

CHINA SOLAR ENERGY HOLDINGS LIMITED

華基光電能源控股有限公司*

(Incorporated in Bermuda with limited liability)

(於百慕達註冊成立之有限公司)

Stock Code 股份代號:155



CHINASOLAR
ENERGY

06

Interim Report

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Corporate Information

CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Dr. Zoltan J. KISS

MANAGING DIRECTOR

Pierre SELIGMAN

EXECUTIVE DIRECTORS

CHU Chik Ming Jack

CHAN Wai Kwong Peter

INDEPENDENT NON-EXECUTIVE DIRECTORS

CHOW Siu Ngor

YIN Tat Man

TAM Kam Biu William

COMPANY SECRETARY

TSANG Wai Wa

QUALIFIED ACCOUNTANT

TSANG Wai Wa

AUDITORS

Grant Thornton

Certified Public Accountants

LEGAL ADVISERS

Hong Kong

Baker & McKenzie

Bermuda

Conyers Dill & Pearman

PRINCIPAL BANKERS

Industrial and Commercial Bank of China (Asia) Limited

Hong Kong and Shanghai Banking Corporation Limited

公司資料

主席兼非執行董事

Dr. Zoltan J. KISS

董事總經理

Pierre SELIGMAN

執行董事

朱植明

陳為光

獨立非執行董事

鄒小岳

袁達文

譚錦標

公司秘書

曾偉華

合資格會計師

曾偉華

核數師

均富會計師行

執業會計師

法律顧問

香港

麥堅時律師行

百慕達

Conyers Dill & Pearman

主要往來銀行

中國工商銀行(亞洲)有限公司

香港上海滙豐銀行有限公司

Corporate Information *(continued)*

REGISTERED OFFICE

Clarendon House
Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS

21/F.,
3 Lockhart Road,
Wan Chai,
Hong Kong

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

The Bank of Bermuda Limited
6 Front Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH REGISTRARS AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
46th Floor, Hopewell Centre
183 Queen's Road East
Hong Kong

COMPANY WEBSITE

www.chinasolar-energy.com

STOCK CODE

155

公司資料 (續)

註冊辦事處

Clarendon House
Church Street
Hamilton HM 11
Bermuda

主要營業地點

香港
灣仔
駱克道3號
21樓

股份過戶登記總處

The Bank of Bermuda Limited
6 Front Street
Hamilton HM 11
Bermuda

香港股份過戶登記分處

香港中央證券登記有限公司
香港
皇后大道東183號
合和中心46樓

公司網址

www.chinasolar-energy.com

股份代號

155

Condensed Consolidated Income Statement

For the six months ended 30 September 2006

The board of directors (the “Board”) of China Solar Energy Holdings Limited (the “Company”) hereby announces the unaudited interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2006. The interim results for the six months ended 30 September 2006 have been reviewed by the Company’s audit committee.

簡明綜合收益表

截至二零零六年九月三十日止六個月

華基光電能源控股有限公司(「本公司」)董事會(「董事會」)謹此公佈本公司及其附屬公司(「本集團」)截至二零零六年九月三十日止六個月之未經審核中期業績。本公司審核委員會經已審閱截至二零零六年九月三十日止六個月之中期業績。

Six months ended
30 September
截至九月三十日止
六個月

		Notes	2006 Unaudited HK\$'000 二零零六年 未經審核 千港元	2005 Unaudited HK\$'000 二零零五年 未經審核 千港元
		附註		
Revenue	收入	3	8,419	2,003
Other income	其他收入	4	2,647	1,338
Cost of long-term service contracts	長期服務合約成本		(6,658)	-
Fair value gain on financial assets at fair value through profit or loss/ Unrealized gain on trading securities at fair value	以公允價值列入損益賬之 金融資產之公允價值/ 按公允價值列賬之交易 證券未變現收益		6,161	(3,915)
Staff costs	員工成本		(12,484)	(6,634)
Consultancy expenses	顧問費用		(2,253)	(20,502)
Depreciation of property, plant and equipment	物業、廠房及設備折舊		(326)	(1)
Other operating expenses	其他經營開支		(11,973)	(2,085)
Loss from operations	經營虧損		(16,467)	(29,796)
Finance costs	融資成本	5(a)	(410)	(304)
Loss before income tax	除所得稅前虧損	5	(16,877)	(30,100)
Income tax expense	所得稅開支	6	-	-
Loss for the period	期內虧損		(16,877)	(30,100)
Attributable to:	應佔如下:			
Equity holders of the Company	本公司權益持有人		(9,940)	(30,100)
Minority interests	少數股東權益		(6,937)	-
			(16,877)	(30,100)
Loss per share for loss attributable to equity holders of the Company for the period	期內本公司權益持有人應佔虧損之每股虧損			
Basic and diluted	基本及攤薄	8	(0.26) cents 仙	(1.09) cents 仙

The notes on pages 7 to 27 form part of this interim financial report.

第7至27頁之附註屬本中期財務報告一部份。

Condensed Consolidated Balance Sheet

As at 30 September 2006

簡明綜合資產負債表

於二零零六年九月三十日

		Notes	At 30 September 2006 Unaudited HK\$'000 於二零零六年 九月三十日 未經審核 千港元	At 31 March 2006 Audited HK\$'000 於二零零六年 三月三十一日 經審核 千港元
		附註		
ASSETS AND LIABILITIES	資產及負債			
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備		14,540	12,106
Available-for-sales financial assets	可供銷售之金融資產	9	-	-
Goodwill	商譽		140,575	140,575
			<u>155,115</u>	<u>152,681</u>
Current assets	流動資產			
Inventories	存貨	10	890	519
Unbilled revenue from long-term service contracts	長期服務合約 未入賬收入	11	6,296	6,858
Financial assets at fair value through profit or loss	以公允價值列入損益賬 之金融資產	12	23,142	16,173
Trade and other receivables	應收賬款及其他應收款項	13	46,414	22,770
Amount due from a shareholder	應收一位股東款項		19,602	15,720
Amount due from a minority shareholder	應收一位少數股東 款項		874	3,908
Tax recoverable	可收回稅項		674	674
Cash and cash equivalents	現金及現金等價物		100,689	147,419
			<u>198,581</u>	<u>214,041</u>
Current liabilities	流動負債			
Trade and other payables	應付賬款及其他應付款項	14	18,861	29,800
Provision for taxation	稅項準備		635	635
Borrowings	借貸	15	2,267	3,832
			<u>21,763</u>	<u>34,267</u>
Net current assets	流動資產淨值		<u>176,818</u>	<u>179,774</u>
Total assets less current liabilities/ Net assets	資產總值減流動負債/ 資產淨值		<u>331,933</u>	<u>332,455</u>
EQUITY	權益			
Share capital	股本	16	37,686	36,326
Reserves	儲備		286,463	281,408
Equity attributable to equity holders of the Company	本公司權益持有人 應佔權益		324,149	317,734
Minority interests	少數股東權益		7,784	14,721
Total equity	總權益		<u>331,933</u>	<u>332,455</u>

The notes on pages 7 to 27 form part of this interim financial report.

第7至27頁之附註屬本中期財務報告一部份。

Condensed Consolidated Statement of Changes in Equity

簡明綜合權益變動表

For the six months ended 30 September 2006

截至二零零六年九月三十日止六個月

		Attributable to equity holders of the Company 本公司權益持有人應佔								
		Share capital HK\$'000	Share premium HK\$'000	Share option reserve HK\$'000	Contributed surplus HK\$'000	Warrant reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total equity HK\$'000
		股本 千港元	股份溢價 千港元	購股權 儲備 千港元	繳入盈餘 千港元	認股權證 儲備 千港元	累計虧損 千港元	總計 千港元	少數股東 權益 千港元	總權益 千港元
Six months ended 30 September 2005 (undited)	截至二零零五年九月三十日 止六個月(未經審核)									
At 1 April 2005	於二零零五年四月一日	27,525	463,659	-	596,248	-	(1,001,497)	85,935	-	85,935
Loss for the period	期內虧損	-	-	-	-	-	(30,100)	(30,100)	-	(30,100)
Warrant reserve arising from the issue of the warrants, net of expenses	因發行認購權證 而產生之認股權 證儲備(扣除開支)	-	-	-	-	24,206	-	24,206	-	24,206
Share option reserve arising from the issue of the Share options	因發行購股權而產生之 購股權儲備	-	-	24,049	-	-	-	24,049	-	24,049
At 30 September 2005	於二零零五年九月三十日	27,525	463,659	24,049	596,248	24,206	(1,031,597)	104,090	-	104,090
Six months ended 30 September 2006 (undited)	截至二零零六年九月三十日 止六個月(未經審核)									
At 1 April 2006	於二零零六年四月一日	36,326	735,824	22,569	596,248	23,770	(1,097,003)	317,734	14,721	332,455
Loss for the period	期內虧損	-	-	-	-	-	(9,940)	(9,940)	(6,937)	(16,877)
Exercise of warrants	行使認股權證	886	13,278	-	-	(3,870)	-	10,294	-	10,294
Exercise of share options, net of expenses	行使購股權(扣除開支)	474	7,710	(2,123)	-	-	-	6,061	-	6,061
At 30 September 2006	於二零零六年九月三十日	37,686	756,812	20,446	596,248	19,900	(1,106,943)	324,149	7,784	331,933

The notes on pages 7 to 27 form part of this interim financial report.

第7至27頁之附註屬本中期財務報告一部份。

Condensed Consolidated Cash Flow Statement

For the six months ended 30 September 2006

簡明綜合現金流量表

截至二零零六年九月三十日止六個月

		Six months ended 30 September 截至九月三十日止 六個月	
		2006 Unaudited HK\$'000 二零零六年 未經審核 千港元	2005 Unaudited HK\$'000 二零零五年 未經審核 千港元
Net cash used in operating activities	經營活動所用現金淨額	(58,760)	(18,267)
Net cash used in investing activities	投資活動所用現金淨額	(2,760)	(36)
Net cash generated from financing activities	融資活動所得現金淨額	14,790	10,743
Net decrease in cash and cash equivalents	現金及現金等價物減少淨額	(46,730)	(7,560)
Cash and cash equivalents at beginning of the period	期初之現金及現金等價物	147,419	7,841
Cash and cash equivalents at end of the period	期末之現金及現金等價物	100,689	281

The notes on pages 7 to 27 form part of this interim financial report.

第7至27頁之附註屬本中期財務報告一部份。

Notes to the Unaudited Interim Financial Report

For the six months ended 30 September 2006

1 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and are compliance with the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants.

2 ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these unaudited condensed consolidated interim financial statements are the same as those used in the annual financial statements for the year ended 31 March 2006 except for Group has not early adopted a number of new and revised Hong Kong Financial Reporting Standards (“HKFRSs”, which also include HKASs and Interpretations) in the current period for the first time as detailed below to the unaudited condensed consolidated interim financial statements.

The Group has not early adopted the below standards or interpretations of HKFRS that have been issued but are not yet effective and are relevant to the Group on the ground that the directors of the Company anticipate that the adoption of such standards or interpretations will not result in substantial changes as to how the results and financial position are prepared and presented.

未經審核中期財務報告附註

截至二零零六年九月三十日止六個月

1 編製基準

本未經審核簡明綜合中期財務報表乃按照香港聯合交易所有限公司證券上市規則（「上市規則」）附錄十六之適用披露規定而編製，並符合香港會計師公會所頒佈之香港會計準則（「香港會計準則」）第34號「中期財務報告」之規定。

2 會計政策

編製此等未經審核簡明綜合中期財務報表時所採納之會計政策及計算方法，與截至二零零六年三月三十一日止年度之年度財務報表所用者相同，惟本集團並未於本期間在未經審核簡明綜合中期財務報表提前首次採納若干新訂及經修訂香港財務報告準則（「香港財務報告準則」），亦包括香港會計準則及詮釋，有關詳情於下文載列。

本集團並未提前採納以下已頒佈但尚未生效且與本集團相關之香港財務報告準則或詮釋，此乃由於本公司董事預期採納該等準則或詮釋，將不會導致業績及財務狀況之編製及呈報方式出現重大變動。

Notes to the Unaudited Interim Financial Report (continued)
For the six months ended 30 September 2006

2 ACCOUNTING POLICIES (continued)

HKAS 1 (Amendment)	Capital Disclosures which is effective for annual periods beginning on or after 1 January 2007
HKAS 21 (Amendment)	The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation which was effective for annual periods beginning on or after 1 January 2006
HKAS 39 (Amendment)	The Fair Value Option which was effective for annual periods beginning on or after 1 January 2006
HKAS 39 & HKFRS 4 (Amendment)	Financial Instruments: Recognition and Measurement and Insurance Contracts – Financial Guarantee Contracts which was effective for annual periods beginning on or after 1 January 2006
HKFRS 7	Financial Instruments – Disclosures which is effective for annual periods beginning on or after 1 January 2007
HK(IFRIC) – INT 8	Scope of HKFRS2 which was effective for annual periods beginning on or after 1 May 2006
HK(IFRIC) – INT 9	Reassessment of Embedded Derivatives which is effective for annual periods beginning on or after 1 June 2006

未經審核中期財務報告附註 (續)
截至二零零六年九月三十日止六個月

2 會計政策 (續)

香港會計準則 第1號 (修訂本)	資本披露 (於二零零七年一月一日或之後開始之年度期間生效)
香港會計準則 第21號 (修訂本)	匯率變動之影響 – 於海外業務之投資淨額 (於二零零六年一月一日或之後開始之年度期間生效)
香港會計準則 第39號 (修訂本)	公允價值期權 (於二零零六年一月一日或之後開始之年度期間生效)
香港會計準則 第39號及香港財務報告準則第4號 (修訂本)	金融工具: 確認及計量及保險合約 – 財務擔保合約 (於二零零六年一月一日或之後開始之年度期間生效)
香港財務報告準則 第7號	金融工具 – 披露 (於二零零七年一月一日或之後開始之年度期間生效)
香港 (國際財務報告詮釋委員會) – 詮釋第8號	香港財務報告準則第2號之範圍 (於二零零六年五月一日或之後開始之年度期間生效)
香港 (國際財務報告詮釋委員會) – 詮釋第9號	重估嵌入式衍生工具 (於二零零六年六月一日或之後開始之年度期間生效)

Notes to the Unaudited Interim Financial Report *(continued)*
For the six months ended 30 September 2006

未經審核中期財務報告附註 (續)
截至二零零六年九月三十日止六個月

3 SEGMENT REPORTING

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

a) Business segments

The Group is organised into three main business segments:

Strategic investments and capital market activities:

- Participation in primary and secondary securities market and provision of capital market advisory services

Financing:

- Provision of commercial and personal loans

Photovoltaic business:

- Development, manufacturing, marketing and sales of solar cells, modules and panels for generating solar electric power and related training and consulting services.

There are no significant sales or other transactions between the business segments.

3 分部呈報

分部資料按本集團之業務及地區分部呈列。由於業務分部較符合本集團內部財務呈報，故以業務分部資料為主要呈報方式。

a) 業務分部

本集團由三個主要業務分部組成：

策略性投資及資本市場活動：

- 參與主要及次要證券市場與提供資本市場顧問服務

融資：

- 提供商業及個人貸款

光伏業務：

- 太陽能發電之光伏太陽能電池、組件及控電板等之開發、生產、營銷及銷售，以及有關之培訓及顧問服務

業務分部間並無重大銷售或其他交易。

Notes to the Unaudited Interim Financial Report (continued)
For the six months ended 30 September 2006

未經審核中期財務報告附註 (續)
截至二零零六年九月三十日止六個月

3 SEGMENT REPORTING (continued)

3 分部呈報 (續)

a) Business segments (continued)

a) 業務分部 (續)

		Six months ended 30 September (unaudited) 截至九月三十日止六個月 (未經審核)									
		Strategic investments and capital market activities 策略性投資及 資本市場活動		Financing 融資		Photovoltaic business 光伏業務		Unallocated 未分配		Consolidated 綜合	
		2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元	2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元	2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元	2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元	2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元
Revenue from external customers	來自外界客戶之收入	1,204	253	-	1,750	7,215	-	-	-	8,419	2,003
Segment results	分部業績	5,246	(24,576)	(12)	1,745	(14,047)	-	-	-	(8,813)	(22,831)
Unallocated operating income and expenses	未分配經營收入及開支	-	-	-	-	-	-	-	-	(7,654)	(6,965)
Loss from operations	經營虧損	-	-	-	-	-	-	-	-	(16,467)	(29,796)
Finance costs	融資成本	-	-	-	-	-	-	-	-	(410)	(304)
Loss before income tax	除所得稅前虧損	-	-	-	-	-	-	-	-	(16,877)	(30,100)
Income tax expense	所得稅開支	-	-	-	-	-	-	-	-	-	-
Loss for the period	期內虧損	-	-	-	-	-	-	-	-	(16,877)	(30,100)
Depreciation for the period	期內折舊	-	1	-	-	326	-	-	-	326	1

Notes to the Unaudited Interim Financial Report (continued)
For the six months ended 30 September 2006

未經審核中期財務報告附註 (續)
截至二零零六年九月三十日止六個月

3 SEGMENT REPORTING (continued)

3 分部呈報 (續)

b) Geographical segments

The Group participates in two principal economic environments: China and the United States.

In presenting information on the basis of geographical segments, segment revenue is based on the country where the contract is signed or the order is placed.

b) 地區分部

本集團在兩個主要經濟地區經營：中國及美國。

在呈列地區分部資料時，分部收入是以簽定合約或作出訂單之國家為計算基準。

		Six months ended 30 September (unaudited)							
		截至九月三十日止六個月 (未經審核)							
		Hong Kong		Other areas of China		United States		Consolidated	
		香港		中國其他地區		美國		綜合	
		2006	2005	2006	2005	2006	2005	2006	2005
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		二零零六年	二零零五年	二零零六年	二零零五年	二零零六年	二零零五年	二零零六年	二零零五年
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
Revenue from external customers	來自外界客戶之收入	1,204	2,003	-	-	7,215	-	8,419	2,003
Segment results	分部業績	(285)	(18,907)	5,519	(3,924)	(14,047)	-	(8,813)	(22,831)

Notes to the Unaudited Interim Financial Report *(continued)*
For the six months ended 30 September 2006

未經審核中期財務報告附註 (續)
截至二零零六年九月三十日止六個月

4 OTHER INCOME

4 其他收入

		Six months ended 30 September 截至九月三十日止 六個月	
		2006 Unaudited HK\$'000 二零零六年 未經審核 千港元	2005 Unaudited HK\$'000 二零零五年 未經審核 千港元
Secondment services	借調服務	1,679	1,311
Interest income	利息收入	965	-
Others	其他	3	27
		<u>2,647</u>	<u>1,338</u>

Notes to the Unaudited Interim Financial Report (continued)
For the six months ended 30 September 2006

未經審核中期財務報告附註 (續)
截至二零零六年九月三十日止六個月

5 LOSS FROM ORDINARY ACTIVITIES BEFORE TAXATION

5 除稅前日常業務虧損

Loss from ordinary activities before taxation is arrived at after charging:

除稅前日常業務虧損已扣除：

		Six months ended 30 September 截至九月三十日止 六個月	
		2006 Unaudited HK\$'000 二零零六年 未經審核 千港元	2005 Unaudited HK\$'000 二零零五年 未經審核 千港元
(a) Finance costs:	(a) 融資成本：		
Interest on bank loans and overdrafts and other loans repayable within five years	須於五年內償還之銀行貸款及透支與其他貸款之利息	410	304
(b) Other items:	(b) 其他項目：		
Operating lease charges in respect of properties	有關物業之經營租賃費用	4,319	214

Notes to the Unaudited Interim Financial Report *(continued)*
For the six months ended 30 September 2006

6 INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made in the financial statements as the Group either sustained a loss for taxation purposes or did not earn any assessable income for the period ended 30 September 2006 (2005: Nil).

No provision for overseas taxation has been made as there is no assessable profit for overseas tax purpose for both periods.

As at 30 September 2006, the Group had potential net deferred tax asset principally resulting from estimated tax losses. The potential net deferred tax asset has not been recognized in the financial statements, as it is uncertain that these tax losses could be utilized in the foreseeable future.

7 DIVIDEND

The directors of the Company do not recommend the payment of an interim dividend in respect of the six months ended 30 September 2006 (2005: Nil).

未經審核中期財務報告附註 (續)
截至二零零六年九月三十日止六個月

6 所得稅開支

由於截至二零零六年九月三十日止期間，本集團在計算稅項方面錄得虧損或並無賺取任何應課稅收入，因此並無於財務報表中就香港利得稅作出撥備（二零零五年：無）。

由於上述兩段期間內概無海外稅項之應課稅溢利，因此並無就海外稅項作出撥備。

於二零零六年九月三十日，本集團之潛在遞延稅項資產淨值主要產生自估計稅務虧損。由於不能確定是否可於可見將來動用該等稅務虧損，故潛在遞延稅項資產淨值並未於財務報表確認。

7 股息

本公司董事並不建議派發截至二零零六年九月三十日止六個月之中期股息（二零零五年：無）。

Notes to the Unaudited Interim Financial Report *(continued)*
 For the six months ended 30 September 2006

未經審核中期財務報告附註 (續)
 截至二零零六年九月三十日止六個月

8 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the Group's loss attributable to equity holders of the Company of HK\$9,940,000 (2005: HK\$30,100,000) and the weighted average number of ordinary shares of 3,724,307,869 shares (2005: 2,752,451,858 shares) in issue during the six months ended 30 September 2006.

(b) Diluted loss per share

Diluted loss per share for the period ended 30 September 2006 is not presented because the effect of all potential ordinary shares is anti-dilutive.

8 每股虧損

(a) 每股基本虧損

每股基本虧損乃根據本集團截至二零零六年九月三十日止六個月之本公司權益持有人應佔虧損9,940,000港元(二零零五年: 30,100,000港元)及已發行普通股之加權平均數3,724,307,869股(二零零五年: 2,752,451,858股)計算。

(b) 每股攤薄虧損

由於所有潛在普通股具有反攤薄影響，因此並無呈列截至二零零六年九月三十日止期間之每股攤薄虧損。

Notes to the Unaudited Interim Financial Report (continued)
For the six months ended 30 September 2006

未經審核中期財務報告附註 (續)
截至二零零六年九月三十日止六個月

9 AVAILABLE-FOR-SALES FINANCIAL ASSETS

9 可供銷售之金融資產

	At 30 September 2006 Unaudited HK\$'000 於二零零六年 九月三十日 未經審核 千港元	At 31 March 2006 Audited HK\$'000 於二零零六年 三月三十一日 經審核 千港元
Unlisted equity securities, at cost 非上市股本證券，按成本入賬	109,200	109,200
Less: provision for 減：減值撥備 diminution in value	(109,200)	(109,200)
	<u>—</u>	<u>—</u>

10 INVENTORIES

10 存貨

	At 30 September 2006 Unaudited HK\$'000 於二零零六年 九月三十日 未經審核 千港元	At 31 March 2006 Audited HK\$'000 於二零零六年 三月三十一日 經審核 千港元
Finished goods, at cost 製成品，按成本入賬	890	519

Notes to the Unaudited Interim Financial Report (continued)
For the six months ended 30 September 2006

未經審核中期財務報告附註 (續)
截至二零零六年九月三十日止六個月

11 UNBILLED REVENUE FROM LONG-TERM SERVICE CONTRACTS

11 長期服務合約未入賬收入

		At 30 September 2006 Unaudited HK\$'000 於二零零六年 九月三十日 未經審核 千港元	At 31 March 2006 Audited HK\$'000 於二零零六年 三月三十一日 經審核 千港元
Costs incurred to date	至今已產生成本加		
plus recognised profits	已確認溢利	6,296	6,858
Less: Progress billings	減: 進度付款	-	-
Less: Foreseeable losses	減: 可預見虧損	-	-
		<u>6,296</u>	<u>6,858</u>

12 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

12 以公允價值列入損益賬之金融資產

		At 30 September 2006 Unaudited HK\$'000 於二零零六年 九月三十日 未經審核 千港元	At 31 March 2006 Audited HK\$'000 於二零零六年 三月三十一日 經審核 千港元
Equity securities listed in Hong Kong, at fair value	於香港上市股本證券， 按公允價值入賬	<u>23,142</u>	<u>16,173</u>

Notes to the Unaudited Interim Financial Report (continued)
For the six months ended 30 September 2006

13 TRADE AND OTHER RECEIVABLES

An aging analysis of trade receivables (net of specific allowances for bad and doubtful debts) included in trade and other receivables are as follows:

		At 30 September 2006 Unaudited HK\$'000 於二零零六年 九月三十日 未經審核 千港元	At 31 March 2006 Audited HK\$'000 於二零零六年 三月三十一日 經審核 千港元
Within 3 months	三個月內	582	969
4 to 6 months	四至六個月	-	1,486
7 to 12 months	七至十二個月	-	20,900
Over 12 months	多於十二個月	15,800	13,042
Total trade receivables	應收賬款總額	16,382	36,397
<i>Less: Provision for impairment (note (i))</i>	<i>減: 減值撥備 (附註(i))</i>	-	(14,435)
		16,382	21,962
Deposits and prepayments	訂金及預付款	27,702	808
Other receivables	其他應收款項	357,002	354,672
<i>Less: Provision for impairment (note (ii))</i>	<i>減: 減值撥備 (附註(ii))</i>	(354,672)	(354,672)
		46,414	22,770

未經審核中期財務報告附註 (續)
截至二零零六年九月三十日止六個月

13 應收賬款及其他應收款項

包括於應收賬款及其他應收款項中之應收賬款(已扣除呆壞賬特別撥備)之賬齡分析如下:

Notes to the Unaudited Interim Financial Report (continued)
For the six months ended 30 September 2006

未經審核中期財務報告附註 (續)
截至二零零六年九月三十日止六個月

13 TRADE AND OTHER RECEIVABLES (continued)

13 應收賬款及其他應收款項 (續)

Notes:

- (i) Included in trade receivables of the Group are loan receivables amounted to HK\$15,800,000 (31 March 2006: HK\$35,335,000) arising from the money lending business. The loan receivables are unsecured, interest-bearing at prime rate plus 5% per annum and with repayment period of 6 months or 12 months from date of drawdown. In respect of the remaining balance of HK\$582,000 (31 March 2006: HK\$1,062,000), billings are normally due on presentation.

Based on the assessment of the recoverability of the receivables, the directors of the Company are of the view that none (31 March 2006: HK\$14,435,000) of the trade receivables was impaired.

- (ii) At 31 March 2006, included in other receivables of the Group is a balance of HK\$350,000,000 representing the unsettled cash consideration from the disposal of the Group's interest comprising 875 fully paid ordinary shares in REXCAPITAL Infrastructure Limited. Pursuant to the sale and purchase agreement dated 29 October 2003, the consideration for the disposal of the Group's interest in REXCAPITAL Infrastructure Limited amounted to HK\$350,000,000. A full provision has been made in the financial statements for the year ended 31 March 2005 in respect of the receivable. As at 31 March 2006, none of the cash consideration of HK\$350,000,000 was settled and there has not been any subsequent settlement up to the date of approval of the financial statements for the year ended 31 March 2006.

Also, at 31 March 2006, included in other receivables of the Group is a balance of HK\$4,672,000 representing deposit paid for exploring potential investment projects. During the year ended 31 March 2006, such amount was impaired because of cessation of the exploration.

附註:

- (i) 本集團應收賬款包括因借貸業務產生之應收貸款15,800,000港元(二零零六年三月三十一日:35,335,000港元)。該等應收貸款為無抵押,按最優惠年利率加5厘計息,自提取當日起計六個月或十二個月內償還。餘款582,000港元(二零零六年三月三十一日:1,062,000港元)一般在收到發票時付款。

根據應收款項可收回程度評核,本公司董事認為應收賬款一概無需作出減值(二零零六年三月三十一日:14,435,000港元)。

- (ii) 於二零零六年三月三十一日,本集團其他應收款項包括一筆350,000,000港元之結餘,代表出售本集團於REXCAPITAL Infrastructure Limited之875股已繳足普通股之權益之未收取現金代價。根據二零零三年十月二十九日之買賣協議,出售本集團於REXCAPITAL Infrastructure Limited之權益之代價為350,000,000港元。於截至二零零五年三月三十一日止年度財務報表中已就該筆應收款項作出全數撥備。於二零零六年三月三十一日,350,000,000港元之現金代價均未支付,而於其後截至二零零六年三月三十一日止年度財務報表之核准日期為止,亦未有任何付款。

另外,於二零零六年三月三十一日,本集團其他應收款項包括一筆4,672,000港元之結餘,此乃物色潛在投資項目所付之按金。截至二零零六年三月三十一日止年度,由於終止物色有關項目行動,該筆款項已作減值。

Notes to the Unaudited Interim Financial Report (continued)
For the six months ended 30 September 2006

14 TRADE AND OTHER PAYABLES

An aging analysis of trade payables included in trade and other payables is as follows:

		At 30 September 2006 Unaudited HK\$'000 於二零零六年 九月三十日 未經審核 千港元	At 31 March 2006 Audited HK\$'000 於二零零六年 三月三十一日 經審核 千港元
Within 3 months	三個月內	7,304	819
4 to 6 months	四至六個月	489	154
Total trade payables	應付賬款總額	7,793	973
Temporary receipts from customers	來自客戶之暫收款	8,184	13,948
Other payables and accrued charges	其他應付款項及 應計費用	2,884	14,879
		18,861	29,800

All the trade and other payables are expected to be settled within one year.

未經審核中期財務報告附註 (續)
截至二零零六年九月三十日止六個月

14 應付賬款及其他應付款項

包括於應付賬款及其他應付款項中之應付賬款之賬齡分析如下：

		At 30 September 2006 Unaudited HK\$'000 於二零零六年 九月三十日 未經審核 千港元	At 31 March 2006 Audited HK\$'000 於二零零六年 三月三十一日 經審核 千港元
Within 3 months	三個月內	7,304	819
4 to 6 months	四至六個月	489	154
Total trade payables	應付賬款總額	7,793	973
Temporary receipts from customers	來自客戶之暫收款	8,184	13,948
Other payables and accrued charges	其他應付款項及 應計費用	2,884	14,879
		18,861	29,800

所有應付賬款及其他應付款項預期可於一年內清償。

Notes to the Unaudited Interim Financial Report (continued)
For the six months ended 30 September 2006

未經審核中期財務報告附註 (續)
截至二零零六年九月三十日止六個月

15 BORROWINGS

The borrowings which are repayable on demand are analysed as follows:

		At 30 September 2006 Unaudited HK\$'000 於二零零六年 九月三十日 未經審核 千港元
Loans from securities brokers, secured	來自證券經紀之貸款， 有抵押	2,267
Other loan, unsecured	其他貸款，無抵押	-
		<u>2,267</u>

Loans from securities brokers are secured by certain equity securities.

All the borrowings are denominated in Hong Kong dollars. Loans from securities brokers are interest-bearing at prime rate plus 3% per annum. Other loan is interest-bearing at 3% per annum over the prevailing prime lending rate offered by the Hong Kong and Shanghai Banking Corporation Limited.

15 借貸

按要求償還之借貸分析如下：

		At 31 March 2006 Audited HK\$'000 於二零零六年 三月三十一日 經審核 千港元
Loans from securities brokers, secured	來自證券經紀之貸款， 有抵押	2,802
Other loan, unsecured	其他貸款，無抵押	1,030
		<u>3,832</u>

來自證券經紀之貸款以若干股本證券作抵押。

借貸均以港元計值。來自證券經紀之貸款則按最優惠利率加3厘之年息計息。其他貸款每年按香港上海匯豐銀行有限公司之現行最優惠利率加3厘之年息計息。

Notes to the Unaudited Interim Financial Report (continued)
For the six months ended 30 September 2006

未經審核中期財務報告附註 (續)
截至二零零六年九月三十日止六個月

16 SHARE CAPITAL

16 股本

		At 30 September 2006 Unaudited HK\$'000 於二零零六年 九月三十日 未經審核 千港元	At 31 March 2006 Audited HK\$'000 於二零零六年 三月三十一日 經審核 千港元
Authorised:	法定股本:		
Ordinary shares of HK\$0.01 each	每股面值0.01港元 之普通股	1,000,000	1,000,000
Issued and fully paid:	已發行及繳足股本:		
At 1 April 2006/ 2005	於二零零六年/ 二零零五年四月一日	36,326	27,525
Placing and subscription	配售及認購	-	2,568
Acquisition of subsidiaries	收購附屬公司	-	6,000
Exercise of share options	行使購股權	474	185
Exercise of warrants	行使認股權證	886	48
		37,686	36,326

Notes to the Unaudited Interim Financial Report (continued)
For the six months ended 30 September 2006

未經審核中期財務報告附註 (續)
截至二零零六年九月三十日止六個月

17 SHARE OPTION SCHEME

17 購股權計劃

		At 30 September 2006 Number 於二零零六年 九月三十日 數目	At 31 March 2006 Number 於二零零六年 三月三十一日 數目
At 1 April 2006/ 2005	於二零零六年/ 二零零五年四月一日	358,217,006	101,517,006
Granted	授出	-	275,200,000
Lapsed	失效	-	-
Exercised	已行使	(47,400,000)	(18,500,000)
		<u>310,817,006</u>	<u>358,217,006</u>

Notes to the Unaudited Interim Financial Report (continued)
For the six months ended 30 September 2006

未經審核中期財務報告附註 (續)
截至二零零六年九月三十日止六個月

17 SHARE OPTION SCHEME (continued)

17 購股權計劃 (續)

The exercise price and exercisable periods of the share options are as follows:

購股權之行使價及行使期如下：

		At 30 September 2006 於二零零六年 九月三十日		At 31 March 2006 於二零零六年 三月三十一日	
		Number 數目	Exercise price per share 每股行使價	Number 數目	Exercise price per share 每股行使價
Exercise period:	行使期：				
2.1.2004 – 1.1.2014	二零零四年一月二日至 二零一四年一月一日	16,117,006	0.1600	16,117,006	0.1600
20.12.2004 – 19.12.2014	二零零四年十二月二十日至 二零一四年十二月十九日	62,300,000	0.0880	85,400,000	0.0880
27.6.2005 – 26.6.2015	二零零五年六月二十七日至 二零一五年六月二十六日	84,100,000	0.1660	85,200,000	0.1660
20.7.2005 – 19.7.2015	二零零五年七月二十日至 二零一五年七月十九日	148,300,000	0.1660	171,500,000	0.1660
		<u>310,817,006</u>		<u>358,217,006</u>	

Notes to the Unaudited Interim Financial Report *(continued)*
For the six months ended 30 September 2006

未經審核中期財務報告附註 (續)
截至二零零六年九月三十日止六個月

18 CAPITAL COMMITMENTS

As at 30 September 2006, the Group had the following capital commitments:

- (i) The Group has entered into a contract with a company, in which a director of the Company has equity interest, for the purchase and installation of certain manufacturing equipments which are used/to be used in a long-term service contract. The amount of the purchase contract is approximately HK\$43,014,000 and other associated charges relating to the contract which are to be billed on labour and material basis is HK\$3,100,000. As at 30 September 2006, aggregate costs of HK\$13,431,000 (31 March 2006: HK\$5,619,000) in relation to the contract have been incurred by the Group.
- (ii) Pursuant to the signing of two joint venture agreements by a subsidiary on 10 January 2005, the Group is required to make capital contribution of approximately HK\$15,500,000 (US\$2,000,000) and HK\$988,000 (US\$127,500) respectively. As at 30 September 2006, the Group has made such capital contributions of approximately HK\$2,325,000 (US\$300,000) (31 March 2006: HK\$/US\$NIL) resulting that the amount of commitment arising from such joint venture agreements by a subsidiary was approximately HK\$13,175,000 (US\$1,700,000) and HK\$988,000 (US\$127,500) respectively.

18 資本承諾

於二零零六年九月三十日，本集團之資本承諾如下：

- (i) 本集團與一間公司（本公司董事持有該公司股權）就購買及安裝若干生產設備訂立一項合約，該批生產設備已用／將用於長期服務合約。購買合約之金額約為43,014,000港元，而合約有關之其他相關費用將按勞工及原材料基準入賬之金額為3,100,000港元。於二零零六年九月三十日，本集團就有關合約產生之成本合共為13,431,000港元（二零零六年三月三十一日：5,619,000港元）。
- (ii) 根據一間附屬公司於二零零五年一月十日簽署之兩份合營協議，本集團須分別出資約15,500,000港元（2,000,000美元）及988,000港元（127,500美元）。於二零零六年九月三十日，本集團出資約2,325,000港元（300,000美元）（二零零六年三月三十一日：零港元／美元），致使一間附屬公司就該合營協議承擔之金額分別約為13,175,000港元（1,700,000美元）及988,000港元（127,500美元）。

Notes to the Unaudited Interim Financial Report *(continued)*
For the six months ended 30 September 2006

19 CONTINGENT LIABILITIES AND LITIGATIONS

On 21 September 1999, a former director of the Company, Mr Wong Chong Shan, commenced proceedings in the High Court against the Company claiming a sum of HK\$5,000,000. Mr Wong Chong Shan alleged that he paid the said sum on the Company's behalf in August 1997 to a third party as deposit and that the Company failed to make repayment to him. The directors have considered the matter and are of the opinion that since no positive steps have been taken by Mr Wong Chong Shan to proceed with the action since June 2000, it is not necessary at this stage to make a provision in the financial statements for these proceedings.

20 RELATED PARTY TRANSACTIONS

Particulars of related party transactions are as follows:

		Six months ended 30 September 截至九月三十日止 六個月	
		2006 Unaudited HK\$'000 二零零六年 未經審核 千港元	2005 Unaudited HK\$'000 二零零五年 未經審核 千港元
		Notes 附註	
Interest expense	利息開支		
– other loans, unsecured	– 其他貸款 (無抵押)	(a)	101
– other loan, secured	– 其他貸款 (有抵押)	(a)	17
Research and development expenses	研發開支	(b)	–
Secondment fee income	借調費收入	(c)	1,311

未經審核中期財務報告附註 (續)
截至二零零六年九月三十日止六個月

19 或然負債及訴訟

於一九九九年九月二十一日，本公司之前任董事黃創山先生於高等法院提出向本公司索償合共5,000,000港元。黃創山先生宣稱於一九九七年八月代表本公司向第三方支付該筆款項作為按金，惟本公司並未向其償還該筆款項。董事在考慮有關事宜後，認為由於黃創山先生自二零零零年六月後並無就有關訴訟採取行動，故在現階段毋須就有關訴訟在財務報表中作出撥備。

20 關連人士交易

關連人士交易之詳情如下：

Notes to the Unaudited Interim Financial Report *(continued)*
For the six months ended 30 September 2006

20 RELATED PARTY TRANSACTIONS *(continued)*

Notes:

- (a) During the six months ended 30 September 2005, a short-term loan was advanced to the Group by a related company in which a former director of the Company has equity. The loan due to this related company is interest bearing at prime rate plus 3% per annum.
- (b) The Group has entered into research and development agreement with a related company in which a director of the Company has the equity interest.
- (c) Secondment service income were derived from secondment of staff to a related company in which a former director of the Group has equity interest.

21 PLEDGE OF ASSETS

As at 30 September 2006, trading securities with market value of HK\$28,099,000 have been pledged to secure other loans granted to the Group (31 March 2006: HK\$16,173,000).

未經審核中期財務報告附註 (續)
截至二零零六年九月三十日止六個月

20 關連人士交易 (續)

附註:

- (a) 截至二零零五年九月三十日止六個月，一間關連公司(本公司一名前董事於該公司擁有股權)向本集團借出短期貸款。應償還予此關連公司之貸款按最優惠利率加3厘之年息計息。
- (b) 本集團與一間關連公司訂立研究及發展協議，而本公司一名董事持有該關連公司股權。
- (c) 借調服務收入乃來自向一間關連公司提供借調員工服務，而本集團一名前董事持有該關連公司之股權。

21 資產抵押

於二零零六年九月三十日，市值28,099,000元之交易證券已作抵押，以獲取授予本集團之其他貸款(二零零六年三月三十一日：16,173,000港元)。

Management Discussion and Analysis

管理層討論及分析

BUSINESS REVIEW AND PROSPECTS

The segment results for current period for the strategic investments and capital market activities, financing business and photovoltaic business (before minority interests) contributed to profit of HK\$5,246,000, loss of HK\$12,000 and loss of HK\$14,047,000 respectively. The total operating result for the group for current period before minority interests contributed to a loss of HK\$16,877,000. After taken into account of the loss for the photovoltaic business of HK\$14,047,000 for current period and the staff and consultancy expenses of HK\$24,049,000 arising from the recognition of share-based payment under share options scheme for last period, the loss comparable for current period and last period were HK\$2,830,000 and HK\$6,051,000 respectively. The loss for current period was in fact reduced when compared with that of last period.

Strategic Investments and Capital Market Activities

During the period under review, Hong Kong's equity market witnessed a robust growth on the back of strong economy in the Greater China. As such, the securities investments activity recorded positive result for the current period. Nevertheless, result for the corporate finance business did not improve mainly due to fierce competition and lack of resources. In the coming year, with the benefit from the continuing economy growth of Hong Kong and China, it is believed that securities investments will continuously contribute to our group.

業務回顧及前景

於本期間，策略性投資及資本市場活動、融資業務及光伏業務（除少數股東權益前）之分部業績分別帶來盈利5,246,000港元、虧損12,000港元及虧損14,047,000港元。於本期間，本集團除少數股東權益前經營業績總額帶來虧損16,877,000港元。經計入本期間光伏業務虧損14,047,000港元及上一個期間確認購股權計劃項下以股份為基礎之支付所產生24,049,000港元員工及顧問開支，本期間及上一個期間可比較虧損分別為2,830,000港元及6,051,000港元。與上一個期間相比，本期間虧損實際上經已減少。

策略性投資及資本市場活動

於回顧期內，由於大中華經濟穩健，香港股票市場出現強勁增長。因此，證券投資活動於本期間錄得正面業績。然而，企業融資業務之業績並無改善，全因競爭激烈及缺乏資源所致。於未來一年，受惠於香港及中國經濟之持續增長，相信證券投資將繼續為本集團帶來貢獻。

Management Discussion and Analysis (continued)

Financing Business

During the period, due to the tight credit control policy, demand on the financial needs by the market participants decreased. Also, due to the fact that company concentrated most of its internal resources to support its newly acquired business, i.e. photovoltaic business, turnover for this segment was recorded HK\$Nil (2005: HK\$1,750,000).

Photovoltaic Business

For the year ended March 31 2006, the photovoltaic business loss was less significant due to the fact that it only reflected 2 months of results of the acquisition of Terra Solar Global Inc (“Terra Solar”). The acquisition of Terra Solar was completed at the end of January 2006 and therefore, the result of the past period accounted for only two months of operation whereas the period under review accounted for the entire six months.

After the acquisition of Terra Solar, our Group focused on resource optimization through restructuring and streamlining of overhead expenditures.

Looking Ahead

The photovoltaic industry has tremendous growth opportunities. The global photovoltaic energy industry has grown at a CAGR of 27% since 1985, with growth accelerating to 37% over the last decade. This growth rate will be maintained through the end of this decade as governments extend subsidies to reduce greenhouse gas emissions. Renewable energy is here to stay. While solar energy accounted for less than 0.1% of electricity generated globally in 2004, and is likely to remain a relatively marginal contributor to the overall renewable energy mix. We believe that its high growth prospects make it a viable component of any investment strategy.

管理層討論及分析 (續)

融資業務

期內，由於實行嚴格之信貸監控政策，市場參與者對資金需求減少。此外，由於本公司集中其大部份內部資源支持最近收購之業務（即光伏業務），本分部錄得營業額零港元（二零零五年：1,750,000港元）。

光伏業務

截至二零零六年三月三十一日止年度，由於光伏業務虧損僅反映收購Terra Solar Global Inc（「Terra Solar」）之兩個月業績，故虧損並不重大。收購Terra Solar一事已於二零零六年一月底完成，因此，上一個期間之業績僅計入兩個月之營運，而回顧期內之業績計入全部六個月之營運。

於收購Terra Solar後，本集團集中透過重組及削減經常性開支以優化資源。

展望未來

光伏業務行業擁有龐大增長商機。自一九八五年起，全球光伏能源業以年複合增長率27%增長，於過去十年之增長率加快至37%。由於政府已將津貼擴大至減少排放溫室氣體方面，故此增長率將可繼續維持。再生能源可持續發展。於二零零四年太陽能佔全球所生產之電力少於0.1%，相對於整體再生能源組合，可能繼續帶來少量利潤。本公司相信光伏業務之高增長前景適合任何投資策略。

Management Discussion and Analysis *(continued)*

Terra Solar is a pioneer in the field of thin film a-Si PV technology with over 30 years of research and development experience in thin film production equipment. As an expert in the thin-film PV industry, Terra Solar possesses the IP rights and low cost production know-how in thin film a-Si PV production technology.

After we acquired Terra Solar, we restructured and consolidated our assets and we refocused on our core competencies, with a goal of commercializing Terra Solar's advanced research and technology in thin film a-Si PV technology. With the impact of the thin film a-Si industry alliance and China Solar's strong networking capabilities in Greater China, we have successfully manufactured a fully automated production line in creating a new generation of thin film a-Si module – “Vetrogrid”. We will provide “Vetrogrid” production equipment to our OEM partners in Greater China. Each manufacturing production facilities will be owned and operated by our OEM partners. We will have the first right to purchase part of or all the finished modules “Vetrogrid” from these OEMs and distribute to the market worldwide. This low capex business model gives our Group large production capacity with minimal financial risk.

With the help of our Taiwanese equipment manufacturer – Chinese United Semiconductor Equipment Manufacturing Inc, (“CUSEM”), we have upgraded our “Vetrogrid” production equipment with fully automated systems. Our advanced new generation “Vetrogrid” production equipment has the advantages of (i) increasing output production capacity, (ii) improving conversion efficiency, (iii) improving manufacturing yields and (iv) reducing production costs.

Building Integrated PV systems (“BIPV”) is among one of the fastest growing sectors in the PV industry and it is a widespread application of thin film a-Si PV technology and our Company sets its aim to become the leading supplier of new generation thin film a-Si module – “Vetrogrid”.

管理層討論及分析 *(續)*

Terra Solar為非結晶矽薄膜光伏科技行業之先驅，擁有逾30年薄膜生產設備之研究及發展經驗。Terra Solar作為薄膜光伏行業之專家，擁有薄膜光伏生產科技之知識產權及低成本生產技術。

於本公司收購Terra Solar後，本公司已重組及合併資產，並重新集中於本公司之核心業務，以達致Terra Solar於非結晶矽光伏薄膜之先進研究及技術進行商業化的目標。結合光電產業聯盟力量，加上華基光電在大中華擁有強大之覆蓋網絡，本公司已成功製造出一條全自動化之生產線，以創製新一代之非結晶矽薄膜模組——「華基玻璃電磚」，本公司將為大中華區內原設備製造夥伴提供「華基玻璃電磚」之生產製造設備。各生產製造設施由本公司之原設備製造夥伴擁有及營運。本公司將享有優先權向此等原設備製造夥伴購買部份或所有製成之「華基玻璃電磚」，以分銷至全球各地市場。此較低之資本開支業務模式為本集團提供較大產能，並減低財務風險。

透過本公司台灣設備製造商中華聯合半導體設備製造股份有限公司（「中華聯合」）之協助，本公司已將「華基玻璃電磚」生產設備提升為全自動系統。本公司新一代「華基玻璃電磚」先進生產設備擁有以下優勢：(i)增加輸出產能，(ii)提高轉換效率，(iii)提高製造利潤及(iv)減省生產成本。

建築構件式光伏（「BIPV」）系統為光伏行業中增長最快分部之一，廣泛應用於非結晶矽薄膜光伏科技，而本公司矢志成為新一代之非結晶矽薄膜模組——「華基玻璃電磚」之領先供應商。

Management Discussion and Analysis (continued)

We expect significant growth in the solar industry which is mainly driven by favourable government policies on alternative energy. We are confident that with our improved automated thin film a-Si manufacturing equipment, our Group can quickly capture a huge portion of the PV market share which is one of the fastest growing industries in the renewable energy sector.

FINANCIAL REVIEW

Results

For the six months ended 30 September 2006, the Group recorded a turnover of HK\$8,419,000 (2005: HK\$2,003,000). Loss attributable to equity holders of the Company was HK\$9,940,000 (2005: HK\$30,100,000). The basic loss per share was HK0.26 cents (2005: HK1.09 cents) and the diluted loss per share for 2006 and 2005 were not applicable.

Liquidity, Financial Resources and Funding

At 30 September 2006, the Group had net assets of HK\$331,933,000 (31 March 2006: HK\$332,455,000).

At 30 September 2006, the Group had a total of HK\$100,689,000 in cash and cash equivalents (31 March 2006: HK\$147,419,000). Most of the cash reserves were placed in Hong Kong dollar short-term deposits with major banks in Hong Kong. The decrease in the cash balance was mainly due to the increase in the cash outflow for the operating activities. Included in the cash outflow for the operating activities, approximately HK\$24,000,000 was paid to manufacturer as deposit for the purchase of the components of machinery.

管理層討論及分析 (續)

由於受有利之政府替代能源政策帶動，本公司預期太陽能行業將會大幅增長。憑藉經改良後之自動非結晶矽薄膜製造設備，本集團相信可於再生能源行業中增長最快之其中一個領域光伏市場中迅速爭佔龐大份額。

財務回顧

業績

於截至二零零六年九月三十日止六個月，本集團營業額為8,419,000港元（二零零五年：2,003,000港元）。本公司權益持有人應佔虧損為9,940,000港元（二零零五年：30,100,000港元）。每股基本虧損為0.26港仙（二零零五年：1.09港仙），而二零零六年及二零零五年之每股攤薄虧損均不適用。

流動資金、財務資源及資金

於二零零六年九月三十日，本集團之資產淨值為331,933,000港元（二零零六年三月三十一日：332,455,000港元）。

於二零零六年九月三十日，本集團現金及現金等價物共為100,689,000港元（二零零六年三月三十一日：147,419,000港元）。大部分現金儲備以港元短期存款方式存放於香港主要銀行。現金結餘減少主要由於經營活動現金流出增加。經營活動現金流出當中，約24,000,000港元已支付予生產商作為購買機器配件之按金。

Management Discussion and Analysis (continued)

As at 30 September 2006, the Group had outstanding secured loans of HK\$2,267,000 (31 March 2006: HK\$3,832,000). The loans were denominated in Hong Kong dollars and interest bearing at prevailing commercial lending rates. These loans were used to finance the Group's operations.

The gearing ratio of the Group decreased to 0.7% as at 30 September 2006 from 1.2% as at 31 March 2006 (it is derived by dividing the aggregate amount of borrowings by the amount of shareholders' equity). The liquidity ratio of the Group, represented by a ratio between current assets over current liabilities, was 912% (31 March 2006: 625%), reflecting adequacy of financial resources.

The indebtedness of the Group decreased by 41% from HK\$3,832,000 as at 31 March 2006 to HK\$2,267,000 as at 30 September 2006. Of the total debts outstanding as at 30 September 2006, all of them are due within one year (31 March 2006: all of them are due within one year).

Taking into account the financial resources available to the Group including internally generated funds and available facilities, the Group has sufficient working capital to meet its present requirements.

管理層討論及分析 (續)

於二零零六年九月三十日，本集團之未償還有抵押貸款為2,267,000港元（二零零六年三月三十一日：3,832,000港元）。該等貸款以港元為單位，並按現行商業借貸利率計息，用作本集團營運資金。

本集團之負債比率（將借貸總額除以股東權益金額）由二零零六年三月三十一日之1.2%下降至二零零六年九月三十日之0.7%。本集團以流動資產除以流動負債計算之流動資金比率為912%（二零零六年三月三十一日：625%），反映財務資源充裕。

本集團之債務由二零零六年三月三十一日之3,832,000港元減少41%至二零零六年九月三十日之2,267,000港元。於二零零六年九月三十日之未償還債項總額中，全部均於一年內到期（二零零六年三月三十一日：全部於一年內到期）。

考慮到本集團可動用之財務資源，包括內部產生之資金及可動用之貸款，本集團有足夠營運資金應付目前所需。

Management Discussion and Analysis (continued)

Funding Strategy and Foreign Exchange Exposure

To manage the risk associated with an uncertain market environment, the Group pursues a funding strategy of using equity as far as possible to finance long-term investments.

The business transactions of the Group are mainly denominated in Hong Kong dollars and US dollars, the exchange rate of Hong Kong dollars and US dollars were relatively stable during the period, therefore, the Group was not exposed to material exchange rate risk.

Share Capital Structure

During the period, the Company issued 135,950,000 shares due to the exercise of 88,550,000 warrants and the exercise of 47,400,000 share options. As at 30 September 2006, the outstanding 2007 warrants conferring rights to subscribe up to HK\$52,942,400 in aggregate for 456,400,000 shares.

Material Acquisition and Disposal of Subsidiaries

There is no material acquisition and disposal of subsidiaries during the period.

Capital Commitment

As at 30 September 2006, the Company did not have any material capital commitment.

Charges on the Group's Assets

As at 30 September 2006, the Group's trading security with market value of HK\$28,099,000 have been pledged to secure other loans granted to its subsidiary (31 March 2006: HK\$16,173,000).

管理層討論及分析 (續)

融資策略及外匯風險

為控制不明朗市況所涉及之風險，本集團之融資策略在於盡量使用股本作為長期投資所需資金。

本集團業務交易主要以港元及美元進行，而期內港元及美元之匯率相對穩定，因此，本集團並無面對重大外匯風險。

股本結構

期內，由於 88,550,000 份認股權證及 47,400,000 份購股權獲行使，故本公司已發行 135,950,000 股股份。於二零零六年九月三十日，尚未行使之二零零七年認股權證賦予權利認購最高合共 52,942,400 港元之 456,400,000 股股份。

重大收購及出售附屬公司

期內並無重大收購及出售附屬公司。

資本承擔

於二零零六年九月三十日，本公司並無任何重大資本承擔。

集團資產抵押

於二零零六年九月三十日，本集團市值 28,099,000 港元之交易證券已作抵押，以獲取授予其附屬公司之其他貸款（二零零六年三月三十一日：16,173,000 港元）。

Management Discussion and Analysis (continued)

Contingent Liabilities

On 21 September 1999, a former director of the Company, Mr Wong Chong Shan, commenced proceedings in the High Court against the Company claiming a sum of HK\$5,000,000. Mr Wong Chong Shan alleged that he paid the said sum on the Company's behalf in August 1997 to a third party as deposit and that the Company failed to make repayment to him. The directors have considered the matter and are of the opinion that since no positive steps have been taken by Mr Wong Chong Shan to proceed with the action since June 2000, it is not necessary at this stage to make a provision in the financial statements for these proceedings.

Human Resources

As at 30 September 2006, the Group had 25 full time employees.

The Group remunerated its employees mainly based on the individual's performance and experience. Apart from the basic remuneration, discretionary bonus and share option may be granted to eligible employees by reference to the Group's performance as well as individual's performance.

管理層討論及分析 (續)

或然負債

於一九九九年九月二十一日，本公司之前任董事黃創山先生於高等法院提出向本公司索償合共5,000,000港元之法律程序。黃創山先生宣稱於一九九七年八月代表本公司向第三方支付該等款項作為按金，惟本公司並未向其償還該等款項。董事在考慮有關事宜後，認為由於黃創山先生自二零零零年六月後並無就有關訴訟採取行動，故在現階段毋須就此於財務報表中作出撥備。

人力資源

於二零零六年九月三十日，本集團共有25名全職僱員。

本集團主要按個別僱員之表現及經驗釐定僱員薪酬。除基本薪酬外，本集團亦會參照本集團業績及個別員工之表現向合資格僱員發放不定額花紅及購股權。

Management Discussion and Analysis (continued)

管理層討論及分析 (續)

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS

As at 30 September 2006, the interests or short positions of the Directors and chief executives in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

(i) Long Position in the ordinary shares of HK\$0.01 each ("Shares") in the Company

Name of Director 董事姓名	Number of Shares 股份數目	Type of interest 權益類別	Percentage of issued share capital 佔已發行股本百分比
Dr. Zoltan J. Kiss	620,000,000 (Note a) (附註a)	Interest in controlled corporations 受控制公司權益	16.45%
Pierre Seligman	34,700,000 (Note b) (附註b)	Beneficial owner 實益擁有人	0.92%
Chu Chik Ming Jack 朱植明	1,000,000 (Note c) (附註c)	Beneficial owner 實益擁有人	0.027%
Chan Wai Kwong Peter 陳為光	500,000 (Note d) (附註d)	Beneficial owner 實益擁有人	0.013%

Notes:

- a. These shares are held by Mulitchannel Investments Limited which is the wholly owned subsidiary of Flytech Holdings Limited which was wholly owned by Dr. Zoltan J. Kiss.

附註:

- a. 此等股份由Flytech Holdings Limited之全資附屬公司Multichannel Investments Limited持有。Flytech Holdings Limited由Dr. Zoltan J. Kiss全資擁有。

董事及主要行政人員之權益

於二零零六年九月三十日，董事及主要行政人員於本公司或其任何相聯法團（定義見證券及期貨條例（「證券及期貨條例」）第XV部）之股份、相關股份或債權證中擁有根據證券及期貨條例第352條須記錄在本公司存置之名冊上之權益或淡倉，或根據上市發行人董事進行證券交易的標準守則（「標準守則」）須知會本公司及香港聯合交易所有限公司（「聯交所」）之權益或淡倉如下：

(i) 於本公司每股面值0.01港元之普通股（「股份」）之好倉

Management Discussion and Analysis *(continued)*

- b. Mr Pierre Seligman is beneficially interested in 24,700,000 options granted by the Company and 10,000,000 shares in the Company.
- c. Mr Chu Chik Ming Jack is beneficially interested in 1,000,000 options granted by the Company.
- d. Mr Chan Wai Kwong Peter is beneficially interested in 500,000 shares in the Company.

Save as disclosed above, as at 30 September 2006, none of the Directors of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

管理層討論及分析 *(續)*

- b. Pierre Seligman先生實益擁有本公司授出之24,700,000份購股權及本公司10,000,000股股份。
- c. 朱植明先生實益擁有本公司授出之1,000,000份購股權。
- d. 陳為光先生實益擁有本公司500,000股股份。

除上文所披露者外，於二零零六年九月三十日，本公司各董事概無於本公司或其任何相聯法團（定義見證券及期貨條例第XV部）之股份、相關股份或債權證中擁有任何須記錄在根據證券及期貨條例第352條置存之名冊上之權益或淡倉，或根據標準守則須知會本公司及聯交所之權益或淡倉。

Management Discussion and Analysis (continued)

管理層討論及分析 (續)

SHARE OPTIONS

The movements in the share options granted under the share option scheme adopted by the Company on 29 July 2002 (the “Scheme”) during the six months ended 30 September 2006 are shown below:

Category of participant	At 1 April 2006 於 二零零六年 四月一日	Granted during the period 期內授出	Exercised during the period 期內行使	Lapsed during the period 期內失效	At 30 September 2006 於 二零零六年 九月三十日	Date of offer to grant options 購股權授出 日期	Exercise price per share 每股行使價	Exercisable period 可行使期間
DIRECTORS 董事								
- Pierre Seligman	23,100,000	-	-	-	23,100,000	25/11/2004	0.088	20/12/2004 – 19/12/2014
	1,600,000	-	-	-	1,600,000	22/6/2005	0.166	27/6/2005 – 26/6/2015
- Chu Chik Ming Jack - 朱植明	1,000,000	-	-	-	1,000,000	22/6/2005	0.166	27/6/2005 – 26/6/2015
- Chan Wai Kwong - 陳為光	500,000	-	(500,000)	-	-	22/6/2005	0.166	27/6/2005 – 26/6/2015
OTHER ELIGIBLE PARTICIPANTS 其他合資格參與人	16,117,006	-	-	-	16,117,006	22/12/2003	0.160	2/1/2004 – 1/1/2014
	62,300,000	-	(23,100,000)	-	39,200,000	25/11/2004	0.088	20/12/2004 – 19/12/2014
	82,100,000	-	(600,000)	-	81,500,000	22/6/2006	0.166	27/6/2005 – 26/6/2015
	171,500,000	-	(23,200,000)	-	148,300,000	22/6/2006	0.166	20/7/2005 – 19/7/2015
	<u>358,217,006</u>	<u>-</u>	<u>(47,400,000)</u>	<u>-</u>	<u>310,817,006</u>			

購股權

於截至二零零六年九月三十日止六個月，根據本公司於二零零二年七月二十九日採納之購股權計劃（「該計劃」）授出之購股權之變動如下：

Management Discussion and Analysis (continued)

管理層討論及分析 (續)

SHAREHOLDINGS OF OTHER SHAREHOLDERS WITH NOTIFIABLE INTERESTS

須予披露權益之其他股東股權

As at 30 September 2006, the interests or short positions of the following parties in the shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

於二零零六年九月三十日，以下人士於本公司股份中擁有根據證券及期貨條例第336條須記錄在本公司存置之名冊上之權益或淡倉如下：

Long Position in the Shares

股份之好倉

Name of shareholder 股東名稱	Number of Shares 股份數目	Type of interest 權益類別	Percentage of issued share capital 佔已發行股本百分比
Multichannel Investments Limited	620,000,000	Beneficial owner (Note a) 實益擁有人 (附註a)	16.45%
Mirea Asset Global Investment Management Limited	213,760,000	Beneficial owner 實益擁有人	5.67%
Bookmark Technology Limited	192,000,000	Beneficial owner (note b) 實益擁有人 (附註b)	5.09%

Notes:

附註：

a) Multichannel Investments Limited is wholly owned by Flytech Holdings Limited which was wholly owned by Dr. Zoltan J. Kiss who was taken to be interested as disclosed in the paragraph headed "Directors' and Chief Executives' Interests in Securities" above.

a) Multichannel Investments Limited由Flytech Holdings Limited全資擁有，而Flytech Holdings Limited則如上文「董事及主要行政人員之證券權益」一段所披露被視為由Dr. Zoltan J. Kiss全資擁有。

b) Bookmark Technology Limited is wholly owned by Ms Nina Kung.

b) Bookmark Technology Limited為龔如心女士全資擁有。

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

購買、出售或贖回本公司上市證券

The Company and its subsidiaries have not purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2006.

本公司及其附屬公司於截至二零零六年九月三十日止六個月概無購買、出售或贖回本公司之任何上市證券。

Management Discussion and Analysis (continued)

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the directors. All directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code throughout the six months ended 30 September 2006.

AUDIT COMMITTEE

The audit committee comprises the three independent non-executive Directors. The audit committee has reviewed and discussed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited interim account for the six months ended 30 September 2006.

REMUNERATION COMMITTEE

The Remuneration Committee of the Company was established, with specific terms of reference in compliance with the Code of Corporate Governance Practices as set out in Appendix 14 to the Listing Rules. The Committee is responsible for making recommendations to the board on the Company's policy and structure for all remuneration of directors and senior management and to determine the specific remuneration packages and conditions of employment for the directors.

管理層討論及分析 (續)

董事進行證券交易的標準守則

本公司已採納上市規則附錄十所載之標準守則，作為董事進行證券交易之操守準則。全體董事經本公司特定查詢後確認，彼等於截至二零零六年九月三十日止六個月內一直遵守標準守則所載之規定標準。

審核委員會

審核委員會由三名獨立非執行董事組成。審核委員會已與管理層審閱及討論本集團採納之會計原則及慣例，以及討論內部監控及財務申報事宜，包括審閱截至二零零六年九月三十日止六個月之未經審核中期賬目。

薪酬委員會

本公司已成立薪酬委員會，其職權範圍符合上市規則附錄十四所載之企業管治常規守則之規定。委員會負責就董事及高級管理層之所有薪酬政策及架構向董事會作出建議，並釐定董事之特定薪酬待遇與僱用條件。

Management Discussion and Analysis *(continued)*

CODE ON CORPORATE GOVERNANCE PRACTICES

None of the directors is aware of any information which would reasonably indicate that the Company is not, or was not, throughout the six months period, in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules, except that Code Provision A.4.1 requires that non-executive directors should be appointed for a specific term, subject to re-election. Currently the non-executive directors are not appointed for a specific term, but are subject to retirement by rotation at the Company's annual general meeting as specified in the Company's bye-laws.

By order of the Board

Pierre Seligman
Managing director

Hong Kong, 20 December 2006

管理層討論及分析 *(續)*

企業管治常規守則

董事概不知悉任何資料，可合理顯示本公司於本六個月期間並未或曾經未有遵守上市規則附錄十四所載之企業管治常規守則，惟守則條文第A.4.1條有關非執行董事按特定任期委任及須膺選連任之規定除外。目前，非執行董事並無固定任期，惟須根據本公司細則在本公司之股東週年大會上輪值告退。

承董事會命

董事總經理
Pierre Seligman

香港，二零零六年十二月二十日