

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 are presented in thousands of units of United States dollars (US\$’000), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 28 March 2007.

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。

除另有說明外，該等綜合財務報表以千美元列示。該等綜合財務報表於二零零七年三月二十八日經董事會批准發佈。

2 SUMMARY OF SIGNIFICANT 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.

2.1 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 as stipulated in the accounting policies below.

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 Group’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 to the financial statements.

(a) *Standards and amendments to standards effective in 2006*

- HKAS 39 and HKFRS 4 Amendment – Finance guarantee contracts. The Group has assessed the impact of this amendment on the corporate guarantees to a third party bank given as security for the loans of its employees and concluded that the impact is not significant.

2 主要會計政策概述

編製該等綜合財務報表所引用的主要會計政策列述如下。除另有說明外，該等政策已於以下呈列各年度貫徹應用。

2.1 編製基準

本集團的綜合財務報表已根據香港財務報告準則編製。綜合財務報表乃按歷史成本慣例編製，並經以下所列的會計政策修訂。

按照香港財務報告準則編製財務報表要求使用若干重要會計估計，它亦需要管理層在應用本公司的會計政策時作出判斷。該等涉及較高程度判斷或較為複雜，或假設及估計對綜合財務報表影響重大的地方，在本財務報告附註4披露。

(a) *在二零零六年生效的準則及對準則的修訂*

- 香港會計準則第39號及香港財務報告準則第4號（修訂本）— 財務擔保合約。本集團已評估過此項修訂對集團向第三方銀行授出的企業擔保作為其僱員按揭貸款抵押之事項的影響，結論是影響不重大。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd) 2 主要會計政策概述 (續)

2.1 Basis of preparation (Cont'd)

(b) *Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group*

The following standards, amendments and interpretations to existing standards have been published that are mandatory for the accounting periods beginning on or after 1 May 2006 or later periods that the Group has not early adopted:

- HKFRS 7, Financial instruments: Disclosures, and the complementary Amendment to HKAS 1, Presentation of Financial Statements - Capital Disclosures (effective for annual periods beginning on or after 1 January 2007). HKFRS 7 introduces new disclosures relating to financial instruments. This standard does not have any impact on the classification and valuation of the Group's financial instruments.

2.1 編製基準 (續)

(b) *尚未生效及本集團亦無提早採納的準則、修訂及詮釋*

下列準則及對現行準則的修訂及詮釋已經公佈須於二零零六年五月一日或之後開始的會計期間，或期後期間開始強制執行而本集團並無提早採用：

- 香港財務報告準則第7號之金融工具：披露及對香港會計準則第1號的補充修訂財務報表的呈報－資本披露(自二零零七年一月一日或之後年度開始生效)。香港財務報告準則第7號加入有關金融工具的新披露要求。此項準則對本集團的金融工具的分類及估值沒有重大影響。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.1 Basis of preparation (Cont'd)

(b) *Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (Cont'd)*

- HK(IFRIC)-Int 8, Scope of HKFRS 2 (effective for annual periods beginning on or after 1 May 2006). HK(IFRIC)-Int 8 requires consideration of transactions involving the issuance of equity instruments - where the identifiable consideration received is less than the fair value of the equity instruments issued - to establish whether or not they fall within the scope of HKFRS 2. The Group will apply HK(IFRIC)-Int 8 from 1 January 2007, but it is not expected to have any impact on the Group's consolidated financial statements; and

2 主要會計政策概述(續)

2.1 編製基準(續)

(b) *尚未生效而本集團亦無提早採納的準則、修訂及詮釋(續)*

- 香港(國際財務報告詮釋委員會)－詮釋第8號之香港財務報告準則第2號之範圍(二零零六年五月一日或之後的年度起生效)。香港(國際財務報告詮釋委員會)－詮釋第8號要求凡涉及發行權益工具的交易一倘所收到的可辨識代價少於所發行的權益工具的公平值)須予確定是否屬於香港財務報告準則第2號的範圍內。本集團會由二零零七年一月一日起應用香港(國際財務報告詮釋委員會)－詮釋第8號，但預期不會對本集團的綜合財務報表有任何影響；及

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd) 2 主要會計政策概述 (續)

2.1 Basis of preparation (Cont'd)

(b) *Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (Cont'd)*

- HK(IFRIC)-Int 10, Interim Financial Reporting and Impairment (effective for annual periods beginning on or after 1 November 2006). HK(IFRIC)-Int 10 prohibits the impairment losses recognized in an interim period on goodwill, investments in equity instruments and investments in financial assets carried at cost to be reversed at a subsequent balance sheet date. The Group will apply HK(IFRIC)-Int 10 from 1 January 2007, but it is not expected to have any impact on the Group's financial statements.

2.1 編製基準 (續)

(b) *尚未生效而本集團亦無提早採納的準則、修訂及詮釋 (續)*

- 香港(國際財務報告詮釋委員會)－詮釋第10號之中期財務報告及減值(於二零零六年十一月一日或之後年度期生效)。香港(國際財務報告準則詮釋委員會)－詮釋第10號禁止在中期確認按成本列賬的商譽、權益工具投資和金融資產投資減值虧損在其後結算日撥回。本集團會由二零零七年一月一日起應用香港(國際財務報告詮釋委員會)－詮釋第10號，但預期不會對本集團的財務報表有任何影響。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.1 Basis of preparation (Cont'd)

(c) *Interpretation to existing standards that are not yet effective and not relevant for the Group's operations*

The following interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 May 2006 or later periods but are not relevant for the Group's operations:

- HK(IFRIC)-Int 7, Applying the Restatement Approach under HKAS 29, Financial Reporting in Hyperinflationary Economies (effective from 1 March 2006). HK(IFRIC)-Int 7 provides guidance on how to apply requirements of HKAS 29 in a reporting period in which an entity identifies the existence of hyperinflation in the economy of its functional currency, when the economy was not hyperinflationary in the prior period. As none of the group entities have a currency of a hyperinflationary economy as its functional currency, HK(IFRIC)-Int 7 is not relevant to the Group's operations; and

2 主要會計政策概述(續)

2.1 編製基準(續)

(c) *尚未生效並與本集團的經營業務無關的現有準則詮釋*

以下為已發布由本集團二零零六年五月一日或之後會計期間起生效而必須採納但與本集團經營業務無關的尚未生效的現有準則詮釋：

- 香港(國際財務報告詮釋委員會)－詮釋第7號之應用香港會計準則第29號「惡性通貨膨脹經濟體系中的財務報告」的重列法(由二零零六年三月一日起生效)。香港(國際財務報告準則詮釋委員會)－詮釋第7號說明若某實體在報告期內其功能貨幣處於嚴重通脹的經濟體系中，而該經濟體系在前一個期間並無出現嚴重通脹時，如何應用香港會計準則第29號的規定。由於本集團內的公司均不以處於嚴重通脹經濟體系的貨幣作為其功能貨幣，因此香港(國際財務報告準則詮釋委員會)－詮釋第7號對本集團的經營業務無關；

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd) 2 主要會計政策概述 (續)

2.1 Basis of preparation (Cont'd)

(c) *Interpretation to existing standards that are not yet effective and not relevant for the Group's operations (Cont'd)*

- HK(IFRIC)-Int 9, Reassessment of embedded derivatives (effective for annual periods beginning on or after 1 June 2006). HK(IFRIC)-Int 9 requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. As the Group does not have any embedded derivatives, HK(IFRIC)-Int 9 is not relevant to the Group's operations.

2.1 編製基準 (續)

(c) *尚未生效並跟本集團的經營業務無關的現有準則詮釋 (續)*

- 香港(國際財務報告詮釋委員會)－詮釋第9號重新評估既有內置衍生工具(由二零零六年六月一日或之後的年度起)。香港(國際財務報告準則詮釋委員會)－詮釋第9號規定某個體評估當該個體或為某合同的一方時是否需要將主體合同中的既有衍生工具分開及作將衍生工具處理。此詮釋禁止進行期後評估除非合約條款有變導致大幅度修改了合約原有的現金流量，則可以在有需要時進行重估。由於本集團並無內置衍生工具，因此香港(國際財務報告準則詮釋委員會)－詮釋第9號跟本集團的經營業務無關。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.1 Basis of preparation (Cont'd)

(d) *Standards, amendments and interpretations effective in 2006 but not relevant for the Group's operations*

The following standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 January 2006 but are not relevant to the Group's operations:

- HKAS 19 Amendment – Actuarial gains and losses, group plans and disclosure
- HKAS 21 Amendment – Net Investment in a Foreign Operation;
- HKAS 39 Amendment – Cash Flow Hedge Accounting of Forecast Intragroup Transactions;
- HKAS 39 Amendment – The Fair Value Option;
- HKFRS 6, Exploration for and Evaluation of Mineral Resources;

2 主要會計政策概述(續)

2.1 編製基準(續)

(d) *於二零零六年生效但跟本集團經營業務無關的準則、修訂及詮釋*

以下由二零零六年一月一日或之後會計期間必須採納但跟本集團的經營無關的準則、修訂及詮釋：

- 香港會計準則19號修訂－精算收益及虧損、集團計劃及披露；
- 香港會計準則21號修訂－對國外經營的投資淨額；
- 香港會計準則39號修訂－預測集團內部交易之現金流量對沖會計法；
- 香港會計準則39號修訂－公平值期權；
- 香港財務報告準則第6號之礦產資源開採及評估；

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd) 2 主要會計政策概述 (續)

2.1 Basis of preparation (Cont'd)

(d) *Standards, amendments and interpretations effective in 2006 but not relevant for the Group's operations (Cont'd)*

- HKFRS 1 Amendment – First-time Adoption of International Financial Reporting Standards and HKFRS 6 Amendment – Exploration for and Evaluation of Mineral Resources;
- HK(IFRIC)-Int 4, Determining whether an Arrangement contains a Lease;
- HK(IFRIC)-Int 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds; and
- HK(IFRIC)-Int 6, Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment.

2.1 編製基準 (續)

(d) 於二零零六年生效但跟本集團經營業務無關的準則、修訂及詮釋 (續)

- 香港財務報告準則第1號修訂首次採納國際財務報告準則及香港財務報告準則第6號 (修訂本) 之礦產資源開採及評估；
- 香港 (國際財務報告準則詮釋委員會) – 詮釋第4號之釐定某項安排是否包括租賃；
- 香港 (國際財務報告準則詮釋委員會) – 詮釋第5號之拆卸、復原及環境修復基金權益之權利；及
- 香港 (國際財務報告準則詮釋委員會) – 詮釋第6號之參與特定市場 – 廢棄電力及電子設備產生之負債。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 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.

2 主要會計政策概述(續)

2.2 綜合

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。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 Consolidation (Cont'd)

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence 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 (Note 2.8). The results of subsidiaries are accounted by the Company on the basis of dividend received and receivable.

2.3 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 主要會計政策概述 (續)

2.2 綜合 (續)

集團內公司間的交易、結餘及未變現收益均予以對銷。除非交易有證據顯示轉讓的資產出現減值，否則未變現虧損亦將予以對銷。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（附註2.8）。附屬公司的業績由本公司按已收及應收股息的基準入賬。

2.3 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd) 2 主要會計政策概述(續)

2.4 Foreign currency translation 2.4 外幣換算

(i) *Functional and presentation currency* (i) 功能及呈列貨幣

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 States dollars, which is the Company's presentation currency.

(ii) *Transactions and balances* (ii) 交易及結餘

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 items, are reported as part of the fair value gain or loss.

(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。

非貨幣金融資產項目的換算差額乃呈報為公平值損益的部分。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.4 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 entities and of borrowings are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognized in the income statement as part of the gain or loss on sale.

2 主要會計政策概述 (續)

2.4 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
- 所有匯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匯兌差額,將計入股東權益。出售海外業務時,匯兌差額於收益表內確認為出售收益或虧損的一部分。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.4 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.

2.5 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 主要會計政策概述(續)

2.4 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。

2.5 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。歷史成本包括購入有關項目直接應佔的開支。

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。所有其他維修及保養成本於其產生的財政期間於收益表支銷。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd) 2 主要會計政策概述 (續)

2.5 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	Estimated residual value
		<u>預期可用年期</u>	<u>估計剩餘價值</u>
Machinery	機器	5 to 8 years 5年至8年	10%
Facility equipment	設施設備	5 to 10 years 5年至10年	10%
Motors vehicles	汽車	6 years 6年	10%
Furniture, fixtures and office equipment	傢俱、裝置及辦公室設備	5 years 5年	0 to 10%
Leasehold improvement	租賃資產改良工程	Remaining period of the lease 租約剩餘期間	0%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. During the year, there was a change of estimated useful lives for certain machinery as a result of a review carried out by the Company, a detailed description of the change of estimated useful lives and its financial impact are set out in Note 4.3 to the financial statements.

2.5 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	Estimated residual value
		<u>預期可用年期</u>	<u>估計剩餘價值</u>
Machinery	機器	5 to 8 years 5年至8年	10%
Facility equipment	設施設備	5 to 10 years 5年至10年	10%
Motors vehicles	汽車	6 years 6年	10%
Furniture, fixtures and office equipment	傢俱、裝置及辦公室設備	5 years 5年	0 to 10%
Leasehold improvement	租賃資產改良工程	Remaining period of the lease 租約剩餘期間	0%

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)。年內，部分機器基於本公司的檢討而出現預計可用年期變更。財務報表附註4.3詳述預期可用年期的變動及其財務影響。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.5 Property, plant and equipment (Cont'd)

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 2.8).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other (losses)/gains – net, in the income statements.

2.6 Land use rights

Prepaid lease payments on land use rights are stated at cost less subsequent accumulated amortization and any accumulated impairment loss. The cost of prepaid lease payments on land use rights are amortised on a straight-line basis over the contractual period of the land use rights.

2.7 Intangible assets

(i) 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 amortized over their estimated useful lives of five to eight years.

2 主要會計政策概述 (續)

2.5 物業、廠房及設備 (續)

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2.8)。

出售產生的損益乃將收益與賬面金額加以比較而釐定，並在收益表的其他(損)/益淨額內確認。

2.6 土地使用權

土地使用權預付租金是按成本減其後累計的攤銷額及任何累計減值虧損呈列。土地使用權預付租金是以直線法基準於土地使用權合約期內攤銷。

2.7 無形資產

(i) 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。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd) 2 主要會計政策概述 (續)

2.7 Intangible assets (Cont'd)

(i) *Computer software (Cont'd)*

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. Costs include the employee costs incurred as a result of developing software and an appropriate portion of relevant overheads.

(ii) *Technology knowhow*

Acquired technology knowhow is initially recognised at cost. Where payment is deferred beyond normal credit terms, its cost is the cash price equivalent. Technology knowhow has a finite useful life and is carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of technology knowhow over their estimated useful lives of twelve years.

2.7 無形資產 (續)

(i) 電腦軟件 (續)

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。由本集團控制、與生產有關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。成本包括軟件開發員工成本及適當份額的有關費用。

(ii) 技術知識

購入的技術知識初步會按成本確認。倘超逾一般的信貸期付款，則有關成本等同於現金價。技術知識有規定的使用年期，並按成本減累計攤銷入賬。攤銷是以直線法將技術知識成本在估計的十二年可用期內作分配。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.7 Intangible assets (Cont'd)

(iii) 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 group of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

2 主要會計政策概述(續)

2.7 無形資產(續)

(iii) 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值。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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.8 Impairment of investments in subsidiaries and non-financial assets

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

2.9 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 arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet.

2 主要會計政策概述 (續)

2.8 於附屬公司的投資及非金融資產減值

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。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損失。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。除蒙受減值的商譽以外的非金融資產，於各申報日期審閱沖回減值的可能性。

2.9 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。貸款及應收款在集團不為著應收款貿易目的而向債務人直接提供金錢、貨品或服務物時產生。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應收貿易賬款及其他應收款

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.9 Financial assets – loans and receivables (Cont'd)

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized 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 the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, 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 original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognized in the income statement within administrative costs. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against administrative costs in the income statement.

2 主要會計政策概述 (續)

2.9 金融資產—貸款及應收款 (續)

應收貿易款項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，則會為應收貿易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。資產的賬面值會採用備抵賬目減記，而虧損額則在收益賬目的行政費用中確認。倘應收貿易賬款無法收回，則以應收貿易賬款備抵賬目撇銷。至於先前撇銷的款項倘其後收回，則在收益賬目中從行政費用中抵免。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd) 2 主要會計政策概述 (續)

2.10 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 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.

2.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

2.12 Share capital and share premium

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 from the issuance of the shares.

2.10 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，減適用的銷售開支。

2.11 現金及現金等價物

現金及現金等價物包括手頭現金及銀行通知存款。

2.12 股本及股份溢價

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發行股份所得款項除稅後的扣減項目。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.12 Share capital and share premium (Cont'd)

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 until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received (net of any directly attributable incremental transaction costs and the related income tax effects) is included in equity attributable to the Company's equity holders.

Share premium mainly represents the difference between the subscription value and par value of the Company's ordinary shares at the date of issuance of the shares. The difference between the acquisition price and par value when the Company acquires its own shares from the market and the effect of implementation of Equity Incentive Plan and Share Options Scheme is also charged or credited to this account as appropriate.

2.13 Trade payables

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2 主要會計政策概述(續)

2.12 股本及股份溢價(續)

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，直至股份取銷或重新發行。倘該等股份其後重新發行，任何已收的代價(扣除任何直接應佔新增交易成本及相關的所得稅影響)會包括在本公司權益持有人應佔權益內。

股份溢價主要是在股份發行日認購值與公司普通股票面值的差異。本公司從市場購入本身的股份時，購入價與票面值的差異及實施股份獎勵計劃及購股權計劃的影響亦會按情況從該賬目中扣減或計入該賬目中。

2.13 應付貿易賬款

應付貿易賬款初步按公平值確認，其後以實際利率法按攤銷成本計算。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd) 2 主要會計政策概述 (續)

2.14 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

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

Borrowing costs are generally expensed as incurred.

2.15 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, if the deferred income tax 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, it is not accounted for. 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.

2.14 貸款

貸款最初乃按公平值(扣除已產生的交易成本)確認,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,則於貸款期內以實際利率法在收益表內確認。

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。

貸款成本一般於產生之時支銷。

2.15 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,採用債務法,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。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.15 Deferred income tax (Cont'd)

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, 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.

2.16 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.

2 主要會計政策概述 (續)

2.15 遞延所得稅 (續)

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除外。

2.16 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。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.16 Employee benefits (Cont'd)

(i) Pension obligations (Cont'd)

The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory 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 benefit plans are set out in Note 33.

2 主要會計政策概述 (續)

2.16 僱員福利 (續)

(i) 退休金責任 (續)

本集團按強制方式向公眾或私人管理的退休金保障計劃支付供款。供款於到期時確認為僱員福利，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計劃詳情載於附註33。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.16 Employee benefits (Cont'd)

(ii) Share-based compensation

The Group operates two equity-settled, share-based compensation plans, namely Equity Incentive Plan and Share Options Scheme. The fair value of the employee services received in exchange for the grant of the shares/options is recognized as an expense and credited to equity compensation reserve. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares/options 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/options that are expected to become exercisable/vest. At each balance sheet date, the entity revises its estimates of the number of shares/options that are expected to become exercisable/vest. It recognizes the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

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

Details of the Group's share-based compensation plans are set out in Note 32.

2 主要會計政策概述(續)

2.16 僱員福利(續)

(ii) 以股份為基礎的償付

本集團設有兩項以股份結算及以股份為基礎支付報酬的計劃，即股份獎勵計劃及購股權計劃。就僱員所提供服務授出的股份/購股權的公平值確認為開支，從權益補償儲備中扣除。歸屬期內支銷總額，參考所授出的股份/購股權的公平值釐定，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/歸屬的股份/購股權數目。原定估計經修訂的影響(如有)於收益表確認，於餘下的歸屬期內並對股本作出調整。

根據計劃發行股份/行使購股權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。

本集團以股份為基礎償付的補償計劃列載於附註32。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.17 Provisions

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

2 主要會計政策概述 (續)

2.17 撥備

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貼現比率。由於時間過去而增加的撥備確認為利息開支。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.18 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 and discounts and after eliminating revenue within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(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's products are often sold with a right of return with a specified period of time as stated in the agreements. Accumulated experience is used to estimate and provide for such returns at the time of sale.

2 主要會計政策概述(續)

2.18 收入確認

收入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。收入扣除增值稅、回扣及折扣及抵銷集團內的銷售。

倘收入數額能夠可靠計算而未來的經濟實益很有可能會流入實體而且符合下文載述本集團每項活動的特定準則，本集團會確認有關收入。直至一切跟銷售相關的或然款項得以解決，收益數額才給視為可靠計算。本集團是根據往績及考慮客戶類別、交易類別及每項安排的特別情況作出估計的。

(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。

本集團出售產品往往給予特定期內的退貨權(協議中有列明)。本集團運用累積經驗於進行銷售時，估計並為該等退貨作出撥備。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd) 2 主要會計政策概述 (續)

2.18 Revenue recognition (Cont'd)

(ii) *Rendering of services*

Revenues from the rendering 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.

(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.

2.18 收益確認 (續)

(ii) *提供服務*

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。

(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。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.19 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.

2.20 Leases (as the lessee for operating leases)

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 expensed in the income statement on a straight-line basis over the period of the lease.

2 主要會計政策概述(續)

2.19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。

2.20租賃（作為經營租賃的承租人）

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收益表內支銷。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd) 2 主要會計政策概述 (續)

2.21 Research and development 2.21 研究與開發

Research expenditure is recognized as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognized as intangible assets when the following criteria are fulfilled:

- (a) it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- (b) management intends to complete the intangible asset and use or sell it;
- (c) there is an ability to use or sell the intangible asset;
- (d) it can be demonstrated how the intangible asset will generate probable future economic benefits;
- (e) adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period. Capitalized development costs are recorded as intangible assets and amortized from the point at which the asset is ready for use on a straight-line basis over its useful life, not exceeding five years.

研究開支乃於產生時支銷。倘符合下列條件，開發項目（關於設計及測試新產品或改良產品）所產生的成本會確認為無形資產：

- (a) 在技術上能夠完成無形資產並能供使用或出售；
- (b) 管理層打算完成無形資產並加以使用或將之出售；
- (c) 有能力使用或出售該無形資產；
- (d) 能夠顯示無形資產如何產生可能的未來經濟實益；
- (e) 有足夠的技術、財務及其他資源以完成發展及使用或出售可得的無形資產，而且無形資產在開發期所應佔的開支能夠可靠計算。

其他不符合該等準則的開發開支均會在產生時獲確認為開支。以往確認為開支的開發成本於往後期間不會確認為資產。已撥作資本的開發成本會於有關資產可供使用時，按直線法於其預期可用期間攤銷但不超過五年。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.22 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.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest 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 investing excess liquidity.

2 主要會計政策概述(續)

2.22 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 財務風險管理

3.1 財務風險因素

本集團的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，致力減少對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營運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)

3.1 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 commercial transactions, recognised assets and liabilities primarily denominated in the United States dollars.

Currency exposure arising from the net assets of the Group's 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 hold 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)

3.1 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，須承受因主要以美元計值的商業交易、已確認資產及負債所產生的外匯風險。

本集團於中國營運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貸款管理。

(2) 價格風險

由於本集團並無持有按公平值於收益賬處理、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)**3.1 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.

Since the Company trades only with recognized and creditworthy third parties, there is no requirement for collateral.

(iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and 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 and future development, the Group's Finance Department aims to maintain flexibility in funding from internally generated cash inflow from operations, bank loans and credit lines available, etc.

The analysis of available banking credit facilities is set out in Note 30 to the financial statements.

3 財務風險管理 (續)**3.1 財務風險因素 (續)****(ii) 信貸風險**

本集團無重大的信用風險。本集團有一套既定政策，確保產品銷售於具有適當信用記錄的客戶。此外，適當信用額度和信用期已被授予客戶。

由於本公司只跟已確認及有信譽的第三方交易，因此並非必需抵押品。

(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、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及未來的發展需求，故本集團財務部致力以內部從經營產生的現金流入、銀行借貸及有可供動用的承諾信貸額等等以維持資金來源的靈活性。

可供使用的銀行信貸額度分析載於財務報表附註30。

3 FINANCIAL RISK MANAGEMENT (Cont'd)

3.1 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 bank 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. The majority of the borrowings are issued at variable rates and re-priced on an interval basis. During 2006 and 2005, the Group's borrowings at variable rates were denominated in Chinese Renminbi and United States dollars.

3 財務風險管理 (續)

3.1 財務風險因素 (續)

(iv) 現金流量及公平值利率風險

本集團並無重大計息資產或負債，故現金流量及收入與市場利率風險基本無關。

本集團的利率風險主要來自貸款。按浮動息率發出的貸款使本集團須承受現金流的利率風險。按固定息率發出的貸款使本集團須承受公平值的利率風險。大部分貸款均以浮動息率發出，間歇性作重行計算。在二零零六年及二零零五年，本集團按浮動息率的借貸是以中國人民幣及美元計值。

3 FINANCIAL RISK MANAGEMENT (Cont'd)

3.2 Fair value estimation

The carrying value less impairment provision of trade receivables and payables are a reasonable approximation of 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.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and assumptions 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.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimate will, by definition, seldom equal the related actual results. The estimate 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.

3 財務風險管理 (續)

3.2 公平值估計

應收貿易賬款及應付貿易賬款的賬面值減去減值撥備合理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 重要會計估計及判斷

本集團根據過往經驗及其他因素，包括對預期日後事項在適當情況下的合理預期，對有關估計及假設進行持續評估。

本集團對未來作出估計和假設。會計估計很少依其定義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。

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Cont'd)

4.1 Income tax

The Group is subject to income taxes in Hong Kong and the PRC. Significant judgement is required in determining the provision for income taxes. The Group undertakes certain transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on management's interpretation of the local tax regulations. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

4.2 Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.7(iii). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations which involve the use of discounted cash flows. These calculations require the use of estimates.

Had the pre-tax discount rate applied to arrive at the discounted cash flows used in the value-in-use calculations been different from management's estimate, the Group's estimation of goodwill impairment may be different.

4 重要會計估計及判斷(續)

4.1 所得稅

本集團須交納香港及中國所得稅。決定提撥所得稅時須作出重大判斷。本集團對在一般業務條款下進行，而其最終稅務釐定不能確定的業務進行交易和計算。本集團根據管理層對當地稅務監管的理解確認預期稅務審計事項。倘這些事宜的最終稅務結果與最初錄得的不同，上述差異將影響釐定期內的所得稅和遞延稅項撥備。

4.2 商譽的估計減值

本集團已根據附註2.7(iii)所列的會計政策，每年測試商譽有否減值。現金流量產生單位的可回收現金額使用包含運用貼現現金流量法的使用中價值計算。此等計算包含會計估計。

倘稅前貼現率用於計算使用中貼現現金流量與管理層的估計不同，本集團的商譽減值估計或會不同。

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Cont'd)

4.3 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 significantly 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 useful lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

In previous years, mechanical based semiconductor equipment was depreciated over their estimated useful lives of 5 years. The Group conducted a review of the estimated useful lives of this type of equipment and as a result, with effect from 1 July 2006, mechanical based semiconductor equipment is to be depreciated over estimated useful lives of 8 years. The changes reflect the current best estimates based on the Group's previous experience of these semiconductor equipment after taking account of commercial and technological obsolescence as well as normal wear and tear. The changed depreciation lives better reflect the estimated period during which such assets will remain in service. The changes have been applied prospectively. As a result of these changes in accounting estimates, the depreciation expenses for the year decreased by approximately US\$5.3 million.

4 重要會計估計及判斷 (續)

4.3 廠房及機器的可用年期

本集團管理層決定其生產廠房及機器的估計可用年期，該估計是按照該等廠房及機器的預期年期作出。該估計可能由於對行業週期作出的技術革新而大大改變。管理層將會在可用年期少於／多於先前估計可用年期時增／減其折舊開支，或撤銷及撤減已棄用或出售的技術過時或非戰略性資產。

於過去年度，半導體生產設備按5年估計可用年期折舊。本集團對此類設備的估計可用年期作出檢討，由二零零六年七月一日起，半導體生產設備按8年估計可用年期折舊。該等改變反映本集團依對該等半導體設備的過去經驗，並計入商業及技術過時和正常損耗後作出的現時最佳估計。折舊年期的改變可更佳反映該等資產的估計服役期。由於這些會計估計的改變，年內的折舊開支減少約530萬美元。

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Cont'd)

4.4 Trade receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortized cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognized 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. Allowance is only made for trade receivables that are unlikely to be collected.

4.5 Estimation of fair value of shares and share options granted

The measurement of the fair value of shares and share options granted to employees is determined using the binomial model ("model"). The key inputs to the pricing model include share price at grant date, exercise price, volatility rate, expected dividend pay-out rate, annual risk-free rate and the vesting period.

The model uses actual or market observable data where practicable, however areas such as volatility rate, and expected dividend pay-out rate require management to make estimates. Changes in assumptions about these factors could affect the fair value of these shares and share options.

4 重要會計估計及判斷 (續)

4.4 應收貿易賬款

應收貿易賬款初步按公平值確認，並其後採用有效利率法按攤銷值量度。倘存在客觀證據顯示資產已減值，則就預計不可收回金額於綜合收益表內提取適當準備。

在釐定是否須作出壞賬準備時，本集團考慮賬齡情況及可收回程度，在應收貿易賬款未必能收回時作出準備。

4.5 股份及授予的購股權公平值估計

量度授予僱員的股份及購股權公平值是使用二項式模式(「該模式」)釐定。計價模式主要採用的數據有授出日的股價、行使價、波幅率、預期派息率、年度無風險利率及歸屬期。

該模式在可行時使用實際及市場可得數據。然而，如波幅率及預期派息率等有賴於管理層的估計。有關這些因素的假設的變化可影響股份和購股權的公平值。

5 REVENUE AND SEGMENT INFORMATION

Revenue	收入
6-inch wafer	6 英寸晶圓
Others	其他

Primary reporting format – geographical segments

The Group's primary format for reporting segment information is geographical segment as determined by location of its ultimate customers. The Group is mainly operating in the PRC and significant assets, liabilities and capital expenditures are located in the PRC. Accounting policies for segmental reporting of the Group are set out in Note 2.3 to the financial statements.

The analysis by geographical segments by location of ultimate customers is as follows:

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

5 收入與分類資料

Year ended 31 December

截至十二月三十一日

2006	2005
US\$'000	US\$'000
千美元	千美元
107,524	73,720
6,778	4,379
114,302	78,099

主要呈報形式—地區分類

本集團的分類資料主要呈報形式是按最終客戶的地點作地區分類。本集團主要在中國經營，重要資產、負債及資本開支均在中國。有關本集團分類資料的會計政策列載於財務報表附註2.3。

按最終客戶所在地釐定之地區分類分析如下：

2006	2005
US\$'000	US\$'000
千美元	千美元
77,413	52,982
21,989	15,194
10,852	5,637
4,048	4,286
114,302	78,099

6 LAND USE RIGHTS - GROUP

Beginning of year	年初
Amortization of prepaid operating lease payment (Note 21)	經營租賃預付租金攤銷 (附註 21)
Translation adjustments	匯率調整
End of year	年終

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

Outside Hong Kong:	香港以外：
With remaining lease period of 45 (2005: 46) years	剩餘租期是 45 年 (二零零五年：46)

Certain bank borrowings are secured on land use rights with a net carrying value of US\$561,000 (2005: US\$554,000) (Note 17).

6 土地使用權－集團

2006	2005
US\$'000	US\$'000
千美元	千美元
554	554
(12)	(13)
19	13
561	554

本集團的土地使用權權益是經營租賃預付款項，其賬面淨值分析如下：

2006	2005
US\$'000	US\$'000
千美元	千美元
561	554

若干銀行貸款是以賬面淨值為 561,000 美元土地使用權作為抵押，(二零零五年：554,000 美元) (附註 17)。

7 PROPERTY, PLANT AND EQUIPMENT
7 物業、廠房及設備
GROUP
集團

		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
At 1 January 2005	於二零零五年一月一日							
Cost	成本	101,854	13,853	602	2,033	—	47,166	165,508
Accumulated depreciation and impairment	累計折舊及減值	(24,787)	(1,811)	(186)	(759)	—	—	(27,543)
Net book amount	賬面淨值	77,067	12,042	416	1,274	—	47,166	137,965
Year ended	截至二零零五年							
31 December 2005	十二月三十一日止年度							
Opening net book amount	年初賬面淨值	77,067	12,042	416	1,274	—	47,166	137,965
Exchange differences	匯兌差異	1,656	302	9	19	(1)	1,160	3,145
Additions	添置	4,494	353	—	2,238	—	33,495	40,580
Transfers	轉讓	31,681	—	—	—	1,951	(35,138)	(1,506)
Disposals	出售	(3)	—	(13)	(35)	—	—	(51)
Depreciation (Note 21)	折舊 (附註 21)	(20,150)	(1,668)	(89)	(505)	(147)	—	(22,559)
Impairment charge (Note 21)	減值支出 (附註 21)	(48)	—	—	—	—	—	(48)
Closing net book amount	年終賬面淨值	94,697	11,029	323	2,991	1,803	46,683	157,526
At 31 December 2005	於二零零五年							
	十二月三十一日							
Cost	成本	140,495	14,553	598	4,371	1,951	46,683	208,651
Accumulated depreciation and impairment	累計折舊及減值	(45,798)	(3,524)	(275)	(1,380)	(148)	—	(51,125)
Net book amount	賬面淨值	94,697	11,029	323	2,991	1,803	46,683	157,526

7 PROPERTY, PLANT AND EQUIPMENT (Cont'd)
7 物業、廠房及設備 (續)
GROUP
集團

		Furniture, fixtures and office equipment Leasehold Improvement Construction-in-progress						Total 總額
		Machinery 機器	Facility equipment 設施設備	Motor vehicles 汽車	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	
Year ended	截至二零零六年							
31 December 2006	十二月三十一日止年度							
Opening net book amount	年初賬面淨值	94,697	11,029	323	2,991	1,803	46,683	157,526
Exchange differences	匯率差異	2,897	371	9	93	51	2,460	5,881
Additions	添置	841	54	173	884	—	34,558	36,510
Transfers	轉讓	8,836	4,876	84	123	273	(14,192)	—
Disposals	出售	(16)	—	(20)	(118)	—	—	(154)
Depreciation (Note 21)	折舊 (附註 21)	(19,696)	(1,731)	(98)	(660)	(448)	—	(22,633)
Impairment charge (Note 21)	減值支出 (附註 21)	(1,820)	—	—	—	—	—	(1,820)
Closing net book amount	年終賬面淨值	85,739	14,599	471	3,313	1,679	69,509	175,310
At 31 December 2006	於二零零六年							
	十二月三十一日							
Cost	成本	155,009	19,975	822	5,112	2,310	69,509	252,737
Accumulated depreciation and impairment	累計折舊及減值	(69,271)	(5,376)	(351)	(1,798)	(631)	—	(77,427)
Net book amount	賬面淨值	85,738	14,599	471	3,314	1,679	69,509	175,310

Depreciation expense of US\$21,644,000 (2005: US\$22,025,000) has been expensed in cost of goods sold, US\$26,000 (2005: US\$19,000) in selling and marketing costs, US\$711,000 (2005: US\$455,000) in administrative expenses and US\$252,000 (2005: US\$60,000) in research and development expenses.

折舊支出在銷貨成本中支銷 21,644,000 美元 (二零零五年: 22,025,000 美元), 在銷售及市場推廣開支中支銷 26,000 美元 (二零零五年: 19,000 美元)、在行政費用中支銷 711,000 美元 (二零零五年: 455,000 美元)、在研究及發展費用中支銷 252,000 美元 (二零零五年: 60,000 美元)。

7 PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Lease rentals amounting to US\$1,828,000 (2005: US\$1,474,000) relating to the lease of machinery and property under operating lease are included in the income statement.

Certain bank borrowings are secured on machineries with a net book value of approximately US\$25,644,000 (2005: US\$11,436,000) (Note 17).

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

COMPANY

7 物業、廠房及設備(續)

按經營租賃租用機器及物業的租金是1,828,000美元(二零零五年:1,474,000美元),已經呈列在收益表中。

若干銀行貸款是以賬面淨值約為25,644,000美元的機器作為抵押。(二零零五年:11,436,000美元)(附註17)。

在建工程主要包括正在興建的樓宇及有待安裝的機器及設備。

公司

		Construction in-progress 在建工程
		US\$'000 千美元
At 1 January 2005	於二零零五年一月一日	
Cost and net book value	成本及賬面淨值	8,433
Year ended 31 December 2005	截至二零零五年十二月三十一日止年度	
Opening net book amount	年初賬面淨值	8,433
Additions	增添	245
Disposals	出售	(8,678)
Closing net book amount	年終賬面淨值	—
At 31 December 2005	於二零零五年十二月三十一日	
Cost and net book amount	成本及賬面淨值	—
At 1 January 2006 and 31 December 2006	於二零零六年一月一日 及二零零六年十二月三十一日	
Cost and net book amount	成本及賬面淨值	—

8 INTANGIBLE ASSETS
8 無形資產

		Goodwill 商譽	Technology knowhow 技術知識	Computer software 電腦軟件	Total 總額
		US\$'000 千美元	US\$'000 千美元	US\$'000 千美元	US\$'000 千美元
At 1 January 2005	於二零零五年一月一日				
Cost	成本	211	—	724	935
Accumulated amortization	累計攤銷	—	—	(98)	(98)
Net book amount	賬面淨值	211	—	626	873
Year ended 31 December 2005	截至二零零五年 十二月三十一日止年度				
Opening net book amount	初賬面淨值	211	—	626	837
Exchange differences	匯率差異	—	—	14	14
Additions	增添	—	—	2,028	2,028
Amortization (Note 21)	攤銷 (附註 21)	—	—	(277)	(277)
Impairment charge (Note 21)	減值支出 (附註 21)	(211)	—	—	(211)
Closing net book amount	年終賬面淨值	—	—	2,391	2,391
At 31 December 2005	於二零零五年十二月三十一日				
Cost	成本	211	—	2,770	2,981
Accumulated amortization and impairment	累計攤銷及減值	(211)	—	(379)	(590)
Net book amount	賬面淨值	—	—	2,391	2,391

8 INTANGIBLE ASSETS (Cont'd)

8 無形資產 (續)

		Goodwill 商譽	Technology knowhow 技術知識	Computer software 電腦軟件	Total 總額
		US\$'000 千美元	US\$'000 千美元	US\$'000 千美元	US\$'000 千美元
Year ended 31 December 2006	於二零零六年 十二月三十一日				
Opening net book amount	年初賬面淨值	—	—	2,391	2,391
Exchange differences	匯率差異	—	105	82	187
Additions	增添	—	4,468	560	5,028
Amortization (Note 21)	攤銷 (附註 21)	—	(187)	(443)	(630)
Closing net book amount	年終賬面淨值	—	4,386	2,590	6,976
At 31 December 2006	於二零零六年 十二月三十一日				
Cost	成本	211	4,577	3,436	8,013
Accumulated amortization and impairment	累計攤銷及減值	(211)	(191)	(846)	(1,037)
Net book amount	賬面淨值	—	4,386	2,590	6,976

Technology knowhow comprises the acquired rights to use certain technologies for the manufacture of wafer products. The amortization period adopted for licensed technology knowhow is 12 years.

Amortization of US\$630,000 (2005: US\$277,000) is included in administrative expenses in the income statement.

技術知識包括購入的某些製造晶圓產品技術使用權利。特許技術知識採用的攤銷期是十二年。

攤銷共計630,000美元(二零零五年: 277,000美元)已經包括在收益表的行政費用中。

9 DEFERRED INCOME TAX ASSETS - GROUP

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

As at 1 January	於一月一日
Additions (Note 24)	增添 (附註 24)
Translation adjustments	匯率調整
As at 31 December	於十二月三十一日

The movement in deferred tax assets during the year is as follows:

		Provisions on assets		Tax losses		Total	
		資產撥備		稅務虧損		總額	
		2006	2005	2006	2005	2006	2005
		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	291	278	88	—	379	278
Additions (reversals)	增添 (撥回)	426	(1)	(88)	88	338	87
(Note 24)	(附註 24)						
Translation adjustments	匯率調整	—	14	—	—	—	14
As at 31 December	於十二月三十一日	717	291	—	88	717	379

9 遞延所得稅資產－集團

遞延所得稅資產賬目的總變動如下：

	2006	2005
	US\$'000	US\$'000
	千美元	千美元
As at 1 January	379	278
Additions (Note 24)	338	87
Translation adjustments	—	14
As at 31 December	717	379

年內遞延稅項資產的變動如下：

9 DEFERRED INCOME TAX ASSETS - GROUP (Cont'd) 9 遞延所得稅資產－集團(續)

The amount shown in the balance sheet includes the following:

Deferred tax assets to be recovered after 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 realization of the related tax benefit through the future taxable profits is probable. The Group did not recognize deferred income tax assets of US\$1,315,000 (2005: US\$513,000) in respect of losses amounting to US\$5,378,000 (2005: US\$3,621,000) that can be carried forward against future taxable income. Within the total amount of tax losses that can be carried forward against future taxable income, losses amounting to US\$5,105,000 (2005: US\$2,354,000) will be expired in 2011 (2005: 2010).

資產負債表所呈列的數額包括以下項目：

2006	2005
US\$'000	US\$'000
千美元	千美元
717	379

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。本集團並無將金額為5,378,000美元(二零零五年：3,621,000美元)可用於抵扣日後的應課稅收入的虧損確認為1,315,000元(二零零五年：513,000美元)的遞延所得稅資產。就不超出可結轉日後應課稅收入的稅項虧損總額而言，金額5,105,000美元(二零零五年：2,354,000美元)的虧損將於二零一一年(二零零五年：二零一零年)到期。

10 INVENTORIES - GROUP

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

The cost of inventories recognized as expense and included in cost of goods sold and in research and development expenses amounted to US\$88,042,000 (2005: US\$71,323,000) and US\$549,000 (2005: US\$344,000) respectively.

During the year, the Group has written down the value of inventories to net realizable value by US\$2,002,000 (2005: US\$525,000). The amount has been included in administrative expenses in the income statement (Note 21).

10 存貨－集團

2006	2005
US\$'000	US\$'000
千美元	千美元
6,966	4,167
10,372	7,376
3,808	1,843
6,084	4,486
27,230	17,872

確認為開支並包括在銷貨成本與研究及發展費用的存貨成本分別是88,042,000美元(二零零五年：71,323,000美元)及549,000美元(二零零五年：344,000美元)。

年內，本集團將存貨值減記可變現淨值計2,002,000美元(二零零五年：525,000美元)。該數額已經包括在收益表的行政費用內(附註21)。

11 TRADE AND OTHER RECEIVABLES

11 應收貿易賬款及其他應收款

		Group 本集團		Company 本公司	
		2006	2005	2006	2005
		US\$'000	US\$'000	US\$'000	US\$'000
		千美元	千美元	千美元	千美元
Trade receivables	應收貿易賬款				
– third parties	– 第三方	12,213	10,091	—	—
– related parties (Note 31)	– 關連人士 (附註 31)	2,448	3,806	—	—
Notes receivables	應收票據	1,276	1,368	—	—
		15,937	15,265	—	—
Less: provision for impairment of receivables	減：應收款 減值撥備	(436)	(446)	—	—
Trade receivables – net	應收貿易賬款淨額	15,501	14,819	—	—
Prepayment and other receivables	預付款項及 其他應收款	4,901	2,967	572	748
Receivables from related parties (Note 31)	應收關連人士款項 (附註 31)	1	217	111,939	113,416
		20,403	18,003	112,511	114,164

The fair values of trade and other receivables approximate their carrying value as they are short-term in nature.

因應收貿易賬款及其他應收款均屬於短期性質，故其公平值與其賬面值相若。

11 TRADE AND OTHER RECEIVABLES (Cont'd)

The Group would generally grant credit terms from 0 to 90 days to its customers. A certain portion of the Group's revenue are on letter of credit terms. As at 31 December 2006 and 2005, the ageing analysis of the trade receivables (including amounts due from related parties of trading in nature) were as follows:

0 to 30 days	0 至 30 日
31 to 90 days	31 至 90 日
91 to 180 days	91 至 180 日
181 to 360 days	181 至 360 日

The carrying amounts of trade and other receivables are denominated in the following currencies:

		Group 本集團		Company 本公司	
		2006	2005	2006	2005
		US\$'000	US\$'000	US\$'000	US\$'000
		千美元	千美元	千美元	千美元
Renminbi	人民幣	12,556	9,854	—	—
US Dollars	美元	8,283	8,595	112,511	114,164
		20,839	18,449	112,511	114,164

11 應收貿易賬款及其他應收款 (續)

本集團一般給予客戶零至九十天的信貸期。本集團某些銷售以信用證方式進行。於二零零六年及二零零五年十二月三十一日，應收貿易賬款（包括應收關連人士的貿易性質款項）的賬齡分析如下：

2006	2005
US\$'000	US\$'000
千美元	千美元
8,477	7,349
6,809	6,889
217	753
434	274
15,937	15,265

應收貿易賬款及其他應收款的賬面值以下列貨幣計值：

11 TRADE AND OTHER RECEIVABLES (Cont'd)

Movements on the provision for impairment of trade receivables are as follows:

		Group 本集團		Company 本公司	
		2006	2005	2006	2005
		US\$'000 千美元	US\$'000 千美元	US\$'000 千美元	US\$'000 千美元
At 1 January	一月一日	446	663	—	—
Provision for receivable impairment	應收貿易賬款減值撥備	—	1,185	—	—
Receivables written off during the year as uncollectible	年內作為不可收回款項予以撤銷的應收款	—	(1,400)	—	—
Amount reversed	撥回數額	(10)	—	—	—
Translation adjustments	匯率調整	—	(2)	—	—
At 31 December	十二月三十一日	436	446	—	—

The creation and release of provision for impaired receivables have been included in administrative expense in the income statement (Note 21). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

12 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 34).

11 應收貿易賬款及其他應收款 (續)

應收貿易賬款減值撥備的變動如下：

應收貿易賬款減值撥備的計提及撥回已包括在收益表的行政費用內(附註21)。記入備抵賬目的數額若預期不可收回額外現金，一般會予撤銷。

12 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34)的抵押品。

13 CASH AND CASH EQUIVALENTS

13 現金及現金等價物

		Group 本集團		Company 本公司	
		2006	2005	2006	2005
		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	12,298	11,545	—	—
US Dollars	美元	7,337	12,371	2,263	2,758
Others	其他	1,466	862	793	264
		21,101	24,778	3,056	3,022

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% (2005: 0.72%).

人民幣於中國並非自由兌換貨幣，而中國向外匯款須受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% (二零零五年：0.72%)。

14 SHARE CAPITAL

14 股本

		Number of shares 股份數目	Ordinary shares 普通股	Share premium 股份溢價	Total 總額
		'000 千股	US\$'000 千美元	US\$'000 千美元	US\$'000 千美元
At 1 January 2005	於二零零五年一月一日	2,616,146	33,540	73,562	107,102
Effect of implementation of Equity Incentive Plan – exercising	實施股份獎勵計劃的影響－行使權	66,812	857	1,287	2,144
Repurchase of shares	股份回購	(5,424)	(70)	(215)	(285)
At 31 December 2005	於二零零五年十二月三十一日	2,677,534	34,327	74,634	108,961
Effect of implementation of Equity Incentive Plan – exercising	實施股份獎勵計劃的影響－行使權	51,965	667	2,395	3,062
Repurchase of shares	股份回購	(3,655)	(47)	(137)	(184)
At 31 December 2006	於二零零六年十二月三十一日	2,725,844	34,947	76,892	111,839

The total authorised number of ordinary shares is 10 billion shares (2005 : 10 billion shares) with a par value of HK\$0.1 per share (2005 : HK\$0.1 per share). The issued and fully paid ordinary shares are 2,725,843,629 (2005: 2,677,533,729).

普通股的總法定股數是100億股（二零零五年：100億股）每股面值0.1港元（二零零五年：每股0.1港元）的股份。已發行及足繳的普通股是2,725,843,629股（二零零五年：2,677,533,729股）。

14 SHARE CAPITAL (Cont'd)

The Company acquired 3,655,000 (2005: 5,424,430) of its own shares through purchases on the Hong Kong Exchanges and Clearing Limited during the year. The total amount paid to acquire the shares for cancellation was US\$184,000 (2005: US\$285,000) and has been deducted from share capital for the par value and share premium for the difference between the acquisition cost and par value of the shares acquired.

Details of the Group's Equity Incentive Plan and Share Options Scheme are set out in Note 32.

14 股本(續)

年內，本公司透過香港聯合交易所有限公司回購3,655,000股(二零零五年：5,424,430股)本身的股份。支付予回購股份作註銷的總款額是184,000美元(二零零五年：285,000美元)，其票面價值和購入股份成本的差額已經在票面值及股份溢價中扣除。

本集團的股份獎勵計劃及購股權計劃的有關詳情載於附註32。

15 OTHER RESERVES

15 其他儲備

Group

集團

		Merger reserve 合併儲備	Equity compensation 股本補償	Contributed surplus 供款盈餘	Reserve fund 企業 儲備基金	Enterprise expansion fund 發展基金	Translation 匯兌調整	Total 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	US\$'000 千美元
Balance as at	於二零零五年							
1 January 2005	一月一日的結餘							
- As previously reported	- 如先前所呈報	34,518	—	2,035	2,536	2,536	15	41,640
- Opening adjustment on adoption of HKFRS 2	- 採用香港財務報告準則第2號之後的年初調整	—	1,171	—	—	—	—	1,171
Balance as at 1 January 2005, restated	於二零零五年一月一日的結餘(重列)	34,518	1,171	2,035	2,536	2,536	15	42,811
Effect of implementation of Equity Incentive Plan - vesting	實施股份獎勵計劃的影響-歸屬權	—	1,453	—	—	—	—	1,453
Effect of implementation of Equity Incentive Plan - exercising	實施股份獎勵計劃的影響-行使權	—	(1,453)	—	—	—	—	(1,453)
Translation adjustments	匯率調整	—	—	—	—	—	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	34,518	1,171	2,035	2,536	2,536	3,294	46,090
Effect of implementation of Equity Incentive Plan - vesting	實施股份獎勵計劃的影響-歸屬權	—	2,463	—	—	—	—	2,463
Effect of implementation of Equity Incentive Plan - exercising	實施股份獎勵計劃的影響-行使權	—	(2,507)	—	—	—	—	(2,507)
Effect of implementation of Share Options Scheme - vesting	實施購股權計劃的影響-歸屬權	—	25	—	—	—	—	25
Translation adjustments	匯率調整	—	—	—	—	—	4,906	4,906
Balance as at 31 December 2006	於二零零六年十二月三十一日的結餘	34,518	1,152	2,035	2,536	2,536	8,200	50,977

15 OTHER RESERVES (Cont'd)

Company

		Merger reserve	Equity compensation	Total
		合併儲備	股本補償	總額
		US\$'000	US\$'000	US\$'000
		千美元	千美元	千美元
Balance as at 1 January 2005	於二零零五年一月一日的結餘			
– As previously reported	– 如先前所呈報	34,518	—	34,518
– Opening adjustment on adoption of HKFRS 2	– 採用香港財務報告準則第2號之後的年初調整	—	1,171	1,171
		<hr/>	<hr/>	<hr/>
Balance as at 1 January 2005, restated	於二零零五年一月一日的結餘 (重列)	34,518	1,171	35,689
Effect of implementation of Equity Incentive Plan – vesting	實施股份獎勵計劃的影響 – 歸屬權	—	1,453	1,453
Effect of implementation of Equity Incentive Plan – exercising	實施股份獎勵計劃的影響 – 行使權	—	(1,453)	(1,453)
		<hr/>	<hr/>	<hr/>
Balance as at 31 December 2005	於二零零五年十二月三十一日的結餘	34,518	1,171	35,689
Effect of implementation of Equity Incentive Plan – vesting	實施股份獎勵計劃的影響 – 歸屬權	—	2,463	2,463
Effect of implementation of Equity Incentive Plan – exercising	實施股份獎勵計劃的影響 – 行使權	—	(2,507)	(2,507)
Effect of implementation of Share Options Scheme – vesting	實施購股權計劃的影響 – 歸屬權	—	25	25
		<hr/>	<hr/>	<hr/>
Balance as at 31 December 2006	於二零零六年十二月三十一日的結餘	<u>34,518</u>	<u>1,152</u>	<u>35,670</u>

15 其他儲備 (續)

公司

	Merger reserve	Equity compensation	Total
	合併儲備	股本補償	總額
	US\$'000	US\$'000	US\$'000
	千美元	千美元	千美元
Balance as at 1 January 2005			
– As previously reported	34,518	—	34,518
– Opening adjustment on adoption of HKFRS 2	—	1,171	1,171
	<hr/>	<hr/>	<hr/>
Balance as at 1 January 2005, restated	34,518	1,171	35,689
Effect of implementation of Equity Incentive Plan – vesting	—	1,453	1,453
Effect of implementation of Equity Incentive Plan – exercising	—	(1,453)	(1,453)
	<hr/>	<hr/>	<hr/>
Balance as at 31 December 2005	34,518	1,171	35,689
Effect of implementation of Equity Incentive Plan – vesting	—	2,463	2,463
Effect of implementation of Equity Incentive Plan – exercising	—	(2,507)	(2,507)
Effect of implementation of Share Options Scheme – vesting	—	25	25
	<hr/>	<hr/>	<hr/>
Balance as at 31 December 2006	<u>34,518</u>	<u>1,152</u>	<u>35,670</u>

16 LONG-TERM PAYABLE

16 長期應付款項

		2006	2005
		US\$'000	US\$'000
		千美元	千美元
Gross long-term payable – minimum payments:	長期應付款總額 – 最低付款：		
No later than 1 year	一年之內	967	—
Later than 1 year and no later than 5 years	一年以上至五年	4,777	—
Later than 5 years	五年以上	6,434	—
		<u>12,178</u>	<u>—</u>
Future finance charges on long-term payable	長期應付款的未來財務成本	(3,046)	—
Present value of long-term payable	長期應付款現值	<u>9,132</u>	<u>—</u>
The present value of long-term payable is as follows:	長期應付款的現值如下：		
No later than 1 year (disclosed as current liabilities in Note 18)	一年以內（在附註 18 內披露為流動負債）	644	—
Later than 1 year and no later than 5 years	一年以上至五年	3,015	—
Later than 5 years	五年以上	5,473	—
		<u>9,132</u>	<u>—</u>

The present values are based on cash flows discounted using a rate based on the borrowings rate of 5.85%.

現值是根據將現金流量以根據5.85%借貸利率為基礎的比率作貼現計算。

17 BORROWINGS

17 借貸

		Group 本集團		Company 本公司	
		2006	2005	2006	2005
		US\$'000 千美元	US\$'000 千美元	US\$'000 千美元	US\$'000 千美元
Non-current	非流動				
Secured bank borrowings	有抵押銀行借貸	7,000	9,230	—	—
Current	流動				
Secured bank borrowings	有抵押銀行借貸	8,306	3,000	—	—
Unsecured bank borrowings	無抵押銀行借貸	27,479	29,922	5,000	5,000
		35,785	32,922	5,000	5,000
Total borrowings	借貸總額	42,785	42,152	5,000	5,000

As at 31 December 2006, the Group's long-term and short-term bank loans bore interest at rates ranging from 5.58% to 6.07% (2005: 5.58% to 5.62%) per annum and 5.85% to 6.40% (2005: 4.41% to 6.32%) per annum, respectively.

As at 31 December 2006, the Company's short-term bank loans bore interest at 5.57% (2005: 5.54%) per annum.

於二零零六年十二月三十一日，本集團的長期及短期銀行貸款的年利率分別介乎5.58%至6.07%（二零零五年：5.58%至5.62%）及5.85%至6.4%（二零零五年：4.41%至6.32%）。

於二零零六年十二月三十一日，本集團的短期銀行貸款支付利息的年利率是5.57%（二零零五年：5.54%）。

17 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:

		Group 本集團		Company 本公司	
		2006	2005	2006	2005
		US\$'000 千美元	US\$'000 千美元	US\$'000 千美元	US\$'000 千美元
6 months or less	六個月或以下	17,050	20,983	5,000	5,000
6 to 12 months	六個月至十二個月	18,735	11,939	—	—
1 to 5 years	一年至五年	7,000	9,230	—	—
Wholly repayable within 5 years	於五年內 悉數償還	42,785	42,152	5,000	5,000
Over 5 years	五年以上	—	—	—	—
Total borrowings	借貸總額	42,785	42,152	5,000	5,000

The maturity of borrowings is as follows:

		Group 本集團		Company 本公司	
		2006	2005	2006	2005
		US\$'000 千美元	US\$'000 千美元	US\$'000 千美元	US\$'000 千美元
Within 1 year	一年以內	35,785	32,922	5,000	5,000
Between 1 to 2 years	一年至兩年	7,000	2,230	—	—
Between 2 to 5 years	兩年至五年	—	7,000	—	—
Total borrowings	借貸總額	42,785	42,152	5,000	5,000

17 借貸 (續)

本集團及本公司的借貸於結算日面對利率變動及合約重新定價日期如下：

借貸的到期日如下：

17 BORROWINGS (Cont'd)

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

	Carrying amount		Fair values	
	賬面值		公平值	
	2006	2005	2006	2005
	US\$'000	US\$'000	US\$'000	US\$'000
	千美元	千美元	千美元	千美元
Long-term bank loans	7,000	9,230	6,977	9,225
長期銀行貸款				

The fair values of current borrowings equal their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the borrowings rate of 5.83% (2005: 5.60%).

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

	Group		Company	
	本集團		本公司	
	2006	2005	2006	2005
	US\$'000	US\$'000	US\$'000	US\$'000
	千美元	千美元	千美元	千美元
US Dollars	31,000	31,000	5,000	5,000
Renminbi	11,785	11,152	—	—
Total borrowings	42,785	42,152	5,000	5,000
美元				
人民幣				
借貸總額				

Certain bank borrowings are secured by machineries with a net book value of approximately US\$25,644,000 (2005: US\$11,436,000) (Note 7).

17 借貸 (續)

本集團的非流動借貸的賬面值及公平值如下：

流動借貸的公平值相等於其賬面值，因為貼現的影響不大。公平值是將現金流量以根據5.83%（二零零五年：5.60%）的借貸利率為基礎的比率作貼現計算。

借貸的賬面值以下列貨幣計值：

若干銀行借貸是以賬面淨值約為25,644,000美元的機器作為抵押，（二零零五年：11,436,000美元）（附註7）。

18 TRADE AND OTHER PAYABLES

18 應付貿易賬款及其他應付款

		Group 本集團		Company 本公司	
		2006	2005	2006	2005
		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	19,408	15,447	—	—
– related parties (Note 31)	– 關連人士 (附註 31)	1,143	1,183	—	—
Notes payables	應付票據	—	1,859	—	—
		20,551	18,489		—
Advance from customers	客戶預付款項	2,816	1,721	—	
Accruals and other payables	應計款及 其他應付款	6,065	3,664	745	1,019
Current portion of long term payable (Note 16)	長期應付款的流動 部分 (附註 16)	644	—	—	—
Due to related parties (Note 31)	應付關連人士款項 (附註 31)	153	958	133	589
		30,229	24,832	878	1,608

18 TRADE AND OTHER PAYABLES (Cont'd)

As at 31 December 2006 and 2005, the ageing analysis of the Group's trade payables (including amounts due to related parties of trading in nature) were as follows:

0 to 30 days	0 至 30 日
31 to 180 days	31 至 180 日
Over 180 days	180 日以上

19 INVESTMENTS IN SUBSIDIARIES - COMPANY

Investments in subsidiaries of the Company comprised:

Unlisted shares, at cost	非上市股份，按成本
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18 應付貿易賬款及其他應付款 (續)

截至二零零六年及二零零五年十二月三十一日，本集團應付貿易賬款（包括應付關連人士的貿易性質款項）的賬齡分析如下：

2006	2005
US\$'000	US\$'000
千美元	千美元
17,149	14,351
2,245	3,103
1,157	1,035
20,551	18,489

19 於附屬公司的投資－公司

本公司於附屬公司的投資包括：

2006	2005
US\$'000	US\$'000
千美元	千美元
34,527	34,527

19 INVESTMENTS IN SUBSIDIARIES - COMPANY

(Cont'd)

Details of the Company's subsidiaries at 31 December 2006 are as follows:

Name 名稱	Country/ place of incorporation/ kind of legal entity 註冊成立/ 成立國家/地點及 法律實體類別	Issued share capital 已發行股本	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 Company Limited ("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
Rightbest Limited ("Rightbest") 極致實業有限公司 (「極致實業」)	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

19 於附屬公司的投資－公司

(續)

截至二零零六年十二月三十一日本公司的附屬公司詳情如下：

19 INVESTMENTS IN SUBSIDIARIES - COMPANY **19 於附屬公司的投資－公司**
 (Cont'd) (續)

Name 名稱	Country/ place of incorporation/ kind of legal entity 註冊成立/ 成立國家/地點及 法律實體類別	Issued share capital 已發行股本	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 於中國製造集成電路及 相關產品
CSMC Technologies Fab 3 Co., Ltd ("Fab 3") 北京華潤上華半導體有限公司 (「三廠」)	The PRC / Wholly-owned foreign enterprise 中國外商獨資企業	US\$9,500,000 9,500,000 美元	—	100%	Manufacture of integrated circuit and related products in the PRC (pre-operating as at 31 December 2006) (於二零零六年十二月 三十一日處於預營運階段) 於中國製造集成電路及 相關產品

20 OTHER GAINS – NET

Subsidy income (Note (a))	補貼收入 (附註(a))
Gain (loss) on disposal of property, plant and equipment	出售物業、廠房及設備的收益 (虧損)
Net foreign exchange gain	匯率收益淨額
Others, net	其他，淨額

Note:

- a) The subsidy income for 2006 mainly represents a government incentive for re-investment in a subsidiary in the PRC and a subsidy granted for an environmental protection project amounting to US\$2,145,000 and US\$82,000 respectively. The subsidy income of US\$749,000 in the prior year represented refund of Value-Added Tax for Fab 1 for being a qualified manufacturer of micro-electronics products.

20 其他收益淨額

2006	2005
US\$'000	US\$'000
千美元	千美元
2,227	749
529	(22)
1,011	762
348	(303)
4,115	1,186

附註：

- (a) 二零零六年的補貼收入主要是政府對集團於中國以利潤再投資於附屬公司的獎勵及向一項環境保護項目授出補助金，金額分別為2,145,000美元及82,000美元。前一年的補貼收入是749,000美元，是一廠作為合格微電子產品製造商所得的增值稅退稅。

21 EXPENSES BY NATURE

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

Changes in inventories of finished goods and work in progress	製成品及在製品的變動
Raw materials and consumables used	耗用原材料及易耗品
Employee benefit expense (Note 22)	僱員福利開支 (附註 22)
Depreciation of property, plant and equipment (Note 7)	物業、廠房及設備折舊 (附註 7)
Amortization of intangible assets (Note 8)	無形資產攤銷 (附註 8)
Utilities expenses	設施開支
Impairment charges for property, plant and equipment (Note 7)	物業、廠房及設備減值 (附註 7)
Impairment charges for goodwill (Note 8)	商譽減值支出 (附註 8)
Transportation expenses	運輸開支
Amortisation of prepaid operating lease payment (Note 6)	經營租賃預付租金攤銷 (附註 6)
Operating lease expenses on buildings and machinery	樓宇及機器經營租賃開支
Provision on inventories to net realizable value (Note 10)	存貨撥備至可變現淨值 (附註 10)
(Reversal of provision) provision or doubtful receivables (Note 11)	(撥回撥備) 應收呆賬撥備 (附註 11)
Auditors' remuneration	核數師酬金

21 按性質分類開支

銷貨成本、銷售及市場推廣成本、行政費用及研究及發展費用中包含的開支分析如下：

2006	2005
US\$'000 千美元	US\$'000 千美元
4,961	3,400
33,849	19,188
15,024	10,858
22,633	22,559
630	277
13,240	11,498
1,820	48
—	211
1,150	679
12	13
1,828	1,474
2,002	525
(10)	1,185
220	157

22 EMPLOYEE BENEFIT EXPENSE

22 僱員福利開支

		2006	2005
		US\$'000	US\$'000
		千美元	千美元
Wages and salaries	工資及薪金	11,226	8,277
Shares and options granted to directors and employees (Note 32)	授予董事及員工的股份及購股權 (附註 32)	2,488	1,453
Pension costs – defined contribution plans (Note 33)	退休金成本—界定供款計劃 (附註 33)	1,310	1,128
		15,024	10,858
		2006	2005
Number of employees	僱員人數	1,820	1,436

22 EMPLOYEE BENEFIT EXPENSE (Cont'd)

(a) Directors' emoluments

The remuneration of every director for the year ended 31 December 2006 is set out below:

	Fees 袍金	Salary 薪金	Discretionary bonuses 酌情花紅	Inducement fees 加盟酬金	Other benefits ⁽¹⁾ 其他福利 ⁽¹⁾	Employer's Compensation contribution for loss of to pension office as scheme director		Total 總計
						僱員的退休金 計劃供款	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
Executive:								
執行董事：								
Dr. Chen Cheng Yu, Peter	100	66	—	24	163	—	—	353
陳正宇博士								
Mr. Lee Naii, Robert	69	136	—	31	122	—	—	358
李乃義先生								
Mr. Tsai Nein Nan ⁽³⁾	6	113	—	24	138	—	—	281
蔡聯南先生 ⁽³⁾								
Non-executive:								
非執行董事：								
Mr. ZHU Jinkun ⁽²⁾	1	—	—	—	—	—	—	1
朱金坤先生 ⁽²⁾								
Mr. Wang Guoping ⁽²⁾	1	—	—	—	—	—	—	1
王國平先生 ⁽²⁾								
Mr. Ong Thiam Kin	9	—	—	—	—	—	—	9
王添根先生								
Mr. Yu Yu	8	—	—	—	—	—	—	8
俞宇先生								
Dr. Chen Nan Xiang	8	—	—	—	—	—	—	8
陳南翔博士								
Mr. Paul P. Wang ⁽³⁾	6	—	—	—	—	—	—	6
王伯元先生 ⁽³⁾								
Mrs. Oon Kum Loon	28	—	—	—	—	—	—	28
溫金鸞女士								
Mr. Hsue Chi Nan, Mark	26	—	—	—	—	—	—	26
許奇楠先生								
Mr. Ralph Sytze Ybema	33	—	—	—	—	—	—	33
Ralph Sytze Ybema 先生								

22 僱員福利開支 (續)

(a) 董事酬金

截至二零零六年十二月三十一日止年度各董事的酬金載列如下：

22 EMPLOYEE BENEFIT EXPENSE (Cont'd)

(a) Directors' emoluments (Cont'd)

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

	Fees	Salary	Discretionary bonuses	Inducement fees	Other benefits ⁽¹⁾	Employer's Compensation		Total	
						contribution to pension scheme	for loss of office as director		
	袍金	薪金	酌情花紅	加盟酬金	其他福利 ⁽¹⁾	僱員的退休金計劃供款	董事離職補償	總計	
	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	
Executive:									
執行董事:									
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
Non-executive:									
非執行董事:									
Mr. Ong Thiam Kin	王添根先生	12	—	—	—	—	—	—	12
Mr. Yu Yu	俞宇先生	10	—	—	—	—	—	—	10
Mr. Chen Nan Xiang	陳南翔博士	8	—	—	—	—	—	—	8
Mr. Paul P. Wang ⁽³⁾	王伯元先生 ⁽³⁾	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

Notes:

- (1) Other benefits include share-based payment, housing and other allowances.
- (2) The directors were appointed on 1 September 2006.
- (3) The directors resigned on 1 September 2006.

22 僱員福利開支 (續)

(a) 董事酬金 (續)

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	Salary	Discretionary bonuses	Inducement fees	Other benefits ⁽¹⁾	Employer's Compensation		Total	
						contribution to pension scheme	for loss of office as director		
	袍金	薪金	酌情花紅	加盟酬金	其他福利 ⁽¹⁾	僱員的退休金計劃供款	董事離職補償	總計	
	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	
Executive:									
執行董事:									
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
Non-executive:									
非執行董事:									
Mr. Ong Thiam Kin	王添根先生	12	—	—	—	—	—	—	12
Mr. Yu Yu	俞宇先生	10	—	—	—	—	—	—	10
Mr. Chen Nan Xiang	陳南翔博士	8	—	—	—	—	—	—	8
Mr. Paul P. Wang ⁽³⁾	王伯元先生 ⁽³⁾	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

附註：

- (1) 其他福利包括基於股份的付款、住房及其他津貼。
- (2) 董事於二零零六年九月一日獲委任。
- (3) 董事於二零零六年九月一日離任。

22 EMPLOYEE BENEFIT EXPENSE (Cont'd)

(a) Directors' emoluments (Cont'd)

During the year ended 31 December 2006, none of the directors waived any emoluments or has agreed to waive any emoluments (2005: None).

Up to 31 December 2006, approximately 18,003,000 shares of the Company were allocated to the directors under the "Equity Incentive Plan". Among these shares allocated, approximately 5,337,000 (2005: 7,341,000) shares have vested and were issued during the year (Note 32(a)). As of 31 December 2006, 12,678,000 shares were vested and issued.

22 僱員福利開支(續)

(a) 董事酬金(續)

於截至二零零六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任何酬金(二零零五年：無)。

截至二零零六年十二月三十一日，本公司根據股份獎勵計劃向董事分配約18,003,000股股份。在該等分配的股份當中，約5,337,000股(二零零五年：7,341,000股)股份已於年度內達成歸屬條件並已發行(附註32(a))。截至二零零六年十二月三十一日，共有12,678,000股股份已經歸屬及已發行。

22 EMPLOYEE BENEFIT EXPENSE (Cont'd)**(b) Five highest paid individuals**

The five individuals whose emoluments were the highest in the Group for the year include three (2005: three) directors (including the executive director who ceased to be an executive director during the year) whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two (2005: 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

22 僱員福利開支 (續)**(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(二零零五年：三名)董事(包括於年內辭任執行董事的執行董事)，其酬金於上文所呈列的分析反映出來。年內餘下兩名(二零零五年：兩名)最高薪酬人士的應付酬金如下：

2006	2005
US\$'000	US\$'000
千美元	千美元
251	289
49	24
96	59
396	372

22 EMPLOYEE BENEFIT EXPENSE (Cont'd)**(b) Five highest paid individuals (Cont'd)**

The emoluments fell within the following bands:

Emolument bands	酬金範圍
HK\$1,000,001 to HK\$1,500,000 (equivalent to approximately US\$128,200 to US\$192,300)	1,000,001 港元至 1,500,000 港元 (約等於 128,200 美元 至 192,300 美元)
HK\$1,500,001 to HK\$2,000,000 (equivalent to approximately US\$192,300 to US\$256,410)	1,500,001 港元至 2,000,000 港元 (約等於 192,300 美元 至 256,410 美元)

22 僱員福利開支 (續)**(b) 五名最高薪酬人士 (續)**

酬金介乎以下範圍：

Number of individuals	
人數	
2006	2005
US\$'000	US\$'000
千美元	千美元
1	1
1	1
2	2

23 FINANCE INCOME AND COSTS

Interest expense:	利息開支：
Interest expense on bank borrowings repayable within 5 years	於五年內償還的銀行 借貸利息開支
Interest expense on long term payable	長期應付款的利息開支
Finance costs	融資成本
Finance income – Interest income on short-term bank deposits	財務收益 – 短期銀行 存款利息收入
Net finance costs	融資成本淨額

23 財務收益及融資成本

2006	2005
US\$'000	US\$'000
千美元	千美元
(3,002)	(1,616)
(529)	—
(3,531)	(1,616)
339	172
(3,192)	(1,444)

24 INCOME TAX (EXPENSE) RECOVERY

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 taxable income as reported in their PRC statutory accounts adjusted in accordance with the relevant PRC income tax laws. The general applicable EIT rate for Fab 1, Fab 2 and Fab 3 is 33%. However, being located in the "Coastal Open Economic Zone", Fab 1 and Fab 2 are 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.

24 所得稅(開支)退回

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」)。一廠、二廠及三廠的一般適用企業所得稅率為33%。然而，由於一廠及二廠位於「沿海經濟開發區」，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。

24 INCOME TAX (EXPENSE) RECOVERY (Cont'd)

In April 2005, Fab 1 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.

No EIT has been provided for Fab 2 and Fab 3 as there was no taxable income as reported in their PRC statutory accounts adjusted in accordance with relevant PRC income tax laws.

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

Current income tax	現行所得稅
– PRC EIT	– 中國企業所得稅
– Reversal of over-accrued EIT	– 撥回多計的企業所得稅
Deferred income tax (Note 9)	遞延所得稅 (附註 9)

24 所得稅(開支)退回(續)

於二零零五年四月，一廠收到中國國家稅務總局的批准，被分類為投資超過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。

由於二廠和三廠按有關中國所得稅法調整後的中國法定賬目並無應課稅收入，因此並無為其計提企業所得稅撥備。

自綜合收益表(計入)扣除的稅項金額指：

2006	2005
US\$'000	US\$'000
千美元	千美元
1,459	—
—	(279)
(338)	(87)
1,121	(366)

24 INCOME TAX (EXPENSE) RECOVERY (Cont'd)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits (loss) of the consolidated companies as follows:

Profit (loss) before tax	除稅前溢利（虧損）
Tax calculated at domestic tax rates applicable to profit (loss) in the respective jurisdictions in which the Group operates	以本集團經營管轄地的當地盈（虧）適用稅率計算的稅項
Effect of tax losses for which no deferred income tax asset was recognized	無確認遞延稅項資產的稅項虧損影響
Income not subject to taxation	毋須課稅的收入
Expenses not deductible for taxation purposes	稅務不可扣除的開支
Effect on deferred taxes arising from change in tax rate	因稅率變動而致的遞延稅項影響
Utilisation of tax losses	稅項虧損的使用
Reversal of over-accrued EIT	撥回多計的企業所得稅
Tax charge (recovery)	稅項開支（退回）

24 所得稅（開支）退回（續）

本集團除稅前溢利的稅項與採用適用於綜合各個計賬公司盈利（虧損）的加權平均稅率計算的理論數額的差異如下：

2006	2005
US\$'000	US\$'000
千美元	千美元
7,487	(7,208)
586	(554)
1,225	513
(340)	(77)
196	31
(187)	—
(269)	—
—	(279)
1,121	(366)

25 LOSS 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\$3,748,000 (2005: US\$1,235,000).

26 EARNINGS PER SHARE

(a) Basic

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

Profit (loss) attributable to equity holders of the Company (US\$'000)	本公司權益持有人應佔溢利（虧損）（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 earnings (loss) per share (US cent per share)	每股基本盈利（虧損）（每股美仙）

25 本公司權益持有人應佔虧損

本公司的權益持有人應佔本公司虧損為3,748,000美元（二零零五年：1,235,000美元），已經在財務報表中體現。

26 每股盈利

(a) 基本

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

2006	2005
6,366	(6,842)
2,701,158	2,646,935
0.24	(0.26)

26 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 two categories of dilutive potential ordinary shares: shares to be issued under the Equity Incentive Plan (“EIP”) and Share Options Scheme (“SOS”) (Note 32). 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 shares/share options under EIP and SOS. 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 of shares/share options.

26 每股盈利 (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。本公司有兩個類別的潛在攤薄普通股：根據股份獎勵計劃及購股權計劃（附註32）將予發行的股份。股份數目乃根據股份獎勵計劃及購股權計劃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股份/股權認購權而發行的股份數目比較。

		2006
Profit attributable to equity holders of the Company (US\$'000)	本公司股東應佔溢利（千美元）	6,366
Weighted average number of ordinary shares in issue ('000)	已發行普通股的加權平均數（千股）	2,701,158
Adjustments for Equity Incentive Plan ('000)	股份獎勵計劃調整（千股）	36,454
Adjustments for Share Option Scheme ('000)	購股權計劃調整（千股）	1,099
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）	2,738,711
Diluted earnings per share (US cent per share)	每股攤薄盈利（每股美仙）	0.23

26 EARNINGS PER SHARE (Cont'd)

(b) Diluted (Cont'd)

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

27 PROFIT APPROPRIATIONS

(a) Dividends

The directors do not recommend the payment of a dividend for the year ended 31 December 2006 and 2005.

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") and CSMC Technologies Fab 2 Co., Ltd. ("Fab 2"), 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.

26 每股盈利 (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。

27 溢利分配

(a) 股息

董事不建議派付截至二零零六年及二零零五年十二月三十一日止年度的股息。

2006	2005
US\$'000	US\$'000
千美元	千美元
—	1,705

(b) 法定公積金

中國法律及法規規定無錫華潤上華半導體有限公司（「一廠」）及無錫華潤上華科技有限公司（「二廠」）須提供若干法定基金，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）。

27 PROFIT APPROPRIATIONS (Cont'd)**(b) Statutory reserve funds (Cont'd)**

According to the relevant laws and regulations of the PRC, Fab 1 and Fab 2, 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 and Fab 2’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 and Fab 2’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.

As of 31 December 2006, the Board of Directors has not approved any appropriation of “reserve fund” and “staff and workers’ bonus and welfare fund” for Fab 1 for year 2006. No appropriation has been made for Fab 2 for year 2006 as Fab 2 has incurred a loss during the year. No appropriation had been made for the year ended 31 December 2005 as Fab 1 had incurred a loss during the year.

27 溢利分配 (續)**(b) 法定公積金 (續)**

根據中國有關法例及規例，一廠及二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」的部份則由一廠及二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及二廠的資產。

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。

截至二零零六年十二月三十一日，董事會並無批准一廠為二零零六年的「儲備基金」及「職工獎勵及福利基金」撥備。因為二廠在該年有虧損，在二零零六年亦無為二廠作出撥備。於截至二零零五年十二月三十一日止的年度並沒無為一廠作出撥備，因為一廠在該年有虧損。

28 CASH GENERATED FROM OPERATIONS

28 綜合現金流量表附註

(a) Cash generated from operations

(a) 經營業務產生的現金流量

		2006	2005
		US\$'000	US\$'000
		千美元	千美元
Profit (loss) before income tax	除稅前溢利 (虧損)	7,487	(7,208)
Adjustments for:	調整以下項：		
(Reversal of provision) provision for doubtful receivables	應收款呆賬 (撥回撥備) 計提撥備	(10)	1,185
Write down inventories to net realizable value	將存貨減記為可變現淨值	2,002	525
Depreciation of property, plant and equipment (Note 7)	物業、廠房及設備折舊 (附註 7)	22,633	22,559
Amortization of intangible assets (Note 8)	無形資產攤銷 (附註 8)	630	277
(Profit) loss on disposal of property, plant and equipment	出售物業、廠房及設備的 (溢利) 虧損	(529)	22
Impairment of property, plant and equipment (Note 7)	物業、廠房及設備減值 (附註 7)	1,820	48
Interest expenses (Note 23)	利息開支 (附註 23)	3,531	1,616
Interest income from bank deposits (Note 23)	銀行存款的利息收入 (附註 23)	(339)	(172)
Impairment of goodwill (Note 8)	商譽減值 (附註 8)	—	211
Amortization of prepaid operating lease payment (Note 6)	經營租賃預付租金攤銷 (附註 6)	12	13
Costs of equity incentive plan and share option scheme (Note 22)	股份獎勵計劃及購股權計劃的成本 (附註 22)	2,488	1,453
Change in working capital changes	營運資金變動	39,725	20,529
Decrease (increase) in prepaid expenses	預付開支的減少 (增加)	215	(11)
Increase in inventories	存貨增加	(11,360)	(1,844)
Decrease (increase) in restricted bank deposits	受限制銀行存款減少 (增加)	328	(981)
Increase in trade and other receivables	應收貿易賬款及其他應收款的增加	(789)	(535)
Increase in trade and other payables	應付貿易賬款及其他應付款的增加	3,874	3,763
Cash generated from operations	經營業務產生的現金流量	31,993	20,921

28 CASH GENERATED FROM OPERATIONS (Cont'd)**(b) Property, plant and equipment and intangible assets**

During the year, the Group acquired property, plant and equipment and intangible assets with an aggregated cost of US\$36,510,000 (Note 7) and US\$5,028,000 (Note 8) respectively and of which the payments of US\$4,664,000 for property, plant and equipment and US\$4,468,000 for intangible assets were satisfied by means of long-term payable over a period of 10 to 12 years. Cash payments of US\$31,846,000 and US\$560,000 were made to purchase property, plant and equipment and intangible assets respectively.

28 綜合現金流量表附註(續)**(b) 物業、廠房及設備及無形資產**

年內，本集團購置的物業、廠房及設備及無形資產合計成本分別是36,510,000美元（附註7）及5,028,000美元（附註8），其中為物業、廠房及設備支付的4,664,000美元及為無形資產支付的4,468,000元是在十至十二年內支付的長期應款項，另外分別以現金31,846,000美元和560,000美元購置物業、廠房及設備及無形資產。

29 COMMITMENTS - GROUP

(a) Capital commitments

As at 31 December 2006, 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 property, plant and equipment	– 購置物業、廠房及設備
– Acquisition of information technology system	– 購置資訊科技系統
Authorized but not contracted for:	已批准但未訂約：
– Acquisition of property, plant and equipment	– 購置物業、廠房及設備
– Acquisition of information technology system	– 購置資訊科技系統

29 承擔 – 集團

(a) 資本承擔

於二零零六年十二月三十一日，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：

2006	2005
US\$'000	US\$'000
千美元	千美元
49,216	4,588
498	929
50,463	211,597
1,372	3,235
101,549	220,349

29 COMMITMENTS - GROUP (Cont'd)**(b) Operating lease commitments (Cont'd)**

The Group leases various offices, factory premises and machinery under non-cancellable operating lease agreements. The leases have varying terms and renewal rights.

As at 31 December 2006, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

Office and factory premises and machinery	辦公室、廠房及機器
- No later than 1 year	- 一年內
- Later than 1 year but no later than 5 years	- 超過一年但不超過五年
- Later than 5 years	- 超過五年

29 承擔－集團 (續)**(b) 經營租約承擔 (續)**

本集團以不可撤銷的經營租賃協議租賃多間辦公室、廠房及機器，該等租約的租期及續約權各不相同。

於二零零六年十二月三十一日，本集團根據不可撤銷經營租約有以下未來最低租金付款總額：

2006	2005
US\$'000	US\$'000
千美元	千美元
1,997	1,519
7,359	4,732
1,323	—
10,679	6,251

30 BANKING FACILITIES

As at year end, 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 utilised	減：已動用金額
Loan facilities	貸款融資
Letters of credit	信用證
Unutilised facilities	未動用融資額度

As at 31 December 2006, the utilized letters of credit facilities were secured by certain of the Group's pledged deposits amounting to approximately US\$194,000 (2005: approximately US\$503,000) (Note 12).

30 銀行融資額度

於年底，本集團的銀行融資額度如下：

2006	2005
US\$'000	US\$'000
千美元	千美元
163,329	147,848
11,291	5,642
174,620	153,490
(42,785)	(42,152)
(2,254)	(2,172)
129,581	109,166

於二零零六年十二月三十一日，已動用信用證的金額由本集團為數約194,000美元(二零零五年：約503,000美元)的若干有抵押存款作擔保(附註12)。

31 RELATED PARTY TRANSACTIONS

(a) Name and relationship

Name 名稱
China Resources Logic Limited* (“CR Logic”) 華潤勵致有限公司 * (「華潤勵致」)
China Resources Microelectronics (Holdings) Limited 華潤微電子控股有限公司 (「華潤微電子」)
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」)
CR Powtech (Shanghai) Limited (“CR Powtech”) 華潤矽威科技(上海)有限公司 (「華潤矽威」)
China Resources Semiconductor Company Limited (“HK Semico”) 華潤半導體有限公司 (「華潤半導體」)
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」)
Wuxi CR Semiconductor Wafers & Chips Ltd. (“CSWC”) 無錫華潤晶芯有限公司 (「華潤晶芯」)
Shenzhen China Resources Semico Co., Ltd. (“Shenzhen CR Semico”) 深圳華潤矽科微電子有限公司 (「無錫華潤矽科」)

31 關連人士交易

(a) 名稱及關係

Relationship 關係
Holding company 控股公司
Subsidiary of CR Logic 華潤勵致的附屬公司
Subsidiary of CR Logic 華潤勵致的附屬公司
Subsidiary of CR Logic 華潤勵致的附屬公司
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Subsidiary of CR Logic 華潤勵致的附屬公司

31 RELATED PARTY TRANSACTIONS (Cont'd)

(a) Name and relationship (Cont'd)

Name 名稱	Relationship 關係
Central Semiconductor Manufacturing Corporation (“CSMC Cayman”) 上華半導體有限公司 (「上華半導體」)	Under significant influence of certain directors of the Company 受本公司某些董事的重大影響
Central Semiconductor Manufacturing Co., Ltd. (“CSMC-HK”) 上華半導體製造有限公司 (「上華香港」)	Subsidiary of CSMC Cayman 上華半導體的附屬公司
Wiston Management Limited (“Wiston”)	Controlled by certain directors of the Company 由本公司某些董事控制
IPCore Technologies Coporation (“IPCore”)** IPCore Technologies Coporation (「智芯科技」)**	Under significant influence of a director and shareholder of the Company 受本公司一名董事兼股東的重大影響
IPCore Technologies (Shanghai) Co., Ltd. (“IPCore SH”)** 智芯科技(上海)有限公司 (「智芯科技(上海)」)**	Subsidiary of IPCore 智芯科技的附屬公司

* Became the holding company with 72.9% equity interest of the Company since 12 July 2006. (23.65% as of 31 December 2005).

** Ceased to be related parties since February 2006.

31 關連人士交易 (續)

(a) 名稱及關係 (續)

Relationship 關係	Name 名稱
Under significant influence of certain directors of the Company 受本公司某些董事的重大影響	Central Semiconductor Manufacturing Corporation (“CSMC Cayman”) 上華半導體有限公司 (「上華半導體」)
Subsidiary of CSMC Cayman 上華半導體的附屬公司	Central Semiconductor Manufacturing Co., Ltd. (“CSMC-HK”) 上華半導體製造有限公司 (「上華香港」)
Controlled by certain directors of the Company 由本公司某些董事控制	Wiston Management Limited (“Wiston”)
Under significant influence of a director and shareholder of the Company 受本公司一名董事兼股東的重大影響	IPCore Technologies Coporation (“IPCore”)** IPCore Technologies Coporation (「智芯科技」)**
Subsidiary of IPCore 智芯科技的附屬公司	IPCore Technologies (Shanghai) Co., Ltd. (“IPCore SH”)** 智芯科技(上海)有限公司 (「智芯科技(上海)」)**

* 自二零零六年七月十二日起持有本公司72.9% 權益成為控股公司 (於二零零五年十二月三十一日持有23.65% 權益)

** 自二零零六年二月起停止成為關連人士

31 RELATED PARTY TRANSACTIONS (Cont'd)

(b) Related party transactions

During the year ended 31 December 2006, the Group had the following significant transactions with related parties. Sales, purchases and other transactions with the respective related parties are negotiated in the normal course of business with margin with reference to the transactions entered with non-related parties.

a) Sales of goods to:	a) 銷售商品予：
– Subsidiaries of CR Logic	– 華潤勵致的附屬公司
– IPCore SH	– 智芯科技（上海）
– IPCore	– 智芯科技
(b) Rental, utilities and other services fees paid to the subsidiaries of CR Logic	(b) 向華潤勵致的附屬公司支付租金、公用事業費用及其他服務的費用
(c) Purchase from the subsidiaries of CR Logic	(c) 向華潤勵致的附屬公司採購
(d) Consultancy fee paid to Wiston	(d) 向 Wiston 支付顧問費用
(e) Design and technical service fees paid to IPCore	(e) 向智芯科技支付設計及技術服務費用

31 關連人士交易 (續)

(b) 關連人士交易

於截至二零零六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及其他交易乃於正常業務過程中進行，利潤率的釐定參照與非關連人士的交易。

2006	2005
US\$'000	US\$'000
千美元	千美元
15,412	12,443
—	3,221
—	3,136
15,412	18,800
14,771	13,295
34	24
385	234
—	666

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

(c) Related party balances

As at 31 December 2006, the Group and the Company had the following significant balances with related parties:

Group**Receivables from related parties (Note 11):**

(i) Trade	(i) 貿易
– Subsidiaries of CR Logic	– 華潤勵致的附屬公司
– IPCore SH	– 智芯科技(上海)
– IPCore	– 智芯科技

31 關連人士交易 (續)**(b) 關連人士交易 (續)**

主要管理層報酬

2006	2005
US\$'000	US\$'000
千美元	千美元
671	599
321	212
992	811

(c) 關連人士結餘

於二零零六年十二月三十一日，本集團及本公司的重大關連人士結餘如下：

集團

2006	2005
US\$'000	US\$'000
千美元	千美元
2,448	2,799
—	737
—	270
2,448	3,806

31 RELATED PARTY TRANSACTIONS (Cont'd)

(c) Related party balances (Cont'd)

Group

(ii) Non-trade
– CSMC Cayman
– CSMC HK
– IPCore SH
– IPCore
– Subsidiary of CR Logic

Payables to related parties (Note 18):

(i) Trade
– Subsidiary of CR Logic
(ii) Non-trade
– CSMC Cayman
– Subsidiary of CR Logic
– IPCore
– Wiston
– IPCore SH
– CSMC HK

(ii) 非貿易
– 上華半導體
– 上華香港
– 智芯科技（上海）
– 智芯科技
– 華潤勵致的附屬公司

應付關連人士款項（附註 18）：

(i) 貿易
– 華潤勵致的附屬公司
(ii) 非貿易
– 上華半導體
– 華潤勵致的附屬公司
– 智芯科技
– Wiston
– 智芯科技（上海）
– 上華香港

31 關連人士交易（續）

(c) 關連人士結餘（續）

集團

2006	2005
US\$'000	US\$'000
千美元	千美元
—	203
—	5
—	4
—	4
1	1
1	217
1,143	1,183
—	476
122	111
—	36
24	23
—	294
7	18
153	958

31 RELATED PARTY TRANSACTIONS (Cont'd)**(c) Related party balances** (Cont'd)**Company**

Due from related parties (Note 11)	應收關連人士款項 (附註 11)
– Subsidiaries of the Company	– 本公司的附屬公司
Due to related parties (Note 18)	應付關連人士款項 (附註 18)
– 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 2006, all balances with related parties were unsecured, non-interest bearing and without fixed repayment terms.

31 關連人士交易 (續)**(c) 關連人士結餘** (續)**公司**

2006	2005
US\$'000	US\$'000
千美元	千美元
111,939	113,416
—	474
109	73
—	19
24	23
133	589

於二零零六年十二月三十一日，所有關連人士結餘為無抵押、免息及無固定還款期。

32 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 1% of the total number of shares in issue at the close of business on the last business day of the preceding financial year.

32 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員獎勵計劃（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1%。

32 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 or in such other proportions as the Remuneration Committee may otherwise specify at the time of the allocation of shares at intervals of every twelve calendar months 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 the shares granted under the Plan during the year determined using the binomial model were HK\$0.30 (third grant) and HK\$0.33 (fourth grant). The significant inputs into the model were share price at the grant date of HK\$0.38 (third grant) and HK\$0.41 (fourth grant) (2005: HK\$0.41 (first grant) and HK\$0.36 (second grant)), exercise price of HK\$0.078, expected dividend pay out rate of 0% (2005: 0%), annual risk-free interest rate of within the range of 1.08% to 1.99% (2005: 1.08% to 1.99%) and volatility rate of 27.7% (2005: 27.7%). The volatility is measured based on the volatility return on Hang Seng Index for the past ten years.

32 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或薪酬委員會在股份分配時指定的比例每十二個月撥歸參與者名下。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方可予以發行。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按計劃所授出股份的公平值為0.30港元（第三次授出）及0.33港元（第四次授出）。該模式所用的重要數據為授出日期的股價0.38港元（第三次授出）、0.41港元（第四次授出）（二零零五年：0.41港元（首次授出）及0.36港元（第二次授出）、行使價0.078港元、預期派發的股息率0%（二零零五年：0%）及無風險年利率介乎1.08%至1.99%（二零零五年：1.08%至1.99%）、波幅率是27.7%（二零零五年：27.7%）。波幅率乃根據過去十年恒生指數的波幅率回報計量。

32 SHARE-BASED COMPENSATION (Cont'd)

(a) Equity Incentive Plan (Cont'd)

Details of the shares under the Plan are as follows:

		Outstanding			Outstanding at			Exercise price	Grant date	Exercisable from	Exercisable until
		at 31 December 2005	Allocated during the year	Exercised during the year	Cancelled during the year	31 December 2006	Exercise price				
		於二零零五年十二月三十一日尚未歸屬	已於年內分配	已於年內行使	已於年內註銷	於二零零六年十二月三十一日尚未歸屬	(in HK\$)	授出日	可行使開始日	可行使終止日	
		'000	'000	'000	'000	'000	(港元)				
		千元	千元	千元	千元	千元					
Directors	董事										
- Peter Chen	- 陳正宇	4,665	—	2,335	—	2,330	0.078	1 October 2003 二零零三年十月一日	1 October 2004 二零零四年十月一日	1 October 2007 二零零七年十月一日	
- Robert Lee	- 李乃義	3,332	—	1,667	—	1,665	0.078	1 October 2003 二零零三年十月一日	1 October 2004 二零零四年十月一日	1 October 2007 二零零七年十月一日	
- Gene Tsai	- 蔡聯南	2,665	—	1,335	—	1,330	0.078	1 October 2003 二零零三年十月一日	1 October 2004 二零零四年十月一日	1 October 2007 二零零七年十月一日	
Managements and employees	管理人員及僱員										
		52,633	—	20,998	5,486	26,149	0.078	1 October 2003 二零零三年十月一日	1 October 2004 二零零四年十月一日	1 October 2007 二零零七年十月一日	
		19,124	—	8,066	4,321	6,737	0.078	26 January 2005 二零零五年一月二十六日	26 January 2006 二零零六年一月二十六日	26 January 2009 二零零九年一月二十六日	
		—	12,300	6,668	—	5,632	0.078	2 January 2006 二零零六年一月二日	2 January 2007 二零零七年一月二日	2 January 2010 二零一零年一月二日	
		—	15,599	10,896	2,663	2,040	0.078	16 May 2006 二零零六年五月十六日	16 May 2007 二零零七年五月十六日	16 May 2010 二零一零年五月十六日	
Total	總數	82,419	27,899	51,965	12,470	45,883					

32 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：

32 SHARE-BASED COMPENSATION (Cont'd)

(b) Share Options Scheme

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

The exercise price is determined by the Remuneration Committee, a committee of the Board comprising two independent non-executive Directors and a 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;

32 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」。根據購股權計劃，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。購股權計劃的目的是讓計劃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。購股權計劃的年期由採納日期起計為期十年。

行使價須由董事會屬下的薪酬委員會（由兩名獨立非執行董事及非執行董事組成）不時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；

32 SHARE-BASED COMPENSATION (Cont'd)**(b) Share Options Scheme (Cont'd)**

- 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.

Based on the approval of Remuneration Committee, the share options allocated under the Scheme during the year will vest in equal portions over a period of four years commencing from the commencement of the “Vesting Date” as approved by the Remuneration Committee.

The fair value of the options granted during the year determined using the binomial model were HK\$0.0414 (first grant). The significant inputs into the model were share price at the grant date of HK\$0.36 (first grant), expected dividend paid out rate of 0%, annual risk-free interest rate of within the range of 1.08% to 1.99% and volatility rate of 27.7%. The volatility is measured based on the volatility return on Hang Seng Index for the past ten years.

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

32 以股份支付的報酬(續)**(b) 購股權計劃(續)**

- 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。

根據薪酬委員會的批准，年內根據計劃分配的股權將自薪酬委員會批准的「歸屬日期」起計的四年內按相同比例歸屬。

年內授出的股權的公平值採用二項式模式釐定為0.0414港元（首次授出）。該模式採用的重要數據是授出日期的股價0.36港元（首次授出）、預期派發的股息率0%、無風險年利率介乎1.08%至1.99%，及波幅率27.7%。波幅率乃根據過去十年恆生指數的波幅率回報計量。

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。

32 SHARE-BASED COMPENSATION (Cont'd)

(b) Share Options Scheme (Cont'd)

Movement in the number of share options outstanding and related exercise price are as follows:

	At 1 January 2006 二零零六年 一月一日	Granted during the year 於年內授出	Exercised during the year 於年內已行使	Forfeited/ lapsed during the year 於年內 註銷/失效	At 31 December 2006 於二零零六年 十二月三十一日	Exercise price (in HK\$) 行使價 (港元)	Grant date 授出日	Exercisable from 可行使開始日	Exercisable until 可行使終止日
	'000 千元	'000 千元	'000 千元	'000 千元					
Managements and employees 管理人員及 僱員	—	21,291	—	—	21,291	0.36	8 September 2006 二零零六年 九月八日	8 September 2007 二零零七年 九月八日	8 September 2011 二零一一年 九月八日
Total 總數	—	21,291	—	—	21,291				

32 以股份支付的報酬 (續)

(b) 購股權計劃 (續)

尚未歸屬的股權數量及相關行使價的變動如下：

33 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 contributions of the Group. There were no forfeited contributions available at the year end to reduce future contributions (2005: Nil).

Pursuant to PRC laws and regulations, contributions to the basic pension insurance for local staff of the Company’s subsidiaries operating in the PRC are made monthly to a government agency based on 29% (2005: 29%) of the standard salary set by the provincial government, of which 20% (2005: 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\$65,000 (2005: US\$52,000) were payable to the funds at year end.

34 CONTINGENT LIABILITIES

During the year, the Group has provided corporate guarantees to a third party bank for the down payment of loans, in addition to the pledged bank deposit as set out in Note 12, of its employees amounting to approximately US\$515,000 (2005: US\$340,000). Management anticipate that no material liabilities will arise from the above guarantees.

33 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(二零零五年：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%(二零零五年：29%)繳納，附屬公司承擔其中20%(二零零五年：22%)，餘額則由員工承擔。退休員工的養老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65,000美元(二零零五年：52,000美元)。

34 或然負債

年內，本集團已就其僱員的一筆預付訂金按揭貸款及附註12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515,000美元(二零零五年：340,000美元)。管理層預期，上述擔保將不會產生任何重大負債。