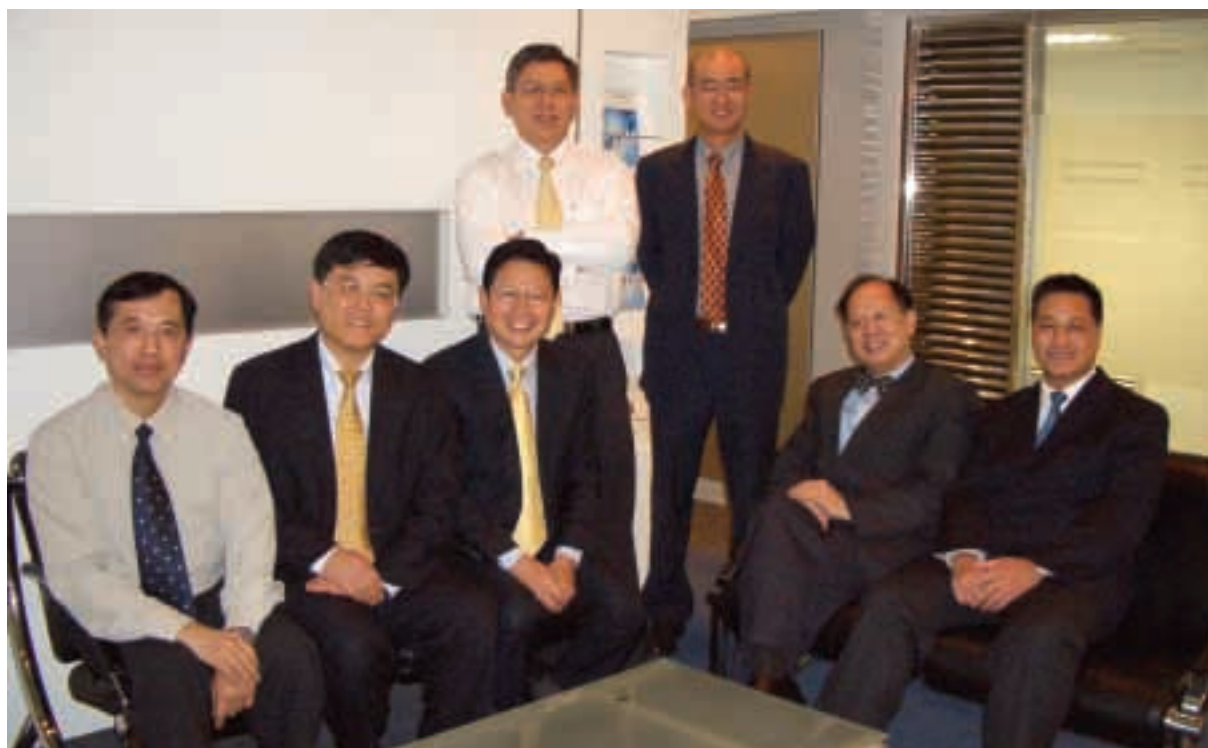


## Chairman's Statement and Review of Operations and Results

### 主席報告書與業務及業績回顧



#### 董事會成員 MEMBERS OF THE BOARD

左起 : 高秉強教授、王國平先生、朱金坤先生(董事會主席)、王添根先生、俞宇先生、黃得勝先生、陸志昌先生  
From Left : Professor Ko Ping Keung, Mr. Wang Guoping, Mr. Zhu Jinkun (Chairman of the Board), Mr. Ken Ong, Mr. Yu Yu, Mr. Wong Tak Shing, Mr. Luk Chi Cheong

#### 審核委員會 :

陸志昌先生(主席)  
黃得勝先生  
高秉強教授

#### 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

#### 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

#### AUDIT COMMITTEE :

Mr. Luk Chi Cheong (Chairman)  
Mr. Wong Tak Shing  
Professor Ko Ping Keung

#### REMUNERATION COMMITTEE :

Mr. Wong Tak Shing (Chairman)  
Mr. Luk Chi Cheong  
Professor Ko Ping Keung  
Mr. Zhu Jinkun  
Mr. Ken Ong

#### NOMINATION COMMITTEE :

Professor Ko Ping Keung (Chairman)  
Mr. Wong Tak Shing  
Mr. Luk Chi Cheong  
Mr. Zhu Jinkun

## Chairman's Statement and Review of Operations and Results

### 主席報告書與業務及業績回顧

#### 業績

年內，儘管全球半導體營商環境疲弱，惟本集團的半導體業務經營持續改善，營業額及經營溢利貢獻繼續上升，使本集團對其半導體業務長遠的發展更具信心。中國住宅空調機市場及海外市場持續增長，有利本集團的壓縮機業務，為本集團的營業額及盈利能力帶來重大貢獻。

本集團於本年度的經審核綜合營業額達3,064,000,000港元，較去年增加逾15%。本集團於年內的毛利率為27%（二零零四年：28%）。本集團於年內的經營溢利由去年的391,000,000港元增加10%至429,000,000港元，經營溢利率為14%（二零零四年：15%）。本集團於年內的股本持有人應佔溢利和每股基本盈利分別為317,000,000港元及11.90港仙（二零零四年：分別為310,000,000港元及11.75港仙）。經營溢利增幅遠高於股本持有人應佔溢利，原因為去年之股本持有人應佔溢利包括：

- (a) 負商譽撥回57,000,000港元。根據本集團所採納自二零零五年一月一日起生效的新會計準則，已終止撥回有關負商譽；及
- (b) 應佔聯營公司溢利21,000,000港元。該聯營公司於本年度錄得虧損，導致本集團產生應佔虧損為13,000,000港元。

因此，就經營層面而言，本集團表現極佳，經營性現金流量由去年的413,000,000港元增加26%至二零零五年的522,000,000港元。

#### RESULTS

Despite sluggish global semiconductor environment, the continual improving operations of the Group's Semiconductor Business during the year, with positive turnover and profit contribution enhancement, provided concrete reasons for optimism in the long term development of the Group's Semiconductor Business. The continual growth of the Chinese residential air-conditioner market and overseas market bodes well for the Group's Compressor Business which contributed significantly to the Group's turnover and profitability.

The Group's audited consolidated turnover for the year amounted to HK\$3,064 million, representing an increase of 15% over that of last year. The Group's gross profit margin for the year was 27% (2004: 28%). The Group's profit from operations for the year has increased by 10% from HK\$391 million of the previous year to HK\$429 million, representing an operating margin of 14% (2004: 15%). The Group's profit attributable to equity holders and basic earnings per share for the year were HK\$317 million and 11.90 HK cents respectively (2004: HK\$310 million and 11.75 HK cents respectively). The magnitude of increase in operating profit is much higher than that for profit attributable to equity holders, this is because last year's profit attributable to equity holders included:

- (a) negative goodwill write-back of HK\$57 million. Under the new accounting standards adopted by the Group, with effect from 1st January, 2005, such negative goodwill write-back has discontinued; and
- (b) share of profit of associated company of HK\$21 million. The associated company registered a loss for the current year, resulting in an attributable loss of HK\$13 million to the Group.

Hence on an operating level, the Group performed extremely well with its operating cash flow increased by 26% from HK\$413 million during the last year to HK\$522 million in 2005.

## Chairman's Statement and Review of Operations and Results

### 主席報告書與業務及業績回顧

		二 零 零 五 年 2005 百 萬 港 元 HK\$ million	二 零 零 四 年 2004 百 萬 港 元 HK\$ million	增加／ (減少) Increase/ (Decrease)
撇除負商譽撥回的經營溢利	Profit from operations excluding negative goodwill write-back	429	334	28%
負商譽撥回	Negative goodwill write-back	–	57	(100%)
經營溢利	Profit from operations	429	391	10%
應佔一家聯營公司(虧損)／溢利	Share of (loss)/profit of an associate	(13)	21	(162%)
財務成本、稅項、少數股東權益及其他	Finance costs, taxation, minority interests and others	(99)	(102)	(3%)
本公司股本持有人應佔溢利	Profit attributable to equity holders of the Company	317	310	2%

自二零零五年一月一日起，本集團已採用多項由香港會計師公會頒佈的新會計準則。有關詳情及其財務影響載於財務報表附註2。

#### 末期股息

董事議決建議於二零零六年六月十二日向於二零零六年五月二十二日名列本公司股東名冊之股東派付截至二零零五年十二月三十一日止年度的末期股息每股2.0港仙(二零零四年：每股2.5港仙)。

#### 暫停辦理股份過戶登記

本公司將於二零零六年五月十六日起至二零零六年五月二十二日(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二零零六年五月十五日下午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，地址為香港皇后大道東28號金鐘匯中心26樓。

With effect from 1st January, 2005, the Group has adopted a number of new accounting standards issued by Hong Kong Institute of Certified Public Accountants. The details of these and their financial impact are set out in Note 2 to the financial statements.

#### FINAL DIVIDEND

The Directors have resolved to recommend the payment of a final dividend of 2.0 HK cents per share for the year ended 31st December, 2005 (2004: 2.5 HK cents per share), payable on 12th June, 2006 to shareholders on the register of members of the Company on 22nd May, 2006.

#### CLOSURE OF REGISTER OF MEMBERS

The Register of members will be closed from 16th May, 2006 to 22nd May, 2006, 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 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 15th May, 2006.





**半導體業務：**本集團銳意發展成為中國最具競爭力的消費類集成電路及半導體分立器件開發商、生產商與供應商。

**Semiconductor Business :** The Group positions itself to become the most competitive developer, producer and supplier of consumer ICs and discrete devices in the PRC.

# Chairman's Statement and Review of Operations and Results

## 主席報告書與業務及業績回顧

### 業務回顧

儘管二零零五年中國半導體市場增長較為緩慢，惟本集團半導體業務表現繼續改善，為本集團奠下穩固的平台，開拓中國龐大而增長迅速的半導體市場。

本集團壓縮機業務繼續取得優秀表現。隨著進一步擴充產能，壓縮機業務已準備就緒，於可見將來由一家領先中國空調壓縮機供應商晉身全球主要供應商之一。

### 半導體業務

現時國內的半導體行業只能滿足中國集成電路和分立器件總需求的一小部分。近年，中國集成電路和分立器件的需求快速增長，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和分立器件產品壽命相對較長，屬於技術成熟的消費類集成電路和分立器件市場產品，並以中國為目標市場，比較以全球電腦及通訊市場為目標的高端市場產品，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和分立器件市場生產更高附加值的產品。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和分立器件市場。

截至二零零五年十二月三十一日止年度，半導體業務營業額從去年錄得的1,295,000,000港元增加10%至1,430,000,000港元。年內，毛利率為22%，去年則為26%。毛利率下降，主要是由於二零零五年新投產的六吋晶圓片及集成電路封裝生產設施如常於初期產能使用率較低所致。當有關業務於二零零六年量產後，預期毛利率會有所提升。截至二零零五年十二月三十一日止年度，半導體業務的經營溢利為153,000,000港元（二零零四年：167,000,000港元）。

### BUSINESS REVIEW

The Group's Semiconductor Business has continued to improve its performance inspite of the slower growth Chinese market environment during 2005, providing the Group with a solid platform to tap into the huge and expanding semiconductor market in the PRC.

The Group's Compressor Business continues to perform very satisfactorily. With further production capacity expansion being carried out, 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.

### Semiconductor Business

At present, the domestic semiconductor industry satisfies only a small portion of the total demand for IC's and discrete devices 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 and discrete devices produced by Group's Semiconductor Business have relatively longer product life cycles and belong to the mature technology consumer IC and discrete device market segment targeting the PRC market, they are relatively immune to volatile price fluctuations found in high end market segments meant for global computer and communication markets and thus contribute to the Semiconductor Business's stable gross profit margin. The Group will continuously enhance its technical expertise to produce higher value-added products within this stable-price yet high-growth consumer IC and discrete device 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 and discrete device market.

The turnover of the Semiconductor Business increased to HK\$1,430 million for the year ended 31st December, 2005 from HK\$1,295 million recorded in previous year, an increase of 10%. The gross profit margin for the year was 22% compared to 26% of previous year. The reduction in gross profit margin was mainly due to the normal initial low capacity utilisation rates of the newly operated 6 inch wafer fabrication and IC packaging facilities in 2005. Gross margin is expected to improve when these operations are ramped up in 2006. The Semiconductor Business achieved an operating profit of HK\$153 million for the year ended 31st December, 2005 (2004: HK\$167 million).



## Chairman's Statement and Review of Operations and Results

### 主席報告書與業務及業績回顧

本集團現時為中國半導體行業最大開發商兼生產商之一，其半導體業務包括：

- (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，現有生產設施的年產能約為1,500,000片四吋至六吋晶圓片。該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和華潤半導體有限公司經營；
- (b) 測試及封裝消費類集成電路，現有生產設施的年產能為110,000,000隻。該業務是由無錫華潤安盛科技有限公司及賽美科微電子(深圳)有限公司經營；
- (c) 國內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、DVD及MP3播放機、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產品。該業務由無錫矽科、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；及
- (d) 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60,000片六吋晶圓片的產能。該業務由中國最大規模的六吋晶圓代工廠商華潤上華科技有限公司經營。該公司是由上華半導體、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的企業。

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

- (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 Wafers & Chips Ltd. and China Resources Semiconductor Company Limited;
- (b) a leading testing and packaging production facilities of consumer IC's with annual capacity of 110 million units. This business is carried out by Wuxi CR Micro-Assemb Tech. Ltd and Semicon Microelectronics (Shen Zhen) Co., Ltd.;
- (c) 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 Semico, Wuxi INTECH Technology Co., Ltd. and Shenzhen China Resources Semico Co., Ltd.; and
- (d) a Hong Kong Main Board 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 the PRC's largest 6-inch 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.



**壓縮機業務：**本集團銳意發展成為世界級家用空調壓縮機開發供應商。

**Compressor Business :** The Group positions itself to become a world class global supplier of air-conditioner compressors.

## Chairman's Statement and Review of Operations and Results

### 主席報告書與業務及業績回顧

#### 壓縮機業務

本集團與合營企業夥伴日本三洋電機合作的壓縮機業務，是國內住宅空調壓縮機供應商翹楚之一。

隨著中國對空調機的需求持續上升，中國住宅空調壓縮機市場進一步得到改善，帶動本集團於二零零五年間的價格較二零零四年的年度平均價格水平增加16%。有關價格增長足以抵銷期內原料成本上漲。有關增長亦基於國內客戶對節能變頻壓縮機及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。

於二零零五年，營業額為1,433,000,000港元，較二零零四年的1,192,000,000港元增加20%。壓縮機業務繼續為本集團帶來可觀的經營溢利貢獻。毛利率和經營溢利率分別為30%及19%（二零零四年：分別為28%及19%）。毛利率上升，是由於多銷更能節省能源及環保的新科技及高附加值產品，加上持續推行材料國產化計劃的成功和嚴格控制成本所致。該業務於年內錄得經營溢利277,000,000港元，較二零零四年的230,000,000港元增加20%。

二零零五年的壓縮機第五期擴產計劃，將壓縮機業務的每年產能提升至5,000,000台。本集團已處於有利位置，定能抓緊國內及海外住宅空調機市場的龐大需求，有關市場亦會因為：(i)中國內地人民日益富裕；(ii)中國城市的住宅空調機滲透率不高；及(iii)全球氣候變暖導致空調機出口需求增加等因素而繼續上揚。

#### Compressor Business

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 further improved with the continuing increase in demand for air-conditioners in the PRC which saw a price increase of 16% by the Group during 2005 when compared to the annual average price level of 2004. 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 the PRC customers seeking energy saving variable speed compressors as well as overseas market demand for more advanced compressors using new environment friendly refrigerant.

During 2005, turnover amounted to HK\$1,433 million, which represents an increase of 20% over the HK\$1,192 million turnover in 2004. The Compressor Business has continued to make a significant contribution to the Group's operating profit. Its gross and operating margins were 30% and 19% respectively (2004: 28% and 19% respectively). The increase in gross margin was because of the sale of new technology and higher value added products which are energy saving and environmental friendly, continual successful material localisation program and tight cost controls. An operating profit of HK\$277 million was achieved during the year, an increase of 20% over the HK\$230 million for 2004.

The annual production capacity of the Compressor Business has reached 5 million units as a result of Phase V expansion of compressor production capacity during 2005. The Group is well poised to capture the huge demand for the residential air-conditioners in both the 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.



## Chairman's Statement and Review of Operations and Results

### 主席報告書與業務及業績回顧

於二零零四年，本集團壓縮機業務的日本合營企業夥伴於合營企業所持股權由13%增至34.25%，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。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，可為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額外股權注資，壓縮機業務可望於不久將來由中國空調壓縮機供應商翹楚躋身全球主要供應商之列。

#### 辦公室傢俱業務

本集團是國內專門生產優質辦公室傢俱的主要生產商和供應商之一，其辦公室傢俱品牌於業內享負盛名，廣受國際跨國企業及主要中國領先企業等客戶青睞。目前，本集團的辦公室傢俱業務於中國各地擁有超過20個區域分銷渠道，其中10間分行更位於國內主要城市。該業務於截至二零零五年十二月三十一日止年度的營業額及經營溢利分別為201,000,000港元及20,000,000港元（二零零四年：分別為186,000,000港元及22,000,000港元）。辦公室傢俱業務已於二零零五年十二月出售。

#### 前景

本集團於二零零五年十二月出售其辦公室傢俱業務，將資源集中於發展半導體及壓縮機業務。本集團將繼續致力謀求實質內涵式增長、對外併購以及努力尋求與海外和國內企業合組策略合作夥伴的機遇，繼續拓展本集團半導體業務和壓縮機業務。

In 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. 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. With further production capacity expansion being planned and additional equity invested 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.

#### Office Furniture Business

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 enterprises. The Office Furniture Business has over 20 regional distribution channels across the PRC including 10 branches in major cities. Turnover for the year ended 31st December, 2005 amounted to HK\$201 million with an operating profit of HK\$20 million (2004: HK\$186 million and HK\$22 million respectively). The Office Furniture Business was disposed of in December, 2005.

#### PROSPECTS

The Group has disposed of its Office Furniture Business in December, 2005 to focus its resources on its Semiconductor and Compressor Businesses. The Group will continue to expand 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.

## Chairman's Statement and Review of Operations and Results

### 主席報告書與業務及業績回顧

在半導體業務方面，中國市場對技術成熟消費類集成電路和分立器件的需求急劇增長，本集團應可繼續從中受惠。本集團於二零零二年收購一家具領導地位的中國半導體企業以及其後成功進行重組及整合，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，本集團於二零零五年耗用資本開支約334,000,000港元以添置生產設備。本集團之集成電路設計公司無錫矽科及其附屬公司為中國領先集成電路設計公司，於年內大幅增加其消費類集成電路產品組合，並加強其設計能力，推出0.35 $\mu$ m, 16 bits MCU，且著手設計0.18 $\mu$ m MP3 SoC。本集團於近年從美國引進一批高質素的半導體設計人才，並將繼續招攬海外受訓的半導體專才，以提升本集團持續發展集成電路和分立器件的生產及設計的能力。

本集團經已晉身為中國技術成熟消費類集成電路和分立器件市場的翹楚，在製造和封裝雙極集成電路及分立器件、經營半導體設計公司、提供0.35 $\mu$ m CMOS技術晶圓代工服務等方面都具有舉足輕重的地位。本集團經營晶圓代工業務的聯營公司華潤上華科技曾進行重組、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，為本集團提供穩固平台，以進軍中國日益擴展的龐大半導體市場。本集團預期在二零零六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和分立器件市場中的技術實力。

For the Semiconductor Business, the Group will continue to benefit from the rapidly increasing demand in the PRC for mature technology consumer IC's and discrete devices. The acquisition of a leading PRC semiconductor enterprise in 2002 and its subsequent successful restructuring and integration, 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\$334 million of capital expenditure in 2005 to purchase additional production equipment. 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 as well as enhancing their design capabilities, introducing 0.35 $\mu$ m 16 bits MCU and embarking on designing 0.18 $\mu$ m MP3 SoC. The Group has recruited high caliber semiconductor design experts from the United States in recent years and will continue to recruit overseas trained semiconductor experts to enhance the continuous development of its IC and discrete device manufacturing and design capabilities.

The Group has become the market leader in the mature technology consumer IC and discrete device 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 of up to 0.35 $\mu$ m CMOS technology. The restructuring, funding and the invitation of strategic partners carried out by the Group's open foundry associated company, CSMC-Tech and its subsequent listing on the HK Stock Exchange in 2004, paved the way for the rapid expansion of the Group's foundry business. The Group's Semiconductor Business has become one of the key growth drivers of the Group, providing the Group with a solid 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 2006 and thereafter. The Group will strive to continually enhance its technical capability within the consumer IC and discrete device market segment via infusion of talents and forging strategic and technical alliances with foreign partners.

## Chairman's Statement and Review of Operations and Results

### 主席報告書與業務及業績回顧

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，加上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。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。

於二零零四年，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。是項安排將會提升本集團每年的壓縮機產能，由二零零四年的3,500,000台增至二零零六年的6,000,000台。首兩條製造揉合頂尖技術及使用新環保制冷劑的直流電壓縮機之生產線已於二零零五年成功安裝並投入運作。於二零零五年年底，壓縮機業務之總年產能已達至5,000,000台。

與三洋電機之安排對本集團壓縮機業務與三洋電機而言均屬互惠互利。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向三洋電機取得新國際市場、產能及技術，而三洋電機而言則可進一步利用合營企業的生產力及成本效益，提升本身的住宅空調機業務。

隨著產能於二零零六年增至6,000,000台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，亦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二零零六年及其後年度，繼續為本集團營業額及盈利帶來貢獻。

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 the PRC. The Group's Compressor Business will strive to enlarge its market share in the PRC to further capture the huge potential demand for residential air-conditioners.

In 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 compressor products for residential and commercial air-conditioners. The arrangement will increase the Group's annual production capacity of compressors from the 3.5 million units in 2004 to 6 million units by 2006. The first and second production lines for manufacturing leading edge technology direct current and new environment friendly refrigerant compressors have been successfully installed and put into operation during 2005. The total annual production capacity of the Compressor Business have reached 5 million units by the end of 2005.

The arrangement with Sanyo Electric 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 from Sanyo Electric while Sanyo Electric can further leverage on the production and cost efficiency of the joint venture to enhance its own residential air-conditioner business.

With its capacity increased to 6 million units by 2006 and production technology further enhanced, the Compressor Business of the Group is making a definite 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 both the Semiconductor Business and the Compressor Business will continue to contribute positively to the Group's turnover and profitability in 2006 and thereafter.



# Chairman's Statement and Review of Operations and Results

## 主席報告書與業務及業績回顧

### 財務回顧

#### 現金流量

年內，經營業務現金流入淨額為522,000,000港元，較去年增加26%，此乃由於經營業績改善所致，儘管營運資金需求因應本集團業務發展增加而上升。

本集團於年內的資本開支為629,000,000港元，其中53%用作擴充及提升半導體業務的現有生產及封裝設施，而其餘47%開支則用於壓縮機業務第五期擴展計劃。上述所需資金乃由本集團經營性現金流量、銀行借貸及庫存現金撥付。截至年結日，本集團可動用的庫存現金為470,000,000港元，較去年底減少86,000,000港元，減幅為15%。現金結存中46%及47%分別為人民幣及港元，而其餘則為日圓及美元。

#### 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。截至年結日，本集團的借貸總額為1,367,000,000港元，與去年底之借貸總額相約。於年結日，本集團的借貸淨額為897,000,000港元。於年結日，本集團的負債比率（按借貸淨額除股本總值計算）為30%，去年底則為33%。流動比率（流動資產與流動負債的比例）維持在1.41倍的穩健水平。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1,367,000,000港元來自付息銀行貸款及其他借貸兩個途徑，全屬無抵押。借貸中38%列作流動負債，須於一年內償還，其餘須於兩至三年內償還。人民幣貸款佔付息銀行貸款14%，而其餘付息銀行貸款為港元貸款。所有人民幣付息銀行貸款均按浮動利率計息。

### FINANCIAL REVIEW

#### Cash Flow

The net cash inflow from operations during the year amounted to HK\$522 million which was 26% higher than that of last year. The increase was brought about by the improved operating results albeit increase in working capital requirement that is in line with the increase in activity of the Group.

The Group has spent HK\$629 million in capital expenditure during the year, 53% of which was used to fund the expansion and upgrading of existing production and packaging facilities of the Semiconductor Business. The balance of the 47% of the spending was deployed on phase V expansion plan of the Compressor Business. 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\$470 million representing a decrease of HK\$86 million or 15% against that at last year end. Among the cash balance 46% and 47% were denominated in Renminbi and Hong Kong dollar respectively and the remaining in Japanese Yen and US dollar.

#### 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\$1,367 million which was about the same as that of last year end. The net borrowings of the Group was HK\$897 million as at the year end. The gearing ratio of the Group at the end of the year, calculated as net borrowings over total equity, was 30%, compared to 33% as of last year end. The current ratio (ratio of current assets to current liabilities) was maintained at the healthy level of 1.41. The financial position and liquidity of the Group is healthy and stable.

The Group's total borrowings of HK\$1,367 million came from two sources namely interest bearing bank loans and other borrowings which are all unsecured. 38% 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 14% of the interest bearing bank loans with the rest denominated in HK dollar. All Renminbi interest bearing bank loans are on floating interest rate terms.

## Chairman's Statement and Review of Operations and Results

### 主席報告書與業務及業績回顧

本集團獲授於二零零七年到期的1,300,000,000港元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。截至年底，本集團經已使用備用額的77%。備用額連同穩健的經營性現金流量，為本集團提供充裕資金來源作可見未來擴展之用。

其他貸款於年底佔本集團的借貸總額1%，全部均以人民幣結算及付息。所有貸款均須於要求時償付。113,000,000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的借貸備用額。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。本集團的一貫政策為不參與任何投機活動。

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

截至年底，本集團之股東資金為2,397,000,000港元，較去年增加449,000,000港元，升幅為23%。年內，本公司向其股東派付二零零四年度末期股息及二零零五年中期股息合共93,000,000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, 77% 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 1% of the Group's total borrowings as at the year end date were all denominated in Renminbi and interest bearing. They are repayable on demand. HK\$113 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 dollar 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\$2,397 million, representing an increase of HK\$449 million or 23% compared to that of last year. During the year HK\$93 million was paid to shareholders of the Company as final dividend for the year 2004 and interim dividend for 2005.

# Chairman's Statement and Review of Operations and Results

## 主席報告書與業務及業績回顧

### 重大投資、收購和出售事項

於二零零五年十二月，本集團向其控股公司華潤集團出售其辦公室傢具業務。出售代價為183,000,000港元，即二零零三年及二零零四年辦公室傢具業務的平均除稅後純利約12倍，並為二零零四年十二月三十一日的有形資產淨值約1.8倍。

除上述者外，於年內，本集團並無訂立任何重大投資、收購及出售協議，惟於二零零四年訂立之以下合同於年內繼續生效。

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（「沈陽華潤三洋」）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（「第五期擴產計劃」）。於二零零四年及本年度已分別支付140,000,000港元及155,000,000港元。尚未償還承擔為25,000,000港元，並須於二零零六年年中悉數支付。

### 持續經營業務

按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，本公司獲股東批准修訂新購股權計劃，擴闊有權參與新購股權計劃的參與者的範圍。

### SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

The Group disposed of its Office Furniture Business in December, 2005 to its holding company, CRH. The disposal consideration was HK\$183 million which represents approximately 12 times the average after tax net profit of the Office Furniture Business for the years 2003 and 2004 as well as approximately 1.8 times its net tangible asset value as at 31st December 2004.

Other than the above, the Group has not entered into significant investments, acquisitions and disposals agreements during the year, except for the following contract entered into in 2004 and continues during the year.

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 ("Phase V expansion plan") for a consideration of JPY4,414,860,000 (about HK\$319,635,864). HK\$140 million and HK\$155 million were paid in the year 2004 and the current year respectively. The outstanding commitment is HK\$25 million and is payable in full till mid 2006.

### 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 HK 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.



## Chairman's Statement and Review of Operations and Results

### 主席報告書與業務及業績回顧

舊購股權計劃及新購股權計劃的概要，以及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31。

#### 獎勵僱員

於二零零五年十二月三十一日，本集團在香港和中國共聘用約7,000名員工。本集團一向重視人才，深明吸納和留聘優秀員工是本集團繼續致勝之道。本集團會按若干員工的個別表現而發放花紅及購股權，相信此舉有助本集團吸納及留聘優秀員工，並鼓勵員工發揮最佳表現。

#### 致謝

本集團有賴前主席宋林先生過去對本集團的管理與領導，以及各業務夥伴、客戶及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

華潤勵致有限公司

主席

朱金坤

香港，二零零六年四月十一日

A summary showing the Old Share Option Scheme and the New Share Option Scheme and their respective movements are detailed in the Directors' Report and in Note 31 to the financial statements.

#### REWARD FOR EMPLOYEES

As at 31st December, 2005, the Group employs approximately 7,000 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.

#### APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our utmost gratitude to the past Chairman, Mr. Song Lin, for his past stewardship and guidance provided to the Group, our most sincere appreciation to our business partners, customers and shareholders for their unfailing support as well as 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

**ZHU JINKUN**

*Chairman*

**CHINA RESOURCES LOGIC LIMITED**

Hong Kong, 11th April, 2006