

ANNUAL REPORT 年報
2007



CHINASOLAR
ENERGY

China Solar Energy Holdings Limited
華基光電能源控股有限公司*

[Stock Code 股份代號 : 155]

* For Identification Purpose Only 僅供識別

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Corporate Information 公司資料

CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Dr Zoltan J. Kiss

EXECUTIVE DIRECTORS

Pierre Seligman
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

REGISTERED OFFICE

Clarendon House
Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS

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

主席兼非執行董事

Dr Zoltan J. Kiss

執行董事

Pierre Seligman
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

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

Corporate Information (Continued) 公司資料 (續)

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
Shops 1712–1716, Hopewell Centre
183 Queen's Road East
Hong Kong

COMPANY WEBSITE

www.chinasolar-energy.com

STOCK CODE

155

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1712–1716號舖

公司網址

www.chinasolar-energy.com

股份代號

155

Chairman's Statement

主席報告書

To Our Fellow Shareholders

On behalf of the board of Directors (the "Board"), I hereby present the annual results of China Solar Energy Holdings Limited (the "Company") and its subsidiaries (together, the "Group") for the financial year ended 31 March 2007.

OPERATING RESULTS

During the year ended 31 March 2007, the Group recorded a turnover of HK\$41,123,000 (2006: HK\$12,354,000). The loss attributable to equity holders was HK\$523,000 (2006: loss of HK\$95,506,000).

The Board does not recommend the payment of a final dividend for the year ended 31 March 2007.

OUTLOOK

Since our 51% acquisition of Terra Solar, a U.S thin film solar photovoltaic (PV) technology provider, China Solar has successfully started to implement its strategy in becoming a leading supplier of amorphous silicon (a-Si) thin film turnkey production lines and a-Si thin film modules. We are on track to achieve our objective to create a sustainable market for our solar modules by utilizing our thin film a-Si PV technology to develop and expand our output capacity to 900 MW within the next 3 years.

The solar power industry has had tremendous growth since the last 15 years. Not only has there historically been large annual growth in solar for the last fifteen years, but it is forecasted that solar growth will also continue in the next fifteen years. According to Photon Magazine, a solar industry publication, believes the total solar production will reach at least 10GW by 2010, representing a 53% growth when compared to 2005. Although it expects the bulk of this growth will be in crystalline silicon solar cells/modules, it believes non-traditional technologies (CdTe, a-Si, CIS, uc-Si, concentrators) will have a stronger percentage growth, with approximately 0.15GW (9% market share) in 2005 growing to approximately 2GW (20% market share) in 2010.

The mix of solar cell output of thin film is also growing. We expect thin film technology to expand over the next five years at a faster rate than the conventional crystalline silicon PV business. From 2007 to 2009, anticipated thin film volume manufacturing takes off as innovations in thin film manufacturing improves and its application in the building integrated PV (BIPV) market expands such as windows, facet of building, semi-transparent roofs.

致各股東

本人謹代表董事會(「董事會」)呈報華基光電能源控股有限公司(「本公司」)及其附屬公司(統稱「本集團」)截至二零零七年三月三十一日止財政年度之全年業績。

經營業績

於截至二零零七年三月三十一日止年度,本集團錄得營業額41,123,000港元(二零零六年:12,354,000港元)。權益持有人應佔虧損為523,000港元(二零零六年:虧損95,506,000港元)。

董事會不建議派發截至二零零七年三月三十一日止年度之末期股息。

前景

收購美國太陽能薄膜光伏技術供應商Terra Solar 51%權益後,華基光電成功展開其策略,銳意成為非晶形矽(a-Si)薄膜承包生產線及a-Si薄膜組模主要供應商。本集團正積極致力達到透過應用薄膜a-Si光伏技術開發及於未來三年內擴大產能至900 MW,為其太陽能組模建立持續市場之目標。

太陽能業於過去十五年內迅速增長,不單於過去十五年一直錄得大幅年均增長,且預測增長勢頭於未來十五年持續。根據太陽能業刊物Photon Magazine,太陽能總產量相信可於二零一零年前達最少10GW,較二零零五年增長53%。儘管預期此增長大部分將源自結晶矽太陽能電池/組模,如CdTe、a-Si、CIS、uc-Si及濃縮器等非傳統技術相信亦將出現更強勁增幅,自二零零五年約0.15GW(佔市場份額9%)飆升至二零一零年約2GW(佔市場份額20%)。

薄膜太陽能電池之輸出種類亦不斷增多。預期薄膜技術將於未來五年以較傳統結晶矽光伏業務更快之速度擴展。二零零七至二零零九年,隨著薄膜生產創新技術改善,以及其於樓宇結合光伏市場之應用增多(如應用於窗戶、樓宇柱槽筋、半透光屋頂等),預期薄膜之大量生產將蓬勃發展。

Corporate Information (Continued) 主席報告書 (續)

With energy shortages and environment issues being at an all time high, China Solar is very well positioned to become a large player in the PV Industry. Solar energy will not be the only solution to solve these problems but will play a big part in the renewable energy mix. We will continue to expand our production capacity base in China to further lower our costs and increase our competitive advantage.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my heartfelt appreciation to our shareholders and business partners for their continued support and confidence in the Group. I would also like to thank the management team and all staff members for their devoted service and loyalty.

Dr Zoltan J. Kiss
Chairman

Hong Kong, 27 July 2007

鑑於能源短缺及環境問題持續備受關注，華基光電已作好準備，成為光伏業內之翹楚。太陽能並非該等問題的唯一解決方案，但將於再生能源組合方面扮演重要角色。本集團將會繼續擴展於中國的生產能力，務求進一步降低成本及增強競爭優勢。

致謝

本人謹藉此機會代表董事會，對各股東及業務夥伴在過去一年給予本集團不斷的支持和信任，深表謝意。同時，亦衷心感謝管理層及各員工對公司業務的熱誠投入及忠誠。

主席
Dr Zoltan J. Kiss

香港，二零零七年七月二十七日

Management Discussion and Analysis

管理層討論及分析

BUSINESS REVIEW AND PROSPECTS

During the period under review, the Group continue to be principally engaged in three major businesses – solar business, strategic investments as well as capital market activities and financing business.

Solar Business

For the year under review, the solar business contributed the group's turnover by approximately HK\$38,324,000 (2006: HK\$7,725,000), representing 93.19% (2006:62.53%). The turnover came from Terra Solar group, one of the subsidiaries of our group in the United States. The increase in turnover was mainly because the majority of the contract had been completed during the year under review. For the year under review, the segment result for this business recorded a loss of HK\$26,571,000. It was because i) our group had been setting up another production base to shift the production to Asia to minimize the production cost. As such, more expenses was incurred for this business and ii) the gain earned from the sale contract that our group signed in last December has not been accounted for in the year under review. For the contract, we had received 20% deposit from the customer. The production line has been delivered to the customer and installation is expected to be finished this early third quarter.

In the coming years, solar business will be the group's main business.

Strategic Investments and Capital Market Activities

For the year under review, as a result of the continuing growth of the share markets around the world, the fair value gain on financial assets at fair value through profit or loss was of approximately HK\$36,997,000 (2006: HK\$4,880,000).

Financing Business

For the year under review, turnover from the financing business was accounted for 1.37% of the total turnover of the Group. Our group is going to decrease the contribution from this business segment because our Group has focused most of our resources in the solar business. Due to adoption of a prudent approach, we made a provision for doubtful debts of approximately HK\$4,425,000 for the recoverability risk arising from this business.

Overall

Our Group restructured and consolidated Terra Solar's assets and we refocused on our core competencies, with a goal of commercializing Terra Solar's advanced research in thin film a-Si PV technology.

We successfully developed and commercialized a fully automated production line, manufactured by our Taiwanese OEM manufacturer, Chinese United Semiconductor Equipment Manufacturing Inc. (CUSEM), where all the patents of the production equipment are held by China Solar Energy. By switching the manufacturing base from Hungary to Taiwan, we are able to reduce our production costs, maximize output production capacity, increase manufacturing yields and shorten production lead time.

業務回顧及前景

於回顧期內，本集團繼續從事三項主要業務－太陽能業務、策略投資以及資本市場活動及融資業務。

太陽能業務

於回顧年度，太陽能業務對本集團營業額帶來約38,324,000港元(二零零六年:7,725,000港元)貢獻，佔營業額之93.19%(二零零六年:62.53%)。該等營業額來自本集團於美國其中一家附屬公司Terra Solar集團。營業額上升，主要由於大部分合約已於回顧年度內完成。於回顧年度，此項業務之分部業績錄得26,571,000港元虧損，原因是i)本集團已設立另一個生產基地，將生產轉移至亞洲以盡量降低生產成本，因此令此項業務產生更多開支；及ii)本集團於去年十二月簽訂之銷售合約所賺取收益並無於回顧年度入賬。本集團已就合約向客戶收取20%訂金。生產線已付運予客戶，並預期將於本年度第三季初完成安裝。

於未來數年，太陽能業務將為本集團之主要業務。

策略投資及資本市場活動

於回顧年度，全球股市持續向好，按公允價值列入損益賬之金融資產之公允價值收益約36,997,000港元(二零零六年:4,880,000港元)。

融資業務

於回顧年度，融資業務之營業額佔本集團總營業額1.37%。由於本集團集中投放資源於太陽能業務，此業務分部貢獻大幅減少。本集團採用審慎方針，就此業務收回賬款之風險，作出約4,425,000港元之呆賬撥備。

總結

本集團已重組及合併Terra Solar之資產，並重新專注於其核心業務，目標為將Terra Solar於a-Si光伏薄膜技術之後期研究商品化。

本集團已成功開發全自動生產線並進行商業投產，該生產線由本集團之台灣OEM製造商中華聯合半導體設備製造股份有限公司(CUSEM)製造，當中所有生產設備之專利權由華基光電能源持有。生產基地由匈牙利遷往台灣後，本集團得以削減生產成本、提升生產能力與產量及縮短生產週期。

Management Discussion and Analysis (Continued)

管理層討論及分析 (續)

On 21 December 2006, we signed our first order with China Stream Fund Solar Co. Ltd. contract valued at USD480.5 million for 31 units of 5 MW thin film a-Si production equipment. The first line has been shipped on March 2007 and will commence production by beginning September 2007.

On 21 May 2007, China Solar Energy and Jiangxi Ganneng Co Ltd (listed on the Shenzhen stock exchange, 000889.CH) entered into a JV agreement to form a JV company where China Solar Energy will supply 10 units of 5MW thin film a-Si production equipment at a total value of USD145 million to the JV company. The first line will be delivered after the completion of the 31 units order with China Stream Fund Energy in Wuxi, China.

Our group will continue to adopt an “asset light” business model with two revenue streams, one for the sale of production equipment and another for the sale of solar modules.

We are focusing most of our efforts in fulfilling the orders which entails the design, manufacturing, shipping and installation of turnkey manufacturing facilities focused on the production of amorphous silicon based modules at the customer’s plant in China. The software, know-how and training associated with the manufacturing process will be supplied by Terra Solar.

FINANCIAL REVIEW

Results

For the year ended 31 March 2007, the Group recorded a turnover of approximately HK\$41,123,000 (2006: HK\$12,354,000), representing an increase of approximately 233%. The increase in turnover was mainly due to the contribution from the solar business since its acquisition.

Loss attributable to equity holders of the Company was HK\$523,000 (2006: loss of HK\$95,506,000). The basic loss per share was 0.01 cents (2006: 3.32 cents).

Liquidity, Financial Resources and Funding

At 31 March 2007, the Group had net current assets of HK\$210,251,000 (2006: HK\$179,774,000). The increase was due to the increase in cash and cash equivalents as a result of the exercise of share options and the exercise of warrants during the year.

At 31 March 2007, the Group had a total of HK\$52,183,000 in cash and cash equivalents (2006: HK\$147,419,000). The decrease was mainly because part of the cash was paid to supplier as deposit for the production line. Most of the cash reserves were placed in Hong Kong dollar short-term deposits with major banks in Hong Kong.

The liquidity ratio of the Group, represented by a ratio between current assets over current liabilities, was 835% (2006: 625%), reflecting adequacy of financial resources.

於二零零六年十二月二十一日，本集團與China Stream Fund Solar Co. Ltd.簽訂首份訂購31台5 MW a-Si薄膜生產設備之訂單，合約價值480,500,000美元。首條生產線已於二零零七年三月付運，並將於二零零七年九月初投產。

於二零零七年五月二十一日，華基光電能源與於深圳證券交易所上市之江西贛能股份有限公司（股份代號：000889.CH）訂立合營協議成立合營企業。據此華基光電能源將會向合營公司供應10台總值145,000,000美元之5MW a-Si薄膜生產設備。首條生產線將會於中國無錫China Stream Fund Energy之31台訂單完成後付運。

本集團將繼續採取「資產減重」業務模式，以銷售生產設備及太陽能組模兩方面作為收益來源。

本集團現正專注於完成手頭訂單，此訂單涉及於客戶在中國之廠房設計、製造、付運及安裝用作生產非結晶矽組模的完善製造設施。與此項製造工序有關的軟件、專門知識及培訓將會由Terra Solar提供。

財務回顧

業績

於截至二零零七年三月三十一日止年度，本集團營業額約為41,123,000港元（二零零六年：12,354,000港元），上升約233%，營業額上升主要歸因於自收購後太陽能業務的貢獻。

本公司權益持有人應佔虧損為523,000港元（二零零六年：虧損95,506,000港元）。每股基本虧損為0.01仙（二零零六年：3.32仙）。

流動資金、財務資源及資金

二零零七年三月三十一日，本集團流動資產淨值為210,251,000港元（二零零六年：179,774,000港元）。有關升幅是由於年內行使購股權及行使認股權證令現金及現金等價物增加所致。

二零零七年三月三十一日，本集團現金及現金等價物共為52,183,000港元（二零零六年：147,419,000港元）。現金及現金等價物減少主要因為就生產線支付部分現金予供應商作為訂金。大部分現金儲備以港幣短期存款方式存放於香港主要銀行。

本集團以流動資產除流動負債計算之流動資金比率為835%（二零零六年：625%），反映財政資源充裕。

Management Discussion and Analysis (Continued)

管理層討論及分析 (續)

The indebtedness of the Group as at 31 March 2007 was HK\$700,000 (2006: HK\$3,832,000).

Foreign Exchange Exposure

The Group is exposed to a very limited level of exchange risk as the foreign currency that the group dealing with are mainly denominated in US dollars to which Hong Kong dollars was pegged.

Share Capital Structure

In June 2005, the Company issued up to a maximum of 550,000,000 listed warrants by way of private placing at the issue price of HK\$0.046, each conferring the right to subscribe for one new share at the initial exercise price of HK\$0.116 up to an aggregate amount of HK\$63,800,000 at any time during the period from 4 July 2005 to 3 July 2007. As at 31 March 2007, 169,450,000 warrants have been exercised.

During the year, exercise of share options resulted in the issue of 72,900,000 ordinary shares of the Company.

Apart from the above, there was no change in the share capital structure of the Company during the year under review.

Material Acquisition and Disposal of Subsidiaries

During the year under review, there is no material acquisition or disposal subsidiaries occurred.

Charges on Group's Assets

As at 31 March 2007, the Group's trading securities with market value of approximately HK\$3,487,000 (2006: HK\$16,173,000) have been pledged to secure stock brokers loans of HK\$700,000 (2006: HK\$2,802,000) granted to its subsidiary.

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 31 March 2007, the Group had 35 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.

本集團於二零零七年三月三十一日之債務為700,000港元(二零零六年:3,832,000港元)。

外匯風險

由於本集團用以交易之外匯主要為與港元掛鈎之美元，故本集團面對之外匯風險非常有限。

股本結構

於二零零五年六月，本公司通過按發行價0.046港元進行私人配售，發行最多550,000,000份上市認股權證，各賦予權利於二零零五年七月四日至二零零七年七月三日期間內任何時間按初步行使價0.116港元認購一股新股，認購額合共為63,800,000港元。於二零零七年三月三十一日，169,450,000份認股權證已獲行使。

於本年度內，因行使購股權而發行72,900,000股本公司普通股。

除上文所述外，本公司於回顧年內之股本結構並無變動。

重大收購及出售附屬公司

於回顧年度，並無有關附屬公司之重大收購或出售事項。

集團資產抵押

於二零零七年三月三十一日，本集團市值約3,487,000港元(二零零六年:16,173,000港元)之交易證券已作抵押，以為其附屬公司取得股票經紀貸款700,000港元(二零零六年:2,802,000港元)。

或有負債

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。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，故認為在現階段毋須就此在財務報表中作出撥備。

人力資源

於二零零七年三月三十一日，本集團共有35名全職僱員。

本集團主要按個別員工之表現及經驗釐定員工薪酬。除基本薪酬外，本集團亦會按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。

Biographical Details of Directors and Senior Management

董事及高層管理人員履歷

CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Dr Zoltan J. Kiss, aged 75, became the Chairman and non-executive director of the group on 24 January 2006. Dr Kiss formed the Terra Solar Group in the 1990s. He has been an innovator in photovoltaics since the 1970s and is responsible for the development of the technology and manufacturing capacity that is used in a majority of the world's thin-film PV production. In 1959 he received a Ph.D. degree in physics, specializing in solid-state physics. In that same year, he also spent a post-doctoral year at Oxford University, Oxford, U.K. as an NRC fellow. Dr Kiss has over 100 publications and 17 patents in the different technical fields over the past 30 years. According to articles published in the New York Times, Dr Zoltan Kiss is one of the renowned experts in the solar power industry.

EXECUTIVE DIRECTORS

Mr Pierre Seligman, aged 41, joined the group as an executive director on 7 February 2005 and was appointed as Managing Director in 2006. He holds a Bachelors degree in French Literature and a textile degree in knitwear from the University of Leeds in the United Kingdom. He has more than 15 years experience in local and overseas trading business working as a senior executive.

Mr CHU Chik Ming Jack, aged 51, was appointed as an executive director on 7 February 2005. He holds a MBA degree in real estate, a Bachelor of Science degree in business management and an associate degree in construction. He is a Certified Commercial Investment Member. He has extensive experience in strategic investment of number of essential business and IT projects focused at creating an e-Commerce infrastructure in China. Prior to that, Mr Chu was a real estate consultant, consulting on project feasibility, site selection as well as property market analysis.

Mr CHAN Wai Kwong Peter, aged 54, was appointed as an executive director on 8 April 2002. He graduated with a bachelor degree in Social Science (Economics) from the University of Western Ontario, Canada in 1978. Mr Chan has over 24 years of experience in marketing and business development. Mr Chan is also an executive director of Mobile Telecom Network (Holdings) Limited, an independent non-executive director of China Golden Development Holdings Limited and an independent non-executive director of Shang Hua Holdings Limited, all of them are listed companies in Hong Kong. Mr Chan is a member of the Amusement Game Centre Appeal Board, The Government of "HKSAR".

主席兼非執行董事

Dr Zoltan J. Kiss 75歲，於二零零六年一月二十四日成為本集團的主席兼非執行董事。Dr Kiss於九十年代成立 Terra Solar集團。彼自七十年代起一直革新光能發電，全球大部分光伏薄膜生產中採用的技術與產能均由彼負責開發。一九五九年，彼獲得物理學博士學位，專修固體物理學。同年，彼於英國牛津大學進修博士後課程，擔任客席研究員。Dr Kiss於過往三十年間在不同的技術界著有過百本刊物及取得十七項專利。根據紐約時報刊載文章所述，Dr Zoltan Kiss 是太陽能工業中其中一位最著名的專家。

執行董事

Pierre Seligman先生 41歲，於二零零五年二月七日加入本集團出任執行董事，於二零零六年獲委任為董事總經理。彼持有法國文學學士學位及英國利茲大學針織學紡織學位。彼於本地及海外貿易業務累積逾十五年高級行政人員經驗。

朱植明先生 51歲，於二零零五年二月七日獲委任為執行董事。彼持有房地產工商管理碩士學位、商業管理理學士學位及建築學副學士學位。彼為商業投資委員。彼於多項為專注在中國建立電子商貿基建之主要業務及資訊科技項目之策略性投資方面積逾豐富經驗。在此之前，朱先生為房地產顧問，就項目可行性、選址及物業市場分析提供顧問意見。

陳為光先生 54歲，於二零零二年四月八日獲委任為執行董事。陳先生於一九七八年畢業於加拿大西安大略大學，獲頒社會科學（經濟）學士學位。陳先生於市場推廣及業務發展方面積逾24年經驗。陳先生亦為流動電訊網絡（控股）有限公司之執行董事、中國金展控股有限公司及上華控股有限公司之獨立非執行董事，以上三家均為香港上市公司。陳先生為香港特區政府遊戲機中心（上訴委員會）成員。

Biographical Details of Directors and Senior Management (Continued) 董事及高層管理人員履歷 (續)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr CHOW Siu Ngor, aged 52, was appointed as an independent non-executive director on 5 October 1998 and a member of the audit committee of the Company on 29 March 1999. Mr Chow is a practising solicitor in Hong Kong. Mr Chow graduated from the Chinese University of Hong Kong in 1981 with an honours degree in Social Science. He then obtained an honours degree in Laws from the University of Birmingham in 1987. Mr Chow was admitted as a solicitor of the Supreme Court of Hong Kong in 1990 and has been in private practice since then. Currently, Mr Chow is a Partner of Arculli Fong & Ng, Solicitors. Mr Chow also serves as an independent non-executive director of three other listed companies in Hong Kong namely CCT Tech International Limited, RexCapital Financial Holdings Limited and Premium Land Limited respectively.

Mr YIN Tat Man, aged 46, was appointed as an independent non-executive director and a member of the Company's audit committee on 30 September 2004. He holds a Bachelor of Science degree from University of Toronto in Canada. He is a professional business executive with over 20 years of experience in the information technology industry specializing in the field of project management, risk management and channel management. Currently, Mr Yin is an IT director of an international IT and system technology company based in Shanghai.

Mr TAM Kam Biu William, aged 51, was appointed as an independent non-executive director and a member of the Company's audit committee on 24 January 2006. He obtained a Bachelor of Business Administration degree and a Master of Business Administration degree from York University, Toronto, Canada. He is a fellow of Association of Chartered Certified Accountants, United Kingdom and an associate of the Hong Kong Institute of Certified Public Accountants. Mr. Tam is currently a director and chief financial officer of Bio Cassava Technology Holdings Limited and an independent non-executive director of Soluteck Holdings Limited, both are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

SENIOR MANAGEMENT

Mr TSANG Wai Wa, aged 46, Financial Controller as well as Company Secretary of the group, joined the Group in April 2005. Mr Tsang holds a Bachelor degree in Finance and Accounting and a Master degree in Business Administration. He is a fellow member of the Chartered Association of Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. He has extensive experience in auditing, accounting, company secretary and corporate finance experience.

獨立非執行董事

鄒小岳先生，52歲，於一九九八年十月五日獲委任為獨立非執行董事，並於一九九九年三月二十九日獲委任為本公司審核委員會成員。鄒先生為香港執業律師。鄒先生於一九八一年在香港中文大學畢業，獲得社會科學榮譽學位。鄒先生其後於一九八七年取得伯明翰大學法律榮譽學位。彼於一九九零年獲錄取為香港高等法院律師，之後一直私人執業。目前，彼為夏佳理方和吳正和律師事務所之合夥人。鄒先生亦為另外三家香港上市公司即中建科技國際有限公司、御泰金融控股有限公司及上海策略置地有限公司之獨立非執行董事。

袁達文先生，46歲，於二零零四年九月三十日獲委任為本公司獨立非執行董事及審核委員會成員。彼持有加拿大多倫多大學之理科學士學位。彼於資訊科技行業擁有逾二十年專業行政人員經驗，專長於項目管理、風險管理以及渠道管理。袁先生現為一家位於上海的國際資訊科技及系統技術公司之資訊科技董事。

譚錦標先生，51歲，於二零零六年一月二十四日獲委任為獨立非執行董事及本公司審核委員會會員。彼持有加拿大多倫多約克大學工商管理學士學位及工商管理碩士學位。彼為英國特許公認會計師公會資深會員以及香港會計師公會會員。譚先生現為九方科技控股有限公司董事及財務總監，並為一創科技集團有限公司之獨立非執行董事，兩家公司均為香港聯合交易所有限公司創業板上市公司。

高層管理人員

曾偉華先生，46歲，本集團財務總監兼公司秘書，於二零零五年四月加入本集團。曾先生持有財務及會計學士學位，以及工商管理碩士學位。彼為英國特許公認會計師公會資深會員以及香港會計師公會會員。彼於審計、會計、公司秘書及企業財務擁有豐富經驗。

Biographical Details of Directors and Senior Management (Continued) 董事及高層管理人員履歷 (續)

Dr Steve T Chen, aged 49, Corporate Strategist of the group, graduated from Taipei's National Taiwan University with LL.B degree and earned his Ph.D. degree in Law from the University of London. He is well experienced in the fields of legal affairs, market development, and corporate strategies in Greater China, with previous senior executive appointments including CNT Groups Ltd. (a listed company in Hong Kong), and Taipei's Taiwan Cement Group Ltd. (the largest cement manufacturing company listed in Taiwan). Dr Chen is a respected commentator and writer for national economic and legal affairs. Dr Chen had served as Secretary General for Taiwan Business Association (Hong Kong) Ltd. and Director for the Association of Chinese Traders and he is currently a counselor for Taipei City Government. Dr Chen joined the Group in March 2006.

Dr Yuan Lee, aged 56, CEO of the TerraSolar Group, joined TerraSolar at the end of 2004 as the Group's CEO. Previously, he was an Executive Director at Morgan Stanley Investment Banking Division. Prior to that Dr Lee worked as a Marketing Director at Reuters America and was in charge of new business development of analytic financial information products targeting Wall Street firms. He also spent nine years at Citicorp where he was responsible for product management, relationship management, marketing strategy and new product development. Dr Lee earned a Ph.D. in physics from Columbia University.

Mr Gregory Kiss, aged 49, Director of TerraSolar Group, is also the Founder and Principal of Kiss + Cathcart, Architects. He earned a Master of Architecture from Columbia University in 1983 and a Bachelor of Arts from Yale University in 1979. His selected architecture and research projects on Building Integrated Photovoltaic includes: New York City Transit Stillwell Avenue Terminal (Brooklyn, NY: 1999–2007), Smithsonian Tropical Research Institute (Bocas del Toro, Panama: 2001–2003), Heliiodomi Photovoltaic Production Facility, Thessalonika (Greece: 2000–2007), IJsselstein Housing (Holland: 1999–2000), 3 Studies for the National Renewable Energy Laboratory (1992–1995), Self sustaining HighRise Buildings: National Science Foundation Grant based on 2020 tower project (2006–2007).

Mr Henry J. Behnke III, aged 47, Chief Operation Officer of TerraSolar Group, has played a significant role in Terra Solar's expert team since 1981. He participated in the development, testing and installation of equipment used in the manufacturing of amorphous silicon photovoltaic solar cells for over 25 years. He supervised the installation of turnkey manufacturing facilities on location in Port Jervis, NY, Bridgend, Wales (UK) and Lens, France. As COO of Terra Solar Group, he is responsible for the management of installation operations for PV systems, facility management for manufacturing and R&D process development operations. His professional qualifications include AIChE (American Institute of Chemical Engineers), ASAE (The Society for Engineering in Agriculture, Food and Biological Systems), ASTM (American Society for Testing and Materials), and ISA (The Instrumentation, Systems and Automation Society). He earned an Executive MBA from the Graduate School of Management of Rutgers University in 1994, a Professional Engineering License NJ Mechanical Engineering #32029 in 1986, and a BS Engineering from the College of Engineering of Rutgers University in 1981.

陳自創博士·49歲·本集團企業策略人·於台灣大學法律學系畢業·並為英國倫敦大學法學博士·彼於中國法務·市場開發及企業策略方面積逾豐富經驗·亦曾出任香港上市公司北海集團有限公司及台灣最大上市水泥製造公司台灣水泥集團有限公司高級行政職位多年·陳博士為國際知名之經濟時事及法律評論員及作家·陳博士亦曾擔任台灣工商協會(香港)有限公司秘書長·國際華商協進會理事·現時兼任台北市政府顧問·陳博士於二零零六年三月加入本集團·

Dr Yuan Lee·56歲·TerraSolar集團行政總裁·於二零零四年底加入TerraSolar出任集團行政總裁·彼前為摩根士丹利投資銀行業務執行董事·在此之前Dr Lee為路透社(美國)市場總監·曾負責處理有關華爾街公司分析性財務資料產品的新興業務發展·彼曾於花旗集團任職九年·負責產品管理·關係管理·市場策略及新產品開發·Dr Lee持有哥倫比亞大學物理學博士學位·

Gregory Kiss先生·49歲·TerraSolar集團董事·亦為Kiss + Cathcart, Architects始創人及社長·彼於一九八三年獲得哥倫比亞大學建築碩士學位·並於一九七九年獲得耶魯大學文學學士學位·彼曾參與的傑出建築物光電整合建築及研究項目包括紐約市Transit Stillwell Avenue Terminal(紐約州布魯克林:1999–2007)·史密生熱帶研究學院(巴拿馬博卡斯·德爾托羅:2001–2003)·塞薩洛尼基Heliiodomi Photovoltaic Production Facility(希臘:2000–2007)·IJsselstein Housing(荷蘭:1999–2000)·美國能源部再生性能源實驗室進行的三項研究(1992–1995)·美國國家科學基金根據二零二零年大廈計劃撥款進行的摩天大廈自供能源項目(2006–2007)·

Henry J. Behnke III先生·47歲·TerraSolar集團營運總裁·自一九八一年起於TerraSolar專家團中擔任重要角色·彼參與發展·試驗及安裝用作製造非結晶矽光伏太陽能電池的設備逾二十五年·曾負責監督位於紐約州杰維斯港·英國威爾斯布里傑德及法國朗斯的完善製造設施裝置·彼作為Terra Solar集團營運總裁·負責管理光伏系統的設置營運以及製造·研究及發展過程運作的設施管理·彼持有AIChE(美國化學工程學學院)·ASAE(農業·食品暨生物系統工程學會)·ASTM(美國材料測試學會)及ISA(美國儀錶學會)的專業資格·彼於一九九四年獲得羅格斯大學管理學院行政人員工商管理碩士學位·於一九八六年獲得專業工程執照NJ Mechanical Engineering #32029·並於一九八一年獲得羅格斯大學工程學院房屋裝置工程學學位·

Corporate Governance Report

企業管治報告

1. CORPORATE MANAGEMENT

Chairman and Managing director

The roles of the Chairman and the Managing Director are segregated and assumed by two separate individuals who have no relationship with each other to strike a balance of power and authority so that the job responsibilities are not concentrated on any one individual.

The Chairman of the Board is responsible for taking lead of effective running of the Board.

The Managing director is delegated with the authorities to manage the Group's business in all aspects effectively, implement major strategies, make day-to-day decision and coordinate overall business operation.

2. BOARD RESPONSIBILITIES

The Board is responsible for the management of the business and affairs of the Group with the objective of enhancing shareholder value and prospects in the annual and interim reports, and of other price-sensitive announcements and other financial disclosures as required under the Listing Rules, and reports to regulators any information required to be disclosed pursuant to statutory requirement.

Management is responsible for the day-to-day operations of the Group under the leadership of the Managing Director. The Managing Director, working with the other executive directors and the executive management team of each business division, is responsible for managing the business of the Group, including implementation of strategies adopted by the Board and assuming full accountability to the Board for operations of the Group. All executive directors have made full and active contribution to the affairs of the Board and the Board always acts in the best interests of the Group.

3. REGULAR BOARD MEETINGS

The Board meets at least four times each year and has a formal schedule of matters referred to it for consideration and decision. Additional meetings may be convened as and when necessary. Notice of at least fourteen days is served for regular Board meetings and reasonable notice is given for all other Board meetings. Directors are consulted and provided with an opportunity to include matters into the agenda for discussion at the Board meetings. The Company Secretary assists the Chairman/Managing Director in preparing the agenda for each Board meeting and to ensure that applicable rules and regulations regarding the meetings are observed. The final agenda together with the Board papers are distributed to the Directors at least three days before the Board meetings.

During the year, eight board meetings, of which six were regular board meetings and two were audit committee meetings, were held during the year ended 31 March 2007.

1. 企業管治

主席及董事總經理

主席及董事總經理之角色應分開，應由彼此間並無關係之兩名獨立人士擔任，以達到平衡權力及職權，致使工作職責不會集中於任何一人。

董事會主席負責領導及有效管理董事會。

董事總經理獲授予職權以有效方式管理本集團業務之各方面事務，執行重要策略，作出日常決定及協調整體業務運作。

2. 董事會之職責

董事會負責管理本集團之業務及事務，並在年報與中期報告、其他可能影響股份價格之公佈及上市規則規定須予披露之其他財務資料中，力求提升股東價值及前景，以及向監管機構報告法例規定須予披露之任何資料。

董事總經理帶領管理層負責本集團的日常營運。董事總經理連同其他執行董事及各業務部門之管理隊伍負責管理本集團的業務，包括實施董事會採納之政策，並就本集團營運向董事會負上全責。所有執行董事均全力及主動投入董事會事務，而董事會經常以符合本集團最佳利益之方式行事。

3. 定期董事會會議

董事會至少每年召開四次會議，並有一個正式議程，並據此考慮及作出決定。於有需要時，亦會召開額外會議。就董事會定期會議而言，全體董事將獲發最少十四日通知。而就所有其他董事會會議而言，將會發出合理通知。董事獲諮詢及有機會於董事會會議中於議程上新增商議事項。公司秘書協助主席／董事總經理準備各董事會會議之議程，及確保符合有關會議之應用守則及規定。最後決定之議程連同董事會文件會於董事會會議最少三日前分派予董事。

於二零零七年三月三十一日止年度曾舉行八次董事會會議，其中六次為定期董事會會議，而兩次為審核委員會會議。

Corporate Governance Report (Continued)

企業管治報告 (續)

Individual attendance of each of the directors is set out below:

各董事之個別出席率載列如下:

Directors	董事	Meetings attended/ Eligible to attend 曾出席會議次數/ 合資格出席會議次數
<i>Executive directors</i>		
Mr Pierre Seligman	執行董事 Pierre Seligman先生	6/6
Mr Chu Chik Ming Jack	朱植明先生	3/6
Mr Chan Wai Kwong Peter	陳為光先生	6/6
Ms Lee Huei Lin (Note 1)	李慧玲女士 (附註1)	1/1
<i>Non-executive director</i>		
Dr Zoltan J. Kiss (Chairman)	非執行董事 Dr Zoltan J. Kiss (主席)	1/6
<i>Independent non-executive directors</i>		
Mr Chow Siu Ngor	獨立非執行董事 鄒小岳先生	6/8
Mr Yin Tat Man	袁達文先生	6/8
Mr Tam Kam Biu, William	譚錦標先生	6/8

Notes:

- Ms Lee Huei Lin resigned from her position as an executive director of the Company with effect from 8 June 2006. During the period from 1 April 2006 to 7 June 2006, one board meeting had been held.

附註:

- 李慧玲女士自二零零六年六月八日起辭任本公司執行董事職務。於二零零六年四月一日至二零零六年六月七日期間，曾舉行一次董事會會議。

4. BOARD COMMITTEES

Each Committee has its own defined scope of duties and terms of reference. The Company Secretary shall make available the terms of reference of the committees to any shareholder upon receipt of a request in writing from the shareholder. The members of a committee are empowered to make decisions on matters within the terms of reference of such committee. Copies of all signed minutes of the committees are sent to Directors for their record.

a. Audit Committee

The Audit Committee currently comprises three members, all of whom are independent non-executive directors, namely, Mr Chow Siu Ngor, Mr Yin Tat Man and Mr Tam Kam Biu William.

The primary duties of the Audit Committee include review of the effectiveness of financial reporting processes and internal control systems of the Group, review of the Group's financial information and compliance, marking recommendation to the Board on the appointment and removal of external auditors and assessing their independence and performance.

4. 董事會委員會

每個委員會有其各自已定之職責範圍。公司秘書應按股東之書面要求回條，向股東提供委員會之職權範圍。委員會成員有權於委員會之職權範圍內就事項作出決定。委員會所有已簽署之會議記錄將交由董事作記錄。

a. 審核委員會

審核委員會現包括三位獨立非執行董事，即鄒小岳先生、袁達文先生及譚錦標先生。

審核委員會之主要職責為檢討本集團之財務報告程序及內部監控系統是否有效運作、檢討本集團之財務資料及其合符性，以及就委任及辭退外聘核數師，以及評估其獨立性及表現向董事提出推薦。

Corporate Governance Report (Continued)

企業管治報告 (續)

During the year, the works performed by Audit Committee were mainly set out below:

- reviewed the interim results for the period ended 30 September 2006 and annual results for the ended 31 March 2007 of the Group
- discussed with the management of the Company over the fairness and adequate accounting standards and policies of the Group in the preparation of the interim and annual financial statements
- reviewed the connected transactions entered into by the Group during the year
- reviewed and discussed with the external auditors over the financial reporting of the company
- reviewed, recommended and approved the retirement and re-appointment of external auditors
- reviewed, recommended and approved the remuneration of external auditors

b. Remuneration Committee

The Remuneration Committee has been established by the Company on 20 December 2005. Accordance with the requirements of the Code on CGP, the Remuneration Committee currently comprises three members, one executive director, namely, Mr Chu Chik Ming Jack and two independent non-executive directors, namely, Mr Chow Siu Ngor and Mr Yin Tat Man.

The primary duties of the Remuneration Committee are to make recommendations to the Board on the Group's policy and structure for the overall remuneration of directors and management, including the policy of granting of share options to employees under the Company's share option scheme.

c. Nomination Committee

The Company has not established any nomination committee and would not consider establishing a nomination committee owing to the small size of the Board. The appointment of a new director is a collective decision of the Board, taking into consideration the expertise, experience, integrity and commitment of that appointee to the relevant principal division, the Company and the Group.

Every newly appointed Director will receive a comprehensive, formal and tailored induction of the first occasion of his appointment.

於本年度，審核委員會之工作主要載列如下：

- 檢討本集團截至二零零六年九月三十日止年度之中期業績及截至二零零七年三月三十一日止年度之年度業績
- 與本公司管理層就編撰中期及年度財務報表討論本集團會計標準及政策是否完備、公平及充足
- 檢討本集團於本年度所進行之關連交易
- 與外聘核數師審閱及討論本公司之財務申報
- 檢討、建議及批准外聘核數師退任及核數師之重選
- 檢討、建議及批准予外聘核數師之酬金

b. 薪酬委員會

薪酬委員會於二零零五年十二月二十日由本公司成立。按企業管治常規規定，薪酬委員現包括三位成員，執行董事朱植明先生及非執行董事鄒小岳先生及袁達文先生。

薪酬委員會之主要職責乃就本集團於董事及管理層之全體薪酬之政策及結構（包括於本公司購股權計劃下授出員工購股權予員工）向董事會提出建議。

c. 提名委員會

本公司並無設立任何提名委員會，及因董事會規模細小，故將不考慮設立提名委員會。一名新董事之委任由董事會全體決定，當中考慮獲委任者之專業、經驗、操守及對本集團、本公司及相關主要分部之承擔。

各新委任董事將獲取一個全面、正式及兼特為其首度就職而設之就任須知。

5. DIRECTORS' AND AUDITORS' ACKNOWLEDGMENT

All directors acknowledge their responsibility for preparing the accounts for the year ended 31 March 2007.

Messrs Grant Thornton the auditors of the Company, acknowledge their reporting responsibilities in the auditors' report on the financial statements for the year ended 31 March 2007.

6. AUDITORS' REMUNERATION

The Group's external auditors are Messrs Grant Thornton for the year ended 31 March 2007, the fees paid/payable for audit service is HK\$800,000.

7. DIRECTORS' SECURITIES TRANSACTIONS

The company has adopted the Model Code set out in Appendix 10 of The Listing Rules as the code of conduct regarding securities transactions by the Directors (the "Model Code"). All Directors have confirmed, following a specific enquiry by the Company, that they have fully complied with the required standards as set out in the Model Code during the year.

8. INTERNAL CONTROLS

The Board has overall responsibility for the Group's internal control Systems and through the Audit Committee, conducts reviews on the Effectiveness of these systems at least annually, covering all material controls, financial, operational and compliance controls and risk management functions. The process used in reviewing the effectiveness of these internal control systems includes discussion with management on risk areas identified by management. The purpose of the Company's internal control is to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operational systems so that the Company's objectives can be achieved.

9. COMMUNICATION WITH SHAREHOLDERS

The Company endeavours to maintain a high level of transparency in communicating with shareholders. Extensive information of the Group's activities, business strategies and developments is provided, in additions to the Company's annual reports and interim reports, in our website "www.chinasolar-energy.com". Shareholders of the Company are encouraged to attend the annual general meeting of the Company which offers a valuable forum for dialogue and interaction with management. The Chairman of the Board and the chairman of the Audit Committee, or in their absence, another member of the relevant committee, are available at the annual general meeting to answer questions from shareholders on the business of the Group.

5. 董事及核數師之確認

全體董事確認其有責任為截至二零零七年三月三十一日止年度編製賬目。

本公司之核數師均富會計師行確認其有責任報告於核數師報告內截至二零零七年三月三十一日止年度之財務報表。

6. 核數師之酬金

本集團於截至二零零七年三月三十一日止年度之外聘核數師為均富會計師行，就其審計服務已付／應付款項為800,000港元。

7. 董事之證券交易

本公司已採納上市規則附錄十所載之標準守則（「標準守則」）為本公司有關董事進行證券交易之守則。經本公司作出具體查詢後，全體董事已確認，於整段回顧期內，彼等均全面遵守標準守則所定之標準。

8. 內部監控

董事會整體負責本集團之內部監控系統，及透過本審核委員會，至少每年檢討此等系統是否有效，及至負責所有原料控制、財務、經營及符合程度監管及風險管理功能。其檢討此等內部監控系統之效益之程序包括與管理層檢討管理層訂明之風險範圍。本公司內部監控旨在提供合理，惟非絕對之保證，以防出現嚴重誤報或損失的情況，並管理，而非杜絕經營系統失誤之風險以達成本公司之目標。

9. 與股東之溝通

本公司致力於與股東溝通時維持高透明度，並於本公司之網頁「www.chinasolar-energy.com」內提供本集團之活動、業務策略及發展之廣泛資料，及本公司之年度報告及中期報告。本公司鼓勵本公司之股東出席本公司之股東週年大會，該大會為與管理層進行對話與交流的有價值論壇。本董事會主席及審核委員會主席，或於兩者皆缺席之情況下，相關委員會之成員可於股東週年大會回答股東就本集團業務之提問。

Directors' Report

董事會報告

The directors of the Company (the "Directors") submit herewith their annual report together with the audited financial statements for the year ended 31 March 2007.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and other particulars of the subsidiaries are set out in note 18 to the financial statements.

The analyzes of the principal activities and geographical locations of the operations of the Group during the financial year are set out in note 6 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, turnover attributable to the Group's one major customer accounted for 93.2% of the total turnover for the year.

The aggregate purchases during the year attributable to Group's one major supplier was accounted for the Group's 100% of the total purchase for the year. Dr Kiss, the Chairman and non-executive director of the Company and his associates (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had a majority interest (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")) in this major supplier.

FINANCIAL STATEMENTS

The loss of the Group for the year ended 31 March 2007 and the state of the Company's and the Group's affairs as at that date are set out in the financial statements on pages 26 to 91.

The Directors do not recommend the payment of any dividends in respect of the year ended 31 March 2007 (2006: Nil).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment during the year are set out in note 16 to the financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year are set out in note 30 to the financial statements.

本公司董事(「董事」)全人謹將截至二零零七年三月三十一日止年度之年報及經審核財務報表呈覽。

主要業務

本公司之主要業務為投資控股。附屬公司之主要業務及其他詳情列載於財務報表附註18。

本集團於本財政年度之主要業務和經營地區分析列載於財務報表附註6。

主要客戶及供應商

於回顧年度，一名主要客戶佔本集團全年總營業額的93.2%。

年內，本集團之一名主要供應商應佔之總採購額佔本集團本年度總採購額之100%。本公司主席及非執行董事Dr Kiss及其聯繫人士(彼就董事所知持有本公司已發行股本5%以上)擁有該主要供應商主要權益(定義見香港聯合交易所有限公司證券上市規則(「上市規則」))。

財務報表

本集團截至二零零七年三月三十一日止年度之虧損及本公司與本集團於該日之財務狀況列載於第26至91頁之財務報表內。

董事不建議派發截至二零零七年三月三十一日止年度之股息(二零零六年:無)。

物業、廠房及設備

年內物業、廠房及設備之變動詳情列載於財務報表附註16。

股本

年內本公司股本變動詳情列載於財務報表附註30。

Directors' Report (Continued) 董事會報告 (續)

ACCUMULATED LOSSES AND RESERVES

Details of movements in accumulated losses and reserves of the Company and the Group during the year are set out in note 32 and consolidated statement of changes in equity to the financial statements respectively.

DIRECTORS

The Directors during the financial year and up to the date of this report were:

Chairman and non-executive director

Dr Zoltan J. Kiss

Executive Directors

Pierre Seligman
Chu Chik Ming Jack
Chan Wai Kwong Peter

Independent Non-executive Directors

Chow Siu Ngor
Yin Tat Man
Tam Kam Biu William

In accordance with bye-law 88 of the Company's bye-laws, Mr Pierre Seligman, Mr Chu Chik Ming Jack and Mr Yin Tat Man retires and, being eligible, offers himself for re-election at the forthcoming annual general meeting.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election and re-appointment at the forthcoming annual general meeting has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

Details of the Dr Kiss's interests in contracts are set out in note 38 to the financial statements.

Save as disclosed above, no contract of significance to which the Company, its holding company, its fellow subsidiaries or any of its subsidiaries was a party, in which a Director had a material interest, subsisted at the end of the year or at any time during the year.

累計虧損及儲備

年內本公司及本集團之累計虧損及儲備變動詳情分別列載於財務報表附註32及綜合權益變動表。

董事

本財政年度內及截至本報告日期，本公司董事如下：

主席兼非執行董事

Dr Zoltan J. Kiss

執行董事

Pierre Seligman
朱植明
陳為光

獨立非執行董事

鄒小岳
袁達文
譚錦標

根據本公司之公司細則第88條，Pierre Seligman先生、朱植明先生及袁達文先生依章告退，惟合資格並願意在即將召開之股東週年大會上重選連任。

董事的服務合約

擬在即將召開之股東週年大會上重選連任之董事概無與本公司或任何附屬公司訂立如不作出賠償（一般法定賠償除外）則不能於一年內終止而尚未屆滿之服務合約。

董事所佔合約權益

Dr Kiss所佔合約權益之詳情載於財務報表附註38。

除上文披露者外，本公司、其控股公司、其同集團附屬公司或其任何附屬公司在年終時或本年度內任何時間，概無訂立任何董事於其中擁有重大權益之重要合約。

Directors' Report (Continued)

董事會報告 (續)

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 31 March 2007, the interests or short positions of the Directors and chief executives and their associates in the shares of the Company as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (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 Companies (the "Model Code") were as follows:

Long position in the ordinary shares of HK\$0.01 each (the "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 ("Dr Kiss") Dr Zoltan J. Kiss (「Dr Kiss」)	620,000,000 (Note a) (附註a)	Interest in controlled corporations 受控制公司權益	16%
Pierre Seligman ("Mr Seligman") Pierre Seligman (「Seligman先生」)	34,700,000 (Note b) (附註b)	Beneficial 實益	0.89%
Chu Chik Ming Jack ("Mr Chu") 朱植明 (「朱先生」)	1,000,000 (Note c) (附註c)	Beneficial 實益	0.025%
Chan Wai Kwong Peter ("Mr Chan") 陳為光 (「陳先生」)	500,000 (Note d) (附註d)	Beneficial 實益	0.013%

Notes:

- Of the 620,000,000 Shares are indirectly held by Dr Kiss through a wholly owned subsidiary of Flytech Holdings Limited, namely, Multichannel Investments Limited. The entire share capital of Flytech Holdings Limited is wholly owned by Dr Kiss.
- Mr Seligman is beneficially interested in 34,700,000 shares. Among those shares, 24,700,000 were share options granted by the Company and 10,000,000 shares are the shares of the Company.
- Mr Chu is beneficially interested in 1,000,000 options granted by the Company.
- Mr Chan is beneficially interested in 500,000 shares of the Company.

董事及主要行政人員之證券權益

於二零零七年三月三十一日，董事及本公司主要行政人員及彼等之聯繫人士於本公司之股份中擁有根據證券及期貨條例（「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，或根據上市公司董事進行證券交易的標準守則（「標準守則」）已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：

於本公司每股面值0.01港元普通股（「股份」）之好倉

附註：

- 由Dr Kiss間接持有之620,000,000股股份由Flytech Holdings Limited全資擁有之附屬公司，即Multichannel Investments Limited持有。Flytech Holdings Limited所有股本由Dr Kiss全資擁有。
- Seligman先生實益擁有34,700,000股股份權益。於該等股份中，24,700,000份為本公司授出之購股權，而10,000,000股為本公司之股份。
- 朱先生實益擁有本公司授出之1,000,000份購股權權益。
- 陳先生實益擁有本公司500,000股股份權益。

Directors' Report (Continued)

董事會報告 (續)

Save as disclosed above, as at 31 March 2007, none of the Directors or chief executives, nor their associates, 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.

SHARE OPTIONS

The following is a summary of the principal terms of the share option scheme adopted by the Company on 29 July 2002 (the "Scheme").

The purpose of the Scheme is to enable the Company to grant options to employees, executives or officers of the Company or any of its subsidiaries and other persons who have made a contribution to the Group as incentives and/or rewards for their contributions to the Company or its subsidiaries.

According to the Scheme, the Board may grant options to the eligible participants as defined in the Scheme to subscribe for such number of shares as the Board may determine. Options granted should be accepted within 30 days from the date of offer. Upon acceptance of the options, the grantee shall pay HK\$1 to the Company by way of consideration for the grant.

The exercise price of options shall be determined by the Board, save that such price will not be less than the highest of (a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; (b) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant; or (c) the nominal value of a share.

The maximum number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other share option scheme(s) of the Company must not exceed 10% of the issued share capital of the Company on the date of approval and adoption of the Scheme provided that the Company may at any time seek approval from its shareholders to refresh the limit to 10% of the shares in issue as at the date of approval by the shareholders in general meeting where such limit is refreshed. Options previously granted under any share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with such schemes or exercised options) will not be counted for the purpose of calculating the limit as refreshed.

除上文所披露者外，於二零零七年三月三十一日，各董事或主要行政人員或彼等之聯繫人士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根據證券及期貨條例第352條已記錄在名冊上之權益或淡倉，或根據標準守則已知會本公司及聯交所之權益或淡倉。

購股權

以下為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」）之主要條款概要。

該計劃旨在使本公司可向曾對本集團作出貢獻之本公司或其任附屬公司僱員、行政人員或高級職員以及其他人士授出購股權，作為彼等對本公司或其附屬公司作出貢獻之獎勵及／或回報。

根據該計劃，董事會可向該計劃所界定之合資格參與者授出購股權，以認購董事會所釐定數目之股份。授出之購股權須自邀約日期起計30日內接納。接納購股權時，承授人須向本公司支付1港元作為獲授購股權之代價。

購股權之行使價由董事會釐定，惟不得低於(a)授出購股權當日（須為營業日）聯交所每日報價表所示之股份收市價；(b)截至授出購股權日期前五個營業日聯交所每日報價表所示之股份平均收市價；或(c)股份面值（以最高者為準）。

因行使根據該計劃及本公司任何其他購股權計劃授出之所有購股權而可發行之股份上限，不得超過批准及採納該計劃當日本公司已發行股本之10%，惟本公司可隨時徵求股東批准將上限重新釐定為股東於股東大會上批准重新釐定上限當日之已發行股份之10%。計算重新釐定之上限時，先前根據本公司任何購股權計劃授出之購股權（包括根據該等計劃尚未行使、已註銷、已失效或已行使之購股權）不會計算在內。

Directors' Report (Continued)

董事會報告 (續)

The total number of shares issued and which may fall to be issued upon exercise of the options granted under the Scheme and any other share option scheme(s) of the Company (including exercised and outstanding options) to each eligible participant in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue as at the date of grant. Options granted to substantial shareholders or independent non-executive Directors or their respective associates (as defined in the Listing Rules) in excess of 0.1% of the Company's issued share capital on the date of grant or with a value in excess of HK\$5 million must be approved in advance by the Company's shareholders.

The period during which an option may be exercised will be determined by the Board at its absolute discretion, save that no options can be exercised more than 10 years after it has been granted. There is no general requirement that an option must be held for any minimum period before it can be exercised. The Scheme will expire on 29 July 2012.

The total number of Shares available for issue under the Scheme was 285,317,006 Shares (representing 6.69% of the Shares in issue as at the date of this report).

The movements in share options granted under the Scheme during the year are shown below:

於截至授出購股權日期之前任何12個月內，因行使各合資格參與者根據該計劃及本公司任何其他購股權計劃獲授之購股權（包括已行使及未行使之購股權）而已發行及可能須予發行之股份總數，不得超過授出購股權當日之已發行股份之1%。倘向主要股東或獨立非執行董事或彼等各自之聯繫人士（定義見上市規則）授出超逾本公司於授出日期之已發行股本之0.1%或價值超出5,000,000港元之購股權，則須先經本公司股東批准。

購股權行使期將由董事會全權釐定，惟授出購股權日期起計10年後不可行使購股權。本公司並無規定行使前必須持有購股權之最短期限。該計劃將於二零一二年七月二十九日屆滿。

根據該計劃可予發行之股份總數為285,317,006股（佔於本報告日期之已發行股份6.69%）。

於本年內根據該計劃所授出購股權之變動如下：

Name/Category of participant 參與人姓名/類別	At 1 April 2006 於二零零六年四月一日	Granted during the year 年內授出	Exercised during the year 年內行使	Lapsed during the year 年內失效	At 31 March 2007 於二零零七年三月三十一日	Date of offer to grant options 購股權 提呈授出日期	Exercise price per share 每股 行使價 (HK\$) (港元)	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 Peter 陳為光	500,000	-	(500,000)	-	-	22/6/2005	0.166	27/6/2005 – 26/6/2015
Other eligible participants 其他合資格參與人士	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	-	(4,100,000)	-	78,000,000	22/6/2005	0.166	27/6/2005 – 26/6/2015
	171,500,000	-	(45,200,000)	-	126,300,000	22/6/2005	0.166	20/7/2005 – 19/7/2015
	<u>358,217,006</u>	<u>-</u>	<u>(72,900,000)</u>	<u>-</u>	<u>285,317,006</u>			

Directors' Report (Continued) 董事會報告 (續)

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the year was the Company, its holding company, its fellow subsidiaries or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Pursuant to Rule 8.10(2) of the Listing Rules, details of the interests held by the Directors in business which is considered to compete or are likely to compete, either directly or indirectly, with the business of the Group, are disclosed as follows:

Name of company	Competing business
REXCAPITAL Finance Limited ("RFL")	Money lending
RPI Finance Limited ("RPI")	Money lending
TKR Finance Limited ("TKR") (in liquidation)	Money lending

Mr Chan How Chung, Victor and Miss Lee Hwei Lin are the directors of these companies and the directors of D & M Finance Limited, one of the subsidiaries of our Group engaging in money lending business. The terms and conditions of the financing loans of each of RFL, RPI and TKR are market driven and agreed at arm's length between the borrowers and the financiers. When making decisions on the above competing businesses, the relevant Directors, in the performance of their duties as directors of the Company, have acted and will continue to act in the best commercial interest of the Group.

購買股份或債券之安排

除上文披露者外，本公司、其控股公司、其同集團附屬公司或其任何附屬公司於年內任何時間概無參與任何安排，致使各董事可藉購入本公司或任何其他公司之股份或債券而獲益。

董事於競爭性業務中之權益

根據上市規則第8.10(2)條，董事所擁有而與或可能與本集團業務有直接或間接競爭之業務權益詳情披露如下：

公司名稱	競爭性業務
御泰信貸有限公司（「御泰信貸」）	貸款
御泰財務有限公司（「御泰財務」）	貸款
鼎康御泰財務有限公司 （「鼎康御泰財務」）（清盤中）	貸款

陳孝聰先生及李慧玲小姐為上述公司之董事，亦為本集團從事貸款業務之附屬公司D & M Finance Limited之董事。御泰信貸、御泰財務及鼎康御泰財務各自之財務貸款之條款及條件均由市場導向並由借貸雙方經公平磋商協定。於制訂上述競爭業務之決策時，有關董事（於履行彼等作為本公司董事之職務時）經已並將繼續採取符合本集團最佳商業利益之行動。

Directors' Report (Continued)

董事會報告 (續)

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2007, 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:

Long Position in the Shares

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) 實益擁有人 (附註)	16%

Note: 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.

主要股東

於二零零七年三月三十一日，按本公司根據證券及期貨條例第336條須存置之登記冊所載，下列各方於本公司股份中擁有之權益或淡倉如下：

於股份之好倉

Type of interest 權益類別	Percentage of issued share capital 佔已發行股本百分比
Beneficial owner (Note) 實益擁有人 (附註)	16%

附註： Multichannel Investments Limited由Flytech Holdings Limited全資擁有，而Flytech Holdings Limited則由上文「董事及主要行政人員之證券權益」一段披露被視為擁有權益之Dr Zoltan J. Kiss全資擁有。

Save as disclosed above, the register required to be kept under section 336 of the SFO shows that as at 31 March 2007, the Company had not been notified of any other person who had an interest or short position in the shares and underlying shares of the Company.

除上文所披露者外，根據證券及期貨條例第336條置存之登記冊所顯示，於二零零七年三月三十一日，本公司並無獲知會任何其他人士於本公司股份或相關股份中擁有權益或淡倉。

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

During the year under review, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company.

購買、出售或贖回本公司之上市證券

於回顧年度內，本公司及其附屬公司概無購買、出售或贖回任何本公司之上市證券。

CONNECTED TRANSACTIONS

Particulars of connected transactions of the Company and the Group during the year ended 31 March 2007 are set out in note 38 to the financial statements. Other than as disclosed therein, there was no other connected transaction of the Company and the Group during the year ended 31 March 2007.

關連交易

本公司及本集團於截至二零零七年三月三十一日止年度之關連交易詳情列載於財務報表附註38。除上述所披露者外，於截至二零零七年三月三十一日止年度，本公司及本集團概無其他關連交易。

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Company and the Group as at 31 March 2007 are set out on note 29 the financial statements.

銀行貸款及其他借款

本公司及本集團於二零零七年三月三十一日之銀行貸款及其他借款詳情列載於財務報表附註29。

FIVE YEAR FINANCIAL SUMMARY

A summary of the consolidated results and of the assets and liabilities of the Group for the last five financial years is set out on page 92.

五年財務概要

本集團於過去五個財政年度之綜合業績及資產與負債概要列載於第92頁。

Directors' Report (Continued)

董事會報告 (續)

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws in Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

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 year ended 31 March 2007.

CODE OF BEST PRACTICE

None of the Directors is aware of any information which would reasonably indicate that the Company is not, or was not, throughout the year ended 31 March 2007, in compliance with the Code of Best Practice as previously set out in Appendix 14 to the Listing Rules which remains applicable to disclosure in annual reports in respect of accounting periods, the three independent 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 bye-laws of the Company.

AUDIT COMMITTEE

The audit committee of the Company consisted of Mr Chow Siu Ngor, Mr Yin Tat Man and Mr Tam Kam Biu William, the three independent non-executive Directors. The primary duties of the audit committee are to review the accounting principles and practices adopted by the Group, and the financial reporting process and internal control system of the Group.

AUDITORS

Grant Thornton retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Grant Thornton is to be proposed at the forthcoming annual general meeting.

By order of the Board

Pierre Seligman
Managing Director

Hong Kong, 27 July 2007

優先認購權

本公司之公司細則或百慕達法例並無有關本公司須按比例向現有股東發售新股之優先認購權規定。

董事進行證券交易之標準行為守則

本公司已採納上市規則附錄10董事進行證券交易有關之標準守則。在向所有董事作出特定查詢後，所有董事確認彼等於截至二零零七年三月三十一日止年度一直遵守標準守則所載規定準則。

最佳應用守則

董事概不知悉任何資料，可合理顯示本公司於截至二零零七年三月三十一日止年度內並未或曾經未有遵守之前載於上市規則附錄十四之最佳應用守則（仍然適用於有關會計期間之年報之披露），惟三名獨立非執行董事並無固定任期，而須根據本公司之公司細則在本公司之股東週年大會上輪值告退。

審核委員會

本公司之審核委員會成員為三名獨立非執行董事鄒小岳先生、袁達文先生及譚錦標先生。審核委員會之主要職責在於檢討本集團採納之會計原則及慣例，以及本集團之財務申報程序及內部控制系統。

核數師

均富會計師行即將告退，惟符合資格並願應聘連任。在即將召開之股東週年大會上將提呈決議案，續聘均富會計師行。

承董事會命

董事總經理
Pierre Seligman

香港，二零零七年七月二十七日

Independent Auditors' Report

獨立核數師報告

Certified Public Accountants
Member of Grant Thornton International

Grant Thornton 
均富會計師行

To the members of China Solar Energy Holdings Limited
(incorporated in Bermuda with limited liability)

致華基光電能源控股有限公司
(於百慕達註冊成立之有限公司)
列位股東

We have audited the consolidated financial statements of China Solar Energy Holdings Limited (the "Company") and its subsidiaries (together referred to as the "Group") set out on pages 26 to 91 which comprise the consolidated and company balance sheets as at 31 March 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

我們已審核載於第26至91頁華基光電能源控股有限公司（「貴公司」）及其附屬公司（統稱「貴集團」）的綜合財務報表，當中包括於二零零七年三月三十一日之綜合資產負債表及公司資產負債表與截至該日止年度的綜合收益表、綜合權益變動表和綜合現金流量表，以及主要會計政策概要及其他附註解釋。

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

董事就財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會頒佈的香港財務報告準則及香港《公司條例》的披露規定編製及真實公平地呈報該等財務報表。此項責任包括設計、實施及維護與編製及真實公平地呈報財務報表相關的內部監控，以使財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述；選擇和應用適當的會計政策；及按情況作出合理的會計估計。

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

核數師的責任

我們之責任是根據一九八一年百慕達公司法第90條按照審核工作，對該等財務報表作出意見，並僅向全體股東作出報告，除此之外，本報告並無其他目的。我們概不就本報告之內容對任何其他人士負責或接受任何責任。

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

我們已根據香港會計師公會頒佈的香港審計準則進行審核。這些準則要求我們遵守道德規範，並規劃及執行審核，以合理確定財務報表是否不存有任何重大錯誤陳述。

Independent Auditors' Report (Continued) 獨立核數師報告 (續)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2007 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Grant Thornton

Certified Public Accountants
13th Floor, Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

27 July 2007

審核涉及執行情序以獲取有關財務報表所載金額及披露資料的審核憑證。所選定的程序取決於核數師的判斷，包括評估不論是因欺詐或錯誤而導致財務報表存有重大錯誤陳述的風險。在評估該等風險時，核數師考慮與該公司編製及真實公平列報財務報表相關的內部監控，以設計適當的審核程序，但並非為對公司的內部監控效益發表意見。審核亦包括評估董事所採用會計政策的合適程度及作出的會計估計的合理程度，以及評估財務報表的整體列報方式。

我們相信，我們所獲得的審核憑證已充足及適當地為我們的審核意見提供基礎。

意見

我們認為，綜合財務報表已根據香港財務報告準則真實及公平地反映 貴公司及 貴集團於二零零七年三月三十一日的財務狀況以及 貴集團截至該日止年度之虧損及現金流量，並已按照香港《公司條例》之披露規定妥為編製。

均富會計師行

執業會計師
香港
皇后大道中15號
置地廣場
告羅士打大廈13樓

二零零七年七月二十七日

Consolidated Income Statement

綜合收益表

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

		Notes 附註	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Revenue	收入	5	41,123	12,354
Other revenue	其他收入	7	4,768	2,704
Costs of long-term service contracts	長期服務合約成本		(27,566)	(6,479)
Staff costs	員工成本	8	(21,780)	(13,186)
Consultancy expenses	顧問開支		(5,233)	(22,106)
Impairment of goodwill	商譽減值	17	-	(47,890)
Depreciation of property, plant and equipment	物業、廠房及設備折舊		(623)	(122)
Fair value gain on financial assets at fair value through profit or loss	以公允價值列入損益賬之金融資產之公允價值收益		36,997	4,880
Provision for impairment of receivables	應收款項減值撥備	23(i)	(4,425)	(19,107)
Loss on remeasurement to fair value less costs to sell	重新計量減去銷售成本之公允價值虧損	27	(2,717)	-
Other operating expenses	其他經營開支		(23,043)	(7,835)
Loss from operations	經營虧損	9	(2,499)	(96,787)
Finance costs	融資成本	10	(450)	(536)
Loss before income tax	除所得稅前虧損		(2,949)	(97,323)
Income tax expense	所得稅開支	11	(431)	(118)
Loss for the year	年內虧損		(3,380)	(97,441)
Attributable to:	應佔如下:			
Equity holders of the Company	本公司權益持有人	12	(523)	(95,506)
Minority interests	少數股東權益		(2,857)	(1,935)
			(3,380)	(97,441)
Loss per share for loss attributable to equity holders of the Company for the year	年內本公司權益持有人應佔虧損之每股虧損	14	HK cents 港仙	HK cents 港仙
Basic	基本		(0.01)	(3.32)
Diluted	攤薄		N/A不適用	N/A不適用

Consolidated Balance Sheet

綜合資產負債表

(As at 31 March 2007) (於二零零七年三月三十一日)

	Notes 附註	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	16	905	12,106
Goodwill	17	140,575	140,575
Available-for-sale financial assets	19	7,750	–
		149,230	152,681
Current assets			
Inventories	20	–	519
Unbilled revenue from long-term service contracts	21	–	6,858
Financial assets at fair value through profit or loss	22	52,274	16,173
Trade and other receivables	23	111,408	22,770
Amount due from a shareholder	24	–	15,720
Amount due from a minority shareholder	24	420	3,908
Amount due from a related company	24	657	–
Tax recoverable		674	674
Pledged bank fixed deposits	26	8,051	–
Cash and cash equivalents	26	52,183	147,419
		225,667	214,041
Assets held for sale	27	54,220	–
		279,887	214,041
Current liabilities			
Trade and other payables	28	25,260	29,800
Amount due to a shareholder	24	15	–
Provision for taxation		1,066	635
Borrowings	29	700	3,832
		27,041	34,267
Liabilities associated with assets classified as held for sale	27	42,595	–
		69,636	34,267
Net current assets		210,251	179,774
Net assets		359,481	332,455
EQUITY			
Share capital	30	38,749	36,326
Reserves		308,868	281,408
Equity attributable to equity holders of the Company		347,617	317,734
Minority interests		11,864	14,721
Total equity		359,481	332,455

Pierre Seligman

Director
董事

Chu Chik Ming Jack

朱植明
Director
董事

Balance Sheet

資產負債表

(As at 31 March 2007) (於二零零七年三月三十一日)

		Notes 附註	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
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	16	–	45
Investments in subsidiaries	於附屬公司投資	18	157,910	157,910
			157,910	157,955
Current assets	流動資產			
Deposits, prepayments and other receivables	訂金、預付款及其他應收款項	23	64,105	48
Amount due from a shareholder	應收一名股東款項	24	–	541
Amounts due from subsidiaries	應收附屬公司款項	25	183,201	128,593
Cash and cash equivalents	現金及現金等價物	26	29,613	145,831
			276,919	275,013
Current liabilities	流動負債			
Other payables and accrued charges	其他應付款項及應計費用	28	2,313	24,926
Amounts due to subsidiaries	應付附屬公司款項	25	28,532	22,740
Amount due to a shareholder	應付一名股東款項	24	15	–
			30,860	47,666
Net current assets	流動資產淨值		246,059	227,347
Net assets	資產淨值		403,969	385,302
EQUITY	權益			
Share capital	股本	30	38,749	36,326
Reserves	儲備	32	365,220	348,976
Total equity	總權益		403,969	385,302

Pierre Seligman

Director
董事

Chu Chik Ming Jack

朱植明
Director
董事

Consolidated Statement of Changes in Equity

綜合權益變動表

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

		Attributable to equity holders of the Company 本公司權益持有人應佔								
		Share capital 股本	Share premium** 股份溢價**	Share option reserve** 購股權儲備**	Contributed surplus** 繳入盈餘**	Warrant reserve** 認股權證儲備**	Accumulated losses** 累計虧損**	Total 總計	Minority interests 少數股東權益	Total equity 總權益
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元 (note 32(a)) (附註32(a))	HK\$'000 千港元 (note 32(b)) (附註32(b))	HK\$'000 千港元 (note 32(c)) (附註32(c))	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
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 year/Total recognised income and expense for the year	年內虧損/年內確認收入及開支總額	-	-	-	-	-	(95,506)	(95,506)	(1,935)	(97,441)
Share based compensation (note 31)	以股份支付補償 (附註31)	-	-	24,186	-	-	-	24,186	-	24,186
Acquisition of subsidiaries	收購附屬公司	-	-	-	-	-	-	-	16,656	16,656
Shares issued on Placing and Subscription (note 30(a))	因配售及認購而發行股份 (附註30(a))	2,568	148,915	-	-	-	-	151,483	-	151,483
Share issue expenses (note 30(a))	股份發行開支 (附註30(a))	-	(9,779)	-	-	-	-	(9,779)	-	(9,779)
Shares issued on acquisition of subsidiaries (note 30(b))	因收購附屬公司而發行股份 (附註30(b))	6,000	127,800	-	-	-	-	133,800	-	133,800
Exercise of share options (note 30(c))	行使購股權 (附註30(c))	185	4,503	(1,617)	-	-	-	3,071	-	3,071
Issue of warrants (note 30(d))	發行認股權證 (附註30(d))	-	-	-	-	23,981	-	23,981	-	23,981
Exercise of warrants (note 30(d))	行使認股權證 (附註30(d))	48	726	-	-	(211)	-	563	-	563
At 31 March 2006 and 1 April 2006	於二零零六年三月三十一日 及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 year/Total recognised income and expense for the year	年內虧損/年內確認收入及開支總額	-	-	-	-	-	(523)	(523)	(2,857)	(3,380)
Exercise of warrants (note 30(d))	行使認股權證 (附註30(d))	1,694	25,350	-	-	(7,388)	-	19,656	-	19,656
Exercise of share options (note 30(c))	行使購股權 (附註30(c))	729	13,906	(4,352)	-	-	-	10,283	-	10,283
Share based compensation	以股份支付補償	-	-	467	-	-	-	467	-	467
At 31 March 2007	於二零零七年三月三十一日	38,749	775,080	18,684	596,248	16,382	(1,097,526)	347,617	11,864	359,481

** The total of these balances represents reserves in the consolidated balance sheet.

** 該等結餘之總值即綜合資產負債表內之儲備。

Consolidated Cash Flow Statement

綜合現金流量表

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Cash flows from operating activities	經營活動所得現金流量		
Loss before income tax	除所得稅前虧損	(2,949)	(97,323)
Adjustments for:	調整:		
Interest expenses	利息開支	450	536
Interest income	利息收入	(2,060)	(60)
Dividend income	股息收入	(9)	-
Depreciation of property, plant and equipment	物業、廠房及設備折舊	623	122
Loss on disposal of property, plant and equipment	出售物業、廠房及設備之虧損	178	66
Impairment of goodwill	商譽減值	-	47,890
Share-based payment	以股份支付補償	467	24,186
Provision for impairment of receivables	應收款項減值撥備	4,425	19,107
Fair value gain on financial assets at fair value through profit or loss	以公允價值列入損益賬之金融資產之公允價值收益	(36,997)	(4,880)
Loss on remeasurement to fair value less costs to sell	重新計量減去銷售成本之公允價值之虧損	2,717	-
Operating loss before working capital changes	營運資金變動前經營虧損	(33,155)	(10,356)
Increase in inventories	存貨增加	(239)	-
Decrease (Increase) in unbilled revenue from long-term service contracts	長期服務合約未開單收入減少/(增加)	18,140	(2,014)
Decrease in financial assets at fair value through profit or loss	以公允價值列入損益賬之金融資產減少	905	2,095
Increase in trade and other receivables	應收賬款及其他應收款項增加	(135,909)	(10,283)
Decrease in amount due from a shareholder	應收一名股東款項減少	15,720	8,371
Decrease/(Increase) in amount due from a minority shareholder	應收一名少數股東款項減少/(增加)	3,488	(960)
Increase in amount due from a related company	應收一間關連公司款項增加	(657)	-
Increase in trade and other payables	應付賬款及其他應付款項增加	26,773	18,742
Decrease in amount due to a related company	應付一間關連公司款項減少	-	(9,395)
Increase in amount due to a shareholder	應付一名股東款項增加	15	-
Cash used in operations	經營所用現金	(104,919)	(3,800)
Interest received	已收利息	2,060	60
Net cash used in operating activities	經營活動所用現金淨額	(102,859)	(3,740)

Consolidated Cash Flow Statement (Continued)

綜合現金流量表 (續)

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

		Notes 附註	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Cash flows from investing activities	投資活動所得現金流量			
Acquisition of subsidiaries	收購附屬公司	34	–	(27,025)
Payments to acquire property, plant and equipment	購入物業、廠房及設備付款		(2,965)	(1,807)
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項		32	–
Purchase of available-for-sale financial assets	購入可供出售金融資產		(7,750)	–
Increase in pledged bank fixed deposits	已抵押銀行定期存款		(8,051)	–
<i>Net cash used in investing activities</i>	<i>投資活動所用現金淨額</i>		(18,734)	(28,832)
Cash flows from financing activities	融資活動所得現金流量			
Interest paid	已付利息		(450)	(536)
Proceeds from borrowings	借貸所得款項		700	–
Repayments of borrowings	償還借貸		(3,832)	(2,920)
Proceeds from issue of shares, net of expense	發行股份所得款項 (扣除開支後)		–	147,991
Proceeds from issue of warrants	發行認股權證所得款項		–	23,981
Proceeds from exercise of warrants	行使認股權證所得款項		19,656	563
Proceeds from exercise of share options	行使購股權所得款項		10,283	3,071
<i>Net cash generated from financing activities</i>	<i>融資活動產生之現金淨額</i>		26,357	172,150
Net (decrease)/increase in cash and cash equivalents	現金及現金等價物 (減少)／增加淨額		(95,236)	139,578
Cash and cash equivalents at beginning of financial year	於財政年度初現金及 現金等價物		147,419	7,841
Cash and cash equivalents at end of financial year	於財政年度末現金及 現金等價物		52,183	147,419

Notes to the Financial Statements 財務報表附註

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

1. GENERAL INFORMATION

China Solar Energy Holdings Limited (the "Company") is a limited liability company incorporated in Bermuda. The address of its principal place of business is 21/F, 3 Lockhart Road, Wan Chai, Hong Kong. The Company's shares are listed on The Stock Exchange of Hong Kong Limited. The Company has established a Sponsored Level I American Depository Receipt Programme during the year and the trading of its American depository shares on the over-the-counter market was commenced on 29 January 2007 in the United States.

The Company and its subsidiaries (collectively, the "Group") are mainly engaged in the following activities:

- provision of capital market advisory services
- participation in primary and secondary securities market
- money lending
- development, manufacturing, marketing and sale of photovoltaic solar cells, modules and panels for generating solar electric power and related training and consulting services ("photovoltaic business")

The financial statements on page 26 to 91 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants. The financial statements also include the applicable disclosures requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The financial statements for the year ended 31 March 2007 were approved for issue by the board of directors on 27 July 2007.

1. 一般資料

華基光電能源控股有限公司(「本公司」)為在百慕達註冊成立之有限公司本公司之主要營業地點之地址為香港灣仔駱克道3號21樓。本公司股份在香港聯合交易所有限公司上市。本公司於年內設立第一級美國預託證券憑證計劃。美國預託證券已於二零零七年一月二十九日開始於美國場外市場買賣。

本公司及其附屬公司(統稱「本集團」)主要從事以下業務:

- 提供資本市場顧問服務
- 參與主要及次要證券市場
- 貸款
- 太陽能發電之光伏太陽能電池、組件、控電板之開發、生產、營銷及銷售,以及有關之培訓及顧問服務(「光伏業務」)

第26頁至第91頁之財務報表乃按照香港財務報告準則(「香港財務報告準則」)編製,當中包括香港會計師公會頒佈之所有適用個別香港財務報告準則、香港會計準則及詮釋。此外,財務報表包括香港公司條例及香港聯合交易所有限公司證券上市規則之適用披露規定。

截至二零零七年三月三十一日止年度之財務報表已於二零零七年七月二十七日獲董事會批准刊發。

Notes to the Financial Statements (Continued)

財務報表附註 (續)

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

2. ADOPTION OF NEW OR AMENDED HKFRSs

From 1 April 2006, the Group has adopted the new and amended HKFRSs which are first effective on 1 April 2006 and relevant to the Group. The adoption of these HKFRSs has resulted in changes in the Group's accounting policy on financial guarantee contracts. Other than this, the adoption of these new and amended HKFRSs did not result in significant changes in the Company's and the Group's accounting policies but gave rise to additional disclosures.

2.1 Amendments to HKAS 39 Financial Instruments: Recognition and Measurement – Financial Guarantee Contracts

The amendments to HKAS 39 require an entity to account for certain financial guarantee contracts in accordance with that standard. To comply with the requirements of the amended HKAS 39, the Group has adopted a new accounting policy to recognise financial guarantee contracts. On initial recognition, these contracts are measured at fair value and they are subsequently stated at the higher of:

- the amount initially recognised less where appropriate, cumulative amortisation recognised in accordance with the Group's revenue recognition policies; and
- the amount of the obligation under the contract, as determined in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets" ("HKAS 37").

Details of this new accounting policy are set out in note 3.22.

Prior to this new accounting policy, the Group disclosed the financial guarantees issued as contingent liabilities in accordance with HKFRS 4 "Insurance Contracts" and HKAS 37. Provisions for the Group's liabilities under the financial guarantee contracts were made when it was more likely than not that the guaranteed party would default and the Group would incur outflow of resources embodying economic benefits.

This new accounting policy has been applied retrospectively to the extent that the financial guarantee contracts were in existence at 1 April 2005 (i.e. the date when HKAS 39 was initially adopted by the Group). The adoption of this new accounting policy has no material impact on the financial statements reported in the current and prior accounting periods, thus, no adjustment to prior periods has been made.

2. 採納新訂或經修訂香港財務報告準則

本集團自二零零六年四月一日起採納於二零零六年四月一日首次生效之新訂及經修訂香港財務報告準則。採納該等香港財務報告準則導致本集團有關財務擔保合約之會計政策有變。除此之外，採納該等新訂及經修訂香港財務報告準則並無令本公司及本集團之會計政策造成重大變動，惟須作出額外披露。

2.1 對香港會計準則第39號金融工具：確認及計量 – 財務擔保合約之修訂

香港會計準則第39號之修訂規定公司須根據該項準則計入若干財務擔保合約。為符合經修訂香港會計準則第39號之規定，本集團已採納一項新會計政策以確認財務擔保合約。初次確認時，該等合約按公允價值計量，並於其後按以下較高者入賬：

- 初步確認金額減（如適用）根據本集團收益確認政策確認之累積攤銷；及
- 根據香港會計準則第37號「撥備、或有負債及或有資產」（「香港會計準則第37號」）釐定之合約項下責任金額。

此項新會計政策詳情載於附註3.22。

於此新會計政策前，本集團根據香港財務報告準則第4號「保險合約」及香港會計準則第37號將已發出財務擔保披露為或有負債。倘擔保方很可能會出現失責情況及本集團包含經濟利益的資源流出，則會就本集團財務擔保合約之負債作出撥備。

此項新會計政策已追溯應用，惟以於二零零五年四月一日（即本集團首次採納香港會計準則第39號當日）存有之財務擔保合約為限。採納此項新會計政策對現行及過往會計期間已申報財務報表並無構成重大影響，因此，並無就過往期間作出調整。

Notes to the Financial Statements (Continued) 財務報表附註 (續)

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

2. ADOPTION OF NEW OR AMENDED HKFRSs

(Continued)

2.2 New or amended HKFRSs that have been issued but are not yet effective

The Group has not early adopted the following HKFRSs that have been issued but are not yet effective. The directors of the Company anticipate that the adoption of such HKFRSs will not result in material financial impact on the Group's financial statements.

Amendment to HKAS 1	"Presentation of Financial Statements" – Capital Disclosures ¹
HKAS 23 (Revised)	"Borrowing Costs" ⁷
HKFRS 7	"Financial Instruments: Disclosures" ¹
HKFRS 8	"Operating Segments" ⁷
HK(IFRIC) Interpretation 8	"Scope of HKFRS 2" ²
HK(IFRIC) Interpretation 9	"Reassessment of Embedded Derivatives" ³
HK(IFRIC) Interpretation 10	"Interim Financial Reporting and Impairment" ⁴
HK(IFRIC) Interpretation 11	"Group and Treasury Share Transactions" ⁵
HK(IFRIC) Interpretation 12	"Service Concession Arrangements" ⁶

- ¹ Effective for annual periods beginning on or after 1 January 2007
- ² Effective for annual periods beginning on or after 1 May 2006
- ³ Effective for annual periods beginning on or after 1 June 2006
- ⁴ Effective for annual periods beginning on or after 1 November 2006
- ⁵ Effective for annual periods beginning on or after 1 March 2007
- ⁶ Effective for annual periods beginning on or after 1 January 2008
- ⁷ Effective for annual periods beginning on or after 1 January 2009

2. 採納新訂或經修訂香港財務報告準則 (續)

2.2 已頒佈但尚未生效之新訂或經修訂香港財務報告準則

本集團並無提早採納以下已頒佈但尚未生效之香港財務報告準則。本公司董事預期採納該等香港財務報告準則將不會對本集團之財務報表構成重大財務影響。

香港會計準則第1號	「財務報表呈報」—資本披露 ¹ 之修訂
香港會計準則第23號	「借款成本」 ⁷ (經修訂)
香港財務報告準則第7號	「金融工具:披露」 ¹
香港財務報告準則第8號	「業務分類」 ⁷
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」 ²
香港(國際財務報告詮釋委員會)詮釋第9號	「重估內含衍生工具」 ³
香港(國際財務報告詮釋委員會)詮釋第10號	「中期財務報告及減值」 ⁴
香港(國際財務報告詮釋委員會)詮釋第11號	「集團及庫務股份交易」 ⁵
香港(國際財務報告詮釋委員會)詮釋第12號	「服務經營權安排」 ⁶

- ¹ 於二零零七年一月一日或之後開始年度期間生效
- ² 於二零零六年五月一日或之後開始年度期間生效
- ³ 於二零零六年六月一日或之後開始年度期間生效
- ⁴ 於二零零六年十一月一日或之後開始年度期間生效
- ⁵ 於二零零七年三月一日或之後開始年度期間生效
- ⁶ 於二零零八年一月一日或之後開始年度期間生效
- ⁷ 於二零零九年一月一日或之後開始年度期間生效

Notes to the Financial Statements (Continued)

財務報表附註 (續)

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated.

The financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets and financial liabilities. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in the preparation of the financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement of complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

3.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 March each year.

3.3 Subsidiaries

Subsidiaries are entities (including special purpose entities) over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are excluded from consolidation from the date that control ceases.

3. 主要會計政策概要

3.1 編製基準

編製該等財務報表採用之主要會計政策概要如下。除非另有說明，該等政策已於所有年度貫徹應用。

財務報表乃按歷史成本法編製，惟若干金融資產及金融負債之重估除外。計量基準詳見下文之會計政策。

務請注意，編製財務報表時會作出會計估計及假設。儘管此等估計乃根據管理層對現時事件及行動之最深切瞭解及判斷而作出，惟實際結果最終或會有別於該等估計之情況。涉及主要判斷或高度複雜性的範疇，或所作出假設及估計對本財務報表有重大影響的範疇於附註4披露。

3.2 綜合基準

綜合財務報表綜合計入本公司及其附屬公司截至每年三月三十一日止之財務報表。

3.3 附屬公司

附屬公司乃本集團對其財務及營運政策擁有控制權之實體（包括特殊目的實體），以從其活動中受益。在評估本集團是否控制另一公司時，會考慮目前可行使或可兌換的潛在表決權是否存在及其影響。附屬公司自本集團對其擁有控制權之日起納入本集團綜合財務報表中，並於自本集團終止對其擁有控制權之日不再納入本集團綜合財務報表。

Notes to the Financial Statements (Continued)

財務報表附註 (續)

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 Subsidiaries (Continued)

Business combinations (other than for combining entities under common control) are accounted for by applying the purchase method. This involves the revaluation at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group's accounting policies.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

In the Company's balance sheet, subsidiaries are carried at cost less any impairment loss. The results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the balance sheet date.

Minority interest represents the portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned by the Group and are not the Group's financial liabilities.

Minority interests are presented in the consolidated balance sheet within equity, separately from the equity attributable to the equity holders of the Company. Profit or loss attributable to the minority interests are presented separately in the consolidated income statement as an allocation of the Group's results. Where losses applicable to the minority exceeds the minority interests in the subsidiary's equity, the excess and further losses applicable to the minority are allocated against the minority interest to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses. Otherwise, the losses are charged against the Group's interests. If the subsidiary subsequently reports profits, such profits are allocated to the minority interest only after the minority's share of losses previously absorbed by the Group has been recovered.

3. 主要會計政策概要 (續)

3.3 附屬公司 (續)

業務合併 (除合併受共同控制之實體外) 應用購買法入賬。這涉及於收購日期對所有可識別資產及負債 (包括附屬公司或有負債) 之公允價值進行重估, 而不論是否於收購前記錄於附屬公司之財務報表。於初步確認時, 附屬公司之資產及負債以其公允價值計入綜合資產負債表, 該等資產及負債亦根據本集團會計政策作為日後計量之基準。

本集團內各公司之交易、結餘及未變現收益均在編製綜合財務報表時予以對銷。未變現虧損亦予以對銷, 除非交易證明已轉讓資產減值。

於本公司資產負債表, 附屬公司按成本值扣除任何減值虧損列賬。本公司按結算日已收及應收股息將附屬公司且業績入賬。

少數股東權益指非由本集團擁有之股權應佔附屬公司之損益及資產淨值但非本集團金融負債之部分。

少數股東權益乃列於綜合資產負債表中權益項下, 與本公司權益持有人應佔權益分開呈報。少數股東權益應佔損益分別於綜合收益表呈列為本集團業績分配。若少數股東應佔虧損超出少數股東於附屬公司之權益, 少數股東應佔超出部分及其他虧損分配予少數股東權益, 惟以少數股東承擔具約束力責任及能夠作出額外投資填補虧損為限。否則, 虧損於本集團權益扣除。若附屬公司其後呈報溢利, 該等溢利僅於本集團先前所承擔少數股東虧損回收後, 始分配予少數股東權益。

Notes to the Financial Statements (Continued)

財務報表附註 (續)

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Foreign currency translation

The financial statements are presented in Hong Kong Dollars ("HK\$"), which is also the functional currency of the Company.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the balance sheet date retranslation of monetary assets and liabilities are recognised in the income statement.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rate prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into Hong Kong dollars. Assets and liabilities have been translated into Hong Kong dollars at the closing rates at the balance sheet date. Income and expenses have been converted into Hong Kong dollars at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been dealt with separately in the exchange reserve in equity. Goodwill and fair value adjustments arising on the acquisitions of foreign operations on or after 1 January 2005 have been treated as assets and liabilities of the foreign operation and translated into Hong Kong dollars at the closing rates.

3. 主要會計政策概要 (續)

3.4 外幣兌換

財務報表以港元列值，港元亦為本公司功能貨幣。

於綜合實體之獨立財務報表，外幣交易按於交易當日之兌換率，換算作個別實體之功能貨幣。於結算日，以外幣列值之貨幣資產及負債按於結算日之外幣匯率換算。該等交易結算及於結算日換算貨幣資產及負債而產生之外匯收益及虧損，均於收益表確認。

非貨幣項目按公允價值計量及以外幣列值，乃按釐定公允價值當日之匯率重新換算，並呈報作公允價值收益或虧損之一部分。按外幣之歷史成本法計量之非貨幣項目毋須重新換算。

於綜合財務報表內，外國業務所有以不同於本集團呈報貨幣呈報之個別財務報表，均已換算為港元。資產及負債均以結算日之收市匯率換算為港元。若匯率未出現顯著波動，收入與開支則按交易日期現行匯率，或則按申報期之平均匯率換算為港元。該步驟產生之任何差額均須於權益內換算儲備獨立處理。於二零零五年一月一日或之後收購外國業務所產生商譽及公允價值調整，視作該外國實體之資產及負債處理，並以收市匯率換算為港元。

Notes to the Financial Statements (Continued)

財務報表附註 (續)

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Foreign currency translation (Continued)

Other exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

3.5 Revenue recognition

Revenue is recognised when it is probable that economic benefits will flow to the Group and when the revenue and costs, if applicable, can be measured reliably, on the following bases:

- (i) Fees from financial advisory services including investment advisory fee, referral fee and placement fee are recognised when the relevant services are rendered.
- (ii) Interest income is recognised on a time-proportion basis using the effective interest method.
- (iii) Revenue from long-term service contracts in respect of photovoltaic business is recognised according to the percentage of completion of individual contract at the balance sheet date (see note 3.13 below for details).
- (iv) Income from secondment services is recognised when the relevant services are rendered.
- (v) Dividend income is recognised when the right to receive payment is established.

3.6 Borrowing costs

All borrowing costs are expensed as incurred.

3.7 Goodwill

Set out below are the accounting policies on goodwill arising on acquisition of a subsidiary.

Goodwill represents the excess of the cost of a business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. The cost of the business combination is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group, plus any costs directly attributable to the business combination.

3. 主要會計政策概要 (續)

3.4 外幣兌換 (續)

換算於外國實體之投資淨額或借款及被指定為對沖該等投資之其他貨幣工具而產生之其他匯兌差額，計入股東權益。倘售出外國業務，有關兌換差額於收益表確認為出售收益或虧損之一部分。

3.5 收入確認

當本集團可能獲得有關經濟利益，並可按下列基準可靠計量有關收益時，收益將予確認：

- (i) 財務顧問服務費（包括投資顧問費、轉介費及配售服務費）之費用，於提供相關服務時獲確認。
- (ii) 利息收入，乃參考未償還本金按時間比例及以實際利率確認。
- (iii) 有關光伏業務之長期服務合約收入，乃按於結算日個別合約之完成百分比確認（詳情請參閱下文附註3.13）。
- (iv) 借調服務收入於提供有關服務時確認。
- (v) 股息收入於收取有關款項確立後確認。

3.6 借貸成本

所有借貸成本於產生時支銷。

3.7 商譽

下列所載為有關收購附屬公司產生之商譽之會計政策。

商譽指業務合併成本較本集團於被收購方可識別資產、負債及或有負債之公允淨值權益之超額部分。業務合併成本按於交換日期以所給予資產、產生或承擔負債及本集團所發行股本工具，加上業務合併直接應佔任何成本之公允值總額計量。

Notes to the Financial Statements (Continued)

財務報表附註 (續)

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.7 Goodwill (Continued)

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (see note 3.9).

On subsequent disposal of a subsidiary, the attributable amount of goodwill capitalised is included in the determination of the amount of gain or loss on disposal.

3.8 Property, plant and equipment

Property, plant and equipment are stated at acquisition cost, less accumulated depreciation and accumulated impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Depreciation on property, plant and equipment is provided to write off the cost over their estimated useful lives, using the straight-line method, as follows:

Furniture, fixtures and equipment	4 to 10 years
Plant and machinery	5 to 10 years
Leasehold improvements	3 years

The assets' useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

The gain or loss arising on retirement or disposal is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

3. 主要會計政策概要 (續)

3.7 商譽 (續)

商譽乃按成本減累計減值虧損列賬。商譽被分配至現金產生單位並每年進行減值測試(見附註3.9)。

於其後出售之附屬公司，釐定出售損益金額時，計入撥充資本之商譽應佔數額。

3.8 物業、廠房及設備

物業、廠房及設備按收購成本減累計折舊及累計減值虧損列值。資產成本包括其購入價及將該資產達至其營運狀態及工作地點作其預定用途涉及之任何直接應佔成本。

物業、廠房及設備之折舊於其估計可使用年內以直線法撇銷成本。

傢俬、裝置及設備	4至10年
廠房及機器	5至10年
租賃裝修	3年

資產之可使用年期於各結算日審閱及調整。

撇銷或出售產生之收益或虧損，按出售所得款項與資產賬面值之差額釐定，於收益表中確認。

倘資產可能為本集團帶來日後經濟利益，而其成本能可靠估量，則該資產之其後成本將計入資產之賬面值或確認為獨立資產(視情況而定)。所有其他成本(如維修保養)則於產生之財政期間計入收益表。

Notes to the Financial Statements (Continued)

財務報表附註 (續)

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.9 Impairment of assets

Goodwill arising on an acquisition of subsidiary, other intangible assets, property, plant and equipment, interests in subsidiaries and interest in an associate are subject to impairment testing.

Goodwill and other intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill in particular is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which the goodwill is monitored for internal management purpose.

Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less cost to sell, or value in use, if determinable.

3. 主要會計政策概要 (續)

3.9 資產減值

收購附屬公司產生的商譽、其他無形資產、物業、廠房及設備以及於附屬公司及聯營公司之權益須進行減值測試。

無論是否有任何減值跡象，商譽及可用年期無限或尚未可供使用之其他無形資產，最少每年進行一次減值測試。所有其他個別資產在有跡象顯示賬面金額可能不能收回時進行減值測試。

當資產之賬面金額高於其可收回金額時，高出金額作為減值虧損立即確認為開支。可收回金額為公允價值（反映市場條件減去銷售成本）與使用價值中之較高者。評估使用價值時，以除稅前之折扣率計算預計未來之現金流量之現值，而該折扣率反映當時市場對金錢價值之評估及該項資產之特有風險。

就評估減值而言，若資產產生之現金流入基本上不獨立於其他資產所產生現金流入，則以能獨立產生現金流入之最小資產類別（即現金產生單位）釐定可收回數額。因此，部分資產個別進行減值測試，部分則在現金產生單位層次進行測試。商譽被分配至預期可從相關業務合併之協同效應中獲益並代表本集團內為內部管理目的監控商譽之最低層次。

就已分配商譽之現金產生單位確認之減值虧損，首先計入商譽之賬面金額。除資產賬面值將不會調減至低於其個別公允價值減銷售成本或使用價值（如可釐定）外，任何剩餘減值虧損按比例自該現金產生單位之其他資產扣除。

Notes to the Financial Statements (Continued)

財務報表附註 (續)

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.9 Impairment of assets (Continued)

An impairment loss on goodwill is not reversed in subsequent periods. In respect of other assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.10 Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Operating lease charges as the lessee

Where the Group has the right to use assets held under operating leases, payments made under the leases are charged to the income statement on a straight-line basis over the lease terms except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in the income statement as an integral part of the aggregate net lease payments made. Contingent rental are charged to the income statement in the accounting period in which they are incurred.

3.11 Assets held for sale

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Assets, other than financial assets, classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

3. 主要會計政策概要 (續)

3.9 資產減值 (續)

商譽之減值虧損不可於其後之期間撥回。倘用以釐定資產可收回金額之估計出現有利變動，其他資產之減值虧損撥回，惟資產之賬面值不得超過倘並無確認減值而原應釐定之賬面值（經扣除折舊或攤銷）。

3.10 租賃

倘本集團釐定一項安排（不論由一項交易或一系列交易組成）附有權利可於協定期間內使用一項資產或多項特定資產以換取一項或多項付款，則該安排屬於或包含一項租約。該釐定乃根據對該安排之實質評估而作出，而不論該安排是否採取租約之法定格式。

作為承租人之經營租賃費用

倘本集團擁有根據經營租賃持有之資產之使用權，則按照租賃支付之款項按直線法於租期內自收益表扣除，惟倘出現其他基準更能代表租賃資產產生之利益模式除外。所獲取租賃優惠在損益表中確認為租賃淨付款總額的組成部分。或有租金在其產生的會計期間，在收益表扣除。

3.11 持作出售資產

倘資產之賬面值可透過銷售交易而非透過持續使用收回，則該項資產將分類為持作出售項目。僅於出售機會相當高及資產可於現況下即時出售時，本條件方被視為達成。分類為持作出售項目之資產（金融資產除外），乃按資產過往賬面值及公允價值減銷售成本計算（以較低者為準）。

Notes to the Financial Statements (Continued)

財務報表附註 (續)

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.12 Financial assets

The Group's accounting policies for financial assets other than investments in subsidiaries are set out below.

Financial assets are classified into the following categories:

- financial assets at fair value through profit or loss
- loans and receivables
- available-for-sale financial assets

Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. Regular way purchases of financial assets are recognised on trade date. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. At each balance sheet date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset.

(i) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss.

3. 主要會計政策概要 (續)

3.12 金融資產

本集團就除附屬公司中之投資以外之金融資產之會計政策載於下文。

金融資產分為以下類別：

- 按公允價值列賬在損益賬內處理之金融資產
- 貸款及應收款項
- 可供出售金融資產

管理層於初步確認時，根據金融資產被收購之目的釐定其金融資產之歸類，及（倘允許及適合）於每個報告日期重新評估該分類。

所有金融資產僅於本集團成為工具合約條文之訂約方後，方可確認。日常購置之金融資產於交易日期確認。倘金融資產初步確認，彼等按公允價值計量；倘投資未按公允價值計入損益賬，則按直接應佔交易成本計量。

倘收取投資產生之現金流量之權利屆滿或被轉讓，且擁有權絕大部分風險及報酬已經轉移，即終止確認金融資產。無論是否有客觀證據顯示金融資產已經減值，均於每個結算日評估減值。倘有任何減值證據存在，減值虧損按金融資產分類釐定及確認。

(i) *以公允價值列入損益賬之金融資產*

按公允價值列賬於損益賬處理之金融資產包括歸為持作買賣之金融資產，或於初步確認時確定為以公允價值列入損益賬之金融資產。

Notes to the Financial Statements (Continued)

財務報表附註 (續)

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.12 Financial assets (Continued)

(i) *Financial assets at fair value through profit or loss (Continued)*

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments or financial guarantee contracts.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial asset at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial assets may be designated at initial recognition as at fair value through profit or loss if the following criteria are met:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis; or
- the assets are part of a group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy and information about the group of financial assets is provided internally on that basis to the key management personnel; or
- the financial asset contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognised in the income statement.

3. 主要會計政策概要 (續)

3.12 金融資產 (續)

(i) 以公允價值列入損益賬之金融資產 (續)

倘若收購金融資產之主要目的是於短期內出售，則列為持作買賣。除非衍生工具（包括已劃分之內含衍生工具）指定作為有效對沖工具或財務擔保合約，否則亦列為持作買賣。

倘合約含有一項或以上內含衍生工具，則整份合約可能會列為在損益表內按公允價值計算之金融負債，惟倘內含衍生工具不會令現金流量有重大變動或明確禁止單獨處理內含衍生工具則除外。

符合以下條件之金融資產將在初始確認時以公允價值計入損益賬：

- 此分類將消除或明顯減少按不同基準衡量資產或確認損益所導致不一致處理；或
- 根據明文訂立之風險管理策略，該等資產為一類受管理而其表現乃按公允價值估值之金融資產其中一部分，而有關該類別金融資產之資料均按該基準向內部主要管理人員提供；或
- 有關金融資產包含需要分別記賬之內含衍生工具。

初步確認後，歸入此類之金融資產乃按公允價值計量，而公允價值變動於收益表內確認。

Notes to the Financial Statements (Continued) 財務報表附註 (續)

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.12 Financial assets (Continued)

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

(iii) *Available-for-sale financial assets*

Available-for-sale financial assets include non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. All financial assets within this category are subsequently measured at fair value. Gain or loss arising from a change in the fair value is recognised directly in equity, except for impairment losses (see the policy below) and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in equity would be recognised in the profit or loss. Interest calculated using the effective interest method is recognised in profit or loss. Upon disposal, the cumulative gain or loss previously recognised in equity is transferred to the income statement.

For available-for-sale investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition.

3. 主要會計政策概要 (續)

3.12 金融資產 (續)

(ii) *貸款及應收款項*

貸款及應收款項乃指並非於活躍市場報價而具備固定或待收款項之非衍生工具金融資產。貸款及應收款項其後採用實際利率法按已攤銷成本減任何減值虧損計算。攤銷成本經計及任何收購折讓或溢價後計算，並包括屬於實際利率及交易成本之組成部分之各項費用。

(iii) *可供出售金融資產*

可供出售金融資產包括非衍生金融資產(被指定為該類別之金融資產或不能列入任何其他類別之金融資產)。所有該類別金融資產其後按公允價值計量。公允價值之改變產生之收益或虧損，除減值虧損(見下文政策)以及外匯收益及虧損外，直接於權益確認，直至該金融資產撤銷確認之時止，屆時，之前已於權益確認之累計收益或虧損，將於損益賬確認。按實際利率法計算之利息於損益賬確認。於出售時，之前已於權益中確認之累計收益或虧損轉至收益表。

就可供出售之股本投資而言，倘並無活躍市場之市價報價，而其公允價值未能可靠計量，則於初步確認後之每個結算日按成本減任何已識別減值虧損計量。

Notes to the Financial Statements (Continued)

財務報表附註 (續)

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.12 Financial assets (Continued)

Impairment of financial assets

At each balance sheet date, financial assets other than at fair value through profit or loss are reviewed to determine whether there is any objective evidence of impairment. If any such evidence exists, the impairment loss is measured and recognised as follows:

- (i) Financial assets carried at amortised cost
If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the period in which the impairment occurs.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the period in which the reversal occurs.

- (ii) Available-for-sale financial assets
When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, an amount is removed from equity and recognised in the income statement as impairment loss. That amount is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

3. 主要會計政策概要 (續)

3.12 金融資產 (續)

金融資產之減值

於各結算日，本集團審閱非按公允價值列賬之金融資產，以釐定有無任何客觀之減值證據。若有任何該等證據存在，則按以下方式計量及確認減值虧損：

- (i) 以攤銷成本列值之金融資產倘有客觀證據表明貸款及應收款項出現減值，則虧損金額按資產之賬面值與估計未來現金流量（不包括未產生之未來信貸虧損）按金融資產之原實際利率（初步確認時計算之實際利率）貼現之現值兩者間差額計量。虧損金額於減值出現期間之損益賬中確認。

倘若其後減值虧損金額減少，而有關減幅可客觀地與確認減值後發生之事件聯繫，則撥回過往確認之減值虧損，惟不得導致金融資產於撥回減值當日之賬面值超過如無確認減值之原有攤銷成本。撥回金額於撥回發生期間在損益賬中確認。

- (ii) 可供出售金融資產
當已於權益內直接確認可供出售金融資產公允價值減少及有客觀證據表明資產出現減值時，則金額自權益移除，並於收益表中確認為減值虧損。該金額按該資產之收購成本（扣除任何本金償還及攤銷）與現有公允價值之差額，減該資產先前已於損益賬中確認之任何減值虧損計量。

Notes to the Financial Statements (Continued)

財務報表附註 (續)

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.12 Financial assets (Continued)

- (ii) Available-for-sale financial assets (Continued)
Reversals in respect of investment in equity instruments classified as available-for-sale are not recognised in the income statement. The subsequent increase in fair value is recognised directly in equity. Impairment losses in respect of debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversal of impairment losses in such circumstances are recognised in profit or loss.
- (iii) Financial assets carried at cost
The amount of impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

3.13 Long-term service contracts

Revenue from service contracts is determined using the percentage of completion of individual contract. The percentage of completion is calculated by comparing costs incurred to date with the total estimated costs of the contract. If the contract is considered profitable, it is valued at cost plus attributable profits by reference to the percentage of completion. Any expected loss on individual contract is recognised immediately as an expense in the income statement.

Unbilled revenue from long-term service contracts represents costs incurred for contracts plus attributable profits in excess of progress billings to the relevant customers and is included under current assets. Amounts billed for works performed but not yet paid by the customers are included in the balance sheet under trade and other receivables.

3. 主要會計政策概要 (續)

3.12 金融資產 (續)

- (ii) 可供出售金融資產 (續)
就歸類為可供出售之股本工具投資之撥回，並不在收益表中確認。日後之公允價值增加將直接在權益中確認。若日後之公允價值增加能夠與減值虧損確認後發生之事件客觀相聯，則債務證券之減值虧損將予撥回。在該等情況下，減值虧損之撥回於損益賬中確認。
- (iii) 以成本列值之金融資產
減值虧損金額乃以金融資產之賬面值與同類金融資產之估計日後現金流按現時市場回報率貼現之現時價值的差額計算。該等減值虧損並無於其後期間撥回。

3.13 長期服務合約

服務合約收入根據個別合約之完成百分比作確認。完成百分比乃按比較至今所產生至成本與該合約之總估計成本計算。倘合約被視作有利可圖，將參考其完成程度按成本值加應佔溢利計值。任何個別合約之預計損失，即時於收益表中確認為開支。

長期服務合約之未開單收入，即合約產生之成本加有關客戶應佔進度款項餘額，計入流動資產。已開單的已完成工作惟客戶仍未支付款項，則計入資產負債表應收賬款及其他應收款項。

Notes to the Financial Statements (Continued)

財務報表附註 (續)

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.14 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method and in the case of work in progress and finished goods, comprise direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and applicable selling expenses.

3.15 Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, tax authorities relating to the current or prior reporting period, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of income tax expense in the income statement.

Deferred tax is calculated using the liability method on temporary differences at the balance sheet date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associate, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

3. 主要會計政策概要 (續)

3.14 存貨

存貨主要包括製成品，按成本值及可變現淨值兩者之較低者列賬。成本按先進先出釐定，如為在建工程及製成品，主要包括直接材料、直接勞動力及適當比例一般管理費用。可變現淨值乃於一般業務過程之估計售價減完成估計成本及適用之出售開支。

3.15 所得稅之會計方法

所得稅包括本期稅項及遞延稅項。

本期所得稅資產及／或負債包括本期或以往報告期（且於結算日尚未支付）向稅務當局繳納稅金之責任或來自稅務當局申索，其乃根據年內應課稅溢利，按有關財政期間之適用稅率及税法計算。流動稅項資產或負債之變動均作為收益表中稅項開支一部份。

遞延稅項乃按於結算日資產及負債於財務報表之賬面值與其各自之稅基之暫時差異以負債法計算。遞延稅項負債一般就所有應課稅暫時差異確認。倘可能出現可供動用之可扣減暫時性差異，結轉了動用稅項虧損及未動用稅務抵免，則就所有可動用可扣減暫時性差異、未動用稅項虧損以及其他未動用稅務抵免，確認遞延稅項資產。

倘商譽或初步確認（業務合併除外）對應課稅或會計損益無影響交易之資產負債產生之暫時性差異，則不確認遞延稅項資產及負債。

除非本集團可控制有關暫時性差異之回撥或暫時性差異在可見將來都不能回撥的情況下，由於附屬公司及聯營公司投資產生之暫時性差異，其遞延稅項負債均予以確認。

Notes to the Financial Statements (Continued)

財務報表附註 (續)

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.15 Accounting for income taxes (Continued)

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised in the income statement, or in equity if they relate to items that are charged or credited directly to equity.

3.16 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

3.17 Equity

Ordinary shares are classified as equity. Share capital is determined using the nominal value shares that have been issued.

Any transaction costs associated with the issuing of shares are deducted from share premium (net of any related income tax benefit) to the extent they are incremental cost directly attributable to the equity transaction.

Warrant reserve is determined using the issue price of the warrants that have been issued.

3.18 Retirement benefit costs and short term employee benefits

Retirement benefits to employees are provided through a defined contribution plan.

Defined contribution plan

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees in Hong Kong who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

3. 主要會計政策概要 (續)

3.15 所得稅之會計方法 (續)

遞延稅項乃不作貼現，按預期於結清負債或變現資產之期間之稅率計算，惟該等稅率於結算日須為已實施或大部分實施。

遞延稅項資產或負債之變動於收益表確認，或倘其與直接於權益支銷或計入之項目有關，則於權益中確認。

3.16 現金及現金等價物

現金及現金等價物包括銀行現金及手頭現金，減須應要求償還並構成本集團現金管理組成部分之銀行透支。

3.17 權益

普通股乃分類作權益。股本乃按已發行股份之面值釐定。

任何與發行股份有關之交易成本會自股份溢價中扣除（減去任何相關所得稅利益），惟以股本交易直接應佔增加成本為限。

認股權證儲備乃按已發行認股權證之發行價釐定。

3.18 僱員福利成本及短期僱員福利

僱員退休福利乃透過定額供款計劃提供。

界定供款計劃

本集團根據強制性公積金計劃條例，為合資格參加強積金計劃之香港僱員，推行定額供款強制性公積金退休福利計劃（「強積金計劃」）。按僱員基本薪酬之某百分比作出供款，並於按照強積金計劃之規則應付有關供款時，於收益表支銷。強積金計劃之資產與本集團之資產分開，由獨立管理基金管理。本集團之僱主供款於向強積金計劃作出供款時全部歸僱員所有。

Notes to the Financial Statements (Continued)

財務報表附註 (續)

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.18 Retirement benefit costs and short term employee benefits (Continued)

Short-term employee benefits

Employee entitlements to annual leave are recognised when they accrue to employees. In particular, a provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

3.19 Share-based employee compensation

All share-based payment arrangements granted after 7 November 2002 and had not vested on 1 April 2005 are recognised in the financial statements. The Group operates equity-settled share-based compensation plans for remuneration of its employees.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

All share-based compensation is ultimately recognised as an expense in the income statement with a corresponding increase in equity (share option reserve). If vesting periods or other vesting conditions apply, the expense is recognised over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment to expense recognised in prior periods is made if fewer share options ultimately are exercised than originally vested.

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

3. 主要會計政策概要 (續)

3.18 僱員福利成本及短期僱員福利 (續)

短期僱員福利

僱員年假福利於僱員有權享用時確認。特別是，就僱員直至結算日所提供服務而享有之估計年假均會作出撥備。

病假及產假等不能累積之有薪假期，在休假時始作出確認。

3.19 以股份支付僱員補償

於二零零二年十一月七日以後授出而於二零零五年四月一日尚未歸屬之所有以股份付款安排，於財務報表中確認。本集團，設立以股本結算股份支付補償計劃為其僱員薪酬。

就授出任何以股份支付補償而獲得的所有僱員服務，均按其公允值計算。該等公允值乃參照已授出購股權間接釐定，其價值於授出日期評估，並扣除任何非市場歸屬條件之影響，例如盈利能力及銷售增長目標。

所有以股份支付款補償將最終於收益表確認為開支，並相應增加股本（購股權儲備）。倘若歸屬期或其他歸屬條件適用，開支於歸屬期間，根據對預期歸屬數目之最佳估計確認。作出有關預期變成可行使之購股權數目之假設時，非市場歸屬條件會被納入考慮。倘有跡象顯示預期歸屬之購股權數目與原估計不一，則其後修訂估計。若最終獲行使之購股權較原先歸屬者為少，則不會調整過往期間確認之開支。

行使購股權時，過往於購股權儲備確認之金額將轉撥至股份溢價。倘購股權遭沒收或於到期日仍未行使，則過往於購股權儲備確認之金額將轉撥至保留溢利。

Notes to the Financial Statements (Continued)

財務報表附註 (續)

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.20 Financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and amount due to a shareholder.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised as an expense in finance costs in the income statement.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in the income statement.

Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

Borrowings

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

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

3.21 Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation legal or constructive as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

3. 主要會計政策概要 (續)

3.20 金融負債

本集團之金融負債包括借貸、應付賬款及其他應付款項以及應付一名股東款項。

金融負債於本集團成為工具合約條文一方時確認。所有與利息相關之支出，均於收益表中確認為融資成本開支。

金融負債於負債項下之責任獲解除、取消或屆滿時剔除確認。

當現有金融負債由同一貸款方另一項條款顯著不同之金融負債取代，或現有負債條款經大幅修訂，有關更換或修訂被視為剔除確認原有負債及確認新負債，各自賬面值之差額於收益表確認。

應付賬款及其他應付款項

應付賬款及其他應付款項初步按公允價值確認，其後則以實際利率法按攤銷成本計量。

借貸

借貸初步按公允價值確認，當中扣除所產生交易成本。借貸其後按攤銷成本列賬，而所得款項（已扣除交易成本）與贖回價間任何差異，則於借貸期限內以實際利率法確認。

借貸被分類為流動負債，除非本集團享有無條件權利於結算日後延遲償還負債至少12個月。

3.21 撥備及或有負債

倘本集團因過往之事件負上現有法律或推定責任，且可能須動用經濟利益以履行責任並能作出可靠估計，則確認撥備。倘貨幣時間價值重大，則按預期履行有關承擔所需開支之現值撥備。

Notes to the Financial Statements (Continued)

財務報表附註 (續)

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.21 Provisions and contingent liabilities (Continued)

All provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Contingent liabilities are recognised in the course of the allocation of purchase price to the assets and liabilities acquired in a business combination. They are initially measured at fair value at the date of acquisition and subsequently measured at the higher of the amount that would be recognised in a comparable provision as described above and the amount initially recognised less any accumulated amortisation, if appropriate.

3.22 Financial guarantees issued

A financial guarantee contract is a contract that requires the issuer (or guarantor) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised if and when it becomes probable that the holder of the guarantee will call upon the Group under the guarantee and the amount of that claim on the Group is expected to exceed the current carrying amount i.e. the amount initially recognised less accumulated amortisation, where appropriate.

3. 主要會計政策概要 (續)

3.21 撥備及或有負債 (續)

所有撥備於每一結算日檢討及調整，以反映當時之最佳估計。

倘須動用經濟效益的可能性較低，或未能可靠計算所承擔數額，承擔則列為或有負債。視乎某宗或多宗未來事件會否發生才能確定存在與否的潛在債務，亦會披露為或有負債，除非這類資源外流的可能性甚低，否則亦列為或有負債。

或有負債於購買價分配至業務合併時所收購資產及負債之過程中確認。該等負債初步於收購日期按公平值計量，其後按上文所述可資比較撥備確認金額及初步確認金額減任何累計攤銷（以適用者為準）之較高者計量。

3.22 發出財務擔保

財務擔保合約乃要求發行人（或擔保人）就特定債務人未能根據債項工具之條款於到期時付款而蒙受的損失，向持有人支付特定款項的合約。

當本集團發出財務擔保，擔保之公平值初步於應付賬款及其他應付款項確認為遞延收入。倘已就或可就發行擔保收取代價，有關代價將根據本集團適用於該類資產之政策而予以確認。倘並無該等已收或應收代價，則於初步確認任何遞延收入時，於損益表內確認為一項即時開支。

最初確認為遞延收入之擔保數額會於擔保期內在損益表攤銷，作為提供財務擔保的收入。此外，倘擔保持有人有可能根據擔保要求本集團還款，而向本集團申索的款額預期超過現時賬面值（即最初確認的金額減適用的累計攤銷），則會確認撥備。

Notes to the Financial Statements (Continued)

財務報表附註 (續)

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.23 Segments reporting

In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format.

In respect of business segment reporting, unallocated costs mainly represent corporate expenses. Segment assets consist primarily of goodwill, property, plant and equipment, inventories, unbilled revenue from long-term service contracts, financial assets at fair value through profit or loss, receivables and operating cash. Segment liabilities comprise trade and other payables and borrowings. Unallocated assets and liabilities mainly comprise corporate assets and liabilities which include non-operating cash and borrowings.

Capital expenditure comprises additions to property, plant and equipment, including additions resulting from acquisition of subsidiaries.

In respect of geographical segment reporting, revenue are based on the country in which the customer is located, while assets and capital expenditure are attributed to segments based on the location of the assets.

3.24 Related parties

A party is considered to be related to the Group if:

- (i) directly, or indirectly through one or more intermediaries, the party (1) controls, is controlled, or is under common control with, the Company/Group; (2) has an interest in the Company that gives it significant influence over the Company/Group; or (3) has joint control over the Company/Group;
- (ii) the party is an associate;
- (iii) the party is a jointly-controlled entity;
- (iv) the party is a member of the key management personnel of the Company or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the Company/Group, or of any entity that is a related party of the Company/Group.

3. 主要會計政策概要 (續)

3.23 分部呈報

按照本集團內部財務報告制度，本集團決定以業務分類為首要報告方式，地區分類為次要報告方式。

進行業務分部報告時，未分配成本主要指公司開支。分部資產主要包括商譽、物業、廠房及設備、存貨、長期服務合約未開單收入、以公允價值列入損益賬之金融資產、應收賬款及經營現金。分類負債包括應付賬款及其他應付款項及借貸。未分配資產及負債主要包括企業資產及負債（包括非經營現金及借貸）。

資本開支包括添置物業、廠房及設備，包括收購附屬公司而產生之添置項目。

進行地區分部報告時，收入按客戶所在國家歸類，而資產及資本開支則按資產所在地歸類。

3.24 關連人士

以下人士被視為本集團之關連人士：

- (i) 該人士直接或間接透過一位或多位中介者(1)控制本公司／本集團，或受本公司／本集團控制，或與本公司／本集團受共同控制；(2)持有本公司之權益以足以對本公司／本集團產生重大影響力；或(3)擁有本公司／本集團之共同控制權；
- (ii) 該人士為聯營公司；
- (iii) 該人士為共同控制實體；
- (iv) 該人士為本公司或其母公司之主要管理層成員；
- (v) 該人士為(i)或(iv)項所提及之任何人士之近親；
- (vi) (iv)或(v)項所述任何人士直接或間接控制或共同控制該人士，或直接或間接對該等人士構成重大影響，或直接或間接地擁有該人士之重大投票權；或
- (vii) 該人士乃本公司／本集團或與本公司／本集團有關連之實體為其僱員而設之離職後福利計劃。

Notes to the Financial Statements (Continued)

財務報表附註 (續)

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

4.1 Long-term service contracts

Revenue from long-term service contracts is recognised according to the percentage of completion of individual contract. When foreseeable loss in respect of a particular contract is identified, such loss is recognised as an expense in the income statement immediately. The percentage of completion and foreseeable loss of individual contract are determined based on budget of the contract which is prepared by the management of the Group based on the overall estimated performance of the contract. In order to keep the budget accurate and up-to-date, management reviews the budget frequently, in particular the total estimated contract costs, and revise the budget if necessary.

4.2 Impairment of receivables

Provision for impairment of receivables is determined by management based on the credit history of its customers, availability of securities and / or undertakings and the current market condition. It could change significantly as a result of changes in the financial position of the customers. Management would re-assess the amount of impairment provision of receivables, if any, at each balance sheet date.

4.3 Impairment of goodwill

The Group tests at least annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 3.11. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit has been determined based on value-in-use calculations. These calculations require the use of judgement and estimates of the future cash flows expected to arise from the asset or the cash-generating unit and the suitable discount rate in order to calculate the present value.

4. 關鍵之會計估計及判斷

本集團會持續評估估計及判斷，並依據過往之經驗及其他因素，包括在該等情況下合理相信會發生之未來事件。

本集團就未來作出估計及假設，顧名思義而所得出的會計估計難免偏離實際的相關業績，以下所述為有相當風險的估計及假設，可導致須於下一個財政年度對資產與負債之賬面值作重大調整：

4.1 長期服務合約

長期服務合約收入乃按個別合約的完成百分比確認。倘發現某一合約的預期虧損，有關虧損即時於收益表確認支銷。個別合約之完成百分比及預期虧損，乃按該合約之預算而釐定，而該預算乃由本集團管理層基於該合約之整體估計表現編製。為令預算保持準確及切合現時情況，管理層會經常審閱預算，尤其是估計合約總成本，如有必要，並會修訂預算。

4.2 應收賬款減值

應收賬款減值撥備乃按其客戶之信貸歷史、抵押品及／或承諾之可動用程度及當時市場狀況釐定，可因客戶財務狀況轉變而有重大變動。管理層會於每個結算日重新評估應收賬款減值撥備數額（如有）。

4.3 商譽減值

本集團按照附註3.11所載會計政策，最少每年一次測試商譽有否減值。其他資產則當出現事件或情況改變顯示資產的賬面值超過其可收回款項時，進行減值復核。資產或現金產生單位的可收回款項已按使用價值計算。該等計算須運用對預期產生自資產或現金產生單位之未來現金流量及合適之貼現率之判斷及估計，以計算現值。

Notes to the Financial Statements (Continued)

財務報表附註 (續)

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

5. REVENUE

Revenue, which is also the Group's turnover, represents value of services rendered and interest income earned from money lending. An analysis of revenue is as follows:

Financial advisory services	財務顧問服務
Interest income	利息收入
Long-term service contracts	長期服務合約

5. 收入

收入，即本集團的營業額，乃提供服務之價值及賺取自貸款之利息收入。收入之分析如下：

2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
2,235	813
564	3,816
38,324	7,725
41,123	12,354

6. SEGMENT REPORTING

In accordance with the Group's internal financial reporting, the Group has determined that business segments are its primary reporting format, with each segment organised and managed separately.

(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.

6. 分部呈報

根據本集團內部財務申報制度，本集團決定以業務分部為其主要呈報方式，各分部之組織及管理均為獨立。

(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以及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、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 Financial Statements (Continued)

財務報表附註 (續)

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

6. SEGMENT REPORTING (Continued)

(a) Business segments (Continued)

6. 分部呈報 (續)

(a) 業務分部 (續)

	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	
	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Revenue from external customers 來自外界客戶之收入	2,235	813	564	3,816	38,324	7,725	-	-	41,123	12,354
Segment result 分部業績	34,049	(46,845)	(4,350)	(10,677)	(26,571)	(3,888)	-	-	3,128	(61,410)
Unallocated operating expenses, net 未分配經營開支淨額									(5,627)	(35,377)
Loss from operations 經營虧損									(2,499)	(96,787)
Finance costs 融資成本									(450)	(536)
Loss before income tax 除所得稅前虧損									(2,949)	(97,323)
Income tax expense 所得稅開支									(431)	(118)
Loss for the year 年內虧損									(3,380)	(97,441)
Total assets 資產總值	38,501	16,404	25,444	20,902	260,126	181,218	93,764	148,198	417,835	366,722
Total liabilities 負債總額	(764)	(4,876)	(1,964)	(15)	(52,552)	(2,298)	(3,074)	(27,078)	(58,354)	(34,267)
Depreciation 折舊	-	-	-	-	622	110	1	12	623	122
Capital expenditure 資本開支	-	106	-	-	2,965	12,185	-	-	2,965	12,291
Provisional for impairment of receivables 應收款項減值撥備	-	-	4,425	14,435	-	-	-	4,672	4,425	19,107
Impairment of goodwill 商譽減值	-	47,890	-	-	-	-	-	-	-	47,890
Fair value gain on financial assets at fair value through profit or loss 按公允價值列入損益賬之金融資產公允價值收益	36,060	4,880	-	-	937	-	-	-	36,997	4,880

Notes to the Financial Statements (Continued)

財務報表附註 (續)

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

6. SEGMENT REPORTING (Continued)

(b) Geographical segments

The Group participates principally in China and the United States ("US").

6. 分部呈報 (續)

(b) 地區分部

本集團主要在中國及美國經營。

	Hong Kong 香港		Other areas of China 中國其他地區		US 美國		Consolidated 綜合	
	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Revenue from external customers 來自外界客戶之收入	2,799	4,629	38,324	7,725	-	-	41,123	12,354
Segment assets 分部資產	223,308	185,504	-	-	194,527	181,218	417,835	366,722
Capital expenditure 資本開支	-	106	-	-	2,965	12,185	2,965	12,291

7. OTHER REVENUE

7. 其他收入

	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Secondment services 借調服務	2,579	2,628
Interest income 利息收入	2,060	60
Dividend income 股息收入	9	-
Net Exchange gain 匯兌收益淨額	35	-
Others 其他	85	16
	4,768	2,704

Notes to the Financial Statements (Continued)

財務報表附註 (續)

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

8. STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

Salaries, allowances and benefits	薪金、津貼及福利
Share-based compensation	以股份支付補償
Pension costs – defined contribution plans	退休金成本 – 定額供款計劃

8. 員工成本 (包括董事酬金)

2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
21,108	9,345
467	3,697
205	144
21,780	13,186

9. LOSS FROM OPERATIONS

Loss from operations is arrived at after charging/(crediting):	經營虧損經扣除／(計入)下列各項：
Auditors' remuneration	核數師酬金
– provision for the year	– 一年內撥備
– over provision in prior year	– 以往年度超額撥備
Loss on disposal of property, plant and equipment	出售物業、廠房及設備之虧損
Operating lease charges in respect of land and buildings	土地及樓宇之經營租賃費用
Research and development expenses	研發開支

9. 經營虧損

2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
1,238	680
–	(36)
178	66
4,867	1,208
1,236	969

10. FINANCE COSTS

Interest charges on borrowings wholly repayable within five years	須於五年內全數償還之利息開支
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10. 融資成本

2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
450	536

Notes to the Financial Statements (Continued)

財務報表附註 (續)

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

11. INCOME TAX EXPENSE

No provision for profits tax has been made in the financial statements for both years as companies comprising the Group either had tax losses brought forward which were available to set off against the assessable profit arising in Hong Kong or did not generate assessable profits.

No provision for income tax outside Hong Kong has been made (2006: Nil) as the companies comprising the Group operated outside Hong Kong either sustained a loss for taxation purpose or had a tax exemption.

11. 所得稅開支

由於組成本集團之公司擁有可供與於年內在香
港產生之應課稅溢利抵銷之承前稅項虧損，或並
無賺取任何應課稅溢利，故於兩個年度之財務報
表並無就利得稅作出撥備。

由於組成本集團而於海外經營之公司在計算稅
項方面錄得虧損或享有稅項豁免，因此並無就香
港以外地區所得稅作出撥備（二零零六年：無）。

Current tax – Hong Kong	當期稅項—香港
Current year	本年度
Under-provision in prior year	以往年度撥備不足
Total income tax expenses	所得稅開支總額

Reconciliation between tax expense and accounting profit or loss at applicable tax rates is as follows:

Loss before income tax	除所得稅前虧損
Tax effect on loss before income tax calculated at rates applicable to profit or loss in the tax jurisdiction concerned	按適用於有關稅務司法管轄區損益賬之稅率計算之除所得稅前虧損之稅務影響
Tax effect of non-deductible expenses	不可扣減開支之稅務影響
Tax effect of non-taxable revenue	非課稅收入之稅務影響
Tax losses utilised	已動用稅務虧損
Tax effect of current year's tax losses not recognised	未確認本年度稅務虧損之稅務影響
Other temporary differences not recognised	其他未確認暫時性差異
Under-provision in prior year	以往年度撥備不足
Income tax expense	所得稅開支

2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
–	118
431	–
431	118

稅項開支與按適用稅率計算之會計溢利或虧損之對賬如下：

2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
(2,949)	(97,323)
(2,073)	(17,998)
6,185	15,222
(6,892)	(1,057)
(93)	–
2,874	3,952
(1)	(1)
431	–
431	118

Notes to the Financial Statements (Continued)

財務報表附註 (續)

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

11. INCOME TAX EXPENSE (Continued)

The Group has deferred tax assets of HK\$7,873,000 (2006: HK\$5,092,000) arising from estimated tax losses of approximately HK\$30,568,000 (2006: HK\$23,575,000). The deferred tax assets have not been recognised as it is uncertain whether future taxable profit will be available for utilising the tax losses. The estimated tax losses incurred in Hong Kong amounting to HK\$20,614,000 can be carried forward indefinitely and the estimated tax losses incurred in US amounting to HK\$9,954,000 will expire in the financial year 2027.

At the balance sheet dates, the Group and the Company did not have any significant deferred tax liabilities.

12. LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

Of the consolidated loss attributable to equity holders of the Company of HK\$523,000 (2006: HK\$95,506,000), a loss of HK\$11,272,000 (2006: HK\$35,701,000) has been dealt with in the financial statements of the Company.

13. DIVIDENDS

The directors do not recommend the payment of a dividend for the year ended 31 March 2007 (2006: Nil) and the Company did not pay any interim dividend during the year (2006: Nil).

14. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to equity holders of the Company of HK\$523,000 (2006: HK\$95,506,000) and on the weighted average of 3,762,374,000 (2006: 2,873,962,000) ordinary shares in issue during the year.

Diluted loss per share for the years ended 31 March 2006 and 2007 was not presented because the impact of the exercise of the Company's outstanding share options and warrants was anti-dilutive.

11. 所得稅開支 (續)

本集團產生自約30,568,000港元(二零零六年: 23,575,000港元)估計稅務虧損之遞延稅項資產為7,873,000港元(二零零六年: 5,092,000港元)。遞延稅項資產並未確認,乃因未確定是否可就未來應課稅溢利動用稅務虧損。香港之估計稅務虧損為20,614,000港元,該等虧損可無限期結轉,而美國之估計稅務虧損9,954,000港元將於二零二七年財政年度屆滿。

於結算日,本集團及本公司概無任何重大遞延稅項負債。

12. 本公司權益持有人應佔虧損

於本公司權益持有人應佔綜合虧損523,000港元(二零零六年: 95,506,000港元)中,一筆虧損11,272,000港元(二零零六年: 35,701,000港元)已於本公司財務報表中處理。

13. 股息

截至二零零七年三月三十一日止年度,董事並不建議派付股息(二零零六年:無),而本公司於年內並未派付任何中期股息(二零零六年:無)。

14. 每股虧損

每股基本虧損乃根據本公司權益持有人應佔年內虧損523,000港元(二零零六年: 95,506,000港元)及年內已發行普通股之加權平均數3,762,374,000股(二零零六年: 2,873,962,000股)計算。

並無呈列截至二零零六年及二零零七年三月三十一日止年度之經攤薄每股虧損,原因為本公司尚未行使購股權及認股權證具反攤薄影響。

Notes to the financial statements (Continued)

財務報表附註 (續)

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

15. DIRECTORS' AND SENIOR MANAGERMENTS' EMOLUMENTS (Continued)

(a) Directors' emoluments (Continued)

		Fees	Salaries, allowances and benefit in kind	Retirement benefits scheme contributions	Share based compensation	Total
		袍金	薪酬、津貼及實物利益	退休福利計劃供款	以股份支付補償	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
2006	二零零六年					
Executive Directors	執行董事					
Mr. Chan Wai Kwong, Peter	陳為光先生	-	603	12	87	702
Mr. Chan How Chung, Victor (Resigned on 24 January 2006)	陳孝聰先生(於二零零六年一月二十四日辭任)	-	-	-	-	-
Ms. Lee Huei Lin	李慧玲女士	-	-	-	236	236
Mr. Chu Chik Ming, Jack	朱植明先生	-	55	-	87	142
Mr. Pierre Seligman	Pierre Seligman先生	-	271	-	140	411
Non-Executive Director	非執行董事					
Dr. Zoltan J. Kiss (Appointed on 24 January 2006)	Dr. Zoltan J. Kiss (於二零零六年一月二十四日獲委任)	-	215	-	-	215
Independent Non-Executive Directors	獨立非執行董事					
Mr. Chow Siu Ngor	鄧小岳先生	80	-	-	-	80
Mr. Yin Tat Man	袁達文先生	40	-	-	-	40
Mr. Chan Pei Cheong, Andy (Resigned on 27 October 2005)	陳庇昌先生(於二零零五年十月二十七日辭任)	6	-	-	-	6
Mr. Tam Kam Biu, William (Appointed on 24 January 2006)	譚錦標先生(於二零零六年一月二十四日獲委任)	40	-	-	-	40
		166	1,144	12	550	1,872

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2006: Nil).

於本年度，概無董事放棄或同意放棄任何酬金(二零零六年：無)。

15. 董事及高級管理層酬金 (續)

(a) 董事酬金 (續)

Notes to the financial statements (Continued) 財務報表附註 (續)

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

15. DIRECTORS' AND SENIOR MANagements' EMOLUMENTS (Continued)

(b) Five highest paid individuals

The five individuals whose emoluments were highest in the Group for both years included two (2006: one) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three (2006: four) individuals during the year are as follows:

Salaries, allowances and benefits in kind	薪酬、津貼及實物利益
Retirement benefit scheme contributions	退休福利計劃供款
Share based compensation	以股份支付補償

The emoluments of the above three (2006: four) highest paid individuals fell within the following emoluments bands:

Nil – HK\$1,000,000	零元至1,000,000港元
HK\$1,000,001 – HK\$1,500,000	1,000,001港元至1,500,000港元
HK\$2,000,001 – HK\$2,500,000	2,000,001港元至2,500,000港元

- (c) During the years ended 31 March 2007 and 2006, no emoluments were paid by the Group to the directors or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

15. 董事及高級管理層酬金 (續)

(b) 五名最高酬金人士

兩個年度內，本集團五位最高酬金人士之中包括兩位董事（二零零六年：一位）及一位非執行董事，其酬金已於上文分析。其餘三位（二零零六年：四位）最高酬金及非董事人士如下：

2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
2,804	2,892
–	23
–	2,752
2,804	5,667

上述三位（二零零六年：四位）最高酬金人士之酬金範圍如下：

Number of individuals 人數	
2007 二零零七年	2006 二零零六年
3	2
–	1
–	1

- (c) 截至二零零七年及二零零六年三月三十一日止年度間，本集團概無向董事或五位最高酬金人士中之任何人士，支付作為加入本集團之獎勵或作為離職補償之酬金。

Notes to the financial statements (Continued)

財務報表附註 (續)

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

16. PROPERTY, PLANT AND EQUIPMENT Group

16. 物業、廠房及設備 本集團

		Furniture, fixtures and equipment 傢俬、裝置 及設備 HK\$'000 千港元	Plant and machinery 廠房及機器 HK\$'000 千港元	Leasehold improvements 裝修 HK\$'000 千港元	Total 總計 HK\$'000 千港元
At 1 April 2005	於二零零五年四月一日				
Cost	成本	734	–	–	734
Accumulated depreciation	累計折舊	(731)	–	–	(731)
Net book amount	賬面淨值	<u>3</u>	<u>–</u>	<u>–</u>	<u>3</u>
Year ended 31 March 2006	截至二零零六年三月三十一日止年度				
Opening net book amount	年初賬面淨值	3	–	–	3
Acquisition of subsidiaries (note 34)	收購附屬公司 (附註34)	160	10,258	66	10,484
Additions	添置	373	981	453	1,807
Disposals	出售	–	–	(66)	(66)
Depreciation	折舊	(73)	(49)	–	(122)
Closing net book amount	年末賬面淨值	<u>463</u>	<u>11,190</u>	<u>453</u>	<u>12,106</u>
At 31 March 2006	於二零零六年三月三十一日				
Cost	成本	1,267	11,239	453	12,959
Accumulated depreciation	累計折舊	(804)	(49)	–	(853)
Net book amount	賬面淨值	<u>463</u>	<u>11,190</u>	<u>453</u>	<u>12,106</u>
Year ended 31 March 2007	截至二零零七年三月三十一日止年度				
Opening net book amount	期初賬面淨值	463	11,190	453	12,106
Additions	添置	955	1,106	904	2,965
Disposals	出售	(210)	–	–	(210)
Depreciation	折舊	(224)	(309)	(90)	(623)
Reclassified as assets held for sale (note 27)	重新分類為持作 出售資產(附註27)	(79)	(11,987)	(1,267)	(13,333)
Closing net book amount	年末賬面淨值	<u>905</u>	<u>–</u>	<u>–</u>	<u>905</u>
At 31 March 2007	於二零零七年三月三十一日				
Cost	成本	1,848	–	–	1,848
Accumulated depreciation	累計折舊	(943)	–	–	(943)
Net book amount	賬面淨值	<u>905</u>	<u>–</u>	<u>–</u>	<u>905</u>

Notes to the financial statements (Continued)

財務報表附註 (續)

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

16. PROPERTY, PLANT AND EQUIPMENT (Continued) Company

16. 物業、廠房及設備 (續) 本公司

		Furniture, fixtures and equipment 傢俬、裝置及設備 HK\$'000 千港元
Year ended 31 March 2006	截至二零零六年三月三十一日止年度	
Additions	添置	53
Depreciation	折舊	(8)
		<hr/>
Closing net book amount	年末賬面淨值	45
		<hr/>
At 31 March 2006	於二零零六年三月三十一日	
Cost	成本	53
Accumulated depreciation	累計折舊	(8)
		<hr/>
Net book amount	賬面淨值	45
		<hr/>
Year ended 31 March 2007	截至二零零七年三月三十一日止年度	
Opening net book amount	年初賬面淨值	45
Disposals	出售	(45)
		<hr/>
Closing net book amount	年末賬面淨值	—
		<hr/>
At 31 March 2007	於二零零七年三月三十一日	
Cost	成本	—
Accumulated depreciation	累計折舊	—
		<hr/>
Net book amount	賬面淨值	—
		<hr/>

Notes to the financial statements (Continued)

財務報表附註 (續)

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

17. GOODWILL

The net carrying amount of goodwill can be analysed as follows:

At beginning of the year	年初
Gross carrying amount	賬面總值
Accumulated impairment	累計減值
Net carrying amount	賬面淨值
Net carrying amount at beginning of the year	年初賬面淨值
Acquisition of a subsidiary	收購一家附屬公司
Impairment losses	減值虧損
Net carrying amount at 31 March	於三月三十一日之賬面淨值
At 31 March	於三月三十一日
Gross carrying amount	賬面總值
Accumulated impairment	累計減值
Net carrying amount	賬面淨值

Goodwill arising from the acquisition of a subsidiary engaging in provision of capital market advisory services was impaired during the year ended 31 March 2006. In view of increasing competition in the capital market and uncertain future prospect of the subsidiary, the directors have assessed that full provision is required in respect of the net carrying amount of the goodwill amounting to HK\$47,890,000 as at 1 April 2006.

The amount of goodwill as at 31 March 2007 is allocated to the business segment of photovoltaic business (the cash-generating unit or "CGU") and is tested for impairment by estimating the recoverable amount of the CGU based on value in use calculations. The calculations use cash flow projections based on financial budgets approved by the management covering a period of 4 years. The discount rate applied to the cash flow projections is 20%. Based on the results of the impairment testing, management determines that there is no impairment of the goodwill attributable to that CGU.

17. 商譽

商譽賬面淨值之分析如下：

2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
188,465	54,218
(47,890)	(6,328)
140,575	47,890
2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
140,575	47,890
–	140,575
–	(47,890)
140,575	140,575
2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
188,465	188,465
(47,890)	(47,890)
140,575	140,575

收購一間從事提供資本市場顧問服務之附屬公司產生之商譽，於截至二零零六年三月三十一日止年度減值。鑑於資本市場競爭加劇及該附屬公司未來前景不明朗，董事已評估須就有關於二零零六年四月一日之商譽賬面淨值共47,890,000港元作出全數撥備。

於二零零七年三月三十一日之商譽款項，分配至光伏業務之業務分部（「現金產生單位」），並透過按使用價值計算法估計現金產生單位之可收回金額以作減值測試。現金流量預測之計算乃根據經管理層批准之涵蓋四年期之財務預算，就現金流量預測採用之貼現率為20%。根據減值測試結果，管理層確定現金產生單位並無應佔之商譽減值。

Notes to the financial statements (Continued)

財務報表附註 (續)

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

18. INVESTMENTS IN SUBSIDIARIES

18. 於附屬公司投資

		Company 本公司	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Unlisted shares, at cost	非上市股份·按成本值入賬	157,910	157,910

Particulars of the subsidiaries at 31 March 2007 are as follows:

於二零零七年三月三十一日有關附屬公司之詳情如下:

Name 名稱	Place of incorporation 註冊成立地點	Percentage of issued share capital 已發行股本	Percentage of issued capital held by the Company 本公司持有 已發行股本百分比		Principal activities and place operations 主要業務
			Directly 直接	Indirectly 間接	
REXCAPITAL Group Limited	British Virgin Islands 英屬處女群島	1 ordinary share of US\$1 1股普通股 每股1美元	100%		Investment holding in Hong Kong 於香港從事投資控股
Golden Chino Limited	British Virgin Islands 英屬處女群島	1 ordinary share of US\$1 1股普通股 每股1美元	100%		Participation in primary and secondary securities market in Hong Kong 於香港參與主要及次要 證券市場活動
Eaglefly Technology Limited	British Virgin Islands 英屬處女群島	1 ordinary share of US\$1 1股普通股 每股1美元	100%		Investment holding in Hong Kong 於香港從事投資控股
China Solar Energy Group Limited	Hong Kong 香港	1 ordinary share of HK\$1 1股普通股 每股1港元	100%		Provision for management services in Hong Kong 於香港提供管理股務
China Solar Energy Development Limited	Hong Kong 香港	1 ordinary share of HK\$1 1股普通股 每股1港元		100%	Inactive 非活躍

Notes to the financial statements (Continued)

財務報表附註 (續)

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

18. INVESTMENTS IN SUBSIDIARIES (Continued)

18. 於附屬公司投資 (續)

Name 名稱	Place of incorporation 註冊成立地點	Percentage of issued share capital 已發行股本	Percentage of issued capital held by the Company 本公司持有 已發行股本百分比		Principal activities and place operations 主要業務
			Directly 直接	Indirectly 間接	
REXCAPITAL (Hong Kong) Limited 御泰融資(香港)有限公司	Hong Kong 香港	10,000,000 ordinary shares of HK\$1 each 10,000,000股 普通股每股1港元		100%	Provision of investment advisory services in Hong Kong 於香港提供投資顧問服務
REXCAPITAL Enterprises Limited 御泰企業有限公司	Hong Kong 香港	2 ordinary shares of HK\$1 each 2股普通股 每股1港元		100%	Provision of management services in Hong Kong 於香港提供管理服務
D & M Finance Limited	Hong Kong 香港	2 ordinary shares of HK\$1 each 2股普通股 每股1港元		100%	Money lending in Hong Kong 於香港提供貸款
REXCAPITAL Technology Limited	British Virgin Islands 英屬處女群島	1 ordinary share of US\$1 1股普通股 每股1美元		100%	Investment holding in Hong Kong 於香港進行投資控股
REXCAPITAL Financial Services Limited	British Virgin Islands 英屬處女群島	1 ordinary share of US\$1 1股普通股 每股1美元		100%	Investment holding in Hong Kong 於香港進行投資控股
REXCAPITAL Strategic Investments Limited	British Virgin Islands 英屬處女群島	1 ordinary share of US\$1 1股普通股 每股1美元		100%	Investment holding in Hong Kong 於香港進行投資控股
REXCAPITAL Management Limited	British Virgin Islands 英屬處女群島	1 ordinary share of US\$1 1股普通股 每股1美元		100%	Investment holding in Hong Kong 於香港進行投資控股
Capital View Investments Limited	British Virgin Islands 英屬處女群島	1 ordinary share of US\$1 1股普通股 每股1美元		100%	Provision of nominee services in Hong Kong 於香港提供代理人服務

Notes to the financial statements (Continued)

財務報表附註 (續)

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

18. INVESTMENTS IN SUBSIDIARIES (Continued)

18. 於附屬公司投資 (續)

Name 名稱	Place of incorporation 註冊成立地點	Percentage of issued share capital 已發行股本	Percentage of issued capital held by the Company 本公司持有 已發行股本百分比		Principal activities and place operations 主要業務
			Directly 直接	Indirectly 間接	
Twin Star Agents Limited	British Virgin Islands 英屬處女群島	1 ordinary share of US\$1 1股普通股 每股1美元		100%	Holding nominees shares for the Group in Hong Kong 為本集團於香港 持有代理人股份
REXCAPITAL Secretarial Services Limited 御泰秘書服務有限公司	Hong Kong 香港	2 ordinary shares of HK\$1 each 2股普通股 每股1港元		100%	Provision of secretarial services in Hong Kong 於香港提供秘書服務
Terra Solar Global, Inc. (Note) (附註)	United States of America 美國	10,000 ordinary shares of US\$0.01 each 10,000股普通股 每股0.01美元		51%	Investment holding in the United States 於美國進行投資控股
Terra Solar North America, Inc. (Note) (附註)	United States of America 美國	200 ordinary shares, no par value 200股無面值 普通股		51%	Investment holding in the United States 於美國進行投資控股

Note: These companies and the companies incorporated in the British Virgin Islands are not audited by Grant Thornton or other Grant Thornton International member.

附註：該等公司及於英屬處女群島註冊成立之公司並非由均富會計師行或其他Grant Thornton International成員審核。

Notes to the financial statements (Continued)

財務報表附註 (續)

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

19. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Unlisted equity securities, at cost
Less: Provision for impairment

非上市股本證券·按成本入賬
減:減值撥備

These assets are stated at cost less impairment as the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair value cannot be measured reliably.

19. 可供出售金融資產

Group
本集團

2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
116,950 (109,200)	109,200 (109,200)
7,750	-

由於此等資產之合理估計公允價值幅度顯著·本公司董事認為其公允價值不能可靠計量·故此按成本值減減值列值。

20. INVENTORIES

Finished goods, at cost

製成品·按成本值入賬

20. 存貨

Group
本集團

2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
-	519

Notes to the financial statements (Continued)

財務報表附註 (續)

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

21. UNBILLED REVENUE FROM LONG-TERM SERVICE CONTRACTS

Costs incurred to date plus recognised profits	至今已產生成本加已確認溢利
Less: Progress billings	減: 進度付款
Less: Foreseeable losses	減: 可預見虧損

21. 長期服務合約未開單收入

Group 本集團	
2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
–	6,858
–	–
–	–
–	6,858

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Equity securities listed in Hong Kong, at fair values	香港上市股本證券，按公允價值入賬
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The fair values of listed equity securities which are held for trading are based on quoted market prices.

At 31 March 2007, listed equity securities of HK\$3,487,000 (2006: HK\$16,173,000) were pledged as security for other borrowings of HK\$700,000 (2006: HK\$2,802,000) (note 29).

22. 以公允價值列入損益賬之金融資產

Group 本集團	
2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
52,274	16,173

已上市之持作買賣股本證券之公允價值乃按所報市價計算。

於二零零七年三月三十一日，已上市股本證券為3,487,000港元(二零零六年:16,173,000港元)，已作為700,000港元(二零零六年:2,802,000港元)其他貸款之抵押(附註29)。

Notes to the financial statements (Continued)

財務報表附註 (續)

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

23. TRADE AND OTHER RECEIVABLES

23. 應收賬款及其他應收款項

		Group 本集團		Company 本公司	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Trade receivables (note (i))	應收賬款 (附註(i))	44,615	36,397	-	-
Less: Provision for impairment (note (i))	減:減值撥備 (附註(i))	(18,860)	(14,435)	-	-
		25,755	21,962	-	-
Deposits and prepayments	存款及預付款項	46,174	808	43,891	48
Other receivables (note (ii) and (iii))	其他應收款項 (附註(ii)及(iii))	394,151	354,672	24,886	4,672
Less: Provision for impairment (note (ii))	減:減值撥備 (附註(ii))	(354,672)	(354,672)	(4,672)	(4,672)
		111,408	22,770	64,105	48

Notes:

- (i) Included in trade receivables of the Group are loan receivables amounted to HK\$44,294,000 (2006: HK\$35,335,000) arising from the money lending business. The loan receivables are unsecured, interest-bearing at prime rate plus 3 to 5% per annum and with repayment period of 1 month to 12 months from date of drawdown. In respect of the remaining balance of HK\$321,000 (2006: HK\$1,062,000), billings are normally due on presentation. The ageing analysis of the gross trade receivable balance at the balance sheet date, based on loan drawdown date or invoice date, is as follows:

Within 3 months	三個月內
4 to 6 months	四至六個月
7 to 12 months	七至十二個月
Over 12 months	十二個月以上

Based on the assessment of the recoverability of the receivables as detailed in note 2, the directors of the Company are of the view that HK\$18,860,000 (2006: HK\$14,435,000) of the trade receivables was impaired.

附註:

- (i) 計入本集團應收賬款中·共44,294,000港元(二零零六年:35,335,000港元)為貸款業務產生之應收貸款。此應收貸款為無抵押·並以最優惠利率加年息3厘至5厘收取利息·於支用當日起計一個月至十二個月分期償還。餘下結餘321,000港元(二零零六年:1,062,000港元)一般在收到發票時付款。於結算日·總應收賬款按提取貸款日期或發票日期之賬齡分析如下:

		Group 本集團	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
		25,655	969
		100	1,486
		-	20,900
		18,860	13,042
		44,615	36,397

根據於附註2中詳述之應收款項可收回程度評核·本公司董事認為應收賬款減值18,860,000港元(二零零六年:14,435,000港元)。

Notes to the financial statements (Continued) 財務報表附註 (續)

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

23. TRADE AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

- (ii) As at 31 March 2007, 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. 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. A full provision has been made.

Also, as at 31 March 2007, included in other receivables of the Company and 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.

- (iii) As at 31 March 2007, included in other receivables of the Company and the Group is a balance of HK\$19,833,000 represents amount due from a shareholder, which is interest free and unsecured.
- (iv) The carrying amounts of trade and other receivables of the Group and the Company approximate their fair values at the balance sheet dates.

24. AMOUNTS DUE FROM/(TO) A SHAREHOLDER/A MINORITY SHAREHOLDER/A RELATED COMPANY

The amounts due are unsecured, interest-free and repayable on demand. The amount due from a related company in which a director has beneficial interests. The carrying amounts of the balances approximate their fair values at the balance sheet dates.

23. 應收賬款及其他應收款項 (續)

附註: (續)

- (ii) 於二零零七年三月三十一日, 包括於本集團其他應收款項中之350,000,000港元為出售本集團於REXCAPITAL Infrastructure Limited之875股已繳足普通股之權益之未收現金代價。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。350,000,000港元之現金代價均未支付, 截至財務報表核准日期為止, 亦未有任其後之付款。本集團已作出全數撥備。

另外, 於二零零七年三月三十一日, 本公司及本集團之其他應收款項中包括一筆價值4,672,000港元之結餘, 乃為發掘潛在投資項目而支付之按金。於截至二零零六年三月三十一日止年度, 由於終止發掘行動, 該筆款項已減值。

- (iii) 於二零零七年三月三十一日, 本公司及本集團之其他應款項中包括一筆價值19,833,000港元之結餘, 乃為應收一位股東之款項。該筆款項為免息及無抵押。
- (iv) 本集團及本公司之應收賬款及其他應收款項之賬面值與彼等於結算日之公允價值相若。

24. 應收/應付一位股東/一位少數股東/一間關連公司之款項

該等款項乃無抵押、不計息及按要求償還。應收一間關連公司之款項與董事擁有實益權益之公司有關。結餘之賬面值與其於結算日之公允價值相若。

Notes to the financial statements (Continued)

財務報表附註 (續)

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

25. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

25. 應收／(應付) 附屬公司款項

		Company 本公司	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Amounts due from subsidiaries	應收附屬公司款項	1,096,385	1,041,777
Less: Provision for impairment	減: 減值撥備	(913,184)	(913,184)
		183,201	128,593
Amounts due to subsidiaries	應付附屬公司款項	28,532	22,740

The amounts due are unsecured, interest-free and repayable on demand. In the opinion of the directors, the balances are repayable within 12 months from the balance sheet date. The carrying amounts of the balances approximate their fair values at the balance sheet dates.

該等款項乃無抵押、不計息及按要求償還。董事認為，餘額會於由結算日起計12個月內償還。餘額之賬面值與彼等於結算日之公允價值相若。

26. CASH AND CASH EQUIVALENTS/PLEDGED BANK FIXED DEPOSITS

26. 現金及現金等價物／已抵押銀行定期存款

		Group 本集團		Company 本公司	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Cash at bank and in hand	銀行及手頭上現金	60,234	147,419	29,613	145,831
Less: Pledged bank fixed deposits	減: 已抵押銀行定期存款	(8,051)	-	-	-
Cash and Cash equivalents	現金及現金等價物	52,183	147,419	29,613	145,831

Notes to the financial statements (Continued) 財務報表附註 (續)

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

26. CASH AND CASH EQUIVALENTS (Continued)

Cash at banks earns interest at floating rates based on daily bank deposits rates. Short-term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposits rates of 3.9% to 4.4% per annum. The carrying amounts of the cash and cash equivalents and the pledged deposits approximates to their fair values.

As at 31 March 2007, the Group's bank fixed deposits of HK\$8,051,000 (2006: Nil) were pledged to a bank for granting a letter of guarantee of performance bond to Weihai Bluestar Terra Photovoltaic Company Limited, in which the Group has 13% of equity interests (included in available-for-sale financial assets) for the amount of US\$900,000.

27. ASSETS HELD FOR SALE

During the year ended 31 March 2007, the directors of two subsidiaries, Terra Solar Global, Inc and Terra Solar North America, Inc, resolved to exit the photovoltaic business in the United States. On 27 April 2007, the subsidiaries entered into an agreement with Solar Co. NJ, in which an immediate family of a director of the Company has beneficial interests, to transfer its rights and obligations related to these operations in the United States. The relevant assets and liabilities relating to such operations have been classified as assets held for sale and liabilities associated with assets held for sale.

The directors of the Company have re-assessed the fair value of the relevant assets and liabilities with reference to the sale and purchase agreement entered on 27 April 2007. The net consideration would be approximately HK\$11,625,000 (US\$1,500,000).

At 31 March 2007, the carrying amount of net assets upon being classified as held for sale attributable to the Group amounted to approximately HK\$14,342,000 and resulted in a loss on remeasurement to fair value less costs to sell amounted to approximately HK\$2,717,000.

26. 現金及現金等價物 (續)

按銀行每日存款利率，存放銀行之現金按浮動利率賺取利息。視乎本集團即時現金需求，將會存放介乎一日至三個月之短期銀行存款，並按介乎3.9厘至4.4厘不等之短期定期存款利率賺取利息。現金及現金等價物以及已抵押存款之賬面值與彼等於結算日之公允價值相若。

於二零零七年三月三十一日，本集團8,051,000港元(二零零六年：無)銀行定期存款已抵押予銀行，以向Weihai Bluestar Terra Photovoltaic Company Limited授予金額900,000美元之履約保函信用狀。本集團擁有該公司13%股本權益，有關權益計入可供銷售之金融資產。

27. 持作出售資產

截至二零零七年三月三十一日止年度，兩家附屬公司Terra Solar Global, Inc及Terra Solar North America, Inc之董事議決，撤出美國之光能業務。於二零零七年四月二十七日，該等附屬公司與Solar Co. NJ(本公司其一中名董事之直系親屬擁有其實益權益)訂立協議，轉讓其於該等美國業務之權利及責任。該等業務相關資產及負債已分類為持作出售資產及與持作出售資產有關之負債。

本公司董事經參考日期為二零零七年四月二十七日之買賣協議，已重新評估有關資產及負債，代價淨額將約為11,625,000港元(1,500,000美元)。

於二零零七年三月三十一日，本集團應佔列作持作出售資產之資產淨值賬面值約為14,342,000港元，產生重新計量減去銷售成本之公允價值之虧損約2,717,000港元。

Notes to the financial statements (Continued)

財務報表附註 (續)

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

27. ASSETS HELD FOR SALE (Continued)

The major classes of assets and liabilities at 31 March 2007 which are classified as assets held for sale are as follows:

27. 持作出售資產 (續)

於二零零七年三月三十一日分類為持作出售資產之資產及負債主要類別如下:

		Group 本集團	Carrying amount upon being classified as held for sale
		Fair value 公允價值 HK\$'000 千港元	分類為持作出售 資產之賬面值 HK\$'000 千港元
Assets	資產		
Property, plant and equipment (note 16)	物業、廠房及設備 (附註16)	10,616	13,333
Inventories	存貨	758	758
Trade receivables (note (a))	應收賬款 (附註(a))	37,627	37,627
Other receivables	其他應收款項	5,219	5,219
		<u>54,220</u>	
Assets classified as held for sale	分類為持作出售資產		
		<u>54,220</u>	
Liabilities	負債		
Trade payables (note (b))	應付賬款 (附註(b))	(35,600)	(35,600)
Other payables	其他應付款項	(6,995)	(6,995)
		<u>(42,595)</u>	
Liabilities associated with assets classified as held for sale	與分類為持作出售資產有關之負債		
		<u>(42,595)</u>	
Net assets of operation classified as held for sale	分類為持作出售之業務資產淨值		
		<u>11,625</u>	

(a) Trade receivables generally have credit terms of not more than 60 days. An ageing analysis of trade receivables at 31 March 2007 based on invoice date, is as follows:

(a) 應收賬款一般信貸期不多於六十日。於二零零七年三月三十一日，應收賬款按發票日期之賬齡分析如下:

		HK\$'000 千港元
Current – 90 days	即期至90日	36,567
91 days to 180 days	91日至180日	679
Over 181 days	180日以上	381
		<u>37,627</u>

Notes to the financial statements (Continued)

財務報表附註 (續)

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

27. ASSETS HELD FOR SALE (Continued)

- (b) An ageing analysis of trade payables at 31 March 2007, based on invoice date, is as follows:

Current – 90 days	即期至90日	31,093
91 days to 180 days	91日至180日	2,747
Over 180 days	180日以上	1,760
		35,600

HK\$'000
千港元

28. TRADE AND OTHER PAYABLES

Details of the trade and other payables including ageing analysis of trade payables, based on invoice date, are as follows:

		Group 本集團		Company 本公司	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Trade payables	應付賬款				
Within 3 months	三個月內	504	819	-	-
4 to 6 months	四至六個月	-	154	-	-
Over 6 months	六個月以上	599	-	-	-
		1,103	973	-	-
Temporary receipts from customers	來自客戶之暫收款	18,720	13,948	-	13,948
Other payables and accrued charges	其他應付款項及應計費用	5,437	14,879	2,313	10,978
		25,260	29,800	2,313	24,926

The carrying amounts of trade and other payables of the Group and the Company approximate their fair values at the balance sheet dates.

27. 持作出售資產 (續)

- (b) 於二零零七年三月三十一日，應付賬款按發票日期之賬齡分析如下：

28. 應付賬款及其他應付款項

根據發票日期，有關應付賬款及其他應付款項之詳情載列如下：

本集團及本公司應付賬款及其他應付款項之賬面值與彼等於結算日之公允價值相若。

Notes to the financial statements (Continued)

財務報表附註 (續)

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

29. BORROWINGS

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

Loan from securities brokers, secured	來自證券經紀之貸款·有抵押
Other loans, unsecured	其他貸款·無抵押

Loans from securities brokers are secured by certain equity securities (note 22).

All the borrowings are denominated in Hong Kong dollars. Loans from securities brokers are interest-bearing at prime rate plus 3% to 5% 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.

The carrying amounts of the borrowings approximate their fair values at the balance sheet dates.

29. 借貸

按要求償還之借貸分析如下:

Group 本集團	
2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
700	2,802
—	1,030
700	3,832

來自證券經紀之貸款以若干股本證券作抵押(附註22)。

所有借貸均以港元計值。來自證券經紀之貸款則每年按最優惠利率加3厘至5厘計息。其他貸款每年按香港上海滙豐銀行有限公司之現行最優惠利率加3厘計息。

借貸之賬面值與彼等於結算日之公允價值相若。

Notes to the Financial Statements (Continued)

財務報表附註 (續)

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

30. SHARE CAPITAL

30. 股本

		2007 二零零七年		2006 二零零六年	
		Number of shares 股份數目 (‘000) (千股)	HK\$’000 千港元	Number of shares 股份數目 (‘000) (千股)	HK\$’000 千港元
		Notes 附註			
Authorised:	法定股本:				
Ordinary shares of HK\$0.01 each	每股面值0.01港元 之普通股	100,000,000	1,000,000	100,000,000	1,000,000
Issued and fully paid:	已發行及繳足股本:				
At 1 April 2006/2005	於二零零五年/ 二零零六年四月一日	3,632,552	36,326	2,752,452	27,525
Placing and Subscription	配售及認購	(a) –	–	256,750	2,568
Acquisition of a subsidiary	收購附屬公司	(b) –	–	600,000	6,000
Exercise of share options	行使購股權	(c) 72,900	729	18,500	185
Exercise of warrants	行使認股權證	(d) 169,450	1,694	4,850	48
At 31 March	於三月三十一日	3,874,902	38,749	3,632,552	36,326

Notes:

- (a) Pursuant to a board resolution passed on 15 March 2006, Multichannel Investments Limited (“MIL”), a shareholder of the Company, sold 256,750,000 existing shares of the Company to a placing agent at the placing price of HK\$0.59 per share (“Placing”). At the same time, MIL subscribed for 256,750,000 shares of the Company at subscription price of HK\$0.59 per share (“Subscription”). As a result of the Placing and Subscription, 256,750,000 new shares of the Company were issued at HK\$0.59 per share, resulting in additional share capital of HK\$2,568,000 and share premium of HK\$148,915,000. The related share issue expenses of HK\$9,779,000 were dealt with in the share premium account.
- (b) As mentioned in note 34, the Company issued new shares of 600,000,000 as part of the consideration of acquiring 100% issued share capital of Eaglefly Technology Limited (“Eaglefly”). As at the date of acquisition on 19 January 2006, the market price of the shares of the Company was HK\$0.223, resulting in additional share capital of HK\$6,000,000 and share premium of HK\$127,800,000.
- (c) During the year, subscription rights attached to 49,800,000 (2006: 18,500,000) and 23,100,000 (2006: Nil) share options of the Company issued (note 31) were exercised at the subscription price of HK\$0.166 and HK\$0.088 per share respectively, giving rise to the issue of 72,900,000 (2006: 18,500,000) shares of HK\$0.01 each for a total consideration of HK\$10,300,000 (2006: HK\$3,071,000). Accordingly, additional share capital of HK\$729,000 (2006: HK\$185,000) and share premium of HK\$9,571,000 (2006: HK\$2,886,000), before netting-off issue expenses and not including the amount transferred from share option reserve, is resulted.

附註:

- (a) 根據於二零零六年三月十五日批准之董事會決議案，本公司之股東 Multichannel Investments Limited (“MIL”) 以每股0.59港元之配售價，將本公司256,750,000股現有股份出售予配售代理（「配售」）。同時，MIL以每股0.59港元之認購價認購本公司256,750,000股股份（「認購」）。該配售與認購導致本公司以每股0.59港元發行256,750,000股新股，以致股本額外增加2,568,000港元，以及股份溢價額外增加148,915,000港元。有關股份發行開支為9,779,000港元，已於股份溢價賬中處理。
- (b) 誠如附註34所述，本公司發行600,000,000股新股，以作為收購Eaglefly Technology Limited（「Eaglefly」）100%已發行股本之部分代價。於收購日二零零六年一月十九日，本公司股份市價為0.223港元，以致股本增加6,000,000港元，以及股份溢價額外增加127,800,000港元。
- (c) 於年內，本公司已發行之49,800,000份（二零零六年：18,500,000份）及23,100,000份（二零零六年：無）購股權（附註31）附隨之認購權獲行使，認購價分別為每股0.166港元及每股0.088港元，以致須發行72,900,000股（二零零六年：18,500,000股）每股面值0.01港元之股份，總代價為10,300,000港元（二零零六年：3,071,000港元）。因此，導致股本增加729,000港元（二零零六年：185,000港元），並於扣除發行開支前及不包括轉撥自購股權儲備款項之情況下，錄得股份溢價9,571,000港元（二零零六年：2,886,000港元）。

Notes to the Financial Statements (Continued)

財務報表附註 (續)

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

30. SHARE CAPITAL (Continued)

(d) On 6 June 2005, an ordinary resolution was duly passed by the shareholders of the Company with respect to the issue of 550,000,000 warrants of the Company at an issue price of HK\$0.046 per warrant for total cash consideration of HK\$25,300,000 (before issue expenses of HK\$1,319,000). Each warrant entitles the holder to subscribe for one ordinary share of the Company of HK\$0.01 each at an initial subscription price of HK\$0.116 per share at any time during the period from 4 July 2005, the date of issue, to 3 July 2007.

During the year, an aggregate of 169,450,000 (2006: 4,850,000) new shares of the Company of HK\$0.01 each were issued for cash at a subscription price of HK\$0.116 each pursuant to the exercise of 169,450,000 (2006: 4,850,000) warrants for a total cash consideration of HK\$19,656,000 (2006: HK\$563,000). Accordingly, additional share capital of HK\$1,694,500 (2006: HK\$48,000) and share premium of HK\$17,962,000 (2006: HK\$515,000), not including the amount transferred from warrant reserve, is resulted.

At the balance sheet date, the Company had 375,700,000 (2006: 545,150,000) warrants outstanding. The exercise in full of such warrants would, under the present capital structure of the Company, will result in the issue of 375,700,000 (2006: 545,150,000) additional ordinary shares of the Company, including additional share capital of HK\$3,757,000 (2006: HK\$5,452,000) and share premium of HK\$39,824,000 (2006: HK\$57,785,000) (before expenses).

31. SHARE-BASED COMPENSATION

Company

On 29 July 2002, the Company adopted a share option scheme (the "2002 Scheme"). Under the 2002 Scheme, the directors are authorised, at their discretion, to offer eligible participants, being employees (whether full time or part time), business consultants, agents, financial or legal advisors whom the directors consider, in sole discretion, have contributed to the Group, options to subscribe for new shares of the Company. The directors are authorised to determine exercise price, such price will not be less than the highest of (a) the closing price of the shares as stated in the Stock Exchange's daily quotations on the date of offer, which must be a business day; (b) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotations for the five business days immediately preceding the date of offer; and (c) the nominal value of an ordinary share.

There is no general requirement that an option must be held for any minimum period before it can be exercised but the directors are empowered to impose at their discretion any requirements at the time of granting any particular option. Upon acceptance of the option, the grantee is required to pay a consideration of HK\$1.00 for each lot of share options granted on or before the 30 days after the option is offered.

30. 股本 (續)

(d) 於二零零五年六月六日，一項普通決議案獲本公司股東批准，該決議案乃有關以發行價每份認股權證0.046港元發行550,000,000份本公司認股權證，總現金代價為25,300,000港元（扣除發行開支1,319,000港元前）。每股認股權證授權持有人於二零零五年七月四日發行日至二零零七年七月三日期間，可以每股0.116港元之初步認購價，認購一股本公司每股面值0.01港元之普通股。

於年內，根據行使本公司共169,450,000份（二零零六年：4,850,000份）認股權證，已按認購價每股0.116港元合共發行169,450,000股（二零零六年：4,850,000股）每股面值0.01港元新股以換取現金，總現金代價為19,656,000港元（二零零六年：563,000港元）。因此，導致股本增加1,694,500港元（二零零六年：48,000港元），並於不包括轉撥自認股權證儲備款項之情況下，錄得股份溢價17,962,000港元（二零零六年：515,000港元）。

於結算日，本公司尚有375,700,000份（二零零六年：545,150,000份）未行使認股權證。倘該等認股權證獲悉數行使，按本公司現有資本架構，將導致本公司發行375,700,000股（二零零六年：545,150,000股）額外普通股，包括增加股本3,757,000港元（二零零六年：5,452,000港元）及股份溢價39,824,000港元（二零零六年：57,785,000港元）（扣除開支前）。

31. 購股權計劃

本公司

於二零零二年七月二十九日，本公司採納一項購股權計劃（「二零零二年計劃」）。根據二零零二年計劃，董事獲授權可全權向彼等認為對本集團有貢獻之全職或兼職僱員、業務顧問、代理、財務或法律顧問等合資格人士授出購股權以認購本公司新股。董事獲授權可釐定行使價，惟該價格不得低於：(a) 股份於授出購股權日期（必須為營業日）在聯交所每日報價表所列之收市價；(b) 緊接授出購股權日期之前五個營業日股份在聯交所每日報價表所列之平均收市價；及(c) 普通股面值（以最高者為準）。

並無購股權承授人須持有購股權一段限期方可行使之一般規定，惟董事可酌情於授出任何購股權時施加任何規定。於接納購股權時，承授人須於授出購股權日期起計30日內就每次獲授之購股權支付代價1.00港元。

Notes to the Financial Statements (Continued)

財務報表附註 (續)

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

31. SHARE-BASED COMPENSATION (Continued)

Company (Continued)

The period within which the shares must be taken up under an option will be determined by the directors at their discretion but will not be later than 10 years after the date of adoption of the 2002 Scheme.

The total number of shares issued and which may fall to be issued upon exercise of the options granted under the 2002 Scheme and any other share option schemes of the Company (including exercised and outstanding options) to each of the eligible participants in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue as at the date of grant.

The maximum number of shares which may be issued upon exercise of all options to be granted under the 2002 Scheme and any other share option schemes of the Company must not exceed 10% of the issued share capital of the Company on the date of approval and adoption of the 2002 Scheme provided that the Company may at any time seek approval from its shareholders to refresh the limit to 10% of the shares in issue as at the date of approval by the shareholders in general meeting where such limit is refreshed.

The movement of the share options granted by the Company under the 2002 Scheme are as follows:

31. 購股權計劃 (續)

本公司 (續)

承授人根據購股權後須承購股份之期限，將由董事酌情釐定，惟不得遲於採納二零零二年計劃當日起計十年。

根據二零零二年計劃及本公司任何其他購股權計劃授予個別合資格參與者之購股權（包括已行使及未行使之購股權）獲行使而已經及須予以發行之股份總數，於截至授出日期止任何十二個月期間內，不得多於授出日期已發行股份之1%。

因行使根據二零零二年計劃或任何本公司其他購股權計劃授出之購股權而發行之股份數目，最高不得超過本公司於批准及採納二零零二年計劃當日之已發行股本之10%，惟本公司可於任何時候尋求其股東批准更新限額，至股東批准更新該限額之股東大會當日已發行股份之10%。

根據二零零二年計劃本公司授出之購股權變動如下：

		2007 二零零七年		2006 二零零六年	
		Weighted average exercise price	Weighted average exercise price		
Number		加權平均 行使價 HK\$ 港元	Number	加權平均 行使價 HK\$ 港元	
數目			數目		
Outstanding at 1 April	於四月一日尚未行使	358,217,006	0.1471	101,517,006	0.0994
Granted (note (a))	授出 (附註(a))	-	-	275,200,000	0.1660
Exercised (note (b))	行使 (附註(b))	(72,900,000)	0.1413	(18,500,000)	0.1660
Outstanding at 31 March	於三月三十一日尚未行使	285,317,006	0.1486	358,217,006	0.1471

Notes to the Financial Statements (Continued)

財務報表附註 (續)

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

31. SHARE-BASED COMPENSATION (Continued)

Company (Continued)

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

Exercisable 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
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
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
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

At 31 March 於三月三十一日

Notes:

- (a) Share options were vested once granted.
- (b) In respect of the share options exercised in the current financial year, the weighted average share price of the Company at the dates of exercise was HK\$0.745 per share. The share options exercised during the year resulted in the issue of 72,900,000 (2006: 18,500,000) ordinary shares of the Company (note 30(c)).

At the balance sheet date, the Company had 285,317,006 (2006: 358,217,000) share options outstanding under the 2002 Scheme. The exercise in full of the remaining share options would, under the present capital structure of the Company, will result in the issue of 285,317,006 (2006: 358,217,000) additional ordinary shares of the Company including additional share capital of HK\$2,853,000 (2006: HK\$3,582,000) and share premium of HK\$39,553,000 (2006: HK\$49,124,000).

Subsequent to the balance sheet date and up to the date of these financial statements, no share option has been granted.

31. 購股權計劃 (續)

本公司 (續)

購股權之行使價及行使期如下:

2007 二零零七年		2006 二零零六年	
Number 數目	Exercise price per share 每股行使價 HK\$ 港元	Number 數目	Exercise price per share 每股行使價 HK\$ 港元
16,117,006	0.1600	16,117,006	0.1600
62,300,000	0.0880	85,400,000	0.0880
80,600,000	0.1660	85,200,000	0.1660
126,300,000	0.1660	171,500,000	0.1660
285,317,006		358,217,006	

附註:

- (a) 購股權已於授出日歸屬。
- (b) 就於本年財政年度已行使之購股權，於行使日本公司之加權平均股價為每股0.745港元。於年內已行使之購股權導致本公司發行72,900,000股(二零零六年: 18,500,000股)普通股(附註30(c))。

於結算日，根據二零零二年計劃，本公司尚有285,317,006份(二零零六年: 358,217,000份)未行使購股權。倘該等餘下購股權獲悉數行使，按本公司現有資本架構，將導致發行本公司285,317,006股(二零零六年: 358,217,000股)額外之普通股發行，包括額外股本2,853,000港元(二零零六年: 3,582,000港元)及股份溢價39,553,000港元(二零零六年: 49,124,000港元)。

於結算日後至該等財務報表日期止期間，概無購股權授出。

Notes to the Financial Statements (Continued) 財務報表附註 (續)

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

31. SHARE-BASED COMPENSATION (Continued)

Subsidiary

On 31 December 2005, Terra Solar Global, Inc. ("TSG"), a subsidiary of the Group, implemented a share option scheme (the "2005 Scheme"). Under the 2005 Scheme, TSG's directors (the "TSG directors") are authorised to offer share options of TSG to eligible participants, being directors, officers and other employee of TSG as well as consultants of TSG and its subsidiaries, with a vesting period from one to three years.

The TSG directors are authorised to determine exercise price per share. Such price shall not be less than (i) 110% of the fair market value per share on the date of grant if the options are granted to employee as defined under 2005 Scheme and at the time of grant of the options, the employee owns more than 10% of the voting power of all classes of shares of TSG or any parent or subsidiary; or (ii) the fair market value per share on the date of grant for cases other than that described in (i).

The period within which the shares must be taken up under an option will be determined by the TSG directors, but not more than 5 or 10 years from the date of grant, depending on the situations as described in the 2005 Scheme.

The options granted under the 2005 Scheme shall be exercisable upon its having vested in accordance with the vesting schedule and upon and after the registration date.

The aggregate number of shares which may be issued pursuant to the 2005 Scheme is 1,500. If any option granted under the 2005 Scheme shall expire or terminate for any reason without having been exercised in full or shall cease for any reason to be exercisable in whole or in part, or if TSG shall reacquire any option, the unpurchased shares subject to such options shall again be available for grants of options under the 2005 Scheme. The maximum aggregate number of shares of TSG that may be granted in the form of share options in any one fiscal year to an eligible participant shall be 1,000 shares.

31. 購股權計劃 (續)

附屬公司

二零零五年十二月三十一日，本集團之附屬公司 Terra Solar Global, Inc. (「TSG」) 實施一項購股權計劃 (「二零零五年計劃」)。根據二零零五年計劃，TSG之董事 (「TSG董事」) 獲授權授出TSG之購股權予合資格參加者，即TSG之董事、高級職員及其他僱員，以及TSG及其附屬公司之顧問，歸屬期介乎一至三年。

TSG董事獲授權釐定每股份之行使價，惟(i)倘購股權乃授予根據二零零五年計劃定義之僱員，而有關僱員在獲授購股權時擁有超過TSG或其母公司或附屬公司所有類別股份之投票權10%，有關價格不能低於於授出日每股之公允市值之110%；或(ii)倘為(i)所述情況以外者，有關價格不能低於授出日每股之公允市值。

認股權涉及之股份必須接納之期限由TSG董事會釐定，惟視乎於二零零五年計劃所述之情況，不得多於5年或10年。

根據歸屬時間表，以及於註冊日及其後，按二零零五年計劃授出之購股權在其獲歸屬後可行使。

根據二零零五年計劃可能發行之股份總數為1,500股。倘按二零零五年計劃授出之任何購股權期滿失效，或因任何原因終止而未獲悉數行使，或因任何原因而令全部或部分變成不能行使，或倘TSG再購回任何購股權，有關購股權未被購入之股份將可按二零零五年計劃再作授出購股權之用。於任何一個財政年度可以購股權形式授予合資格參加者之TSG之股份總數最高為1,000股。

Notes to the Financial Statements (Continued)

財務報表附註 (續)

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

31. SHARE-BASED COMPENSATION (Continued)

Subsidiary (Continued)

The movement of the share options granted under the 2005 Scheme are as follows:

		2007 二零零七年	Weighted average exercise price 加權平均 行使價 HK\$ 港元	2006 二零零六年	Weighted average exercise price 加權平均 行使價 HK\$ 港元
Outstanding at 1 April	於四月一日尚未行使	1,226	6,154	-	-
Granted	授出	-	-	1,226	6,154
Cancelled	註銷	(161)	6,154	-	-
Lapsed	失效	(7)	6,154	-	-
Outstanding at 31 March	於三月三十一日尚未行使	1,058	6,154	1,226	6,154

As at 31 March 2007, 377 (2006: 520) share options were vested and exercisable. The outstanding share options as at 31 March 2007 are exercisable from the date of vesting to 31 December 2015.

The share options granted under the 2005 Scheme during the year have been accounted for under HKFRS 2 and as a result, HK\$467,000 (2006: HK\$137,000) has been recognised as staff costs in the income statement for the year ended 31 March 2007.

The fair values of share options granted during the year ended 31 March 2006 were determined by an independent valuer using the Black-Scholes Option Pricing Model (the "Black-Scholes Model"). Details of the inputs to the Black-Scholes Model are as follows:

Expected volatility (%)	3.46%
Expected life of options (years)	10 years
Risk-free interest rate (%)	4.53%
Dividend yield (%)	0.0%

Risk free interest rate represents the yields to maturity of respective US Federal 10 year Treasury Note.

At the balance sheet date, TSG had 1,058 (2006: 1,226) share options outstanding under the 2005 Scheme which represented 10.6% (2006: 12.3%) of the issued share capital of TSG on the same date.

Subsequent to the balance sheet date and up to the date of these financial statements, no share option had been granted.

31. 購股權計劃 (續)

附屬公司 (續)

根據二零零五年計劃授出之購股權之變動如下:

		2007 二零零七年	Weighted average exercise price 加權平均 行使價 HK\$ 港元	2006 二零零六年	Weighted average exercise price 加權平均 行使價 HK\$ 港元
Outstanding at 1 April	於四月一日尚未行使	1,226	6,154	-	-
Granted	授出	-	-	1,226	6,154
Cancelled	註銷	(161)	6,154	-	-
Lapsed	失效	(7)	6,154	-	-
Outstanding at 31 March	於三月三十一日尚未行使	1,058	6,154	1,226	6,154

於二零零七年三月三十一日，377份（二零零六年：520份）購股權已歸屬及可予行使。於二零零七年三月三十一日尚未行使之購股權於歸屬日期起至二零一五年十二月三十一日止期間可予行使。

根據二零零五年計劃於年內授出之購股權乃根據香港財務報告準則第2號入賬，因此467,000港元（二零零六年：137,000港元）已於截至二零零七年三月三十一日止年度收益表確認為員工成本。

於截至二零零六年三月三十一日止年度已授出之購股權公平值由獨立估值師以柏力克－舒爾斯期權定價模式（「柏力克－舒爾斯模式」）釐定。輸入柏力克－舒爾斯模式之詳情如下：

預期波幅(%)	3.46%
購股權預期年期(年)	10年
無風險利率(%)	4.53%
股息率(%)	0.0%

無風險利率指有關美國聯邦10年國庫債券之持至到期日收益率。

於結算日，根據二零零五年計劃，TSG有1,058份（二零零六年：1,226份）購股權尚未行使，相當於TSG於同日已發行股本之10.6%（二零零六年：12.3%）。

結算日後及直至此等財務報表日期，並無授出任何購股權。

Notes to the Financial Statements (Continued)

財務報表附註 (續)

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

32. RESERVES Company

32. 儲備 本公司

		Share premium 股份溢價 HK\$'000 千港元	Share reserve 購股權 儲備 HK\$'000 千港元 (note (a)) (附註(a))	Contributed surplus 繳納盈餘 HK\$'000 千港元 (note (b)) (附註(b))	Warrant reserve 認股權 證儲備 HK\$'000 千港元 (note (c)) (附註(c))	Accumulated losses 累計虧損 HK\$'000 千港元	Total 總計 HK\$'000 千港元
At 1 April 2005	於二零零五年四月一日	463,659	-	611,786	-	(1,009,135)	66,310
Loss for the year	年內虧損	-	-	-	-	(35,701)	(35,701)
Share based compensation (note 31)	以股份支付補償 (附註31)	-	24,049	-	-	-	24,049
Shares issued on Placing and Subscription (note 30(a))	因配售及認購而發行 股份 (附註30(a))	148,915	-	-	-	-	148,915
Share issue expenses (note 30(a))	股份發行開支 (附註30(a))	(9,779)	-	-	-	-	(9,779)
Shares issued on acquisition of a subsidiary (note 30(b))	因收購一間附屬公司而 發行股份 (附註30(b))	127,800	-	-	-	-	127,800
Exercise of share options (note 30(c))	行使購股權 (附註30(c))	4,503	(1,617)	-	-	-	2,886
Issue of warrants (note 30(d))	發行認股權證 (附註30(d))	-	-	-	23,981	-	23,981
Exercise of warrants (note 30(d))	行使認股權證 (附註30(d))	726	-	-	(211)	-	515
At 31 March 2006 and 1 April 2006	於二零零六年三月三十一日 至二零零六年四月一日	735,824	22,432	611,786	23,770	(1,044,836)	348,976
Loss for the year	年內虧損	-	-	-	-	(11,272)	(11,272)
Exercise of share options (note 30(c))	行使購股權 (附註30(c))	13,906	(4,352)	-	-	-	9,554
Exercise of warrants (note 30(d))	行使認股權證 (附註30(d))	25,350	-	-	(7,388)	-	17,962
At 31 March 2007	於二零零七年三月三十一日	775,080	18,080	611,786	16,382	(1,056,108)	365,220

Notes to the Financial Statements (Continued)

財務報表附註 (續)

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

32. RESERVES (Continued)

Company (Continued)

Notes:

- (a) The share option reserve arises from the share based compensation regarding the share options granted by the Company and a subsidiary as referred to in note 31.
- (b) Under the Companies Act of Bermuda, the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of the contributed surplus, if:
 - (i) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or
 - (ii) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities, issued share capital and share premium account.
- (c) Warrant reserve represents the net proceeds received from the issue of warrants of the Company. The reserve will be transferred to share capital and share premium accounts upon the exercise of the warrants.

In the opinion of the directors, as at 31 March 2007, the Company had no reserves available for distribution to its equity holders (2006: Nil).

33. MAJOR NON-CASH TRANSACTION

During the year ended 31 March 2006, part of the purchase consideration of acquisition of Eaglefly as mentioned in note 34 was settled by 600,000,000 ordinary shares of the Company at the price of HK\$0.223 per share, which amounted to HK\$133,800,000.

34. ACQUISITION OF SUBSIDIARIES

On 19 January 2006, the Group acquired 100% of the issued share capital of Eaglefly together with the shareholder's loan (the "Acquisition") from MIL. Eaglefly is incorporated in the British Virgin Islands and is an investment holding company. Eaglefly has 51% equity interests in Terra Solar Global, Inc. which has 100% equity interests in Terra Solar North America, Inc. (collectively, the "TS Group"). As at the date of Acquisition, TS Group was principally engaged in development, manufacturing, marketing and sales of solar cells, modules and panels for generating solar electric power and related training and consulting services.

32. 儲備 (續)

本公司 (續)

附註:

- (a) 購股權儲備乃由有關本公司及一間附屬公司授出購股權(詳情見附註31之以股份支付補償產生)。
- (b) 根據百慕達公司法,本公司之繳納盈餘賬乃可供分派。然而,如在下列情況下,本公司則不能自繳納盈餘中宣派或支付股息,或作出分派:
 - (i) 本公司當時或於有關派發後無法償還到期之債務;或
 - (ii) 本公司資產之可變現價值將因此而低於本公司負債、已發行股本與股份溢價賬之總和。
- (c) 認股權證即因本公司發行認股權證收取之所得款項淨額,該儲備於認股權證行使時將轉移至股本及股份溢價賬。

董事認為,本公司於二零零七年三月三十一日並無可供分派予權益持有人之儲備(二零零六年:無)。

33. 主要非現金交易

於截至二零零六年三月三十一日止年度,附註34所載收購Eaglefly之部分購買代價,以每股價格0.223港元之600,000,000股本公司普通股清償,總額為133,800,000港元。

34. 收購附屬公司

於二零零六年一月十九日,本集團向MIL收購Eaglefly 100%已發行股本連同股東貸款(「收購」)。Eaglefly於英屬處女群島註冊成立為投資控股公司。Eaglefly持有Terra Solar Global, Inc. 51%股本權益,而Terra Solar Global Inc.則持有Terra Solar North America, Inc. (統稱「TS集團」) 100%權益。於收購日,TS集團主要從事太陽能發電之太陽能電池、組件、控電板等之開發、生產、營銷及銷售,以及有關培訓及顧問服務。

Notes to the Financial Statements (Continued)

財務報表附註 (續)

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

34. ACQUISITION OF SUBSIDIARIES (Continued)

The purchase consideration is HK\$158,174,000 which was satisfied as to HK\$24,374,000 (equivalent to US\$3,145,000) by way of cash and HK\$133,800,000 by issuing 600,000,000 ordinary shares of the Company at price of HK\$0.223 per share which represented the market price of the Company's share at the date of Acquisition. After taking into account the professional fees incidental to the Acquisition of HK\$3,224,000, the total acquisition cost amounts to HK\$161,398,000.

The fair values of the identifiable assets and liabilities of Eaglefly and TS Group as at the date of Acquisition and the corresponding carrying amounts immediately before the Acquisition are as follows:

34. 收購附屬公司 (續)

收購代價為158,174,000港元，其中24,374,000港元（相等於3,145,000美元）以現金支付，其餘133,800,000港元則透過以每股0.223港元（即本公司股份於收購日之市價）發行600,000,000股普通股支付。在計入收購相關之專業費用3,224,000港元後，總收購成本為161,398,000港元。

Eaglefly及TS集團之可辨認資產及負債於收購日之公允價值，以及緊接收購前之相關賬面值如下：

		Carrying amount 賬面值 HK\$'000 千港元	Adjustments 調整 HK\$'000 千港元	Fair value 公允價值 HK\$'000 千港元
Goodwill	商譽	70,488	(70,488)	-
Property, plant and equipment	物業、廠房及設備	10,484		10,484
Inventories	存貨	519		519
Unbilled revenue for long-term service contracts	長期服務合約未開單收入	4,844		4,844
Trade and other receivables	應收賬款及其他應收款項	23,802		23,802
Cash and cash equivalents	現金及現金等價物	573		573
Trade and other payables	應付賬款及其他應付款項	(1,620)		(1,620)
Borrowings	借貸	(4,611)		(4,611)
Minority interests	少數股東權益	(51,194)	34,538	(16,656)
Net assets acquired	購入資產淨值	53,285		17,335
Shareholder's loan acquired	購入股東貸款			3,488
Goodwill arising on Acquisition (note 17)	收購產生之商譽 (附註17)			140,575
Total acquisition cost	總收購成本			<u>161,398</u>
The total acquisition cost is satisfied by:	總收購成本以下列各項支付：			
Cash	現金			27,598
Shares issued	已發行股份			133,800
				<u>161,398</u>
An analysis of the net cash outflow arising on the Acquisition is as follows:	收購產生之現金流出淨額分析如下：			
Cash consideration paid	已付現金代價			27,598
Bank balances and cash acquired	購入銀行結餘及現金			(573)
Net outflow of cash and cash equivalents in respect of the Acquisition	有關收購之現金及現金等價物流出淨額			<u>27,025</u>

Notes to the Financial Statements (Continued)

財務報表附註 (續)

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

34. ACQUISITION OF SUBSIDIARIES (Continued)

Notes:

Since the Acquisition, Eaglefly and TS Group has contributed revenue of HK\$7,725,000 and net loss of HK\$3,742,000 to the Group's revenue and loss for the year ended 31 March 2006.

Had the Acquisition been completed on 1 April 2005, the revenue and the loss for the year of the Group would have been HK\$12,670,000 and HK\$110,801,000 respectively. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the Acquisition been completed on 1 April 2005, nor it is intended to be a projection of future results.

35. OPERATING LEASE COMMITMENTS

At 31 March 2007, the total future minimum lease payments in respect of office premises under non-cancellable operating leases were payable by the Group as follows:

Within one year	一年內
In the second to fifth years	兩至五年
After five years	逾五年

The Group leases land and buildings under operating leases. The lease run for an initial period of one to ten years (2006: ten years), with an option to renew the lease and renegotiate the terms at the expiry date. The lease does not include any contingent rentals.

Company

The Company does not have any significant operating lease commitments.

34. 收購附屬公司 (續)

附註:

自收購後，Eaglefly及TS集團於截至二零零六年三月三十一日止年度分別為本集團帶來7,725,000港元收入及3,742,000港元虧損淨額。

倘收購已於二零零五年四月一日完成，本集團之收入及年內虧損應分別為12,670,000港元及110,801,000港元。備考資料僅供說明用途，並非必然顯示於二零零五年四月一日完成收購而將可達致之本集團收入及營運業績，亦無意用作預測未來業績。

35. 經營租賃承擔

於二零零七年三月三十一日，根據不可解除之經營租賃，本集團就日後應繳付辦公室物業經營租賃之最低租賃款項總額如下：

Group 本集團	
2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
4,729	2,247
13,339	11,831
11,027	18,116
29,095	32,194

本集團按經營租約租賃土地及樓宇。租賃初步期限為十年（二零零六年：十年），可於到期日選擇續租並協商條款。租賃並無包括任何或有租金。

本公司

本公司並無任何重大經營租賃承擔。

Notes to the Financial Statements (Continued) 財務報表附註 (續)

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

36. CAPITAL COMMITMENTS

Group

As at 31 March 2007, the Group had the following capital commitments:

- (i) During the year ended 31 March 2006, the Group had 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 equipment 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. During the year ended 31 March 2007, costs of HK\$27,789,000 (2006: HK\$5,619,000) in relation to the contract have been incurred by the Group and the amount of outstanding commitment arising from the contract was HK\$12,706,000 (2006: HK\$40,495,000).
- (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. During the year ended 31 March 2007, the Group has already made capital contributions of HK\$7,750,000.

Group and Company

The Company has entered into two contracts with a company for the purchase of certain manufacturing equipment. The total amount of the purchase contracts is approximately HK\$50,700,000 (US\$6,500,000). As at 31 March 2007, costs of HK\$37,596,000 (US\$4,820,000) in relation to the contracts have been incurred by the Company and the amount of commitment arising from the contract was HK\$13,104,000 (US\$1,680,000).

37. CONTINGENT LIABILITIES AND LITIGATIONS

Group

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.

36. 資本承諾

本集團

於二零零七年三月三十一日，本集團之資本承諾如下：

- (i) 於截至二零零六年三月三十一日止年度，本集團與本公司董事擁有股本權益之一間公司訂立合約，以購入及安裝若干已用於／將用於一長期服務合約之生產設備。購買合約價值約為43,014,000港元，而將按勞工及物料基準收取之合約相關其他開支為3,100,000港元。於截至二零零七年三月三十一日止年度，本集團已就合約產生成本27,789,000港元（二零零六年：5,619,000港元），而合約所產生未付承擔金額為12,706,000港元（二零零六年：40,495,000港元）。
- (ii) 根據兩份由一間附屬公司於二零零五年一月十日簽署之合資企業協議，本集團須分別作出約15,500,000港元（2,000,000美元）及988,000港元（127,500美元）之注資。於截至二零零七年三月三十一日止年度，本集團已注資7,750,000港元。

本集團及本公司

本公司與一家公司訂立兩份合約，以採購若干生產設備。採購合約之總金額約為50,700,000港元（6,500,000美元）。於二零零七年三月三十一日，本公司就該等合約產生成本37,596,000港元（4,820,000美元），而合約產生之承諾金額為13,104,000港元（1,680,000美元）。

37. 或有負債及訴訟

本集團

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款項作為按金，惟本公司並未向其償還該款項。董事在考慮有關事宜後，認為由於黃創山先生於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財務報表中作出撥備。

Notes to the Financial Statements (Continued)

財務報表附註 (續)

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

37. CONTINGENT LIABILITIES AND LITIGATIONS

(Continued)

Company

The Company has issued corporate guarantee to certain securities brokers for securing the credit facilities granted by the brokers to one of its subsidiaries on securities accounts. As at 31 March 2007, HK\$700,000 of the credit facilities was utilised by the subsidiary.

38. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these financial statements, the Group had the following transactions with related parties:

Interest expense on loan from a related party, unsecured	關連公司給予貸款之利息開支·無抵押	(a)	41	170
Operating lease charges in respect of properties	物業之經營租賃費用	(b)	200	–
Purchase of manufacturing equipment	購入生產設備	36(i)	27,789	5,619
Research and development expenses	研發開支	(c)	726	969
Secondment service income	借調服務收入	(d)	2,579	2,628

Notes:

- (a) As at 31 March 2007, short-term loan of HK\$252,000 (2006: HK\$1,030,000) was advanced to the Group by a related party in which a key management personnel of the Group has equity interest. Interest expenses paid/payable to the related party for the year amounted to HK\$41,000 (2006: HK\$170,000).
- (b) Operating lease charges in respect of properties of HK\$200,000 (2006: Nil) was paid to a related company in which a key management personnel of the Group has equity interest.
- (c) The Group has entered into research and development agreement with a related company in which a director of the Company has the equity interest. Research and development expenses incurred by the Group during the year in respect of the agreement was HK\$726,000 (2006: HK\$969,000).
- (d) Secondment service income of HK\$2,579,000 (2006: HK\$2,628,000) were derived from secondment of staff to a related company in which a key management personnel of the Group has equity interest.

37. 或有負債及訴訟 (續)

本公司

本公司已發行公司擔保予若干證券經紀商·以作為經紀商授出信貸融通予其中一間附屬公司之證券戶口之抵押。於二零零七年三月三十一日·附屬公司動用之信貸融通為700,000港元。

38. 重大關連人士交易

除本財務報表其他部分所披露者外·本集團與關連人士曾進行以下交易:

Notes 附註	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
(a)	41	170
(b)	200	–
36(i)	27,789	5,619
(c)	726	969
(d)	2,579	2,628

附註:

- (a) 於二零零七年三月三十一日·一名關連方向本集團墊付短期貸款252,000港元(二零零六年:1,030,000港元)·而本公司一名主要管理人員擁有該關連方之股權。本集團年內已付/應付予關連方之利息開支為41,000港元(二零零六年170,000港元)。
- (b) 200,000港元(二零零六年:無)之物業經營租賃費用已付予一家關連公司·本集團其中一名高層管理人員擁有該公司之股本權益。
- (c) 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。本集團年內就該協議產生之研發費用為726,000港元(二零零六年:969,000港元)。
- (d) 2,579,000港元(二零零六年:2,628,000港元)之借調服務收入乃來自向一間關連公司提供借調員工服務·而本集團一名主要管理人員持有該關連公司之股權。

Notes to the Financial Statements (Continued) 財務報表附註 (續)

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

39. FINANCIAL RISK MANAGEMENT

The Group does not have written risk management policies and guidelines. However, the board of directors meets periodically to analyse and formulate measures to manage the Group's exposure to market risk, including principally changes in interest rates. Generally, the Group employs a conservative strategy regarding its risk management. As the directors of the Company consider that the Group's exposure to market risk is kept at a minimum level, the Group has not used any derivatives or other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes.

The financial assets of the Group comprise primarily securities in listed and unlisted companies, trade and other receivables, cash and cash equivalents. The financial liabilities of the Group comprise trade and other payables and borrowings.

39.1 Interest rate risk

The Group has no significant interest-bearing assets apart from cash and cash equivalents. The Group's interest rate risk arising from borrowings are disclosed in note 29.

39.2 Foreign currency risk

The Group's exposure to risk resulting from changes in foreign currency exchange rates is minimal.

39.3 Credit risk

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the consolidated balance sheet. Credit risk, therefore, is only disclosed in circumstances where the maximum potential loss differs significantly from the financial asset's carrying amount.

The Group's trade and other receivables are actively monitored to avoid significant concentrations of credit risk.

39.4 Liquidity risk

The Group applies prudent liquidity risk management by maintaining sufficient amount of cash and keeping committed credit line available from high quality lenders.

39. 金融風險管理

本集團並無書面之風險管理政策及指引。然而，董事會會定期開會分析及制訂措施以管理本集團面對之市場風險，主要包括利率之變更。一般來說，本集團其風險管理採取審慎策略。由於本公司董事認為本集團面對之市場風險一直保持最低水平，故本集團毋須就對沖用途使用任何衍生工具或其他工具。本集團並無持有或發行衍生金融工具以作交易用途。

本集團之金融資產主要包括上市及非上市公司證券、應收賬款及其他款項、現金及現金等價物。本集團金融負債包括應付賬款、其他應付款項及借貸。

39.1 利率風險

除現金及現金等價物外，本集團並無重大計息資產。本集團之利率風險來自附註29所披露借貸。

39.2 外幣風險

本集團因外幣匯率變動而需面對之風險極低。

39.3 信貸風險

一般來說，金融資產面臨最大之信貸風險，乃綜合資產負債表所呈列金融資產賬面值。因此，僅當最大潛在金融虧損與有關金融資產之賬面值顯著不同時，才披露信貸風險。

本集團積極監察應收賬款及其他應收款項，以避免信貸風險重大集中。

39.4 流動資金風險

本集團採取審慎的流動資金風險管理，維持充足的現金額，並維持由優質放款人提供可予動用之信貸安排。

Notes to the Financial Statements (Continued)

財務報表附註 (續)

(For the year ended 31 March 2007) (截至二零零七年三月三十一日止年度)

39. FINANCIAL RISK MANAGEMENT (Continued)

39.5 Price risk

The Group is exposed to equity security price risk because of its investments in securities held for trading. They are stated at fair value at each balance sheet date. The management monitors and manages this risk exposure by maintaining a portfolio of investments with different risk profiles.

39.6 Fair Value

The directors consider that the fair value of financial assets and financial liabilities reported in the consolidated balance sheet approximate their carrying amounts.

40. POST BALANCE SHEET EVENT

- (a) On 21 May 2007, a co-operation agreement in relation to the formation of an associate was signed between Jiangxi Ganneng Co., Ltd (the "JV Partner") and China Solar Energy Development Limited ("CSED"), a wholly-owned subsidiary of the Group. The associate to be formed will be named as Jiangxi Ganneng China-sola New Energy Co., Ltd (the "Joint Venture Company") and the term of the associate would be 10 years. The Joint Venture Company will be owned as to 25% by CSED and 75% by the JV Partner upon establishment. The total investment of the Joint Venture Company would be RMB1,200 million (equivalent to approximately HK\$1,218 million), which comprises registered capital of RMB400 million and borrowings of RMB800 million. The first capital contribution amounts to RMB50 million (equivalent to approximately HK\$50.75 million) of which CSED is required to contribute an amount of RMB12.5 million (equivalent to approximately HK\$12.69 million), which will be paid out by cash in full within seven business days after fulfilment of all conditions precedent of the agreement.
- (b) During the year ended 31 March 2007, the directors of two subsidiaries, Terra Solar Global, Inc and Terra Solar North America, Inc, resolved to exit the photovoltaic business in the United States. On 27 April 2007, the subsidiaries entered into an agreement with Solar Co. NJ, in which an immediate family of a director of the Company has beneficial interests, to transfer its rights and obligations related to these operations in the United States. The relevant assets and liabilities relating to such operations have been classified as assets held for sale and liabilities associated with assets held for sale under note 27.

39. 金融風險管理 (續)

39.5 價格風險

本集團因其持有作交易之證券投資，面臨股本證券價格風險。該等證券投資乃於每一結算日按公允價值列值。管理層透過設立具有不同風險狀況之投資組合，以監察及管理該等風險承擔。

39.6 公允價值

董事認為綜合資產負債表呈報之金融資產及金融負債公允價值，與彼等之賬面值相若。

40. 結算日後事項

- (a) 於二零零七年五月二十一日，江西贛能股份有限公司(「合營夥伴」)與本集團全資附屬公司華基光電能源發展有限公司(「華基發展」)就成立聯營公司訂立合作協議。將予成立之聯營公司將命名為江西贛能華基新能源有限公司，而聯營公司之年期將為十年。於成立時，合營公司將分別由華基發展及合營夥伴持有25%及75%權益。合營公司之總投資額將為人民幣1,200,000,000元(相當於約1,218,000,000港元)，當中包括註冊資本人民幣400,000,000元及借貸人民幣800,000,000元。首筆注資額人民幣50,000,000元(相當於約50,750,000港元)，當中華基發展須注資人民幣12,500,000元(相當於約12,690,000港元)，將於協議所有先決條件獲達成後七個營業日內以現金支付。
- (b) 截至二零零七年三月三十一日止年度，兩家附屬公司Terra Solar Global, Inc及Terra Solar North America, Inc之董事議決，撤出美國之光能業務。於二零零七年四月二十七日，該等附屬公司與Solar Co. NJ(本公司其一中名董事之直系親屬擁有其實益權益)訂立協議，轉讓其於該等美國業務之權利及責任。該等業務相關資產及負債已分類為附註27項下持作出售資產及與持作出售資產有關之負債。

Five Year Financial Summary

五年財務概要

		2003 二零零三年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
Results	業績					
Revenue	收入	4,784	6,050	3,769	12,354	41,123
Profit/ (Loss) before income tax	除所得稅前溢利／(虧損)	5,948	(2,135)	(375,796)	(97,323)	(2,949)
Income tax expense	所得稅開支	18	–	(517)	(118)	(431)
Profit/ (Loss) for the year	年內溢利／(虧損)	5,966	(2,135)	(376,313)	(97,441)	(3,380)
Minority interests	少數股東權益	–	9	–	1,935	2,857
Profit/ (Loss) attributable to equity holders of the Company	本公司權益持有人應佔溢利／(虧損)	5,966	(2,126)	(376,313)	(95,506)	(523)
Assets and liabilities	資產及負債					
Property, plant and equipment	物業、廠房及設備	395,018	4	3	12,106	905
Available-for-sale financial assets	可供出售金融資產	–	–	–	–	7,750
Goodwill	商譽	53,314	50,602	47,890	140,575	140,575
Net current (liabilities)/assets	流動(負債)／資產淨值	(6,184)	369,677	38,042	179,774	210,251
Total assets less current liabilities	資產總值減流動負債	442,148	420,283	85,935	332,455	359,481
Convertible notes	可換股票據	(69,000)	–	–	–	–
Net assets	資產淨值	373,148	420,283	85,935	332,455	359,481
Share capital	股本	13,079	17,094	27,525	36,326	38,749
Reserves	儲備	360,069	403,189	58,410	281,408	308,868
Equity attributable to equity holders of the Company	本公司權益持有人應佔權益	373,148	420,283	85,935	317,734	347,617
Minority interests	少數股東權益	–	–	–	14,721	11,864
Total equity	總權益	373,148	420,283	85,935	332,455	359,481



CHINASOLAR
ENERGY

China Solar Energy Holdings Limited
華基光電能源控股有限公司*

[Stock Code 股份代號 : 155]