

1 GENERAL INFORMATION

CSMC Technologies Corporation (the “Company”) and its subsidiaries (together, the “Group”) manufactures and sells integrated circuits and related products. The Group’s production facilities are located in the People’s Republic of China (the “PRC”).

The Company is a limited liability company incorporated in Cayman Islands. The address of its registered office is Scotia Centre, P.O. Box 2804, George Town, Grand Cayman, Cayman Islands, British West Indies.

The Company has its primary listing on The Stock Exchange of Hong Kong Limited.

These consolidated financial statements have been approved for issue by the Board of Directors on 14 March 2006.

2 PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

1 一般資料

華潤上華科技有限公司(「本公司」)及其附屬公司(統稱「本集團」)製造及銷售集成電路及相關產品。本集團的生產設施位於中華人民共和國(「中國」)。

本公司為於開曼群島註冊成立的有限公司，其註冊辦事處的地址為Scotia Centre, P.O. Box 2804, George Town, Grand Cayman, Cayman Islands, British West Indies。

本公司以香港聯合交易所有限公司為上市地。

該等綜合財務報表於二零零六年三月十四日經董事會批准發佈。

2 主要會計政策

編製該等綜合財務報表所採用於的主要會計政策載列如下。除另有說明外，該等政策已於以下呈列各年度貫徹應用。

(a) 編製基準

本集團的綜合財務報表乃根據香港財務報告準則編製。綜合財務報表按歷史成本慣例編製，並對通過損益按公平值重估列賬金的融資產及金融負債作出修訂。

2 PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(a) Basis of preparation (Cont'd)

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

The adoption of new/revised HKFRS

In 2005, the Group adopted the new / revised standards and interpretations 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	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date

2 主要會計政策 (續)

(a) 編製基準 (續)

編製符合香港財務報告準則的財務報表須運用若干重要會計估計，亦需要管理層在採用本公司會計政策的過程中作出判斷。涉及很大程度的判斷及複雜性的範疇或對該等綜合財務報表有重大影響及估計的範疇已於附註4中披露。

採納全新／經修訂香港財務報告準則

於二零零五年，本集團採納了與其業務有關的全新／經修訂香港財務報告準則及詮釋。二零零四年的比較數字已根據相關規定作出所需修訂。

香港會計準則 第1號	財務報表的呈列
香港會計準則 第2號	存貨
香港會計準則 第7號	現金流量表
香港會計準則 第8號	會計政策、會計估計之變更及差錯
香港會計準則 第10號	結算日期後的事項

2 PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(a) Basis of preparation (Cont'd)

The adoption of new/revised HKFRS (Cont'd)

HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 32	Financial Instruments: Disclosures and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 38	Intangible Assets

2 主要會計政策 (續)

(a) 編製基準 (續)

採納全新／經修訂香港財務報告準則 (續)

香港會計準則 第16號	物業、廠房及設備
香港會計準則 第17號	租賃
香港會計準則 第21號	匯率變動的影響
香港會計準則 第23號	借貸成本
香港會計準則 第24號	關連人士披露
香港會計準則 第27號	綜合及個別財務報表
香港會計準則 第32號	金融工具：披露與呈列
香港會計準則 第33號	每股盈利
香港會計準則 第36號	資產減值
香港會計準則 第38號	無形資產

2 PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(a) Basis of preparation (Cont'd)

The adoption of new/revised HKFRS (Cont'd)

HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 39 (Amendment)	Transition and Initial Recognition of Financial Assets and Financial Liabilities
HKAS-Int 12 (Amendment)	Scope of HKAS-Int 12 Consolidation – Special Purpose Entities
HKAS Int 15	Operating Leases - Incentives
HKFRS 2	Share-based Payments
HKFRS 3	Business Combinations

2 主要會計政策 (續)

(a) 編製基準 (續)

採納全新／經修訂香港財務報告準則 (續)

香港會計準則第39號	金融工具：確認及計量
香港會計準則第39號(修訂)	金融資產與金融負債的過渡及首次確認
香港會計準則－詮釋第12號(修訂)	詮釋第12號綜合的範圍－特別目的實體
香港會計準則－詮釋第15號	經營租賃－優惠
香港財務報告準則第2號	以股份為基礎的償付
香港財務報告準則第3號	業務合併

2 PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(a) Basis of preparation (Cont'd)

The adoption of new/revised HKFRS (Cont'd)

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

- HKASs 1, 2, 7, 8, 10, 16, 23, 27, 32, 33, 39 and HKAS-Ints 12 and 15 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.
- HKAS 24 has affected the identification of related parties and some other related-party disclosures.

2 主要會計政策 (續)

(a) 編製基準 (續)

採納全新／經修訂香港財務報告準則 (續)

採納全新／經修訂香港會計準則第1、2、7、8、10、16、21、23、24、27、32、33、39號及香港會計準則－詮釋第12號及第15號，並無導致本集團的會計政策出現任何重大變動。現概述如下：

- 香港會計準則第1、2、7、8、10、16、23、27、32、33、39號及香港會計準則－詮釋第12號及第15號並無對本集團的政策造成重大影響。
- 香港會計準則第21號並無對本集團之政策造成任何重大影響。各綜合實體的功能貨幣已根據經修訂準則之指引重估。
- 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造成一定影響。

2 PRINCIPAL ACCOUNTING POLICIES (Cont'd)**(a) Basis of preparation (Cont'd)****The adoption of new/revised HKFRS (Cont'd)**

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 when 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 share options to employees did not result in an expense in the income statements. Effective on 1 January 2005, the Group expenses the cost of share options in the income statement. As a transitional provision, the cost of share options granted 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 2(o)).

2 主要會計政策 (續)**(a) 編製基準 (續)****採納全新／經修訂香港財務報告準則 (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、廠房及設備重新分類為經營租約的會計政策有所變動。就租賃土地及土地使用權支付的一次性預付款項，乃於租約期內以直線法在收益表內列作支出，或倘出現減值，則減值會於收益表內列作支出。於過往年度，租賃土地是按成本減累計折舊及累計減值入賬。

採納香港財務報告準則第2號，導致以股份為基礎的償付的會計政策出現變動。直至二零零四年十二月三十一日前，向僱員提供購股權不會造成收益的支銷。由二零零五年一月一日起，本集團在於收益賬支銷購股權的成本。作為過渡條文，於二零零二年十一月七日後授出而未於二零零五年一月一日歸屬的購股權的成本，已於相關期間的收益賬追溯支銷(附註2(o))。

2 PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(a) Basis of preparation (Cont'd)

The adoption of new/revised HKFRS (Cont'd)

The adoption of HKFRS 3, HKAS 36 and HKAS 38 results in a change in the accounting policy for goodwill. Until 31 December 2004, goodwill was:

- Amortised on a straight line basis over a period of 10 years; and
- Assessed for an indication of impairment at each balance sheet date.

In accordance with the provisions of HKFRS 3 (Note 2(f)):

- The Group ceased amortisation of goodwill from 1 January 2005;
- Accumulated amortisation as at 31 December 2004 has been eliminated with a corresponding decrease in the cost of goodwill;
- From the year ended 31 December 2005 onwards, goodwill is tested annually for impairment, as well as when there is indication of impairment.

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 主要會計政策 (續)

(a) 編製基準 (續)

採納全新／經修訂香港財務報告準則 (續)

採納香港財務報告準則第3號、香港會計準則第36號及香港會計準則第38號，導致商譽的會計政策出現變動。直至二零零四年十二月三十一日前，商譽按：

- 直線法於十年內攤銷；及
- 於每個結算日進行減值評估。

根據香港財務報告準則第3號 (附註2(f))：

- 本集團於二零零五年一月一日起不再攤銷商譽；
- 於二零零四年十二月三十一日的累計攤銷已與商譽成本的相對銷；
- 自截至二零零五年十二月三十一日止年度起，商譽將每年或於有減值跡象時進行減值測試。

本集團已根據香港會計準則第38號重估無形資產的可用年期，並無就此重估作出調整。

2 PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(a) Basis of preparation (Cont'd)

The adoption of new/revised HKFRS (Cont'd)

All changes in the accounting policies have been made in accordance with the transition provisions in the respective standards, wherever applicable. All standards adopted by the Group require retrospective application other than:

- HKFRS 2 – only retrospective application for all equity instruments granted after 7 November 2002 and not vested at 1 January 2005; and
- HKFRS 3 – prospectively after 1 January 2005.

The adoption of revised HKAS 17 resulted in:

Decrease in property, plant and equipment	物業、廠房及設備的減少
Increase in land use rights	土地使用權的增加

2 主要會計政策 (續)

(a) 編製基準 (續)

採納全新／經修訂香港財務報告準則 (續)

會計政策之所有變動乃根據各相關準則(如適用)之過渡性條文而作出。本集團採納之所有準則均須作出追溯應用，惟以下各項除外：

- 香港財務報告準則第2號 – 僅就二零零二年十一月七日後授出及於二零零五年一月一日未歸屬的所有股票工具作出追溯性應用；及
- 香港財務報告準則第3號 – 於二零零五年一月一日後以非追溯性應用方式採納。

採納經修訂香港會計準則第17號導致：

2005	2004
US\$'000	US\$'000
千美元	千美元
(554)	(554)
554	554

2 PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(a) Basis of preparation (Cont'd)

The adoption of new/revised HKFRS (Cont'd)

The adoption of HKFRS 2 resulted in:

Increase in share capital	股本的增加
Decrease in retained earnings	保留盈利的減少
Increase in cost of goods sold	銷貨成本的增加
Increase in selling and marketing costs	銷售及市場推廣開支的增加
Increase in administrative expenses	行政費用的增加
Increase in research and development costs	研發費用的增加
Decrease in basic earnings per share	每股基本盈利的減少
Decrease in diluted earnings per share	每股攤薄盈利的減少

2 主要會計政策 (續)

(a) 編製基準 (續)

採納全新／經修訂香港財務報告準則 (續)

採納香港財務報告準則第2號導致：

2005	2004
US\$'000 千美元	US\$'000 千美元
857	—
(2,624)	(1,171)
715	576
156	126
460	371
122	98
US\$0.0006 0.0006美元	US\$0.0006 0.0006美元
N/A 不適用	US\$0.0005 0.0005美元

2 PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(a) Basis of preparation (Cont'd)

The adoption of new/revised HKFRS (Cont'd)

Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 January 2006 or later periods but which the Group has not early adopted, as follows:

- **HKAS 19 (Amendment), Employee Benefits (effective from 1 January 2006)**

This amendment introduces the option of an alternative recognition approach for actuarial gains and losses. It may impose additional recognition requirements for multi-employer plans where insufficient information is available to apply defined benefit accounting. It also adds new disclosure requirements. As the Group does not intend to change the accounting policy adopted for recognition of actuarial gains and losses and does not participate in any multi-employer plans, adoption of this amendment will only impact the format and extent of disclosures presented in the accounts. The Group will apply this amendment from annual periods beginning 1 January 2006.

2 主要會計政策 (續)

(a) 編製基準 (續)

採納全新／經修訂香港財務報告準則 (續)

對尚未生效的已公佈準則的準則、詮釋及修訂

對二零零六年一月一日或之後開始的本集團會計期間或較後期間屬強制性，但本集團並未提前採納的現有準則的若干新準則、修訂及詮釋現已公佈，詳情如下：

- **香港會計準則第19號(修訂)，僱員福利(自二零零六年一月一日起生效)**

此項修訂引入確認精算損益的其他方法。倘多僱主計劃的資料不足以應用界定福利會計處理方法，則可能須施加額外確認規定。此項修訂亦增添新披露規定。由於貴集團不擬更改就確認精算損益所採納的會計政策，且並無參與任何多僱主計劃，故採納此項修訂將僅影響賬目所呈報的形式及披露內容。本集團將自二零零六年一月一日開始的年度期間採納是項修訂。

2 PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(a) Basis of preparation (Cont'd)

The adoption of new/revised HKFRS (Cont'd)

- **HKAS 39 (Amendment), Cash Flow Hedge Accounting of Forecast Intragroup Transactions (effective from 1 January 2006)**

The amendment allows the foreign currency risk of a highly probable forecast intragroup transaction to qualify as a hedged item in the consolidated financial statements, provided that: (a) the transaction is denominated in a currency other than the functional currency of the entity entering into that transaction; and (b) the foreign currency risk will affect consolidated profit or loss. This amendment is not relevant to the Group's operations, as the Group does not have any intragroup transactions that would qualify as a hedged item in the consolidated financial statements as at 31 December 2005 and 2004.

- **HKAS 39 (Amendment), The Fair Value Option (effective from 1 January 2006)**

This amendment changes the definition of financial instruments classified at fair value through profit or loss and restricts the ability to designate financial instruments as part of this category. The Group believes that this amendment should not have a significant impact on the classification of financial instruments, as the Group should be able to comply with the amended criteria for the designation of financial instruments at fair value through profit and loss. The Group will apply this amendment from annual periods beginning 1 January 2006.

2 主要會計政策(續)

(a) 編製基準(續)

採納全新／經修訂香港財務報告準則(續)

- 香港會計準則第39號(修訂)，預測集團內公司間交易的現金流量對沖會計處理方法(自二零零六年一月一日起生效)

該修訂使極有可能進行集團內公司間交易的外幣風險列為綜合財務報表的對沖項目，惟：(a)該交易須以進行交易實體的功能貨幣以外的貨幣列值；及(b)外幣風險將影響綜合溢利或虧損。由於本集團並無進行任何可列為於二零零五年及二零零四年十二月三十一日的綜合財務報表的對沖項目的集團內公司間交易，故是項修訂不適用於本集團業務。

- 香港會計準則第39號(修訂)，選擇以公平值入賬(自二零零六年一月一日起生效)

此項修訂更改分類為按公平值計入損益的金融工具的定義，並限制指定金融工具作為此種類別的一部分。本集團相信，由於本集團應可就按公平值計入損益的指定金融工具遵守經修訂準則，故是項修訂將不會對金融工具的分類構成重大影響。本集團將自二零零六年一月一日開始的年度期間採納是項修訂。

2 PRINCIPAL ACCOUNTING POLICIES (Cont'd)**(a) Basis of preparation (Cont'd)****The adoption of new/revised HKFRS (Cont'd)**

- **HKAS 39 and HKFRS 4 (Amendment), Financial Guarantee Contracts (effective from 1 January 2006)**

This amendment requires issued financial guarantees, other than those previously asserted by the entity to be insurance contracts, to be initially recognized at their fair value, and subsequently measured at the higher of (a) the unamortized balance of the related fees received and deferred, and (b) the expenditure required to settle the commitment at the balance sheet date. Management considered this amendment to HKAS 39 and concluded that it is not relevant to the Group.

- **HKFRS 1 (Amendment), First-time Adoption of Hong Kong Financial Reporting Standards and HKFRS 6 (Amendment), Exploration for and Evaluation of Mineral Resources (effective from 1 January 2006)**

These amendments are not relevant to the Group's operations, as the Group is not a first-time adopter and does not carry out exploration for and evaluation of mineral resources. HKFRS 6, Exploration for and Evaluation of Mineral Resources (effective from 1 January 2006) is not relevant to the Group's operations.

2 主要會計政策 (續)**(a) 編製基準 (續)****採納全新／經修訂香港財務報告準則 (續)**

- 香港會計準則第39號及香港財務報告準則第4號(修訂)，財務擔保合約(自二零零六年一月一日起生效)

此項修訂規定已作出的財務擔保(該實體以往宣稱為保險合約者除外)初步按公平值確認，其後則按下列兩項的較高者計算：(a)所收取及遞延相關費用的未攤銷結餘；及(b)用以繳付於結算日的承擔的開支。管理層認為，是項為香港會計準則第39號的修訂，並確認為是項修訂不適用於本集團。

- 香港財務報告準則第1號(修訂)，首次採納香港財務報告準則以及香港財務報告準則第6號(修訂)，礦產資源勘探及評估(自二零零六年一月一日起生效)

由於本集團並非首次採納香港財務報告準則，且並無進行任何礦產資源勘探及評估，故此等修訂不適用於本集團業務。香港財務報告準則第6號，礦產資源勘探及評估(自二零零六年一月一日起生效)不適用於本集團業務。

2 PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(a) Basis of preparation (Cont'd)

The adoption of new/revised HKFRS (Cont'd)

- **HKFRS 7, Financial Instruments: Disclosures, and a complementary Amendment to HKAS 1, Presentation of Financial Statements - Capital Disclosures (effective from 1 January 2007)**

HKFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. It replaces HKAS 30, Disclosures in the Financial Statements of Banks and Similar Financial Institutions, and disclosure requirements in HKAS 32, Financial Instruments: Disclosure and Presentation. It is applicable to all entities that report under HKFRS. The amendment to HKAS 1 introduces disclosures about the level of an entity's capital and how it manages capital. The Group assessed the impact of HKFRS 7 and the amendment to HKAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and the capital disclosures required by the amendment of HKAS 1. The Group will apply HKFRS 7 and the amendment to HKAS 1 from annual periods beginning 1 January 2007.

2 主要會計政策(續)

(a) 編製基準(續)

採納全新／經修訂香港財務報告準則(續)

- 香港財務報告準則第7號，財務工具：披露以及香港會計準則第1號的補充修訂，財務報表呈報－資本披露(自二零零七年一月一日起生效)

香港財務報告準則第7號載有新披露規定以增加就金融工具披露的資料。此項修訂規定披露公司所承受金融工具產生的風險的質量及數量資料，包括有關信貸風險、流動資金風險及市場風險的指定最低披露項目，以及市場風險相關的敏感資料分析。此項修訂取代香港會計準則第30號，銀行及同類財務機構財務報表披露，以及香港會計準則第32號，金融工具：披露及呈報的披露規定。此項修訂適用於所有根據香港財務報告準則作出報告的實體。香港會計準則第1號的修訂須包括披露實體的資金水平，以及其管理資本方法。本集團已評估香港財務報告準則第7號的影響及香港會計準則第1號修訂，並認為主要增加的披露為市場風險的敏感資料分析以及修訂香港會計準則第1號後所規定的資本披露。本集團將自二零零七年一月一日開始的年度期間採納香港財務報告準則第7號及多項香港會計準則第1號的修訂。

2 PRINCIPAL ACCOUNTING POLICIES (Cont'd)**(a) Basis of preparation (Cont'd)****The adoption of new/revised HKFRS (Cont'd)**

- **HKFRS-Int 4, Determining whether an Arrangement contains a Lease (effective from 1 January 2006)**

HKFRS-Int 4 requires the determination of whether an arrangement is or contains a lease to be based on the substance of the arrangement. It requires an assessment of whether: (a) fulfillment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. Management is currently assessing the impact of HKFRS-Int 4 on the Group's operations.

- **HKFRS-Int 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (effective from 1 January 2006)**

HKFRS-Int 5 is not relevant to the Group's operations.

- **HK(IFRIC)-Int 6, Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment (effective from 1 December 2005)**

HK(IFRIC)-Int 6 is not relevant to the Group's operations.

2 主要會計政策 (續)**(a) 編製基準 (續)****採納全新／經修訂香港財務報告準則 (續)**

- **香港財務報告準則－詮釋第4號，釐定安排是否包括租賃 (自二零零六年一月一日起生效)**

香港財務報告準則－詮釋第4號規定根據安排的內容釐定該等安排是否為一項租賃或包括租賃。此項準則須評估：(a)達成安排是否有賴於使用某一特定資產或多項資產(該資產)；及(b)該項安排是否附帶使用該資產的權利。管理層現正評估香港財務報告準則－詮釋第4號對本集團業務構成的影響。

- **香港財務報告準則－詮釋第5號，終止運作、復原及環境修復基金產生權益的權利 (自二零零六年一月一日起生效)**

香港財務報告準則－詮釋第5號不適用於本集團業務。

- **香港(國際財務報告詮釋委員會)－詮釋第6號，參與特定市場－廢料電力及電子設備產生的負債 (自二零零五年十二月一日起生效)**

香港(國際財務報告詮釋委員會)－詮釋第6號不適用於本集團業務。

2 PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(b) Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 December.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement (Note 2(f)).

2 主要會計政策(續)

(b) 綜合賬目

綜合財務報表包括本公司及其附屬公司直至十二月三十一日為止的財務報表。

附屬公司指本集團有權監管其財務及經營政策的所有實體(包括為特殊目的而成立的實體)，一般附有超過半數表決權以上的持股量。在評估本集團是否控制另一實體時，會考慮目前是否存在可行使或轉換的潛在投票權及其影響。

附屬公司自其控制權轉讓予本集團日期起全面綜合入賬，並於控制權終止日期停止綜合入賬。

本集團以購買法就收購附屬公司作會計處理。收購成本是按所給予資產、所發行股本工具、所產生或承擔負債於交易日的公平值，加上收購直接產生的成本計算。於業務合併時被收購的可識別資產、所承擔負債及或然負債均會按收購日期的公平值作初步計算，而不論少數股東權益所佔數額。收購成本超出本集團應佔被收購可識別資產淨值公平值的差額，會記錄為商譽。倘收購成本少於被收購附屬公司的資產淨值，該差額則直接於收益表內確認(附註2(f))。

2 PRINCIPAL ACCOUNTING POLICIES (Cont'd)**(b) Consolidation (Cont'd)**

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated but considered an impairment indicator of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted by the Company on the basis of dividend received and receivable.

(c) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

In accordance with the Group's internal financial reporting, the Group has determined that geographical segment by locations of its ultimate customers be presented as the primary and the only reporting format as the Group has only one business segment.

No segment assets and liabilities are presented as over 90% of the Group's assets are located in the PRC.

2 主要會計政策 (續)**(b) 綜合賬目 (續)**

集團內公司間的交易、結餘及未變現收益均予以對銷。未變現虧損亦將予以對銷，但視所轉讓資產出現的減值為減值顯示。附屬公司的會計政策已在有需要時作出調整以確保本集團採用一致的會計政策。

於本公司的資產負債表內，於附屬公司的投資是按成本減去減值虧損撥備列賬。附屬公司的業績由本公司按已收及應收股息的基準入賬。

(c) 分類呈報

業務分類指從事提供產品或服務的一組資產及業務，而該組資產及業務的風險及回報與其他業務分類有別。地區分類乃特定經濟環境下從事提供產品或服務，而該分類的風險及回報與在其他經濟環境經濟的分類有別。

根據本集團的內部財務呈報，由於本集團僅有一項業務分類，本集團決定以其最終客戶所處地區作出的地區分類為其主要及唯一的呈報方式。

由於本集團超過90%的資產均位於中國，故並無呈列分類資產及負債。

2 PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(d) Foreign currency translation

(i) *Functional and presentation currency*

Items included in the financial statements 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 financial statements are presented in United State dollar, which is the Company's 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.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Transaction differences on non-monetary financial assets and liabilities such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

2 主要會計政策(續)

(d) 外幣換算

(i) 功能及呈列貨幣

列入本集團各實體財務報表的項目，均採用實體經營業務所在的主要經濟環境的貨幣（「功能貨幣」）計算。綜合財務報表則以本集團的呈列貨幣美元呈列。

(ii) 交易及結餘

以外幣進行的交易以交易當日的匯率換算為功能貨幣。因該等交易的結算及以外幣為單位的貨幣資產及負債按年終的匯率換算所產生的外匯盈虧，均於收益表內確認。

非貨幣金融資產及負債的換算差額乃呈報為公平值損益的部分。非貨幣金融資產及負債（例如分類為可供出售金融資產的股本）的換算差額則計入權益的公平值儲備。

2 PRINCIPAL ACCOUNTING POLICIES (Cont'd)**(d) Foreign currency translation (Cont'd)****(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:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- 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
- all resulting exchange differences are recognized as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations and of borrowings are taken to shareholders' equity. When a foreign operation is sold, exchange differences that were recorded in equity are recognized in the income statement as part of the gain or loss on sale.

2 主要會計政策 (續)**(d) 外幣換算 (續)****(iii) 集團公司**

所有功能貨幣與呈報貨幣不同的集團實體(全部均非高通脹經濟的貨幣)的業績及財務狀況，均按以下方式換算為呈報貨幣：

- 各資產負債表所呈列的資產及負債，按結算日的收市匯率換算；
- 各收益表的收入及支出，按平均匯率換算(惟此平均值並非該等交易當日匯率具累積效果的合理約數除外。在此情況下，收入及支出於交易日換算)；及
- 所有滙兌差額將確認為個別權益項目。

綜合帳目時，換算於海外業務的投資淨額及借貸所產生的滙兌差額，將計入股東權益。出售海外業務時，計入權益的滙兌差額於收益表內確認為出售收益或虧損的一部分。

2 PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(d) Foreign currency translation (Cont'd)

(iii) Group companies (Cont'd)

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(e) Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the income statement during the financial period in which they are incurred.

2 主要會計政策 (續)

(d) 外幣換算 (續)

(iii) 集團公司 (續)

收購海外實體所產生的商譽及公平值調整視作海外實體的資產及負債處理，並按收市匯率換算。

(e) 物業、廠房及設備

物業、廠房及設備乃按歷史成本減去折舊及減值虧損列賬。

當與項目有關的未來經濟利益可能流入本集團，以及項目成本能可靠計算時，其後成本才會計入資產的賬面值或確認為獨立資產(視乎情況而定)。所有其他維修及保養成本於其產生的財政期間於收益表扣除。

2 PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(e) Property, plant and equipment (Cont'd)

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate cost to their residual values over their estimated useful lives, as follows:

		Expected useful lives 預期可用年期	Estimated residual value 估計剩餘價值
Machinery	機器	5 years 5年	10%
Facility equipment	設施設備	5 to 10 years 5年至10年	10%
Motors vehicles	汽車	6 years	10%
Furniture, fixtures and office equipment	傢俱、裝置及辦公室設備	6 years	
		5 years	0 to 10%
Leasehold improvement	租賃資產改良工程	5 years	0%
		Remaining period of the lease 租約剩餘期間	

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2(g)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in income statement.

2 主要會計政策 (續)

(e) 物業、廠房及設備 (續)

物業、廠房及設備的折舊以直線法於其估計可用年期內分配其成本至剩餘價值。所採用年率如下：

	Expected useful lives 預期可用年期	Estimated residual value 估計剩餘價值
Machinery	5 years 5年	10%
Facility equipment	5 to 10 years 5年至10年	10%
Motors vehicles	6 years	10%
Furniture, fixtures and office equipment	6 years	
	5 years	0 to 10%
Leasehold improvement	5 years	0%
	Remaining period of the lease 租約剩餘期間	

資產的剩餘價值及可用年期於各結算日審閱及調整(如適用)。

倘資產的賬面值超過其估計可收回金額，則其賬面值將即時撇減至可收回金額(附註2(g))。

出售產生的損益乃將收益與賬面金額加以比較而釐定，並計入收益表內。

2 PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(f) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

2 主要會計政策(續)

(f) 無形資產

(i) 商譽

商譽指收購成本超過本集團於收購日期於被收購附屬公司的可識別資產淨額中的份額。收購附屬公司所得的商譽，將計入無形資產。商譽每年須進行減值測試，以成本減去累計減值虧損列賬。商譽的減值虧損不予撥回。出售實體產生的收益及虧損計入與被出售實體有關的商譽的賬面值內。

商譽分配至各現金產生單位以進行測試減。預期自產生商譽的業務合併有所得益的該等現金產生單位或該等組別的現金產生單位會獲得分配。

2 PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(f) Intangible assets (Cont'd)

(ii) Computer software

Acquired computer software licences are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of five to eight years.

Costs associated with developing or maintaining computer software programmes are recognized as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

2 主要會計政策 (續)

(f) 無形資產 (續)

(ii) 電腦軟件

所獲得的電腦軟件特許已按獲得及使用有關軟件所產生的成本為基準撥充資本。該等成本乃按其估計可用年期五至八年攤銷。

與開發及維護電腦軟件程式有關的成本於產生時確認為開支。與生產由本集團控制、可識別及獨有的電腦軟件產品有關的成本，而有可能產生一年以上超出成本的經濟利益，則會確認為無形資產。直接成本包括軟件開發員工成本及適當份額的有關經常費用。

2 PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(g) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization, which are at least tested annually for impairment and 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). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(h) Financial assets – 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 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 classified as in trade and other receivables in the balance sheet (Note 2(j)).

2 主要會計政策(續)

(g) 非金融資產減值

對因可用年期不確定而不攤銷的資產，至少每年進行減值測試，並且當任何事件發生或環境變化預示其賬面值可能無法收回時，亦會進行減值測試。對進行攤銷的資產，當任何事件發生或環境變化預示其賬面值無法收回時，會對該等資產進行減值測試。倘資產的賬面值超過其可收回金額時，則就其差額確認減值虧損。資產的可收回金額為公平值減出售成本與其可使用價值中較高者。就評估減值而言，資產按可獨立識別的最小現金流量（現金產生單位）予以分類。蒙受減值的商譽以外的非金融資產，於各申報日期審閱撥回減值的可能性。

(h) 金融資產 – 貸款及應收款

貸款及應收款為附帶固定或可釐定付款的非衍生財務資產，而其在活躍市場並無報價。貸款及應收款計入流動資產內，惟到期日為結算日後超過十二個月者列作非流動資產。貸款及應收款均列作資產負債表的貿易及其他應收款(附註2(j))。

2 PRINCIPAL ACCOUNTING POLICIES (Cont'd)**(i) Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(j) 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. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. 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 主要會計政策 (續)**(i) 存貨**

存貨按成本及可變現淨值兩者中較低者列賬。成本採用加權平均法釐定。製成品及在製品的成本包括設計成本、原材料、直接人工、其他直接成本及相關生產經常費用（按正常生產能力），但不包括借貸成本。可變現淨值指於日常業務過程中的估計售價，減適用的可變銷售開支。

(j) 應收賬款及其他應收款

應收賬款及其他應收款初步按公平值確認，其後採用實際利率法攤銷成本，減去減值撥備計算。倘有客觀證據顯示本集團將未能根據應收賬款的原訂條款收回所有到期款項，則會為應收賬款及其他應收款的減值作出撥備。倘債務人遇有重大財務困難、債務人面臨破產或財務重組，以及拖欠或延誤還款，均視作應收賬款減值的顯示。撥備金額為資產賬面值與估計未來現金流量按實際利率貼現的現值兩者間的差額。撥備金額於收益表內確認。

2 PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(k) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(l) 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.

Where any Group company purchases the Company's equity share capital, the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders.

(m) 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.

2 主要會計政策(續)

(k) 現金及現金等值項目

現金及現金等值項目包括手頭現金、銀行通知存款、原定於三個月或以內到期的其他短期高流動性投資及銀行透支。銀行透支於資產負債表內流動負債的借貸內呈列。

(l) 股本

普通股乃列作權益。

於發行新股份或購股權產生的直接新增成本在權益內列為所得款項(除稅後)的扣減項目。

倘任何集團公司購入本公司的權益股本，所付的代價(包括任何直接新增成本扣除所得稅)由本公司權益持有人應佔權益內扣減。

(m) 借貸

借貸最初乃按公平值(扣除已產生的交易成本)確認。交易成本為收購、發行及出售金融資產或金融負債直接產生的增加成本，其中包括付予代理、顧問、經紀及交易商的費用和佣金、規管機構及證券交易所所收取的徵費，以及轉讓稅及關稅。借貸其後按攤銷成本列賬，扣除交易成本後的所得款項及贖回價值之間的差額，則於借貸期內以實際利率法在收益表內確認。

2 PRINCIPAL ACCOUNTING POLICIES (Cont'd)**(m) Borrowings (Cont'd)**

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.

(n) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and jointly controlled entities, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2 主要會計政策 (續)**(m) 借貸 (續)**

除非本集團有權無條件將債務結算日期遞延至結算日後至少十二個月，否則借貸將分類為流動負債。

(n) 遞延所得稅

遞延所得稅會就資產及負債的稅基與其在綜合財務報表中的賬面值之間所產生的暫時差額，採用負債法，全數作出撥備。然而，倘因在一項交易（除業務合併）中初步確認某項資產或負債而產生遞延所得稅，而在交易進行時並無對會計或應課損益造成影響，則毋須為該遞延所得稅入賬。遞延所得稅採用於結算日已頒佈或大致上已頒佈，且預期於有關遞延所得稅資產變現或遞延所得稅負債獲清償時適用的稅率（及法例）予以釐定。

遞延所得稅資產會於可預計的未來應課稅溢利與可動用的暫時差額抵銷時予以確認。

遞延所得稅會就於附屬公司、聯營公司及共同控制實體的投資產生的暫時差額作出撥備，惟在本集團可控制暫時差額的撥回時間及暫時差額將不太可能於可預見未來撥回的情況下則除外。

2 PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(o) Employee benefits

(i) Pension obligations

The Group operates defined contribution plans in the PRC and Hong Kong. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognized as employee benefit expense when they are due and are not reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Details of the Group's employee retirement benefits are set out in Note 34.

2 主要會計政策(續)

(o) 僱員福利

(i) 退休金責任

本集團在中國及香港設有定額供款計劃。定額供款計劃指本集團向一獨立實體支付固定供款的退休金計劃。即使該基金持有的資產於本期間或往後期間不足以支付所有僱員有關僱員服務的福利，本集團並無法定或推定性責任支付額外供款。本集團按強制、合約或自願方式向公眾或私人管理的退休金保障計劃支付供款。供款於到期時確認，並不會就僱員在取得全數供款前退出計劃而沒收的供款而減少。預付供款於有現金退回或未來付款減少時，確認為資產。

本集團僱員退休福利詳情載於附錄34。

2 PRINCIPAL ACCOUNTING POLICIES (Cont'd)**(o) Employee benefits (Cont'd)****(ii) Share-based compensation**

The Group operates equity-settled and share-based compensation plans. The fair value of the employee services received in exchange for the grant of the shares 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 with a corresponding adjustment to equity.

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 under the plan.

2 主要會計政策 (續)**(o) 僱員福利 (續)****(ii) 以股份為基礎的償付**

本集團設有以股份結算及以股份為基礎支付報酬的計劃。就任員所提供服務授出的股份的公平值確認為開支。歸屬期內支銷總額，參考所授出的股份的公平值釐定，不包括任何非市場歸屬條件所產生的影響（例如：盈利能力及銷售額增長指標）。於各結算日，實體審閱預期將成為可行使的股份數目。原定估計經修訂的影響（如有）於收益表確認，並對股本作出調整。

股份根據計劃發行時收到的所得款項淨額（扣除任何交易直接產生的成本）計入股本（面值）及股份溢價內。

2 PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(p) Provision

Provisions for environmental restoration, restructuring costs and legal claims are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2 主要會計政策 (續)

(p) 撥備

於以下情況下，就環境重建、重組費用及法律索償作出的撥備將予以確認：倘本集團因過去事件承擔現有法律或推定性的責任，而清償有關責任須導致資源流出的可能性極高，以及有關金額已可靠估計，則須確認重組成本及法律索償的撥備。重組撥備包括終止租賃罰款及解僱僱員付款，惟不會就未來經營租賃確認撥備。

倘出現多項類似責任，而清償有關責任是否導致資源流出乃經考慮整體責任類別後予以釐定。即使就同類責任中任何一項責任而導致的資源流出的可能性甚低，仍須確認撥備。

撥備以清償債務預期所需開支的現值計量，當中使用反映貨幣時間值的現時市場評估及該債務特有風險的除稅前比率。由於時間過去而增加的撥備確認為利息開支。

2 PRINCIPAL ACCOUNTING POLICIES (Cont'd)**(q) Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group. Revenue is recognized as follows:

(i) Sales of goods

Sales of goods are recognized when a Group entity has delivered products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured.

The Group uses accumulated experience to estimate and provide for such returns at the time of sale.

(ii) Sales of services

Sales of services are recognized in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

2 主要會計政策 (續)**(q) 收益確認**

收益包括本集團的日常業務過程中銷售貨物及服務已收或應收代價的公平值。收益扣除增值稅、退貨、回扣及折扣及對銷集團內的銷售，於以下情況下確認：

(i) 銷售貨物

銷售貨物於本集團實體運送產品予客戶，客戶接納產品及可合理地確保將可收得有關應收款時確認。

本集團運用累積經驗於進行銷售時，估計並為該等回報作出撥備。

(ii) 銷售服務

銷售服務於提供服務的會計期間確定，並經參考已完成的特定交易確認該項交易乃按實際已提供的服務佔將會提供的整體服務的百分比為基準評估。

2 PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(q) Revenue recognition (Cont'd)

(iii) 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 using the original effective interest rate.

(iv) Dividend income

Dividend income is recognized when the right to receive payment is established.

(r) Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred government grants and are recognized in the income statement on a straight line basis over the expected lives of the related assets.

2 主要會計政策(續)

(q) 收益確認(續)

(iii) 利息收入

利息收入採用實際利息法按時間比例基準進行確認。倘一項應收款出現減值，本集團會將賬面值減至按工具的原定實際利率估計的未來折現現金流量而設定的可收回款額，並繼續解除貼現作為利息收入。減值貸款的利息收入使用原實際利率確認。

(iv) 股息收入

股息收入於收取款項的情況獲確定時確認。

(r) 政府補助

倘可合理保證本集團將符合所有附帶條件而獲得補助時，則按公平值確認政府補助。

有關成本予以遞延，並於補助與其計劃補償的成本配對的期間在收益表內確認。

有關購買物業、廠房及設備的政府補助以遞延政府補助於非流動資產入賬，並於有關資產的預期可用年期按直線基準於收益表確認。

2 PRINCIPAL ACCOUNTING POLICIES (Cont'd)**(s) Operating lease**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged in the income statement on a straight-line basis over the period of the lease.

(t) Research and development

Research expenditure is expensed as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility, and costs can be measured reliably. Other development expenditures are expensed as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period. Development costs with a finite useful life that have been capitalised are amortised from the commencement of the commercial production of the product on a straight-line basis over the period of its expected benefit, not exceeding five years.

(u) Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

2 主要會計政策 (續)**(s) 經營租賃**

所有權的大部份風險及回報由出租人保留的租賃乃列為經營租賃。根據經營租賃所支付的款項(扣除來自出租人的任何獎勵)會按直線法於租期內在損益表內扣除。

(t) 研究及開發

研究開支乃於產生時支銷。倘有關項目在商業及技術可行性上可能成功，且成本能可靠計量，則開發項目(關於設計及測試新或改良產品)所產生的成本會確認為無形資產。其他開發開支會於產生時支銷。以往確認為開支的開發成本於往後期間不會確認為資產。已撥作資本且可使用年期有限的開發成本會於有關產品投入商業生產時，按直線法於其預期利益期間(不超過五年)攤銷。

(u) 股息分派

分派予公司股東的股息會於本公司股東批准派發股息後，在本集團財務報表中確認為負債。

3 FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest-rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the Group's Finance Department under policies approved by the Board of Directors. The Group's Finance Department identifies and evaluates financial risks in close co-operation with the Group's operating units. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest-rate risk, credit risk and investment of excess liquidity.

3 財務風險管理

(a) 財務風險因素

本集團因其業務須承受各種不同的財務風險：市場風險（包括：貨幣風險、公平值、利率風險及價格風險）、信貸風險、流動資金風險及現金流利率風險。本集團的整體風險管理計劃針對金融市場的不穩定性，致力減少本集團的財務表現所受的潛在負面影響。

風險管理由本集團的財務部根據董事會批准的政策進行。本集團的財務部與本集團的經營單位緊密合作識別並評估的財務風險。董事會提供整體風險管理的原則以及涵蓋特定範疇（如：外匯風險、利率風險、信貸風險及投資過剩流動資金）的政策。

3 FINANCIAL RISK MANAGEMENT (Cont'd)**(a) Financial risk factors (Cont'd)****(i) Market risk****(1) Foreign exchange risk**

The Group principally operates in the PRC and is exposed to foreign exchange risk arising mainly from future commercial transactions primarily with respect to the United State dollar.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations in the PRC is managed primarily through borrowings denominated in the relevant foreign currencies.

(2) Price risk

The Group is not exposed to equity securities price risk or commodity price risk as it does not held investments classified as available-for-sale financial assets or as financial assets at fair value through profit or loss.

3 財務風險管理 (續)**(a) 財務風險因素 (續)****(i) 市場風險****(1) 外匯風險**

本集團主要於中國經營業務，須承受主要因未來以美元為主的商業交易所產生的外匯風險。

本集團擁有若干於外國業務的投資，其資產淨值須承受外匯換算風險。本集團於中國的外國業務的資產淨值所產生的外匯風險，主要透過以有關外幣為單位的借貸管理。

(2) 價格風險

由於本集團並無持有按公平值於損益賬處理、分類作可供買賣的金融資產或金融負債，故毋須承受股本證券價格風險或商品價格風險。

3 FINANCIAL RISK MANAGEMENT (Cont'd)

(a) Financial risk factors (Cont'd)

(ii) Credit risk

The Group has no significant concentrations of credit risk. It has policies in place to ensure that sales of products are made to customers with an appropriate credit history. In addition, a predetermined maximum credit limit and term have been set for each customer.

(iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group's Finance Department aims to maintain flexibility in funding by keeping committed credit lines available.

3 財務風險管理(續)

(a) 財務風險因素(續)

(ii) 信貸風險

本集團的客戶主要為具穩健財務背景的分銷商。此外，本集團已有一套既定政策，確保產品於適當信貸額內銷售予客戶。

(iii) 流動資金風險

本集團採用審慎的流動資金風險管理政策以維持足夠的現金及上市證券、透過取得足夠的承諾信貸額而獲得資金及規避市場風險能力。由於基本業務性質變化大，故本集團財務部致力保持有可供動用的承諾信貸額以維持資金來源的靈活性。

3 FINANCIAL RISK MANAGEMENT (Cont'd)**(a) Financial risk factors (Cont'd)****(iv) Cash flow and fair value interest rate risk**

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest-rate risk arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest-rate risk. Borrowings issued at fixed rates expose the Group to fair value interest-rate risk.

(b) Fair value estimation

The nominal value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3 財務風險管理 (續)**(a) 財務風險因素 (續)****(iv) 現金流量及公平值利率風險**

除銀行結餘外，本集團並無重大計息資產或負債。考慮到絕大部分銀行結餘期限均屬短期，故現金流量及公平值利率風險被視為不高。

本集團的利率風險主要來自借貸。按浮動息率發出的借貸使本集團須承受現金流的利率風險。按固定息率發出的借貸使本集團須承受公平值的利率風險。

(b) 公平值估計

應收款及應付款的面值減去減值撥備假設與其公平值接近，就披露目的而言財務負債的公平值，是透過按本集團就類似金融工具而享有的當期市場利率貼現未來合約現金流量而估計得出。估計及判斷會被經常評估，並以過往經驗及其他因素為基準，包括預期日後出現在有關情況下相信屬合理的事件。

4 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2(f). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

Had the pre-tax discount rate applied to discounted cash flow been different from the management's estimate, the Group might result in different estimation of goodwill impairment.

4 重要會計估計、假設及判斷

本集團對未來作出估計和假設。按定義會計估計很少與最終的實際情況完全一致。下文討論於下個財政年度有相當大風險將會導致資產與負債的賬面值須作出重大調整的估計和假設。

(a) 商譽的估計減值

本集團已根據附註2(f)所列的會計政策，每年測試商譽有否出現任何減值。現金流量產生單位的可回收價值基於其使用價值的計算。此等計算包含會計估計。

倘折現現金流量所適用的除稅前折現率與管理層所估計者出現偏差，本集團的商譽減值估計或會不同。

4 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (Cont'd)**(b) Useful lives of plant and machinery**

The Group's management determines the estimated useful lives for its production plant and machinery. The estimate is based on the expected lifespan of those plant and machinery. It could change as a result of technical innovation in response to industry cycles. Management will increase/decrease the depreciation expense where useful lives are less/more than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

Were the actual useful lives of the plant and machinery to differ by 10% from management's estimate, the carrying amount of the plant and machinery as at 31 December 2005 would differ by approximately US\$4,975,000.

4 重要會計估計、假設及判斷(續)**(b) 廠房及機器的可用年期**

本集團管理層釐定其生產廠房及機器的估計可用年期。該項估計乃根據該等廠房及機器的預計可用年限為基準。可使用年限可就因應行業周期而推出的創新技術而出現變動。倘可用年期較先前預計年限為短／長，管理層則會增加／減少折舊開支，或撇銷或撇減已棄用或出售的技術落伍或非策略資產。

倘廠房及機器的實際可用年期與管理層所估計者出現10%差異，於二零零五年十二月三十一日的廠房及機器賬面值，預計將有約4,975,000美元的差異。

4 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (Cont'd)

(c) Trade receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired.

In determining whether allowance for bad and doubtful debts is required, the Group takes into consideration the ageing status and the likelihood of collection. Following the identification of doubtful debts, the responsible sales personnel discuss with the relevant customers and report on the recoverability. Specific allowance is made for trade receivables that are unlikely to be collected.

5 SALES AND SEGMENT INFORMATION

Sales	銷售額
6-inch wafer	6 英寸晶圓
Mask making	光罩製造

4 重要會計估計、假設及判斷 (續)

(c) 應收貿易賬款

應收貿易賬款按初步確認公平值計值，其後採用實際利率法按攤銷成本值。倘存在客觀證據顯示不可收回應收款項，則就預計不可收回金額作出的適當撥備於收益賬內確認。

本集團決定是否需要為呆壞賬作出撥備時，已將賬齡狀況及可收回程度納入考慮之列。於識別呆賬後，負責的銷售人員將與有關客戶商討，並滙報收回金額的可能性。在應收貿易賬款不可能收回時，方會作出特別撥備。

5 銷售額及分類資料

2005	2004
US\$'000	US\$'000
千美元	千美元
73,720	76,520
4,379	3,340
78,099	79,860

5 SALES AND SEGMENT INFORMATION (Cont'd)

Primary reporting format – geographical segments

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

The PRC	中國
Asia, other than the PRC	亞洲 (中國除外)
United States	美國
Europe	歐洲

5 銷售額及分類資料(續)

主要呈報形式 – 地區分類

按最終客戶所在地釐定之地區分類分析如下：

2005		
Sales	Cost of goods sold	Gross profit
銷售額	銷貨成本	毛利
US\$'000	US\$'000	US\$'000
千美元	千美元	千美元
52,982	(46,932)	6,050
15,194	(16,909)	(1,715)
5,637	(3,931)	1,706
4,286	(3,730)	556
78,099	(71,502)	6,597

2004		
Sales	Cost of goods sold	Gross profit
銷售額	銷貨成本	毛利
US\$'000	US\$'000	US\$'000
千美元	千美元	千美元
46,854	(32,299)	14,555
20,900	(16,193)	4,707
5,571	(4,405)	1,166
6,535	(4,109)	2,426
79,860	(57,006)	22,854

The PRC	中國
Asia, other than the PRC	亞洲 (中國除外)
United States	美國
Europe	歐洲

6 EXPENSES BY NATURE

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

		2005	2004
		US\$'000	US\$'000
		千美元	千美元
Depreciation of property, plant and equipment	物業、廠房及設備折舊	22,559	14,814
Amortization of intangible assets	無形資產攤銷	277	85
Employee benefit expense (Note 13)	僱員福利開支 (附註 13)	10,858	10,039
Changes in inventories of finished goods and work in progress	製成品及在製品的變動	3,400	4,693
Raw materials and consumables used	耗用原材料及易耗品	19,188	25,073
Operating lease expenses on land use right	土地使用權的經營租約開支	13	13
Transportation	運輸費	679	794
Operating lease expenses on factory premises and offices	廠房及辦公室的經營租約開支	1,474	1,327
Loss (gain) on disposal of property, plant and equipment	出售物業、廠房及設備的虧損 (收益)	22	(7)
Impairment charges for property, plant and equipment	物業、廠房及設備減值支出	48	1,630
Impairment charges for goodwill	商譽減值支出	211	—
Provision (reversal of provision) on inventories to net realizable value	存貨撥備至 (撥備撥回自) 可變現淨值	525	(17)
Provision of doubtful receivables	應收呆賬撥備	1,185	182
Auditors' remuneration	核數師酬金	157	103

6 按性質分類開支

銷貨成本、銷售及市場推廣成本及行政費用中包含的費用分析如下：

		2005	2004
		US\$'000	US\$'000
		千美元	千美元
Depreciation of property, plant and equipment	物業、廠房及設備折舊	22,559	14,814
Amortization of intangible assets	無形資產攤銷	277	85
Employee benefit expense (Note 13)	僱員福利開支 (附註 13)	10,858	10,039
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Loss (gain) on disposal of property, plant and equipment	出售物業、廠房及設備的虧損 (收益)	22	(7)
Impairment charges for property, plant and equipment	物業、廠房及設備減值支出	48	1,630
Impairment charges for goodwill	商譽減值支出	211	—
Provision (reversal of provision) on inventories to net realizable value	存貨撥備至 (撥備撥回自) 可變現淨值	525	(17)
Provision of doubtful receivables	應收呆賬撥備	1,185	182
Auditors' remuneration	核數師酬金	157	103

7 OTHER GAINS – NET

Interest income	利息收入
Subsidy income – refund of value-added tax (“VAT”) ^(a)	補貼收入－增值稅 (「增值稅」) 退稅 ^(a)
Others, net	其他淨額

(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 year ended 31 December 2005 amounted to approximately US\$749,000 (2004: US\$3,751,000). Such VAT refund has been recorded on cash basis.

7 其他收益淨額

2005	2004
US\$’000	US\$’000
千美元	千美元
172	185
749	3,751
437	(15)
1,358	3,921

(a) 根據有關中國法例及法規，本公司於中國唯一的營運附屬公司無錫華潤上華半導體有限公司（「一廠」）被評為合格的微電子產品製造商，可由二零零零年七月一日起至二零零五年三月三十一日止獲退回增值稅。自二零零二年一月一日起一廠首先向稅務局支付有關內銷額的應付增值稅淨額，隨後將獲退回內銷額3%以外的任何餘額。本集團截至二零零五年十二月三十一日止年度的增值稅退款約達749,000美元（二零零四年：3,751,000美元）。該增值稅退稅已按現金基準記賬。

8 FINANCE COSTS

Interest expense on bank loans	銀行貸款的利息開支
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8 融資成本

2005	2004
US\$’000	US\$’000
千美元	千美元
1,616	992

9 INCOME TAX EXPENSE

The Company is incorporated under the Companies Law (2003 Revision) of Cayman Islands and is not subject to 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 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", CSMC Technologies Fab 1 Co., Ltd. ("Fab 1"), 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", Fab 1 is also entitled to full exemption from EIT for the first two years and a 50% reduction in EIT for the next three years, commencing from the first profitable year after offsetting all tax losses carried forward from previous five years. Moreover, since Fab 1 also qualifies 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 Fab 1 was 1999.

9 所得稅開支

本公司根據開曼群島公司法(二零零三年修訂本)註冊成立，並無須繳交開曼群島稅項。

由於並無自香港賺取或產生應課稅溢利，故並無為香港利得稅作出撥備。

本公司於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」)位於沿海經濟開放區的老市區，故就企業所得稅享有24%的優惠稅率。此外，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得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。

9 INCOME TAX EXPENSE (Cont'd)

The amount of taxation (credited) charged to the consolidated income statement represents:

Current income tax	現行所得稅
– PRC taxation	– 中國所得稅
– Reversal of over-accrued EIT ^(a)	– 撥回多計的企業所得稅 ^(a)
Deferred income tax (Note 18)	遞延所得稅 (附註 18)

- (a) In April 2005, Fab1 received approval from the PRC National Administration of Taxation to be classified as an encouraged technology intensive foreign investment enterprise with foreign investment in excess of US\$30,000,000. 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%.

9 所得稅開支 (續)

自綜合收益表(計入)扣除的稅項金額指：

2005	2004
US\$'000	US\$'000
千美元	千美元
—	1,673
(279)	—
(87)	(278)
(366)	1,395

- (a) 於二零零五年四月，一廠收到中國國家稅務總局的批准，被分類為投資超過3,000萬美元的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。

9 INCOME TAX EXPENSE (Cont'd)

The tax on the Group's (loss) profit before tax differs from the theoretical amount that would arise using the enacted tax rates of the home country of the respective companies now comprising the Group as follows:

(Loss) profit before tax	除稅前（虧損）溢利
Tax calculated at tax rates applicable to respective companies that comprising the Group	按適用於現時組成本集團的各公司的稅率計算的稅項
Effect of tax losses for which no deferred income tax asset was recognised	並無確認任何遞延所得稅資產的稅務虧損的影響
Income not subject to taxation	毋須繳付稅項的收入
Expenses not deductible for taxation purposes	不可扣稅開支
Recognition of deferred tax assets previously not recognized	確認先前並無確認的遞延稅項資產
Reversal of over-accrued EIT	撥回多計的企業所得稅
Tax expense	稅務開支

10 (LOSS) PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The loss attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of US\$1,235,000 (2004: profit of US\$5,067,000).

9 所得稅開支（續）

就本集團除稅前（虧損）溢利的稅項與使用現時組成本集團的各公司經營所有地的現行稅率計算出的理論金額差異如下：

2005	2004
US\$'000	US\$'000
千美元	千美元
(7,208)	11,566
(554)	1,689
513	277
(77)	(464)
31	171
—	(278)
(279)	—
(366)	1,395

10 本公司權益持有人應佔（虧損）溢利

本公司的權益持有人應佔本公司虧損為1,235,000美元（2004：溢利5,067,000美元）。

11 (LOSS) EARNINGS PER SHARE

(a) Basic

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

(Loss) profit attributable to equity holders of the Company (US\$'000)	本公司權益持有人應佔 (虧損) 溢利 (千美元)
Weighted average number of ordinary shares in issue ('000)	已發行普通股的 加權平均數 (千股)
Basic (loss) earnings per share (US cent per share)	每股基本 (虧損) 盈利 (每股美仙)

11 每股(虧損)盈利

(a) 基本

每股基本(虧損)盈利乃按本公司權益持有人應佔(虧損)溢利除以年內已發行普通股的加權平均數計算。

2005	2004
(6,842)	10,171
2,646,935	2,023,855
(0.26)	0.50

11 (LOSS) EARNINGS PER SHARE (Cont'd)
(b) 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. The Company has only one category of dilutive potential ordinary shares: shares to be issued under the Equity Incentive Plan (Note 33). The 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 share. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the right of subscription.

		2004
Profit attributable to equity holders of the Company (US\$'000)	本公司股東應佔溢利 (千美元)	10,171
Weighted average number of ordinary shares in issue ('000)	已發行普通股的加權平均數 (千股)	2,023,855
Adjustments for Equity Incentive Plan ('000)	股份獎勵計劃調整 (千股)	145,999
Weighted average number of ordinary shares for diluted earnings per share ('000)	每股攤薄盈利的普通股加權平均數 (千股)	2,169,854
Diluted earnings per share (US cent per share)	每股攤薄盈利 (每股美仙)	0.47

11 每股(虧損)盈利(續)
(b) 攤薄

每股攤薄盈利乃在假設已轉換所有潛在攤薄普通股的情況下，按調整已發行普通股的加權平均數計算。本公司僅有一個類別的潛在攤薄普通股：根據股份獎勵計劃(附註33)將予發行的股份。股份數目乃根據已發行股份所附帶認購權的貨幣價值，按公平值(釐定為本公司股份的平均年度股份市價)可予購買的股份數目釐定。以上計算的股份數目乃與假設行使認購權而發行的股份數目比較。

11 (LOSS) EARNINGS PER SHARE (Cont'd)

(b) Diluted (Cont'd)

No diluted loss per share for 2005 has been presented as the potential ordinary shares resulted from the Equity Incentive Plan are anti-dilutive.

12 PROFIT APPROPRIATIONS

(a) Dividends

The dividends paid during the year ended 31 December 2005 and 2004 were US\$1,705,000 (US\$0.00064 per share) and US\$1,338,000 (US\$0.0001 per share), respectively. The directors do not recommend the payment of a dividend for the year ended 31 December 2005.

Pre-listing dividends	上市前股息
Final, paid	已付末期息

(b) Statutory reserve funds

The laws and regulations of the PRC require CSMC Technologies Fab 1 Co., Ltd. ("Fab 1"), the Company's only operating subsidiary in the PRC, to provide for certain statutory funds which are appropriated from profit for the year (based on its statutory accounts) after offsetting any prior years' losses but before dividend distribution.

11 每股(虧損)盈利(續)

(b) 攤薄(續)

由於本公司股份獎勵計劃的潛在普通股具反攤薄影響，故並無呈列二零零五年的每股攤薄虧損。

12 溢利分配

(a) 股息

於截至二零零五年及二零零四年十二月三十一日止年度內支付的股息分別為1,705,000美元(每股0.00064美元)及1,338,000美元(每股0.0001美元)。董事不建議派付截至二零零五年十二月三十一日止年度的股息。

2005	2004
US\$'000	US\$'000
千美元	千美元
—	1,338
1,705	1,677
1,705	3,015

(b) 法定公積金

中國法律及法規規定本公司於中國唯一的經營附屬公司無錫華潤上華半導體有限公司(「一廠」)提供若干法定基金，該等基金自年內已扣除任何往年虧損但未扣除股息分派的溢利分配(根據其法定賬目)。

12 PROFIT APPROPRIATIONS (Cont'd)

(b) Statutory reserve funds (Cont'd)

According to relevant laws and regulations of the PRC, Fab 1, being a wholly-owned foreign enterprise, is required to provide for (i) "reserve fund" and (ii) "staff and workers' bonus and welfare fund". It is required to allocate at least 10% of its net profit after tax to the "reserve fund" until the balance of such fund has reached 50% of its registered capital while the appropriation to the "staff and workers' bonus and welfare fund" is at the discretion of Fab 1's board of directors.

These funds are created for specific purposes. The reserve fund can only be used, upon approval by the relevant authority, to offset accumulated losses or increase capital. The staff and workers' bonus and welfare fund can only be used for collective welfare of the subsidiaries' employees and assets acquired through this fund shall not be taken as Fab 1's assets.

Under generally accepted accounting principles in Hong Kong, appropriations to the staff and workers' bonus and welfare fund have been included as expenses and the balance of the fund has been accounted for as a liability of the Group.

No appropriation has been made for the year ended 31 December 2005 as Fab 1 had incurred a loss during the year. In 2004, appropriations of US\$1,023,000 and US\$1,023,000 were made to reserve fund and enterprise expansion fund, respectively.

12 溢利分配 (續)

(b) 法定公積金 (續)

根據中國有關法例及規例，一廠作為外商獨資企業，須就(i)「儲備基金」及(ii)「職工獎勵及福利基金」撥備，並須將其除稅後純利的至少10%分配至「儲備基金」內，直至該基金結餘達其註冊資本的50%為止，而分配至「職工獎勵及福利基金」的部份則由一廠的董事會酌情決定。

該等基金為特別用途而設定。儲備基金僅可在取得有關當局的批准後，用於抵銷累計虧損或增加資本。職工獎勵及福利基金僅可用作為附屬公司僱員的共同福利，由此基金所得的資產不應當作一廠的資產。

向職工獎勵及福利基金所作的分配，已根據香港一般公認會計原則列賬為開支，而基金的結餘則列賬為本集團的負債。

由於一廠於截至二零零五年十二月三十一日止年度出現虧損，故年內並無作出分配。於二零零四年，分別有1,023,000美元及1,023,000美元分配予儲備基金及企業發展基金。

13 EMPLOYEE BENEFIT EXPENSE

13 僱員福利計劃

		2005	2004
		US\$'000	US\$'000
		千美元	千美元
Wages and salaries	工資及薪金	8,277	7,864
Shares granted to directors and employees (Note 33)	授予董事及 員工的股份 (附註 33)	1,453	1,171
Pension costs – defined contribution plans	退休金成本 – 界定 供款	1,128	1,004
		10,858	10,039

14 DIRECTORS' AND MANAGEMENT'S EMOLUMENTS 14 董事及管理層酬金

(a) Directors' emoluments

The remuneration of every director for the year ended 31 December 2005 is set out below:

(a) 董事酬金

截至二零零五年十二月三十一日止年度各董事的酬金載列如下：

	Fees 袍金	Salary 薪金	Discretionary bonuses 酬情花紅	Inducement fees 加盟酬金	Other benefits ⁽¹⁾ 其他福利 ⁽¹⁾	Compensation		TOTAL 總計	
						Employer's contribution to pension scheme 退休金 計劃供款	for loss of office as director 僱員的 董事 離職補償		
	(US\$'000) (千美元)	(US\$'000) (千美元)	(US\$'000) (千美元)	(US\$'000) (千美元)	(US\$'000) (千美元)	(US\$'000) (千美元)	(US\$'000) (千美元)	(US\$'000) (千美元)	
<i>Executive:</i>									
Dr. Chen Cheng-Yu, Peter	陳正宇博士	64	90	—	—	108	—	—	262
Mr. Lee Naii, Robert	李乃義先生	67	134	16	—	85	—	—	302
Mr. Tsai Nein-Nan	蔡聯南先生	8	138	23	—	78	—	—	247
<i>Non-executive:</i>									
Mr. Ong Thiam Kin	王添根先生	12	—	—	—	—	—	—	12
Mr. Yu Yu	俞宇先生	10	—	—	—	—	—	—	10
Dr. Chen Nan Xiang	陳南翔博士	8	—	—	—	—	—	—	8
Mr. Paul P. Wang ⁽²⁾	王伯元先生 ⁽²⁾	4	—	—	—	—	—	—	4
Mrs. Oon Kum Loon	溫金鸞女士	24	—	—	—	—	—	—	24
Mr. Hsue Chi Nan, Mark	許奇楠先生	22	—	—	—	—	—	—	22
Mr. Ralph Sytze Ybema	Ralph Sytze Ybema 先生	24	—	—	—	—	—	—	24

14 DIRECTORS' AND MANAGEMENT'S EMOLUMENTS (Cont'd) 14 董事及管理層酬金 (續)

(a) Directors' emoluments (Cont'd)

The remuneration of every director for the year ended 31 December 2004 is set out below:

(a) 董事酬金 (續)

截至二零零四年十二月三十一日止年度各董事的酬金載列如下：

						Employer's contribution to pension scheme	Compensation for loss of office as director	
	Fees	Discretionary Salary	Inducement bonuses	Other fees	Other benefits ⁽¹⁾	僱員的退休金計劃供款	董事離職補償	TOTAL
	(千美元)	(千美元)	(千美元)	(千美元)	(千美元)	(千美元)	(千美元)	(千美元)
	(US\$'000)	(US\$'000)	(US\$'000)	(US\$'000)	(US\$'000)	(US\$'000)	(US\$'000)	(US\$'000)
<i>Executive:</i>								
Dr. Chen Cheng Yu, Peter	12	150	171	—	74	—	—	407
Mr. Lee Naii, Robert	88	195	119	—	69	—	—	471
Mr. Tsai Nein Nan	90	154	86	—	36	—	—	366
<i>Non-executive:</i>								
Mr. Ong Thiam Kin	8	—	—	—	—	—	—	8
Mr. Yu Yu	6	—	—	—	—	—	—	6
Dr. Chen Nan Xiang	5	—	—	—	—	—	—	5
Mrs. Oon Kum Loon	16	—	—	—	—	—	—	16
Mr. Hsue Chi Nan, Mark	14	—	—	—	—	—	—	14
Mr. Ralph Sytze Ybema	16	—	—	—	—	—	—	16
Mr. James Ferguson Paton ⁽²⁾	—	—	—	—	—	—	—	—
Mr. David Chow ⁽²⁾	—	—	—	—	—	—	—	—
Ms. Loh Yi Wang, Laure ⁽²⁾	—	—	—	—	—	—	—	—
Mr. Sai Chak Mak ⁽³⁾	—	—	—	—	—	—	—	—
Mr. Chun Yao Yang, Paul ⁽³⁾	—	—	—	—	—	—	—	—
Mr. Song Hwee Chia ⁽³⁾	—	—	—	—	—	—	—	—

14 DIRECTORS' AND MANAGEMENT'S EMOLUMENTS (Cont'd)

(a) Directors' emoluments (Cont'd)

Notes:

- (1) Other benefits include share-based payment, housing and other allowances.
- (2) Appointed on 5 July 2005.
- (3) Resigned on 8 May 2004.

During the year ended 31 December 2005, none of the directors waived any emoluments or has agreed to waive 2005 emoluments.

During the year ended 31 December 2004, approximately 18,003,000 shares of the Company were allocated to the directors under the "Equity Incentive Plan" (Note 33). Among these shares allocated, approximately 7,341,000 shares have been vested and issued as of 31 December 2005.

14 董事及管理層酬金 (續)

(a) 董事酬金 (續)

附註：

- (1) 其他福利包括基於股份的付款、房屋及其他津貼。
- (2) 於二零零五年七月五日獲委任。
- (3) 於二零零四年五月八日離任。

於截至二零零五年十二月三十一日止年度，概無任何董事放棄任何酬金或同意放棄二零零五年酬金。

於截至二零零四年十二月三十一日止年度，本公司根據「股份獎勵計劃」(附註33)向董事分配約18,003,000股股份。在該等分配的股份當中，其中約7,341,000股股份已於二零零五年十二月三十一日已達成歸屬條件並已發行。

14 DIRECTORS' AND MANAGEMENT'S EMOLUMENTS (Cont'd) 14 董事及管理層酬金(續)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three (2004: three) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two (2004: two) individuals during the year are as follows:

Basic salaries and allowances	基本薪金及補貼
Bonuses	花紅
Consultancy fee	顧問費

(b) 五名最高薪酬人士

年內，本集團的五名最高薪酬人士包括三名(二零零四年：三名)董事，其酬金於上文所呈列的分析反映出來。應付年內餘下兩名(二零零四年：兩名)最高薪酬人士的酬金如下：

2005	2004
US\$'000	US\$'000
千美元	千美元
289	343
24	217
59	97
372	657

14 DIRECTORS' AND MANAGEMENT'S EMOLUMENTS (Cont'd) 14 董事及管理層酬金 (續)

(b) Five highest paid individuals (Cont'd)

The emoluments fell within the following bands:

Emolument bands	酬金範圍
Nil to HK\$1,000,000 (equivalent to approximately US\$128,000)	零至 1,000,000 港元 (約等於 128,000 美元)
HK\$1,000,001 to HK\$1,500,000 (equivalent to approximately US\$192,000)	1,000,001 港元至 1,500,000 港元 (約等於 192,000 美元)
HK\$1,500,001 to HK\$2,000,000 (equivalent to approximately US\$256,410)	1,500,001 港元至 2,000,000 港元 (約等於 256,410 美元)
HK\$2,000,001 to HK\$2,500,000 (equivalent to approximately US\$320,513)	2,000,001 港元至 2,500,000 港元 (約等於 320,513 美元)
HK\$2,500,001 to HK\$3,000,000 (equivalent to approximately US\$384,615)	2,500,001 港元至 3,000,000 港元 (約等於 384,615 美元)
HK\$3,000,001 to HK\$3,500,000 (equivalent to approximately US\$448,718)	3,000,001 港元至 3,500,000 港元 (約等於 448,718 美元)

(b) 五名最高薪酬人士 (續)

酬金介乎以下範圍：

Number of individuals 人數	
2005 US\$'000 千美元	2004 US\$'000 千美元
—	—
1	—
1	1
—	—
—	—
—	1
2	2

15 PROPERTY, PLANT AND EQUIPMENT

Group

		Machinery 機器	Facility equipment 設施設備	Motor vehicles 汽車	Furniture, fixtures and office equipment	Leasehold Improvement	Construction- in-progress	Total 總額
					傢俱、 裝置及 辦公室設備	租賃資產 改良工程	在建工程	
		US\$'000 千美元	US\$'000 千美元	US\$'000 千美元	US\$'000 千美元	US\$'000 千美元	US\$'000 千美元	US\$'000 千美元
Cost	成本							
As at 1 January	於二零零三年							
2004	十二月三十一日	48,137	7,096	359	1,684	—	37,437	94,713
Additions	添置	104	—	255	496	—	70,749	71,604
Transfers	重分類	54,263	6,757	—	—	—	(61,020)	—
Disposals	出售	(650)	—	(12)	(147)	—	—	(809)
At 31 December	於二零零四年							
2004	十二月三十一日	101,854	13,853	602	2,033	—	47,166	165,508
Additions	添置	4,494	353	—	2,238	—	33,495	40,580
Transfers	重分類	31,681	—	—	—	1,951	(35,138)	(1,506)
Disposals	出售	(4)	—	(19)	(85)	—	—	(108)
Translation adjustments	滙兌調整	2,470	347	15	185	—	1,160	4,177
As at 31 December	於二零零五年							
2005	十二月三十一日	140,495	14,553	598	4,371	1,951	46,683	208,651

15 物業、廠房及設備

本集團

15 PROPERTY, PLANT AND EQUIPMENT (Cont'd)
Group (Cont'd)

		Machinery	Facility equipment	Motor vehicles	Furniture, fixtures and office equipment	Leasehold Improvement	Construction- in-progress	Total
		機器	設施設備	汽車	傢俱、 裝置及 辦公室設備	租賃資產 改良工程	在建工程	總額
		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
Accumulated depreciation and impairment	累計折舊及 減值							
As at 1 January	於二零零四年							
2004	一月一日	10,116	1,133	113	521	—	—	11,883
Depreciation expense	折舊開支	13,735	678	74	327	—	—	14,814
Impairment expense	減值開支	1,630	—	—	—	—	—	1,630
Disposals	出售	(694)	—	(1)	(89)	—	—	(784)
At 31 December	於二零零四年							
2004	十二月三十一日	24,787	1,811	186	759	—	—	27,543
Depreciation expense	折舊開支	20,150	1,668	89	505	147	—	22,559
Impairment expense	減值開支	48	—	—	—	—	—	48
Disposals	出售	(1)	—	(6)	(50)	—	—	(57)
Translation adjustments	滙兌調整	814	45	6	166	1	—	1,032
As at 31 December 2005	於二零零五年 十二月三十一日	45,798	3,524	275	1,380	148	—	51,125
Net book value	賬面淨值							
At 31 December	於二零零五年							
2005	十二月三十一日	94,697	11,029	323	2,991	1,803	46,683	157,526
At 31 December	於二零零四年							
2004	十二月三十一日	77,067	12,042	416	1,274	—	47,166	137,965

15 物業、廠房及設備 (續)
本集團 (續)

	Machinery	Facility equipment	Motor vehicles	Furniture, fixtures and office equipment	Leasehold Improvement	Construction- in-progress	Total
	機器	設施設備	汽車	傢俱、 裝置及 辦公室設備	租賃資產 改良工程	在建工程	總額
	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

**Accumulated depreciation
and impairment**

As at 31 December 2005	於二零零五年 十二月三十一日	45,798	3,524	275	1,380	148	—	51,125
Net book value	賬面淨值							
At 31 December	於二零零五年							
2005	十二月三十一日	94,697	11,029	323	2,991	1,803	46,683	157,526
At 31 December	於二零零四年							
2004	十二月三十一日	77,067	12,042	416	1,274	—	47,166	137,965

15 PROPERTY, PLANT AND EQUIPMENT (Cont'd)**Group (Cont'd)**

Depreciation expense of US\$22,025,000 (2004: US\$14,346,000) has been expensed in cost of goods sold, US\$19,000 (2004: US\$17,000) in selling and marketing costs, US\$455,000 (2004: US\$395,000) in administrative expenses and US\$60,000 (2004: US\$56,000) in research and development expenses (2004: Nil).

Lease rentals amounting to US\$1,474,000 (2004: US\$1,327,000) relating to the lease of factory premises and offices are included in the income statement.

Certain bank borrowings are secured on machineries with a net book value of approximately US\$11,436,000 (2004: Nil) (Note 25).

Construction-in-progress mainly comprises building under construction and machinery and equipment pending installation.

15 物業、廠房及設備(續)**本集團(續)**

折舊開支中22,025,000美元(二零零四年: 14,346,000美元)支銷作銷貨成本、19,000美元(二零零四年: 17,000美元)支銷作銷售及市場推廣開支、455,000美元(二零零四年: 395,000美元)支銷作行政費用及60,000美元(二零零四年: 56,000)支銷作研發費用(二零零四年: 零)。

有關租用廠房及辦公室金額1,474,000美元(二零零四年: 1,327,000美元)的租金於收益表入賬。

賬面淨值約為11,436,000美元的機器設備做為部份銀行貸款的抵押物(二零零四年: 零)(附註25)。

在建工程主要包括在建中的樓宇及有待安裝的機器及設備。

15 PROPERTY, PLANT AND EQUIPMENT (Cont'd)

15 物業、廠房及設備 (續)

Company

本公司

		Construction -in-progress
		在建工程
		US\$'000
		千美元
Cost and net book value	成本及賬面淨值	
As at 1 January 2004	於二零零四年一月一日	128
Additions	添置	22,505
Disposals	出售	(14,200)
		<hr/>
As at 31 December 2004	於二零零四年十二月三十一日	8,433
Additions	添置	245
Disposals	出售	(8,678)
		<hr/>
As at 31 December 2005	於二零零五年十二月三十一日	<hr/> <hr/>

16 LAND USE RIGHTS

Beginning of year	年初
Amortization of prepaid operating lease payment	預付經營租賃 付款攤銷
Translation adjustments	滙兌調整
End of year	年終

The Group's interests in land use rights represent prepaid operating lease payments and their net book value are analysed as follows:

Outside Hong Kong:	香港以外：
With remaining lease period of 47 years	餘下租期 47 年

Certain bank borrowings are secured on land use rights with a net book value of US\$554,000 (2004: Nil) (Note 25).

16 土地使用權

2005	2004
US\$'000	US\$'000
千美元	千美元
554	567
(13)	(13)
13	—
554	554

貴集團於土地使用權的權益指預付經營租賃付款及其賬面淨值，分析如下：

2005	2004
US\$'000	US\$'000
千美元	千美元
554	554

賬面淨值為554,000美元的土地使用權作為部分銀行貸款的抵押物(二零零四年：零)(附註25)。

17 INTANGIBLE ASSETS

17 無形資產

		Goodwill 商譽	Computer software 電腦軟件	Total 總額
		US\$'000 千美元	US\$'000 千美元	US\$'000 千美元
Cost	成本			
As at 1 January 2004	於二零零四年一月一日	264	197	461
Additions	添置	—	527	527
As at 31 December 2004	於二零零四年十二月三十一日			
– As previously reported	– 按先前申報	264	724	988
– Prior year adjustment (Note 2(a))	– 往年調整 (附註 2(a))	(53)	—	(53)
As at 31 December 2004 - restated	於二零零四年一月一日 – 經重列	211	724	935
Additions	添置	—	2,028	2,028
Translation adjustments	滙兌調整	—	18	18
As at 31 December 2005	於二零零五年十二月三十一日	211	2,770	2,981
Accumulated amortization and impairment	累計攤銷及減值			
As at 1 January 2004	於二零零四年一月一日	26	40	66
Amortization expense	攤銷開支	27	58	85
As at 31 December 2004	於二零零四年十二月三十一日			
– As previously reported	– 按先前申報	53	98	151
– Prior year adjustment (Note 2(a))	– 往年調整 (附註 2(a))	(53)	—	(53)
As at 31 December 2004 - restated	於二零零四年十二月三十一日 – 經重列	—	98	98
Amortization expense	攤銷開支	—	277	277
Impairment expense	減值開支	211	—	211
Translation adjustments	滙兌調整	—	4	4
As at 31 December 2005	於二零零五年十二月三十一日	211	379	590
Net book value	賬面淨值			
As at 31 December 2005	於二零零五年十二月三十一日	—	2,391	2,391
As at 31 December 2004	於二零零四年十二月三十一日	211	626	837

Amortisation of US\$277,000 (2004: US\$85,000) is included in administrative expenses in the income statement.

277,000美元(二零零四年: 85,000美元)攤銷於收益表內行政開支入賬。

18 DEFERRED INCOME TAX ASSETS

The gross movement on the deferred income tax assets account is as follows:

As at 1 January	於一月一日
Additions	增加
Translation adjustments	滙兌調整
As at 31 December	於十二月三十一日

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

		Provisions on assets		Tax losses		Total	
		資產撥備		稅務虧損		總額	
		2005	2004	2005	2004	2005	2004
		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
As at 1 January	於一月一日	278	—	—	—	278	—
(Debited) Credited	(扣除) / 計入						
to income statement	收益表	(1)	278	88	—	87	278
Translation adjustments	滙兌調整	14	—	—	—	14	—
As at 31 December	於十二月三十一日	291	278	88	—	379	278

18 遞延所得稅資產

遞延所得稅資產的變動額如下：

2005	2004
US\$'000	US\$'000
千美元	千美元
278	—
87	278
14	—
379	278

年內，遞延稅項資產及負債的變動（並未計入相同課稅司法權區內結餘互相抵銷）如下：

18 DEFERRED INCOME TAX ASSETS (Cont'd)

The amounts shown in the balance sheet include the following:

Deferred tax assets to be recovered more than 12 months	將於超過十二個月後收回的遞延稅項資產
---	--------------------

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognize deferred income tax assets of US\$513,000 (2004: US\$277,000) in respect of losses amounting to US\$3,621,000 (2004: US\$1,517,000) that can be carried forward against future taxable income. Losses amounting to US\$2,354,000 (2004: US\$ Nil) will expire in 2010.

19 INVENTORIES

Raw materials	原材料
Work-in-progress	在製品
Finished goods	製成品
Spare parts	備件

18 遞延所得稅資產 (續)

資產負債表所呈列的額包括以下項目：

2005	2004
US\$'000	US\$'000
千美元	千美元
379	278

遞延所得稅資產乃就稅項虧損的結轉確認，惟以有可能透過日後的應課稅溢利變現有關稅項利益為限。本集團並無將金額3,621,000美元(二零零四年：1,517,000美元)可用於抵扣日後的應課稅收入的虧損確認為513,000美元(二零零四年：277,000美元)的遞延所得稅資產。金額2,354,000美元(二零零四年：零)的虧損將於二零一零年到期。

19 存貨

2005	2004
US\$'000	US\$'000
千美元	千美元
4,167	5,699
7,376	4,453
1,843	1,353
4,486	5,048
17,872	16,553

19 INVENTORIES (Cont'd)

The cost of inventories recognized in costs of goods sold and in research and development expenses amounted to US\$71,667,000 (2004: US\$57,671,000).

19 存貨 (續)

確認為銷貨成本及研發費用的存貨成本為71,667,000美元(二零零四年: 57,671,000美元)。

20 TRADE AND OTHER RECEIVABLES

20 應收貿易賬款及其他應收款

		Group 本集團		Company 本公司	
		2005	2004	2005	2004
		US\$'000 千美元	US\$'000 千美元	US\$'000 千美元	US\$'000 千美元
Trade receivables	應收貿易賬款				
– third parties	– 第三方	10,091	10,235	—	—
– related parties	– 關連人士				
(Note 31)	(附註 31)	3,806	5,707	—	—
Notes receivables	應收票據	1,368	1,188	—	—
		15,265	17,130	—	—
Less: provision for impairment of trade receivables	減: 應收貿易賬款減值撥備	(446)	(663)	—	—
Trade receivables – net	應收貿易賬款淨額	14,819	16,467	—	—
Prepayment and other receivables	預付款項及其他應收款	2,967	844	748	25
Due from related parties (Note 31)	應收關連人士款項 (附註 31)	217	783	113,416	103,453
		18,003	18,094	114,164	103,478

The fair values of trade and other receivables approximate their carrying value.

應收貿易賬款及其他應收款的公平值與其賬面值相若。

20 TRADE AND OTHER RECEIVABLES (Cont'd)

The majority of the Group's sales are on letter of credit or documents against payment. At 31 December 2005 and 2004, the ageing analysis of the trade receivables 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 major 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\$1,185,000 (2004: US\$182,000) for the impairment of its trade receivables during the year ended 31 December 2005. The loss has been included in the income statement.

21 RESTRICTED BANK DEPOSITS

Restricted bank deposits represent pledged deposits placed with banks as security for certain letters of credit issued by those banks on behalf of the Group (Note 30) and employee mortgage loans (Note 35).

20 應收貿易賬款及其他應收款(續)

本集團大部份的銷售均以信用證或付款交單方式進行。於二零零五年及二零零四年十二月三十一日，應收貿易賬款的賬齡分析如下：

2005	2004
US\$'000 千美元	US\$'000 千美元
7,349	8,041
6,889	7,381
753	1,334
274	374
15,265	17,130

由於本集團的大量客戶分佈世界各地，故應收貿易賬款並無重大集中信貸風險。

本集團於截至二零零五年十二月三十一日止年度就其貿易應收賬款減值確認1,185,000美元(二零零四年：182,000美元)的虧損。該虧損已於收益表內入賬。

21 受限制銀行存款

受限制銀行存款為存放於銀行的有抵押存款，作為該等銀行代表本集團發出的若干信用證(附註30)及僱員按揭貸款(附註35)的抵押品。

22 CASH AND BANK BALANCES

22 現金及銀行結餘

		Group 本集團		Company 本公司	
		2005	2004	2005	2004
		US\$'000 千美元	US\$'000 千美元	US\$'000 千美元	US\$'000 千美元
Cash and bank deposits denominated in:	按下列貨幣計值的現金及銀行存款：				
Renminbi	人民幣	11,545	6,936	—	—
US\$	美元	12,371	16,417	2,758	1,540
Others	其他貨幣	862	1,110	264	435
		24,778	24,463	3,022	1,975

Renminbi is not a freely convertible currency in the PRC and the remittance of funds out of the PRC is subject to foreign exchange restrictions imposed by the PRC government.

The effective interest rate on short-term bank deposits was 0.72% (2004: 0.72%).

人民幣於中國並非自由兌換貨幣，而中國向外匯款須中國政府施加的外匯限制所規管。

短期銀行存款的實際利率為0.72% (二零零四年：0.72%)。

23 SHARE CAPITAL

23 股本

		2005	2004
		US\$'000 千美元	US\$'000 千美元
<i>Authorised</i>	法定		
10,000,000,000 (2004: 10,000,000,000) ordinary shares of HK\$0.1 each	10,000,000,000 股每股面值0.1港元 (2004年：10,000,000,000股)	128,205	128,205
<i>Issued and fully paid</i>	已發行及繳足		
2,677,533,729 (2004: 2,616,146,090) ordinary shares of HK\$0.1 each	2,677,533,729 股每股面值0.1港元 (2004年：2,616,146,090股)	34,327	33,540

23 SHARE CAPITAL (Cont'd)

Movement in share capital during the year was as follows:

		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	Amount 金額	Number of shares 股份數目	Amount 金額	Number of shares 股份數目	Amount 金額
		'000 千股	US\$'000 千美元	'000 千股	US\$'000 千美元	'000 千股	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 (a)	以股代息(a)	1,338	—	—	—	—	—
Issuance of shares	發行股份	691	—	—	—	—	—
Repurchase and currency re-denomination of share capital (b)	購回股本及 重定股本 貨幣單位(b)	(113,829)	(11)	(52,200)	(5)	1,660,291	21,286
Exercise of warrants (Note 32)	行使認股權證 (附註 32)	—	—	—	—	271,440	3,480
Issuance of shares upon listing (c)	於上市時 發行股份(c)	—	—	—	—	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
Repurchase of shares (d)	購回股份(d)	—	—	—	—	(5,424)	(70)
Share issued under the Equity Incentive Plan (Note 33)	根據股份獎勵計劃 發行的股份 (附註 33)	—	—	—	—	66,812	857
As at 31 December 2005	於二零零五年十二月三十一日	—	—	—	—	2,677,534	34,327

23 股本 (續)

股本於年內的變動如下：

23 SHARE CAPITAL (Cont'd)

- (a) 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.
- (b) 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 therefore on a pro rata basis.
- (c) 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.
- (d) During the year ended 31 December 2005, the Company purchased 5,424,430 shares in the market for cancellation for a total consideration of US\$285,000.

23 股本(續)

- (a) 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當時的股份溢價賬進賬款額133.8美元資本化，配發及發行本公司每股面值0.0001美元普通股1,338,000股。
- (b) 於二零零四年五月八日，本公司已購回113,829,109股每股面值0.0001美元的普通股及52,200,000股每股面值0.0001美元的優先股，並已向之前持有該等普通股及優先股的人士配發及發行1,660,291,090股每股面值0.1港元的繳足普通股，以按比例交換上述購回股份。
- (c) 本公司就首次公開發售股份而於二零零四年八月十三日按發售價每股0.5港元(約等於0.064美元)發行了684,415,000股每股面值0.1港元(約等於0.0128美元)的普通股，導致產生股份溢價約35,098,000美元。
- (d) 於截至二零零五年十二月三十一日止年度內，本公司以總代價285,000美元從市場購入5,424,430股股份作註銷。

24 RESERVES

Group

		Share premium	Merger reserve	Warrant reserve	Equity compensation	Contributed surplus	Reserve fund	Enterprise expansion fund	Cumulative translation adjustments	Retained earnings	Total
		股份溢價	合併儲備	權證儲備	股本補償	供款盈餘	儲備基金	企業發展基金	累計匯兌調整	保留盈餘	總額
		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的結餘	53,247	34,518	—	—	2,035	1,513	1,513	10	2,375	95,211
Issuance of warrants (Note 32)	發行認股權證 (附註 32)	—	—	17,400	—	—	—	—	—	—	17,400
Effect of repurchase and currency re-denomination of share capital (Note 23)	購回股本及重定股本貨幣單位的影響 (附註 23)	(21,270)	—	—	—	—	—	—	—	—	(21,270)
Share issuance expenses	發行股份開支	(7,433)	—	—	—	—	—	—	—	—	(7,433)
Exercise of warrants (Note 32)	行使認股權證 (附註 32)	13,920	—	(17,400)	—	—	—	—	—	—	(3,480)
Issuance of shares upon listing (Note 23)	於上市時發行股份 (附註 23)	35,098	—	—	—	—	—	—	—	—	35,098
Profit for the period (before restatement (Note 2(a)))	期內溢利 (重列前) (附註 2(a))	—	—	—	—	—	—	—	—	11,342	11,342
Appropriations to statutory reserves (Note 12(b))	分配至法定公積金 (附註 12(b))	—	—	—	—	—	1,023	1,023	—	(2,046)	—
Translation adjustments	滙兌調整	—	—	—	—	—	—	—	5	—	5
Balance as at 1 December 2004 as previously reported	於二零零四年十二月三十一日的結餘，按先前申報	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第 2 號的期初調整 (附註 2(a))	—	—	—	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
Implementation of the Equity Incentive Plan - vesting	執行股份獎勵計劃 - 撥歸	—	—	—	1,453	—	—	—	—	—	1,453
Implementation of the Equity Incentive Plan - exercising	執行股份獎勵計劃 - 行使	1,287	—	—	(1,453)	—	—	—	—	—	(166)
Repurchase of share capital (Note 23)	購回股本 (附註 23)	(215)	—	—	—	—	—	—	—	—	(215)
Loss for the year	年內虧損	—	—	—	—	—	—	—	—	(6,842)	(6,842)
Dividend declared	已宣派股息	—	—	—	—	—	—	—	—	(1,705)	(1,705)
Translation adjustments	滙兌調整	—	—	—	—	—	—	—	3,279	—	3,279
Balance as at 31 December 2005	於二零零五年十二月三十一日的結餘	74,634	34,518	—	1,171	2,035	2,536	2,536	3,294	1,953	122,677

24 儲備

本集團

Notes to the Consolidated Financial Statements 綜合財務報表附註

24 RESERVES (Cont'd)

Company

		Share premium	Merger reserve	Warrant reserve	Equity Compensation	(Accumulated losses) retained earnings	Total
		股份溢價	合併儲備	權證儲備	股本補償	(累計虧損) 保留盈餘	總額
		US\$'000 千美元	US\$'000 千美元	US\$'000 千美元	US\$'000 千美元	US\$'000 千美元	US\$'000 千美元
Balance as at	於二零零四年						
1 January 2004	一月一日的結餘	53,247	34,518	—	—	(501)	87,264
Issuance of warrants (Note 32)	發行認股權證 (附註 32)	—	—	17,400	—	—	17,400
Repurchase and currency re-denomination of share capital (Note 23)	購回股本及重定股本 貨幣單位的影響 (附註 23)	(21,270)	—	—	—	—	(21,270)
Share issuance expenses	發行股份開支	(7,433)	—	—	—	—	(7,433)
Exercise of warrants (Note 32)	行使認股權證 (附註 32)	13,920	—	(17,400)	—	—	(3,480)
Issuance of shares upon listing (Note 23)	於上市時發行股份 (附註 23)	35,098	—	—	—	—	35,098
Profit for the year	年內溢利	—	—	—	—	5,067	5,067
Balance as at	於二零零四年						
31 December 2004	十二月三十一日	73,562	34,518	—	—	4,566	112,646
– as previously reported	的結餘，按先前申報						
Opening adjustment for adoption of HKFRS 2 (Notes 2(a))	採納香港財務報告準則 第 2 號的期初調整 (附註 2(a))	—	—	—	1,171	(1,171)	—
Balance as at	於二零零四年十二月三十一日						
31 December 2004, restated	的結餘，重列	73,562	34,518	—	1,171	3,395	112,646
Implementation of the Equity Incentive Plan – vesting	執行股份 獎勵計劃 – 撥歸	—	—	—	1,453	—	1,453
Implementation of the Equity Incentive Plan – exercising	執行股份 獎勵計劃 – 行使	1,287	—	—	(1,453)	—	(166)
Repurchase of share capital (Note 23)	購回股本 (附註 23)	(215)	—	—	—	—	(215)
Loss for the year	年內虧損	—	—	—	—	(1,235)	(1,235)
Dividend declared	已宣派股息	—	—	—	—	(1,705)	(1,705)
As at 31 December 2005	於二零零五年十二月三十一日	74,634	34,518	—	1,171	455	110,778

24 儲備 (續)

本公司

25 BORROWINGS

25 借貸

		Group 本集團		Company 本公司	
		2005	2004	2005	2004
		US\$'000	US\$'000	US\$'000	US\$'000
		千美元	千美元	千美元	千美元
Non-current	長期				
Secured (Note 15)	有抵押 (附註 15)	9,230	—	—	—
Current	短期				
Secured (Note 15)	有抵押 (附註 15)	3,000	—	—	—
Unsecured	無抵押	29,922	17,500	5,000	—
		32,922	17,500	5,000	—
Total borrowings	借貸總額	42,152	17,500	5,000	—

As at 31 December 2005, the Group's long-term and short-term bank loans bore interest at rates ranging from 5.58% to 5.62 % (2004: Nil) per annum and 4.41% to 6.32% (2004: 3.00% to 3.60%) per annum, respectively.

As at 31 December 2005, the Company's short-term bank loans bore interest at 5.54% (2004: Nil) per annum.

於二零零五年十二月三十一日，本集團的長期及短期銀行貸款的年息率分別介乎5.58厘至5.62厘(二零零四年：無)及4.41厘至6.32厘(二零零四年：3.00厘至3.60厘)。

於二零零五年十二月三十一日，本公司的短期銀行貸款的年息率為5.54厘(二零零四年：無)。

25 BORROWINGS (Cont'd)

The exposure of the Group's and the Company's borrowings to interest rate changes and the contractual repricing dates at the balance sheet date are as follows:

6 months or less	六個月或以下
6 to 12 months	六至十二個月
1 to 5 years	一至五年
Over 5 years	五年以上
Total borrowings	借貸總額

The maturity of borrowings is as follows:

Within 1 year	一年內
Between 1 to 2 years	一至兩年
Between 2 to 5 years	兩至五年
Total borrowings	借貸總額

25 借貸(續)

於結算日，本集團及本公司借貸的利率變動及定息日如下：

		Group 本集團		Company 本公司	
		2005	2004	2005	2004
		US\$'000	US\$'000	US\$'000	US\$'000
		千美元	千美元	千美元	千美元
6 months or less	六個月或以下	20,983	11,500	5,000	—
6 to 12 months	六至十二個月	11,939	6,000	—	—
1 to 5 years	一至五年	9,230	—	—	—
Over 5 years	五年以上	—	—	—	—
Total borrowings	借貸總額	42,152	17,500	5,000	—

借貸的到期日如下：

		Group 本集團		Company 本公司	
		2005	2004	2005	2004
		US\$'000	US\$'000	US\$'000	US\$'000
		千美元	千美元	千美元	千美元
Within 1 year	一年內	32,922	17,500	5,000	—
Between 1 to 2 years	一至兩年	2,230	—	—	—
Between 2 to 5 years	兩至五年	7,000	—	—	—
Total borrowings	借貸總額	42,152	17,500	5,000	—

25 BORROWINGS (Cont'd)

The carrying amounts and fair value of the Group's non-current borrowings are as follows:

		Carrying amount 賬面值		Fair values 公平值	
		2005	2004	2005	2004
		US\$'000 千美元	US\$'000 千美元	US\$'000 千美元	US\$'000 千美元
Long-term bank loans	長期銀行貸款	9,230	—	9,109	—

The carrying amounts of short-term borrowing approximate their fair value.

本集團非即期借貸的賬面值及公平值如下：

短期借貸的賬面值與其公平值相若。

The carrying amounts of the borrowings are denominated in the following currencies:

借貸的賬面值乃以下列貨幣為單位：

		Group 本集團		Company 本公司	
		2005	2004	2005	2004
		US\$'000 千美元	US\$'000 千美元	US\$'000 千美元	US\$'000 千美元
US\$	美元	31,000	17,500	5,000	—
Renminbi	人民幣	11,152	—	—	—
Total borrowings	貸款總額	42,152	17,500	5,000	—

26 TRADE AND OTHER PAYABLES

26 應付貿易賬款及其他應付款

		Group 本集團		Company 本公司	
		2005	2004	2005	2004
		US\$'000	US\$'000	US\$'000	US\$'000
		千美元	千美元	千美元	千美元
Trade payables	應付貿易賬款				
– third parties	– 第三方	15,447	14,402	—	—
– related parties	– 關連人士				
(Note 31)	(附註 31)	1,183	971	—	—
Notes payables	應付票據	1,859	—	—	—
		18,489	15,373	—	—
Advance from customers	客戶預付款項	1,721	1,321	—	—
Accruals and	應計項目及				
other payables	其他應付款	3,664	3,395	1,019	2,192
Due to related	應付關連人士				
parties (Note 31)	款項 (附註 31)	958	544	589	35
		24,832	20,633	1,608	2,227

At 31 December 2005, the ageing analysis of the Group's trade payables (including amounts due to related parties of trading in nature) was as follows:

於二零零五年十二月三十一日，本集團的應付貿易賬款(包括具貿易性質的應付關連人士款項)的賬齡分析如下：

		2005	2004
		US\$'000	US\$'000
		千美元	千美元
0 to 30 days	0 至 30 日	14,351	14,183
30 to 180 days	30 至 180 日	3,103	1,170
Over 180 days	180 日以上	1,035	20
		18,489	15,373

27 CONSOLIDATED CASH FLOW STATEMENT

27 綜合現金流量表

Reconciliation of (loss) profit before taxation to net cash inflow generated from operations

除稅前(虧損)溢利及經營業務所產生的現金流入淨額對賬

		2005	2004
		US\$'000	US\$'000
		千美元	千美元
(Loss) profit before income tax	除所得稅前(虧損)溢利	(7,208)	11,566
Adjustment for:	作出以下項目調整：		
Provision for doubtful receivables	應收呆賬撥備	1,185	182
Provision (reversal of provision) on inventories to net realisable value	存貨撥備至(撥備撥回自)可變現淨值過時	525	(17)
Depreciation of property, plant and equipment	物業、廠房及設備折舊	22,559	14,814
Amortisation of intangible assets	無形資產攤銷	277	85
Loss (gain) on disposal of fixed assets	出售固定資產虧損(收益)	22	(7)
Impairment of fixed assets	固定資產減值	48	1,630
Interest expenses	利息開支	1,616	992
Interest income from bank deposits	銀行存款的利息收入	(172)	(187)
Impairment of goodwill	商譽減值	211	—
Operating lease expenses on land use rights	土地使用權的經營租約開支	13	13
Costs of equity incentive plan	股份獎勵計劃成本	1,453	1,171
Operating cash flows before working capital changes	營運資金變動前的經營現金流量	20,529	30,242
Increase in long term prepaid expenses	長期預付開支	(11)	(435)
Increase in inventories	存貨增加	(1,844)	(11,540)
Increase in trade and other receivables	應收貿易賬款及其他應收款增加	(1,516)	(9,691)
Increase in trade and other payables	應付貿易賬款及其他應付款增加	3,763	13,690
Net cash inflow generated from operations	經營所產生的現金流入淨額	20,921	22,266

28 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries of the Company comprised:

Unlisted shares, at cost 非上市股份，按成本

Details of the Company's subsidiaries are as follows:

28 於附屬公司的投資

本公司於附屬公司的投資包括：

2005	2004
US\$'000	US\$'000
千美元	千美元
34,527	34,527

本公司的附屬公司詳情如下：

Name 名稱	Country/place of incorporation/ establishment and kind of legal entity 註冊成立/ 成立國家/地點及 法律實體類別	Issued and fully paid up share capital 已發行和 繳足股本	Attributable equity interest 應佔 股本權益		Principal activities and place of operations 主要業務及經營地點
			Directly held 直接持有	Indirectly held 間接持有	
CSMC Manufacturing Co., Ltd. ("CSMC BVI") 上華半導體製造有限公司 (「上華半導體製造」)	British Virgin Islands ("BVI") Limited liability company 英屬處女群島 有限責任公司	US\$2 2 美元	100%	—	Trading of integrated circuit and related products in Hong Kong 於香港買賣集成 電路及相關產品
Advanced Microelectronics Limited ("AML") 華進微電子有限公司 (「華進微電子」)	BVI Limited liability company 英屬處女群島 有限責任公司	US\$1 1 美元	100%	—	Investment holding in BVI 於英屬處女群島投資控股
Qualibest Enterprises Limited ("QEL") 極品實業有限公司 (「極品實業」)	BVI Limited liability company 英屬處女群島 有限責任公司	US\$1 1 美元	100%	—	Investment holding in BVI 於英屬處女群島投資控股

28 INVESTMENTS IN SUBSIDIARIES (Cont'd)

28 於附屬公司的投資 (續)

Name 名稱	Country/place of incorporation/ establishment and kind of legal entity 註冊成立/ 成立國家/地點及 法律實體類別	Issued and fully paid up share capital 已發行和 繳足股本	Attributable equity interest 應佔 股本權益		Principal activities and place of operations 主要業務及經營地點
			Directly held 直接持有	Indirectly held 間接持有	
CSMC Technologies Fab 1 Co., Ltd. ("Fab 1") 無錫華潤上華半導體 有限公司 (「一廠」)	The PRC Wholly-owned foreign enterprise 中國 外商獨資企業	US\$76,668,580 76,668,580 美元	—	100%	Manufacture of integrated circuit and related products in the PRC 於中國製造集成電路及 相關產品
CSMC Technologies Fab 2 Co., Ltd. ("Fab 2") 無錫華潤上華科技 有限公司 (「二廠」)	The PRC Wholly-owned foreign enterprise 中國 外商獨資企業	US\$50,000,000 50,000,000 美元	—	100%	Manufacture of integrated circuit and related products in the PRC (pre-operating as at 31 December 2005) (於二零零五年十二月 三十一日處於預備經營 階段) 於中國製造集成 電路及相關產品
Rightbest Limited ("Rightbest")	BVI Limited liability company 英屬處女群島 有限責任公司	US\$1 1 美元	100%	—	Dormant 暫無業務

29 COMMITMENTS

(a) Capital commitments

As at 31 December 2005, the Group had the following significant capital commitments which were not provided for in the consolidated balance sheet of the Group:

Contracted but not provided for:	已訂約但未撥備：
– Acquisition of plant and machinery	– 購置廠房及機器
– Acquisition of information technology system	– 購置資訊科技系統
Authorised but not contracted for:	已批准但未訂約：
– Acquisition of plant and machinery	– 購置廠房及機器
– Acquisition of information technology system	– 購置資訊科技系統

29 承擔

(a) 資本承擔

於二零零五年十二月三十一日，本集團有下列未於本集團綜合資產負債表內撥備的重大資本承擔：

2005	2004
US\$'000	US\$'000
千美元	千美元
4,588	25,549
929	—
211,597	114,220
3,235	2,863
220,349	142,632

29 COMMITMENTS (Cont'd)

(b) Operating lease commitments

As at 31 December 2005, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

Factory premises and offices	廠房及機器
– Within 1 year	– 一年內
– After 1 year but within 5 years	– 超過一年但不超過五年
– Later than 5 years	– 超過五年

(c) Others

Apart from the capital and operating lease commitments as described in (a) and (b) above, the Group has also entered into a co-operation agreement with Institute of Microelectronics of Chinese Academy of Science (“IMECAS”) on 19 October 2005 pursuant to which IMECAS would let and/or sell certain manufacturing and office premises and assets to the Group in relation to the manufacturing of wafer. The Group will also inject additional machinery and equipment, procure upgrades and improvement on equipment provided by IMECAS.

29 承擔 (續)

(b) 經營租約承擔

於二零零五年十二月三十一日，本集團根據不可撤銷經營租約有以下未來最低租金總額：

2005	2004
US\$'000 千美元	US\$'000 千美元
1,519	1,631
4,732	5,015
—	—
6,251	6,646

(c) 其他

除上文(a)及(b)所述的資本及經營租約承擔外，於二零零五年十月十九日，本集團亦與中國科學院微電子研究所（「微電子所」）訂立一項合約協議，據此，微電子所將出租及／或出售若干有關製造晶圓的生產及辦公物業及資產予本集團。本集團亦將注入額外機器和設備，提升和改善微電子所提供的設備。

29 COMMITMENTS (Cont'd)**(c) Others** (Cont'd)

A brief summary of the assets provided by IMECAS and the consideration thereon is set out below:

- (i) a sum of US\$6,210,000 for the use of certain 4 inch wafer equipment payable by yearly instalments over a period of 10 years commencing in 2006;
- (ii) use of certain 6 inch wafer equipment at no cost during the subsistence of the co-operation agreement with IMECAS;
- (iii) use of the manufacturing premises at no cost for a period of 10 years;
- (iv) the use of the office premises which annual rental estimated to be approximately US\$123,000 per annum (subject to adjustment in accordance with the actual space occupied by the Group and a separate lease agreement);
- (v) annual licence fees in the sum of US\$377,000 per annum (subject to a separate licence agreement(s)) for certain patented and non-patented technologies for a period of 12 years commencing on 1 January 2006;
- (vi) technical support fees for approximately US\$386,500 per annum (subject to a separate technical support agreement) for the provision of technical support services to the Group.

29 承擔 (續)**(c) 其他** (續)

微電子所提供的資產及就其收取的代價概要載列如下：

- (i) 使用若干4英吋晶圓設備而應付的6,210,000美元，由二零零六年起十年內每年分期支付；
- (ii) 與微電子所的合作協議仍有效期間免費使用若干6英吋晶圓設備；
- (iii) 十年內免費使用生產物業；
- (iv) 使用預計每年租金約123,000美元的辦公物業（可根據本集團佔用的實際空間而作出調整，並受一項另訂租賃協議所限）；
- (v) 由二零零六年一月一日起十二年內支付若干專利及非專利技術特許使用費377,000美元（受一項另訂特許使用協議所限）；
- (vi) 向本集團提供技術支援服務的技術支援服務費每年約386,500美元（受一項另訂技術支援協議所限）。

30 BANKING FACILITIES

As at 31 December 2005, the Group had aggregate banking facilities as follows:

Loan facilities	貸款融資額度
Letters of credit	信用證
Total facilities	融資總額度
Less: amount utilized	減：已動用金額
Loan facilities	貸款融資
Letters of credit	信用證
Unused facilities	未動用融資額度

As at 31 December 2005, the amount of utilized letter of credit was guaranteed by certain of the Group's pledge deposit amounted to approximately US\$503,000 (2004: approximately US\$111,000) (Note 21).

30 銀行融資

於二零零五年十二月三十一日，本集團的銀行融資總額如下：

2005	2004
US\$'000	US\$'000
千美元	千美元
147,848	137,658
5,642	2,613
153,490	140,271
(42,152)	(17,500)
(2,172)	(781)
109,166	121,990

於二零零五年十二月三十一日，已動用信用證的金額由本集團為數約503,000美元(二零零四年：約111,000美元)的若干有抵押存款作擔保(附註21)。

31 RELATED PARTY TRANSACTIONS

(a) Name and relationship

Name 名稱
Faithway Resources Limited (“Faithway”)
Central Semiconductor Manufacturing Corporation (“CSMC Cayman”) 上華半導體有限公司 (「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”)
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」)
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”)

31 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
Under significant influence of a director and shareholder of the Company 受本公司的董事及股東的重大影響
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
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
Under significant influence of a director and shareholder of the Company 受本公司的董事及股東的重大影響

31 RELATED PARTY TRANSACTIONS (Cont'd)

(a) Name and relationship (Cont'd)

Name 名稱
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")
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」)
Shenzhen 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」)

31 關連人士交易 (續)

(a) 名稱及關係 (續)

Relationship 關係
Wholly-owned subsidiary of IPCore IPCore 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

31 RELATED PARTY TRANSACTIONS (Cont'd)

(b) Related party transactions

During the year ended 31 December 2005, the Group had the following significant transactions with related parties. Sales and purchases transactions are negotiated with related parties in a normal course of business with a margin on the same basis with non-related parties.

31 關連人士交易 (續)

(b) 關連人士交易

於截至二零零五年十二月三十一日止年度內，本集團與關連人士的重大交易如下。與關連人士進行的買賣交易乃於正常業務過程中進行，利潤率的釐定與非關連人士相同。

		2005	2004
		US\$'000	US\$'000
		千美元	千美元
Sales of goods	銷售商品		
– Wuxi CR Semico	– 無錫華潤矽科	11,438	13,737
– IPCore SH	– 智芯科技 (上海)	3,221	3,310
– IPCore	– 智芯科技	3,136	1,296
– Shenzhen CR Semico	– 深圳華潤矽科	1,005	642
Utilities fee paid to Wuxi CR	向無錫華潤支付公用事業費用	11,684	8,940
Operating lease paid to Wuxi CR	向無錫華潤支付經營租約租金	1,353	1,102
Consulting fee paid to Wiston	向 Wiston 支付顧問費用	234	465
Wafer milling services fee paid to Wuxi CR and its subsidiary	向無錫華潤及其附屬公司支付晶圓打磨服務費用	88	360
Storage and transportation fee paid to Wuxi CR and Wuxi Services	向無錫華潤及無錫服務支付儲存及運輸費用	156	130
Purchase of mask from Wuxi CR	向無錫華潤購買光罩	24	21
Rental of staff quarters paid to Wuxi CR and Wuxi Services	向無錫華潤及無錫服務支付員工宿舍租金	14	20
Design and technical service fees paid to IPCore	向智芯科技支付設計及技術服務費用	666	1,363

31 RELATED PARTY TRANSACTIONS (Cont'd)

(b) Related party transactions (Cont'd)

Key management compensation

Salary and other short term employee benefits	薪金及其他短期僱員福利
Share-based payments	以股份為基礎的償付

31 關連人士交易 (續)

(b) 關連人士交易 (續)

主要管理層報酬

2005	2004
US\$'000	US\$'000
千美元	千美元
599	1,067
212	177
811	1,244

31 RELATED PARTY TRANSACTIONS (Cont'd)

(c) Related party balances

As at 31 December 2005, the Group and the Company had the following significant balances with related parties:

Group

Receivables from related parties (Note 20):

- (i) Trade
 - Wuxi CR Semico
 - IPCore SH
 - IPCore
 - Shenzhen CR Semico

應收關連人士款項 (附註 20) :

- (i) 貿易
 - 無錫華潤矽科
 - 智芯科技 (上海)
 - 智芯科技
 - 深圳華潤矽科

- (ii) Non-trade
 - CSMC Cayman
 - CSMC HK
 - IPCore SH
 - IPCore
 - Wuxi CR

- (ii) 非貿易
 - 上華半導體
 - 上華香港
 - 智芯科技 (上海)
 - 智芯科技
 - 無錫華潤

31 關連人士交易 (續)

(c) 關連人士結餘

於二零零五年十二月三十一日，本集團及本公司的重大關連人士結餘如下：

本集團

2005	2004
US\$'000	US\$'000
千美元	千美元
2,548	3,080
737	2,055
270	136
251	436
3,806	5,707
203	193
5	188
4	—
4	—
1	402
217	783

31 RELATED PARTY TRANSACTIONS (Cont'd)

(c) Related party balances (Cont'd)

Group

Payables to related parties (Note 26):

(i)	Trade
	– Wuxi CR
(ii)	Non-trade
	– CSMC Cayman
	– Wuxi CR
	– IPCore
	– Wiston
	– IPCore SH
	– CSMC HK
	– Wuxi Services
	– Wuxi Huajing

應付關連人士款項 (附註 26) :

(i)	貿易
	– 無錫華潤
(ii)	非貿易
	– 上華半導體
	– 無錫華潤
	– 智芯科技
	– Wiston
	– 智芯科技 (上海)
	– 上華香港
	– 無錫服務
	– 無錫華晶

31 關連人士交易 (續)

(c) 關連人士結餘 (續)

本集團

2005	2004
US\$'000	US\$'000
千美元	千美元
1,183	971
476	—
94	1
36	455
23	16
294	29
18	—
15	43
2	—
958	544

31 RELATED PARTY TRANSACTIONS (Cont'd)

(c) Related party balances (Cont'd)

Company

Due from related parties (Note 20)	應收關連人士款項 (附註 20) :
– Subsidiaries of the Company	– 本公司的附屬公司
Due to related parties (Note 26)	應付關連人士款項 (附註 26) :
– CSMC Cayman	– 上華半導體
– Subsidiaries of the Company	– 本公司的附屬公司
– IPCore SH	– 智芯科技 (上海)
– Wiston	– Wiston

As at 31 December 2005, all balances with related parties were unsecured, non-interest bearing and with no fixed repayment terms.

31 關連人士交易 (續)

(c) 關連人士結餘 (續)

本公司

2005	2004
US\$'000	US\$'000
千美元	千美元
113,416	103,478
474	—
73	—
19	19
23	16
589	35

於二零零五年十二月三十一日，所有關連人士結餘為無抵押、免息及無固定還款期。

32 WARRANTS

On 27 February 2004, the Company issued 17,400,000 unlisted warrants at US\$1 each with total proceeds of US\$17,400,000.

Subscription monies paid by a holder of the warrants upon exercise of the relevant warrants will be applied in paying up any ordinary shares issued pursuant to such exercise. Such warrants are exercisable on the date of the Company's listing on 13 August 2004 and shall lapse on the date immediately following the first anniversary of such date.

Pursuant to a supplement agreement dated 28 June 2004, the Company and the holders of the warrants agreed that the price per share payable for the subscription of shares upon the exercise of a warrant shall be HK\$0.5 (equivalent to approximately US\$0.064) per share, being the final offer price upon the listing of the Company's share, and a total of 271,440,000 shares would fall to be issued should all the warrants be exercised.

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 (equivalently 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.

32 認股權證

於二零零四年二月二十七日，本公司按每份認股權證1美元的價格發行了17,400,000份非上市認股權證，所得款項總額為17,400,000美元。

認股權證持有人於行使有關認股權證所支付的認購金額，將用作繳足因行使認股權證而發行的任何普通股。該等認股權證可於本公司股份在二零零四年八月十三日上市時行使，並將於緊隨該日起計第一週年的翌日失效。

根據日期為二零零四年六月二十八日的補充協議，本公司及認股權證持有人同意，就認購因行使認股權證而發行的股份應付的每股價格將為每股0.5港元（約等於0.064美元），相等於本公司股份上市時的最終發售價。倘若認股權證獲悉數行使，則會發行合共271,440,000股股份。

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（約等於0.064美元）發行271,440,000股每股面值0.1港元（約等於0.013美元）的普通股，導致產生約13,920,000美元的股份溢價。

33 SHARE-BASED COMPENSATION

(a) Equity Incentive Plan

The Company, as approved by its shareholders by way of ordinary resolution, adopted an “Equity Incentive Plan” (the “Plan”) on 8 May 2004. Under the 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 “participants”). The objective of the 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 Plan is 10 years from the date of adoption.

Under the 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 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.

33 以股份支付的報酬

(a) 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」（「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）（「參與者」）分配本公司的股份。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。

根據計劃，可能將予發行的股份總數不得超過本公司不時已發行股份的15%，而於計入因任何其他僱獎勵計劃（如有）而可能發行的股份數目後，不得超過本公司已發行股份的30%。此外，於任何財政年度就計劃可能發行的股份總數，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份總數的3%。

33 SHARE-BASED COMPENSATION (Cont'd)

(a) Equity Incentive Plan (Cont'd)

In general, the shares allocated under the Plan will vest in equal portions over a period of four years commencing from the date of the grant to the participants. Shares allocated will only be issued once they vest and formal applications from the respective 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 participants as bonus shares.

The fair value of options granted during the year 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.

33 以股份支付的報酬 (續)

(a) 股份獎勵計劃 (續)

總括而言，根據計劃分配的股份將自發出日期起計的四年內按相同份額逐次撥歸參與者名下。已分配的股份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。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份將以紅股方式授予參與者。

年內，利用二項式模式釐定所授出購股權的公平值為0.41港元(首次授出)及0.36港元(第二次授出)。該模式所用的重要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)、預期派發的股息率1%及無風險年利率1.99%。波幅乃根據過去十年恒生指數的波幅回報計量。

33 SHARE-BASED COMPENSATION (Cont'd)

(a) Equity Incentive Plan (Cont'd)

Details of the shares under the Plan are as follows:

Name 姓名	Total number of shares under the Plan as at 1 January 2005 於二零零五年一月一日 計劃項下的股份總數			Allocated during the year 已於 年內分配	Vested during the year 已於 年內歸屬	Issued during the year 已於 年內發行	Total number of shares under the Plan as at 31 December 2005 於二零零五年十二月三十一日 計劃項下的股份總數		
	Allocated but not vested 已分配 但未歸屬	Vested 已歸屬	Total 總額				Allocated but not vested 已分配 但未歸屬	Vested 已歸屬	Total 總額
	'000 千股	'000 千股	'000 千股				'000 千股	'000 千股	'000 千股
Directors 董事									
- Peter Chen 一陳正宇	6,415	1,402	7,817	—	1,750	3,152	4,665	—	4,665
- Robert Lee 一李乃義	4,582	1,268	5,850	—	1,250	2,518	3,332	—	3,332
- Gene Tsai 一蔡聯南	3,665	671	4,336	—	1,000	1,671	2,665	—	2,665
Employees 僱員	110,502	15,980	126,482	4,746	44,031	59,471	71,217	540	71,757
	<u>125,164</u>	<u>19,321</u>	<u>144,485</u>	<u>4,746</u>	<u>48,031</u>	<u>66,812</u>	<u>81,879</u>	<u>540</u>	<u>82,419</u>

33 以股份支付的報酬(續)

(a) 股份獎勵計劃(續)

計劃項下的股票詳情如下：

33 SHARE-BASED COMPENSATION (Cont'd)

(b) Share Options Plan

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.

33 以股份支付的報酬 (續)

(b) 購股權計劃

經本公司股東以普通決議案方式批准，本公司於二零零五年五月二十七日採納一項「購股權計劃」（「計劃」）。根據計劃，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，以及任何本公司及其附屬公司的專業顧問、顧問、分銷商、承包商、承包生產商、供應商代理、客戶、商業夥伴、合營企業夥伴（「計劃參與者」）授出購股權。計劃的目的是讓參與者有機會收購本公司的所有權權益，並鼓勵計劃參與者致力為本公司及其股東的整體利益提升本公司及其股份的價值。計劃的年期由採納日期起計為期十年。

33 SHARE-BASED COMPENSATION (Cont'd)**(b) Share Options Plan (Cont'd)**

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 :

- 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;
- 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
- 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.

No option was granted under the Scheme during the year ended 31 December 2005.

33 以股份支付的報酬(續)**(b) 購股權計劃(續)**

行使價須由董事會屬下的薪酬委員會(由董事會不時成立，由兩名獨立非執行董事及非執行董事組成)絕對酌情決定並知會獲要約的參與者，行使價不得低於以下各項中的較高者：

- 於授出日期香港聯合交易所有限公司發出的日報表所列的股份收市價；
- 在緊接授出日期前五個營業日聯合交易所有限公司發出的日報表所列的股份平均收市價；及
- 一股股份於授出日期的面值。

承授人可於董事會要約時知會各承授人的期間內隨時行使購股權，惟購股權將於授出日期後十年到期。

截至二零零五年十二月三十一日止年度，並無根據計劃授出任何購股權。

34 PENSIONS – DEFINED CONTRIBUTION PLANS

The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme (“the MPF Scheme”), a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, the Group and its Hong Kong employees makes monthly contributions to the scheme at 5% of the employees’ earnings as defined under the Mandatory Provident Fund legislation, subject to a cap of Hong Kong dollar 1,000 (equivalent to approximately US\$128) per person per month and thereafter contributions are voluntary. When employees leave before the funds vest, contributions from the Group are forfeited and available to reduce future contribution of the Group. There was no forfeited contributions available at the year end to reduce future contributions (2004: Nil).

Pursuant to PRC laws and regulations, contributions to the basic old age insurance for local staff of the Company’s subsidiaries operating in the PRC are made monthly to a government agency based on 29% of the standard salary set by the provincial government, of which 22% is borne by the subsidiaries and the remainder is borne by the staff. The government agency is responsible for the pension liabilities relating to such staff on their retirement.

Contribution totalling US\$52,000 (2004: US\$69,000) were payable to the funds at year end.

34 退休金 – 界定供款計劃

本集團已安排其香港僱員參加強制性公積金計劃（「強積金計劃」），該計劃為一界定供款計劃，由一名獨立受託人管理。根據強積金計劃，本集團及其香港僱員須根據強制性公積金計劃條例所規定，按僱員入息的5%每月對計劃作出供款，供款上限為每人每月1,000港元（相等於約128美元），就此金額以外的供款均屬自願性質。倘若僱員於基金歸屬其名下前離職，本集團將沒收由集團作出的供款，並用作抵扣本集團日後的供款。於年終時，本集團概無沒收任何供款以抵扣未來供款（二零零四年：零）。

根據中國法律及法規規定，本公司於中國經營的附屬公司須為當地員工每月向政府有關部門繳納基本養老保險補助金。基本養老保險補助金乃按地方政府規定的標準工資29%繳納，附屬公司承擔其中22%，餘額則由員工承擔。退休員工的退休金由政府有關部門負責支付。

於年終，應付基金的供款合共達52,000美元（二零零四年：69,000美元）。

35 CONTINGENT LIABILITIES

During the year, the Group has provided corporate guarantee to a third party bank for the down payment mortgage loan, in addition to the pledged bank deposit as set out in Note 21, of its employees amounting to approximately US\$340,000 (2004: US\$62,000). Management anticipate that no material liabilities will arise from the above guarantees.

36 SUBSEQUENT EVENTS

On 1 March 2006, the Group has entered into a supplementary agreement with IMECAS pursuant to which the effective date of the co-operation agreement as described in Note 29(c) has been postponed from 1 January 2006 to 1 April 2006.

37 COMPARATIVES

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

35 或有負債

年內，本集團已就其僱員的一筆預付訂金按揭貸款及附註21所載的有抵押銀行存款，向一家第三方銀行提供公司擔保約340,000美元(二零零四年：62,000美元)。管理層預期，上述擔保將不會產生任何重大負債。

36 結算日後事項

於二零零六年三月一日，本集團與微電子所訂立一項補充協議，據此，附註29(c)所述的合作協議的生效日期由二零零六年一月一日延遲至二零零六年四月一日。

37 比較數字

若干比較數字已經重列，以符合本年度的呈報方式。