



Members of the Board

董事會成員

From Left : Mr. Yu Min, Mr. Yu Yu, Mr. Wang Guoping, Mr. Ken Ong, Mr. Dai Zhenhua, Mr. Song Lin, Mr. Zhu Jinkun, Professor Ko Ping Keung, Mr. Wong Tak Shing, Mr. Luk Chi Cheong

左起：俞敏先生、俞宇先生、王國平先生、王添根先生、戴振華先生、宋林先生、朱金坤先生、高秉強教授、黃得勝先生、陸志昌先生

審核委員會：

陸志昌先生 (主席)

黃得勝先生

高秉強教授

Audit Committee:

Mr. Luk Chi Cheong (*Chairman*)

Mr. Wong Tak Shing

Professor Ko Ping Keung

薪酬委員會：

黃得勝先生 (主席)

陸志昌先生

高秉強教授

朱金坤先生

王添根先生

Remuneration Committee:

Mr. Wong Tak Shing (*Chairman*)

Mr. Luk Chi Cheong

Professor Ko Ping Keung

Mr. Zhu Jinkun

Mr. Ken Ong

提名委員會：

高秉強教授 (主席)

黃得勝先生

陸志昌先生

朱金坤先生

Nomination Committee:

Professor Ko Ping Keung (*Chairman*)

Mr. Wong Tak Shing

Mr. Luk Chi Cheong

Mr. Zhu Jinkun

主席報告書與業務及業績回顧

業績

本集團於本年度的經審核綜合營業額達2,673,000,000港元，比較去年增加31%。本集團於本年度的毛利率為28%，較去年24%大幅增加。本集團於本年度的經營溢利由去年231,000,000港元增至399,000,000港元，經營利潤率為15%（二零零三年：11%）。本集團於本年度的股東應佔溢利和每股基本盈利分別增加69%至318,000,000港元及68%至12.07港仙（二零零三年：分別為188,000,000港元及7.17港仙）。本集團的業績較去年出色，主要因為年內半導體及壓縮機業務的卓越表現帶來貢獻。

末期股息

董事議決建議於二零零五年六月八日向於二零零五年四月二十五日在本公司股東登記名冊之股東派付截至二零零四年十二月三十一日止年度的首次及末期股息每股2.50港仙（二零零三年：每股1.50港仙）。

暫停辦理股份過戶登記

本公司將於二零零五年四月十八日起至二零零五年四月二十五日止（包括首尾兩天）期間，暫停辦理股份過戶登記。為符合獲派建議股息的資格，填妥的過戶表格連同有關股票須最遲於二零零五年四月十五日午後四時三十分交回本公司的股份過戶登記分處秘書商業服務有限公司，地址為香港灣仔告士打道56號東亞銀行港灣中心地下。

業務回顧

在中國半導體行業錄得雙位數字強勁增長的支持下，本集團半導體業務於年內表現理想，為本集團帶來正面營業額及溢利的提升。中國住宅空調市場及海外市場持續增長，也使本集團的壓縮機業務為本集團營業額及盈利能力帶來重大貢獻。

RESULTS

The Group's audited consolidated turnover for the year amounted to HK\$2,673 million, representing an increase of 31% over that of last year. The Group's gross profit margin for the year was 28%, a significant increase when compared to 24% for that of last year. The Group's profit from operations for the year has increased from HK\$231 million of the previous year to HK\$399 million, representing an operating margin of 15% (2003: 11%). The Group's profit attributable to shareholders increased 69% to HK\$318 million and basic earnings per share for the year increased 68% to 12.07 HK cents respectively (2003: HK\$188 million and 7.17 HK cents respectively.) The exceptional good results of the Group compared to that of the last year was mainly due to the contributions from excellent performances of both the Semiconductor and Compressor Businesses during the year.

FINAL DIVIDEND

The Directors have resolved to recommend the payment of a first and final dividend of 2.50 HK cents per share for the year ended 31st December, 2004 (2003: 1.50 HK cents per share), payable on 8th June, 2005 to shareholders on the register of members of the Company on 25th April, 2005.

CLOSURE OF REGISTER OF MEMBERS

The Register of members will be closed from 18th April, 2005 to 25th April, 2005, both days inclusive. In order to qualify for the proposed dividend payment, completed transfer forms accompanied by the relevant share certificates must be lodged with the Branch Registrar of the Company, Secretaries Limited, at G/F., BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, not later than 4:30 p.m. on 15th April, 2005.

BUSINESS REVIEW

The good performance of the Group's Semiconductor Business during the year against the backdrop of a strong double digit growth of the PRC semiconductor industry provided the Group with positive turnover and profit contribution enhancement. The continual growth of the Chinese residential air-conditioner market and overseas market also enabled the Group's Compressor Business to contribute significantly to the Group's turnover and profitability.



半導體業務

SEMICONDUCTOR BUSINESS

本集團現時為中國半導體行業最大開發商兼生產商之一，半導體業務包括：

The Group is one of the largest players in the PRC semiconductor industry and the Group's Semiconductor Business includes:

- (a) 設計、製造、封裝及測試可用於家用電器、通訊設備、精密儀器、綠色照明、液晶顯示等領域電子消費產品的雙極集成電路和分立器件，現有生產設施的年生產能力約為一百五十萬片四吋至六吋晶圓片。是項業務是由中國目前最大雙極集成電路及分立器件生產廠家無錫華潤華晶微電子有限公司、無錫華潤晶芯半導體有限公司、華潤半導體有限公司、賽美科微電子（深圳）有限公司及無錫華潤安盛科技有限公司經營。
- (a) the production facilities, with an annual capacity of some 1.5 million 4-inch to 6-inch wafers, for design, fabrication, packaging and testing of bipolar IC's and discrete devices used in consumers electronic products such as home appliances, telecommunication devices, precision instruments, energy saving lights, liquid crystal displays, etc. This business is carried out by the PRC's largest bipolar IC and discrete device manufacturer, Wuxi China Resources Huajing Microelectronics Co. Ltd., Wuxi CR Semiconductor Wafer & Chips Ltd., China Resources Semiconductor Company Limited, Semicon Microelectronics (Shen Zhen) Co., Ltd. and Wuxi CR Micro-Assemb Tech. Ltd.
- (b) 中國內地數一數二的集成電路設計公司之一，設計以數字和數模混合信號處理技術為主導的中高檔MOS集成電路和SOC集成系統，可廣泛應用於電視、音響、視聽播放機（DVD及MP3）、家用電器、通訊設備、計算機、電子玩具、語音合成器等電子消費類產品。是項業務由無錫華潤矽科微電子有限公司（「矽科」）、無錫盈泰科技有限公司及深圳華潤矽科微電子有限公司經營。
- (b) one of the leading fabless design houses in the PRC, using digital and mixed-signal technology to design mid to high end MOS and SOC systems applied in consumer electronics such as television, hi-fi, DVD and MP3 players, home appliances, telecommunication devices, calculators, electronic toys, voice synthesisers, etc. This business is carried out by Wuxi China Resources Semico Co., Ltd. ("Semico"), Wuxi INTECH Technology Co., Ltd. and Shenzhen China Resources Semico Co., Ltd.
- (c) 於香港主板上市的中國領先合資晶圓代工廠商，具備線寬0.45μm的CMOS製造技術，以及具備月產六萬片六吋晶圓片的產能。是項業務由中國最早起步的晶圓代工廠商華潤上華科技有限公司經營。該公司是與上華半導體、華潤微電子（控股）有限公司、特許半導體製造有限公司及其他國際投資者合資經營的公司。
- (c) a Hong Kong mainboard listed leading joint-venture open foundry operator in the PRC with 0.45μm CMOS technology and production capacity of some 60,000 6-inch wafers per month. This business is carried out by PRC's first open foundry operator, CSMC Technologies Corporation, a joint-venture between Central Semiconductor Manufacturing Corporation, China Resources Microelectronics (Holdings) Limited, Chartered Semiconductor Manufacturing Ltd. and other international investors.

半導體業務截至二零零四年十二月三十一日止年度的營業額從去年錄得的1,046,000,000港元增加24%至1,295,000,000港元。半導體業務於本年度的毛利率為26%，較二零零三年的25%為高。截至二零零四年十二月三十一日止年度，半導體業務錄得經營溢利167,000,000港元（二零零三年：147,000,000港元）。

國內的半導體行業目前只能滿足中國集成電路總需求的一小部分。近年，中國集成電路的需求快速增長，預期在可見將來增長勢頭依然強勁。中國市場發展潛力龐大，是本集團擴充半導體業務的大好良機。由於本集團半導體業務生產的集成電路產品壽命相對較長，屬於技術成熟的消費類集成電路市場產品，又以中國為目標市場，比較起以全球電腦及通訊市場為目標的高端集成電路市場產品，價格波動相對輕微，半導體業務因而能夠維持穩定的毛利率。本集團將會繼續加強技術專長，為中國價格平穩但高速增長的消費類集成電路市場生產更高檔產品。本集團將繼續應用其使用成熟技術，資本開支因而相對減低的成功業務模式，進軍中國消費類集成電路市場。

The turnover of the Semiconductor Business increased to HK\$1,295 million for the year ended 31st December, 2004 from the HK\$1,046 million recorded in previous year, an increase of 24%. The gross profit margin for the year of 26% achieved by the Semiconductor Business was higher than the 25% of 2003. The Semiconductor Business achieved an operating profit of HK\$167 million for the year ended 31st December, 2004 (2003: HK\$147 million).

At present, the domestic semiconductor industry satisfies only a small portion of the total demand for IC's in the PRC, which has been growing rapidly in recent years and is expected to do so for the foreseeable future. This represents an excellent market environment for the expansion of the Group's Semiconductor Business. Since the IC's produced by Group's Semiconductor Business has relatively longer product life cycle and belong to the mature technology consumer IC market segment targeting the PRC market, they are relatively immune to volatile price fluctuations found in high end IC market segments meant for global computer and communication markets and thus contribute to the Semiconductor Business's stable gross profit margin. The Group will also continuously enhance its technical expertise to produce higher value-added products within this stable-price yet high-growth consumer IC market segment in the PRC. The Group will continue to apply its successful business model of using mature technology and hence relatively low capital expenditure in tapping profitably into the PRC's consumer IC market.



壓縮機業務

COMPRESSOR BUSINESS

本集團與合營企業夥伴日本三洋電機合作的壓縮機業務，是中國內地住宅空調壓縮機翹楚之一。

於二零零四年，中國住宅空調壓縮機市場已完全扭轉二零零二年的行業生產力過剩情況。中國對空調機的需求持續上升，帶動二零零四年價格較二零零三年的年度平均價格水平增加19%，從而進一步改善有關情況。有關價格增長足以抵銷年內原材料成本上漲。增長的另一個原因為海外市場對使用新環保制冷劑的更先進壓縮機的需求大幅增加所致。

於二零零四年，壓縮機的銷量增至3,500,000台，比二零零三年的3,000,000台上升17%。營業額為1,192,000,000港元，比二零零三年的營業額854,000,000港元上升40%。壓縮機業務繼續為本集團帶來可觀的經營溢利貢獻。與去年相比，由於市況改善、繼續推行材料國產化計劃和嚴格控制成本，毛利率和經營利率大幅增長，分別為28%及19%（二零零三年：20%及11%）。是項業務在本年度錄得經營溢利230,000,000港元，較二零零三年91,000,000港元增加1.5倍。

The Group's Compressor Business, with Sanyo Electric of Japan as a joint-venture partner, is one of the leading suppliers of residential air-conditioner compressors in the PRC.

The PRC residential air-conditioner compressor market has completely turned around in 2004 from the excess industry capacity situation experienced in 2002. The situation has further improved with the continuing increase in demand for air-conditioners in China which saw a price increase of 19% during 2004 when compared to the annual average price level of 2003. This increase is more than adequate to offset the increase in cost of raw materials during the year. The increase was also due to the significant increase in demand from overseas market for more advanced compressors using new environment friendly refrigerant.

In 2004, sales volume of compressors increased by 17% to 3.5 million units compared to 3 million units in 2003, turnover amounted to HK\$1,192 million. This represents an increase of 40% over the HK\$854 million turnover in 2003. The Compressor Business has continued to make a significant contribution to the Group's operating profit. When compared to last year, both gross and operating margins of 28% and 19% respectively have increased significantly (2003: 20% and 11% respectively) because of improving market, continual successful material localization program and tight cost controls. An operating profit of HK\$230 million was achieved during the year, an increase of 1.5 times over the HK\$91 million in 2003.

主席報告書與業務及業績回顧

基於二零零二年的C-R20F系列旋轉式壓縮機第四期擴產計劃及二零零三年的生產性能更強的C-R25F及C-R33F系列旋轉式壓縮機第四期擴產計劃第二生產線，壓縮機的年產量達3,500,000台。本集團已處於有利位置，定能抓緊中國內地及國外住宅空調市場的龐大潛在需求，而中國及出口的住宅空調市場亦會因為：(i)中國內地人民日益富裕，(ii)中國城市的住宅空調滲透率不高，加上(iii)由於全球性氣候變暖導致的空調出口增加等因素而繼續上揚。

於二零零四年五月，本集團壓縮機業務的日本合營企業夥伴三洋電機於合營企業所持股權由13%增至34.25%，此舉證明三洋電機對該合營企業的過往表現及其日後業務前景充滿信心，因此與其日本夥伴的壓縮機業務合作亦有所增強。本集團視持續提升與三洋電機的關係及合作為主要業務策略，因為此舉能夠在本地和海外市場為本公司壓縮機業務帶來長遠利益。憑藉進一步擴產計劃及日本三洋電機投資額外股權，壓縮機業務定必於不久將來由中國空調壓縮機供應商翹楚轉型為全球主要供應商。

The annual production capacity of the Compressor Business has reached 3.5 million units as a result of Phase IV expansion of C-R20F series rotary compressor production capacity during 2002 and the line 2 of the phase IV expansion production of the higher capacity C-R25F & C-R33F series rotary compressors during 2003. The Group is well poised to capture the huge demand for the residential air-conditioners in both PRC and overseas markets, which will continue to be brought about by (i) growing affluence among the Chinese population, (ii) low penetration rate of residential air-conditioners in the PRC, and (iii) global climate warming leading to higher export demand of air-conditioners.

In May 2004, Sanyo Electric, the Japanese joint-venture partner of the Group's Compressor Business, increased its equity shareholding in the joint-venture from 13% to 34.25%. This signifies Sanyo Electric's confidence in the joint-venture's past performance and its future business prospect, thus enhances the Compressor Business's co-operation with its Japanese partner. The Group views the continual enhancement of relationship and co-operation with Sanyo Electric as a key business strategy which will bring long term benefits to the Compressor Business for both its local and overseas markets. With further production capacity expansion being planned and additional equity investment by Sanyo Electric of Japan, the Compressor Business is poised to transform from a leading PRC air-conditioner compressor supplier to become a major global supplier in the near future.



辦公室傢具業務

OFFICE FURNITURE BUSINESS

本集團是中國內地專門生產優質辦公室傢具的主要生產商和供應商之一，辦公室傢具的品牌於行業內有頗高的知名度，廣受客戶青睞，包括國際企業及主要中國實體。目前，本集團的辦公室傢具業務擁有超過20條地區分銷渠道，遍布全國各地，其中9間分行更位於國內主要城市。是項業務於截至二零零四年十二月三十一日止年度錄得營業額186,000,000港元及經營溢利22,000,000港元（二零零三年：分別為144,000,000港元及11,000,000港元），較二零零三年有大幅改善。由於中國經濟持續增長，預期辦公室傢具業務將繼續表現出色。

The Group's Office Furniture Business is one of the leading premium office furniture manufacturers and suppliers in the PRC. Its brand name is widely known in the office furniture industry and well received in the PRC with its clientele base including multinational corporations and leading PRC entities. At present, the Office Furniture Business has over 20 regional distribution channels across PRC including 9 branches in major cities. Turnover for the year ended 31st December, 2004 amounted to HK\$186 million with an operating profit of HK\$22 million (For 2003, they were HK\$144 million and HK\$11 million respectively) which is a significant improvement over that of 2003. The Office Furniture Business is expected to continue to perform well, leveraging on the continual economic growth of the PRC.



前景

PROSPECTS

本集團將繼續致力謀求實質內涵式增長，對外併購，努力尋求與海外和國內企業合組策略合作夥伴的機遇，繼續拓展本集團業務，尤其是半導體業務和壓縮機業務。

在半導體業務方面，中國市場對技術成熟消費類集成電路的需求急劇增長，本集團應可繼續從中受惠。二零零二年收購為本集團創造了中國生產平台，讓本集團躋身中國半導體生產商龍頭之列。為進一步鞏固本集團半導體生產平台及提升日後競爭力，本集團於二零零四年耗資約534,000,000港元資本開支擴展其半導體業務。該款項包括購買及興建六吋晶圓片生產線及相關設施以及本集團集成電路封裝業務的額外生產設備及設施。本集團之集成電路設計公司矽科及其附屬公司，為中國領先的集成電路設計公司，於年內大幅增加其消費類集成電路產品組合，包括備有0.25μm技術平台之MP3 SoC。本集團近年從美國引進一批高質素的博士資歷人才，並將繼續招攬海外受訓的半導體專才，協助持續發展本集團集成電路生產及設計能力。

The Group will continue to expand in particular, its Semiconductor Business and Compressor Business, by organic growth, external acquisitions and by exploring the forming of strategic partnerships with both overseas and Chinese enterprises.

For the Semiconductor Business, the Group will continue to benefit from the rapidly increasing demand in the PRC for mature technology consumer IC's. The acquisition in 2002 provided the Group with the Chinese manufacturing platform and catapulted the Group into one of the largest semiconductor manufacturers in the PRC. To further strengthen its semiconductor manufacturing platform and enhance its future competitiveness, the Group spent some HK\$534 million of capital expenditure during 2004 to expand its Semiconductor Business. This amount included the purchase and construction of a 6 inch wafer fabrication production line and related facilities as well as additional production equipment and facilities for its IC packaging operation. The Group's fabless design houses, Semico and its subsidiaries, are leading IC design houses in the PRC and have significantly increased its consumer IC's product portfolio during the year including MP3 SoC with 0.25μm technology platform. The Group has recruited high caliber doctorate experts from the United States in recent years and will continue to recruit overseas trained semiconductor experts to assist the continuous development of its IC manufacturing and design capabilities.

本集團已經晉身為中國技術成熟消費類集成電路市場的翹楚，在製造和封裝雙極集成電路及分立器件、經營集成電路設計、提供0.45μm CMOS技術晶圓代工服務方面享有舉足輕重的地位。本集團經營晶圓代工業務的聯營公司華潤上華科技於二零零三年進行重組、集資及引進戰略性夥伴，以及其後於二零零四年在香港聯交所上市，為本集團晶圓代工業務的迅速擴展鋪路。半導體業務已成為本集團其中一個主要增長動力，為本集團提供高增長平台，以進軍中國日益擴展的龐大半導體市場。本集團預期在二零零五年和其後年度的總收益當中，半導體業務的收益貢獻將繼續佔有相當比重。本集團將致力招攬優秀專才、與外國夥伴結成策略聯盟和科技聯盟，務求持續提升本身在消費類集成電路市場中的技術實力。

至於壓縮機業務方面，近年中國空調機市場錄得雙位數字增長及目前中國空調機滲透率不高，本集團對於此項業務的長遠潛力充滿信心。二零零四年售出3,500,000台壓縮機，上年度則為3,000,000台，增加17%。本集團的壓縮機業務將可繼續在中國爭取更大的市場份額，抓緊住宅空調機市場長遠的龐大潛在需求。

二零零四年七月六日，本集團的壓縮機業務與三洋電機訂立設備購買合同及技術特許使用協議，購買三條生產線，以生產15F及20F系列住宅及商用空調旋轉式壓縮機產品。是項購買將會提升本集團每年的壓縮機產能，由現有的3,500,000台增至二零零六年約6,000,000台。

The Group has become the market leader in the mature technology consumer IC market segment of the PRC with dominant positions in manufacturing and packaging bipolar IC's and discrete devices; operating fabless design house as well as providing open foundry service up to 0.45μm CMOS technology. The 2003 restructuring, funding and the invitation of strategic partner exercise carried out by the Group's open foundry associated company, CSMC-Tech and its subsequent listing on the Hong Kong Stock Exchange in 2004, paved the way for the rapid expansion of the Group's foundry business. The Semiconductor Business has become one of the key growth drivers of the Group, providing the Group with a high growth platform to tap into the huge and expanding semiconductor market in the PRC. The Group foresees the revenue contribution from its Semiconductor Business will continue to account for a very significant share of the Group's total revenue in 2005 and thereafter. The Group will strive to continually enhance its technical capability within the consumer IC market segment via infusion of talents and forging strategic and technical alliances with foreign partners.

For the Compressor Business, the Group is confident of its long term potential as evidenced by the double digit growth of air-conditioner market in the PRC in recent years and the present low penetration rate of air-conditioners in China. Having sold 3.5 million units of compressors during 2004 compared to 3 million units in the previous year, an increase of 17%, the Group's Compressor Business will strive to enlarge its market share in PRC to further capture the huge potential demand for residential air-conditioners.

On 6th July, 2004 the Group's Compressor Business entered into an Equipment Purchase Contract and Technology License Agreements with Sanyo Electric for the purchase of three production lines for the manufacture of 15F and 20F series rotary compressors products for residential and commercial air-conditioners. The purchase will increase the Group's annual production capacity of compressors from the present 3.5 million units to some 6 million units by 2006.

主席報告書與業務及業績回顧

是項安排對本集團壓縮機業務與三洋電機而言屬互惠互利。產能提升後將可讓本集團抓緊中國需求日增所締造的商機。本集團壓縮機業務亦將取得新國際市場、產能及技術，而三洋電機而言屬則可進一步利用合營企業的生產力及成本效益，提升其本身的空調機業務。

隨著於二零零六年將產能提升一倍及進一步改善生產技術，本集團的壓縮機業務朝著成為領先全球住宅空調壓縮機供應商跨進一大步。此外，三洋電機增加其於本集團壓縮機業務的股權，標誌著三洋電機對該業務極具信心，反映三洋電機作為重要策略業務夥伴的長遠承諾，致力為本集團壓縮機業務拓展國內及全球市場。

預期半導體業務及壓縮機業務將於二零零五年及其後年度，繼續為本集團營業額及盈利能力帶來貢獻。

財務回顧

現金流量

年內，經營業務現金流入淨額為413,000,000港元，較去年減少12%，主要原因是半導體及壓縮機業務持續穩健增長，令營運資金需求增加。

The arrangement is for the mutual benefit of both the Group's Compressor Business and Sanyo Electric. The increased capacity will enable the Group to capture the business opportunities arising from the growing demand in the PRC. The Group's Compressor Business will also acquire new international market, production capacity and technology while Sanyo Electric can further leverage on the production and cost efficiency of the joint venture to enhance its own air-conditioner business.

With its capacity doubled by 2006 and production technology further enhanced, the Compressor Business of the Group is making a big step towards becoming one of the leading global suppliers of residential air-conditioner compressors. Moreover, Sanyo Electric's increased shareholding in the Group's Compressor Business signifies an important gesture of confidence, which reflects Sanyo Electric's long term commitment as a key strategic business partner for the expansion of the Group's Compressor Business in both local and global markets.

It is expected that the contribution of both the Semiconductor Business and the Compressor Business to the Group's turnover and profitability will continue to increase in 2005 and thereafter.

FINANCIAL REVIEW

Cash Flow

The net cash inflow from operations during the year amounted to HK\$413 million which was 12% less than that of last year. The decrease was brought about by the increase in working capital requirement resulting from the continuous and healthy growth of both the Semiconductor and Compressor Businesses.

本集團於年內的資本開支為798,000,000港元，其中67%用作擴充及提升半導體業務的現有生產及封裝設施，包括262,000,000港元用於購買及籌建六吋晶圓片製造設備及設施。其餘33%開支則用於壓縮機業務第五期擴展計劃。本集團亦對其晶圓代工業務聯營公司額外注入19,000,000港元現金，作為資本注資。上述所需資金由本集團經營業務的現金流量、銀行借貸及庫存現金撥付。於年終，本集團的可動用庫存現金為556,000,000港元，較去年底增加106,000,000港元，增幅為24%。現金結存其中68%及23%分別為人民幣及港元，而其餘則為美元及日圓。

流動資金和財務資源

本集團的政策為使用經營業務所得現金流量及適當水平的借貸，作為主要擴展及收購所需資金的主要來源。於年結日，本集團的借貸總額為1,371,000,000港元，較去年底增加43%。於年結日，本集團的借貸淨額為816,000,000港元。於年底，本集團的負債比率（按借貸淨額除資產淨值計算）為33%，去年底則為25%。流動比率（流動資產與流動負債的比例）維持在1.5倍的穩健水平。整體而言，本集團的財務狀況及流動資金為穩健良好。

本集團的借貸總額1,371,000,000港元來自附息銀行貸款及其他借貸兩個途徑，全屬無抵押。借貸的37%列作流動負債，須於一年內償還，其餘須於二至三年內償還。人民幣貸款佔附息銀行貸款15%，而其餘附息銀行貸款為港元貸款。所有人民幣附息銀行貸款均按固定利率計息。

The Group has spent HK\$798 million in capital expenditure during the year, 67% of which was used to fund the expansion and upgrading of existing production and packaging facilities of the Semiconductor Business including HK\$262 million used for the purchase and construction of 6 inch wafer fabrication equipment and facilities. The balance of the 33% of the spending was deployed on phase V expansion plan of the Compressor Business. The Group also made a cash investment of an additional HK\$19 million into its open foundry associate as capital injection. The above required funding was financed by the operating cash flow, bank borrowings and cash on hand of the Group. As at year end the Group's free cash on hand was HK\$556 million representing an increase of HK\$106 million or 24% over that at last year end. Among the cash balance 68% and 23% were denominated in Renminbi and Hong Kong dollar respectively and the remaining in US dollar and Japanese Yen.

Liquidity and Financial Resources

It is the Group's policy to use the cash flow generated from operations and appropriate level of borrowings as the principal source of fund to finance major expansion and acquisition. As at the end of the year, the Group has total borrowings of HK\$1,371 million which represents an increase of 43% over that of last year end. The net borrowings of the Group was HK\$816 million as at the year end. The gearing ratio of the Group at the end of the year, calculated as net borrowings over net assets, was 33%, compared to 25% as of last year end. The current ratio (ratio of current assets to current liabilities) was maintained at the healthy level of 1.5. On the whole, the financial position and liquidity of the Group is healthy and stable.

The Group's total borrowings of HK\$1,371 million came from two sources namely interest bearing bank loans and other borrowings which are all unsecured. 37% of the borrowings are considered as current liabilities and repayable within one year, the remaining are repayable in two to three years. Renminbi denominated interest bearing bank loans accounted for 15% of the interest bearing bank loans with the rest denominated in HK dollar. All Renminbi interest bearing bank loans are on fixed interest rate terms.

主席報告書與業務及業績回顧

本集團獲授1,300,000,000港元於二零零七年到期的循環信貸及定期貸款備用額。備用額為無抵押，並以港元浮動利率計息。於年底，本集團僅使用備用額的74%。備用額連同穩健的經營業務現金流量，為本集團提供充裕資金來源作未來擴展之用。

其他貸款於年結日佔本集團的借貸總額9%，全部均以人民幣結算及不計利息。所有貸款均須於二零零六年之前全數償付。140,000,000港元已於年內償還。

除上文所述的已承諾備用額外，本集團並無其他已承諾借貸備用額。在日常流動資金管理方面，為了維持資金靈活彈性，本集團已獲往來銀行批出足夠的無承諾短期備用額。

財務管理和庫務政策

本集團的財務風險管理由香港總部的司庫負責。本集團的庫務政策以管理利率及外幣匯兌波動風險為主要宗旨之一。本集團一貫的政策是不參與任何外匯投機活動。

本集團大部分資產和負債均以港元和人民幣為計算單位，而小部分應付款項則以日圓及美元為計算單位。本集團預期不會面對重大的外匯波動風險。

資本結構

於年結日，本集團有股東資金1,948,000,000港元，較去年增加293,000,000港元，升幅為18%。年內，本公司已向其股東派付二零零三年度末期股息，為數40,000,000港元。

The Group has been granted HK\$1,300 million revolving credit and term loan facilities with maturity in 2007. The facilities are unsecured and with floating HK dollar interest rates. As at the end of the year, 74% of the facility has been drawn down. The facility together with healthy operating cash flow will provide sufficient funding for foreseeable expansion.

Other loans which accounts for 9% of the Group's total borrowings as at the year end date were all denominated in Renminbi and interest free. They are repayable in full by 2006. HK\$140 million was repaid during the year.

Other than the above mentioned committed facilities, the Group has no other committed borrowing facilities. For day-to-day liquidity management and maintaining flexibility in funding, the Group has managed to obtain sufficient uncommitted short-term facilities from banks.

Financial Management and Treasury Policy

The financial risk management of the Group is the responsibility of the Group's treasury function at the head office in Hong Kong. One of the major objectives of the Group's treasury policies is to manage its exposure to fluctuation in interest rates and foreign currency exchange rates. It is the Group's policy not to engage in speculative activities.

Most of the Group's assets and liabilities are denominated in Hong Kong dollars and Renminbi with some payables denominated in Japanese Yen and US dollar. The Group does not expect significant exposure to foreign exchange fluctuations in this regard.

Capital Structure

As at the end of the year the shareholders' fund of the Group was HK\$1,948 million, representing an increase of HK\$293 million or 18% compared to that of last year. During the year HK\$40 million was paid to shareholders of the Company as final dividend for the year 2003.

重大投資、收購和出售事項

於二零零四年三月十八日，本集團訂立協議，以代價19,000,000美元（約148,200,000港元）購買一條已投入使用的六吋晶圓片生產線。是項購買為本集團於中國的半導體業務擴展計劃一部分。

於二零零四年七月六日，本公司透過其擁有63.75%權益的附屬公司沈陽華潤三洋壓縮機有限公司（「華潤瀋陽三洋」）與三洋電機及豐田通商株式會社訂立設備購買合同，以代價4,414,860,000日圓（約319,635,864港元）購買3條壓縮機生產線。華潤瀋陽三洋將以其內部資源、內部產生的經營業務現金流量及現有銀行備用額撥款支付代價。同日，本公司擁有63.75%權益的另一家附屬公司沈陽盛潤三洋壓縮機有限公司（「華潤盛潤三洋」）及華潤瀋陽三洋分別與三洋電機訂立技術特許使用協議及聯合訂立一項商標特許使用協議。華潤瀋陽三洋及華潤盛潤三洋將可使用三洋電機特許使用之技術，以生產多種住宅及商用空調旋轉式壓縮機產品。根據商標特許使用協議，華潤瀋陽三洋及華潤盛潤三洋須就於若干許可產品上使用「三洋」品牌向三洋電機支付專利費。

於二零零四年八月十三日，由於本集團聯營公司華潤上華科技進行首次公開發售及其股份於二零零四年八月十三日於聯交所上市，本集團於華潤上華科技之股權減至二零零四年八月十三日之23.81%。該視作出售事項所得溢利為25,800,000港元。

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

On 18th March, 2004, the Group entered into an agreement to purchase a used 6 inch wafer fabrication line for a consideration of US\$19 million (about HK\$148,200,000). The purchase is part of the expansion plan of the Group's Semiconductor Business in China.

On 6th July, 2004, the Company, through its 63.75% owned subsidiary, China Resources (Shenyang) Sanyo Compressor Co., Ltd. ("CR Shenyang Sanyo") entered into an Equipment Purchase Contract with Sanyo Electric and Toyota Tsusho Corporation, for the purchase of 3 compressor production lines for a consideration of JPY4,414,860,000 (about HK\$319,635,864). CR Shenyang Sanyo will satisfy the consideration by its internal resources, internally generated cash flows from operation and existing banking facilities. On the same day, another 63.75% owned subsidiary of the Company, Shenyang Shengrun Sanyo Compressor Co. Ltd. ("CR Shengrun Sanyo"), together with CR Shenyang Sanyo, have entered into separate Technology Licence Agreement and a joint Trademark Licence Agreement with Sanyo Electric. CR Shenyang Sanyo and CR Shengrun Sanyo will license the technology from Sanyo Electric for the manufacture of various types of rotary compressors used for both residential and commercial air-conditioners. Royalties are payable to Sanyo Electric under the Trademark Licence Agreement for the use of "Sanyo" brand on certain permitted products.

On 13th August, 2004, the Group's shareholding in CSMC-Tech, an associate of the Group, has been reduced to 23.81% as at 13th August, 2004 as a result of an initial public offering and listing of the shares in CSMC-Tech on the Stock Exchange on 13th August, 2004. The profit arose from this deemed disposal was HK\$25.8 million.

持續經營業務

以目前的財政預測和可供動用的備用額計算，本集團具備充裕財務資源在可見將來持續經營業務。因此，編製財務報表時仍然採用持續經營業務基準。

購股權計劃

於二零零一年十一月二十六日，本公司終止於一九九四年十月十五日採納的購股權計劃（「舊購股權計劃」）；由於香港聯合交易所有限公司（「聯交所」）更改有關購股權計劃的證券上市規則（「上市規則」），故本公司採納了全新購股權計劃（「新購股權計劃」）。於二零零二年二月二十一日，本公司取得股東批准後修訂新購股權計劃，藉此擴闊有權參與新購股權計劃的參與者的範圍。

舊購股權計劃及新購股權計劃概要載於董事會報告書，有關該等計劃各自的變動詳情，載於董事會報告書及財務報表附註25內。

獎勵僱員

於二零零四年十二月三十一日，本集團在香港和中國共聘用約6,300名員工。本集團一向重視人才，深明吸納和挽留優秀員工是本集團持續致勝之道。本集團按若干員工的個別表現發放員工花紅及購股權，相信此舉有助本集團吸引高質素員工加盟和留任，並鼓勵員工發揮最佳表現。

GOING CONCERN

On the basis of current financial projections and facilities available, the Group has adequate financial resources to continue its operation for the foreseeable future. For this reason, the going concern basis continues to be adopted in preparing the financial statements.

SHARE OPTION SCHEME

On 26th November, 2001, the Company has terminated the share option scheme of the Company adopted on 15th October, 1994 (the "Old Share Option Scheme") and adopted a new share option scheme (the "New Share Option Scheme") as a result of changes in Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") in relation to share option scheme. On 21st February, 2002, upon approval of its shareholders, the Company amended the New Share Option Scheme to widen the scope of participants that are eligible to participate in the New Share Option Scheme.

A summary showing the Old Share Option Scheme and the New Share Option Scheme and their respective movements are detailed in the Report of Directors and in Note 25 to the financial statements.

REWARD FOR EMPLOYEES

As at 31st December, 2004, the Group employs approximately 6,300 employees in Hong Kong and the PRC. The Group values human resources and recognizes the importance of attracting and retaining quality staff for its continual success. Staff bonus and share options are granted to certain employees basing on individual performance. The Group believes this will assist the Group to attract and retain quality staff and at the same time encourage the employees to give their best performance.

致謝

本集團有賴各股東的鼎力支持和全體員工努力不懈的竭誠服務以達至本集團的目標，本人謹代表董事會向彼等致以深切謝意。

承董事會命

主席

宋 林

香港，二零零五年三月十五日

APPRECIATION

On behalf of the Board, I would like to express my appreciation and gratitude to our shareholders for their support and all the Group's employees for their hard work and dedication in carrying out their duties and in achieving the Group's business goal.

On behalf of the Board

SONG LIN

CHAIRMAN

Hong Kong, 15th March, 2005