidiaries and any advisors, consultants, distributors, contractors, contract manufacturers, suppliers, agents, customers, business partners, joint venture business partners, service providers of the Company and its subsidiaries (the "Scheme participants"). The objective of the Scheme is to provide the Scheme participants with the opportunity to acquire proprietary interests in the Company and to encourage the Scheme participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. The term of the Scheme is 10 years from the date of adoption.

The exercise price is determined by the Remuneration Committee, a committee of the Board comprising two independent non-executive Directors and non-executive Director as established by the Board from time to time, at its absolute discretion and notified to the participant in the offer and shall not be less than the higher of:

- (a) the closing price of the shares as stated in the daily quotations sheet issued by the Stock Exchange of Hong Kong Limited on the date of grant;
- (b) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange of Hong Kong Limited for the five business days immediately preceding the date of grant; and
- (c) the nominal value of a Share on the date of grant.

An option may be exercised by the grantee at any time during a period to be notified by the Board to each grantee at the time of making an offer, which shall not expire later than ten years from the date of grant.

As at 30 June 2005, no option has been granted under the Scheme.

12. 股本(續)

購股權

誠如本公司股東以普通股決議案的方式批准，本公司已於二零零五年五月二十七日採納「購股權計劃」(「計劃」)。根據該計劃，本公司可向本公司及其附屬公司的董事(包括執行董事、非執行董事及獨立非執行董事)及僱員，以及本公司及其附屬公司的諮詢人、顧問、分銷商、承包商、外包商、供應商、代理、客戶、業務夥伴、合營公司業務夥伴、服務供應商(「計劃參與者」)頒發購股權。該計劃的目的乃旨在使計劃參與者有機會獲得公司的股權，並鼓勵參與者努力提升公司及其股份的價值，為本公司及其股東整體爭取利益。該計劃的年期為採納日期起計十年。

行使價乃由董事會的委員會薪酬委員會釐定，該委員會由兩名獨立非執行董事及一名非執行董事組成，由董事會當時按其絕對酌情權成立，並通知參與者有關頒授，惟不得少於下列最高者：

- (a) 於授出日期，香港聯合交易所有限公司發出的每日報價表所列的股份收市價；
- (b) 緊接授出日期前五個營業日，香港聯合交易所有限公司發出的每日報價表所列的股份平均收市價；及
- (c) 股份於授出日期的面值。

購股權可由承授人於董事會向各承授人頒授時所通知的期間內隨時行使，惟不得由授出日期起計十年後到期。

於二零零五年六月三十日，並無根據該計劃授出任何購股權。

Notes to the Condensed Interim Report (Continued) 簡明中期報告附註 (續)

30 June 2005

二零零五年六月三十日

13. OTHER RESERVES

13. 其他儲備

		Equity					Enterprise Cumulative			Total	
		Share premium	Merger reserve	Warrant reserve	compen- sation	Contributed surplus	Reserve fund	expansion fund	translation adjustments		Retained profits
		股份溢價	合併儲備	權證儲備	股本補償	貢獻盈餘	儲備資金	擴展資金	匯兌調整	保留溢利	總計
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
		千美元	千美元	千美元	千美元	千美元	千美元	千美元	千美元	千美元	千美元
Balance as at 1 January 2004	於二零零四年一月一日	53,247	34,518	—	—	2,035	1,513	1,513	10	2,375	95,211
Issuance of warrants	發行認股權證	—	—	17,400	—	—	—	—	—	—	17,400
Effect of repurchase and currency re-denomination of share capital	購回股本及重定股本貨幣單位的影響	(21,270)	—	—	—	—	—	—	—	—	(21,270)
Share issuance expenses	股份發行開支	(1,040)	—	—	—	—	—	—	—	—	(1,040)
Profit for the period	期內溢利	—	—	—	—	—	—	—	—	3,796	3,796
Translation adjustments	匯兌調整	—	—	—	—	—	—	—	2	—	2
Balance as at 30 June 2004	於二零零四年六月三十日	30,937	34,518	17,400	—	2,035	1,513	1,513	12	6,171	94,099
Exercise of warrants	行使認股權證	13,920	—	(17,400)	—	—	—	—	—	—	(3,480)
Issuance of shares upon listing	上市時發行股份	35,098	—	—	—	—	—	—	—	—	35,098
Share issuance expenses	發行股份開支	(6,393)	—	—	—	—	—	—	—	—	(6,393)
Profit for the period	期內溢利	—	—	—	—	—	—	—	—	7,546	7,546
Appropriations to statutory reserves	撥至法定儲備	—	—	—	—	—	1,023	1,023	—	(2,046)	—
Translation adjustments	匯兌調整	—	—	—	—	—	—	—	3	—	3
Balance as at 31 December 2004 as previously reported	如前呈列於二零零四年十二月三十一日結餘	73,562	34,518	—	—	2,035	2,536	2,536	15	11,671	126,873
Opening adjustment for adoption of HKFRS 2 (Note 2(a))	採納香港財務報告準則的期初調整(附註(2))	—	—	—	1,171	—	—	—	—	(1,171)	—
Balance as at 31 December 2004, restated	於二零零四年十二月三十一日，重列	73,562	34,518	—	1,171	2,035	2,536	2,536	15	10,500	126,873
Effect of the implementation of the Equity Incentive Plan	實施股份獎勵計劃的影響	1,697	—	—	(1,020)	—	—	—	—	—	677
Loss for the period	期內虧損	—	—	—	—	—	—	—	—	(6,038)	(6,038)
Dividend declared	宣派股息	—	—	—	—	—	—	—	—	(1,705)	(1,705)
Translation adjustments	匯兌調整	—	—	—	—	—	—	—	(2)	—	(2)
Balance as at 30 June 2005	於二零零五年六月三十日結餘	75,259	34,518	—	151	2,035	2,536	2,536	13	2,757	119,805

Notes to the Condensed Interim Report (Continued) 簡明中期報告附註(續)

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14. TRADE AND NOTE PAYABLES

Trade payables	應付貿易賬款
- related parties	— 關連人士
- others	— 其他

At 30 June 2005, the ageing analysis of the trade payables (including amounts due to related parties of trading in nature) were as follows:

0 to 30 days	0至30日
30 to 180 days	30至180日
180 to 360 days	180至360日

14. 應付貿易賬款及票據

30 June	31 December
2005	2004
二零零五年	二零零四年
六月三十日	十二月三十一日
US\$'000	US\$'000
千美元	千美元

1,202	971
11,935	14,402
<u>13,137</u>	<u>15,373</u>

於二零零五年六月三十日，應付貿易賬款(包括應付關連人士的貿易)的賬齡分析如下：

30 June	31 December
2005	2004
二零零五年	二零零四年
六月三十日	十二月三十一日
US\$'000	US\$'000
千美元	千美元

11,924	14,183
703	1,170
510	20
<u>13,137</u>	<u>15,373</u>

Notes to the Condensed Interim Report (Continued) 簡明中期報告附註 (續)

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15. BORROWINGS

Short-term bank loans	短期銀行貸款
- Secured	- 有抵押
- Unsecured	- 無抵押

As at 30 June 2004, the Group's short-term bank loans bore interest at rates ranging from 4.30% to 5.58% per annum (31 December 2004: 3.30% to 3.60% per annum). The secured portion was secured by certain of the Group's machinery and equipment (Note 10).

The carrying amounts of the short-term bank loans approximate their fair value.

The carrying amounts of the short-term bank loans are denominated in the following currencies:

Renminbi	人民幣
US\$	美元

15. 借貸

30 June 2005 二零零五年 六月三十日 US\$'000 千美元	31 December 2004 二零零四年 十二月三十一日 US\$'000 千美元
--	--

3,987	—
32,557	17,500
<u>36,544</u>	<u>17,500</u>

於二零零五年六月三十日，本集團的短期銀行貸款的息率介乎4.30厘至5.58厘（二零零四年十二月三十一日：介乎3.30厘至3.60厘）。有抵押部分以本集團若干機器及設備作抵押（附註10）。

短期銀行貸款的面值約為其公允價值。

短期銀行貸款的面值以下列貨幣釐定：

30 June 2005 二零零五年 六月三十日 US\$'000 千美元	31 December 2004 二零零四年 十二月三十一日 US\$'000 千美元
--	--

3,987	—
32,557	17,500
<u>36,544</u>	<u>17,500</u>

Notes to the Condensed Interim Report (Continued) 簡明中期報告附註 (續)

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15. BORROWINGS (Continued)

As at 30 June 2005, the Group had the following borrowings repayable with one year at:

		30 June 2005 二零零五年 六月三十日 US\$'000 千美元	31 December 2004 二零零四年 十二月三十一日 US\$'000 千美元
Floating rates	浮息	25,557	13,000
Fixed rates	定息	10,987	4,500
		<u>36,544</u>	<u>17,500</u>

The Group has the following undrawn borrowing facilities:

		30 June 2005 二零零五年 六月三十日 US\$'000 千美元	31 December 2004 二零零四年 十二月三十一日 US\$'000 千美元
Loan facilities	貸款融資	142,776	137,658
Letter of credit	信用證	4,112	2,613
Total facilities	融資總額	<u>146,888</u>	<u>140,271</u>
Less: amount utilised	減：已動用金額		
Loan facilities	貸款融資	(36,544)	(17,500)
Letter of credit	信用證	(3,355)	(781)
Unused facilities	未動用融資	<u>106,989</u>	<u>121,990</u>

15. 借貸 (續)

於二零零五年六月三十日，本集團須於一年內還款的借貸如下：

	30 June 2005 二零零五年 六月三十日 US\$'000 千美元	31 December 2004 二零零四年 十二月三十一日 US\$'000 千美元
浮息	25,557	13,000
定息	10,987	4,500
	<u>36,544</u>	<u>17,500</u>

本集團未動用的銀行融資如下：

	30 June 2005 二零零五年 六月三十日 US\$'000 千美元	31 December 2004 二零零四年 十二月三十一日 US\$'000 千美元
貸款融資	142,776	137,658
信用證	4,112	2,613
融資總額	<u>146,888</u>	<u>140,271</u>
減：已動用金額		
貸款融資	(36,544)	(17,500)
信用證	(3,355)	(781)
未動用融資	<u>106,989</u>	<u>121,990</u>

Notes to the Condensed Interim Report (Continued) 簡明中期報告附註 (續)

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16. CONTINGENT LIABILITIES

During the period, the Group has provided corporate guarantee to a third party bank for the down payment mortgage loans of the employees, in addition to the pledged bank deposit of its employees, amounted to approximately US\$372,000 (2004: US\$62,000). Management anticipate that no material liabilities will arise from the above guarantees.

17. CAPITAL COMMITMENTS

Capital expenditure at the balance sheet date but not yet incurred is as follows:

16. 或然負債

期內，本集團除為僱員的有抵押銀行存款作擔保外，亦為僱員按揭貸款首期，向一家第三方銀行作出企業擔保，款額約為372,000美元(二零零四年：62,000美元)。管理層預期以上擔保不會引起重大負債。

17. 資本承擔

於綜合資產負債表日期未有的資本承擔如下：

	30 June 2005 二零零五年 六月三十日 US\$'000 千美元	31 December 2004 二零零四年 十二月三十一日 US\$'000 千美元
Contracted but not provided for: 已訂約但未撥備：		
- Acquisition of plant and machinery 一購置廠房及機器	39,818	25,549
- Acquisition of information technology system 一購置資訊科技系統	1,097	—
Authorised but not contracted for 已批准但未訂約：		
- Acquisition of plant and machinery 一購置廠房及機器	79,192	114,220
- Acquisition of information technology system 一購置資訊科技系統	1,766	2,863
	121,873	142,632

Notes to the Condensed Interim Report (Continued) 簡明中期報告附註(續)

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18. RELATED PARTY TRANSACTIONS

(a) Name and relationship

Name
名稱

Faithway Resources Limited (“Faithway”)
Faithway Resources Limited (「Faithway」)

Stockside Limited (“Stockside”)
Stockside Limited (「Stockside」)

Central Semiconductor Manufacturing Corporation (“CSMC Cayman”)
Central Semiconductor Manufacturing Corporation (「上華半導體」)

China Resources Microelectronics (Holdings) Limited (“CR Microelectronics”)
華潤微電子(控股)有限公司
(「華潤微電子」)

Central Semiconductor Manufacturing Co., Ltd. (“CSMC-HK”)
Central Semiconductor Manufacturing Co., Ltd. (「上華香港」)

Wuxi China Resources Microelectronics Co., Ltd (“Wuxi CR”)
無錫華潤微電子有限公司
(「無錫華潤」)

Wuxi China Resources Semico Co., Ltd. (“Wuxi CR Semico”)
無錫華潤矽科微電子有限公司
(「無錫華潤矽科」)

18. 關連人士交易

(a) 名稱及關係

Relationship
關係

A substantial shareholder of the Company
本公司的主要股東

A substantial shareholder of the Company
本公司的主要股東

Parent company of Stockside
Stockside的母公司

Parent company of Faithway
Faithway的母公司

Wholly-owned subsidiary of CSMC Cayman
上華半導體的全資附屬公司

Wholly-owned subsidiary of CR Microelectronics
華潤微電子的全資附屬公司

A subsidiary of CR Microelectronics as to 99.5% of its issued shares
華潤微電子擁有其已發行股份99.5%的附屬公司

Notes to the Condensed Interim Report (Continued) 簡明中期報告附註 (續)

30 June 2005

二零零五年六月三十日

18. RELATED PARTY TRANSACTIONS (Continued)

(a) Name and relationship (Continued)

Name 名稱
Wuxi Huajing Multi-Services Co., Ltd. ("Wuxi Services") 無錫華晶綜合服務有限公司 (「無錫服務」)
IPCore Technologies Corporation ("IPCore") IPCore Technologies Corporation (「智芯科技」)
IPCore Technologies (Shanghai) Co., Ltd. ("IPCore SH") 智芯科技(上海)有限公司 (「智芯科技(上海)」)
Wiston Management Limited ("Wiston") Wiston Management Limited (「Wiston」)
Wuxi China Resources Huajing Microelectronics Co., Ltd. ("Wuxi Huajing") 無錫華潤華晶微電子有限公司 (「無錫華晶」)
Shezhen China Resources Semico Co., Ltd. ("Shenzhen CR Semico") 深圳華潤矽科微電子有限公司 (「深圳華潤矽科」)

18. 關連人士交易 (續)

(a) 名稱及關係 (續)

Relationship 關係
A subsidiary of Wuxi CR as to 95% and Wuxi CR Semico as to 5% 無錫華潤持有95%及無錫華潤矽科持有5%的附屬公司
Controlled by Directors and shareholders of the Company 由本公司的董事及股東控制
Wholly-owned subsidiary of IPCore 智芯科技的全資附屬公司
Controlled by Directors of the Company 由本公司的董事控制
A subsidiary of Wuxi CR as to 75% and CR Microelectronics as to 25% of its share capital 無錫華潤及華潤微電子分別擁有其75%及25%股本的附屬公司
A subsidiary of Wuxi CR Semico as to 75% and CR Microelectronics as to 25% of its share capital 無錫華潤矽科及華潤微電子分別擁有其75%及25%股本的附屬公司

Notes to the Condensed Interim Report (Continued) 簡明中期報告附註 (續)

30 June 2005

二零零五年六月三十日

18. RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with related parties

For the six months ended 30 June 2005, the Group had the following significant transactions with related parties:

(a) Sales of goods to related parties	(a) 銷售商品
- Wuxi CR Semico	— 無錫華潤矽科
- IPCore SH	— 智芯科技(上海)
- IPCore	— 智芯科技
- Shenzhen CR Semico	— 深圳華潤矽科
(b) Purchase of fixed assets from CSMC Cayman	(b) 向上華半導體購買固定資產
(c) Rental, utilities and other services fees paid to Wuxi CR and Wuxi Services	(c) 向無錫華潤及無錫服務支付員工宿舍租金
(d) Consultancy fee paid to Wiston	(d) 向Wiston支付顧問費用

The Group agrees the prices with its related parties by using market prices as the basis for determination.

18. 關連人士交易 (續)

(b) 與關連人士的交易

於截至二零零五年六月三十日止六個月內，本公司與關連人士的重大交易如下：

Six months ended 30 June

截至六月三十日止六個月

2005	2004
二零零五年	二零零四年
US\$'000	US\$'000
千美元	千美元
5,017	6,272
1,886	1,268
1,022	260
494	—
<u>8,419</u>	<u>7,800</u>
—	7,480
<u>5,982</u>	<u>4,520</u>
<u>84</u>	<u>334</u>

本公司同意與關連人士有關的價格以市價作釐定基準。

Notes to the Condensed Interim Report (Continued) 簡明中期報告附註 (續)

30 June 2005

二零零五年六月三十日

18. RELATED PARTY TRANSACTIONS (Continued)

(c) Period-end balances arising from sales/purchases of goods/services

18. 關連人士交易 (續)

(c) 出售／購入貨物／服務所產生的期末結餘

		30 June 2005 二零零五年 六月三十日 US\$'000 千美元	31 December 2004 二零零四年 十二月三十一日 US\$'000 千美元
Receivables from related parties	應收關連人士款項		
- Trade (Note 11)	— 貿易 (附註11)		
- Shenzhen CR Semico	— 深圳華潤矽科	133	436
- IPCore UK	— 智芯科技(英國)	—	136
- Wuxi CR Semico	— 無錫華潤矽科	—	3,080
- IPCore SH	— 智芯科技(上海)	917	2,055
- IPCore Technologies Corporation	— IPCore Technologies Corporation	398	—
- Wuxi CR	— 無錫華潤	2,364	—
		<u>3,812</u>	<u>5,707</u>
Less: provision for impairment of receivables	減：應付賬減值撥備	(36)	(253)
		<u>3,776</u>	<u>5,454</u>
Receivables from related parties	應收關連人士款項		
- Non-trade	— 非貿易		
- Wuxi CR	— 無錫華潤	654	402
- CSMC Cayman	— 上華半導體	208	193
- IPCore	— 智芯科技	9	—
- IPCore SH	— 智芯科技(上海)	5	—
- CSMC HK	— 上華香港	—	188
		<u>876</u>	<u>783</u>
Payables to related parties	應收關連人士款項		
- Trade (Note 14)	— 貿易 (附註14)		
- Wuxi CR	— 無錫華潤	1,202	971
		<u>1,202</u>	<u>971</u>

Notes to the Condensed Interim Report (Continued) 簡明中期報告附註 (續)

30 June 2005

二零零五年六月三十日

18. RELATED PARTY TRANSACTIONS (Continued)

(c) *Period-end balances arising from sales/purchases of goods/services (Continued)*

Payables to related parties	應付關連人士款項
- Non-trade	— 非貿易
- IPCore	— 智芯科技
- CSMC Cayman	— 上華半導體
- CSMC HK	— 上華香港
- Wuxi CR	— 無錫華潤
- Wuxi Services	— 無錫服務
- IPCore SH	— 智芯科技(上海)
- Wiston	— Wiston
- Wuxi Huajing	— 無錫華晶

(d) *Key management compensation*

Salaries and other short-term employee benefits	薪金及其他短期僱員福利
Share-based compensation	以股份為基礎的報酬

18. 關連人士交易 (續)

(c) 出售／購入貨物／服務所產生的期末結餘 (續)

30 June 2005 二零零五年 六月三十日 US\$'000 千美元	31 December 2004 二零零四年 十二月三十一日 US\$'000 千美元
--	--

4	455
374	—
149	—
200	1
38	43
29	29
23	16
2	—
<u>819</u>	<u>544</u>

(d) 主要管理人員的報酬

Six months ended 30 June 截至六月三十日止六個月 2005 二零零五年 US\$'000 千美元	2004 二零零四年 US\$'000 千美元
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486	849
95	76
<u>581</u>	<u>925</u>

INVESTOR RELATIONS

Shareholders can obtain copies of Interim Report by writing to:

Computershare Hong Kong Investor Services Limited
 Rooms 1712-1716
 Hopewell Centre
 183 Queen's Road East
 Wanchai
 Hong Kong

If you are not a shareholder, please write to:

CSMC Technologies Corporation
 14 Liangxi Road
 Wuxi, Jiangsu
 214061, China
 Attn: IR Department

CSMC annual report is also available online at
<http://www.csmc.com.cn>.

SHAREHOLDER ENQUIRIES

Our enquiry hotline is operational during normal office hours:

Telephone: +86-510-8118089
 Facsimile: +86-510-5877352
 Email: ir@csmc.com.cn

投資者關係

股東可致函以下地址索取印製本：

香港中央證券登記有限公司
 香港
 灣仔
 皇后大道東183號
 合和中心
 17樓1712-1716室

倘若閣下並非股東，請致函：

華潤上華科技有限公司
 中國江蘇省
 無錫市梁溪路14號
 郵政編碼214061
 收件人：投資者關係部

華潤上華的年報亦可於網上瀏覽，網址
 為<http://www.csmc.com.cn>。

股東查詢熱線

閣下可於一般辦公時間內致電本公司的
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