

Corporate Profile

Galaxy Semi-Conductor Holdings Limited ("the Company") and its subsidiaries ("the Group") is a leading diodes manufacturer and the largest rectifier manufacturer in the PRC. The Group's operations are mainly conducted through its five PRC subsidiaries, namely Changzhou Galaxy Electrical Company Limited ("Galaxy Electrical"), Changzhou Galaxy Semiconductor Company Limited ("Galaxy Semiconductor"), Changzhou Galaxy Technology Developing Company Limited ("Galaxy Technology"), Changzhou Galaxy Hi-New Electric Parts Co., Ltd. ("Galaxy Hi-New") and Changzhou Galaxy Century Micro-Electronics Company Limited ("Galaxy Micro-Electronics").

Galaxy Electrical was established in 1994. It is principally engaged in the design, development, manufacture and sale of diodes under the brand name of "BILIN"; Galaxy Semiconductor and Galaxy Technology were established in 2001 and 2003 respectively, and are principally engaged in the design, development, manufacture and sale of 3-inch and 4-inch wafers respectively, which are mainly for the use of Galaxy Electrical in the production of diodes.

To further expand production capacity and strengthen its abilities to develop in the long term, the Group established Galaxy Micro-Electronics in the PRC in October 2006, which will be principally engaged in the production of micro surface mount plastic-packaged components (including diodes and transistor) ("micro components"). As the gross profit of micro components is higher than those of other diodes, the Group will focus on the development of this product in the future. In addition, the Group entered into an agreement to acquire Seven Rainbows Limited in November 2006,

which was incorporated in the British Virgin Islands, and hence indirectly acquired Galaxy Hi-New in which it holds 100% equity interests. Galaxy Hi-New is located next to the existing production plant of the Group. It possesses land use rights and three blocks of single storey production plants which can be used for testing and packing diodes by Galaxy Electrical. In the fourth quarter of 2006, Galaxy Hi-New was engaged in the production and sales of plastic packaged diodes which contributes to the expansion of the Group's production capacity to meet increasing demands by customer for the Group's diodes. Galaxy Micro-Electronics is expected to commence production in the second half of 2007, with monthly production capacity of over 30 million pieces of micro components, while Galaxy Hi-New is also expected to increase its production capacity in the second half of 2007, with an expected monthly production capacity of 200 million pieces of plastic packages diodes in the second half of the year, which will further raise the total aggregate production and earning capacities of the Group.

Backed by its research and development capabilities which are among the strongest in the PRC diodes industry, together with one of the largest scale and most advanced production facilities, the Group is able to adjust production lines to cater for customers' needs for different diodes. The Group will further grasp development opportunities, in particular the opportunities brought about by the trend of international well known corporations purchasing parts made in the PRC for spare and wear parts manufacturers in China. The Group is currently engaged in the research and development of micro components and expand the production capacity to maintain the Group's growth and achieve higher returns for the shareholders.

