

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

(Incorporated in Bermuda with limited liability)(於百慕達註冊成立之有限公司)
(Stock Code 股份代號: 155)



CHINASOLAR
ENERGY



Interim Report 中期報告

2007

Corporate Information 公司資料

CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Henry J. BEHNKE III

MANAGING DIRECTOR

Pierre SELIGMAN

EXECUTIVE DIRECTORS

CHU Chik Ming Jack

CHAN Wai Kwong Peter

ON Kien Quoc

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

主席兼非執行董事

Henry J. BEHNKE III

董事總經理

Pierre SELIGMAN

執行董事

朱植明

陳為光

ON Kien Quoc

獨立非執行董事

鄒小岳

袁達文

譚錦標

公司秘書

曾偉華

合資格會計師

曾偉華

核數師

均富會計師行

執業會計師

法律顧問

香港

麥堅時律師行

百慕達

Conyers Dill & Pearman

主要往來銀行

中國工商銀行(亞洲)有限公司

香港上海滙豐銀行有限公司

Corporate Information 公司資料

REGISTERED OFFICE

Clarendon House
Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS

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

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

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

HONG KONG BRANCH REGISTRARS AND TRANSFER OFFICE

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

COMPANY WEBSITE

www.chinasolar-energy.com

STOCK CODE

155

WARRANT CODE

804

註冊辦事處

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主要營業地點

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香港股份過戶登記分處

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香港
皇后大道東183號
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公司網址

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股份代號

155

認股權證代號

804

Management Discussion and Analysis

管理層討論及分析

BUSINESS REVIEW AND PROSPECTS

Strategic Investments and Capital Market Activities

During the period under review, Hong Kong's equity market continuously enjoyed the fruit of strong economy in the Greater China. As a result, turnover for the securities investments activities together with capital market activities was HK\$939,000 (2006: HK\$1,204,000) and segment result for these activities for this period was profit of HK\$18,761,000 (2006: profit of HK\$5,246,000).

Financing Business

During the period under review, the company continuously implemented the tight credit control policy to reduce the recoverability risk. The turnover contributed from this segment was HK\$1,457,000 (2006 : HK\$Nil) and segment result for this period was profit of HK\$3,944,000 while it was a loss of HK\$12,000 for the same period of 2006.

Photovoltaic Business

For the period under review, turnover was HK\$Nil (2006: HK\$7,215,000) and the result for this segment was a loss of HK\$2,851,000 (2006 : loss of HK\$14,047,000). It was because the Company focused on resource optimization through restructuring and streamlining of overhead expenditures and reallocation of production base to Asia Pacific region. The Company believed such resource optimization and reallocation of production base will maximise the Company's further profit.

On December 2006, we signed our first sales contract with China Stream Fund Group for 31 units of 5MW thin film a-Si production equipment. The first 5MW production line has been delivered to their facility in Changzhou, China and we are in the final stages of completing installation, testing, fine-tuning and training of staff.

業務回顧及前景

策略投資及資本市場活動

於回顧期間，香港股市持續受惠於大中華區表現強勁之經濟。因此，證券投資活動連同資本市場活動之營業額達939,000港元（二零零六年：1,204,000港元），而此等活動於本期間之分部業績為溢利18,761,000港元（二零零六年：溢利5,246,000港元）。

融資業務

於回顧期間，本公司持續實施嚴謹之信貸控制政策，以減低收回款項之風險。此分部之營業額貢獻為1,457,000港元（二零零六年：零港元），而於本期間之分部業績則為溢利3,944,000港元，二零零六年同期則為虧損12,000港元。

光伏業務

於回顧期間，此分部之營業額為零港元（二零零六年：7,215,000港元），而業績則為虧損2,851,000港元（二零零六年：虧損14,047,000港元），此乃由於本公司透過重組及精簡間接開支着力對資源進行優化調配，以及將生產基地遷至亞太區。本公司相信，優化資源調整及遷移生產基地可望進一步增加本公司之溢利。

於二零零六年十二月，本集團與China Stream Fund Group就31台5MW a-Si薄膜生產設備簽訂首份銷售合約。第一條5MW生產線已付運至該公司位於中國常州市之設施，而本集團現時已屆完成安裝、測試、調整及員工培訓之最後階段。

Management Discussion and Analysis

管理層討論及分析

LOOKING AHEAD

Estimates from Lehman Brothers Global Equity Research Solar Energy Report, Nov. 01 2007 suggests the solar market to triple in the next five years as ongoing government incentives and accelerated cost reductions makes solar electricity attractive in several regions of the world. Solar currently represents less than 0.5% of global electricity generation. However, as renewable electricity gains importance in the \$1 trillion global electricity market, the report forecasts solar photovoltaic shipments to rise at a compound annual growth rate of 40% for the next five years. Demand should continue to exceed supply throughout the entire solar value chain in 2008 as a result of favorable government incentives in Germany and Spain.

The report believes solar demand should continue to exceed expectations extending raw material (polysilicon) shortages through 2008, as a result, thin film PV continues to look very promising with strong growth potential going forward.

After the acquisition of Terra Solar, our Group focused on resource optimization through restructuring and streamlining of overhead expenditures. Terra Solar's role and focus will primarily be the holder of technology IP and provide a conduit for sales and distribution into U.S.

Our Group has strengthened an important relation with our Taiwanese equipment manufacturer – Chinese United Semiconductor Equipment Manufacturing Inc, (“CUSEM”) and guaranteed the supply of important manufacturing equipment that is critical to our business plan.

展望未來

二零零七年十一月一日發表之 Lehman Brothers Global Equity Research Solar Energy Report中之估計數字顯示，由於各國政府持續提供獎勵，加上成本愈趨下降，太陽能發電在全球多個地區均具吸引力，故太陽能市場於未來五年將可有三倍增長。太陽能現時佔全球發電量少於0.5%，但由於再生能源於市值一萬億元之全球電力市場中日受重視，故該報告預測太陽能光伏產品貨運量於未來五年將按複合年增長率40%上升。由於德國及西班牙之政府均推出多項優惠獎勵措施，故於二零零八年，整條太陽能價值鏈將繼續出現求過於供之情況。

該報告相信，至二零零八年，對太陽能之需求仍將繼續超出預期，原料（多晶矽）供應亦會持續短缺，故光伏薄膜之未來增長潛力雄厚，前景仍然十分樂觀。

收購Terra Solar後，本集團透過重組及精簡間接開支，着力對資源進行優化調配。Terra Solar之主要角色及發展重點將為持有技術知識產權及作為於美國進行銷售及分銷之渠道。

本集團已鞏固與台灣設備製造商中華聯合半導體設備製造股份有限公司（「中華聯合」）之重要關係，確保對本集團業務計劃至關重要之關鍵製造設備之供應。

Management Discussion and Analysis

管理層討論及分析

Going forward our Group's focus will be on delivering the remaining 30 lines by installments over the next 12 months to China Stream Fund Group. As well as fulfilling the sales contract with Jiangxi Ganneng Co Ltd (listed on the Shenzhen stock exchange, 000889.CH) where China Solar Energy and Jiangxi Ganneng Co Ltd 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 to the JV company. The first line will be delivered after the completion of the 31 units order with China Stream Fund Group.

Our Group will accelerate delivery and installation of production equipment throughout FY08 and leverage its asset light business model to become a significant supplier of a-Si modules. Shipments of PV modules will increase as production equipment is brought on line allowing China Solar to distinguish itself as supplier of high quality low cost a-Si PV modules. These product shipments will allow us further develop and refine our various distribution channels. We are looking forward to a very exciting and successful 2008!

FINANCIAL REVIEW

Results

For the six months ended 30 September 2007, the Group recorded a turnover of HK\$2,396,000 (2006: HK\$8,419,000). Profit attributable to equity holders of the Company was HK\$20,017,000 (2006: loss of HK\$9,940,000). The basic earnings per share was HK0.49 cents (2006: loss per share HK\$0.26 cents) and the diluted earning per share was HK0.47 cents (2006: N/A).

展望將來，本集團將專注於未來十二個月內分階段交付餘下30條生產線予China Stream Fund Group。除繼續履行與江西贛能股份有限公司（於深圳證券交易所上市之公司，證券代碼：000889.CH）訂立之銷售合約外，華基光電能源亦與江西贛能股份有限公司訂立一項合營企業協議以成立合營公司，而華基光電能源將會向該合營公司供應10台5MW a-Si薄膜生產設備。首條生產線將會於China Stream Fund Group之31台訂單完成後交付。

本集團將於二零零八年財政年度加快交付及安裝生產設備，並藉其「資產減重」業務模式之優勢，成為a-Si模組之主要供應商。由於生產設備可於網上購買，故光伏模組之貨運量將會增加，讓華基光電得以定位為提供優質而成本低廉之a-Si光伏模組之供應商。此等產品貨運量將有助本集團進一步開拓及完善多個分銷渠道。本集團謹願二零零八年業務蒸蒸日上，再創佳績！

財務回顧

業績

於截至二零零七年九月三十日止六個月，本集團錄得營業額2,396,000港元（二零零六年：8,419,000港元）。本公司權益持有人應佔溢利為20,017,000港元（二零零六年：虧損9,940,000港元）。每股基本盈利為0.49港仙（二零零六年：每股虧損0.26港仙），而每股攤薄盈利為0.47港仙（二零零六年：不適用）。

Management Discussion and Analysis

管理層討論及分析

Liquidity, Financial Resources and Funding

At 30 September 2007, the Group had current net assets of HK\$259,359,000 (31 March 2007: HK\$210,251,000) and a total of HK\$79,307,000 in cash and cash equivalents (31 March 2007: HK\$52,183,000). The increase in cash and cash equivalents was the net result of the cash inflow from the exercise of the warrants by the warrant holders and the cash outflow for deposits paid for the thin film a-Si production equipment. Most of the cash reserves were placed in Hong Kong dollar short-term deposits with major banks in Hong Kong.

The gearing ratio of the Group was nil as at 30 September 2007 (31 March 2007: 0.2%) (it is derived by dividing the aggregate amount of borrowings by the amount of shareholders' equity). The liquidity ratio of the Group, represented by a ratio between current assets over current liabilities, was 607% (31 March 2007: 835%), reflecting adequacy of financial resources.

The indebtedness of the Group as at 30 September 2007 was HK\$Nil (31 March 2007: HK\$700,000).

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

流動資金、財務資源及資金

於二零零七年九月三十日，本集團流動資產淨值為259,359,000港元（二零零七年三月三十一日：210,251,000港元），而本集團現金及現金等價物合共79,307,000港元（二零零七年三月三十一日：52,183,000港元）。現金及現金等價物增加是由認股權證持有人行使認股權證所得現金扣除就a-Si薄膜生產設備支付訂金所用現金得出。現金儲備大部分以港元短期存款方式存放於香港主要銀行。

本集團之負債比率（將借貸總額除以股東權益金額）於二零零七年九月三十日為零（二零零七年三月三十一日：0.2%）。本集團以流動資產除以流動負債計算之流動資金比率為607%（二零零七年三月三十一日：835%），反映財政資源充裕。

本集團於二零零七年九月三十日之債務為零港元（二零零七年三月三十一日：700,000港元）。

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

Management Discussion and Analysis

管理層討論及分析

Funding Strategy and Foreign Exchange Exposure

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

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

Share Capital Structure

During the period under review, the Company issued 420,100,000 shares due to the exercise of 375,700,000 warrants and the exercise of 44,400,000 share options. Upon the exercise of 375,700,000 warrants, all warrants issued in July 2005 were fully exercised.

Material Acquisition and Disposal of Subsidiaries

During the period under review, there is no material acquisition and disposal of subsidiaries.

Capital Commitment

As at 30 September 2007, the Company have capital commitment which was shown in the note 19 to the financial statements.

融資策略及外匯風險

為控制不明朗市況所涉及之風險，本集團之融資策略在於盡量以股本提供長期投資所需資金。

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

股本結構

於回顧期內，由於375,700,000份認股權證及44,400,000份購股權獲行使，故本公司已發行420,100,000股股份。375,700,000份認股權證獲行使後，所有於二零零五年七月發行之認股權證已獲悉數行使。

附屬公司之重大收購及出售

於回顧期內並無有關附屬公司之重大收購及出售事項。

資本承諾

於二零零七年九月三十日，本公司有重大資本承諾，請見財務報表附註19。

Management Discussion and Analysis

管理層討論及分析

Charges on the Group's Assets

As at 30 September 2007, none of the trading securities has been pledged to secure other loans granted to the Group (31 March 2007: HK\$3,487,000).

Contingent Liabilities

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

Human Resources

As at 30 September 2007, the Group had 31 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.

集團資產抵押

於二零零七年九月三十日，概無交易證券已作抵押，作為本集團取得其他貸款之擔保（二零零七年三月三十一日：3,487,000港元）。

或有負債

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

人力資源

於二零零七年九月三十日，本集團共有31名全職僱員。

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

Management Discussion and Analysis

管理層討論及分析

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS

As at 30 September 2007, the interests or short positions of the Directors and chief executives in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

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

董事及主要行政人員之權益

於二零零七年九月三十日，董事及主要行政人員於本公司或其任何相聯法團（定義見證券及期貨條例（「證券及期貨條例」）第XV部）之股份、相關股份或債權證中，擁有記錄於本公司根據證券及期貨條例第352條存置之名冊上之權益或淡倉，或根據上市發行人董事進行證券交易的標準守則（「標準守則」）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：

(i) 於本公司每股面值0.01港元普通股（「股份」）之好倉

| Name 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 |
|-----------------------------|----------------------------------|--|--|
| Directors 董事 | | | |
| Dr. Zoltan J. Kiss | 620,000,000 (Note a) (附註a) | Interest in controlled corporations 受控制公司權益 | 14.44% |
| Pierre Seligman | 34,700,000 (Note b) (附註b) | Beneficial owner 實益擁有人 | 0.81% |
| Chu Chik Ming Jack 朱植明 | 1,000,000 (Note c) (附註c) | Beneficial owner 實益擁有人 | 0.023% |
| Chan Wai Kwong Peter 陳為光 | 500,000 (Note d) (附註d) | Beneficial owner 實益擁有人 | 0.011% |

Management Discussion and Analysis

管理層討論及分析

Notes:

- a. These shares are held by Multichannel Investments Limited which is the wholly owned subsidiary of Flytech Holdings Limited which was wholly owned by Dr. Zoltan J. Kiss.
- b. Mr Pierre Seligman is beneficially interested in 24,700,000 options granted by the Company and 10,000,000 shares in the Company.
- c. Mr Chu Chik Ming Jack is beneficially interested in 1,000,000 options granted by the Company.
- d. Mr Chan Wai Kwong Peter is beneficially interested in 500,000 shares in the Company.

Save as disclosed above, as at 30 September 2007, none of the Directors of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

附註:

- a. 此等股份由Flytech Holdings Limited之全資附屬公司Multichannel Investments Limited持有。Flytech Holdings Limited由Dr. Zoltan J. Kiss全資擁有。
- b. Pierre Seligman先生實益擁有24,700,000份本公司授出之購股權及10,000,000股本公司股份。
- c. 朱植明先生實益擁有本公司授出之1,000,000份購股權。
- d. 陳為光先生實益擁有500,000股本公司股份。

除上文所披露者外，於二零零七年九月三十日，本公司各董事概無於本公司或其任何相聯法團（定義見證券及期貨條例第XV部）之股份、相關股份或債權證中，擁有任何記錄於須根據證券及期貨條例第352條存置之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。

Management Discussion and Analysis

管理層討論及分析

SHARE OPTIONS

The movements in the share options granted under the share option scheme adopted by the Company on 29 July 2002 (the "Scheme") during the six months ended 30 September 2007 are shown below:

購股權

於截至二零零七年九月三十日止六個月，根據本公司於二零零二年七月二十九日採納之購股權計劃（「該計劃」）授出之購股權之變動如下：

| Category of participant | At 1 April 2007 | Granted during the period | Exercised during the period | Lapsed during the period | At 30 September 2007 | Date of offer to grant options | Exercise price per share | Exercisable period |
|-----------------------------|--------------------|---------------------------|-----------------------------|--------------------------|----------------------|--------------------------------|--------------------------|-------------------------|
| 參與人類別 | 於二零零七年四月一日 | 期內授出 | 期內行使 | 期內失效 | 於二零零七年九月三十日 | 購股權授出日期 | 每股行使價 | 可行使期 |
| 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 | 1,000,000 | - | - | - | 1,000,000 | 22/6/2005 | 0.166 | 27/6/2005 - 26/6/2015 |
| - 朱植明 | | | | | | | | |
| OTHER ELIGIBLE PARTICIPANTS | 16,117,006 | - | - | - | 16,117,006 | 22/12/2003 | 0.160 | 2/1/2004 - 1/1/2014 |
| | 39,200,000 | - | (16,100,000) | - | 23,100,000 | 25/11/2004 | 0.088 | 20/12/2004 - 19/12/2014 |
| 其他合資格參與人 | 78,000,000 | - | (1,000,000) | - | 77,000,000 | 22/6/2005 | 0.166 | 27/6/2005 - 26/6/2015 |
| | 126,300,000 | - | (27,300,000) | - | 99,000,000 | 22/6/2005 | 0.166 | 20/7/2005 - 19/7/2015 |
| | <u>285,317,006</u> | <u>-</u> | <u>(44,400,000)</u> | <u>-</u> | <u>240,917,006</u> | | | |

Management Discussion and Analysis

管理層討論及分析

SHAREHOLDINGS OF OTHER SHAREHOLDERS WITH NOTIFIABLE INTERESTS

As at 30 September 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) | 14.44% |
| OZ Management, L.L.C. | 239,690,000 | Beneficial owner 實益擁有人 | 5.58% |

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.

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

The Company and its subsidiaries have not purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2007.

擁有須具報權益之其他股東股權

於二零零七年九月三十日，以下人士於本公司股份中擁有記錄於本公司須根據證券及期貨條例第336條存置之名冊上之權益或淡倉如下：

於股份之好倉

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」一段所披露被視為擁有權益之Dr. Zoltan J. Kiss全資擁有。

購買、出售或贖回本公司之上市證券

於截至二零零七年九月三十日止六個月，本公司及其附屬公司概無購買、出售或贖回本公司任何上市證券。

Management Discussion and Analysis

管理層討論及分析

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the directors. All directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code throughout the six months ended 30 September 2007.

AUDIT COMMITTEE

The audit committee comprises the three independent non-executive Directors. The audit committee has reviewed and discussed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited interim account for the six months ended 30 September 2007.

REMUNERATION COMMITTEE

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

董事進行證券交易之標準守則

本公司已採納上市規則附錄十所載之標準守則，作為董事進行證券交易之操守準則。在本公司作出特定查詢後，所有董事確認彼等於截至二零零七年九月三十日止六個月一直遵守標準守則所載之規定準則。

審核委員會

審核委員會由三名獨立非執行董事組成。審核委員會已與管理層審閱及討論本集團採納之會計原則及慣例，以及討論內部監控及財務申報事宜，包括審閱截至二零零七年九月三十日止六個月之未經審核中期賬目。

薪酬委員會

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

Management Discussion and Analysis

管理層討論及分析

CODE ON CORPORATE GOVERNANCE PRACTICES

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

By order of the Board

Pierre Seligman
Managing director

Hong Kong, 24 December 2007

企業管治常規守則

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

承董事會命

董事總經理
Pierre Seligman

香港，二零零七年十二月二十四日

Independent Review Report

獨立審閱報告

Certified Public Accountants
Member of Grant Thornton International

To the Board of Directors of China Solar Energy Holdings Limited

(incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 17 to 48 which comprises the condensed consolidated balance sheet of China Solar Energy Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”) as of 30 September 2007 and the related condensed consolidated income statement, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The directors are responsible for the preparation and fair presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Grant Thornton 
均富會計師行

致華基光電能源控股有限公司董事會

(於百慕達註冊成立之有限公司)

引言

吾等已審閱載於第17至48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」)之中期財務資料,當中包括於二零零七年九月三十日之簡明綜合資產負債表與截至該日止六個月期間之相關簡明綜合收益表、簡明綜合權益變動表和簡明綜合現金流量表以及附註解釋。香港聯合交易所有限公司主板證券上市規則規定,上市公司必須遵照其有關條文及香港會計師公會(「香港會計師公會」)頒佈之香港會計準則第34號「中期財務報告」編製中期財務資料報告。董事須負責根據香港會計準則第34號編製及公平地呈列此中期財務資料。

吾等之責任乃根據吾等審閱之結果對此中期財務資料作出結論,並按照吾等雙方所協定之應聘條款,僅向全體董事會報告。除此以外,本報告不可用作其他用途。吾等概不就本報告之內容對任何其他人士負責或承擔任何責任。

Independent Review Report

獨立審閱報告

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34.

Grant Thornton

Certified Public Accountants

13/F Gloucester Tower

The Landmark

15 Queen’s Road Central

Hong Kong

24 December 2007

審閱範圍

吾等已根據香港會計師公會頒佈之香港審閱委聘準則第2410號「由實體獨立核數師審閱中期財務資料」進行審閱。審閱中期財務資料包括主要向負責財務及會計事務之人員作出查詢，以及應用分析性及其他審閱程序。審閱範圍遠小於根據香港核數準則進行審核，故吾等未能保證吾等可知悉在審核中可能發現之所有重大事宜。因此，吾等不會發表審核意見。

結論

吾等進行審閱時並無發現任何事項，令吾等相信中期財務資料在各重大方面未有根據香港會計準則第34號編製。

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

二零零七年十二月二十四日

Condensed Consolidated Income Statement

簡明綜合收益表

For the six months ended 30 September 2007 截至二零零七年九月三十日止六個月

| | | | Six months ended 30 September 截至九月三十日止 六個月 | |
|---|---------------------------------------|------|---|---|
| | | | 2007 (Unaudited) HK\$'000 二零零七年 (未經審核) 千港元 | 2006 (Unaudited) HK\$'000 二零零六年 (未經審核) 千港元 |
| | | | Notes 附註 | |
| Revenue | 收入 | 3 | 2,396 | 8,419 |
| Other income | 其他收入 | 4 | 4,641 | 2,647 |
| Cost of long-term service contracts | 長期服務合約成本 | | - | (6,658) |
| Fair value gain on financial assets at fair value through profit or loss | 以公允價值列入損益賬之 金融資產之公允價值收益 | | 28,476 | 6,161 |
| Staff costs | 員工成本 | | (6,932) | (12,484) |
| Consultancy expenses | 顧問開支 | | (2,647) | (2,253) |
| Depreciation of property, plant and equipment | 物業、廠房及設備 折舊 | | (122) | (326) |
| Other operating expenses | 其他經營開支 | | (6,581) | (11,973) |
| Profit/(Loss) from operations | 經營溢利／(虧損) | 5 | 19,231 | (16,467) |
| Finance costs | 融資成本 | 5(a) | (16) | (410) |
| Profit/(Loss) before income tax | 除所得稅前溢利／(虧損) | | 19,215 | (16,877) |
| Income tax expense | 所得稅開支 | 6 | (564) | - |
| Profit/(Loss) for the period | 期內溢利／(虧損) | | 18,651 | (16,877) |
| Attributable to: | 應佔如下： | | | |
| Equity holders of the Company | 本公司權益持有人 | | 20,017 | (9,940) |
| Minority interests | 少數股東權益 | | (1,366) | (6,937) |
| | | | 18,651 | (16,877) |
| Earnings/(Loss) per share for profit/(loss) attributable to equity holders of the Company for the period | 期內本公司權益持有人 應佔溢利／(虧損)之 每股盈利／(虧損) | | | |
| Basic | 基本 | 8 | 0.49 cents 仙 | (0.26) cents 仙 |
| Diluted | 攤薄 | 8 | 0.47 cents 仙 | N/A 不適用 |

The notes on pages 21 to 48 form part of this interim financial report.

第21至48頁之附註屬本中期財務報告一部分。

Condensed Consolidated Balance Sheet

簡明綜合資產負債表

As at 30 September 2007 於二零零七年九月三十日

| | Notes | 30 September 2007 (Unaudited) HK\$'000 二零零七年 九月三十日 (未經審核) 千港元 | 31 March 2007 (Audited) HK\$'000 二零零七年 三月三十一日 (經審核) 千港元 |
|--|------------------------------|--|--|
| | 附註 | | |
| ASSETS AND LIABILITIES | 資產及負債 | | |
| Non-current assets | 非流動資產 | | |
| Property, plant and equipment | 物業、廠房及設備 | 770 | 905 |
| Goodwill | 商譽 | 157,788 | 140,575 |
| Available-for-sale financial assets | 可供銷售之金融資產 | 7,750 | 7,750 |
| | | 166,308 | 149,230 |
| Current assets | 流動資產 | | |
| Financial assets at fair value through profit or loss | 以公允價值列入 損益賬之金融資產 | 43,962 | 52,274 |
| Trade and other receivables | 應收賬款及其他應收款項 | 172,042 | 111,408 |
| Amount due from a minority shareholder | 應收一名少數股東 款項 | - | 420 |
| Amount due from a related company | 應收一間關連公司款項 | 1,261 | 657 |
| Tax recoverable | 可收回稅項 | - | 674 |
| Pledged bank fixed deposits | 已抵押銀行定期存款 | - | 8,051 |
| Cash and cash equivalents | 現金及現金等價物 | 79,307 | 52,183 |
| | | 296,572 | 225,667 |
| Assets held for sale | 持作出售資產 | 54,220 | 54,220 |
| | | 350,792 | 279,887 |
| Current liabilities | 流動負債 | | |
| Trade and other payables | 應付賬款及其他應付款項 | 47,772 | 25,260 |
| Amount due to a shareholder | 應付一名股東款項 | - | 15 |
| Provision for taxation | 稅項撥備 | 1,066 | 1,066 |
| Borrowings | 借貸 | - | 700 |
| | | 48,838 | 27,041 |
| Liabilities associated with assets classified as held for sale | 與分類為持作出售之 資產有關之負債 | 42,595 | 42,595 |
| | | 91,433 | 69,636 |
| Total assets less current liabilities/ Net current assets | 資產總值減流動負債/ 流動資產淨值 | 259,359 | 210,251 |
| Net assets | 資產淨值 | 425,667 | 359,481 |
| EQUITY | 權益 | | |
| Share capital | 股本 | 42,950 | 38,749 |
| Reserves | 儲備 | 374,460 | 308,868 |
| Equity attributable to equity holders of the Company | 本公司權益持有人 應佔權益 | 417,410 | 347,617 |
| Minority interests | 少數股東權益 | 8,257 | 11,864 |
| Total equity | 總權益 | 425,667 | 359,481 |

The notes on pages 21 to 48 form part of this interim financial report.

第21至48頁之附註屬本中期財務報告一部分。

Condensed Consolidated Statement of Changes in Equity

簡明綜合權益變動表

For the six months ended 30 September 2007 截至二零零七年九月三十日止六個月

| | | Attributable to the equity holders of the Company 本公司權益持有人應佔 | | | | | | | | |
|--|------------------------|---|----------------|----------------------|---------------------|-----------------|--------------------|----------------|--------------------|----------------|
| | | Share capital | Share premium | Share option reserve | Contributed surplus | Warrant reserve | Accumulated losses | Total | Minority interests | Total equity |
| | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | | 股本 | 股份溢價 | 購股權儲備 | 繳入盈餘 | 認股權證儲備 | 累計虧損 | 總計 | 少數股東權益 | 總權益 |
| | | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 |
| Six months ended 30 September 2006 (unaudited) | 截至二零零六年九月三十日止六個月(未經審核) | | | | | | | | | |
| At 1 April 2006 | 於二零零六年四月一日 | 36,326 | 735,824 | 22,569 | 596,248 | 23,770 | (1,097,003) | 317,734 | 14,721 | 332,455 |
| Loss for the period | 期內虧損 | - | - | - | - | - | (9,940) | (9,940) | (6,937) | (16,877) |
| Exercise of warrants | 行使認股權證 | 886 | 13,278 | - | - | (3,870) | - | 10,294 | - | 10,294 |
| Exercise of share options, net of expenses | 行使購股權(扣除開支) | 474 | 7,710 | (2,123) | - | - | - | 6,061 | - | 6,061 |
| At 30 September 2006 (unaudited) | 於二零零六年九月三十日(未經審核) | <u>37,686</u> | <u>756,812</u> | <u>20,446</u> | <u>596,248</u> | <u>19,900</u> | <u>(1,106,943)</u> | <u>324,149</u> | <u>7,784</u> | <u>331,933</u> |
| Six months ended 30 September 2007 (unaudited) | 截至二零零七年九月三十日止六個月(未經審核) | | | | | | | | | |
| At 1 April 2007 | 於二零零七年四月一日 | 38,749 | 775,080 | 18,684 | 596,248 | 16,382 | (1,097,526) | 347,617 | 11,864 | 359,481 |
| Profit for the period | 期內溢利 | - | - | - | - | - | 20,017 | 20,017 | (1,366) | 18,651 |
| Acquisition of additional interest in a subsidiary | 增購一間附屬公司之權益 | - | - | 79 | - | - | - | 79 | (2,241) | (2,162) |
| Exercise of warrants | 行使認股權證 | 3,757 | 15,869 | - | - | (16,382) | - | 3,244 | - | 3,244 |
| Exercise of share options, net of expenses | 行使購股權(扣除開支) | 444 | 48,481 | (2,472) | - | - | - | 46,453 | - | 46,453 |
| At 30 September 2007 (unaudited) | 於二零零七年九月三十日(未經審核) | <u>42,950</u> | <u>839,430</u> | <u>16,291</u> | <u>596,248</u> | <u>-</u> | <u>(1,077,509)</u> | <u>417,410</u> | <u>8,257</u> | <u>425,667</u> |

The notes on pages 21 to 48 form part of this interim financial report. 第21至48頁之附註屬本中期財務報告一部分。

Condensed Consolidated Cash Flow Statement

簡明綜合現金流量表

For the six months ended 30 September 2007 截至二零零七年九月三十日止六個月

| | | Six months ended 30 September 截至九月三十日止 六個月 | |
|--|-------------------|---|---|
| | | 2007 (Unaudited) HK\$'000 二零零七年 (未經審核) 千港元 | 2006 (Unaudited) HK\$'000 二零零六年 (未經審核) 千港元 |
| Net cash used in operating activities | 經營活動所用現金淨額 | (18,670) | (58,760) |
| Net cash used in investing activities | 投資活動所用現金淨額 | (3,187) | (2,760) |
| Net cash generated from financing activities | 融資活動所得現金淨額 | 48,981 | 14,790 |
| Net increase/(decrease) in cash and cash equivalents | 現金及現金等價物增加／(減少)淨額 | 27,124 | (46,730) |
| Cash and cash equivalents at beginning of the period | 期初之現金及現金等價物 | 52,183 | 147,419 |
| Cash and cash equivalents at end of the period | 期終之現金及現金等價物 | 79,307 | 100,689 |

The notes on pages 21 to 48 form part of this interim financial report.

第21至48頁之附註屬本中期財務報告一部分。

Notes to the Condensed Financial Statements

簡明財務報表附註

For the six months ended 30 September 2007 截至二零零七年九月三十日止六個月

1. GENERAL INFORMATION

China Solar Energy Holdings Company Limited (the “Company”) is a limited company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the Company’s registered office is Clarendon House, Church Street, Hamilton HM11, Bermuda and the address of the Company’s principal place of business is 21/F., 3 Lockhart Road, Wan Chai, Hong Kong.

The principal activities of the Company and its subsidiaries (collectively, the “Group”) comprise investment holding, provision of capital market advisory services, participation in primary and secondary securities market, provision of commercial and personal loans and development, manufacturing, marketing and sale of solar cells, modules and panels for generating solar electric power and related training and consulting services.

The unaudited condensed consolidated financial statements for the six months ended 30 September 2007 (the “Interim Financial Statements”) have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange. The Interim Financial Statements do not include all of the information required for full annual financial statements and thereby they should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2007.

The interim results of the Group are unaudited and have been reviewed by the Company’s Audit Committee.

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，其股份於香港聯合交易所有限公司(「聯交所」)上市。本公司註冊辦事處之地址為 Clarendon House, Church Street, Hamilton HM11, Bermuda，而本公司主要營業地點之地址為香港灣仔駱克道3號21樓。

本公司及其附屬公司(統稱「本集團」)主要從事以下業務：投資控股、提供資本市場顧問服務、參與主要及次要證券市場、提供商業及個人貸款以及太陽能發電之光伏太陽能電池、組件及控電板之開發、生產、營銷及銷售與相關培訓及顧問服務。

截至二零零七年九月三十日止六個月之未經審核簡明綜合財務報表(「中期財務報表」)乃按照香港會計師公會(「香港會計師公會」)所頒佈之香港會計準則第34號「中期財務報告」及聯交所證券上市規則附錄十六之適用披露規定而編製。中期財務報表並無載有完整年度財務報表必備之所有資料，因此應與本集團截至二零零七年三月三十一日止年度之年度財務報表一併閱讀。

本集團之中期業績未經審核，但已經本公司之審核委員會審閱。

Notes to the Condensed Financial Statements (Continued)

簡明財務報表附註 (續)

For the six months ended 30 September 2007 截至二零零七年九月三十日止六個月

2. PRINCIPAL ACCOUNTING POLICIES

The Interim Financial Statements have been prepared under the historical cost basis except for the revaluation of certain financial assets and financial liabilities, which are measured at fair values, as appropriate.

The accounting policies used in preparing the Interim Financial Statements are consistent with those followed in the Group's annual financial statements for the year ended 31 March 2007 with the addition of certain standards and interpretations of Hong Kong Financial Reporting Standards ("HKFRSs") issued and become effective in the current interim period as described below.

2.1 Impact of new and revised HKFRSs which are effective in the current interim period

In the current interim period, the Group has adopted, for the first time, all the new and revised HKFRSs which are effective for annual periods beginning on or after 1 January 2007. The adoption of the new and revised HKFRSs did not result in significant changes in the Group's accounting policies and had no significant financial impact on the current or the prior accounting periods.

2. 主要會計政策

中期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重估以公允價值（如適用）計量除外。

編製中期財務報表時所用之會計政策與本集團截至二零零七年三月三十一日止年度之年度財務報表所依循者一致，外加下述於本中期期間頒佈及生效之香港財務報告準則（「香港財務報告準則」）之若干準則及詮釋。

2.1 於本中期期間生效之新訂及經修訂香港財務報告準則之影響

於本中期期間，本集團首次採用多項新訂及經修訂香港財務報告準則，全部於二零零七年一月一日或之後開始之年度期間生效。採用新訂及經修訂香港財務報告準則並無令本集團之會計政策出現重大變動，對當前或過往會計期間亦無重大財務影響。

Notes to the Condensed Financial Statements (Continued)

簡明財務報表附註 (續)

For the six months ended 30 September 2007 截至二零零七年九月三十日止六個月

2. PRINCIPAL ACCOUNTING POLICIES (Continued)**2.2 Impact of new and revised HKFRSs which are issued but not yet effective**

The following are new and revised HKFRSs which are issued but not yet effective in the current interim period:

| | |
|--------------------|--|
| HKAS 23 (Revised) | Borrowing Costs ¹ |
| HKFRS 8 | Operating Segments ¹ |
| HK(IFRIC) – Int 12 | Service Concession Arrangements ² |

1 Effective for annual periods beginning on or after 1 January 2009

2 Effective for annual periods beginning on or after 1 January 2008

The Group has not early adopted the above HKFRSs. The Group is in the process of assessing the potential impact of these new HKFRSs but is not yet in a position to determine whether these new and revised HKFRSs will have a significant impact on how its results of operations and financial position are prepared and presented. These new HKFRSs may result in changes in the future as to how the results and financial position are prepared and presented.

2. 主要會計政策 (續)**2.2 已頒佈但尚未生效之新訂及經修訂香港財務報告準則之影響**

以下新訂及經修訂香港財務報告準則於本中期間頒佈但尚未生效：

| | |
|---------------------------------|--------------------------|
| 香港會計準則 第23號(經修訂) | 借貸成本 ¹ |
| 香港財務報告 準則第8號 | 業務分部 ¹ |
| 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 ² |

1 於二零零九年一月一日或之後開始之年度期間生效

2 於二零零八年一月一日或之後開始之年度期間生效

本集團並無提早採納上述香港財務報告準則。本集團現正評估該等新訂香港財務報告準則可能造成之影響，但尚未能夠釐定該等新訂及經修訂香港財務報告準則會否對其營業績及財務狀況之編製及呈列方式造成重大影響。該等新訂香港財務報告準則可能導致日後業績及財務狀況之編製及呈列方式出現變動。

Notes to the Condensed Financial Statements (Continued)

簡明財務報表附註 (續)

For the six months ended 30 September 2007 截至二零零七年九月三十日止六個月

3. SEGMENT REPORTING

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

(a) Business segments

The Group is organised into three main business segments:

Strategic investments and capital market activities:

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

Financing:

- Provision of commercial and personal loans

Photovoltaic business:

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

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

3. 分部呈報

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

(a) 業務分部

本集團由三個主要業務分部組成：

策略性投資及資本市場活動：

- 參與主要及次要證券市場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、組件及控電板等之開發、生產、營銷及銷售，以及相關培訓及顧問服務。

業務分部間並無重大銷售或其他交易。

Notes to the Condensed Financial Statements (Continued)

簡明財務報表附註 (續)

For the six months ended 30 September 2007 截至二零零七年九月三十日止六個月

3. SEGMENT REPORTING (Continued)

3. 分部呈報 (續)

(a) Business segments (Continued)

(a) 業務分部 (續)

Six months ended 30 September (unaudited)

截至九月三十日止六個月 (未經審核)

| | Strategic investments and capital market activities | | Financing | | Photovoltaic business | | Unallocated | | Consolidated | | |
|---|---|----------|-----------|----------|--------------------------|----------|-------------|----------|--------------|----------|----------|
| | 策略性投資及 資本市場活動 | | 融資 | | 光伏業務 | | 未分配 | | 綜合 | | |
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | |
| 二零零七年 | 二零零六年 | 二零零七年 | 二零零六年 | 二零零七年 | 二零零六年 | 二零零七年 | 二零零六年 | 二零零七年 | 二零零六年 | | |
| 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | | |
| Revenue from external customers | 來自外界客戶之收入 | 939 | 1,204 | 1,457 | - | - | 7,215 | - | - | 2,396 | 8,419 |
| Segment results | 分部業績 | 18,761 | 5,246 | 3,944 | (12) | (2,851) | (14,047) | - | - | 19,854 | (8,813) |
| Unallocated operating income and expenses | 未分配經營收入及開支 | | | | | | | | | (623) | (7,654) |
| Profit/(Loss) from operations | 經營溢利/(虧損) | | | | | | | | | 19,231 | (16,467) |
| Finance costs | 融資成本 | | | | | | | | | (16) | (410) |
| Profit/(Loss) before income tax | 除所得稅前溢利/(虧損) | | | | | | | | | 19,215 | (16,877) |
| Income tax expense | 所得稅開支 | | | | | | | | | (564) | - |
| Profit/(Loss) for the period | 期內溢利/(虧損) | | | | | | | | | 18,651 | (16,877) |
| Depreciation for the period | 期內折舊 | 106 | - | - | - | - | 326 | 16 | - | 122 | 326 |

Notes to the Condensed Financial Statements (Continued)

簡明財務報表附註 (續)

For the six months ended 30 September 2007 截至二零零七年九月三十日止六個月

3. SEGMENT REPORTING (Continued)

(b) Geographical segments

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

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

3. 分部呈報 (續)

(b) 地區分部

本集團於兩個主要經濟環境經營：中國及美國。

在呈列地區分部資料時，分部收入乃以簽定合約或作出訂單之國家為計算基準。

| | | Six months ended 30 September (unaudited) 截至九月三十日止六個月 (未經審核) | | | | | | | |
|--------------------------------|-----------|---|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | | Hong Kong 香港 | | Other areas of China 中國其他地區 | | United States 美國 | | Consolidated 綜合 | |
| | | 2007 HK\$'000 二零零七年 千港元 | 2006 HK\$'000 二零零六年 千港元 | 2007 HK\$'000 二零零七年 千港元 | 2006 HK\$'000 二零零六年 千港元 | 2007 HK\$'000 二零零七年 千港元 | 2006 HK\$'000 二零零六年 千港元 | 2007 HK\$'000 二零零七年 千港元 | 2006 HK\$'000 二零零六年 千港元 |
| Revenue from external customer | 來自外界客戶之收入 | 2,396 | 1,204 | - | - | - | 7,215 | 2,396 | 8,419 |
| Segment results | 分部業績 | 4,066 | (285) | 18,574 | 5,519 | (2,786) | (14,047) | 19,854 | (8,813) |

Notes to the Condensed Financial Statements (Continued)

簡明財務報表附註 (續)

For the six months ended 30 September 2007 截至二零零七年九月三十日止六個月

4. OTHER INCOME

4. 其他收入

| | | Six months ended 30 September 截至九月三十日止 六個月 | |
|--|--------------------|---|---|
| | | 2007 (Unaudited) HK\$'000 二零零七年 (未經審核) 千港元 | 2006 (Unaudited) HK\$'000 二零零六年 (未經審核) 千港元 |
| Secondment services | 借調服務 | 921 | 1,679 |
| Interest income | 利息收入 | 879 | 965 |
| Net exchange gain | 匯兌收益淨額 | 168 | - |
| Reversal of impairment of trade receivables (note 13) | 撥回應收賬款減值 (附註13) | 2,500 | - |
| Others | 其他 | 173 | 3 |
| | | 4,641 | 2,647 |

Notes to the Condensed Financial Statements (Continued)

簡明財務報表附註 (續)

For the six months ended 30 September 2007 截至二零零七年九月三十日止六個月

5. PROFIT/(LOSS) FROM OPERATIONS

5. 經營溢利／(虧損)

Profit/(Loss) from operations is arrived at after charging:

經營溢利／(虧損)已扣除：

| | | Six months ended 30 September 截至九月三十日止 六個月 | |
|---|-------------------------|---|---|
| | | 2007 (Unaudited) HK\$'000 二零零七年 (未經審核) 千港元 | 2006 (Unaudited) HK\$'000 二零零六年 (未經審核) 千港元 |
| | | | |
| (a) Finance costs: | (a) 融資成本： | | |
| Interest on bank loans and overdrafts and other loans repayable within five years | 須於五年內償還之銀行貸款及透支與其他貸款之利息 | 16 | 410 |
| (b) Other items: | (b) 其他項目： | | |
| Operating lease charges in respect of properties | 有關物業之經營租賃費用 | 778 | 4,319 |

Notes to the Condensed Financial Statements (Continued)

簡明財務報表附註 (續)

For the six months ended 30 September 2007 截至二零零七年九月三十日止六個月

6. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made in the financial statements for both periods 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. The under provision of income tax expense in respect of prior years was related to expenses disallowed by Inland Revenue Department for year of assessment 2002/2003.

No provision for income tax outside Hong Kong has been made (six months ended 30 September 2006: Nil) as the companies comprising the Group operated outside Hong Kong either sustained a loss for taxation purpose or had a tax exemption.

6. 所得稅開支

由於組成本集團之公司擁有可抵銷在香港產生之應課稅溢利之承前稅務虧損，或並無賺取任何應課稅溢利，故於兩個期間之財務報表並無就香港利得稅作出撥備。過往年度所得稅開支撥備不足乃因稅務局不允許二零零二年／二零零三年評稅年度之開支用於扣稅。

由於組成本集團而於香港以外地區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（截至二零零六年九月三十日止六個月：無）。

| | | Six months ended 30 September 截至九月三十日止 六個月 | |
|---|----------|---|---|
| | | 2007 (Unaudited) HK\$'000 二零零七年 (未經審核) 千港元 | 2006 (Unaudited) HK\$'000 二零零六年 (未經審核) 千港元 |
| Current tax | 本期稅項 | | |
| – Hong Kong | – 香港 | | |
| Tax for the current period | 本期間稅項 | – | – |
| Under provision in respect of prior years | 以往年度撥備不足 | 564 | – |
| Income tax expense | 所得稅開支 | <u>564</u> | <u>–</u> |

Notes to the Condensed Financial Statements (Continued)

簡明財務報表附註 (續)

For the six months ended 30 September 2007 截至二零零七年九月三十日止六個月

6. INCOME TAX EXPENSE (Continued)

The Group has deferred tax assets of HK\$6,790,000 (At 31 March 2007: HK\$7,873,000) arising from estimated tax losses of approximately HK\$20,341,000 (At 31 March 2007: HK\$30,568,000). 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\$7,600,000 can be carried forward indefinitely and the estimated tax losses incurred in US amounting to HK\$12,741,000 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.

7. DIVIDEND

The directors of the Company do not recommend the payment of an interim dividend in respect of the six months ended 30 September 2007 (six months ended 30 September 2006: Nil).

6. 所得稅開支 (續)

本集團因約20,341,000港元(於二零零七年三月三十一日:30,568,000港元)估計稅務虧損而產生之遞延稅項資產為6,790,000港元(於二零零七年三月三十一日:7,873,000港元)。由於未能確定是否有未來應課稅溢利須動用稅務虧損,故並未確認遞延稅項資產。於香港產生之估計稅務虧損為7,600,000港元,該等虧損可無限期結轉,而於美國產生之估計稅務虧損12,741,000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。

7. 股息

本公司董事並不建議派付截至二零零七年九月三十日止六個月之中期股息(截至二零零六年九月三十日止六個月:無)。

Notes to the Condensed Financial Statements (Continued)

簡明財務報表附註 (續)

For the six months ended 30 September 2007 截至二零零七年九月三十日止六個月

8. EARNINGS/(LOSS) PER SHARE**(a) Basic earnings/(loss) per share**

The calculation of basic earnings/(loss) per share is based on the Group's profit/(loss) attributable to equity holders of the Company of HK\$20,017,000 (six months ended 30 September 2006: consolidated loss attributable to shareholders of HK\$9,940,000) and the weighted average number of 4,082,214,000 (six months ended 30 September 2006: 3,724,308,000) ordinary shares in issue during the six months ended 30 September 2007.

(b) Diluted earnings/(loss) per share

The calculation of diluted earnings per share is based on the Group's profit attributable to equity holders of the Company of HK\$20,017,000 and the diluted weighted average number of 4,252,610,000 ordinary shares during the six months ended 30 September 2007. Diluted loss per share for the period ended 30 September 2006 was not presented because the effect of all potential ordinary shares was anti-dilutive.

The calculation of diluted earnings per share for the six months ended 30 September 2007 does not take into account of the warrants placed on 8 November 2007 (note 22), which can potentially dilute basic earnings per share in future.

8. 每股盈利／(虧損)**(a) 每股基本盈利／(虧損)**

每股基本盈利／(虧損)乃根據本集團截至二零零七年九月三十日止六個月之本公司權益持有人應佔溢利／(虧損)20,017,000港元(截至二零零六年九月三十日止六個月：股東應佔綜合虧損9,940,000港元)及已發行普通股之加權平均數4,082,214,000股(截至二零零六年九月三十日止六個月：3,724,308,000股)計算。

(b) 每股攤薄盈利／(虧損)

每股攤薄盈利乃根據本集團截至二零零七年九月三十日止六個月之本公司權益持有人應佔溢利20,017,000港元及普通股之經攤薄加權平均數4,252,610,000股計算。由於所有潛在普通股具有反攤薄影響，因此並無呈列截至二零零六年九月三十日止期間之每股攤薄虧損。

計算截至二零零七年九月三十日止六個月之每股攤薄盈利時並未計及於二零零七年十一月八日配售之認股權證(附註22)，有關認股權證對未來之每股基本盈利有潛在攤薄影響。

Notes to the Condensed Financial Statements (Continued)

簡明財務報表附註 (續)

For the six months ended 30 September 2007 截至二零零七年九月三十日止六個月

9. PROPERTY, PLANT AND EQUIPMENT

- (a) During the six months ended 30 September 2007, the Group incurred capital expenditure of approximately HK\$78,000 in furniture, fixtures and equipment; and
- (b) the Group disposed of certain items of furniture, fixtures and equipment with carrying value amounting to HK\$91,000 and recognised a loss of HK\$91,000 in the condensed consolidated income statement of the current interim period.

10. GOODWILL

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

9. 物業、廠房及設備

- (a) 截至二零零七年九月三十日止六個月，本集團之資本開支約78,000港元來自傢俬、裝置及設備；及
- (b) 本集團處理若干傢俬、裝置及設備項目，賬面值為91,000港元，並於本中期期間之簡明綜合收益表內確認虧損91,000港元。

10. 商譽

商譽賬面淨值之分析如下：

| | | 30 September 2007 (Unaudited) HK\$'000 二零零七年 九月三十日 (未經審核) 千港元 | 31 March 2007 (Audited) HK\$'000 二零零七年 三月三十一日 (經審核) 千港元 |
|---------------------------------|-------|--|--|
| At beginning of the period/year | 期初／年初 | | |
| Gross carrying amount | 賬面總值 | 188,465 | 188,465 |
| Accumulated impairment | 累計減值 | (47,890) | (47,890) |
| Net carrying amount | 賬面淨值 | 140,575 | 140,575 |

Notes to the Condensed Financial Statements (Continued)

簡明財務報表附註 (續)

For the six months ended 30 September 2007 截至二零零七年九月三十日止六個月

10. GOODWILL (Continued)

10. 商譽 (續)

| | | 30 September 2007 (Unaudited) HK\$'000 二零零七年 九月三十日 (未經審核) 千港元 | 31 March 2007 (Audited) HK\$'000 二零零七年 三月三十一日 (經審核) 千港元 |
|---|---------------------|--|--|
| Net carrying amount at beginning of the period/year | 期初／年初之 賬面淨值 | 140,575 | 140,575 |
| Acquisition of additional interest in a subsidiary (note) | 增購一間附屬公司之權益 (附註) | 17,213 | - |
| Net carrying amount at end of the period/year | 期終／年終之 賬面淨值 | 157,788 | 140,575 |
| At end of the period/year | 於期終／年終 | | |
| Gross carrying amount | 賬面總值 | 205,678 | 188,465 |
| Accumulated impairment | 累計減值 | (47,890) | (47,890) |
| Net carrying amount | 賬面淨值 | 157,788 | 140,575 |

Note:

During the current interim period, the Group acquired additional 8.74% interest in Terra Solar Global Inc., a subsidiary of the Group, at a consideration of HK\$19,375,000 resulting in goodwill of HK\$17,213,000.

附註:

於本中期期間，本集團以代價19,375,000港元增購其附屬公司Terra Solar Global Inc.之8.74%權益，導致產生17,213,000港元之商譽。

Notes to the Condensed Financial Statements (Continued)

簡明財務報表附註 (續)

For the six months ended 30 September 2007 截至二零零七年九月三十日止六個月

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS**11. 可供銷售之金融資產**

| | 30 September 2007 (Unaudited) HK\$'000 二零零七年 九月三十日 (未經審核) 千港元 | 31 March 2007 (Audited) HK\$'000 二零零七年 三月三十一日 (經審核) 千港元 |
|---|--|--|
| Unlisted equity securities, at cost 非上市股本證券·按成本入賬 | 116,950 | 116,950 |
| Less: Provision for impairment 減:減值撥備 | (109,200) | (109,200) |
| | <u>7,750</u> | <u>7,750</u> |

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**12. 以公允價值列入損益賬之金融資產**

| | 30 September 2007 (Unaudited) HK\$'000 二零零七年 九月三十日 (未經審核) 千港元 | 31 March 2007 (Audited) HK\$'000 二零零七年 三月三十一日 (經審核) 千港元 |
|--|--|--|
| Equity securities listed in Hong Kong, at fair values 香港上市股本證券·按公允價值入賬 | <u>43,962</u> | <u>52,274</u> |

Notes to the Condensed Financial Statements (Continued)

簡明財務報表附註 (續)

For the six months ended 30 September 2007 截至二零零七年九月三十日止六個月

13. TRADE AND OTHER RECEIVABLES

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

13. 應收賬款及其他應收款項

包括於應收賬款及其他應收款項中之應收賬款之賬齡分析如下：

| | | 30 September 2007 (Unaudited) HK\$'000 二零零七年 九月三十日 (未經審核) 千港元 | 31 March 2007 (Audited) HK\$'000 二零零七年 三月三十一日 (經審核) 千港元 |
|---|---------|--|--|
| Within 3 months | 三個月內 | 148 | 25,655 |
| 4 to 6 months | 四至六個月 | 44,634 | 100 |
| 7 to 12 months | 七至十二個月 | - | - |
| Over 12 months | 十二個月以上 | - | 18,860 |
| Total trade receivables (note (i)) | | 44,782 | 44,615 |
| Less: Provision for impairment (note (ii)) | | - | (18,860) |
| | | 44,782 | 25,755 |
| Deposits and prepayments | 訂金及預付款項 | 68,834 | 46,174 |
| Other receivables | 其他應收款項 | 63,098 | 394,151 |
| Less: Provision for impairment (note (iii)) | | (4,672) | (354,672) |
| | | 172,042 | 111,408 |

Notes to the Condensed Financial Statements (Continued)

簡明財務報表附註 (續)

For the six months ended 30 September 2007 截至二零零七年九月三十日止六個月

13. TRADE AND OTHER RECEIVABLES (Continued)

Notes:

- (i) Included in trade receivables of the Group are loan receivables amounted to HK\$44,634,000 (At 31 March 2007: HK\$44,294,000) arising from the money lending business. The loan receivables are unsecured, interest-bearing at prime rate per annum and with repayment period of 1 month to 12 months from the date of drawdown. In respect of the remaining balance of HK\$148,000 (At 31 March 2007: HK\$321,000), billings are normally due on presentation.
- (ii) Based on the assessment of the recoverability of the receivables, the directors of the Company are of the view that as at 30 September 2007, none (At 31 March 2007: HK\$18,860,000) of the trade receivables was impaired.

During the current interim period, the Group has recognised a reversal of impairment of trade receivables of HK\$2,500,000 due to repayments from loan holders.

- (iii) 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, 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 up to the date of approval of the financial statements for the year ended 31 March 2007. A full provision had been made accordingly. During the six months ended 30 September 2007, the HK\$350,000,000 was written off against the provision.

13. 應收賬款及其他應收款項 (續)

附註:

- (i) 計入本集團應收賬款中，共44,634,000港元（於二零零七年三月三十一日：44,294,000港元）為貸款業務產生之應收貸款。此等應收貸款為無抵押，每年以最優惠利率計息，還款期為支取日期起計一至十二個月。餘下結餘148,000港元（於二零零七年三月三十一日：321,000港元）一般在收到發票時付款。
- (ii) 根據應收款項可收回程度評核，本公司董事認為，於二零零七年九月三十日，應收賬款並無減值（於二零零七年三月三十一日：18,860,000港元）。

於本中期間，由於貸款持有人償還貸款，故本集團已確認撥回應收賬款減值2,500,000港元。

- (iii) 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結餘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取現金代價。根據二零零三年十月二十九日之買賣協議，出售本集團於REXCAPITAL Infrastructure Limited之權益之代價為350,000,000港元。截至於截至二零零七年三月三十一日止年度之財務報表核准日期，現金代價350,000,000港元尚未支付，故本集團已相應作出全數撥備。截至二零零七年九月三十日止六個月，該筆為數350,000,000港元之款項已與該撥備對銷。

Notes to the Condensed Financial Statements (Continued)

簡明財務報表附註 (續)

For the six months ended 30 September 2007 截至二零零七年九月三十日止六個月

13. TRADE AND OTHER RECEIVABLES (Continued)

Notes:

Also, at 30 September 2007, included in other receivables of the Group is a balance of HK\$4,672,000 (At 31 March 2007: HK\$4,672,000) representing deposit paid for exploring potential investment projects. At 30 September 2007, the HK\$4,672,000 (At 31 March 2007: HK\$4,672,000) was impaired because of cessation of the exploration.

The directors consider that the carrying amounts of trade and other receivables approximate their fair values.

14. 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 manufacturing of 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.

13. 應收賬款及其他應收款項 (續)

附註:

另外，於二零零七年九月三十日，本集團之其他應收款項中包括一筆為數4,672,000港元（於二零零七年三月三十一日：4,672,000港元）之結餘，乃為發掘潛在投資項目而支付之按金。於二零零七年九月三十日，由於終止發掘行動，為數4,672,000港元（於二零零七年三月三十一日：4,672,000港元）之款項經已減值。

董事認為應收賬款及其他應收款項之賬面值與其公允價值相若。

14. 持作出售資產

截至二零零七年三月三十一日止年度，兩間附屬公司Terra Solar Global, Inc及Terra Solar North America, Inc之董事議決，撤出美國之光伏業務之生產。於二零零七年四月二十七日，該等附屬公司與Solar Co. NJ（本公司一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。

本公司董事經參考於二零零七年四月二十七日訂立之買賣協議，已重新評估有關資產及負債之公允價值。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，本集團應佔分類為持作出售之資產淨值賬面值約為14,342,000港元，產生重新計量公允價值減出售成本之虧損約2,717,000港元。

Notes to the Condensed Financial Statements (Continued)

簡明財務報表附註 (續)

For the six months ended 30 September 2007 截至二零零七年九月三十日止六個月

14. ASSETS HELD FOR SALE (Continued)

The major classes of assets and liabilities at 30 September 2007 (At 31 March 2007) which are classified as assets held for sale are as follows:

14. 持作出售資產 (續)

於二零零七年九月三十日(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:

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

Notes to the Condensed Financial Statements (Continued)

簡明財務報表附註 (續)

For the six months ended 30 September 2007 截至二零零七年九月三十日止六個月

14. ASSETS HELD FOR SALE (Continued)

- (a) An ageing analysis of trade receivables at 30 September 2007, based on invoice date, is as follows:

| | | 30 September 2007 (Unaudited) HK\$'000 二零零七年 九月三十日 (未經審核) 千港元 | 31 March 2007 (Audited) HK\$'000 二零零七年 三月三十一日 (經審核) 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 | 181日以上 | 37,627 | 381 |
| | | 37,627 | 37,627 |

- (b) An ageing analysis of trade payables at 30 September 2007, based on invoice date, is as follows:

| | | 30 September 2007 (Unaudited) HK\$'000 二零零七年 九月三十日 (未經審核) 千港元 | 31 March 2007 (Audited) HK\$'000 二零零七年 三月三十一日 (經審核) 千港元 |
|---------------------|----------|--|--|
| Current – 90 days | 即期至90日 | – | 31,093 |
| 91 days to 180 days | 91日至180日 | – | 2,747 |
| Over 181 days | 181日以上 | 35,600 | 1,760 |
| | | 35,600 | 35,600 |

14. 持作出售資產 (續)

- (a) 於二零零七年九月三十日，應收賬款按發票日期之賬齡分析如下：

- (b) 於二零零七年九月三十日，應付賬款按發票日期之賬齡分析如下：

Notes to the Condensed Financial Statements (Continued)

簡明財務報表附註 (續)

For the six months ended 30 September 2007 截至二零零七年九月三十日止六個月

15. TRADE AND OTHER PAYABLES

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

| | | 30 September 2007 (Unaudited) HK\$'000 二零零七年 九月三十日 (未經審核) 千港元 | 31 March 2007 (Audited) HK\$'000 二零零七年 三月三十一日 (經審核) 千港元 |
|---------------------------------------|-----------------|--|--|
| Within 3 months | 三個月內 | - | 504 |
| 4 to 6 months | 四至六個月 | - | - |
| Over 6 months | 六個月以上 | - | 599 |
| Total trade payables | 應付賬款總額 | - | 1,103 |
| Temporary receipts from customers | 來自客戶之 暫收款 | 40,420 | 18,720 |
| Other payables and accrued charges | 其他應付款項及 應計費用 | 7,352 | 5,437 |
| | | 47,772 | 25,260 |

All the trade and other payables are expected to be settled within one year. The directors consider that the carrying amounts of trade and other payables approximate their fair values.

15. 應付賬款及其他應付款項

包括於應付賬款及其他應付款項中之應付賬款之賬齡分析如下：

所有應付賬款及其他應付款項預期可於一年內清償。董事認為應付賬款及其他應付款項之賬面值與其公允價值相若。

Notes to the Condensed Financial Statements (Continued)

簡明財務報表附註 (續)

For the six months ended 30 September 2007 截至二零零七年九月三十日止六個月

16. BORROWINGS

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

Loans from securities brokers, secured
來自證券經紀之貸款，
有抵押

At 31 March 2007, loans from securities brokers were secured by certain equity securities (note 12) with interest-bearing at prime rate plus 3% to 5% per annum and were denominated in Hong Kong dollars.

In the opinion of the directors, the carrying amounts of the borrowings approximate their fair values at the balance sheet dates.

16. 借貸

按要求償還之借貸分析如下：

| | 30 September 2007 (Unaudited) HK\$'000 二零零七年 九月三十日 (未經審核) 千港元 | 31 March 2007 (Audited) HK\$'000 二零零七年 三月三十一日 (經審核) 千港元 |
|--|--|--|
| | - | 700 |
| | - | 700 |

於二零零七年三月三十一日，來自證券經紀之貸款以若干股本證券作抵押（附註12），每年按最優惠利率加3厘至5厘計息，並以港元計值。

董事認為借貸之賬面值與其於結算日之公允價值相若。

Notes to the Condensed Financial Statements (Continued)

簡明財務報表附註 (續)

For the six months ended 30 September 2007 截至二零零七年九月三十日止六個月

17. SHARE CAPITAL

17. 股本

| | | 30 September 2007 (Unaudited) 二零零七年 九月三十日 (未經審核) | | 31 March 2007 (Audited) 二零零七年 三月三十一日 (經審核) | |
|-------------------------------------|----------------------|--|------------------|--|---------------|
| | | Number of shares (<i>'000</i>) <i>HK'000</i> | | Number of share (<i>'000</i>) <i>HK'000</i> | |
| | | 股份數目 (千股) 千港元 | | 股份數目 (千股) 千港元 | |
| Authorised: | 法定股本: | | | | |
| Ordinary shares of HK\$0.01 each | 每股面值0.01港元之 普通股 | 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 2007/2006 | 於二零零七年/二零零六年 四月一日 | 3,874,900 | 38,749 | 3,632,552 | 36,326 |
| Exercise of share options | 行使購股權 | 44,400 | 444 | 72,900 | 729 |
| Exercise of warrants | 行使認股權證 | 375,700 | 3,757 | 169,450 | 1,694 |
| At end of the period/year | 期終/年終 | 4,295,000 | 42,950 | 3,874,902 | 38,749 |

Notes to the Condensed Financial Statements (Continued)

簡明財務報表附註 (續)

For the six months ended 30 September 2007 截至二零零七年九月三十日止六個月

18. SHARE OPTION SCHEME

18. 購股權計劃

| | | 30 September 2007 (Unaudited) Number 二零零七年 九月三十日 (未經審核) 數目 | 31 March 2007 (Audited) Number 二零零七年 三月三十一日 (經審核) 數目 |
|---------------------------|----------------------|---|---|
| At 1 April 2007/2006 | 於二零零七年／二零零六年 四月一日 | 285,317,006 | 358,217,006 |
| Exercised | 已行使 | (44,400,000) | (72,900,000) |
| At end of the period/year | 期終／年終 | 240,917,006 | 285,317,006 |

Notes to the Condensed Financial Statements (Continued)

簡明財務報表附註 (續)

For the six months ended 30 September 2007 截至二零零七年九月三十日止六個月

18. SHARE OPTION SCHEME (Continued)

18. 購股權計劃 (續)

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

購股權之行使價及可行使期如下：

| | | 30 September 2007 (Unaudited) 二零零七年九月三十日 (未經審核) | | 31 March 2007 (Audited) 二零零七年三月三十一日 (經審核) | |
|-------------------------|-----------------------------|--|-----------|--|-----------|
| | | Exercise price | | Exercise price | |
| | | Number | per share | Number | per share |
| | | 數目 | 每股行使價 | 數目 | 每股行使價 |
| Exercisable period: | 可行使期: | | | | |
| 2.1.2004 – 1.1.2014 | 二零零四年一月二日至 二零一四年一月一日 | 16,117,006 | 0.1600 | 16,117,006 | 0.1600 |
| 20.12.2004 – 19.12.2014 | 二零零四年十二月二十日至 二零一四年十二月十九日 | 46,200,000 | 0.0880 | 62,300,000 | 0.0880 |
| 27.6.2005 – 26.6.2015 | 二零零五年六月二十七日至 二零一五年六月二十六日 | 79,600,000 | 0.1660 | 80,600,000 | 0.1660 |
| 20.7.2005 – 19.7.2015 | 二零零五年七月二十日至 二零一五年七月十九日 | 99,000,000 | 0.1660 | 126,300,000 | 0.1660 |
| | | 240,917,006 | | 285,317,006 | |

Notes to the Condensed Financial Statements (Continued)

簡明財務報表附註 (續)

For the six months ended 30 September 2007 截至二零零七年九月三十日止六個月

19. CAPITAL COMMITMENTS

As at 30 September 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. As at 30 September 2007, the amount of outstanding commitment arising from the contract was HK\$12,706,000.
- (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. Up to 30 September 2007, the Group has already made capital contributions of HK\$7,750,000.
- (iii) The Group 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 30 September 2007, the amount of commitment arising from the contract was HK\$13,104,000 (US\$1,680,000).

19. 資本承諾

於二零零七年九月三十日，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，本集團與本公司一名董事擁有股權之一間公司訂立合約，以購入及安裝若干生產設備。於二零零七年九月三十日，合約產生之未付承諾金額為12,706,000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。截至二零零七年九月三十日，本集團已注資7,750,000港元。
- (iii) 本集團與一間公司訂立兩份合約，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）。於二零零七年九月三十日，合約產生之承諾金額為13,104,000港元（1,680,000美元）。

Notes to the Condensed Financial Statements (Continued)

簡明財務報表附註 (續)

For the six months ended 30 September 2007 截至二零零七年九月三十日止六個月

19. CAPITAL COMMITMENTS (Continued)

- iv) On 21 May 2007, a co-operation agreement in relation to the formation of a joint venture 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 joint venture to be formed will be named as Jiangxi Ganneng China-sola New Energy Co., Ltd (the "Joint Venture Company") and the term of the Joint Venture Company 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). 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. Under the requirements of the applicable laws of the People's Republic of China, CSED will contribute RMB300 million (equivalent to approximately HK\$304.5 million), its share of the registered capital, within two years after the issue of business license of the Joint Venture Company.

19. 資本承諾 (續)

- (iv) 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」）就組建合營公司訂立合作協議。將予組建之合營公司將命名為江西贛能華基新能源有限公司（「合營公司」），而合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）。華基發展須注資人民幣12,500,000元（相當於約12,690,000港元），有關款項將於協議所有先決條件獲達成後七個營業日內以現金全數支付。根據中華人民共和國適用法律之規定，華基發展將於合營公司營業執照發出後兩年內繳付其攤佔之註冊資本部分人民幣300,000,000元（相當於約304,500,000港元）。

Notes to the Condensed Financial Statements (Continued)

簡明財務報表附註 (續)

For the six months ended 30 September 2007 截至二零零七年九月三十日止六個月

20. CONTINGENT LIABILITIES AND LITIGATIONS

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

21. RELATED PARTY TRANSACTIONS

During the period, the Group had the following significant transactions with related parties.

20. 或有負債及訴訟

於一九九九年九月二十一日，本公司之前任董事黃創山先生於高等法院提出向本公司索償合共5,000,000港元。黃創山先生宣稱於一九九七年八月代表本公司向第三方支付該筆款項作為按金，惟本公司並未向其償還該筆款項。董事在考慮有關事宜後，認為由於黃創山先生於二零零零年六月後並無就有關訴訟採取行動，故在現階段毋須就有關訴訟在財務報表中作出撥備。

21. 關連人士交易

期內，本集團與關連人士曾進行以下重大交易。

| | | Six months ended 30 September 截至九月三十日止 六個月 | |
|-----------------------------------|--------|---|---|
| | | 2007 (Unaudited) HK\$'000 二零零七年 (未經審核) 千港元 | 2006 (Unaudited) HK\$'000 二零零六年 (未經審核) 千港元 |
| | | Notes 附註 | |
| Research and development expenses | 研發開支 | (a) | 726 |
| Secondment service income | 借調服務收入 | (b) | 1,679 |
| | | 1,550 | 1,679 |

Notes to the Condensed Financial Statements (Continued)

簡明財務報表附註 (續)

For the six months ended 30 September 2007 截至二零零七年九月三十日止六個月

21. RELATED PARTY TRANSACTIONS (Continued)

Notes:

- (a) The Group has entered into research and development agreement with a related company in which a director of the Company has the equity interest. For the current interim period, no such transaction was occurred.
- (b) Secondment service income were derived from secondment of staff to a related company in which a key management personnel of the Group has equity interest. The directors consider the transaction was entered into by the Group on normal commercial terms and in arm's length basis.

22. POST BALANCE SHEET EVENT

On 8 November 2007, the Company had successfully placed 751,980,000 warrants in registered form, giving the holders thereof the rights to subscribe up to HK\$391,029,600 in aggregate in cash for shares at an initial subscription price of HK\$0.52 per share (subject to adjustments). On full exercise of the subscription rights attaching to the 751,980,000 warrants at the initial subscription price of HK\$0.52 per share, an aggregate of 751,980,000 new shares will fall to be issued, representing approximately 17.51% of the issued share capital of the Company as at the date of this announcement and approximately 14.90% of the issued share capital of the Company as enlarged by the issue of such new shares.

The gross proceeds of the warrant placing will be approximately HK\$25.6 million, and the net proceeds of approximately HK\$24.4 million will be mainly used for the general working capital of the Group.

Commencement of dealings in the warrants (under the warrant code "804" and the warrant short name "CHINASOLARW0911") on the Stock Exchange, in board lot of 60,000 warrants, was on Tuesday, 13 November 2007.

21. 關連人士交易 (續)

附註:

- (a) 本集團與一間關連公司訂立研發協議，而本公司一名董事擁有該關連公司之股權。於本中期間並無進行有關交易。
- (b) 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擁有該關連公司之股權。董事認為，本集團乃根據正常商業條款按公平原則進行有關交易。

22. 結算日後事項

於二零零七年十一月八日，本公司成功配售751,980,000份記名認股權證，該等認股權證之持有人有權以現金按初步認購價每股股份0.52港元（可予調整）認購總額最多達391,029,600港元之股份。按初步認購價每股股份0.52港元悉數行使該751,980,000份認股權證所附之認購權後，本公司將須發行合共751,980,000股新股份，相當於本公司於該公佈日期之已發行股本約17.51%，及本公司經發行該等新股份擴大後之已發行股本約14.90%。

認股權證配售所得款項總額約為25,600,000港元，而所得款項淨額則約為24,400,000港元，將主要用作本集團一般營運資金。

認股權證（認股權證代號為「804」，而認股權證簡稱為「華基光電零九一一」）已於二零零七年十一月十三日星期二開始以每手買賣單位60,000份認股權證在聯交所買賣。