Solargiga Energ

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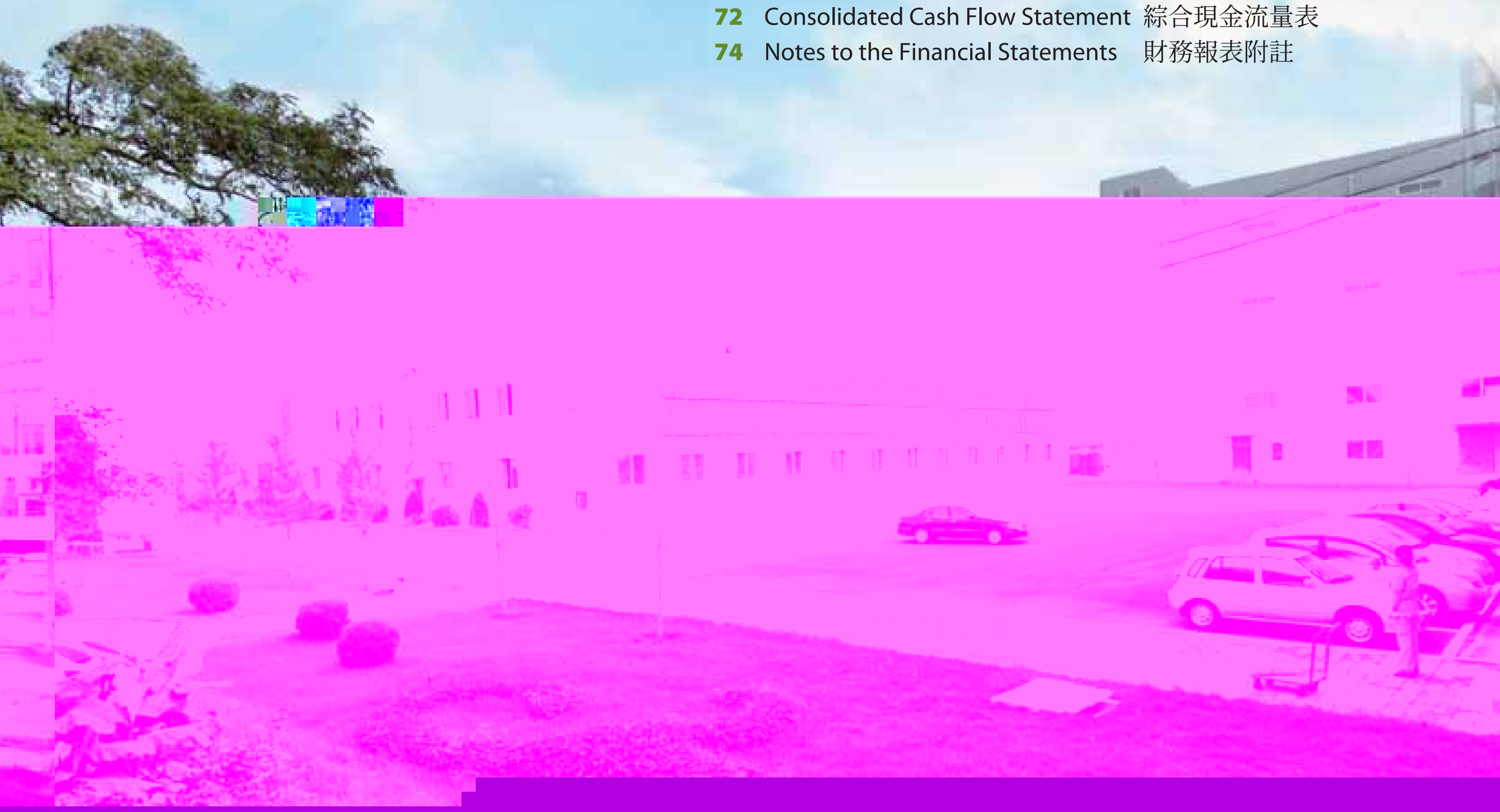


Jinzhou Plant 錦州廠房

Corporate Information
公司資料

Board of Directors
董事會

Executive Directors
Mr. TAN Wenhua
Mr. HSU You Yuan
Ms. ZHANG Liming

執行董事
譚文華先生
許祐淵先生
張麗明女士

Non-executive Directors
Mr. CHIAO Ping Hai (Chairman)
Mr. CHONG Kin Ngai

非執行董事
焦平海先生(主席)
莊堅毅先生

Independent Non-executive Directors
Mr. WONG Wing Kuen, Albert
Ms. FU Shuangye
Dr. LIN wen
Mr. ZHANG Chun

獨立非執行董事
王永權先生
符霜葉女士
林文博士
張椿先生

Company Secretary
Tong Wan Sze *(CPA, FCCA, MBA)*

公司秘書
湯雲斯*(CPA, FCCA, MBA)*

Qualified Accountant
Tong Wan Sze *(CPA, FCCA, MBA)*

合資格會計師
湯雲斯*(CPA, FCCA, MBA)*

Audit Committee
Wong Wing Kuen, Albert, (Chairman)
Fu Shuangye
Lin Wen
Zhang Chun
Chong Kin Ngai

審核委員會
王永權(主席)
符霜葉
林文
張椿
莊堅毅

Remuneration Committee
Fu Shuangye (Chairman)
Wong Wing Kuen, Albert
Lin Wen
Zhang Chun
Tan Wenhua

薪酬委員會
符霜葉(主席)
王永權
林文
張椿
譚文華

Nomination Committee
Lin Wen (Chairman)
Wong Wing Kuen, Albert
Fu Shuangye
Zhang Chun
Hsu You Yuan

提名委員會
林文(主席)
王永權
符霜葉
張椿
許祐淵

Auditor
KPMG

核數師
畢馬威會計師事務所

Principal Bankers
Jinzhou City Commercial Bank
Agricultural Bank of China

主要往來銀行
錦州市商業銀行
中國農業銀行

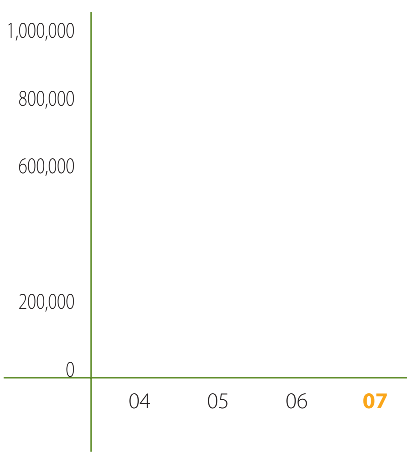
Registered Office

Cricket Square
Hutchins Drive
P.O. Box 2681

Financial Highlights
財務摘要

Four-Year Financial Summary 四年財務摘要

RMB'000	人民幣千元	2004 二零零四年	2005 二零零五年	2006 二零零六年	**2007** **二零零七年**
Turnover	營業額	57,658	173,697	413,303	**1,015,538**
Gross profit	毛利	10,543	68,900	169,063	**323,126**
Profit from operations	經營利潤	7,988	62,842	156,025	**344,673**
Profit attributable to equity shareholders	權益股東應佔利潤	4,941	41,303	109,670	**292,241**
Basic earnings per share (RMB cents)	每股基本盈利(人民幣分)	0.99	8.26	21.85	**58.23**
Non-current assets	非流動資產	17,981	109,450	134,500	**277,879**
Current assets	流動資產	57,615	135,333	264,935	**673,996**
Current liabilities	流動負債	27,568	75,543	129,285	**289,521**
Non-current liabilities	非流動負債	150	14,981	15,344	**29,637**
Net assets	資產淨值	47,878	154,259	254,806	**632,717**



NEW BLOSSOM OF RENEWABLE ENERGY SOURCE

春回大地 萬象更新

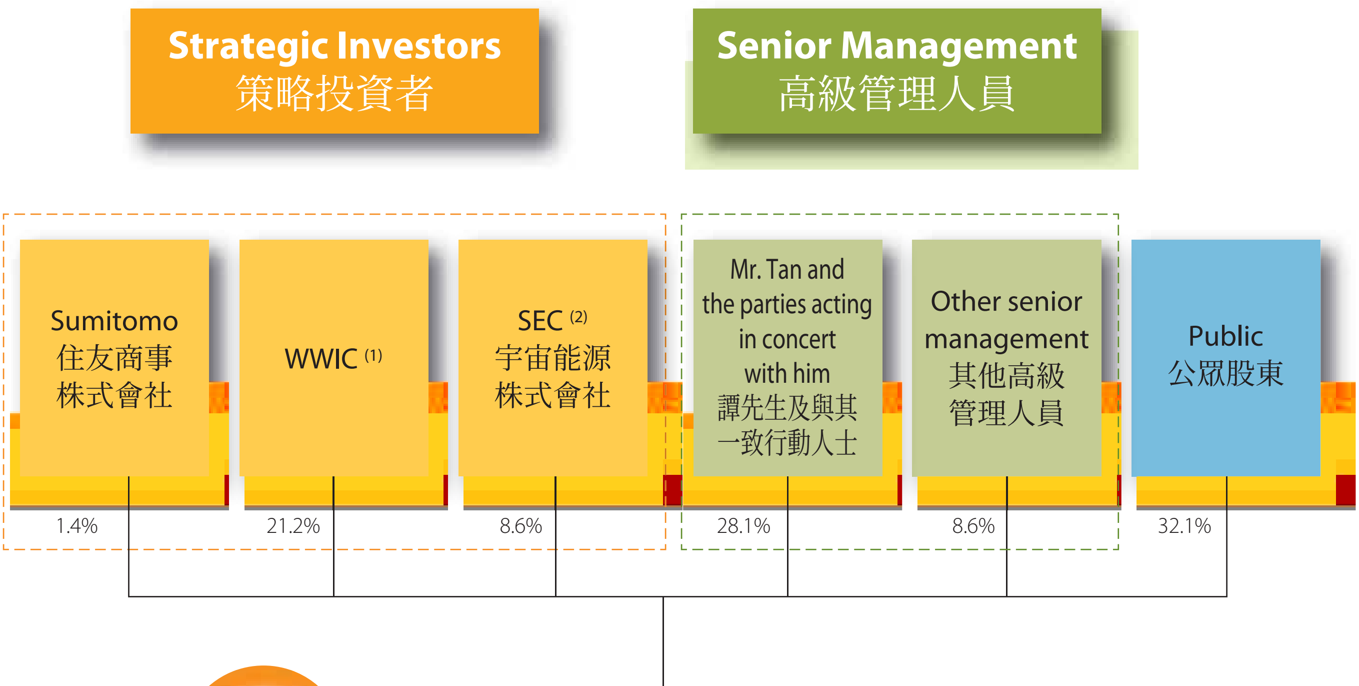
The Group underwent a corporate reorganisation in June 2007 by acquiring the WWX Group's solar energy business arm which engages in the production of monocrystalline solar ingot as well as reclaiming and upgrading of polysilicon. The acquisition has significantly improved the production capacity, enhanced the technology level, and attracted more professional talents to the Group.

本集團於二零零七年六月進行重組，收購了合晶科技集團旗下經營太陽能單晶硅錠製造及多晶硅回收及改良業務的太陽能事業部門，令本集團的產能、技術及專業人才均得到顯著的提升。

Shanghai Plant 上海廠房

Shareholding Structure
股東架構

(As at 24 April 2008, after the partial exercise of over-allotment options)
(截至二零零八年四月二十四日，經行使部份超額配股權)



Solargiga Energy Holdings Limited
陽光能源控股有限公司

1) Wafer Works Investment Corp., a company wholly-owned by Wafer Works Corp ("WWX"), which is listed on the Gre Tai Securities Market of Taiwan Stock Exchange. It is the world's 7th largest semiconductor grade silicon wafer manufacturer
2) Space Energy Corporation, a Japanese company engaged in the manufacturing and sale of silicon related products

1) Wafer Works Investment Corp.為台灣證券櫃檯買賣中心上市公司，合晶科技股份有限公司(「合晶科技」)之全資擁有的公司，為全球第七大半導體硅片製造商
2) 宇宙能源株式會社為一家日本公司，從事硅材相關產品的產銷業務

AT THE DAWN OF A NEW ERA

旭日初升 生機展現

Year 2008 marked a new era of Solargiga's development. Its successful listing on the Main Board of the Stock Exchange of Hong Kong Limited has strengthened its capital base, enhanced its corporate governance structure and placed it at a perfect platform to emerge as a market leader in the solar energy industry in the PRC and further around the globe.

陽光能源於二零零八年踏上一個新的里程，集團成功於香港聯合交易所有限公司主板上市，不僅加強了資本實力，更提升了企業管治，令陽光能源處於更有利的位置，有助其發展成為一家中國以至全球領先的太陽能企業。

Chairman's Statement
主席報告書

CHIAO Ping Hai, *Chairman*
焦平海 *主席*

A rising sun with strong growth momentum

Dear Shareholders,

On behalf of the Board of Directors (the "Board"), I am pleased to present the first set of annual results of Solargiga Energy Holdings Limited after its listing. For the year ended 31 December 2007, the Group attained outstanding results in further increase in productivity, enhancement of technology, strengthening of internal management and expansion of business network in our efforts, and is well positioned to realize opportunities in the market so as to achieve rapid business growth and encouraging financial performance.

With growing environmental concerns over global warming as well as surging prices of fossil fuels, the demand for green energy has escalated. Solar energy, as a new source of energy, is the most preferred renewable energy resource against others due to its infinity nature with wide applications. Many countries have proactively promoted the use and development of renewable energy and introduced incentive policies favorable to the development of solar energy industry. As the second largest manufacturer of monocrystalline silicon ingots in China, the Group underwent a corporate reorganisation in June 2007 by acquiring the Wafer Works Corp. Group's solar energy arm which engages in the production of monocrystalline solar ingot and reclaiming and upgrading of polysilicon. Such acquisition has significantly improved the production capacity and technology of the Group, and attracted more professional talents.

光芒展現　動力之源

各位股東：

本人謹代表董事會全人，欣然提呈陽光能源控股有限公司上市後首份全年業績。截至二零零七年十二月三十一日止年度內，本集團抓緊市場機遇，在進一步擴充產能、提升技術水準、加強內部管理及開拓業務網絡等多方面的努力下創出佳績，業務迅速增長，財務表現令人鼓舞。

隨著全球環保意識不斷提高，全球氣候暖化等問題日趨嚴重，加上化石燃料價格不斷攀升，市場對綠色能源的需求與日俱增。在自然界中可再生能源當中，以太陽能作為新能源供應來源最受注目，取其應用廣泛，生生不息，用之不竭的優點。世界多個國家已積極推廣使用及發展可再生能源，並推出有利太陽能產業發展之優惠措施。作為中國第二大的太陽能單晶硅錠製造商，本集團於二零零七年六月進行重組，收購了合晶科技集團旗下經營太陽能單晶硅錠製造及多晶硅回收及改良業務的太陽能事業部門，令本集團的產能、技術及專業人才均得到顯著的提升。

Thanks to the increasing scale of operations and the favorable environment in the market, the Group has recorded strong growth in sales of its core products, silicon ingot and wafer, which in turn brought the overall profit to new heights. During the year under review, turnover of the Group was RMB1,015.5 million, which represented a substantial increase of 145.7% over 2006. Gross profit and net profit improved by 91.1% and 166.5%, amounting to RMB323.1 million and RMB292.2 million respectively. Basic earnings per share increased by 166.5% to RMB58.23 cents.

在經營規模擴大及有利的市場大趨勢下，本集團的主要產品硅錠及硅片錄得強勁的銷售增長，帶動整體盈利創出新高。在回顧年內本集團之營業額達到人民幣10.155億元，較二零零六年大幅上升145.7%，毛利及純利分別增長91.1%及166.5%至人民幣3.231億元及人民幣2.922億元。每股基本盈利增長166.5%至人民幣58.23分。

The Group was successfully listed on the Main Board of Hong Kong Stock Exchange on 31 March 2008 and widely supported by international investors. Through strategic alliances with three leading players in solar energy industry, Wafer Works Corporation, Space Energy Corporation and Sumitomo Corporation, being our strategic investors, the Group has benefited from the shared management experience, enhanced technology on solar energy, strategic guidance and opportunity referrals provided. Meanwhile, strengths of the photovoltaic ("PV") value chain of the Group have been further enhanced to ensure adequate and stable supply of raw materials. As a result, the synergy effects will lead to win-win situation.

本集團二零零七年的業績強勁增長，通過進一步擴充產能、提升技術水平，為迎接未來太陽能日趨普及的新增長機遇作好準備。

本集團於二零零八年三月三十一日成功在香港聯交所主板上市，獲得國際投資者的廣泛支持。本集團透過與合晶科技、宇宙能源株式會社及住友商事株式會社策略結盟，通過引入這三家在太陽能產業中領先的企業作為策略投資者，本集團能夠共用管理經驗及提升太陽能相關技術，並為本集團提供戰略指導及引薦商機，同時也有助進一步強化本集團於光伏產業價值鏈緊扣的優勢，確保充足及穩定的原材料供應，達到雙贏的協同效應。

In addition, the Group has put more emphasis on corporate governance which is a major step forward for further internationalisation. I am confident that the leading position of the Group in the industry will be consolidated. Looking forward, the Group would strive for global expansion while reinforcing its market position in China, seeking to become the world's largest manufacturer of monocrystalline solar ingots and wafers. With the support of the shareholders, the Group will continue to strengthen its competitiveness to achieve remarkable results.

此外，本集團強化了企業管治，為進一步國際化踏出重要的一步。本人有十足的信心，本集團在行業的領導地位將會更穩固。展望未來，除了加強在中國市場的地位以外，本集團致力飛揚國際，矢志成為全球最大太陽能單晶硅錠及硅片生產商。本集團將會繼續增強競爭優勢，務求以出色的業績表現，回饋股東的支持。

Chairman
CHIAO Ping Hai

Hong Kong, 24 April 2008

焦平海
主席

香港，二零零八年四月二十四日

Business Review
業務回顧

In 2007, the Group captured market opportunities by broadening the scope of business, increasing productivity, and enhancing operation efficiencies, and hence successfully securing its leading position among the manufacturers of monocrystalline solar ingots and wafers in China.

二零零七年，本集團積極開拓業務、擴大產能、提升營運效益，全力把握市場機遇，成功奠定其於中國太陽能單晶硅錠及硅片生產行業的領先地位。

TAN Wenhua, *Executive Director and President*
譚文華　*執行董事兼總裁*

Benefited from the rapid growth of the global solar energy industry, the Group broadened its scope of business, expanded productivity, enhanced operation efficiencies and strengthened internal management. As a result, the Group achieved remarkable performance in 2007 with substantial growth in turnover and net profit, which is in line with the profit estimate set out in the Prospectus for initial public offering in March 2008.

受惠全球太陽能產業的快速增長，本集團在積極開拓業務、擴大產能、提升營運效益，強化內部管理等措施下，全力把握市場機遇，於二零零七年取得理想的成績，營業額及純利均大幅增長，與本集團在二零零八年三月首次公開招股售股章程中所作出的盈利預測相符。

Business Overview

The Group has secured its leading position among the manufacturers of solar monocrystalline silicon ingots and wafers in China. The Group is China's second largest manufacturer of monocrystalline silicon ingots, measured in terms of production output and sales. Besides, the Group has also been widely recognized as a specialist in reclaiming and upgrading of polysilicon.

業務概覽

本集團已奠定其中國領先的太陽能單晶硅錠及硅片生產商的市場地位。以產量及銷售量計算，本集團為中國第二大單晶硅錠生產商，而其多晶硅料改良及回收專家的地位亦獲廣泛認同。

• Monocrystalline Solar Ingot Pullers 太陽能單晶硅錠拉制機

In addition, the Group has developed a value chain which connects global top suppliers, manufacturers of silicon as well as an extensive sales network, with strong and long term relationships established with a number of leading solar energy players, such as Sharp, Sumitomo Corporation and Suntech. Some of these leading players are both suppliers and customers of the Group. As such, the Group secures a strong international renowned customer base, and benefited from stable supply of raw materials at the same time. In this regard, the Group has enjoyed the benefits arising from such close relationship, taking the role as both customers and suppliers.

此外，本集團也建立了全球頂尖硅材料供貨商、製造商及銷售網之價值鏈，與許多全球頂尖之太陽能企業成功建立長期深厚、緊扣相連的關係，包括夏普、住友商事株式會社及尚德太陽能等。這些太陽能行業內佔據領先地位的領導廠商不單是本集團的客戶，部份同時是本集團的供貨商，讓本集團一方面擁有穩固的全球知名客戶基礎，另一方面也可確保原材料供應充足，令本集團盡享客戶及供貨商之間的緊扣網絡所帶來的優勢。

The Group integrates the advantages of high-skilled personnel and abundant low-cost labour from Mainland China with production technology and sales network of solar energy from Taiwan and Japan, allowing the Group to differentiate itself from its competitors.

本集團結合中國製造專才及當地人力資源之優勢，可在低勞工成本的基礎上，揉合臺灣及日本太陽能製造技術與銷售網絡，讓本集團相對於其他的同業於市場中，別具優勢。

Market Overview and Business Strategies

The solar energy industry is entering a new era with immense potential. With increasing natural disasters caused by global warming, there are growing environmental concerns of cutting down carbon dioxide emission among countries and mankind. In addition to the escalating prices, conventional energy source generated from fossil fuels such as coal, crude oil and natural gas are facing a number of challenges. All these facilitated the emergence of renewable energy as alternatives. Solar energy has become a preferred choice due to its infinity nature with wide applications and installation friendliness, meeting the increasing needs of clean and safe energy with high efficiency among mankind. At present, many countries have proactively promoted the use and development of renewable energy by promulgating relevant laws and introducing incentive policies favourable to the development of solar energy industry. Such favourable conditions continue to support the rapid growth of the global solar energy industry.

市場概覽與佈局

太陽能產業現正面向一個潛力無可估量的市場。全球暖化，溫室效應造成天災不斷、人民的環保意識不斷提高、如何減少二氧化碳排量，以維護地球生活環境，已逐漸獲得各主要國家政府及人民之重視，加上化石燃料如煤、原油及天氣然等價格持續上升等因素，都促使可再生能源迅速掘起，成為替代能源。在眾多再生能源當中，以太陽能源能滿足人類乾淨、安全及使用便捷的需求，且其應用範圍廣、安裝方便、用之不竭等特點，成為可再生能源的首選。目前世界多個國家政府正積極推廣使用及發展可再生能源，落實有關法規，推出有利太陽能產業發展之優惠措施。這些利好因素均持續推動全球太陽能產業的快速增長。

According to Solarbuzz LLC's forecast in 2007, the global solar PV industry by MW of installations and revenues from 2006 through 2011 is expected to reach 7,630 MW and US$31.5 billion respectively, rising at a CAGR of 34% and 24% respectively. Germany, Japan and Spain are currently the major markets in the solar photovoltaic ("PV") industry. Going forward, with the implementation of California's Million Solar Roofs initiative and the increasing efforts in developing the solar PV industry in other parts of the country, the US is expected to increase the installation capacity to 7,000MW by 2020. As one of the largest energy consumers in the world, China continues to possess immense market opportunities while Korea and Australia are expected to be the emerging countries in the solar industry.

根據Solarbuzz LLC 2007年所作的預測，全球的太陽能光伏產業按裝置產能及收入計，由2006年至2011年將會分別以34%及24%的年複合增長率成長，市場總額將分別上升至7,630兆瓦及315億美元。如以全球市場而言，目前以日本及歐洲之德國、西班牙等國家為主，隨著美國加州百萬太陽能屋頂計劃稅款補助之執行及其他各州之加入推動，預計至2020年，美國市場可成長至7,000兆瓦；另外韓國、澳洲亦是未來太陽能成長可期的市場。至於中國，作為全球最大能源消耗國之一，其市場潛力更不容忽視。

Furthermore, the Chinese government has strongly supported the development of renewable energy by promulgating the Renewable Energy Law of PRC in January 2006. This has accelerated the promotion of cleaner energy technologies effectively. The Chinese government has also encouraged the use of solar energy as a clean energy by implementing subsidy programmes and incentive schemes. According to a white paper entitled China's Energy Conditions and Policies issued by the State Council of China on 26 December 2007, China will actively develop renewable energy and increase the utilization of renewable energy with the target to reach 10% and 15% of overall energy consumption in 2010 and 2020 respectively.

中國政府也大力支持發展可再生能源，於二零零六年一月發布的《可再生能源法》，有效地加大推廣更清潔的能源技術的力度，通過資助及推行計劃，提倡使用太陽能為清潔能源之一。中國國務院於二零零七年十二月二十六日發表之《中國的能源狀況與政策》白皮書，亦表明國家大力發展可再生能源建設，增加其使用可再生能源之比例目標，分別於二零一零年及二零二零年佔整體能源使用率10%及15%。

As for the Japan market, the Group has cooperated with another strategic shareholder Sumitomo, a leading player in the solar energy industry, to expand its business network. With Sumitomo being its distribution agent in Japan, the Group holds a positive outlook towards its future business growth in this market.

在日本市場方面，經由本集團的策略性股東也是太陽能產業領導廠商之一的住友商事，作為本集團在日本地區的銷售代理，可望繼續有良好的發展。

Major suppliers of polysilicon, the major raw material of the Group, are located in Europe, the US and Japan. Owing to the rapid growth of the solar energy industry, there is a serious shortage of polysilicon supply due to insufficient output, leading to escalating prices of this type of raw materials. Going forward, as the current polysilicon producing countries increases polysilicon output, along with new producers in China, Japan and Korea entering the market, the shortage is expected to be alleviated. Currently, the Group has already planned to secure the supply of polysilicon in 2008 for its own production. To ensure stable raw material supply in 2009 and further in the mid- to long-run, the Group plans to invest in the upstream polysilicon sector. The strategic investor Space Energy Corp. in Japan offers the Group stable raw material supply

至於本集團主要原材料多晶硅材料供應方面，目前供應商均來自歐、美、日等主要國家。由於太陽能產業快速發展，多晶硅原料擴產不足，造成嚴重短缺，多晶硅價格飆漲。未來，隨著現有廠家的擴廠，加上日本和韓國等新廠商和中國廠商的加入，多晶硅缺料的情況可望舒緩。目前本集團已有計劃保障能取得二零零八年現有產能所需的原料，至於二零零九年及未來穩定中長期原料之掌握，除將參與上游多晶硅廠之投資，以取得相對產能外，也包括來自日本的策略性投資者宇宙能源株式會社的穩定長期供應代工原料，與此同時，另一策略性投資者合昌集團除了原來已供應之原料外，憑藉其為全球

for processing. Another strategic investor of the Group, Wafer Works, being the world's 7th largest semiconductor wafer manufacturer, has entered into long-term solar grade polysilicon supply agreements with two international acclaimed polysilicon suppliers to support the Group's rapid growth.

Therefore, leveraging on the Group's extensive sales network and solid foundation for production as well as sound reputation within the industry, the Group would benefit from the rapid growth in global PV industry, aiming at becoming the world's leading player in the solar energy industry.

Operation review

Advanced proprietary technical know-how on solar energy integrating expertise from China, Taiwan and Japan

The Group has advanced proprietary production know-how, such as the technologies on reclaimed silicon upgrading, crystal pulling for a mix of

• Monocrystalline Solar Wafer 太陽能單晶硅片

• Monocrystalline Solar Ingot Pulling
太陽能單晶硅錠長晶過程

• Monocrystalline Solar Ingot 太陽能單晶硅錠

The Group's production facilities are located in Jinzhou and Shanghai. The Jinzhou plants are equipped with integrated production and upgrading facilities for raw materials, monocrystalline solar ingot pullers and wiresaws. The Jinzhou plants mainly engage in the manufacturing of monocrystalline solar ingots and wafers. Occasionally, at the request of customers, the Jinzhou plants also provide processing services in respect of polysilicon materials. In 2007, the annual production capacity of Jinzhou plants was 1,000 tons of ingots and 17 million pieces of wafers with light energy conversion capability of approximately 100MW, an increase of 25.0% and 89.0% respectively over the previous year.

本集團的生產基地，位於錦州及上海兩地。錦州廠房擁有綜合生產基地，設有原材料改良設施，單晶硅錠拉制機及線鋸，以製造單晶硅錠及硅片為主，也會按客戶要求提供硅料加工服務。二零零七年錦州基地的年產量為1,000噸錠材及1,700萬片硅片，能轉化成約100兆瓦電力，分別較上年度上升25.0%及89.0%。

It is expected that the annual production capacity of the Group will expand to 2,000 tons of ingots and 48 million pieces of wafers in 2008. The Group's plan is to further increase the capacity to 4,000 tons and 150 million pieces by 2009.

預計於二零零八年，本集團的硅錠的年產量將擴展至2,000噸，硅片的年產量達4,800萬片。預計二零零九年的年產量更會進一步增加，硅錠和硅片的年產量分別達到4,000噸和1.5億片。

Sales of Products

The Group has three main businesses:

(a) The trading and manufacturing of monocrystalline silicon ingots and wafers;

(b) The processing of solar ingots and wafers;

(c) The upgrading and trading of polysilicon.

產品銷售

本集團之收入來自三大業務，分別為

(a) 買賣及製造單晶硅錠及硅片；

(b) 提供太陽能硅錠及硅片的加工服務；

(c) 改良及買賣多晶硅。

• Monitoring production process of monocrystalline solar ingot and wafer

The manufacturing and sale of monocrystalline solar ingots

Since its inception, the Group has engaged in the manufacturing and sale of monocrystalline solar ingots. The Group currently produces monocrystalline solar ingots with various choices of diameter (ranging from 5.5 inches to 8 inches).

產銷太陽能單晶硅錠

本集團自成立以來一直從事產銷太陽能單晶硅錠，現時生產之太陽能單晶硅錠有多種直徑(介乎5.5吋至8吋)。

The manufacturing and sale of monocrystalline silicon wafers

In response to customers' request for one-stop shop services for the products, the Group established its monocrystalline solar wafers facilities in 2006. The Group currently produces wafers of two choices of dimensions (125 x 125 mm and 156 x 156 mm) and a variety of thickness (from 180 μm to 220 μm).

產銷單晶硅片

本集團於二零零六年設立太陽能單晶硅片設施，以滿足客戶對產品一站式商鋪服務之需求。本集團現時生產之太陽能硅片主要有兩種尺寸(125 x 125毫米及156 x 156毫米)及多種厚度(介乎180微米至220微米)。

The reclaiming and upgrading of polysilicon raw materials, and processing of solar ingots and solar wafers

The reclaiming, upgrading and recycling of polysilicon raw materials conducted by the Group includes the sorting of scrap silicon, separation of non-silicon material from scrap silicon and etching of scrap polysilicon with the aim to extract polysilicon raw material that can be used for production of solar ingots. Reclaiming, upgrading and recycling have become an increasingly important process in the PV manufacturing value chain because of the current polysilicon shortage. The Group has a team of skilled employees for cleaning and testing broken wafers and other reclaimable materials.

多晶硅原材料回收及改良服務及太陽能硅錠及太陽能硅片之加工服務

本集團提供的多晶硅原材料的回收、改良及循環再造服務包括廢硅材碎分類，從廢硅材碎分隔非硅材料，及以蝕鍍多晶硅廢碎以提煉可用作生產太陽能錠材之多晶硅原材料。由於多晶硅的供應現時仍然緊張，回收、改良及循環再造工序於光伏製造價值鏈中越趨重要。本集團擁有一支技術人員團隊，負責清潔及測試破碎硅片及其他可回收材料。

During the year under review, revenue of the Group was primarily generated from trading and manufacturing of monocrystalline silicon ingots and wafers, accounting for 21.7% and 63.4% respectively of total revenue of the Group. Revenue from processing of solar ingots and wafers accounted for 8.3% and 1.0% respectively of total revenue of the Group. Revenue from upgrading and trading of polysilicon accounted for 1.5% and 4.1% respectively.

回顧年內，本集團的主要收入來自買賣及製造單晶硅錠及硅片，分別佔本集團總收入之21.7%及63.4%，其次為提供太陽能硅錠及硅片的加工服務，分別佔總收入之8.3%及1.0%，而改良及買賣多晶硅則分別佔總收入之1.5%及4.1%。

Research and development

Enhancement of R&D technology has been another key focus of the Group. During the year under review, in addition to the successful expertise integration of advanced proprietary technical know-how on solar energy from China, Taiwan and Japan, the Group's future research and development activities will be principally directed towards the development and implementation of more advanced process technologies to reduce cost and achieve higher production efficiency. In particular, the Group is committed to reduce the amount of polysilicon required in its production of ingots and wafers, and makes its customers to improve the PV cell conversion rate by delivering high quality products.

研究及發展

本集團另一發展重點是提升研發技術。回顧年內，本集團除已成功結合中國、台灣及日本的先進專有太陽能技術，未來本集團研究及發展之主要方向，為發展及採用更先進加工技術，以減低成本及達致更高生產效率。本集團致力於減少生產硅錠及硅片所需的多晶硅用量且藉由提供高質量產品以改良客戶端的電池轉換效率。

During the year under review, the research and development team successfully introduced 20 inch hot zone for the production of 156 x 156 mm wafers. 156 x 156 mm wafers were previously produced by using 18-inch hot zone on a limited scale. Compared with 18 inch hot zone, 20 inch hot zone has a higher production efficiency of 156 x 156 mm wafers. 156 x 156 mm wafers produced in 20 inch hot zone were put into commercial production in 2007.

回顧年內，本集團之研發團隊為156 x 156毫米硅片的生產成功引入20吋熱場。156 x 156毫米硅片以往採用18吋熱場製造，生產規模有限。用20吋熱場生產156 x 156毫米硅片較用18吋熱場有更高的生產效率。20吋熱場生產之156 x 156毫米硅片已於二零零七年投入商業生產。

In view of the worldwide shortage of polysilicon raw material, the Group may also commence research and development on the use of metallurgical silicon in the production of monocrystalline solar ingots. Furthermore, with the increase in production capacity of monocrystalline solar wafers starting from the second quarter of 2008, the Group will explore whether the waste silicon powder produced during the wafer manufacturing process can be reclaimed for ingot production.

鑒於全球多晶硅原材料供應短缺，本集團亦可能會開始研發在太陽能單晶硅錠生產中採用冶金硅。此外，待二零零八年第二季開始提升太陽能單晶硅片產能後，本集團將探討硅片制程中所產生的硅粉廢料，是否可回收作生產硅錠之用。

The Group has benefited from the shared management experience, enhanced solar energy related technology, strategic guidance and opportunity referrals provided by these strategic investors. Meanwhile, strengths of PV value chain of the Group have been further enhanced to ensure adequate and stable supply of raw materials. As a result, synergy effects created will lead to win-win situation.

通過與策略投資者的關係，本集團能夠共享管理經驗及提升太陽能相關技術，並為本集團提供戰略指導及引薦商機；同時，有助進一步強化本集團於光伏產業價值鏈的緊扣優勢，確保充足及穩定的原材料供應，達到雙贏的協同效應。

Development strategy and outlook

The Group has been well-positioned to benefit from the strong growth in solar energy industry. Looking forward, as huge opportunities are expected in the market, with an aim to becoming the largest producer of monocrystalline solar ingot and wafer in the world, the Group will adopt the following strategies:

1. *Expand production capacity and increase market share in the monocrystalline silicon ingot and wafer markets in the world*

   The Group plans to have 196 monocrystalline solar ingot pullers by the end of 2008, which represented an increase of 96% from 100 pullers in 2007, and will lift the annual output of silicon ingots by 2 times to approximately 2,000 tons. In addition, number of wiresaws will be increased from 8 to 37, which will escalate the annual output of wafers to approximately 56 million pieces. This production profile is expected to represent an annual light energy conversion capacity of 200MW. The Group's plan is to further double the number of monocrystalline solar ingot puller to 400 sets and the number of wiresaw sets to 80, increasing the annual light energy conversion capacity to 400 MW in 2009.

2. *Invest in midstream and upstream segment of the PV market*

   The Group will focus on the upstream segment of the PV market and actively seek to be part of it. Meanwhile, strategic alliances or long term relationship with downstream players would be established to further sharpen our competitiveness, so as to expand a larger market share in the world. In addition, R&D technology enhancement is another core development of the Group. The Group will continue to strengthen and upgrade its production technology, in order to maintain high quality of monocrystalline solar ingots and wafers and increase product varieties, including R&D in respect of larger and thinner wafers and application of advanced magnetic technology from semiconductor ingot pulling in solar crystal pulling. As a result, the Group will be able to deliver better quality at higher production efficiency in lower costs.

未來發展策略及展望

本集團已為迎接太陽能產業迅速增長而作好準備，展望未來，面對龐大的商機，本集團將會通過以下措施，逐步實現本集團矢志成為全球最大的太陽能單晶硅錠、硅片生產商的目標：

一. *擴大產能，提高集團在全球單晶硅錠及硅片市場的佔有率*

本集團計劃將太陽能單晶硅錠拉制機由目前的100部增加至2008年底的196部，增長率為96%，增加一倍硅錠年產量，達至約2,000噸；線鋸的數目則由目前的8台增至37台，大幅增加硅片年產量，達至5,600萬片。增加產能後，本集團的太陽能轉化為電力之年產量將增加至200兆瓦。二零零九年，集團將進一步增加太陽能單晶硅錠拉製機至約400部，線鋸也增至80部，屆時，使集團的太陽能轉化為電力之年產量再增至400兆瓦。

二. *投資於光伏產業中上游企業*

本集團將專注於光伏市場的上游行業發展，同時積極尋求與上。下游的市場參與者發展策略性聯盟或長期商業關係，進一步增強競爭力，提高本集團於全球市場的佔有率。本集團另一發展重點是提升研發技術。本集團將繼續強化及改善製造技術，持續生產高質量的太陽能單晶硅錠及硅片的同時，積極拓闊產品種類，包括進一步研發更薄更大的硅片產品、先進的半導體磁場技術應用於太陽能拉晶；使產質量量更具領先優勢，進一步減低成本，令整體生產程序更具成本效益。

3. *Maintain cost effective operations through R&D technology*
In relation to R&D, the Group will constantly reinforce research cooperation with other advanced science and technology institutes and universities. For instance, the Group has entered into a co-operation agreement with Dalian Polytechnic University to set up a research centre to conduct research in solar energy related technology. By constant research and development, capacities of ingot crystallization, wafer slicing, reclaim and upgrade of polysilicon of the Group will be enhanced.

With our expertise in solar energy industry, professional management team with extensive experience and clear development strategies, I am confident rapid growth in the business of the Group will be achieved and the best return will be brought to our shareholders and investors.

Executive Director and President
TAN Wenhua

Hong Kong, 24 April 2008

三. *提升研發技術降低成本*
在研發方面，本集團會繼續加強與其他先進科技機構及大學研究合作，如集團已與大連理工大學簽訂合作協議，建立一家研究中心進行有關太陽能技術之研究。透過持續的研發工作，提升本集團於錠材結晶、硅片切削、多晶硅料回收及改良之能力。

本集團將繼續通過我們在太陽能行業的專長及經驗豐富的專業管理團隊，清晰的發展策略，深信會令本集團的業務保持高速的發展，為我們的股東及投資者帶來最佳回報。

譚文華
執行董事兼總裁

香港，二零零八年四月二十四日

UNRELENTED EFFORTS

UNLIMITED SUPPLY

生生不息 用之不竭

With growing environmental concerns over global warming as well as surging prices of fossil fuels, the demand for green energy has escalated and many countries have proactively promoted the use and development of renewable energy. Solar energy, as a new source of energy, is the preferred renewable energy source against others due to its infinity nature with wide applications.

隨著全球環保意識不斷提高，全球氣候暖化等問題日趨嚴重，加上化石燃料價格不斷攀升，市場對綠色能源的需求與日俱增，全球多個國家已積極推廣使用及發展可再生能源，其中以太陽能作為新能源供應來源最受注目，取其應用廣泛，生生不息，用之不竭的優點。

Corporate Reorganisation

The Company was incorporated in the Cayman Islands on 7 March 2007 as an exempted company with limited liability under the Company Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

Pursuant to the Reorganisation of the Group to rationalize the Group's structure in preparation for the initial listing of the Company's shares on the Stock Exchange, the Company became the holding company of the Group on 7 May 2007. Details of the reorganization are set out in the Prospectus dated 17 March 2008. The shares of the Company were listed on the Stock Exchange on 31 March 2008.

As the acquisition of Solar Technology Investment (Cayman) Corp. and its subsidiaries (together, the "Acquired Group") was completed on 26 June 2007, the audited consolidated income statement data of the Group only includes the contribution of the Acquired Group for the period after the acquisition on 26 June 2007. On the other hand, the balance sheets items of the Group as at 31 December 2007 were consolidated with those of the Acquired Group.

公司重組

本公司根據開曼群島第22章公司法(一九六一年第三號法律，經綜合及修訂)於二零零七年三月七日在開曼群島註冊成立為獲豁免有限責任公司。

為籌備本公司股份首次於聯交所上市，本集團就精簡集團架構而進行了重組，本公司於二零零七年五月七日成為本集團的控股公司。上述重組的詳情載於日期為二零零八年三月十七日的招股章程內。本公司股份已於二零零八年三月三十一日在聯交所正式上市。

鑒於收購 Solar Technology Investment (Cayman) Corp. 及其附屬公司(統稱「被收購集團」)已於二零零七年六月二十六日完成，本集團的經審核綜合損益表資料僅包括被收購集團於二零零七年六月二十六日被收購後期間的貢獻。另外，本集團於二零零七年十二月三十一日的資產負債表項目已併入被收購集團者綜合計算。

Comparison with Prospectus

In the prospectus of the Company dated 17 March 2008, the Company forecasted its consolidated net profit attributable to the equity holders for the year of 2007 to be not less than RMB290.0 million. In the consolidated financial statements for the year ended 31 December 2007, the consolidated net profit attributable to the equity holders of the Company for the year of 2007 is RMB292.2 million which slightly exceeded the forecast.

與招股章程所載者作比較

據本公司於二零零八年三月十七日刊發的招股章程所載，本公司預測二零零七年權益股東應佔綜合純利將不少於人民幣290,000,000元。據截至二零零七年十二月三十一日止年度綜合財務報表所載，二零零七年本公司權益股東應佔綜合純利則為人民幣292,200,000元，輕微超出預測數字。

Turnover

The Group's turnover increased year-on-year by 145.7%, from RMB413.3 million in 2006 to RMB1,015.5 million in 2007. This increase was mainly driven by the full operations of the facilities of Jinzhou Yangguang factory since mid 2006 and the increase in the market price of monocrystalline silicon ingots. This led to the drastic growth of the following operations:

1. Strong sales of monocrystalline silicon ingots and wafers, which surged by 121.2% from RMB390.9 million to RMB864.7 million. This is attributable to both increases in sales volume and average selling prices. The volume of ingot sold increased from 123,924 kg in 2006 to 150,837 kg in 2007, while volume of wafers sold increased from 5.4 million pieces to 14.5 million pieces.

2. Increased revenue from processing service fees, which rose by 3.9 times, from RMB22.4 million in 2006 to RMB109.6 million in 2007. The volume of ingot processed increased from 39,432 kg to 424,920 kg while the volume of wafer processed increased from 907,442 pieces to 1,239,896 pieces.

In terms of geographical contribution, overseas sales especially to Japan, increased considerably by 285.2% to RMB382.6 million and accounted for 37.7% of the Group's consolidated revenue, while the remaining were generated from Taiwan (11.1%), Europe (6.5%), North America (7.5%), PRC (36.7%) and others (0.5%). This indicated that the Group's high quality products satisfied the stringent requirements of overseas customers, especially for Japanese ones.

• Quality Control 質量監控

Cost of sales

Cost of sales increased by RMB448.2 million, or 183.5%, from RMB244.2 million in 2006 to RMB692.4 million in 2007. The increase was in line with the substantial increase in turnover and reflected the increase in raw material price. As a percentage of total turnover, cost of sales increased from approximately 59.1% to 68.2%.

The increase in raw material costs was mainly due to shortage of polysilicon, which led to (i) an increase in the price of the silicon raw materials, as well as (ii) more intensive upgrading steps taken in order to make use of lower quality silicon in the ingot production process. Another reason for the increase was that there was RMB18.0 million fair value adjustments on the inventories of the Acquired Group upon the acquisition so the cost of sales of the Group increased by RMB18.0 million upon sales of those inventories.

As a result of the acquisition of production facilities from the Acquired Group in June 2007, and as additional monocrystalline silicon ingot and wafer production facilities began production since 2006, there was an increase in depreciation expenses. Staff cost also increased with the expansion of the Original Group's production, but remained stable as a percentage of total cost of sales.

銷售成本

銷售成本由二零零六年的人民幣244,200,000元增加至二零零七年的人民幣692,400,000元，增加人民幣448,200,000元，或183.5%。該增加乃由於營業額大幅增加及原材料價格上升所致。銷售成本佔總營業額的百分比，由約59.1%增至68.2%。

原材料成本增加主要由於多晶硅短缺，導致(i)硅原材料的價格上漲，加上(ii)於硅錠生產過程中採用質量較次的硅材，故需採取較密集的改良步驟。增加的另一原因是，被收購集團存貨於收購時產生公平值調整人民幣18,000,000元，因而於存貨出售時，導致本集團銷售成本增加人民幣18,000,000元。

由於二零零七年六月向被收購集團收購生產設施，以及由於額外單晶硅錠及硅片的生產設施已於二零零六年開始投產，使折舊開支有所增加。隨著原集團的生產擴大，員工成本亦有所增加，但佔銷售成本總額的百分比則維持穩定。

Gross profit and gross profit margin

The gross profit of the Group increased by RMB154.0 million, or 91.1%, from RMB169.1 million for 2006 to RMB323.1 million for 2007 because of the substantial increase in the revenue as a result of the increased sale of monocrystalline silicon ingots and wafers.

Gross profit margin declined from approximately 40.9% in 2006 to 31.8% for the year ended 31 December 2007. This was mainly because of the increase in raw material costs in 2007 and the increase in inventories by approximately RMB18.0 million, resulting from the fair value adjustment on the acquisition of the Acquired Group. Excluding this individually significant non-recurring impact, the gross profit margin for the year ended 31 December 2007 would be 33.6%.

毛利及毛利率

本集團的毛利由二零零六年的人民幣169,100,000元，增至二零零七年的人民幣323,100,000元，增加人民幣154,000,000元，或91.1%，此乃由於單晶硅錠及硅片的銷售增加，以致收入大幅增加所致。

毛利率由二零零六年約40.9%降至截至二零零七年十二月三十一日止年度的31.8%。下降的主要原因為二零零七年的原材料成本上漲，再加上收購被收購集團的公平值調整導致存貨增加約人民幣18,000,000元所致。撇除此項個別重大非經常性影響後，截至二零零七年十二月三十一日止年度的毛利率將為33.6%。

Other revenue

Other revenue mainly comprised gain on acquisition of the Acquired Group amounting to RMB74.8 million in 2007, government grants and interest income from bank deposits. Gain on acquisition of the Acquired Group was the difference between fair value of net assets of the Acquired Group at the acquisition date and the acquisition consideration.

其他收入

其他收入主要包括二零零七年收購被收購集團的收益人民幣74,800,000元、政府補助及銀行存款利息收入。收購被收購集團的收益乃被收購集團於收購日期的資產公平淨值與收購代價的差額。

Other net loss

Other net loss mainly comprised net foreign exchange loss amounting to RMB8.4 million or 1.3% of foreign sales. The loss arose from the appreciation in RMB, the reporting currency, during the time gap between the transaction date and the settlement date, and the fact that the Group's foreign sales amount was larger than its foreign purchases.

其他虧損淨額

其他虧損淨額主要包括匯兌虧損淨額人民幣8,400,000元，或佔外銷額1.3%。產生該等虧損因交易日期與結算日期的相距期間人民幣(呈報貨幣)升值，再加上本集團的外銷額較其向外採購額為高所致。

Selling and distribution expenses

Selling and distribution expenses comprised mainly packaging expenses, freight charges and insurance expenses. There was an increase of 108.6%, from RMB2.125 million for 2006 to RMB4.432 million for 2007, accounting for less than 0.5% of the Group's total turnover. It was in line with the increase in turnover.

銷售及分銷開支

銷售及分銷開支主要包括包裝開支、運費及保險費。銷售及分銷開支由二零零六年的人民幣2,125,000元，增至二零零七年的人民幣4,432,000元，增加108.6%，佔本集團總營業額的百分比不足0.5%。而此增幅與營業額的增幅相符。

Administrative expenses

Administrative expenses comprised mainly staff costs and bonuses. As a result of Jinzhou Yangguang commencing full operation in mid 2006 and the recruitment of senior management to manage the expanded business after the acquisition of the Acquired Group, staff costs and related expenses increased accordingly. In line with the increase in turnover, it increased by 210.6% from RMB15.2 million for 2006 to RMB47.2 million 2007 and accoMB1s

Profit for the year increased by RMB168.4 million, or 113.7%, from RMB148.1 million for 2006 to RMB316.5 million for 2007. Profit for the year represented 35.8% and 31.2% of the total turnover for 2006 and 2007, respectively. This increase in profit for the year was mainly due to the increase in profit before taxation and the tax concession effect of Jinzhou Yangguang Energy Co., Ltd. as well as the gain on acquisition of the Acquired Group.

年度利潤由二零零六年的人民幣148,100,000元，增至二零零七年的人民幣316,500,000元，增加人民幣168,400,000元，或113.7%。年度利潤分別佔二零零六年及二零零七年總營業額的35.8%及31.2%。年度利潤增加主要由於錦州陽光能源有限公司的除稅前利潤和其稅項優惠的增加以及收購被收購集團所得收益所致。

Working capital

營運資金

Turnover days	週轉日	2006 二零零六年	**2007** 二零零七年
Inventories	存貨	107	**77**
Trade receivables	應收貿易賬款	36	**31**
Trade payables	應付貿易賬款	51	**24**
Cash cycle	現金循環	92	**84**

Inventory analysis

The inventories of the Group comprised mainly raw materials (namely polysilicon raw materials, crucibles and other auxiliary raw materials) and finished goods. The increase in inventory was mainly due to the expansion in the production capacity of the Group and the inclusion of the balance of the Acquired Group. As a result of the shortage of polysilicon raw materials in the solar energy industry, the Group's inventory was kept at a relatively low level in 2006. However, due to the expansion of the Group's business as well as its good relationship with suppliers, the Group was able to increase its inventory of raw materials in 2007. The Directors consider that the Group's optimal inventory level should be around 3 months for polysilicon raw material and 1 month for other auxiliary raw materials to meet the Group's production requirements.

The following table sets forth the classification of inventories as at the balance sheet dates:

存貨分析

本集團的存貨主要包括原材料(即多晶硅原材料、坩堝及其他輔料)及製成品。存貨增加主要由於本集團的產能擴大並計入被收購集團的結餘所致。鑒於太陽能產業的多晶硅原材料出現短缺情況，故本集團於二零零六年的存貨維持於偏低水平。然而，憑藉本集團業務的擴充及其與供應商的良好關係，本集團能夠於二零零七年將原材料存貨水平調高。董事認為，本集團存貨的最佳水平應為足夠約三個月使用的多晶硅原材料及一個月使用的其他輔料，以配合本集團的生產需求。

下表載列於各結算日的存貨分類：

		2006 二零零六年 RMB'000 人民幣千元	**2007** 二零零七年 **RMB'000** 人民幣千元
Raw materials	原材料	79,989	**95,929**
Work in progress	在製品	5,513	**15,170**
Finished goods	製成品	42,069	**26,733**
		127,571	**137,832**

The inventory turnover days dropped from 107 days for 2006 to 77 days for 2007 owing to the acquisition of the Acquired Group which had a lower inventory turnover days.

存貨週轉日由二零零六年的107日降至二零零七年的77日，此乃由於收購存貨週轉日較低的被收購集團所致。

Trade receivable analysis

The trade receivable turnover days were 36 days and 31 days for 2006 and 2007, respectively.

The Group has strategically chosen to co-operate with leading international solar cell producers, measured in terms of production capacity, whose credit periods were normally longer than other local customers. The Directors consider that such turnover days were at low levels and were within the credit periods of the Group granted to its customers. The Group normally allows a credit period of 30 to 90 days to its customers.

應收貿易賬款分析

二零零六年及二零零七年的應收貿易賬款週轉日分別為36日及31日。

本集團策略性挑選產能領先的國際太陽能電池製造商作為其合作夥伴，此等合作夥伴的信貸期一般較其他本地客戶為長。董事認為該等週轉日數處於低水平，並不超出本集團向其客戶授出的信貸期。本集團一般向其客戶授出介乎30至90日的信貸期。

Trade payable analysis

The trade payable turnover days were 51 days and 24 days for 2006 and 2007 respectively.

Given the established relationship, the Acquired Group, as a supplier, allowed the Group to have a longer payment period leading to a higher trade payable turnover days in 2006. The drop to 24 days for 2007 was due to the elimination of trade payable to the Acquired Group as the acquisition of the Acquired Group was completed in June 2007.

應付貿易賬款分析

二零零六年及二零零七年的應付貿易賬款週轉日分別為51日及24日。

鑒於彼等固有的關係，被收購集團(作為供應商)於二零零六年容許本集團延後其付款期，延長了本集團的應付貿易賬款週轉日數。二零零七年減至24日乃由於收購被收購集團已於二零零七年六月完成，故撇銷應付被收購集團的貿易賬款所致。

Turnover days calculation

For 2006, The inventory turnover day is calculated based on the average of the beginning and ending balances of the inventories divided by the cost of sales for the year, multiplied by 365 days.

For 2007, as the inventory balances as at 31 December 2007 included those of the Acquired Group, the inventory turnover days for 2007 is calculated based on the average balance of the unaudited proforma inventory balance of the Enlarged Group (ie. the Group as enlarged by the Acquired Group after completion of the acquisition of the Acquired Group on 26 June 2007) as at 31 December 2006 and the audited consolidated inventory balance of the Original Group as at 31 December 2007 divided by the unaudited proforma cost of sales of the Enlarged Group for 2007, which is then multiplied by 365 days.

週轉日的計算

就二零零六年，存貨週轉日乃按年初及年末存貨平均結餘除以年度銷售成本，再乘365日計算。

就二零零七年，於二零零七年十二月三十一日的存貨結餘已併入被收購集團者綜合計算，二零零七年的存貨週轉日乃按照經擴大集團(即經二零零七年六月二十六日完成收購被收購集團後獲被收購集團擴大的本集團)於二零零六年十二月三十一日未經審核備考存貨結餘與原集團於二零零七年十二月三十一日經審核綜合存貨結餘的平均結餘，除以經擴大集團二零零七年未經審核備考銷售成本，再乘以365日計算。

The above principle is also applied to the calculation of trade receivables and payables turnover days.

上述原則亦應用於計算應收及應付貿易賬款的週轉日。

Liquidity and financial resources

The Group's principal sources of working capital have been the cash flow from operating activities and bank borrowings. As at 31 December 2007, the Group showed a current ratio of 2.33 and a net cash position. It represented a healthy financial position for future development. The gearing ratio of the Group was 20.5% (2006: 22.7%), which was calculated based on total borrowings over the total share capital and reserves of the Group.

流動資金及財務資源

本集團主要營運資金來源一直為經營活動的現金流量及銀行借貸。於二零零七年十二月三十一日，本集團的流動比率為2.33，且處於現金淨額狀況。本集團的財政狀況穩健，足以應付未來發展。本集團的負債比率為20.5%(二零零六年：22.7%)，此乃將總借貸除以本公司股本及儲備之總和計算。

Improving current ratio

The current ratio being current assets over current liabilities, increased from 2.05 as at 31 December 2006 to 2.33 as at 31 December 2007.

流動比率日漸改善

流動比率即流動資產除以流動負債，由二零零六年十二月三十一日的2.05增至二零零七年十二月三十一日的2.33。

Net cash position

The Group was at a net cash position at 31 December 2007 with cash and cash equivalents of RMB349.0 million and outstanding borrowings of RMB129.9 million. Both cash and cash equivalents as well as borrowings were denominated in RMB.

現金淨額狀況

本集團於二零零七年十二月三十一日處於現金淨額狀況，現金及現金等價物為人民幣349,000,000元，未償還借貸為人民幣129,900,000元。現金及現金等價物和借貸均以人民幣計值。

Capital Structure

Please refer to Note 27 of the Auditor's Report.

資本架構

請參閱核數師報告附註27。

Borrowings and bank facilities

The outstanding borrowings comprised short-term bank loans of RMB127.0 million and a long-term municipal government loan of RMB2.9 million with effective interest rates of 6.71% and 7.44% respectively.

As at 31 December 2007, the Group had total banking facilities of RMB752.0 million and utilised banking facilities amounted to RMB127.0 million. Deposits of RMB120,000 were pledged as security for issuance of letters of credit.

借貸及銀行信貸融通額

未償還借貸包括短期銀行貸款人民幣127,000,000元及市政府長期貸款人民幣2,900,000元，實際利率分別為6.71%及7.44%。

於二零零七年十二月三十一日，本集團的銀行信貸融通總額為人民幣752,000,000元，已動用的銀行信貸融通額達人民幣127,000,000元。人民幣120,000元存款抵押為發出信用狀的抵押品。

Contingent liabilities

As at 31 December 2007, there were no material contingent liabilities.

或然負債

截至二零零七年十二月三十一日，本集團並無重大的或然負債。

Foreign currency risk

The Group is exposed to foreign currency risk primarily through sales and purchases that are denominated in a currency other than Renminbi, the functional currency of the operations to which they relate. The currencies giving rise to this risk to the Group are primarily US dollars and JPY. The Directors do not expect any significant impact from the exchange rate movement since the Group uses foreign currencies collected from customers to settle the amount in foreign currencies due to suppliers. In addition, the Directors ensure that the net exposure is kept to an acceptable level by buying or selling US dollars and JPY at spot rates where necessary to address short-term imbalances.

外幣風險

本集團所承受的外匯風險主要來自以經營業務功能貨幣人民幣以外的貨幣進行的買賣交易。本集團的外匯風險主要來自美元及日圓。由於本集團以從客戶收取的外幣償付應付予供應商的款額，故董事預期匯率變動不會構成任何重大影響。此外，董事在有需要的情況下按即期匯率購入或出售美元及日圓或歐元，以處理短期的不均衡情況，藉以確保淨風險維持於可接受的水平。

Use of net proceeds from the Company's initial public offering

The Company was listed on the Stock Exchange on 31 March 2008. The net proceeds from the Company's issue of new shares (after deducting underwriting commission and related expenses) amounted to approximately HK$670.7 million, which are intended to be applied in accordance with the proposed application set out in the section headed "Future Plans and Use of Proceeds" in the prospectus. The net proceeds have been temporailly placed in deposits with licenced banks in Hong Kong and China.

本公司首次公開招股所得款項淨額用途

本公司於二零零八年三月三十一日於聯交所上市。本公司就發行新股所得款項淨額(扣除包銷佣金及相關開支後)約為670,700,000港元。本公司擬按招股章程「未來計劃及所得款項用途」一節所載的擬定用途動用此筆所得款項淨額。而有關款項已暫時存入香港及中國的持牌銀行。

Human Resources

As at 31 December 2007, the Group had about 783 employees. Employee benefit expense increased to RMB40,242,000 in 2007 from RMB14,730,000 in 2006, which represented an increase of 173.2%. The remuneration of the existing employee is basic salary, discretionary bonus and social security contribution.

人力資源

於二零零七年十二月三十一日，本集團的僱員數目為783名。僱員福利開支由二零零六年人民幣14,730,000元增至二零零七年人民幣40,242,000元，增幅為173.2%。現有僱員的薪酬包括基本薪金、酌情花紅及社保金。

Future plans and strategies

Going forward, to achieve the goal of becoming the world's leading player in the solar energy industry, the Group will further improve the quality of its solar ingots and wafers and through the following strategies for further business expansion:

- **Expand production capacity and increase market share in the monocrystalline silicon ingot and wafer markets in the world**
  - Upon completion of the expansion plan Jinzhou Rixin, one of the Group's manufacturing bases, the Group will have 196 monocrystalline silicon ingot pullers and 24 wiresaws by the second quarter of 2008. This will increase the Group's annual output of silicon ingots to approximately 2,000 tonnes and increase the Group's annual output of wafers to approximately 48 million pieces. This production profile is expected to represent an annual light energy conversion capacity of over 200 MW.
  - In addition, the Group will form a solar wafer slicing company in Jinzhou, Jinzhou Jingji, which upon its commercial operation, will have an initial annual design production capacity of 8 million pieces of wafers and will be equipped with up to 13 wiresaws with the Group's initial investment by the end of 2008. The Group's production capacity may be further increased to 4,000 tonnes of ingots and 150 million pieces of wafers by the end of 2009 through the addition of further ingot pullers and wiresaws in Jinzhou Rixin.
- **Maintain technical know-how advantage to reduce manufacturing cost as well as improve quality**
  - To maintain its competitiveness, the Group will continue to enhance its technical know-how advantage in ingot crystallization and wafer slicing and to keep the Group abreast of the latest technological advancement in the industry. The Group will continue its efforts towards the development of commercial and cost-effective manufacturing process so as to reduce its manufacturing cost.

未來計劃及策略

展望未來，為成為全球太陽能產業的翹楚，本集團將進一步改良其太陽能錠及硅片的質量，並將採取以下策略作進一步業務擴充：

- 擴大產能，提高全球單晶硅錠及硅片市場的佔有率
  - 待本集團製造基地之一錦州日鑫的擴充計劃完成後，本集團於二零零八年第二季將設有196台單晶硅錠拉製機及24台線鋸。本集團的硅錠年產量將增至約2,000噸，而硅片年產量將增至約48,000,000片。此等生產數據預期代表光能轉化為電力之年產量逾200百萬瓦。
  - 此外，本集團將於錦州成立從事太陽能硅片切割業務的公司錦州晶技，投入商業生產後，錦州晶技初步設計年產能為8,000,000片硅片，本集團初步的投資額可於二零零八年底前將其線鋸的數量增至最多13台。本集團進一步於錦州日鑫添置錠拉製機和線鋸，使二零零九年底的產能可進一步增加至4,000噸硅錠及1.5億片硅片。
- 具備技術竅訣優勢，以降低製造成本及改善質量
  - 為保持競爭力，本集團將繼續加強其硅錠結晶及硅片切割之技術竅訣優勢，並能與時並進，引入行業的最新技術。本集團將繼續發展製造技術，令製造工序更具商業成本效益，減低製造成本。

– Maintain cost effective operations through the use of the upgraded and recycled polysilicon provided by the Group's own facility, diversify source of raw materials and secure additional long-term polysilicon raw material suppliers

On research and development front, the Group deployed resources for the development and implementation of more advanced process technologies to reduce cost and achieve higher production efficiency. In particular, the Group seeks to reduce the amount of polysilicon required in its production of ingots and wafers while maintaining and improving the electricity conversion capability of its outputs.

In view of the worldwide shortage of polysilicon raw material, the Group may also commence research and development on the use of metallurgical silicon in the production of ingots. Furthermore, with the increase in production capacity of monocrystalline silicon wafers starting from the second quarter of 2008, the Group will explore whether the waste silicon powder produced during the wafer manufacturing process can be reclaimed for ingot production. Further, the Group has joined force with academic institutions to further explore the application of lower grade polysilicon in its production of ingots and wafers. The Group also has a research and development team. The Directors believe that the team has enabled the Group to successfully develop product and processing technologies that meet customers' specific needs.

During the course of 2007, the research and development team successfully introduced 20 inch hot zone for the production of ingots, which can in turn be used to produce 156 x 156 mm wafers. 156 x 156 mm wafers were previously produced by using 18-inch hot zone in a limited scale. Compared with 18 inch hot zone, 20 inch hot zone has a higher production capacity of 156 x 156 mm wafers. Commercial production of 156 x 156 mm wafers using 20 inch hot zone have commenced in 2007.

一 本集團採用內部生產之改良及循環再用多晶硅、開拓多元化原材料來源及物色其他長期多晶硅原材料供應商，使營運具成本效益

研發方面，本集團將調配資源用作發展及採用更先進加工技術，以減低成本及達致更高生產效率。尤其是，本集團致力於減少生產硅錠及硅片所需的多晶硅用量，同時保持及提升其出產的電轉換能力。

鑒於全球多晶硅原材料供應短缺，本集團亦可能會開始研發在硅錠生產採用冶金硅。此外，待二零零八年第二季開始提升單晶硅片產能後，本集團將探討硅片製程中所產生的硅粉廢料，是否可回收作生產硅錠之用。此外，本集團又與學術機構合作，進一步探討在硅錠及硅片生產中採用較低等級多晶硅的可行性。此外，本集團擁有一支研發隊伍。董事相信，研發隊伍可令本集團成功開發產品及加工工藝，以符合客戶之特定需求。

二零零七年期間，研發團隊為156 x 156毫米硅片的硅錠生產成功引入20吋熱場。156 x 156毫米硅片以往採用18吋熱場製造，生產規模有限。20吋熱場能較18吋熱場生產更多156 x 156毫米硅片。20吋熱場生產之156 x 156毫米硅片已於二零零七年投入商業生產。

Corporate Governance Report
企業管治報告

Overview

The Directors recognise the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability. Despite the fact that the Group was a private company in the year under review, the Board of Directors (the "Board") strived to uphold good corporate governance and adopt sound corporate governance practices. This report outlines the principles and the code provisions of the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), which have been adopted by the Group.

In accordance with the requirements of the Listing Rules, the Company has established an audit committee in compliance with the Code on Corporate Governance Practices as set out in appendix 14 of the Listing Rules and appointed a qualified accountant to oversee the financial reporting procedures and internal controls of the Group so as to ensure compliance with the Listing Rules. It has also established an audit committee, a nomination committee and a remuneration committee with defined terms of reference. The terms of reference of these board committees are available upon request.

The Group has implemented a compliance manual which covers areas such as ongoing compliance obligations of the Company and the Directors, business operations of the Group, financial management systems, human resources management systems, internal control systems, quality assurance and property management systems.

Since the listing of the shares of the Company on the Main Board of the Stock Exchange on 31 March 2008, all the code provisions set out in the Code were met by the Company.

Compliance with the Model Code for Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the standard for securities transactions by Directors. The Company has made specific enquiries of all the Directors and all the Directors confirmed that they have complied with the required standards set out in the Model Code and its code of conduct regarding directors' securities transactions since the Company's listing on 31 March 2008.

概覽

在本集團管理架構及內部監控程序引進良好企業管治方面，董事肯定了這事的重要性，原因為此舉達致有效的問責性。儘管本集團於回顧年內為一家私人公司，董事會(「董事會」)致力維持良好的企業管治，採納良好的企業管治常規。本報告對已獲本集團採納香港聯合交易所有限公司證券上市規則(「上市規則」)附錄十四所載之企業管治常規守則(「守則」)之原則及守則條文作出略述。

根據上市規則規定，本公司根據上市規則附錄十四企業管治常規守則的規定成立審核委員會，委任合資格會計師監督本集團財務報告程序及內部監控，確保遵守上市規則。本公司亦成立審核委員會、提名委員會及薪酬委員會，該等委員會均具有界定的職權範圍。本公司備有該等董事委員會的職權範圍，需要時可供索取。

本集團亦制定遵例手冊，範圍涵蓋本公司及董事的持續遵例責任、本集團的業務運營、財務管理制度、人力資源管理制度、內部監控制度、質量保證及物業管理制度等方面。

自本公司股份於二零零八年三月三十一日在聯交所主板掛牌後，本公司已遵守守則所載的全部守則條文。

遵守董事進行證券交易的標準守則

本公司已採納上市規則附錄十所載的上市發行人董事進行證券交易的標準守則(「標準守則」)，作為董事進行證券交易的準則。本公司已特別向全體董事查詢，全體董事確認，自本公司於二零零八年三月三十一日上市後，他們均已符合標準守則及其有關董事進行證券交易操守守則規定的準則。

The Board of Directors

The Board takes responsibility to oversee all major matters of the Company, including the formulation and approval of overall business strategies, internal control and risk management systems, and monitoring the performance of the senior management. The Directors have the responsibility to act objectively in the interests of the Company.

Currently, the Board comprises nine Directors, including three executive Directors including Mr. TAN Wenhua, Mr. HSU You Yuan and Ms. ZHANG Liming, two non-executive Directors including Mr. CHIAO Ping Hai and Mr. CHONG Kin Ngai and four independent non-executive Directors. including Mr. WONG King Kuen, Albert, Ms. FU Shuangye, Dr. LIN Wen and Mr. ZHANG Chun. Among the nine Directors, one of the non-executive Directors, Mr. CHIAO Ping Hai was appointed to be the Chairman of the Group. The names and biographical details of the Directors are set in the section entitled "Directors and Senior Management Profile" in this annual report. The Board has a strong independent element in its composition with over half of the board members are non-executive Directors to ensure that all decisions of the Board are made to the in the best interest of the Group's long-term development.

The Board has delegated various responsibilities to the Board committees including the audit committee (the "Audit Committee"), the remuneration committee (the "Remuneration Committee") and the nomination committee (the "Nomination Committee") (collectively, the "Board Committees"). Further details of these committees are set out below on pages 34 to 35.

Since the Board Committees were not yet established during the year under review, the members of these Board Committees did not hold any meeting during the year under review.

董事會

董事會負責監督本公司所有重要事宜，包括制定及批准整體業務策略、內部監控及風險管理系統、監察高級管理層的表現。董事有責任以本公司利益按客觀標準行事。

董事會現時由九名董事組成，包括三名執行董事(即譚文華先生、許祐淵先生及張麗明女士)、兩名非執行董事(即焦平海先生及莊堅毅先生)及四名獨立非執行董事(即王永權先生、符霜葉女士、林文博士及張椿先生)。九名董事中，非執行董事焦平海先生獲委任為本集團主席。本年報內「董事和高級管理人員簡歷」一節列載董事的名稱及履歷詳情。董事會的組成有高度獨立性，過半數董事會成員為非執行董事，這確保董事會以本集團長遠發展的最佳利益，作出所有決定。

董事會已委派審核委員會(「審核委員會」)、薪酬委員會(「薪酬委員會」)及提名委員會(「提名委員會」)各董事委員會(統稱「董事委員會」)履行特定的職責。有關該等委員會的進一步詳情，載於下文第34頁至第35頁。

鑒於董事委員會於回顧年內尚未成立，董事委員會的成員於回顧年內未有舉行任何會議。

Board Meetings

The Company will adopt the practice of holding board meetings regularly for at least four times a year at approximately quarterly intervals. Ad-hoc meetings will also be convened if necessary to discuss the overall strategy as well as the operation and financial performance of the Group. Notice of board meeting will be sent to all Directors at least 14 days prior to a regular board meeting. Reasonable notices will be given to the directors for ad-hoc board meetings. Directors may participate either in person or through electronic means of communications.

The Company will adopt the practice to provide relevant materials to all the Directors relating to the matters brought before the meetings. All the Directors will be provided with sufficient resources to discharge their duties, and, upon reasonable request, the Directors will be able to seek independent professional advice in appropriate circumstances, at the Company's expenses. All Directors will have the opportunity to include matters in the agenda for Board meetings.

董事會會議

本公司的董事會會議每年定期最少舉行四次，大約每季舉行一次。需要時亦會召開臨時會議，商討整體策略以及本集團的營運及財務表現。全體董事將於舉行定期董事會會議前最少14天獲發董事會會議通告，而臨時董事會會議通告則於合理時間內事先派發予董事。董事可選擇親身或以電子通訊的方式出席會議。

本公司會慣常於會議前向所有董事提供有關會上討論事項的資料。所有董事將獲得充份的資源以履行其職責，並在合理的要求下，可按合適的情況尋求獨立專業意見，費用由本公司承擔。所有董事有機會於董事會會議上將其關注的事宜加入議程之內。

Since the Company was incorporated in March 2007, during the year under review, only one meeting was held by the Board and the attendance of year of the Directors is set out as follows:

鑒於本公司於二零零七年三月方才註冊成立，回顧年內，董事會僅舉行一次會議，而董事出席情況載列如下：

The attendance of individual Directors at these meetings is set out below:

個別董事出席有關會議的情況載列如下：

Board Meetings

Name of Directors	**Attendance**
Executive Directors	
Mr. TAN Wenhua	1/1
Mr. HSU You Yuan	1/1
Ms. ZHANG Liming	1/1
Non-executive Directors	
Mr. CHIAO Ping Hai (chairman)	1/1
Mr. CHONG Kin Ngai	1/1
Independent Non-executive Directors	
Mr. WONG Wing Kuen, Albert	0/1 (not yet appointed at the time of meeting)
Ms. FU Shuangye	0/1 (not yet appointed at the time of meeting)
Dr. LIN Wen	0/1 (not yet appointed at the time of meeting)
Mr. ZHANG Chun	0/1 (not yet appointed at the time of meeting)

董事會會議

董事姓名	出席率
執行董事	
譚文華先生	1/1
許祐淵先生	1/1
張麗明女士	1/1
非執行董事	
焦平海先生(主席)	1/1
莊堅毅先生	1/1
獨立非執行董事	
王永權先生	0/1 (於舉行會議時未獲委任)
符霜葉女士	0/1 (於舉行會議時未獲委任)
林文博士	0/1 (於舉行會議時未獲委任)
張椿先生	0/1 (於舉行會議時未獲委任)

Independent non-executive Directors

All independent non-executive Directors of the Group possess a wealth of professional and industry expertise and management experience and have provided their professional advices to the Board. They have played a significant role in the Board by virtue of their independent judgment and their views carry significant weight in the Board's decision. In particular, they bring an impartial view to bear on issues of the Company's strategy, performance and control. The Board also considers that independent non-executive Directors provide independent advice on the Company's business strategy, results and management so that all interests of shareholders are taken into consideration, and the interests of the Company and its shareholders are taken into account in all business decisions.

獨立非執行董事

本集團所有獨立非執行董事均具備豐富的業界專業知識及管理經驗，能為董事會提供專業的意見。由於他們能提供獨立判斷，故在董事會中擔當重要的角色，董事會作出決定時多會考慮他們的意見。尤其在本公司策略、業績及監控方面，他們可帶出不偏不倚的觀點。董事會亦認為，獨立非執行董事就本公司的業務策略、業績及管理提供獨立意見，因此，股東的所有利益已獲考慮，亦在所有商業決定中顧及本公司及其股東的利益。

Appointments, Re-election and Removal of Directors

Each of the executive Directors of the Company has entered into a service contract with the Company for a specific term of three years commencing from 31 March 2008. Such terms are subject to re-appointment by the Company at an annual general meeting upon retirement.

All of the independent non-executive Directors and non-executive Directors were appointed for an initial term of three years from 1 February 2008, and are subject to retirement by rotation and reelection in accordance with the articles of association of the Company. The Company considers that all the independent non-executive Directors are independent in accordance with the Listing Rules.

委任、重選及罷免董事

本公司各執行董事與本公司已訂立服務合約，自二零零八年三月三十一日開始，為期三年。董事退任後，可於股東週年大會上獲本公司重新委任。

全部獲委任的獨立非執行董事及非執行董事，初步任期自二零零八年二月一日起，為期三年，須根據本公司的組織章程細則輪值告退並接受重選。本公司認為，所有獨立非執行董事根據上市規則為獨立人士。

Chairman and Chief Executive Officer

Under provision A.2.1 of the Code, the roles of the Chairman and the Chief Executive Officer ("CEO") should be separate and should not be performed by the same individual. The role of the Chairman is performed by Mr. CHIAO Ping Hai. Mr. CHIAO is a non-executive Director who is responsible for the management of the Board but does not involved in the day-to-day management of the Group's business. He has contributed valuable input to the Group's business direction with a wealth of industry expertise.

The Company has not appointed a chief executive officer during the period under review. The overall management of the Company was performed by executive directors and senior management of the Company. Mr. Tan Wenhua, Mr. HSU You Yuan and Ms. ZHANG Liming, executive directors of the Company who have extensive experience in the solar energy industry and their respective area of profession, spearhead the Group's overall development and business strategies.

主席及行政總裁

根據守則第A.2.1條，主席及行政總裁(「行政總裁」)的角色應分立，不應由同一人擔任。焦平海先生擔任主席一職。焦先生為非執行董事，負責董事會的管理工作而並非參與本集團日常的業務管理。他擁有豐富的業界知識，為本集團就其業務方針提供寶貴的意見。

本公司在回顧期內並無委任行政總裁。本公司執行董事及高級管理層管理本公司整體運作。本公司執行董事譚文華先生、許祐淵先生及張麗明女士，於太陽能產業及各自專業領域中擁有豐富的經驗，為本集團整體發展及業務策略作領導的角色。

Board Committees

Audit Committee

The Company established the Audit Committee pursuant to a resolution of the Directors passed on 27 February 2008 in compliance with Rules 3.21 to 3.23 and appendix 14 of the Listing Rules. The primary duties of the audit committee are to oversee the financial reporting process and internal control procedure of the Group, to review the financial information of the Group and to consider issues relating to the external auditor. The Audit Committee consists of five non-executive Directors (including the four independent non-executive Directors and Mr. CHONG Kin Ngai, a non-executive Director) and Mr. WONG Wing Kuen Albert, an independent non-executive Director, is the Chairman of the Audit Committee. The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31 December 2007, including the accounting principles and practices adopted by the Group.

董事委員會

審核委員會

為遵守上市規則附錄十四第3.21至3.23條的規定，本公司根據董事於二零零八年二月二十七日通過的決議案成立審核委員會。審核委員會的主要職責是監督本集團的財務報告程序及內部監控程序、審閱本集團財務資料，以及考慮有關外聘核數師的事宜。審核委員會由五位非執行董事組成(包括四名獨立非執行董事及一名非執行董事莊堅毅先生)，而獨立非執行董事王永權先生是審核委員會的主席。審核委員會已審閱本集團截至二零零七年十二月三十一日止年度的綜合財務報表，包括本集團採納的會計原則及常規。

Remuneration Committee

The Company established the Remuneration Committee pursuant to a resolution of the Directors passed on 27 February 2008 in compliance with appendix 14 of the Listing Rules. The primary duties of the remuneration committee are to make recommendations to the Board on the Company's structure for remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration. The Remuneration Committee consists of five members (including the four independent non-executive Directors and Mr. TAN Wenhua, an executive Director) and Ms. FU Shuangye, an independent non-executive Director, is the Chairman of the Remuneration Committee.

薪酬委員會

為遵守上市規則附錄十四的規定，本公司根據董事於二零零八年二月二十七日通過的決議案成立薪酬委員會。薪酬委員會的主要職責是就本公司董事及高級管理人員的薪酬架構，以及就發展該等薪酬政策設立正式及高透明度的程序，向董事會作出推薦意見。薪酬委員會由五位成員組成(包括四名獨立非執行董事及執行董事譚文華先生)，而獨立非執行董事符霜葉女士是薪酬委員會的主席。

Nomination Committee

The Company established a Nomination Committee pursuant to a resolution of the Directors passed on 27 February 2008 in compliance with appendix 14 of the Listing Rules. The primary duties of the nomination committee are to make recommendations to the Board on the Company's policy and structure for recruiting Directors and senior management and on the establishment of a formal and transparent procedure for nomination procedures and process and criteria adopted by the Nomination Committee to select and recommend candidates for directorship and senior management.. The Nomination Committee consists of five members (including the four independent non-executive Directors and Mr. HSU You Yuan, an executive Director) and Dr. LIN Wen, an independent non-executive Director, is the Chairman of the Nomination Committee.

提名委員會

為遵守上市規則附錄十四的規定，本公司根據董事於二零零八年二月二十七日通過的決議案成立提名委員會。提名委員會的主要職責是就本公司董事及高級管理人員的聘用政策及架構，以及就提名委員會就甄選推薦董事及高級管理人員候選人採納的提名程序及條件，設立正式及高透明度的程序，向董事會作出推薦意見。提名委員會由五位成員組成(包括四名獨立非執行董事及執行董事許祐淵先生)，而獨立非執行董事林文博士是提名委員會的主席。

Financial Reporting and Internal Control

Financial Reporting

The Board, supported by the Chief Financial Officer and the Finance Department, is responsible for the preparation of the financial statements of the Company and the Group. In the preparation of financial statements, Hong Kong Financial Reporting Standards have been adopted and the appropriate accounting policies have been consistently used and applied. The Board aims to present a clear and balanced assessment of the Group's performance in the annual and interim reports to the shareholders, and make appropriate disclosure and announcements in a timely manner.

財務報告及內部監控

財務報告

董事會在首席財務官及財務部門的支援下，負責編製本公司及本集團的財務報表。本公司在編製財務報表時，已採納香港財務報告準則，並貫徹使用及應用適當的會計政策。董事會的目的是致股東的年報及中期報告中，對本集團的業績作出清晰平衡的評估，並適時作出披露及公佈。

External Auditor

During the year ended 31 December 2007, the fee paid/payable to the external auditor of the Company in respect of audit services amounted to approximately RMB1.2 million.

外聘核數師

截至二零零七年十二月三十一日止年度，就審核服務已付／應付本公司外聘核數師費用約達人民幣1,200,000元。

Internal control

The Board is responsible for the internal control of the Group and for reviewing its effectiveness. The Company conducted regular review and monitor of the Company's internal management and operation during the year. Procedures have been designed to ensure maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, ensure compliance of applicable laws, rules and regulations.

In order to fulfill their fiduciary duties and duties of skill, care and diligence, the Directors will constantly seek advice and assistance from the Company's internal legal team and if in further doubt, seek advice from external legal advisors in Hong Kong and the PRC. The Company also adopted internal control procedures relating to, among others, signing authority and procedures since February 2007. The Company has an audit and legal department consisting 3 members, one of whom was formerly a registered PRC lawyer with extensive experience in the legal field. The main duties of the audit and legal department are:

- providing legal advice in reaching major business decisions
- reviewing and drafting legal documents
- handling legal disputes
- advising on legal issued related to daily operations
- conducting internal training for compliance issues

內部監控

董事負責本集團的內部監控，檢討監控的成效。本年度內，本公司對其內部管理及營運，進行定期檢討及監察。本公司已設計程序，確保保存適當的會計紀錄，以便提供可靠的財務資料，以供內部使用或刊印發行，亦確保符合相關法律、規則及規例。

為履行其誠信責任及應有技能、謹慎和勤勉行事的責任，董事將定期向本公司內部法律團隊尋求意見及協助，倘仍有懷疑之處，則向香港及中國的外聘法律顧問尋求意見。此外，本公司亦採納了內部監控程序，其中包括二零零七年二月起採納的簽署授權及程序。本公司設有審核及法律部門，由三名成員組成，其中一員在法律領域具備豐富經驗的前中國註冊律師。審核及法律部門的主要職務為：

- 就達成重大業務決策提供法律意見
- 審閱及草擬法律文件
- 處理法律糾紛
- 就日常營運的法律事宜提供意見
- 就合規事宜提供內部培訓

Directors' responsibility on the financial statements

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 December 2007, which were prepared in accordance with applicable accounting standards.

The reporting responsibility of the external auditor of the Company on the consolidated financial statements of the Group are set out in the independent auditor's report on pages 66 to 67.

董事對財務報表的責任

董事知悉，彼等須按照適用的會計準則，編製截至二零零七年十二月三十一日止年度的財務報表。

本公司外聘核數師對本集團綜合財務報表的報告責任，載於第66頁至第67頁的獨立核數師報告。

Going concern

There are no material uncertainties relating to events or conditions that cast significant doubt upon the Company's ability to continue as a going concern.

持續經營能力

概無任何重大不明朗因素，其中涉及可對本公司持續經營能力構成重大疑慮的事件或情況。

Directors and Senior Management Profile
董事和高級管理人員簡歷

DIRECTORS

Executive Directors

Mr. TAN Wenhua (譚文華), aged 51, the President and General Manager of the Jinzhou Plants. He was one of the founders of the Jinzhou Plants. Mr. TAN completed an economic management undergraduate course in the Central Party College and an electrical engineering undergraduate course with the 遼寧廣播電視大學 (Liaoning Broadcasting and TV University*). He is also a visiting professor of 遼寧工業大學 (Liaoning Industrial University*). Prior to founding the Jinzhou Plants, he was the Chairman of 錦州新華石英玻璃(集團)有限責任公司 (Jinzhou Xinhua Quartz Glass (Group) Co., Ltd.*) and the President and the Vice President of Jinzhou 155 Factory, a state-owned factory engaging in quartz crucibles manufacturing. When Mr. TAN was the chairman of Xinhua Quartz Glass, he was responsible for the establishment and operations of Jinzhou Xinri and Jinzhou Huachang. Prior to the establishment of Jinzhou Xinri and Jinzhou Huachang, Xinhua Quartz Glass mainly engaged in the manufacturing and sale of quartz glass and crucible. He has been granted a special subsidy by the State Council since 2004 for his contribution in engineering technology. He was elected a delegate of the National People's Congress of the People's Republic of China in 2007.

Mr. HSU You Yuan (許祐淵), aged 53, the Chief Executive Officer of Solar Technology Investment (Cayman) Corp. ("Solartech") and a director of Jinzhou Youhau. He joined the Group on 6 February 2007 and was appointed an executive Director on the same date. He graduated with a master degree in Business Administration from the Chinese Culture University in 1980. Prior to joining the Group, Mr. HSU was the President of WWX from February 1998 to June 2003, a manufacturer of silicon wafer for the semiconductor industry, which is listed on the Gre-Tai Securities Market in Taiwan since May 2002 and later became the Vice-Chairman of the board of WWX in June 2003. He was the managing director of Silicon Technology Investment (Cayman) Corp. and was appointed the Chief Executive Officer of Solartech, responsible for overseeing, amongst others, WWX's investment in the solar energy industry. In March 2006, he was appointed a director and he was subsequently appointed as the Chairman of the board of Jinzhou Youhau in September 2006. Mr. HSU's previous work credentials also include acting as Vice-President of Mosel Electronics Taiwan Inc, a company listed on the Taiwan Stock Exchange and as a member of the board of directors and Executive Vice-President of Mosel Vitelic (Hong Kong) Limited, a subsidiary of Mosel Vitelic Inc. Mr. HSU had also made contributions to non-commercial sectors in the past. He served as a researcher, a deputy director, and the director of Business Department of the Executive Yuan Development Fund. He was also a lecturer of Statistics and Managerial Mathematics for the Business Administration department at the Chinese Culture University.

董事

執行董事

譚文華先生，51歲，錦州廠董事長兼總經理。彼為錦州廠創辦人之一。譚先生於中央黨校完成經濟管理學士課程及於遼寧廣播電視大學完成電子工程學士課程。彼亦為遼寧工業大學客席教授。創辦錦州廠前，彼出任錦州新華石英玻璃(集團)有限責任公司主席及國有石英坩堝製造廠錦州155器材廠董事長及副董事長。譚先生擔任新華石英玻璃董事長時，專責成立及經營錦州新日及錦州華昌。成立錦州新日及錦州華昌前，新華石英玻璃主要從事產銷石英玻璃及坩堝的業務。國務院自二零零四年以來，就譚先生對工程技術所作出的貢獻，向彼頒授特別的補助金。彼於二零零七年當選為中國全國人民代表大會代表。

許祐淵先生，53歲，Solar Technology Investment (Cayman) Corp.(「Solartech」)首席執行官及錦州佑華董事。彼於二零零七年二月六日加盟本集團並於同日獲委任為執行董事。彼於一九八零年畢業於中國文化大學，獲企業管理碩士學位。加盟本集團前，許先生自一九九八年二月至二零零三年六月出任合晶科技總經理。合晶科技乃半導體硅片製造商，該公司自二零零二年五月起於台灣證券櫃檯買賣中心上市；其後，彼於二零零三年六月轉任合晶科技副董事長。彼歷任Silicon Technology Investment (Cayman) Corp.之董事總經理，並曾獲委任為Solartech首席執行官，專責監督(其中包括)合晶科技於太陽能產業的投資。於二零零六年三月，彼獲委任為錦州佑華之董事，並隨後於二零零六年九月獲委任為董事會主席。許先生曾出任台灣茂矽電子股份有限公司的副總經理及於台灣證券交易所上市的台灣茂矽電子股份有限公司附屬公司香港華智公司董事及執行副總裁。許先生過往亦對非商業領域作出貢獻。彼出任行政院開發基金業務組研究員、副組長及組長。彼亦出任中國文化大學企管系講師，講授統計學及管理數學。

* *English translation of Chinese official name is for identification purpose only*

DIRECTORS (Continued)

Executive Directors (Continued)

Ms. ZHANG Liming (張麗明), aged 50, the Director of Administration (行政總監) of the Jinzhou Plants. She joined the Original Group (ie. the Group prior to the acquisition of the Acquired Group) on 1 April 2003 responsible for overseeing, amongst others, the administration of the Original Group. She is also the chairman of the labour union of the Jinzhou Plants. She graduated from 中共中央黨校經濟管理系 (Central Party School in Economic Management*) in 1996. Prior to joining the Group, she was appointed as the head of the supply division of 錦州石英玻璃儀器廠 (Jinzhou Quartz Glass Instrument Factory*), the director of management of 錦州京旭晶體材料制造有限責任公司 (Jinzhou Crystalline Material Co., Ltd.*) during 1993 to 1994 and the general manager of 錦州華明水晶工藝品有限公司 (Jinzhou Huaming Crystal Art & Craft Co., Limited*) during 1994 to 2003.

Non-executive Directors

Mr. CHIAO Ping Hai (焦平海), aged 57, the Chairman of the Board. He was appointed a non-executive Director in July 2007. He graduated from the Chung Yuen University with a bachelor degree in Chemical Engineering and master degree in Chemistry from the University of California, San Jose in 1973 and 1978, respectively. He is the Chairman and General Manager of WWX, a company listed on the Gre-Tai Securities Market in Taiwan, the President of Helitek Company Ltd., a subsidiary of WWX, and the Chairman of Shanghai Jingji, a subsidiary of the Company. Mr. Chiao is also a director of ACME Electronics Corp., which is also listed on the Gre-Tai Securities Market in Taiwan.

Mr. CHONG Kin Ngai (莊堅毅), aged 56, a non-executive Director. He joined the Group in June 2002 when Prosperity Lamps & Components ("PLC") became a joint venture partner of Jinzhou Huachang. He was appointed a non-executive Director in July 2007. Mr. CHONG obtained his bachelor of Arts degree from the University of Hong Kong and obtained his Master of Business Administration degree from the Chinese University of Hong Kong. He is the Chairman of board of director of PLC, Vice Chairman of the board of director of Foshan Electrical and Lighting Company Limited, a company listed on Shenzhen Stock Exchange, and Vice Chairman of Jinzhou Youxin. He has been engaging in the production and trading of electro-optical products for more than 30 years.

董事(續)

執行董事(續)

張麗明女士，50歲，錦州廠行政總監。彼於二零零三年四月一日加盟原集團(即收購被收購集團前之本集團)，專責監督(其中包括)原集團的行政，同時出任錦州廠工會主席。彼於一九九六年畢業於中共中央黨校經濟管理系。加盟本集團前，彼於一九九三年至一九九四年間獲委任為錦州石英玻璃儀器廠供應科科長及錦州京旭晶體材料制造有限責任公司管理董事，並於一九九四年至二零零三年間獲委任為錦州華明水晶工藝品有限公司總經理。

非執行董事

焦平海先生，57歲，董事會主席。二零零七年七月獲委任為非執行董事。彼於一九七三年畢業於中原大學，獲頒化學工程學士學位，並於一九七八年畢業於加州聖荷西大學，獲頒化學碩士學位。彼出任台灣證券櫃檯買賣中心上市公司合晶科技董事長兼總經理、合晶科技附屬公司Helitek Company Ltd.總裁及本集團附屬公司上海晶技董事長。焦先生亦為越峯電子材料股份有限公司的董事，此公司於台灣證券櫃檯買賣中心上市。

莊堅毅先生，56歲，非執行董事。於二零零二年六月，彼於佑昌燈光器材有限公司(「佑昌燈光」)成為錦州華昌之合資企業合夥人時加盟本集團。二零零七年七月，彼獲委任為非執行董事。莊先生於香港大學畢業，獲頒文學學士學位，其後於香港中文大學畢業，獲頒工商管理碩士學位。彼現時出任佑昌燈光董事會主席、佛山電器照明股份有限公司(於深圳證券交易所上市)董事會副主席及錦州佑鑫副董事長。彼於電光產品生產及貿易業擁有逾30年經驗。

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DIRECTORS (Continued)

Independent Non-executive Directors

Mr. WONG Wing Kuen Albert (王永權), aged 56, was appointed as an independent non-executive Director on 12 January 2008. Mr. Wong is a fellow member of The Institute of Chartered Secretaries and Administrators, The Hong Kong Institute of Chartered Secretaries, The Taxation Institute of Hong Kong, Securities & Investment Institute, Hong Kong Institute of Directors, Chartered Management Institute, UK, Association of International Accountants, Society of Registered Financial Planners, Hong Kong, as well as a member of Hong Kong Securities Institute, The Chartered Institute of Arbitrators, Macau Society of Certified Practising Accountants, The Institute of Certified Public Accountants in Ireland, UK and an associate member of The Chartered Institute of Bankers in Scotland, UK. Mr. WONG had also been a director and Chief Executive Officer of Minghua Group International Holdings Limited, a listed public company in the United States, until 30 September 2004. According to the filings made available to public through the EDGAR database in U.S., for the quarterly period ended 30 September 2005, Minghua Group International Holdings Limited was "a small business issuer" and "a development stage company". Mr. WONG has been the Managing Director of Charise Financial Consultants Limited, a private professional consulting firm in Hong Kong and an independent non-executive director of APAC Resources Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited, since July 2004.

Ms. FU Shuangye (符霜葉), aged 39. Ms. FU was appointed an independent non-executive Director on 12 January 2008. Ms. FU graduated from Wuhan University with a bachelor degree in English Literature in 1990 and obtained her further legal studies certificate in the Law School of China Politics and Law University in 1997. She was qualified as a PRC lawyer in 1998. She was a partner of Zhong Lun W&D Law Firm in Beijing. Ms. FU is now the Managing Partner of Zhong Hao Attorneys-at-Law. She is also a member of the Foreign Direct Investment Expertise Committee of the Beijing Judiciary Bureau.

Dr. LIN Wen (林文), aged 68, an independent non-executive Director, joined the Group on 12 January 2008. Dr. LIN received his bachelor degree in Science, master degree in Science and Ph.D. degrees in Metallurgy, Chemical Engineering and Materials Science & Engineering, respectively. He joined AT&T Bell Laboratories (subsequently, Lucent Bell Labs/Agere) in 1975. He is the author of many articles published by internationally recognised science magazines. Together with other collaborators, Mr. LIN wrote about the properties of uniform oxygen Czochralaski silicon crystals in an article and such article was published in the Vol. 51(10), October 1980 edition of J. Appl. Phys., a publication of the American Institute of Physics. Czochralaski process is the very process employed by the Group in the manufacturing of monocrystalline silicon ingots. He has also authored/co-authored technical papers, book chapters and owns several patents. Dr. LIN was a recipient of the 1983 Bell Laboratories Distinguished Technical Staff Award. He is a member of Phi Tau Phi Honor Societies. Since 1999, he has been a member of the Starting Materials Team of ITRS (International Technology Roadmap of Semiconductor). As a life member of the Chinese Institute of Engineers-USA, he has served the Institute in various capacities in the last two decades. He served as its president in 1987 and National Council Chairman in 1995. Dr. LIN also served as Chairman of METS (Modern Engineering and Technology Seminars), as well as Vice Chairman and Chairman of Sino-American Technology and Engineering Conference.

董事(續)

獨立非執行董事

王永權先生，56歲，二零零八年一月十二日獲委任為獨立非執行董事。王先生為英國特許秘書及行政人員公會、香港特許秘書公會、香港稅務學會、證券及投資學會、香港董事學會、英國特許管理學會、國際會計師公會及香港註冊財務策劃師協會資深會士以及香港證券專業學會、特許仲裁學會、澳門會計師公會、英國愛爾蘭特許會計師公會及英國蘇格蘭特許銀行家學會會員。直至二零零四年九月三十日止，王先生亦在美國一間上市公司明華集團國際有限公司出任董事及首席執行官。截至二零零五年九月三十日止季度期間通過EDGAR在美國向公眾人士發佈的存檔資料，明華集團國際有限公司屬一家「小型企業發行商」及「處於發展階段的公司」。王先生一直為卓昇財務顧問有限公司的董事總經理，該公司是一間香港私人專業顧問公司，並為亞太資源有限公司的獨立非執行董事，此公司自二零零四年七月起在香港聯合交易所有限公司主板上市。

符霜葉女士，39歲。符女士於二零零八年一月十二日獲委任為獨立非執行董事。符女士於一九九零年畢業於武漢大學，獲頒英國文學學士學位，於一九九七年獲頒中國政法大學法律系法律研究證書，一九九八年獲得中國律師資格。符女士曾任北京中倫文德律師事務所合夥人律師，目前任北京中灝律師事務所管理合夥人律師，並擔任北京市司法局對外投資專業委員會委員。

林文博士，68歲，獨立非執行董事，彼於二零零八年一月十二日加盟本集團。林博士擁有科學學士學位、科學碩士學位及冶金學、化學工程及材料科學及工程學博士學位。林博士於一九七五年加盟AT&T貝爾實驗室(後為朗訊貝爾實驗室／傑爾系統公司(Lucent Bell Labs/Agere))。林博士於深獲國際肯定的科學期刊發表多份文章。彼連同其他合作夥伴撰寫有關均氧提拉法晶硅的屬性的文章，此文章刊登於美國物理學會的一份刊物J. Appl. Phys第51(10)期(1980年10月版)。提拉法工序為本集團製造單晶硅錠時所採用的重要工序。此外，彼個人著作及與人合著的著作包括技術論文、文章(編載入書)及擁有多項專利。林博士曾獲頒一九八三年度貝爾實驗室傑出技術工作人員獎。林博士為斐陶榮譽學會成員。自一九九九年起，林博士擔任國際半導體技術藍圖的原材料小組成員。林博士為美國中國工程師學會的永久會員，並於過去二十年出任該學會不同職位，於一九八七年為該學會的主席，亦於一九九五年出任國家總會主席。此外，林博士曾任近代工程技術討論會主席，以及中美技術及工程會議副主席及主席。

DIRECTORS (Continued)

Independent Non-executive Directors (Continued)

Mr. ZHANG Chun (張椿), aged 75, an independent non-executive Director, joined the Group on 12 January 2008. Mr. ZHANG graduated from Tianjin University in 1955 and conducted research in silicon in the early years of his career in various institutions including 北京有色金屬研究總院 (Beijing Non-Ferrous Metal Research Institution*). During 1979 to 1992, he was in charge of a semiconductor material research centre of Beijing Non-Ferrous Metal Research Institution. From 1992 to 1998, he had been the person in charge of the 國家半導體材料工程研究中心 (State Semi-conductor Material Engineering Research Centre*) and he also acted as the general manager of 金鑫半導體材料有限公司 (Jinxin Semi-conductor Material Company Limited*). Mr. ZHANG was awarded as a 全國先進工作者 (National Pioneer*) by the State Council in 1995. He was awarded First Class Prizes by 金屬工業總公司(中國有色China Non-Ferrous Industry Corp*) in 1991 and 1997 for his contributions towards research on (a) 3 inches to 4 inches monocrystalline silicon for use in integrated circuit; and (b) the manufacturing of 125mm monocrystalline silicon wafers for use in integrated circuit. He was also granted special subsidy from the State Council since 1992.

董事(續)

獨立非執行董事(續)

張椿先生，75歲，獨立非執行董事，於二零零八年一月十二日加盟本集團。張先生於一九五五年於天津大學畢業，其事業發展初期於北京有色金屬研究總院等多家機構研究硅材。自一九七九年至一九九二年，彼擔任北京有色金屬研究總院半導體物料研究中心主管。自一九九二年至一九九八年，張先生身兼國家半導體材料工程研究中心主管及金鑫半導體材料有限公司總經理。張先生於一九九五年獲國務院頒發全國先進工作者獎項。彼於一九九一年及一九九七年榮獲中國有色金屬工業總公司的一級獎項，以表揚其對(a) 3-4吋用於集成迴路的單晶硅；及(b)製造125毫米用於集成迴路的單晶硅片的研究貢獻。彼自一九九二年起獲國務院頒授特別補助金。

SENIOR MANAGEMENT

Mr. CHUANG Jen Wen (莊仁文), aged 58, the Chairman of the Shanghai Plant. He oversaw the establishment of Shanghai Jingji in 1998. He obtained his bachelor degree in Chemical Engineering from Chung Yuan University. Prior to joining Shanghai Jingji, he was the general manager of 上海合晶硅材料有限公司 (Wafer Works (Shanghai) Corp.*), then an affiliate of WWX. He joined the Group on 28 June 2007 upon the Original Group's acquisition of the Acquisition Group.

Mr. SAITO Noboru, aged 57, the Chief Technical Officer of the Group. He joined Shanghai Jingji in January 2007. He graduated with a bachelor degree in Metallic Materials and Engineering from Suzuka National College of Technology. Prior to joining Shanghai Jingji, he was appointed the General Manager of Manufacturing Department of Sumco Solar Corporation. He joined the Group on 28 June 2007 upon the Original Group's acquisition of the Acquired Group.

Mr. TONG Wan Sze (湯雲斯)(CPA, FCCA, MBA), aged 40, is the Chief Financial Officer of the Group, Qualified Accountant and Company Secretary, and he joined the Company on 16 April 2007. Mr. TONG has over 16 years' experience in overseeing corporate finance, merger and acquisition activities, accounting, investor relations and company secretarial matters. Prior to joining the Company, he was the Financial Controller and Company Secretary of China Paradise Electronics Retail Limited, which was listed in Hong Kong. Previously, he was an auditor with Deloitte Touche Tohmatsu. He is a Fellow of the Association of Chartered Certified Accountants and an Associate of the Hong Kong Institute of Certified Public Accountants. He obtained a Master of Business Administration from the University of Strathclyde, the United Kingdom.

高級管理人員

莊仁文先生，58歲，上海廠董事長。於一九九八年，彼負責監督設立上海晶技。彼獲中原大學頒授化學工程學士學位。加盟上海晶技前，彼出任上海合晶硅材料有限公司(現為合晶科技之聯屬公司)的總經理。彼於二零零七年六月二十八日在原集團收購被收購集團時加盟本集團。

SAITO Noboru先生，57歲，本公司首席技術總裁。彼於二零零七年一月加盟上海晶技。彼畢業於國立鈴木工業高等專門學校，獲頒金屬材料及工程學士學位。於加盟上海晶技前，彼曾獲委任為Sumco Solar Corporation生產部總經理。彼於二零零七年六月二十八日在原集團收購被收購集團時加盟本集團。

湯雲斯先生(CPA, FCCA, MBA)，40歲，本集團首席財務官、合資格會計師兼公司秘書。彼於二零零七年四月十六日加盟本公司。湯先生於監督企業融資、合併及收購活動、會計、投資者關係及公司秘書事項方面擁有逾16年經驗。加盟本公司前，彼曾任前香港上市公司中國永樂電器銷售有限公司財務總監及公司秘書；彼曾於德勤•關黃陳方會計師行出任核數師。湯先生獲特許公認會計師公會及香港會計師公會會員資格。彼獲英國University of Strathclyde頒授工商管理碩士學位。

* *English translation of Chinese official name is for identification purpose only*

SENIOR MANAGEMENT (Continued)

Ms. ZHAO Xiuzhen (趙秀珍), aged 53, the Director of Production (生產總監) of the Jinzhou Plants. She joined the Group on 31 January 2005. She graduated from 錦州黨校黨務行政管理系 (Jinzhou Communist Party School in Administration and Management for Party Affairs*). Prior to joining the Group, she was the deputy general manager of Jinzhou Hualian Shopping Centre.

Mr. WANG Chun Wei (王君偉), aged 36, the Chief Financial Officer of the Jinzhou Plants. He joined the Group on 1 January 2007. He obtained a Master of Business Administration from the State University of New Jersey (Rutgers). He is a certified public accountant in Maryland, the United States. Prior to joining the Group, he was a Special Assistant to President & Deputy Spokesman of The Office of General Manager of WWX, the Spokesman and Chief Financial Officer of Panram International Corp., a company listed on the Gre-Tai Securities Market in Taiwan.

Mr. ZHANG Yaowen (張耀文), aged 43, the Director of Marketing (營銷總監) of the Jinzhou Plants. He joined the Group on 16 May 2003. He graduated from 錦州黨校經濟管理本科 (Jinzhou Communist Party School in Economic and Management*). Prior to joining the Group, he worked in the supply division of Jinzhou Xinhua Quartz Glass (Group) Co., Limited as a deputy division head and then the division head.

Dr. CHEN Wei (陳蔚), aged 37, the Special Assistant to the President of the Jinzhou Plants. She joined the Group on 1 July 2006. She obtained her doctorate degree of Philosophy in Management at Wuhan University of Technology in 2005. Prior to joining the Group, she was the vice president of 西安市外經貿商務展覽公司 (Xi'an International Trade Promotion Co. Ltd.*) and the vice president of 陝西機械設備進出口公司 (International Transport Division of Shaanxi Machinery & Equipment Import & Export Corp.*).

Mr. CHEN Limin (陳立民), aged 40, the Deputy Technical Director of Jinzhou Plants. He joined the Group on 30 December 2000. He graduated from the Ore Mining Faculty of the 四川建材學院 (Sichuan College of Construction Materials*). Prior to joining the Group, he worked for 新華石溪玻璃(集團)有限公司 (Xinhua Shixi Glass (Group) Co., Ltd.*).

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SENIOR MANAGEMENT (Continued)

Mr. MAO Jui Yuan (毛瑞源), aged 36, the Chief Financial Officer of the Shanghai Plants. He joined Shanghai Jingji on 1 January 2007. He obtained a bachelor degree in Accounting from Fu Jen Catholic University and was qualified as a Certified Public Accountant (Taiwan) in 1995. Prior to joining Shanghai Jingji, he was a principal of Ernst & Young based in Taiwan and a manager of the finance department of WWX. He joined the Group on 28 June 2007 upon the Original Group's acquisition of the Acquired Group.

Mr. LIU Shih Wan (劉詩灣), aged 48, the Special Assistant to the General Manager of the Shanghai Plant and the Assistant Vice President of the Greater China Region (大中華區業務協理). He joined Shanghai Jingji on 1 January 2003. He obtained a bachelor Degree in Civil Engineering from Chung Yuan University in 1988. Prior to joining the Group, he was appointed the Chief Executive Officer of TaoYuan Real Estate Investment Consortia. He joined the Group on 28 June 2007 upon the Original Group's acquisition of the Acquired Group.

CONSULTANT

Dr. Stephen Sun Hai CHIAO (焦生海), aged 59. He was appointed a consultant of the Company on 12 January 2008. Dr. CHIAO has been a director of Shanghai Jingji since 1998. Dr. CHIAO received his bachelor degree in Science from the National Cheng-Kung University, master degree in Science from the University of Southern California, and Ph.D. degree from Stanford University. Dr. CHIAO is a Professor in the Department of Electrical Engineering at San Jose State University. In 2002, Dr. CHIAO was appointed as the Honorary and Guest Professor at The University of Shanghai for Science and Technology and China Institute of Metrology. Dr. CHIAO has published and presented technical articles internationally, held several U.S. patents in semiconductors and microelectronics related technologies. Dr. CHIAO's recent publication includes "Alternative Energy Saving Devices/System", a book with three chapters on solar cell technologies, applications and trend. Dr. CHIAO is the elder brother of Mr. CHIAO Ping Hai.

高級管理人員(續)

毛瑞源先生，36歲，上海廠首席財務官。彼於二零零七年一月一日加盟上海晶技。彼獲天主教輔仁大學頒授會計學士學位，並於一九九五年獲台灣執業會計師資格。加盟上海晶技前，彼曾出任安永會計師事務所(台灣)組長及合晶科技財務部經理。彼於二零零七年六月二十八日在原集團收購被收購集團時加盟本集團。

劉詩灣先生，48歲，上海廠總經理特別助理兼大中華區業務協理。彼於二零零三年一月一日加盟上海晶技。彼於一九八八年獲中原大學頒授土木工程學士學位。加盟本集團前，彼獲委任為桃園縣建築投資公會總幹事。彼於二零零七年六月二十八日在原集團收購被收購集團時加盟本集團。

顧問

焦生海博士，59歲，彼於二零零八年一月十二日月獲委任為本公司顧問。自一九九八年起，焦博士一直於上海晶技出任董事。焦博士獲頒國立成功大學科學學士學位、南加州大學科學碩士學位及史丹福大學博士學位。彼現任聖荷西州立大學電子工程系教授。於二零零二年，焦博士獲上海理工大學及中國計量學院委任為榮譽及客席教授。彼曾發表國際技術文章並持有多項美國半導體及微電子相關技術專利。焦博士最新發表之著作包括名為「替代能源儲存設備／系統」的書籍，其中三章有關太陽能電池技術、應用及趨勢。焦博士乃焦平海先生之胞兄。

Report of the Directors
董事會報告書

The Directors have pleasure in submitting the annual report together with the audited consolidated financial statements for the year ended 31 December 2007.

董事欣然呈請本年報連同截至二零零七年十二月三十一日止年度的經審核綜合財務報表。

PRINCIPAL PLACE OF BUSINESS

Solargiga Energy Holdings Limited was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 7 March 2007. The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company has established a principal place of business in Hong Kong at Rooms 4001-06, Office Tower, Convention Plaza, 1 Harbour Road, Hong Kong, and was registered with the Registrar of Companies in Hong Kong as an oversea company under Part XI of the Companies Ordinance on 25 July 2007. Mr. Hsu You Yuan and Mr. Tong Wan Sze have been appointed as the authorised representatives of the Company for the acceptance of service of process and notices on behalf of the Company in Hong Kong.

As the Company is incorporated in the Cayman Islands, the operation of the Company is subject to the Companies Law and to its constitution comprising a memorandum of association and the articles of association.

主要營業地點

陽光能源控股有限公司於二零零七年三月七日根據公司法在開曼群島註冊成立為獲豁免有限公司。本公司註冊辦事處為Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands。本公司已於香港港灣道1號會展廣場辦公室大樓4001-06室設立香港主要經營地點，並於二零零七年七月二十五日根據公司條例第XI部，向香港公司註冊處處長登記為海外公司。許祐淵先生及湯雲斯先生已獲委任為本公司授權代表，代表本公司在香港接收傳票及通告。

由於本公司在開曼群島註冊成立，因此其營運須受公司法及其組織章程(包括組織章程大綱及細則)所規限。

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company of the Group. The principal activities of the Group are the trading of, manufacturing of and provision of processing services for polysilicon and solar silicon monocrystalline ingots/wafers.

主營業務

本公司為本集團投資控股公司。本集團主營業務為產銷多晶硅、太陽能單晶硅錠及硅片，以及提供多晶硅、太陽能單晶硅錠及硅片的加工服務。

PROPERTY, PLANT AND EQUIPMENT

Details of acquisitions and other movements in property, plant and equipment are set out in note 14 to the financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year are set out in note 27(c) to the financial statements.

FOUR-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last four financial years is set out on page 4 of the annual report.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

Executive Directors

Mr. TAN Wenhua (appointed on 7 March 2007)
Mr. HSU You Yuan (appointed on 4 July 2007)
Ms. ZHANG Liming (appointed on 4 July 2007)

Non-Executive Directors

Mr. CHIAO Ping Hai (appointed on 4 July 2007)
Mr. CHONG Kin Ngai (appointed on 4 July 2007)

Independent Non-Executive Directors

Mr. WONG Wing Kuen, Albert (appointed on 12 January 2008)
Ms. FU Shuangyev (appointed on 12 January 2008)
Dr. LIN Wen (appointed on 12 January 2008)
Mr. ZHANG Chun (appointed on 12 January 2008)

In accordance with the provisions of the Company's Articles of Association, all directors will retire atERVICE.ChuNG Kin on 7 March 2007)

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NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

The Group has entered into a number of agreements with parties which are regarded as a connected person to the Group under the Rules Governing the Listing of Securities on the Stock Exchange ("the Listing Rules") to regulate the relevant transactions which are non-exempt continuing connected transactions under the Listing Rules. More details about the agreements and the transactions are set out below.

A. Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements

The following transactions constitute continuing connected transactions for the Company under Rule 14A.34 of the Listing Rules and would be exempt from the independent shareholders' approval requirement but are subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules:

Provision of water and heat services by 錦州華榮物業管理有限公司 (Jinzhou Huarong Property Management Company Limited) ("Jinzhou Huarong")*

On 12 January 2008, Jinzhou Huarong entered into a framework service agreement (the "Service Agreement") with the Company pursuant to which Jinzhou Huarong has agreed to provide water and heat (the "Services") to the Company and its subsidiaries designated by it from time to time. The agreement commenced on 31 March 2008 (the "Listing Date") and will expire on 31 December 2009.

The Service Agreement was entered in the ordinary and usual course of business and on normal commercial terms. The fees to be charged by Jinzhou Huarong in relation to the Services were determined comparable to the prevailing market prices in local markets in the PRC based on the actual consumption of the water and heat supplied to the Enlarged Group.

For year ended 31 December 2007, the aggregate fees paid by the Group to Jinzhou Huarong in relation to the Services amounted to approximately RMB1,177,000.

不獲豁免的持續關連交易

本集團與多名訂約方訂立多項協議，以規管根據上市規則為不獲豁免的持續關連交易的有關交易，該等訂約方根據聯交所證券上市規則（「上市規則」）被視為關連人士。有關協議及交易的詳情載於下文。

A. 獲豁免遵守獨立股東批准規定之持續關連交易

根據上市規則第14A.34條，下列交易構成本公司持續關連交易，並獲豁免遵守獨立股東批准的規定，惟仍須遵守上市規則第14A.45至第14A.47條的申報及公告的規定：

錦州華榮物業管理有限公司（「錦州華榮」）用水及熱能供應服務

於二零零八年一月十二日，錦州華榮與本公司訂立框架服務協議（「服務協議」），據此，錦州華榮已同意不時向本公司及其指定的附屬公司供應用水及熱能（「服務」）。協議的生效期由二零零八年三月三十一日（「上市日期」）至二零零九年十二月三十一日止。

服務協議乃於日常及一般業務過程中並按正常商業條款訂立。錦州華榮就服務收取的費用乃以經擴大集團實際耗用的用水及熱能為基準，參照中國當地市場當時可資比較的市價予以釐定。

截至二零零七年十二月三十一日止年度，本集團就服務向錦州華榮支付的費用合共約為人民幣1,177,000元。

* *English translation of Chinese official name is for identification purpose only*

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS (Continued)

A. Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements (Continued)

Provision of water and heat services by 錦州華榮物業管理有限公司 (Jinzhou Huarong Property Management Company Limited) ("Jinzhou Huarong") (Continued)*

Based on an estimate of the Group's expected consumption of water and heat in the two years ending 31 December 2009, it is expected that the following annual cap amounts payable by the Group under the Service Agreement will not exceed:

(a) RMB2,941,000 for the year ending 31 December 2008; and

(b) RMB3,975,000 for the year ending 31 December 2009.

The above proposed caps are determined with reference to the Group's expected increase in production and the increase in the expected consumption of water and heat in the production process resulting therefrom.

Jinzhou Huarong is owned as to 90% by Huaxin Silicon, a sole proprietorship established in the PRC and wholly-owned by Mr. TAN Wenhua ("Mr. TAN") who is an executive Director, and as to 10% by an Independent Third Party. Jinzhou Huarong is an associate of Mr. TAN and hence a connected person of the Company. Consequently, the transactions under the Service Agreement constitute continuing connected transactions for the Company under Rule 14A.34 of the Listing Rules and are exempt from the independent shareholders' approval requirement but are subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules.

不獲豁免的持續關連交易(續)

A. 獲豁免遵守獨立股東批准規定之持續關連交易(續)

錦州華榮物業管理有限公司(「錦州華榮」)用水及熱能供應服務(續)

根據本集團於截至二零零九年十二月三十一日止兩個年度的估計用水及熱能消耗量，預期本集團根據服務協議應付的下列年度上限金額將不會超過：

(a) 截至二零零八年十二月三十一日止年度人民幣2,941,000元；及

(b) 截至二零零九年十二月三十一日止年度人民幣3,975,000元。

經參照本集團的預期生產量增幅，以及因而導致生產過程中預期用水及熱能消耗量的增幅後，釐定上述建議上限。

華新硅材料擁有錦州華榮90%股權，華新硅材料為於中國成立的個人獨資企業，由執行董事譚文華先生(「譚先生」)全資擁有，錦州華榮餘下10%的股權則由獨立第三方擁有。由於錦州華榮為譚先生之聯繫人，因此成為本公司之關連人士。根據上市規則第14A.34條，服務協議項下之交易成為本公司之持續關連交易，並獲豁免遵守獨立股東批准的規定，惟仍須遵守上市規則第14A.45至第14A.47條的申報及公告的規定。

* English translation of Chinese official name is for identification purpose only

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS (Continued)

B. Non-Exempt Continuing Connected Transactions

The following transactions (the "Non-Exempt Transactions") constituted non-exempt continuing connected transaction for the Company and are thus subject to reporting, announcement and independent shareholders' approval requirements under Rules 14A.45 to 14A.48 of the Listing Rules:

Supply of graphite materials by 錦州昌華碳素制品有限公司 (Jinzhou Changhua Carbon Products Company Limited) ("Jinzhou Changhua") and supply of quartz crucibles by 錦州佑鑫電子材料有限公司 (Jinzhou youxin Electronic Materials Co., Ltd.) ("Jinzhou Youxin")

On 12 January 2008, the Company entered into a framework supply agreement with Jinzhou Changhua and Jinzhou Youxin (the "Supply Agreement") pursuant to which Jinzhou Changhua and Jinzhou Youxin have agreed to supply graphite materials and quartz crucibles respectively to the Company or its subsidiaries as requested by them from time to time. Such graphite materials and quartz crucibles serve as the Group's raw materials for its production of ingots. The Supply Agreement has become effective on the Listing Date and will expire on 31 December 2009. Formal purchase agreements (by way of purchase orders and confirmations) will be entered into between the Company, Jinzhou Changhua and Jinzhou Youxin (as the case may be) with the detailed terms and conditions as specified in the relevant purchase orders. The purchase arrangement under the Supply Agreement will be conducted on normal commercial terms and will be on terms no less favourable than those available from Independent Third Parties.

The Supply Agreement was entered in the ordinary and usual course of business of the Group and on normal commercial terms. The purchase price payable by the Enlarged Group to Jinzhou Changhua and Jinzhou Youxin (as the case may be) under the Supply Agreement will be estimated based on the expected purchase amount of the graphite materials and quartz crucibles and is comparable to the prevailing market prices.

For the year ended 31 December 2007, the aggregate amount of the purchase price paid by the Group to Jinzhou Changhua in relation to the sale and purchase of graphite materials amounted to approximately RMB16,873,000.

不獲豁免的持續關連交易(續)

B. 不獲豁免之持續關連交易

下列交易(「不獲豁免交易」)構成本公司之不獲豁免持續關連交易，故本公司須遵守上市規則第14A.45至第14A.48條的申報、公告及獨立股東批准的規定。

錦州昌華碳素制品有限公司(「錦州昌華」)供應石墨材料及錦州佑鑫電子材料有限公司(「錦州佑鑫」)供應石英坩堝

於二零零八年一月十二日，本公司與錦州昌華及錦州佑鑫訂立框架供應協議(「供應協議」)，據此，錦州昌華及錦州佑鑫同意根據本公司或其附屬公司之不時要求，向彼等分別供應石墨材料及石英坩堝。本集團採用該等石墨材料及石英坩堝作為生產硅錠的原材料。供應協議的生效期由上市日期至二零零九年十二月三十一日止。本公司、錦州昌華及錦州佑鑫(視乎情況而定)將訂立正式購買協議(以購買訂單及確認之形式)，其詳細條款及條件載列於相關購買訂單內。供應協議項下之購買安排將會以正常商業條款進行，及將以不遜於獨立第三方可提出的條款進行。

供應協議乃於本集團日常及一般業務過程中並按正常商業條款訂立。根據供應協議，經擴大集團向錦州昌華及錦州佑鑫(視乎情況而定)支付的購買價，乃將參照將按照石墨材料及石英坩堝的預計採購量作出估算，並與當時市價相若。

截至二零零七年十二月三十一日止年度，本集團就買賣石墨材料向錦州昌華支付之採購價總額約為人民幣16,873,000元。

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS (Continued)

B. Non-Exempt Continuing Connected Transactions (Continued)

Supply of graphite materials by 錦州昌華碳素制品有限公司 (Jinzhou Changhua Carbon Products Company Limited) ("Jinzhou Changhua") and supply of quartz crucibles by 錦州佑鑫電子材料有限公司 (Jinzhou youxin Electronic Materials Co., Ltd.) ("Jinzhou Youxin") (Continued)

For the year ended 31 December 2007, the aggregate amount of the purchase price paid by the Group to Jinzhou Youxin for the purchase of quartz crucibles amounted to approximately RMB29,504,000.

Based on the Directors' estimate of the purchase of graphite materials and quartz crucibles in the coming two years, it is expected that the following annual cap amounts payable by the Group for transactions under the Supply Agreement will not exceed:

(a) RMB185,177,000 for the year ending 31 December 2008; and

(b) RMB246,450,000 for the year ending 31 December 2009.

The above proposed caps are determined with reference to (a) the Group's expected increase in production (with the Group's ingot production facilities increased from 100 ingot pullers at present to 196 and that for wafer wiresaws increased from 8 to 24 in the first half of 2008) and thus the increase in demand for graphite materials and quartz crucibles for the production requirements of the Group resulting therefrom; and (b) the expected increase in the unit cost of graphite materials and quartz crucibles resulting from the increase in the size of the quartz crucible from 18 inches to 20 inches in diameter where a large portion of such modification work for the Group's ingots facilities will be implemented in 2008 with the remaining to be carried out in 2009. The increase in size of the quartz crucible from 18 inches to 20 inches in diameter for the Group's ingot production facilities allow the Group to produce better quality of ingots as well as with longer length for each ingot produced from the ingots puller.

不獲豁免的持續關連交易(續)

B. 不獲豁免之持續關連交易(續)

錦州昌華碳素制品有限公司(「錦州昌華」)供應石墨材料及錦州佑鑫電子材料有限公司(「錦州佑鑫」)供應石英坩堝(續)

截至二零零七年十二月三十一日止年度，本集團就採購石英坩堝向錦州佑鑫支付之採購價總額，約為人民幣29,504,000元。

按照董事估計未來兩年採購石墨材料及石英坩堝的數量，預期本集團根據供應協議項下的交易的應付下列年度上限金額不會超過：

(a) 截至二零零八年十二月三十一日止年度人民幣185,177,000元；及

(b) 截至二零零九年十二月三十一日止年度人民幣246,450,000元。

上述建議上限乃參考(a)本集團的預期產量增幅(本集團的硅錠生產設施由現時的100台錠拉製機增加至二零零八年上半年的196台錠拉製機，並由現時的8台硅片線鋸增加至二零零八年上半年的24台線鋸)，及因此而導致本集團生產所需的石墨材料及石英坩堝的需求數量增幅；及(b)石英坩堝的尺寸由直徑18吋增加至20吋所導致石墨材料及石英坩堝的單位成本的預期增幅，而本集團硅錠設施的大部份優化工程將於二零零八年推行，餘下的工程則於二零零九年進行。本集團硅錠生產設施的石英坩堝的直徑由18吋增加至20吋後，不但可讓本集團生產更高質量的硅錠，更可令錠拉製機生產的每一片硅錠的長度增加。

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS (Continued)

B. Non-Exempt Continuing Connected Transactions (Continued)

Supply of graphite materials by 錦州昌華碳素制品有限公司 (Jinzhou Changhua Carbon Products Company Limited) ("Jinzhou Changhua") and supply of quartz crucibles by 錦州佑鑫電子材料有限公司 (Jinzhou youxin Electronic Materials Co., Ltd.) ("Jinzhou Youxin") (Continued)

Jinzhou Changhua, which was established in 2006, is owned as to 40% by Huaxin Silicon, which is owned by Mr. TAN, and as to 60% by Prosperity Lamps & Components Limited ("PLC") is owned as to 65% by Mr. CHONG Kin Ngai's wholly-owned companies. Mr. CHONG Kin Ngai is a non-executive Director. Jinzhou Changhua is therefore an associate of each of Mr. TAN and Mr. CHONG Kin Ngai and hence a connected person of the Company. Jinzhou Youxin was owned as to 70% by 錦州市鑫鑫電子材料經營部 (Jinzhou Xinxin Electronic Trading Department*) ("Jinzhou Xinxin"), a wholly-owned company of Ms. ZHAO Xiu Qin, the spouse of Mr. TAN, and as to 30% by PLC from the date of incorporation of Jinzhou Youxin to 28 May 2007. On 28 May 2007, Jinzhou Xinxin transferred 70% interest in Jinzhou Youxin to an independent third party. Jinzhou Youxin has been owned as to 30% by PLC, which is in turn owned as to 65% by Mr. CHONG Kin Ngai's wholly-owned companies, and as to 70% by an independent third party. Jinzhou Youxin is therefore also an associate of Mr. CHONG Kin Ngai and hence a connected person of the Company. Consequently, the transactions under the Supply Agreement constitute non-exempt continuing connected transactions for the Company under Rule 14A.35 of the Listing Rules.

Supply of scrap polysilicon, scrap ingots and scrap wafers by Wafer Works Corp. ("WWX")

On 12 January 2008, the Company entered into a framework supply agreement with WWX (the "WWX Supply Agreement") pursuant to which WWX agreed to supply, and/or procure its subsidiaries ("WWX Group") to supply scrap polysilicon raw material, scrap ingots and scrap wafers to the Company or its subsidiaries as requested by them from time to time. Such scrap polysilicon, scrap ingots and scrap wafers serve as the Group's raw materials for its production of wafers. The term of the WWX Supply Agreement has become effective on the Listing Date and expire on 31 December 2009. Formal purchase agreements (by way of purchase orders and confirmations) will be entered into between the Company (and/or its subsidiaries) and WWX (and/or its subsidiaries) with the detailed terms and conditions as specified in the relevant purchase orders. The purchase arrangement under the WWX Supply Agreement is conducted on normal commercial terms and is on terms no less favourable than those available from independent third parties.

The WWX Supply Agreement was entered in the ordinary and usual course of business and on normal commercial terms. The purchase price payable by the Group to WWX under the WWX Supply Agreement will be estimated based on the expected purchase amount of the scrap polysilicon, scrap ingots and scrap wafers and is comparable to the prevailing market prices in the scrap polysilicon, scrap ingots and scrap wafers market in the PRC.

* *English translation of Chinese official name is for identification purpose only*

不獲豁免的持續關連交易(續)

B. 不獲豁免之持續關連交易(續)

錦州昌華碳素制品有限公司(「錦州昌華」)供應石墨材料及錦州佑鑫電子材料有限公司(「錦州佑鑫」)供應石英坩堝(續)

於二零零六年，錦州昌華成立。華新硅材料(由譚先生擁有)擁有錦州昌華40%股權，而佑昌燈光器材有限公司(「佑昌燈光」)擁有錦州昌華60%股權。莊堅毅先生之全資擁有公司擁有佑昌燈光65%股權。莊堅毅先生是非執行董事。故此，錦州昌華是譚先生及莊堅毅先生之聯繫人，錦州昌華為本公司之關連人士。錦州市鑫鑫電子材料經營部(「錦州鑫鑫」)擁有錦州佑鑫70%股權，錦州鑫鑫乃趙秀芹女士(譚先生之配偶)的全資擁有公司，而佑昌燈光則自錦州佑鑫註冊成立日期起至二零零七年五月二十八日擁有錦州佑鑫30%股權。於二零零七年五月二十八日，錦州鑫鑫向獨立第三方轉讓錦州佑鑫70%股權。佑昌燈光擁有錦州佑鑫30%股權，莊堅毅先生之全資擁有公司擁有佑昌燈光65%股權，獨立第三方擁有錦州佑鑫70%股權。故此，錦州佑鑫是莊堅毅先生之聯繫人，並為本公司之關連人士。因此，根據上市規則第14A.35條，供應協議項下之交易構成本公司不獲豁免之持續關連交易。

合晶科技股份有限公司(「合晶科技」)供應多晶硅廢碎、硅錠廢碎及硅片廢碎

於二零零八年一月十二日，本公司與合晶科技訂立框架供應協議(「合晶科技供應協議」)，據此，合晶科技同意按本公司或其附屬公司的不時要求，向彼等供應多晶硅廢碎原材料、硅錠廢碎及硅片廢碎；及／或促使其附屬公司(「合晶科技集團」)按本公司或其附屬公司的不時要求，向彼等供應多晶硅廢碎原材料、硅錠廢碎及硅片廢碎。本集團將採用該等多晶硅廢碎、硅錠廢碎及硅片廢碎作為生產硅片的原材料。合晶科技供應協議的生效期由上市日期至二零零九年十二月三十一日止。本公司(及／或其附屬公司)及合晶科技(及／或其附屬公司)將訂立正式購買協議(以購買訂單及確認之形式)，其詳細條款及條件載列於相關購買訂單內。合晶科技供應協議項下之購買安排以正常商業條款進行，及以不遜於獨立第三方可提出的條款進行。

合晶科技供應協議乃於日常及一般業務過程中並按正常商業條款訂立。根據合晶科技供應協議，本集團向合晶科技支付的購買價，將按照預計多晶硅廢碎、硅錠廢碎及硅片廢碎的採購額作出估算，並與中國多晶硅廢碎、硅錠廢碎及硅片廢碎市場當時的市價相若。

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS (Continued)

B. Non-Exempt Continuing Connected Transactions (Continued)

Supply of scrap polysilicon, scrap ingots and scrap wafers by WWX (Continued)

For the year ended 31 December 2007, the aggregate amount of the purchase price paid by the Group to WWX Group in relation to the supply of scrap polysilicon raw material, scrap ingots and scrap wafers amounted to approximately RMB36,027,000.

Based on the Directors' estimate of the purchase of scrap polysilicon, scrap ingots and scrap wafers in the coming two years, it is expected that the following annual cap amounts payable by the Group for transactions under the WWX Supply Agreement will not exceed:

(a) RMB87,024,000 for the year ending 31 December 2008; and

(b) RMB102,728,000 for the year ending 31 December 2009.

The above proposed caps are determined with reference to the Group's expected increase in production (with the Group's ingot production facilities to increase from 100 ingot pullers at present to 196 and that for wafer wiresaws expected to increase from 8 to 24 in the first half of 2008) and thus the increase in demand for scrap polysilicon, scrap ingots and scrap wafers for the production requirements of the Enlarged Group resulting therefrom. These caps are also determined after discussion between the Group and WWX in terms of its expected production of scrap polysilicon, scrap ingots and scrap wafers generated through its semi-conductor manufacturing process.

WWX holds 100% interests in Wafer Works Investment Corp. ("WWIC"). WWIC is a substantial shareholder of the Company. Each of WWX and its subsidiaries is therefore an associate of WWIC and hence a connected person of the Company. Consequently, the transactions under the WWX Supply Agreement constituted non-exempt continuing connected transactions for the Company under Rule 14A.35 of the Listing Rules.

Sale of upgraded and processed polysilicon, solar ingots and solar wafers to WWX

On 12 January 2008, the Company entered into a framework sale agreement with WWX (the "WWX Sale Agreement") pursuant to which the Company has agreed to sell, or procure its subsidiaries to sell upgraded and processed polysilicon, solar ingots and solar wafers to WWX and/or its subsidiaries. The WWX Sale Agreement has become effective on the Listing Date and expire on 31 December 2009. Formal sale agreements (by way of purchase orders and confirmations) will be entered into between the Company (and/or its subsidiaries) and WWX and/or its subsidiaries with the detailed terms and conditions as specified in the relevant purchase orders. The sale arrangement under the WWX Sale Agreement is conducted on normal commercial terms and on terms no less favourable than those available from independent third parties.

不獲豁免的持續關連交易(續)

B. 不獲豁免之持續關連交易(續)

合晶科技供應多晶硅廢碎、硅錠廢碎及硅片廢碎(續)

截至二零零七年十二月三十一日止年度，本集團就供應多晶硅廢碎原材料、硅錠廢碎及硅片廢碎向合晶科技集團支付之採購價總額約為人民幣36,027,000元。

按照董事估計未來兩年多晶硅廢碎、硅錠廢碎及硅片廢碎的採購量，預期本集團就合晶科技供應協議項下交易應付下列年度上限金額不會超過：

(a) 截至二零零八年十二月三十一日止年度人民幣87,024,000元；及

(b) 截至二零零九年十二月三十一日止年度人民幣102,728,000元。

上述建議上限乃參考本集團的預期生產量增幅(本集團的硅錠生產設施預期由現時的100台錠拉製機增加至二零零八年上半年的196台錠拉製機，並預期由現時的8台硅片線鋸增加至二零零八年上半年的24台線鋸)，及因此而導致經擴大集團生產所需的多晶硅廢碎、硅錠廢碎及硅片廢碎的需求數量增幅。此外，本集團及合晶科技亦就預期於半導體製造過程中所生產的多晶硅廢碎、硅錠廢碎及硅片廢碎的數量進行商討後而釐定此等上限。

合晶科技持有Wafer Works Investment Corp.(「WWIC」)100%權益。WWIC成為本公司主要股東。故此，合晶科技及其附屬公司各公司成為WWIC之聯繫人，因此成為本公司之關連人士。根據上市規則14A.35條，合晶科技供應協議項下之交易構成本公司不獲豁免之持續關連交易。

向合晶科技銷售經改良及加工的多晶硅、太陽能硅錠及太陽能硅片

於二零零八年一月十二日，本公司與合晶科技訂立框架銷售協議(「合晶科技銷售協議」)，據此，本公司同意或同意促使其附屬公司向合晶科技及／或其附屬公司銷售經改良及加工的多晶硅、太陽能硅錠及太陽能硅片。合晶科技銷售協議於上市日期生效，並於二零零九年十二月三十一日屆滿。本公司(及／或其附屬公司)與合晶科技及／或其附屬公司將訂立正式銷售協議(以購買訂單及確認之形式)，其中詳細條款及條件載列於相關購買訂單內。合晶科技銷售協議項下之銷售安排以正常商業條款以及以不遜於獨立第三方可提出的條款進行。

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS (Continued)

B. Non-Exempt Continuing Connected Transactions (Continued)

Sale of upgraded and processed polysilicon, solar ingots and solar wafers to WWX (Continued)

The WWX Sale Agreement was entered in the ordinary and usual course of business and on normal commercial terms. The purchase price payable by WWX to the Group under the WWX Sale Agreement is determined with reference to the prevailing market price of upgraded and processed polysilicon, solar ingots and solar wafers.

For the year ended 31 December 2007, the aggregate amount of the sales proceeds received by the Group from WWX Group in relation to the sale of upgraded and processed polysilicon, solar ingot and solar wafers amounted to approximately RMB179,690,000.

Based on the Directors' estimate of the sales of upgraded and processed polysilicon, solar ingots and solar wafers in the coming two years, it is expected that the following annual cap amounts receivable by the Group for transactions under the WWX Sale Agreement will not exceed:

(a) RMB190,692,000 for the year ending 31 December 2008; and

(b) RMB239,815,000 for the year ending 31 December 2009.

The Directors believe that WWX Group has been purchasing from the Group, mainly due to the Group's product quality and reliability. Sales of upgraded and processed polysilicon, solar ingots and solar wafers to WWX and its subsidiaries have increased over time and the above proposed caps are determined with reference to (a) the Group's expected increase in production capacity (with the Group's ingots production facilities expected to increase from 100 ingots pullers at present to 196 and that for wafers wiresaw expected to increase from 8 to 12 in the first half of 2008) and (b) the increase in sales to WWX resulting from the expected increase in demand for solar based products in Taiwan.

Furthermore, part of the sales of upgraded and processed polysilicon is determined by reference to WWX's expected consumption of recycled polysilicon materials as feedstock for its semi-conductor production, in light of the continued price increase in high-grade polysilicon.

As mentioned in the paragraph headed "Supply of scrap polysilicon, scrap ingots and scrap wafers by WWX" above, WWX is a connected person, the transactions under the WWX Sale Agreement therefore constituted non-exempt continuing connected transactions for the Company under Rule 14A.35 of the Listing Rules.

The provision of services in respect of acidic wash of silicon, the processing and production of polysilicon and wafers to WWX.

不獲豁免的持續關連交易(續)

B. 不獲豁免之持續關連交易(續)

向合晶科技銷售經改良及加工的多晶硅、太陽能硅錠及太陽能硅片(續)

合晶科技銷售協議乃於日常及一般業務過程中並按正常商業條款訂立。根據合晶科技銷售協議，合晶科技向本集團支付的購買價，乃參照經改良及加工的多晶硅、太陽能硅錠及太陽能硅片的當時的市價予以釐定。

截至二零零七年十二月三十一日止年度，本集團就銷售經改良及加工的多晶硅、太陽能硅錠及太陽能硅片向合晶科技集團收取的銷售所得款項總金額約為人民幣179,690,000元。

按照董事估計未來兩年銷售經改良及加工的多晶硅、太陽能硅錠及太陽能硅片的銷售額，預計本集團根據合晶科技銷售協議應收下列交易年度上限金額不會超過：

(a) 截至二零零八年十二月三十一日止年度人民幣190,692,000元；及

(b) 截至二零零九年十二月三十一日止年度人民幣239,815,000元。

董事相信，合晶科技集團一直向本集團採購產品，主要與本集團的產品質量及可靠性有關。故此，本集團向合晶科技及其附屬公司銷售經改良及加工的多晶硅、太陽能硅錠及太陽能硅片的銷售額日益增加，上述建議上限乃參考(a)本集團產能的預期升幅(本集團的硅錠生產設施預期由現時的100台錠拉製機增加至二零零八年上半年的196台錠拉製機，並預期由現時的8台硅片線鋸增加至二零零八年上半年的12台線鋸)及(b)因預期台灣對以太陽能為基礎的產品的需求上升帶動向合晶科技的銷售額升幅。

此外，鑒於高等級多晶硅的價格持續上漲，部分經改良及加工的多晶硅銷售，乃參考合晶科技採用循環再造的多晶硅材料作為半導體生產的給料的預期消耗量而釐定。

誠如上文「合晶科技供應多晶硅廢碎、硅錠廢碎及硅片廢碎」一段所述，由於合晶科技為關連人士，根據上市規則14A.35條，合晶科技銷售協議項下之交易構成本公司不獲豁免之持續關連交易。

向合晶科技提供硅材酸洗、多晶硅及硅片的加工及生產服務。

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS (Continued)

B. Non-Exempt Continuing Connected Transactions (Continued)

Sale of upgraded and processed polysilicon, solar ingots and solar wafers to WWX (Continued)

On 12 January 2008, the Company entered into a framework processing agreement with WWX (the "WWX Processing Agreement") pursuant to which the Company agreed to provide, or procure its subsidiaries to provide the services in respect of acidic wash of silicon, the processing and recycling of top and tail scrap, pot scrap and scrap silicon into polysilicon and other raw materials necessary for the production of solar ingots as well as the processing and production of solar wafers to WWX or its subsidiaries. The WWX Processing Agreement has become effective on the Listing Date and will expire on 31 December 2009. Formal agreements (by way of processing orders and confirmations) will be entered into between the Company (and/or its subsidiaries) and WWX (and/or its subsidiaries) with the detailed terms and conditions as specified in the relevant processing orders. The processing arrangement under the WWX Processing Agreement will be conducted on normal commercial terms and will be on terms no less favourable than those available from independent third parties.

The WWX Processing Agreement was entered in the ordinary and usual course of business and on normal commercial terms. The processing fee will be subject to the individual processing orders placed by WWX Group with the Group and will be determined with reference to the prevailing market price in respect of the processing services provided by a comparable sub-contractor in the market in the PRC.

For the year ended 31 December 2007, the fees received by the Group from WWX Group in relation to acidic wash of silicon, the processing and recycling of top and tail scrap, pot scrap and scrap silicon amounted to approximately RMB3,543,000.

Based on the Directors' estimate of the processing services in the coming two years, it is expected that the following annual cap amounts receivable by the Group for transactions under the WWX Processing Agreement will not exceed:

(a) RMB43,910,000 for the year ending 31 December 2008; and

(b) RMB53,524,000 for the year ending 31 December 2009.

不獲豁免的持續關連交易(續)

B. 不獲豁免之持續關連交易(續)

向合晶科技銷售經改良及加工的多晶硅、太陽能硅錠及太陽能硅片(續)

於二零零八年一月十二日，本公司與合晶科技訂立框架加工協議(「合晶科技加工協議」)，據此，本公司同意或同意促使其附屬公司向合晶科技或其附屬公司提供有關硅材酸洗及將頭尾料、鍋底料及硅廢碎加工及循環再造為多晶硅之服務，及提供用作生產太陽能硅錠及太陽能硅片加工及生產之其他所需原材料。合晶科技加工協議於上市日期生效，並於二零零九年十二月三十一日屆滿。本公司(及╱或其附屬公司)與合晶科技(及╱或其附屬公司)將訂立正式協議(以加工訂單及確認之形式)，其詳細條款及條件載列於相關加工訂單內。合晶科技加工協議項下之加工安排將會以正常商業條款並將以不遜於獨立第三方可提出的條款進行。

合晶科技加工協議乃於日常及一般業務過程中並按正常商業條款訂立。加工費將取決於合晶科技集團向本集團發出的個別加工訂單，並參照中國市場同類分包商所提供之加工服務當時市價予以釐定。

截至二零零七年十二月三十一日止年度，本集團就硅材酸洗、加工及循環再造頭尾料、鍋底料、硅廢碎向合晶科技集團所收取的費用約為人民幣3,543,000元。

按照董事估計未來兩年加工服務的數額，預計本集團就合晶科技加工協議項下交易應收下列年度上限金額不會超過：

(a) 截至二零零八年十二月三十一日止年度人民幣43,910,000元；及

(b) 截至二零零九年十二月三十一日止年度人民幣53,524,000元。

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS (Continued)

B. Non-Exempt Continuing Connected Transactions (Continued)

Sale of upgraded and processed polysilicon, solar ingots and solar wafers to WWX (Continued)

The above proposed caps are determined with reference to (a) the Group's expected increase in processing capacity (with the Group's ingot production facilities expected to increase from 100 ingot pullers at present to 196 and that for wafer wiresaws expected to increase from 8 to 24 in the first half of 2008) and (b) the increase in WWX's demand for recycled polysilicon materials required for its semi-conductor production, in light of the continued price increase in high-grade polysilicon. As recycled polysilicon is a cheaper source of polysilicon raw material for semi-conductor production, WWX may seek to use a greater portion of the recycled polysilicon for its semi-conductor production.

As mentioned in the paragraph headed "Supply of scrap polysilicon, scrap ingots and scrap wafers by WWX" above, WWX is a connected person of the Company. The transactions under the WWX Processing Agreement therefore constitute nonexempt continuing connected transactions for the Company under Rule 14A.35 of the Listing Rules.

Scope of Waiver

The transactions as set out in section (A) "Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements" above constituted continuing connected transactions of the Group which are exempt from independent shareholders' approval under Rule 14A.34 of the Listing Rules and are subject to the reporting and announcement requirements set out in Rule 14A.35(3) of the Listing Rules. The transactions as set out in section (B) "Non-Exempt Continuing Connected Transactions" above are subject to announcement and independent shareholders' approval requirements set out in Rules 14A.47 to 14A.48 of the Listing Rules.

The Directors, including the independent non-executive Directors, confirmed that the above continuing connected transactions (the "Continuing Connected Transactions") were entered into and conducted in the ordinary and usual course of business and on normal commercial terms; and the terms and the proposed annual caps set out above are fair and reasonable and in the interests of the shareholders of the Company as a whole.

不獲豁免的持續關連交易(續)

B. 不獲豁免之持續關連交易(續)

向合晶科技銷售經改良及加工的多晶硅、太陽能硅錠及太陽能硅片(續)

上述建議上限則參考：(a)本集團的加工產能的預期升幅(本集團的硅錠生產設施預期由現時的100台錠拉製機增加至二零零八年上半年的196台，並預期由現時的8台硅片線鋸增加至二零零八年上半年的24台線鋸)及；(b)鑒於高等級多晶硅的價格持續上漲，合晶科技用作半導體生產的循環再造多晶硅的需求之增幅予以釐定。就半導體生產而言，由於循環再造多晶硅為較相宜多晶硅原材料來源，故合晶科技可嘗試利用較大部分的循環再造多晶硅以作半導體生產之用。

誠如上述「合晶科技供應多晶硅廢碎、硅錠廢碎及硅片廢碎」一段所述，合晶科技為本公司關連人士。根據上市規則14A.35條，合晶科技加工協議項下之交易構成本公司不獲豁免之持續關連交易。

豁免範圍

上文(A)節「獲豁免遵守獨立股東批准規定之持續關連交易」所載的交易構成本集團持續關連交易，根據上市規則第14A.34條獲豁免遵守獨立股東批准的規定，並須遵守上市規則第14A.35(3)條所載的申報及公告規定。上文(B)節「不獲豁免之持續關連交易」所載的交易須遵守上市規則第14A.47至第14A.48條的公告及獨立股東批准的規定。

董事(包括獨立非執行董事)確認上述持續關連交易(「持續關連交易」)，乃於本公司的日常及一般業務過程中按正常商業條款訂立及進行，並確認上述條款及建議年度上限屬公平合理且符合本公司股東的整體利益。

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS (Continued)

Scope of Waiver (Continued)

The Stock Exchange has granted to the Company (a) a waiver from strict compliance with the announcement requirement under Rule 14A.47 of the Listing Rules at the time of the Listing in respect of the transaction set out in section A above; and has granted to the Company, (b) a waiver from strict compliance with the announcement and independent shareholders' approval requirements under Rules 14A.47 and 14A.48 of the Listing Rules at the time of the Listing in respect of the Non-Exempt Transactions set out in section B above expiring on 31 December 2009.

不獲豁免的持續關連交易(續)

豁免範圍(續)

聯交所已向本公司授出(a)於上市時，豁免嚴格遵守上市規則第14A.47條有關上文(A)節所載交易之公告規定；及亦已向本公司授出(b)於上市時，豁免嚴格遵守上市規則第14A.47及第14A.48條有關上文(B)節所載不獲豁免交易之公告及獨立股東批准之規定。期限於二零零九年十二月三十一日屆滿。

SHARE OPTION SCHEME

The Company has conditionally approved and adopted the Share Option Scheme on 27 February 2008 in which certain participants may be granted options to subscribe for Shares. The Directors believe that the Share Option Scheme will be important for the recruitment and retention of quality executives and employees.

The subscription price for the shares under the option to be granted will be determined by the Company's Board of Directors and will be the highest of:

(i) the official closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;

(ii) the average of the official closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and

(iii) the nominal value of a Share.

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue immediately following completion of the Global Offering (but taking no account of any Shares which may be sold pursuant to the exercise of the Over-allotment Option) and Capitalisation Issue, being 169,076,650 Shares, excluding for this purpose Shares which would have been issuable pursuant to options which have lapsed in accordance with the terms of the Share Option Scheme (or any other share option schemes of the Company).

購股權計劃

本公司已於二零零八年二月二十七日有條件地批准及採納購股權計劃，而購股權計劃的若干參與者亦可能獲授購股權認購股份。董事相信購股權計劃對聘用及延留高質素的行政人員及僱員至為重要。

本公司董事會釐定將予授出購股權所涉及的股份認購價，並將以下列最高者為準：

(i) 股份於授出日期(須為聯交所可供進行證券交易業務的日子)於聯交所每日報價表所報的正式收市價；

(ii) 緊接授出日期前五個營業日股份於聯交所每日報價表所報的正式收市價平均數；及

(iii) 股份面值。

根據購股權計劃及本公司任何其他購股權計劃可能授出的購股權所涉及的股份數目上限，合共不得超過緊隨全球發售(但並不計及根據超額配股權獲行使而可能出售的任何股份)及資本化發行完成後已發行股份總數的10%，即169,076,650股股份，就此而言不包括根據購股權計劃(或本公司任何其他購股權計劃)的條款已失效的購股權原應可發行的股份。

SHARE OPTION SCHEME (Continued)

No option may be granted to any person such that the total number of shares of the Company issued and to be issued upon exercise of all options granted and to be granted to each participant in any 12-month period up to the date of the latest grant exceeds 1% of the number of shares of the Company in issue.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as determined by the Board of Directors of the Company, which must not be more than 10 years from the date of the grant.

As at the date of this report, no option had been granted or agreed to be granted under the Share Option Scheme.

購股權計劃(續)

本公司概不得向任何人士授出購股權，致使該名人士在直至最後授出日期前任何12個月期間內已獲授或將獲授之購股權於行使時所發行及可予發行之本公司股份總數，超過本公司已發行股份1%。

購股權可根據購股權計劃條款於本公司董事會釐定的期間內隨時行使，而有關期間自授出日期起計不得超過10年。

於本報告刊發日期，本公司並無根據購股權計劃已授出或同意授出購股權。

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

There was no purchase, sales or redemption by the Company or any of its subsidiaries, of the Company's listed securities during the year ended 31 December 2007.

購買、出售或贖回本公司上市證券

截至二零零七年十二月三十一日止年度，本公司或其任何附屬公司概無購買、出售或贖回本公司上市證券。

INTEREST AND SHORT POSITIONS OF THE DIRECTORS AND THE CHIEF EXECUTIVES OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

The Shares of the Company commenced dealings on the Stock Exchange on 31 March 2008 (the "**Listing Date**"). As at the Listing Date, so far as the Directors are aware, the Directors and chief executives of the Company and their associates had the following interests in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance ("**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 of Hong Kong Limited (the "**Stock Exchange**") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**"):

董事及本公司最高行政人員於本公司及其相聯法團的股份、相關股份及債券的權益及淡倉

本公司股份於二零零八年三月三十一日(「上市日期」)在聯交所開始買賣。於上市日期，據董事所悉，董事及本公司最高行政人員及彼等聯繫人於本公司及其相聯法團(定義見證券及期貨條例「證券及期貨條例」)的股份、相關股份及債券中，擁有記錄於根據證券及期貨條例第352條須存置的登記冊或根據上市發行人董事進行證券交易的標準守則(「標準守則」)須知會本公司及香港聯合交易所有限公司(「聯交所」)的權益如下：

Name of Director 董事名稱	**Nature of interest** 權益性質	**Number of Shares (Note 1)** 股數(附註1)	**Approximate percentage of shareholding** 持股概約百分比
Mr. TAN Wenhua ("**Mr. TAN**") (Notes 2 and 5) 譚文華先生(「譚先生」)(附註2及5)	Beneficial interest 實益權益	471,910,500 (L) 50,719,000 (S)	27.90% 3.00%
	Interest in an option 於購股權的權益	31,036,000 (L)	1.84%
	Security interest 擔保權益	17,352,500 (L)	1.03%
Mr. CHONG Kin Ngai ("**Mr. CHONG**") (Note 3) 莊堅毅先生(「莊先生」)(附註3)	Interest of controlled corporation 受控法團權益	101,709,500 (L)	6.02%
	Personal interest 個人權益	1,254,500 (L)	0.07%
	Trustee's interest 受託人權益	34,814,000 (L)	2.06%
Mr. HSU You Yan (Note 5) 許祐淵先生(附註5)	Beneficial interest 實益權益	9,293,500 (L)	0.55%
	Interest in an option 於購股權的權益	19,219,500 (L)	1.14%
	Security interest 擔保權益	5,840,500 (L)	0.35%
Mr. CHIAO Ping Hai (Note 5) 焦平海先生(附註5)	Beneficial interest 實益權益	3,135,500 (L)	0.19%
	Interest in an option 於購股權的權益	31,158,000 (L)	1.84%
	Security interest 擔保權益	11,621,000 (L)	0.69%
Ms. ZHANG Liming (Note 4) 張麗明女士(附註4)	Beneficial interest 實益權益	3,133,500 (L)	0.19%

INTEREST AND SHORT POSITIONS OF THE DIRECTORS AND THE CHIEF EXECUTIVES OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS (Continued)

Note:

(1) The letter "L" denotes the person's long position in such securities and the letter "S" denotes the person's short position in such securities.

(2) Mr. TAN has entered into a stock borrowing agreement with BNP Paribas Capital (Asia Pacific) Limited ("BNP") pursuant to which Mr. TAN agreed to lend up to 50,719,000 Shares to BNP representing approximately 15% of the Shares issued pursuant to the global offering of the Company ("Global Offering") (but taking no account of any Shares which may be sold pursuant to the exercise of the over-allotment option in connection with the Global Offering (the "Over-allotment Option") and the capitalisation Issue on the Listing Date.

(3) Immediately after completion of the Global Offering (assuming the Over-allotment is not exercised), Prosperity Lamps & Components Limited ("**PLC**") is interested in 17,035,500 Shares and Prosperity Electric Corporation ("**PEC**") is interested in 84,674,000 Shares. PLC is held as to 20% by PEC, as to 45% by Leigh Company Limited and as to 30% by SAM Wai Keung, a director of Jinzhou Huachang Silicon Materials Co., Ltd. and 5% by an independent third party. Both PEC and Leigh Company Limited are wholly-owned by Mr. CHONG, an non-executive Director who is therefore deemed to be interested in 102,964,000 Shares, representing approximately 6.09% of the issued share capital of the Company immediately after completion of the Global Offering (but taking no account of any Shares which may be sold pursuant to the exercise of the Over-allotment Option).

34,814,000 Shares were held by Mr. CHONG in trust for, among others, certain employees and consultants of Solar Technology Investment (Cayman) Corp. and its subsidiaries (the "**Acquired Group**"). Mr. CHONG was entrusted to exercise voting rights and hold the dividends and other distributions made in respect of the relevant Shares in trust for these employees and the 2 consultants (if any) to the extent the relevant Shares remain subject to a lock-up period.

(4) Ms. ZHANG Liming's 3,133,500 Shares were registered in the name of Mr. CHONG as [illegible]

INTEREST AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at the Listing Date, so far as the Directors are aware, save as disclosed above, the persons or corporations (not being a Director of the Company) who have interest or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO or have otherwise notified to the Company were as follows:

主要股東於股份、相關股份及債券中的權益及淡倉

截止上市日期，據董事所悉，除上文披露者外，以下人士或法團（並非本公司董事）於本公司股份及相關股份中，擁有已記錄於根據證券及期貨條例第336條須存置的登記冊或已知會本公司的權益或淡倉：

Name 姓名／名稱	**Capacity** 身份	**Number of Shares** 股數	**Percentage of shareholding** 持股百分比
Wafer Works Investment Corp. ("**WWIC**") (Note 2) （附註2）	Beneficial owner 實益擁有人	358,364,000(L) (Note 1) （附註1）	21.2%
Wafer Works Corp. ("**WWX**") (Note 2) 合晶科技股份有限公司（「合晶科技」）（附註2）	Interest of a controlled corporation 受控法團權益	358,364,000(L)	21.2%
Space Energy Corporation 宇宙能源株式會社	Beneficial owner 實益擁有人	152,439,500(L)	9.02%
Toshinao Nimura (Note 3) （附註3）	Interest of a controlled corporation 受控法團權益	152,439,500(L)	9.02%
Jean Salata	Interest of a controlled corporation 受控法團權益	114,614,000 (L)	6.78%
Baring Private Equity Asia GP IV Limited	Interest of a controlled corporation 受控法團權益	114,614,000 (L)	6.78%
Baring Private Equity Asia GP IV, L.P.	Interest of a controlled corporation 受控法團權益	114,614,000 (L)	6.78%
The Baring Asia Private Equity Fund IV, L.P.	Interest of a controlled corporation 受控法團權益	114,614,000 (L)	6.78%
Baring Private Equity Asia IV Holding (6) Limited	Beneficial interest 實益擁有人	114,614,000 (L)	6.78%
Prosperity Electric Corporation (Note 4) （附註4）	Interest of a controlled corporation 受控法團權益	84,674,000 (L)	5.01%

INTEREST AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

Note:

1. The letter "L" denotes the person's long position in such securities.
2. WWIC is wholly-owned by WWX By virtue of the SFO, WWX is deemed to be interested in the Shares held by WWIC.
3. Toshinao Nimura was interested in approximately 34.22% of the issued share capital of Space Energy Corporation as at the Listing Date.
4. The entire issued share capital of Prosperity Electric Corporation is wholly owned by Mr. Chong, a non-executive Director.

Save as disclosed above, as at the Listing Date, the Directors are not aware of any other person or corporation having an interest or short position in shares and underlying shares of the Company representing 5% or more of the issued share capital of the Company.

主要股東於股份、相關股份及債券中的權益及淡倉(續)

附註：

1. 字母「L」指該人士於該等證券的好倉。
2. 合晶科技全資擁有WWIC。根據證券及期貨條例，合晶科技被視為於WWIC持有的股份中擁有權益。
3. 於上市日期，Toshinao Nimura於宇宙能源株式會社已發行股本約34.22%擁有權益。
4. Prosperity Electric Corporation的全部已發行股本由非執行董事莊先生全資擁有。

除上文所披露者外，於上市日期，董事並不知悉有任何其他人士或法團於本公司的股份及相關股份中擁有佔本公司已發行股本5%或以上的權益或淡倉。

DIRECTORS' INTEREST IN POTENTIALLY COMPETING BUSINESSES

Mr. TAN Wenhua ("Mr. TAN"), Mr. HSU You Yuan ("Mr. HSU"), being the Executive Directors, and Mr. CHONG Kin Ngai (Mr. CHONG") and Mr. CHIAO Ping Hai ("Mr. Chiao"), being the non-executive Directors, are interested in other related businesses, particulars of which are set out below:

Mr. TAN

Mr. TAN is interested in 53% interest in 錦州華昌光伏科技有限公司 (Jinzhou Huachang Guangfu Technology Co., Ltd.*) ("Huachang Guangfu") and 40% interest in Jinzhou Changhua. Huachang Guangfu is engaged in the manufacturing of PV and solar cells.

Jinzhou Changhua is engaged in the manufacturing of graphite and graphite related products. The businesses of Huachang Guangfu and Jinzhou Changhua do not compete with that of the Group. Huachang Guangfu, being a manufacturer of PV and solar cells, or some other materials (not being polysilicon), is a downstream company because PV and solar cells are made from wafers, which the Group manufactures. Huachang Guangfu does not manufacture any polysilicon, ingots or wafers. On the other hand, Jinzhou Changhua, as a company which manufactures graphite, is also not a competitor of the Group because (a) the Group is not engaged in the manufacture of graphite or any graphite related products; and (b) graphite is not a substitute for, or alternative raw material to, polysilicon in the manufacture of solar related products.

董事於潛在競爭業務的權益

執行董事譚文華先生(「譚先生」)及許祐淵先生(「許先生」)以及非執行董事莊堅毅先生(「莊先生」)及焦平海先生(「焦先生」)均於其他相關業務擁有權益，其中詳情載列如下：

譚先生

譚先生於錦州華昌光伏科技有限公司(「華昌光伏」)擁有53%的權益，並於錦州昌華擁有40%的權益。華昌光伏從事製造光伏及太陽能電池。

錦州昌華則從事製造石墨及石墨相關產品。華昌光伏及錦州昌華的業務與本集團的業務並不存在任何競爭。作為光伏及太陽能電池或其他部分物料(非多晶硅)製造商的華昌光伏屬一家下游公司，原因為光伏及太陽能電池以本集團製造的硅片所製造。華昌光伏並無製造任何多晶硅、硅錠或硅片。另一方面，作為一家石墨製造公司的錦州昌華，亦非本集團的競爭對手，原因為(a)本集團並無從事石墨或任何與石墨相關的產品之業務；及(b)石墨不能替代製造太陽能相關產品的多晶硅，亦非製造太陽能相關產品的原材料之另一選擇。

* *English translation of Chinese official name is for identification purpose only*

DIRECTORS' INTEREST IN POTENTIALLY COMPETING BUSINESSES (Continued)

Mr. HSU

Mr. HSU has an indirect interest in WWX and Helitek Worksn of - Company Ltd., which is a subsidiary of WWX. Mr. HSU also has an indirect interest in Neo Solar Power Corp. Both WWX and Helitek Company Ltd. are engaged in the semi-conductor industry. WWX's scope of business includes the manufacture of silicon wafers for the semi-conductor industry, and Helitek Company Ltd. is involved in the sale of such silicon wafers in the USA whereas the Group is engaged in the manufacture of solar wafers.

Although polysilicon is the basic raw material used in the production of semiconductors and solar cells or solar-related products, the quality and purity level of the polysilicon required for the production of semiconductors is higher than that required for the production of solar cells or solar-related products. Even though WWX manufactures silicon wafers by using polysilicon, it is not a competitor to the Group because it would not be cost effective for solar product manufacturers to use costly semi-conductor gnot a com0 Ja0cor w6lls es silicon wafersthe manufactT*(solar producBe sueduc in Neo Solar Po

DIRECTORS' INTEREST IN POTENTIALLY COMPETING BUSINESSES (Continued)

Mr. CHONG (Continued)

Jinzhou Youxin is not a competitor to the Group because (a) quartz crucibles is an auxiliary raw material for the manufacture of polysilicon products which the Group manufactures. Jinzhou Youxin, being in the business of trading quartz crucibles, is an upstream company which supplies auxiliary raw materials to the Group; and (b) Jinzhou Youxin does not manufacture any polysilicon or polysilicon related products.

董事於潛在競爭業務的權益(續)

莊先生(續)

錦州佑鑫並非本集團的競爭對手，原因為(a)石英坩堝是本集團製造多晶硅產品所需的輔料。從事石英坩堝買賣業務的錦州佑鑫為一家上游公司，為本集團輔料的供應商；及(b)錦州佑鑫並無製造任何多晶硅或多晶硅相關產品。

NON-COMPETITION UNDERTAKING

The Directors confirm that they have no interest in any business (apart from the Group's business) which competes or is likely to compete, either directly or indirectly, with the Group's business. The Directors have also signed a non-competition undertaking with the Company.

Disclosure on how the non-competition undertaking has been complied with and enforced would be consistent with the principles of making voluntary disclosures under the Corporate Governance Report under appendix 23 to the Listing Rules.

Pursuant to the non-competition undertaking, Mr. TAN shall continue to be bound by the terms of the Non-competition Undertaking in the event that he ceases to be a Director but remains a substantial shareholder of the Company.

The interested Director shall abstain from the meeting where there is actual or potential conflict in interest.

不競爭承諾

董事確認，除本集團業務外，彼等概無擁有與本集團業務直接或間接存有競爭或極可能存有競爭的任何業務之權益。董事亦與本公司訂立不競爭承諾。

本公司就遵守及強制執行不競爭承諾的披露方式將與上市規則附錄23企業管治報告所載作自願性披露的原則相符。

根據不競爭承諾，倘若譚先生終止擔任董事職務但維持本公司主要股東的身份，彼亦須受不競爭承諾的條款所約束。

當會議上討論的事宜與其中涉及利益的董事存有實際或潛在利益衝突時，該董事須放棄出席有關會議。

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in the section headed "Continuing Connected Transactions", no contract of significance to which the Company, its holding company, or any of its fellow subsidiaries or subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

董事之合約權益

除「持續關連交易」一節披露者外，本公司、其控股公司、或其任何同系附屬公司或附屬公司概無參與訂立任何於年終或年內任何時間仍然有效，且本公司董事於當中直接或間接擁有重大權益之重大合約。

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set out by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

薪酬政策

薪酬委員會按照僱員表現、資歷及能力，制定本集團僱員之薪酬政策。

薪酬委員會參照本公司的營運業績、董事個別表現及相約的市場統計數據，決定本公司董事的薪酬。

BENEFIT SCHEMES

Particulars of the benefit schemes of the Group are set out in note 25 of the financial statements.

福利計劃

本集團福利計劃詳情，載於財務報表附註25。

PURCHASE, SALE OR REDEMPTION OF SHARES OF THE COMPANY

During the year, the Company had not redeemed, and neither the Company nor any of its subsidiaries had purchased or sold any of the Shares.

購買、出售或贖回本公司股份

年內，本公司概無贖回，而本公司或其任何附屬公司亦無購買或出售任何股份。

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association, or the law of Cayman Islands, being the jurisdiction in which the Company is incorporated under which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholder.

優先購股權

本公司之組織章程細則或開曼群島(即本公司註冊成立的司法權區)法例均無有關優先購股權之條文，規定本公司須按持股比例向現有股東提呈新股。

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listing Issuer as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Special enquiries will be made by the Company to confirm that all Directors will have complied with the Model Code for the year ended 31 December 2007.

董事進行證券交易的標準守則

本公司已採納上市規則附錄十所載的上市發行人董事進行證券交易的標準守則作為其本身董事進行證券交易的操守守則。本公司特別就此作出查詢後確認，全體董事截至二零零七年十二月三十一日止年度已遵守標準守則。

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report contained in this annual report.

企業管治

本公司採納的主要企業管治常規，載於本年報企業管治報告。

AUDIT COMMITTEE

The Company established an audit committee on 27 February 2008 with terms of references adopted on 20 March 2007 in compliance with the CG Code set out in Appendix 14 of the Listing Rules. The members of the audit committee are the four independent non-executive Directors, and Mr. Chong Kin Ngai, a non-excutive Director and Mr. Wong Wing Kuen Albert, an independent non-executive Director, is the Chairman of the audit committee.

The audit committee is to serve as a focal point for communication between other directors, the external auditor and the internal auditor (where an internal audit function exists) of the Company as regards their duties relating to financial and other reporting, internal controls, external and internal audits and such other financial and accounting matters as the Board determines from time to time.

The audit committee is to assist the Board in providing an independent review of the effectiveness of the financial reporting process, internal control and risk management system of the Group, overseeing the audit process and performing other duties and responsibilities as may be assigned by the Board from time to time. The audit committee has reviewed the Group's consolidated financial statements for the year ended 31 December 2007, including the accounting principles and practices adopted by the Group.

審核委員會

本公司於二零零八年二月二十七日成立審核委員會，並於二零零七年三月二十日採納按照上市規則附錄十四企業管治守則制定的職權範圍。審核委員會由四名獨立非執行董事及非執行董事莊堅毅先生組成，獨立非執行董事王永權先生為審核委員會主席。

審核委員會乃作為其他董事、外聘核數師與內部核數師（倘存在內部審核職能）之間的溝通集中點，關乎彼等職責中相關的財務及其他報告、內部監控、外部及內部審核及董事會不時決定的其他財務及會計事宜。

審核委員會乃為協助董事會對財務報告過程、內部監控及風險管理制度的效用作出獨立檢討、監管審核過程及履行董事會不時指派的其他職責及責任。審核委員會已審閱本集團截至二零零七年十二月三十一日止年度的綜合財務報表，包括本集團採納的會計原則及常規。

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, the Company has maintained the prescribed public float of not less than 25% of the issued share capital of the Company pursuant to the Listing Rules and as agreed with the Stock Exchange, based on the information that is publicly available to the Company and within the knowledge of the directors of the Company.

公眾持股量百分比

基於公開予本公司查閱的資料及據本公司董事所知悉，於本報告刊發日期，本公司一直維持上市規則所訂明並經與聯交所協定本公司已發行股本不少於25%的公眾持股量。

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the Independent Non-Executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the Independent Non-Executive Directors to be independent.

獨立性的確認

本公司已接獲各獨立非執行董事根據上市規則第3.13條發出的年度獨立性確認書，並認為全體獨立非執行董事均為獨立。

POST BALANCE SHEET EVENTS

Details of the significant post balance sheet events are set out in note 36 to the financial statements of the Group.

結算日後事項

重大的結算日後事項之詳情，載於本集團財務報表附註36。

AUDITOR

The financial statements of the Company for the year have been audited by KPMG which will retire, and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

A resolution for the re-appointment of KPMG as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

核數師

本公司本年度的財務報表已獲畢馬威會計師事務所審核。畢馬威會計師事務所將任滿告退，惟彼等符合資格於應屆股東週年大會上膺選連任。

有關重聘畢馬威會計師事務所為本公司核數師的決議案將於應屆股東週年大會上提呈。

By order of the Board

CHIAO Ping Hai
Chairman
Hong Kong, 24 April, 2008

Independent Auditor's Report
獨立核數師報告

Independent auditor's report to the shareholders of Solargiga Energy Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Solargiga Energy Holdings Limited (the "Company") set out on pages 68 to 136, which comprise the consolidated and company balance sheets as at 31 December 2007, 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.

Directors' responsibilities 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. 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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.

致陽光能源控股有限公司股東
獨立核數師報告
(於開曼群島註冊成立的有限公司)

本核數師(以下簡稱「我們」)已審核列載於第68至136頁陽光能源控股有限公司(「貴公司」)的綜合財務報表，此綜合財務報表包括於二零零七年十二月三十一日的綜合及公司資產負債表與截至該日止年度的綜合損益表、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。

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》編製及真實而公平地列報該等財務報表。這責任包括設計、實施及維護與編製及真實而公平地列報財務報表相關的內部控制，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；及按情況下作出合理的會計估計。

核數師的責任

我們的責任是根據我們的審核對該等財務報表作出意見，並僅向整體股東報告，除此之外，我們的報告書不可用作其他用途。我們不會就本報告的內容向任何其他人士負責或承擔任何法律責任。

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，以合理確定此等財務報表是否不存有任何重大錯誤陳述。

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 auditor considers 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.

審核涉及執行程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，包括評估由於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而公平地列報財務報表相關的內部控制，以設計適當的審核程序，但並非為對公司的內部控制的效能發表意見。審核亦包括評價董事所採用的會計政策的合適性及所作出的會計估計的合理性，以及評價財務報表的整體列報方式。

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

我們相信，我們所獲得的審核憑證是充足和適當地為我們的審核意見提供基礎。

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 December 2007 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance.

意見

我們認為，該等綜合財務報表已根據《香港財務報告準則》真實而公平地反映　貴公司及　貴集團於二零零七年十二月三十一日的事務狀況及　貴集團截至該日止年度的利潤及現金流量，並已按照香港《公司條例》的披露規定妥為編製。

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

24 April 2008

畢馬威會計師事務所
執業會計師

香港中環
遮打道10號
太子大廈8樓

二零零八年四月二十四日

Consolidated Income Statement
綜合損益表

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度
(Expressed in Renminbi) （以人民幣列值）

		Note 附註	2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Turnover	營業額	4	1,015,538	413,303
Cost of sales	銷售成本		(692,412)	(244,240)
Gross profit	毛利		323,126	169,063
Other revenue	其他收入	5	81,583	5,458
Other net loss	其他虧損淨額	6	(8,442)	(1,185)
Selling and distribution expenses	銷售及分銷開支		(4,432)	(2,125)
Administrative expenses	行政開支		(47,162)	(15,186)
Profit from operations	經營利潤		344,673	156,025
Finance costs	融資成本	7(a)	(7,578)	(3,875)
Profit before taxation	除稅前利潤	7	337,095	152,150
Income tax	所得稅	8	(20,606)	(4,034)
Profit for the year	年度利潤		316,489	148,116
Attributable to:	以下人士應佔利潤：			
Equity shareholders of the Company	本公司權益股東	13	292,241	109,670
Minority interests	少數股東權益	27(i)	24,248	38,446
Profit for the year	年度利潤		316,489	148,116
Dividends:	股息：	9		
Final dividend proposed after the balance sheet date	結算日後擬派終期股息		87,920	113,658
Earnings per share (RMB cents)	每股盈利（人民幣分）			
– Basic	一基本	10	58.23	21.85

The notes on pages 74 to 136 form part of these financial statements.
第74至136頁所載附註構成財務報表之一部分。

Consolidated Balance Sheet
綜合資產負債表

At 31 December 2007
於二零零七年十二月三十一日
(Expressed in Renminbi) （以人民幣列值）

		Note 附註	2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	14(a)	**175,379**	115,258
Lease prepayments	租賃預付款項	15	**48,486**	7,772
Prepayments for acquisition of property, plant and equipment	購置物業、廠房及設備的預付款項		**53,092**	10,715
Deferred tax assets	遞延稅項資產	23(b)	**922**	755
			277,879	134,500
Current assets	流動資產			
Inventories	存貨	17	**137,832**	127,571
Trade and other receivables	應收貿易賬款及其他應收款項	18	**187,066**	85,152
Pledged deposits	已抵押存款	19	**120**	5,508
Cash and cash equivalents	現金及現金等價物	20	**348,978**	46,704
			673,996	264,935
Current liabilities	流動負債			
Short-term bank loans	短期銀行貸款	21	**127,000**	40,000
Trade and other payables	應付貿易賬款及其他應付款項	22	**144,068**	88,183
Current tax payable	即期應付稅項	23(a)	**18,453**	1,102
			289,521	129,285
Net current assets	流動資產淨值		**384,475**	135,650
Total assets less current liabilities	資產總值減流動負債		**662,354**	270,150
Non-current liabilities	非流動負債			
Municipal government loan	市政府貸款	21	**2,890**	2,785
Deferred income	遞延收入	24	**26,747**	12,559
			29,637	15,344
Net assets	資產淨值		**632,717**	254,806
Capital and reserves	資本及儲備			
Paid-in/issued capital	繳足／已發行資本	27(b)	**279**	74,858
Reserves	儲備	28	**632,438**	113,948
Total equity attributable to equity shareholders of the company	本公司權益股東應佔權益總額		**632,717**	188,806
Minority interests	少數股東權益	27(i)	**–**	66,000
Total equity	權益總額		**632,717**	254,806

Approved and authorised for issue by the board of directors on 24 April 2008.

董事會於二零零八年四月二十四日核准並許可發出。

Chiao Ping Hai
焦平海
Director
董事

Hsu You Yuan
許祐淵
Director
董事

The notes on pages 74 to 136 form part of these financial statements.
第74至136頁所載附註構成財務報表之一部分。

Balance Sheet
資產負債表

At 31 December 2007
於二零零七年十二月三十一日
(Expressed in Renminbi) （以人民幣列值）

		Note 附註	2007 二零零七年 RMB'000 人民幣千元
Non-current assets	非流動資產		
Property, plant and equipment	物業、廠房及設備	14(b)	111
Investment in subsidiaries	於附屬公司的投資	16	367,841
			367,952
Current assets	流動資產		
Trade and other receivables	應收貿易賬款及其他應收款項	18	46,679
Cash and cash equivalents	現金及現金等價物	20	416
			47,095
Current liabilities	流動負債		
Other payables	其他應付款項	22	49,611
Net current liabilities	流動負債淨額		(2,516)
Net assets	資產淨值		365,436
Capital and reserves	資本及儲備	27(b)	
Issued capital	已發行資本		279
Share premium	股份溢價		367,562
Accumulated loss	累計虧損		(2,405)
Total equity	權益總額		365,436

Approved and authorised for issue by the board of directors on 24 April 2008.

董事會於二零零八年四月二十四日核准並許可發出。

Chiao Ping Hai
焦平海
Director
董事

Hsu You Yuan
許祐淵
Director
董事

The notes on pages 74 to 136 form part of these financial statements.
第74至136頁所載附註構成財務報表之一部分。

Consolidated Statement of Changes in Equity
綜合權益變動表

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度
(Expressed in Renminbi)　（以人民幣列值）

		Note 附註	Attributable to equity shareholders of the Company 本公司權益股東應佔權益 Paid-in/ issued capital 繳足／已發行資本 RMB'000 人民幣千元 (Note 27(d)) (附註27(d))	Share premium 股份溢價 RMB'000 人民幣千元 (Note 28(a)) (附註28(a))	General reserve fund 一般儲備金 RMB'000 人民幣千元 (Note 28(b)) (附註28(b))	Capital reserve 資本儲備 RMB'000 人民幣千元 (Note 28(c)) (附註28(c))	Exchange reserve 匯兌儲備 RMB'000 人民幣千元	Other reserve 其他儲備 RMB'000 人民幣千元 (Note 28(d)) (附註28(d))	Retained earnings 保留盈利 RMB'000 人民幣千元	Subtotal 小計 RMB'000 人民幣千元	Minority interests 少數股東權益 RMB'000 人民幣千元	Total equity 權益總額 RMB'000 人民幣千元
At 1 January 2006	於二零零六年一月一日		71,786	–	4,977	–	–	–	37,010	113,773	40,486	154,259
Profit for the year	年度利潤		–	–	–	–	–	–	109,670	109,670	38,446	148,116
Dividends	股息	9(b)	–	–	–	–	–	–	(34,637)	(34,637)	(12,932)	(47,569)
Appropriations	分配		–	–	11,962	–	–	–	(11,962)	–	–	–
Capitalisation of reserves	儲備資本化	27(e)	3,072	–	(938)	–	–	–	(2,134)	–	–	–
At 31 December 2006	於二零零六年十二月三十一日		74,858	–	16,001	–	–	–	97,947	188,806	66,000	254,806
At 1 January 2007	於二零零七年一月一日		74,858	–	16,001	–	–	–	97,947	188,806	66,000	254,806
Profit for the year	年度利潤		–	–	–	–	–	–	292,241	292,241	24,248	316,489
Dividends	股息	9(b)	–	–	–	–	–	–	(84,300)	(84,300)	(29,358)	(113,658)
Arising from the Reorganisation	因重組而產生的權益	27(f)	(74,858)	–	–	–	–	76	–	(74,782)	–	(74,782)
Capitalisation of shareholder's loan	股東貸款資本化	27(g)	77,160	–	–	–	–	–	–	77,160	–	77,160
Arising from the Reorganisation	因重組而產生的權益	27(h)	(77,063)	143,849	–	–	–	(66,786)	–	–	–	–
Acquisition of minority interests	收購少數股東權益	27(i)	33	60,857	–	–	–	–	–	60,890	(60,890)	–
Issue of new shares	發行新股份	27(j)	149	162,856	–	–	–	–	–	163,005	–	163,005
Share-based payment	以股份支付款項	28(c)	–	–	–	10,054	–	–	–	10,054	–	10,054
Appropriations	分配		–	–	39,170	–	–	–	(39,170)	–	–	–
Exchange difference on translation of financial statements of subsidiaries	換算附屬公司財務報表產生的匯兌差額		–	–	–	–	(357)	–	–	(357)	–	(357)
At 31 December 2007	於二零零七年十二月三十一日		**279**	**367,562**	**55,171**	**10,054**	**(357)**	**(66,710)**	**266,718**	**632,717**	**–**	**632,717**

The notes on pages 74 to 136 form part of these financial statements.
第74至136頁所載附註構成財務報表之一部分。

Consolidated Cash Flow Statements
綜合現金流量表

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度
(Expressed in Renminbi)　（

		Note 附註	2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Financing activities	融資活動			
Placement of pledged deposits	置存已抵押存款		**(120)**	(11,945)
Repayments of pledged deposits	償還已抵押存款		**5,508**	7,441
Dividends paid	已付股息	9(b)	**(113,658)**	(47,569)
Proceeds from shareholder's loan	股東貸款所得款項		**77,160**	–
Proceeds from bank loans and other borrowings	銀行貸款及其他借貸所得款項		**392,800**	55,799
Repayment of bank loans and other borrowings	銀行貸款及其他借貸之還款		**(320,340)**	(76,400)
Issue of new shares	發行新股份	27(j)	**163,005**	–
Interest paid	已付利息		**(7,473)**	(3,777)
Net cash generated from/(used in) financing	融資活動所得／（所用）			

(Expressed in Renminbi) （以人民幣列值）

1. Status of the Company

(a) The Company

The Company was incorporated in the Cayman Islands on 7 March 2007 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KYI-1111, Cayman Islands and its principal place of business is Room 4001-06 Office Tower, Convention Plaza, Harbour Road, Wan Chai, Hong Kong. The Company was incorporated under the name of Solar Giga Holdings Ltd. By a resolution passed on 26 April 2007, the name of the Company was changed to Solargiga Energy Holdings Limited.

(b) Reorganisation

The Company and its subsidiaries are referred to as the "Group" in the consolidated financial statements. Pursuant to the Reorganisation of the Group to rationalise the Group's structure in preparation for the public listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited ("the Stock Exchange"), the Company became the holding company of the subsidiaries on 7 May 2007. Details of the Reorganisation are set out in note 27 to the financial statements. The shares of the Company were listed on the Stock Exchange on 31 March 2008.

(c) Basis of presentation

Except for Solar Technology Investment (Cayman) Corp. ("STIC") and its subsidiaries (hereinafter collectively referred to as the "Acquired Group"), which were acquired during the year ended 31 December 2007, other companies that took part in the Reorganisation and included in the financial statements were controlled by the same ultimate equity shareholder (referred to as "the controlling equity shareholder") before and after the Reorganisation. The control is not transitory and, consequently, there was a continuation of the risks and benefits to the controlling equity shareholder and, therefore, the Reorganisation is considered to be a business combination of entities under common control and Accounting Guideline 5 "Merger Accounting for Common Control Combinations" has been applied. The financial statements have been prepared using the merger basis of accounting as if the Group had always been in existence, except for the acquisition of the Acquired Group. The net assets of the combining companies are combined using the existing book values from the controlling equity shareholder's perspective.

1. 有關本公司的資料

(a) 本公司

本公司根據開曼群島第22章公司法(一九六一年第三號法律，經綜合及修訂)，於二零零七年三月七日在開曼群島註冊成立為一家有限公司。其註冊辦事處地址為Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands，而主要經營地點為香港灣仔港灣道1號會展廣場辦公室大樓4001－06室。本公司以Solar Giga Holdings Ltd.的名義註冊成立，後於二零零七年四月二十六日通過決議案，改名為Solargiga Energy Holdings Limited(陽光能源控股有限公司)。

(b) 重組

綜合財務報表內，本公司及其附屬公司統稱為「本集團」。為籌備本公司股份於香港聯合交易所有限公司(「聯交所」)主板公開上市，本集團就精簡集團架構而進行了重組，本公司於二零零七年五月七日成為各附屬公司的控股公司。上述重組的詳情載於財務報表附註27。本公司股份已於二零零八年三月三十一日在聯交所正式上市。

(c) 呈列基準

除於截至二零零七年十二月三十一日止年度收購的Solar Technology Investment (Cayman) Corp.(「STIC」)及其附屬公司(以下統稱「被收購集團」)外，重組所涉及並包括於財務報表內的其他公司於重組前後均由相同的最終權益股東(稱為「控股權益股東」)控制。此控制權並非過渡性質，而控股權益股東亦持續承受相關風險及利益，因此，重組被視為受共同控制之實體之業務合併並已應用會計指引第5號「共同控制合併之合併會計法」。除被收購集團的收購事項外，財務報表以合併會計基礎編製，猶如本集團一直存在。合併公司之資產淨值以控股權益股東角度而言之現時賬面值合併。

1. Status of the Company (Continued)

(c) Basis of presentation (Continued)

The consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement of the Group include the results of operations of the Company and its subsidiaries (except for the Acquired Group) for the years ended 31 December 2006 and 2007 or since their respective dates of incorporation, whichever is a shorter period, as if the current group structure had been in existence throughout the two years presented. The consolidated balance sheet of the Group as at 31 December 2006 and 2007 has been prepared to present the combined assets and liabilities of the Group as at those dates.

Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised profits but only to the extent that there is no evidence of impairment.

Minority interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Group, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Minority interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity shareholders of the Group. Minority interests in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interests and the equity shareholders of the Group.

Where losses applicable to the minority exceed the minority interests in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

The Group acquired the Acquired Group on 26 June 2007. The purchase method of accounting has been used to account for this acquisition.

1. 有關本公司的資料(續)

(c) 呈列基準(續)

本集團的綜合損益表、綜合權益變動表及綜合現金流量表乃包括本公司及其附屬公司(被收購集團除外)截至二零零六年及二零零七年十二月三十一日止年度或自其各自註冊成立日期以來(以較短的期間為準)的經營業績,猶如現有集團架構於所呈報兩個年度一直存在。編製本集團於二零零六年及二零零七年十二月三十一日的綜合資產負債表,乃為呈列於該等日期本集團的合併資產及負債。

集團內公司間結餘及交易以及由集團內公司間交易產生的任何未變現利潤,會在編製財務報表時全數抵銷。因集團內公司間交易產生的未變現虧損會按未變現利潤的相同方式抵銷,但以沒有減值憑據者為限。

少數股東權益為並非由本集團直接或間接通過附屬公司擁有的應佔附屬公司資產淨值部份的權益,而本集團並無就此與該等權益的持有人協定任何額外條款,致使本集團整體就該等權益承擔符合財務負債定義的合約責任。少數股東權益於合併資產負債表內的權益項下與本集團權益股東應佔權益分開列示。本集團業績的少數股東權益乃在綜合損益表中列為年度利潤或虧損總額在少數股東權益及本集團權益股東之間的分配。

倘少數股東應佔的虧損超過其應佔附屬公司的權益,則超額部份及日後任何少數股東應佔虧損便須於本集團之權益中扣除,惟倘少數股東受責任約束及可以作出額外投資彌補虧損者除外。倘附屬公司其後錄得利潤,則所有該等利潤均會分配予本集團權益,直至收回以往由本集團承擔的少數股東應佔虧損為止。

本集團於二零零七年六月二十六日收購被收購集團。此項收購乃利用購買會計方法處理。

(Expressed in Renminbi) （以人民幣列值）

2. Significant accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements are presented in Renminbi ("RMB"), rounded to the nearest thousand, which is the functional and reporting currency of the Group. They are prepared on the historical cost basis except as otherwise stated in the accounting policies as set out below.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 34.

2. 主要會計政策

(a) 合規聲明

財務報表是根據所有適用的香港財務報告準則(該統稱詞彙包括香港會計師公會頒佈之所有個別適用的香港財務報告準則、香港會計準則及詮釋)、香港公認會計原則及香港公司條例的披露規定予以編製。此外，財務報表亦符合香港聯合交易所有限公司證券上市規則的適用披露條文。下文所載為本集團採納的主要會計政策概要。

香港會計師公會已頒佈若干新訂及經修訂之香港財務報告準則，該等準則於本集團及本公司的本會計期間首次生效或可供提早採用。附註3規定首次應用此等報告準則所導致之任何會計政策變動，此等與本集團當前及過往會計期間相關者，須於財務報表內反映。

(b) 財務報表的編製基準

綜合財務報表以本集團的功能及申報貨幣人民幣(「人民幣」)列值，並湊整至最近千位。除於下文所載會計政策中另有說明外，財務資料以歷史成本法為編製基準。

編製符合香港財務報告準則的財務報表需要管理層作出判斷、估計和假設。這些判斷、估計和假設會影響會計政策應用和影響資產與負債、收入與支出的呈報金額。這些估計和相關的假設是以過往經驗和以在具體情況下確信為合理的其他因素為基礎，用作判斷那些無法從其他渠道直接獲得其賬面值的資產和負債項目的賬面值的依據。實際結果可能跟這些估計有所不同。

這些估計及相關假設會持續予以審閱。如會計估計的修訂僅對修訂期間產生影響，則其影響只會在當期確認；如會計估計的修訂對修訂期間及未來期間均產生影響，相關影響則同時在當期和未來期間進行確認。

有關管理層採納香港財務報告準則時所作出對財務報表有重大影響的判斷，以及存在下年度大幅調整的重大風險的估計之討論載列於附註34。

(Expressed in Renminbi) （以人民幣列值）

2. Significant accounting policies (Continued)

(d) Property, plant and equipment (Continued)

Depreciation is calculated to write-off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

– Buildings situated on leasehold land are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 50 years after the date of completion.

–	Plant and machinery	10 years
–	Other fixed assets	5 years

Both the useful life of an asset and its residual value, if any, are reviewed annually.

(e) Construction in progress

Construction in progress is stated at cost less impairment losses (see note 2(g)(ii)).

Cost comprises direct costs of construction. Capitalisation of these costs ceases and the construction in progress is transferred to property, plant and equipment when substantially all the activities necessary to prepare the asset for its intended use are completed. No depreciation is provided in respect of construction in progress until it is substantially ready for its intended use.

(f) Leased assets

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.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

2. 主要會計政策(續)

(d) 物業、廠房及設備(續)

折舊是根據各項物業、廠房及設備的估計可使用年限，以直線法除以其估計剩餘價值(如有)計算，以撇銷其成本值，詳情如下：

— 位於租賃土地上之樓宇是按租賃未屆滿年期及其估計可使用年限之較短期間內折舊，即竣工日期起計不多於50年。

—	廠房及機器	10年
—	其他固定資產	5年

資產之可使用年限及剩餘價值(如有)均會作年度審閱。

(e) 在建工程

在建工程按成本減去減值虧損(見附註2(g)(ii))後列賬。

成本包括建設的直接成本。當資產投入擬定用途所需的準備工作大致完成時，此等成本不再資本化，而在建工程則轉入物業、廠房及設備。在建工程不作折舊撥備，直至在建工程大部分已就緒作擬定用途。

(f) 租賃資產

倘本集團決定一項安排(由一項交易或一系列交易組成)會為在協定期間內轉讓一項或一些特定資產的使用權以換取一筆或一連串付款，該安排屬於或包括一項租賃。該項決定乃基於該安排之實際內容的估量而作出，不管這項安排是否以租賃的法律形式作出。

(i) 本集團租賃之資產分類

本集團根據租賃持有並獲轉讓與所有權有關的大部分風險及回報的資產均列為融資租賃持有資產，如本集團的租賃並無獲轉讓大部分與所有權有關的風險及回報，則均列為經營租賃。

2. Significant accounting policies (Continued)

(f) Leased assets (Continued)

(ii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to the income statement in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term.

(g) Impairment of assets

(i) Impairment of trade and other receivables

Trade and other receivables carried at cost or amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

2. 主要會計政策(續)

(f) 租賃資產(續)

(ii) 經營租賃費用

除非有更具代表性的基準衡量從租賃資產獲取利益的模式，否則本集團透過經營租賃使用資產，則根據租賃作出的付款會在租賃期所涵蓋的會計期間內分期在收益表中等額計提。

在經營租賃下的土地購置成本會在租賃期間以直線法攤銷。

(g) 資產減值

(i) 應收貿易賬款及其他應收款項的減值

以成本或攤銷成本列賬的應收貿易賬款及其他應收款項，於各結算日予以審議，以釐定是否存在客觀的減值證據，包括本集團得悉的有關下列一項或多項虧損事項的可觀察數據：

— 債務人遭遇重大財務困難；

— 違約，譬如拖欠或無法如期償還本息；

— 債務人可能會宣告破產或進行其他財務重組；及

— 科技、市場、經濟或法律環境的重大變化對債務人造成不利影響。

倘存在有關證據，減值虧損按資產賬面值與估計未來現金流量現值的差額釐定，如貼現影響屬重大，則按金融資產原來實際利率(即初始確認該等資產時計算的實際利率)貼現。如按攤銷成本列賬的金融資產具備類似的風險特徵，例如類似的逾期情況及並未單獨被評估為減值，則有關的評估會同時進行。金融資產的未來現金流量會根據與該類資產具有類似信貸風險特徵資產的過往虧損情況以一同評估減值。

(Expressed in Renminbi) （以人民幣列值）

2. Significant accounting policies (Continued)

(g) Impairment of assets (Continued)

(i) Impairment of trade and other receivables (Continued)

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through the income statement. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding trade and other receivables directly, except for impairment losses recognised in respect of trade debtors whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in the income statement.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment;

– construction in progress;

– pre-paid interests in leasehold land classified as being held under an operating lease; and

– investment in subsidiaries.

2. 主要會計政策(續)

(g) 資產減值(續)

(i) 應收貿易賬款及其他應收款項的減值(續)

倘減值虧損金額其後減少，且該等減少可客觀地與減值虧損確認後發生的事件聯繫，則減值虧損將在收益表撥回。減值虧損之撥回額不得導致資產之賬面值超過假設該資產於以往年度從來未確認減值虧損情況下確認的賬面值。

減值虧損應從相應的應收貿易賬款及其他應收款項中直接撇銷，但可收回性被視為可疑並非微乎其微的應收貿易賬項的已確認減值虧損則例外，應以撥備賬記錄呆壞賬的減值虧損。倘本集團確認能收回應收賬款的機會微乎其微，則視為不可收回金額會從應收貿易賬項中直接撇銷，而在撥備賬中持有有關該債務的任何金額會被撥回。若之前計入撥備賬款項在其後收回，則相關的撥備會被撥回。撥備賬的其他變動及之前直接撇銷而其後收回的款項，均在損益表確認。

(ii) 其他資產減值

本集團於各結算日審閱內部和外來的信息來源，以辨識下列資產是否可能出現減值，或以往確認的減值虧損是否已不再存在或有所減少：

— 物業、廠房及設備；

— 在建工程；

— 劃分為以經營租賃形式持有的租賃土地所預繳的權益；及

— 於附屬公司的投資。

2. Significant accounting policies (Continued)

(g) Impairment of assets (Continued)

(ii) Impairment of other assets (Continued)

If any such indication exists, the asset's recoverable amount is estimated.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price 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 assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash flows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in the income statement whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

– Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

2. 主要會計政策(續)

(g) 資產減值(續)

(ii) 其他資產減值(續)

如果出現任何減值跡象，便會對資產的可收回金額作出估算。

— 可收回金額之計算

資產的可收回金額是其淨售價與使用價值兩者中的較高者。在評估使用價值時，估計未來現金流量會按可以反映當時市場對貨幣時間值及該資產獨有風險之除稅前貼現率，貼現至其現值。如果資產所產生的現金流入基本上不能獨立於其他資產所產生的現金流入，則以能夠獨立產生現金流入的最小資產組別(即現金產生單位)來釐定可收回金額。

— 確認減值虧損

當資產的賬面金額或所隸屬的現金產生單位超過其可收回金額時，減值虧損即於損益表內確認。就現金產生單位確認的減值虧損，將按比例分配至該單位(或一組單位)的其他資產，以削減該等資產的賬面金額，惟資產的賬面值不會低於其個別公平值減銷售成本或使用價值(如可釐定)。

— 撥回減值虧損

如果用以釐定可收回金額的估計數字出現正面的變化，有關的減值虧損便會撥回。

所撥回的減值虧損以假設在以往年度沒有確認減值虧損而釐定的資產賬面金額為限。所撥回的減值虧損在確認撥回的年度內記入損益表。

(Expressed in Renminbi) (以人民幣列值)

2. Significant accounting policies (Continued)

(h) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(i) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts (see note 2(g)(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(k) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the income statement over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

2. 主要會計政策(續)

(h) 存貨

存貨以成本及可變現淨值兩者中的較低者列值。

成本是以加權平均成本法計算，其中包括所有採購成本、加工成本及將存貨運至現址及達致現狀的其他成本。

可變現淨值是以日常業務過程中估計售價減去完成生產及銷售所需估計成本後所得數額。

所出售存貨的賬面金額在相關收入獲確認的期間內，確認為支出。存貨數額撇減至可變現淨值的金額，及存貨的所有虧損均在出現撇減或虧損期間確認為支出。因可變現淨值增加引致存貨撇減的任何撥回，在撥回期間沖減列作支出的存貨數額。

(i) 應收貿易賬款及其他應收款項

應收貿易賬款及其他應收款項首次按公平值確認，其後按攤銷成本扣除呆壞賬減值準備(見附註2(g)(i))入賬，惟借予關連方免息及無固定還款期的貸款或貼現影響並不重大之應收款項，則按成本扣除呆壞賬的減值準備入賬。

(j) 現金及現金等價物

現金及現金等價物包括銀行存款及現金、存放於銀行及其他財務機構的活期存款，以及可以隨時換算為已知的現金額及價值變動方面的風險輕微、並在購入後三個月內到期之短期和高流通性之投資。

(k) 計息借貸

計息借貸按公平值減所佔交易成本作首次確認，其後按攤銷成本入賬而首次確認的金額與確認的贖回價值之任何差額，連同任何利息及應付費用，均以實際利息法於借貸期內在收益表中確認。

2. Significant accounting policies (Continued)

(l) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 2(o)(i), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(m) Employee benefits

(i) *Short term employee benefits*

Salaries, annual bonuses and staff welfare costs are accrued in the period in which the associated services are rendered by employees of the Group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their fair values.

(ii) *Contributions to defined contribution retirement plans*

Contributions to local retirement schemes pursuant to the relevant labour rules and regulations in the People's Republic of China ("the PRC"), Taiwan and Hong Kong are recognised as an expense in the income statement as incurred, except to the extent that they are included in the cost of inventories not yet recognised as an expense.

(iii) *Share-based payments*

The fair value of shares allotted and issued to employees is recognised as an employee cost to the extent that it exceeds the subscription cost with a corresponding increase in a capital reserve within equity. The fair value is measured at the grant date using the price to earning multiples valuation method, taking into account the terms and conditions upon which shares were allotted and issued. Where the employees have to meet lock-up conditions before becoming unconditionally entitled to the shares, the total estimated fair value of the shares over the subscription cost is spread over the lock-up period, taking into account the probability that the shares will continue to be held by the employees.

During the lock-up period, the number of shares that is expected to continue to be held by the employees is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to the income statement for the year of the review, unless the original employee expenses qualified for recognition as an asset, with a corresponding adjustment to the capital reserve.

2. 主要會計政策(續)

(l) 應付貿易賬款及其他應付款項

應付貿易賬款及其他應付款項首次按公平值確認，除了財務擔保債項根據附註2(o)(i)而計算外，應付貿易賬款及其他應付款項其後按攤銷成本入賬，惟若貼現影響並不重大，則按成本列值。

(m) 僱員福利

(i) *短期僱員福利*

本集團僱員提供相關服務期間，會產生薪金、全年花紅及僱員福利成本。若遞延有關付款或結算所招致的影響屬重大，該等款項將按公平值列值。

(ii) *定額供款退休計劃之供款*

根據中華人民共和國(「中國」)、台灣及香港相關勞工規則及規例，就當地退休計劃所作的供款，除非包括於尚未確認為支出的存貨成本，否則，供款產生時於收益表內確認為支出。

(iii) *以股份支付款項*

向僱員配發及發行的股份的公平值乃確認為僱員成本，以超出認購成本為限，而權益內的資本儲備則相應增加。公平值於授出當日以市盈率估值法計算，並考慮配發及發行股份的條款及條件。倘僱員於無條件地有權獲授股份前須符合禁售條件，則超出認購成本的股份的估計總公平值在禁售期內攤分，並需考慮股份繼續由僱員持有的可能性。

於禁售期內，審閱預期繼續由原有僱員持有的股數。任何對過往年度已確認累計公平值所作的調整於回顧年度的收益表內扣除／計入，除非原有僱員開支合資格確認為資產，則對資本儲備作出相應調整。

(Expressed in Renminbi) （以人民幣列值）

2. Significant accounting policies (Continued)

(n) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the income statement except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities and all deferred tax assets, to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

2. 主要會計政策(續)

(n) 所得稅

年度所得稅包括當期稅項及遞延稅項資產與負債之變動。當期稅項及遞延稅項資產與負債之變動均在收益表中確認，惟直接在權益中確認之相關項目，則在權益中確認。

當期稅項是按年度應課稅收入，根據於結算日已生效或大致上已生效之稅率計算之預期應付稅項，加上以往年度應付稅項之任何調整。

遞延稅項資產與負債分別由可扣減及應課稅暫時差異產生，即資產與負債就財務報告而言之賬面金額與其稅基之差異。遞延稅項資產亦可以由未動用稅項虧損及未動用稅項抵免產生。

除若干有限之例外情況外，所有遞延稅項負債及所有遞延稅項資產(只限於有可能獲得可動用該遞延稅項資產來抵扣之未來應課稅利潤)均會確認。支持確認由可抵扣暫時差異所產生遞延稅項資產的未來應課稅利潤包括因撥回現有應課稅暫時差異而產生的數額；但有關撥回的差異必須與同一稅務機關和同一應課稅實體有關，並預期在可抵扣暫時差異預計撥回的同一期間或遞延稅項資產所產生可抵扣虧損可向後期或向前期結轉的期間內撥回。在決定現有應課稅暫時差異是否足以支持確認由未動用稅項虧損及抵免所產生的遞延稅項資產時，亦會採用同一準則，即差異是否與同一稅務機關和同一應課稅實體有關，以及是否預期在能夠動用稅項虧損或抵免撥回的同一期間內撥回。

不確認為遞延稅項資產和負債的暫時差異產生自以下例外情況：不影響會計或應課稅利潤的資產或負債的初次確認(如屬業務合併一部分則除外)；以及投資附屬公司有關的暫時差異(如屬應課稅差異，只限於本集團可以控制撥回的時間，而且在可預見的將來不大可能撥回的暫時差異；或如屬可抵扣差異，則只限於很可能在將來撥回的差異)。

2. Significant accounting policies (Continued)

(n) Income tax (Continued)

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  – the same taxable entity; or

  – different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

2. 主要會計政策(續)

(n) 所得稅(續)

遞延稅項款額是按照資產和負債賬面金額的預期實現或清償方式，根據於結算日已生效或大致上已生效的稅率計量。遞延稅項資產和負債均不貼現計算。

本集團於每個結算日審閱遞延稅項資產的賬面金額。如預期不再可能獲得足夠的應課稅利潤以利用相關的稅務利益，該遞延稅項資產的賬面金額即予以撇減。倘日後可能獲得足夠的應課稅利潤，有關撇減款額即予以撥回。

當派付相關股息之債項獲確認時，因分派股息所導致的額外所得稅亦會獲確認。

即期稅項結餘和遞延稅項結餘以及其變動會分開列示，並且不予抵銷。即期稅項資產和遞延稅項資產只會在本公司或本集團擁有法定行使權力以便將即期稅項資產抵銷即期稅項負債，並且符合以下附帶條件的情況下，才可以分別抵銷即期稅項負債和遞延稅項負債：

— 就即期稅項資產和負債而言，本公司或本集團計劃按淨額基準結算，或同時變現該資產和清償該負債；或

— 就遞延稅項資產和負債而言，該等資產和負債必須與同一稅務機關就以下其中一項徵收的所得稅有關：

  — 同一應課稅實體；或

  — 不同應課稅實體，而該等實體在預期有大額遞延稅項負債需要清償或遞延稅項資產可以收回的每個未來期間，計劃按淨額基準變現即期稅項資產和清償即期稅項負債，或同時變現該資產和清償該負債。

(Expressed in Renminbi) （以人民幣列值）

2. Significant accounting policies (Continued)

(o) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder 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 (being the transaction price, unless the fair value can otherwise by reliably estimated) 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 the income statement on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in the income statement over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 2(o)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, 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.

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.

2. 主要會計政策(續)

(o) 已發出之財務擔保、撥備及或然負債

(i) 已發出之財務擔保

財務擔保乃要求發行人(即擔保人)就擔保受益人(「持有人」)因特定債務人未能根據債務工具的條款於到期時付款而蒙受的損失，而向持有人支付特定款項的合約。

當本集團發出財務擔保，該擔保的公平值(即交易價格，除非該公平值能以其他方式可靠地計量)初次確認為應付貿易賬款及其他應付款項內的遞延收入。倘在發行該擔保時已收或應收代價，該代價則根據適用於該類資產的本集團政策而予以確認。倘並無有關已收或應收代價，則於初次確認任何遞延收入時，即時於損益表內確認開支。

初次確認為遞延收入的擔保款額按擔保年期於收益表內攤銷為所發出的財務擔保收入。此外，倘出現以下情況即按照附註2(o)(ii)確認撥備：(i)擔保持有人有可能根據擔保向本集團提出催繳；及(ii)向本集團提出的申索款額預期超過現時列於應付貿易賬款及其他應付款項內的擔保金額(即初次確認的金額扣除累計攤銷)。

(ii) 其他撥備及或然負債

倘本集團或本公司須就過去事件承擔法律或推定責任，因而預期會導致經濟效益外流以履行責任，並在可以作出可靠估計時，本集團便會就時間上或數額上並不確定的其他負債確認撥備。倘貨幣時間值重大，則按預計償還債務的支出現值計提撥備。

倘經濟效益外流的可能性較低，或無法對有關數額作出可靠估計，便會將該責任披露為或然負債，惟經濟效益外流的可能性極低則除外。倘本集團可能履行的責任須視乎某宗或多宗未來事件是否發生或不發生才能確定是否存在，亦會披露為或然負債，惟經濟效益外流的可能性極低則除外。

2. Significant accounting policies (Continued)

(p) Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the revenue can be measured reliably.

(i) *Sale of goods*

Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Revenue excludes value added tax and is after deduction of any trade discounts.

(ii) *Services rendered*

Revenue from services rendered is recognised in the income statement as and when the services are performed or rendered.

(iii) *Interest income*

Interest income is recognised in the income statement as it accrues using the effective interest method.

(iv) *Government grants*

Government grants are recognised in the balance sheet initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attached to them. Grants that compensate the Group for expenses incurred are recognised as revenue in the income statement on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised in the income statement over the useful life of the asset.

(v) *Rental income from operating leases*

Rental income receivable under operating leases is recognised in the income statement in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in the income statement as an integral part of the aggregate net lease payments receivable.

(q) Translation of foreign currencies

Foreign currency transactions during the year are translated into RMB at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into RMB at the exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in the income statement.

2. 主要會計政策(續)

(p) 收入確認

如果有關交易的經濟效益可能會流入本集團，而收入又能夠可靠地計算時，收入便會確認。

(i) *銷售貨品*

銷售貨品所獲的收入在客戶接收貨品的所有權及其隨附相關重大風險及回報時於收益表內確認。收入不包括增值稅，並已扣除任何營業折扣。

(ii) *提供服務*

當服務已獲履行或提供時，提供服務所獲的收入於收益表內確認。

(iii) *利息收入*

利息收入產生時以實際利息法計算，於收益表內確認。

(iv) *政府撥款*

倘有合理保證可獲取政府撥款，而所有附帶條件可予以遵從，則政府撥款首先於資產負債表內確認。倘撥款與本集團所產生的支出項目有關，則撥款按有系統之基準在支出產生期間內於損益表內確認為收入。補助本集團就一項資產所產生的成本之撥款，於該項資產的可使用年限期間於收益表內確認。

(v) *經營租賃之租金收入*

經營租賃之應收租金收入在租賃期所涵蓋的期間內，除非有其他基準能更清楚地反映租賃資產所產生之收益模式，否則，以等額在收益表確認。獲授租賃優惠於收益表中確認為總應收租金收入淨額之組成部份。

(q) 外幣換算

年內，外幣交易按交易日當日之匯率兌換為人民幣。以外幣為單位之貨幣性資產及負債按結算日當日之匯率兌換為人民幣。匯兌利潤及虧損於損益表內確認。

(Expressed in Renminbi) （以人民幣列值）

2. Significant accounting policies (Continued)

(q) Translation of foreign currencies (Continued)

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into RMB at foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items are translated into RMB at the foreign exchange rates ruling at the balance sheet date. The resulting exchange differences are recognised directly in a separate component of equity.

On disposal of a foreign operation, the cumulative amount of the exchange differences in equity which relate to that foreign operation is included in the calculation for the profit or loss on disposal.

(r) Borrowing costs

Borrowing costs are expensed in the income statement in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use of sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(s) Pre-operating expenses

Pre-operating expenses are charged to the income statement as and when incurred.

2. 主要會計政策(續)

(q) 外幣換算(續)

以歷史成本列值但以外幣為單位之非貨幣性資產及負債按交易日當日之匯率折算。以公平值列值以外幣為單位之非貨幣性資產及負債按釐定其公平值當日之匯率兌換為人民幣。

境外業務之業績乃按與交易日當日之滙率相若之滙率換算為人民幣。資產負債表項目乃按結算日之滙率換算為人民幣。產生之滙率差額直接於權益內確認為獨立部份。

於出售境外業務時，於權益內確認有關該境外業務之滙兌差額之累計數額，乃計入出售之損益中。

(r) 借貸成本

借貸成本於產生期間在損益表列支，但與收購、建造或生產需要長時間才可以投入擬定用途或銷售的資產直接相關的借貸成本則予以資本化。

屬於合資格資產成本一部分的借貸成本在資產產生開支、借貸成本產生和使資產投入擬定用途或銷售所必須的準備工作進行期間開始資本化。在使合資格資產投入擬定用途或銷售所必須的絕大部分準備工作中止或完成時，借貸成本便會暫停或停止資本化。

(s) 開辦期支出

開辦期產生的支出於當期損益表內支銷。

2. Significant accounting policies (Continued)

(t) Related parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) the party is member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(u) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

The Group's operations are regarded as a single business segment, being an entity engaged in the trading of, manufacturing of and provision of processing services for polysilicon and solar silicon monocrystalline ingots/wafers. In addition, the Group's turnover and operating profit are almost entirely derived from its operations in the PRC. Accordingly, no analysis by geographical segment has been presented.

2. 主要會計政策(續)

(t) 關連方

就本財務報表而言，下列的另一方被視為本集團關連方：

(i) 該另一方能夠透過一個或多個中介機構直接或間接控制本集團或對本集團的財務及經營政策決策發揮重大影響力，或共同控制本集團；

(ii) 本集團及該另一方受到共同控制；

(iii) 該另一方為本集團之聯營公司或本集團為合營方之合營企業；

(iv) 該另一方為本集團或本集團母公司之主要管理人員、或與該等個別人士關係密切之家族成員、或受該等個別人士控制、共同控制或重大影響之實體；

(v) 該另一方為與(i)所指之一方關係密切之家族成員或受該等個別人士控制、共同控制或重大影響之實體；或

(vi) 該另一方為本集團或本集團關連人士之僱員終止受僱後福利計劃之受益人。

與個別人士關係密切之家族成員指可影響該個別人士與該實體交易之家族成員，或受該個別人士與該實體交易影響之家族成員。

(u) 分部報告

分部是指本集團可明顯區分的組成部分，其為提供產品或服務(業務分部)，或在特定經濟環境中提供產品或服務(地區分部)，並且承擔不同於其他分部的風險及回報。

本集團的業務被視作單一業務分部，即一個從事多晶硅及太陽能單晶硅錠／硅片的貿易、製造及提供加工服務的實體。此外，絕大部分本集團的營業額及經營利潤均來自其於中國的業務，故此，並無呈列區域分部的分析。

(Expressed in Renminbi) （以人民幣列值）

3. Changes in accounting policies

3. 會計政策之變動

The HKICPA has issued a number of new and revised HKFRSs and Interpretations that are first effective or available for early adoption for the current accounting period of the Group and the Company.

There have been no significant changes to the accounting policies applied in these financial statements for the years presented as a result of these developments. However, as a result of the adoption of HKFRS 7, "Financial instruments: Disclosures" and the amendment to HKAS 1, "Presentation of financial statements: Capital disclosures", there have been some additional disclosures provided as follows:

As a result of the adoption of HKFRS 7, the financial statements include expanded disclosure about the significance of the Group's financial instruments and the nature and extent of risks arising from those instruments, compared with the information previously required to be disclosed by HKAS 32, "Financial instruments: Disclosure and presentation". These disclosures are provided throughout these financial statements, in particular in note 33.

The amendment to HKAS 1 introduces additional disclosure requirements to provide information about the level of capital and the Group's and the Company's objectives, policies and processes for managing capital. These new disclosures are set out in note 28.

Both HKFRS 7 and the amendment to HKAS 1 do not have any material impact on the classification, recognition and measurement of the amounts recognised in the financial statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 35).

4. Turnover

The principal activities of the Group are the trading of, manufacturing of and provision of processing services for polysilicon and solar silicon monocrystalline ingots/wafers.

4. Turnover (Continued)

Turnover represents the sales value of goods supplied to customers less value added tax and trade discounts and income from the provision of processing services. The amount of each significant category of revenue recognised in turnover during the year is as follows:

		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Sales of polysilicon and solar silicon monocrystalline ingots/wafers	銷售多晶硅及太陽能單晶硅錠／硅片	**905,975**	390,935
Processing service fees	加工服務費	**109,563**	22,368
		1,015,538	413,303

5. Other revenue

		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Gain on acquisition of subsidiaries (note 29)	收購附屬公司之收益(附註29)	**74,771**	–
Government grants (note 24)	政府補貼(附註24)	**3,437**	4,444
Insurance claims received	已收保險索償金	**1,109**	421
Interest income from bank deposits	銀行存款利息收入	**2,017**	593
Rental income from operating leases	經營租賃之租金收入	**69**	–
Others	其他	**180**	–
		81,583	5,458

6. Other net loss

		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Net foreign exchange loss	外滙虧損淨額	**(8,443)**	(1,216)
Gain on disposals of property, plant and equipment	出售物業、廠房及設備的收益	**1**	31
		(8,442)	(1,185)

(Expressed in Renminbi) （以人民幣列值）

7. Profit before taxation / 7. 除稅前利潤

Profit before taxation is arrived at after charging:

除稅前利潤已扣除：

				2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
(a)	Finance costs	(a)	融資成本		
	Interest on bank loans and other borrowings wholly repayable within five years		須於5年內全數償清之銀行貸款及其他借貸利息	**9,009**	3,675
	Interest on municipal government loan		市政府貸款的利息	**207**	200
	Total interest expense on financial liabilities not at fair value through profit or loss		非按公平值於損益賬列賬財務負債的利息開支總額	**9,216**	3,875
	Less: interest expense capitalised into construction in progress*		減：在建工程資本化利息開支*	**(1,638)**	–
				7,578	3,875
(b)	Staff costs	(b)	員工成本		
	Contributions to retirement schemes		退休計劃供款	**1,758**	412
	Equity-settled share-based payment expenses		按權益結算以股份支付款項開支	**10,054**	–
	Salaries, wages and other benefits		薪金、工資及其他福利	**28,430**	14,318
				40,242	14,730
(c)	Other items	(c)	其他項目		
	Amortisation of lease prepayments		租賃預付款項攤銷	**287**	161
	Depreciation		折舊	**11,512**	7,289
	Research and development costs		研發成本	**1,310**	–
	Write-off of trade receivables		應收貿易賬款撇銷	**107**	–
	Operating lease charges – property		經營租賃支出－物業	**1,122**	56
	Auditor's remuneration		核數師酬金	**1,567**	111

* The borrowing costs have been capitalised at a rate of 5.85% to 6.08% per annum.

* 借貸成本已按年利率5.85%至6.08%予以資本化。

8. Income tax in the consolidated income statement

8. 綜合損益表內所得稅

(a) Income tax in the consolidated income statement represents:

(a) 綜合損益表內所得稅代表：

		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Current tax – the PRC	即期稅項－中國		
Provision for the year	年度撥備	**24,128**	4,653
Over-provision in respect of prior years	過往年度超額撥備	**(8)**	(62)
		24,120	4,591
Deferred tax	遞延稅項		
Origination and reversal of temporary differences (note 23(b))	暫時性差額之出現及撥回（附註23(b)）	**(3,514)**	(557)
		20,606	4,034

No provision for Hong Kong Profits Tax has been made as the Group did not have any assessable profits subject to Hong Kong Profits Tax during the year.

由於本集團於年內並無任何應繳納香港利得稅的利潤，故並無作出香港利得稅撥備。

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

根據開曼群島及英屬處女群島規則及規例，本集團毋須繳納任何開曼群島及英屬處女群島所得稅。

Pursuant to the income tax rules and regulations of the PRC, the subsidiaries in the PRC are eligible for a 100% relief from PRC Enterprise Income Tax for two years from the first year they record assessable profits and, thereafter, they are subject to PRC Enterprise Income Tax at 50% of the applicable income tax rate for the following three years. The PRC subsidiaries of the Group are registered as production oriented enterprises in Shanghai and Jinzhou, Liaoning Province, both of which are coastal open areas of the PRC, and, therefore, enjoy a preferential PRC Enterprise Income Tax rate of 27% according to the income tax rules and regulations in the PRC.

根據中國所得稅規則及規例，中國附屬公司自錄得應課稅利潤首年起計兩年，可獲全數豁免繳納中國企業所得稅，其後三年，中國企業所得稅按適用稅率減免一半。本集團中國附屬公司於上海及遼寧省錦州登記為生產性企業，上海及錦州均位於中國沿海開放地區。故此，根據中國所得稅務規則及規例，該等附屬公司享有中國企業所得稅優惠按稅率27%納稅。

(Expressed in Renminbi) (以人民幣列值)

8. Income tax in the consolidated income statement (Continued)

(a) Income tax in the consolidated income statement represents: (Continued)

The first year that Jinzhou Xinri Silicon Materials Co., Ltd. ("Xinri") recorded assessable profits was 2001 and, therefore, Xinri was subject to a 50% tax exemption starting from 2003. As Xinri is engaged in an advanced technology business in the PRC, it has been granted an extension of the 50% tax exemption for a further three years. Accordingly, Xinri was subject to a preferential tax rate of 13.5% for the years ended 31 December 2006 and 2007.

The first year that Jinzhou Huachang Silicon Materials Co., Ltd. ("Huachang") recorded assessable profits was 2003. It was fully exempted from PRC Enterprise Income Tax for the year ended 31 December 2004 and subject to a preferential tax rate of 13.5% for the years ended 31 December 2006 and 2007.

The first year that Jinzhou Huari Silicon Materials Co., Ltd. ("Huari") recorded assessable profits was 2005. It was fully exempted from PRC Enterprise Income Tax for the year ended 31 December 2006 and subject to a preferential tax rate of 13.5% for the year ended 2007.

The first year that Jinzhou Yangguang Energy Co., Ltd. ("Yangguang") recorded assessable profits was 2006. It was fully exempted from PRC Enterprise Income Tax for the year ended 31 December 2006 and 2007.

Jinzhou Youhua New Energy Co., Ltd. ("Youhua") and Shanghai Jingji Electron Materials Co., Ltd. ("Jingji") are subject to preferential tax rates of 13.5% and 27% respectively for the year ended 31 December 2007 (2006: 13.5% and 27% respectively).

8. 綜合損益表內所得稅(續)

(a) 綜合損益表內所得稅代表:(續)

錦州新日硅材料有限公司(「錦州新日」)於二零零一年首度錄得應課稅利潤,因此,錦州新日自二零零三年起獲豁免繳納50%稅項。由於錦州新日從事中國高新技術業務,故額外獲三年豁免繳納50%稅項。故此,截至二零零六年及二零零七年十二月三十一日止年度,錦州新日按優惠稅率13.5%納稅。

錦州華昌硅材料有限公司(「錦州華昌」)於二零零三年首度錄得應課稅利潤。截至二零零四年十二月三十一日止年度,錦州華昌獲全數豁免繳納中國企業所得稅。截至二零零六年及二零零七年十二月三十一日止年度,錦州華昌則按優惠稅率13.5%納稅。

錦州華日硅材料有限公司(「錦州華日」)於二零零五年首度錄得應課稅利潤。截至二零零六年十二月三十一日止年度,錦州華日獲全數豁免繳納中國企業所得稅。截至二零零七年十二月三十一日止年度,錦州華日則按優惠稅率13.5%納稅。

錦州陽光能源有限公司(「錦州陽光」)於二零零六年首度錄得應課稅利潤。截至二零零六年及二零零七年十二月三十一日止年度,錦州陽光獲全數豁免繳納中國企業所得稅。

截至二零零七年十二月三十一日止年度,錦州佑華新能源有限公司(「錦州佑華」)及上海晶技電子材料有限公司(「上海晶技」)須分別按優惠稅率13.5%及27%納稅(二零零六年:分別為13.5%及27%)。

8. Income tax in the consolidated income statement (Continued)

8. 綜合損益表內所得稅(續)

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

(b) 稅務開支與會計利潤按適用稅率計算之對賬：

		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Profit before taxation	除稅前利潤	**337,095**	152,150
Notional tax on profit before taxation calculated at 27%	除稅前利潤之名義稅項，按27%之稅率計算	**91,016**	41,081
Effect of non-deductible expenses	不可扣稅支出之影響	**4,815**	2,171
Effect of non-taxable income	免課稅收入之影響	**(20,188)**	–
Effect of tax concessions obtained	所得稅務優惠之影響	**(57,340)**	(39,156)
Effect of different taxation rate used in other jurisdiction	於其他司法權區適用不同稅率之影響	**2,311**	–
Over-provision in prior years	過往年度超額撥備	**(8)**	(62)
Actual tax expense	實際稅務開支	**20,606**	4,034

(c) Law on Corporate Income Tax in the PRC

On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the PRC ("new tax law") which will take effect on 1 January 2008. From 1 January 2008, the corporate income tax rate will adjust to the standard rate of 25% with effect from 1 January 2008. For Foreign Investment Enterprises ("FIE"s) which have not fully utilised their five-year tax holiday (i.e. two-year exemption and subsequent three-year 50% reduction of the applicable tax rate) will be allowed to continue to receive the benefits of the tax holiday during the five-year grandfathering period. For those FIEs which have not yet begun their five-year tax holiday period, the tax holiday period will be deemed to have commenced from the effective date of the new tax law.

Further under the new tax law, from 1 January 2008 onwards, non-resident enterprises without an establishment or place of business in the PRC or which have an establishment or place of business but the relevant income is not effectively connected with the establishment or a place of business in the PRC, will be subject to withholding tax at the rate of 5% or 10% on various types of passive income such as dividends derived from sources in the PRC. Distributions of the pre-2008 earnings are exempted from the above-mentioned withholding tax.

(c) 中國企業所得稅法

於二零零七年三月十六日，第十屆全國人民代表大會第五次全體會議通過《中國企業所得稅法》(「新稅法」)，新稅法將於二零零八年一月一日生效。自二零零八年一月一日起，企業所得稅率將調整至標準稅率25%，生效日期為二零零八年一月一日。對尚未全面享有其五年稅務優惠期(即第一年和第二年免徵企業所得稅，第三年至第五年減半徵收企業所得稅)的外商投資企業(「外商投資企業」)而言，彼等獲准於其五年不追溯期內繼續享有稅務優惠待遇。對尚未開始其五年稅務優惠期的外商投資企業而言，其稅務優惠期將被視為自新稅法生效日期起開始。

根據新稅法，自二零零八年一月一日起，未在中國擁有設立機構或營業地點或擁有設立機構或營業地點惟有關收入與中國的設立機構或營業地點並無存在有效關連的非本土企業，須就各種被動收入(如來自中國來源所產生的股息)按5%或10%的稅率繳納預扣稅。二零零八年前的盈利分派獲豁免繳納上述預扣稅。

(Expressed in Renminbi) （以人民幣列值）

9. Dividends

(a) Dividends attributable to the year

9. 股息

(a) 年度應佔股息

		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Final dividend proposed after the balance sheet date of RMB5.2 cents (HK$5.8 cents) per share by the Company	本公司於結算日後擬派終期股息每股人民幣5.2分(5.8港仙)	**87,920**	–
Final dividend proposed after the balance sheet date by certain subsidiaries of the Company	本公司若干附屬公司於結算日後擬派終期股息	**–**	113,658
		87,920	113,658

Pursuant to the resolutions passed at the board of directors' meeting on 27 February 2007, dividends of RMB113,658,000 were declared by certain subsidiaries of the Company to their then shareholders.

根據二零零七年二月二十七日舉行董事會會議通過的決議案，本公司若干附屬公司已向彼等當時的股東宣派股息人民幣113,658,000元。

The 2006 final dividend per share and the number of shares ranking for dividend are not presented above as such information is not meaningful having regard to the purpose of the consolidated financial statements.

由於二零零六年每股終期股息及可獲股息的股份數目就綜合財務報表而言並無意義，故並無呈列有關資料。

The final dividend proposed after the balance sheet date has not been recognised as a liability on the balance sheet.

於結算日後所建議之終期股息，於資產負債表中並未確認為負債。

(b) Dividend attributable to the previous financial year, approved and paid during the year

(b) 於年度批准及支付以往財政年度應佔股息

		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Final dividend in respect of the previous financial year, approved and paid during the year	於年度批准及支付以往財政年度終期股息	**113,658**	47,569

10. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to the ordinary equity shareholders of the Company of RMB292,241,000 (2006: RMB109,670,000) and the 501,874,333 ordinary shares of the Company in issue and issuable, comprising 2,874,333 ordinary shares in issue at 31 December 2007 and 499,000,000 ordinary shares to be issued to the shareholder of this 2,874,333 ordinary shares as if the shares were outstanding throughout 2006 and 2007.

(b) Diluted earnings per share

There were no dilutive potential ordinary shares in issue during the year ended 31 December 2006 and 2007.

10. 每股盈利

(a) 每股基本盈利

每股基本盈利乃根據本公司普通股權益股東應佔利潤人民幣292,241,000元(二零零六年：人民幣109,670,000元)以及本公司已發行及可予發行普通股501,874,333股(包括二零零七年十二月三十一日已發行普通股2,874,333股及將發行予股東普通股499,000,000股，其中2,874,333股普通股乃假設於二零零六年及二零零七年整個年度已經發行)計算。

(b) 每股攤薄盈利

截至二零零六年及二零零七年十二月三十一日止年度，並無具攤薄影響的潛在普通股。

11. Directors' remuneration

Directors' remuneration disclosed pursuant to section 161 of Hong Kong Companies Ordinance is as follows:

11. 董事酬金

根據香港公司條例161條而披露的董事酬金如下：

		2006 二零零六年						
		Fees 袍金 RMB'000 人民幣千元	Basic salaries, allowances and benefits in kind 基本薪金、津貼及實物利益 RMB'000 人民幣千元	Bonus 花紅 RMB'000 人民幣千元	Retirement scheme contributions 退休計劃供款 RMB'000 人民幣千元	Sub-Total 小計 RMB'000 人民幣千元	Share-based payments 以股份支付款項 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Executive directors	執行董事							
Tan Wen Hua	譚文華	–	124	150	9	283	–	283
Yu Jian Yun	于建運	–	75	133	2	210	–	210
Zhang Li Min	張麗明	–	76	100	6	182	–	182
Zhang Yue Wen	張躍文	–	70	80	5	155	–	15
Total	總計	–	345	463	22	830	–	830

(Expressed in Renminbi) （以人民幣列值）

11. Directors' remuneration (Continued) 11. 董事酬金(續)

		2007 二零零七年						
		Fees 袍金 RMB'000 人民幣千元	Basic salaries, allowances and benefits in kind 基本薪金、津貼及實物利益 RMB'000 人民幣千元	Bonus 花紅 RMB'000 人民幣千元	Retirement scheme contributions 退休計劃供款 RMB'000 人民幣千元	Sub-Total 小計 RMB'000 人民幣千元	Share-based payments (note) 以股份支付款項(附註) RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Executive directors	執行董事							
Tan Wenhua	譚文華	–	129	1	9	139	1,695	1,834
Hsu You-Yuan	許祐淵	–	332	–	13	345	1,753	2,098
Zhang Liming	張麗明	–	88	1	6	95	591	686
Total	總計	–	549	2	28	579	4,039	4,618

No remuneration was paid to independent non-executive directors during the year (2006: RMB nil).

本年度內，本公司並無向獨立非執行董事支付任何酬金(二零零六年：人民幣零元)。

Note: This represents the estimated value of shares allotted and issued to the directors of STIC on 24 June 2007 (note 26). The value of these shares is measured in accordance with the Group's accounting policies for share-based payment transactions as set out in note 2(m)(iii).

附註：此乃二零零七年六月二十四日向STIC董事配發及發行股份的估計價值(附註26)。該等股份的價值乃根據附註2(m)(iii)所載本集團有關股份支付交易的會計政策而計算的。

12. Individuals with highest emoluments 12. 最高薪酬人士

Of the five individuals with the highest emoluments, three are directors whose emoluments are disclosed in note 11 (2006: four). The aggregate of the emoluments in respect of the remaining two (2006: one) individuals with the highest emoluments are as follows:

五位最高薪酬人士中有三位為董事(二零零六年：四位)，彼等的薪酬於附註11披露。餘下兩名最高薪酬人士(二零零六年：一名)的薪酬總額如下：

		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Basic salaries, allowances and benefits in kind	基本薪金、津貼及實物利益	616	52
Retirement scheme contributions	退休計劃供款	24	3
Share-based payments	以股份支付款項	1,565	–
		2,205	55

12. Individuals with highest emoluments (Continued)

The emoluments of the remaining two (2006: one) individuals with the highest emoluments are within the following bands:

12. 最高薪酬人士(續)

餘下兩名最高薪酬人士(二零零六年：一名)的薪酬屬以下組別：

		2007 二零零七年 Number of individuals 人數	2006 二零零六年 Number of individuals 人數
Nil – RMB933,532 (equivalent to Nil to HK$1,000,000)	零元至人民幣933,532元 (相等於零元至1,000,000港元)	1	1
RMB933,533 – RMB1,400,298 (equivalent to HK$1,000,001 to HK$1,500,000)	人民幣933,533元至人民幣1,400,298元 (相等於1,000,001港元至1,500,000港元)	1	–
		2	1

During the year, no emoluments have been paid by the Group to the directors, senior executives or any of the five highest individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

於本年度，本集團概無向董事、高級行政人員或五位最高薪酬人士支付薪酬，作為加盟本集團或加盟本集團後的獎勵金，或作為離任補償。

13. Profit attributable to equity shareholders of the Company

The consolidated profit attributable to equity shareholders of the Company includes a loss of RMB2,405,000 (2006: RMB nil) which has been dealt with in the financial statements of the Company.

13. 本公司權益股東應佔利潤

本公司權益股東應佔綜合利潤包括人民幣2,405,000元的虧損(二零零六年：人民幣零元)，並已計入本公司財務報表內。

(Expressed in Renminbi) （以人民幣列值）

14. Property, plant and equipment

(a) The Group

14. 物業、廠房及設備

(a) 本集團

		Construction in progress 在建工程 RMB'000 人民幣千元	Buildings 樓宇 RMB'000 人民幣千元	Plant, machinery and equipment 廠房、機器及設備 RMB'000 人民幣千元	Motor vehicles 汽車 RMB'000 人民幣千元	Furniture and fittings 家具及固定裝置 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Cost:	成本：						
At 1 January 2006	於二零零六年一月一日	60,776	7,838	27,735	2,323	2,194	100,866
Additions	添置	13,141	3,645	11,434	659	1,065	29,944
Transfer	轉撥	(70,885)	6,062	64,019	–	804	–
Disposals	出售	–	–	(1,849)	–	–	(1,849)
At 31 December 2006	於二零零六年十二月三十一日	3,032	17,545	101,339	2,982	4,063	128,961
Accumulated depreciation:	累計折舊：						
At 1 January 2006	於二零零六年一月一日	–	464	6,760	146	274	7,644
Charge for the year	年度折舊	–	436	5,925	337	591	7,289
Written back on disposals	出售後撥回	–	–	(1,230)	–	–	(1,230)
At 31 December 2006	於二零零六年十二月三十一日	–	900	11,455	483	865	13,703
Net book value:	賬面淨值：						
At 31 December 2006	於二零零六年十二月三十一日	3,032	16,645	89,884	2,499	3,198	115,258

(Expressed in Renminbi) （以人民幣列值）

14. Property, plant and equipment (Continued) 14. 物業、廠房及設備(續)

(b) The Company (b) 本公司

		Office equipment 辦公室設備 RMB'000 人民幣千元
Cost:	成本：	
As at 7 March 2007	於二零零七年三月七日	–
Additions	添置	121
As at 31 December 2007	於二零零七年十二月三十一日	121
Accumulated depreciation:	累計折舊：	
As at 7 March 2007	於二零零七年三月七日	–
Charge for the year	年度折舊	10
As at 31 December 2007	於二零零七年十二月三十一日	10
Net book value:	賬面淨值：	
As at 31 December 2007	於二零零七年十二月三十一日	111

(c) All of the Group's property, plant and equipment is located in the PRC.

(d) Certain buildings, machinery and equipment as at 31 December 2006 were pledged against bank loans granted to the Group as disclosed in note 21(a).

(e) The Group has yet to obtain property ownership certificates of certain buildings with an aggregate net book value of RMB3,149,000 (2006: RMB nil) as at 31 December 2007. Notwithstanding this, the directors are of the opinion that the Group owned the beneficial title to these buildings as at 31 December 2007.

(c) 本集團全部物業、廠房及設備均位於中國。

(d) 誠如附註21(a)所披露，於二零零六年十二月三十一日，若干樓宇、機器及設備作為授予本集團的銀行貸款之抵押。

(e) 本集團尚未獲得若干樓宇的房屋所有權證，於二零零七年十二月三十一日，該等樓宇的賬面淨值總額為人民幣3,149,000元(二零零六年：人民幣零元)。然而，董事認為本集團於二零零七年十二月三十一日擁有該等樓宇的實益業權。

15. Lease prepayments

		The Group 本集團	
		2007	2006
		二零零七年	二零零六年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Cost:	成本：		
As at 1 January	於一月一日	**8,040**	8,040
Additions	添置		

(Expressed in Renminbi) （以人民幣列值）

16. Investments in subsidiaries (Continued)

The following list contains the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

16. 於附屬公司的投資（續）

下表包含附屬公司的詳情，而該等附屬公司主要影響本集團業績、資產或負債。除非另有所指，所持有的股份類別為普通股。

Names of companies 公司名稱	Place and date of incorporation/ operation 註冊成立／經營地點及日期	Authorised/ registered/ paid-in/ issued capital 法定／註冊／繳足已發行資本	Proportion of ownership interest 所有權權益比重 held by the Company 由本公司持有 %	held by a subsidiary 由附屬公司持有 %	Principal activities 主要業務	Legal form 法定形式
錦州華昌硅材料有限公司 (Huachang) (「錦州華昌」)	The PRC 11 June 2002 中國 二零零二年六月十一日	Registered and paid-in capital of RMB 11,000,000 註冊及繳足資本 人民幣11,000,000元	–	100	Manufacturing and processing of monocrystalline ingots 製造及加工單晶硅錠	Limited liability company 有限責任公司
錦州華日硅材料有限公司 (Huari) (「錦州華日」)	The PRC 1 March 2004 中國 二零零四年三月一日	Registered and paid-in capital of Japanese Yen ("JPY") 180,000,000 註冊及繳足資本 180,000,000日圓(「日圓」)	–	100	Manufacturing and processing of monocrystalline ingots 製造及加工單晶硅錠	Limited liability company 有限責任公司
錦州日鑫硅材料有限公司 (Jinzhou Rixin Silicon Materials Co., Ltd.)	The PRC 9 May 2007 中國 二零零七年五月九日	Registered and paid-in capital of RMB10,000,000 註冊及繳足資本 人民幣10,000,000元	–	100	Manufacturing and processing of monocrystalline ingots/wafers 製造及加工單晶硅錠／硅片	Limited liability company 有限責任公司
錦州新日硅材料有限公司 (Xinri) (「錦州新日」)	The PRC 18 September 2000 中國 二零零零年九月十八日	Registered and paid-in capital of JPY94,000,000 註冊及繳足資本 94,000,000日圓	–	100	Manufacturing and processing of monocrystalline ingots/wafers 製造及加工單晶硅錠／硅片	Limited liability company 有限責任公司
錦州陽光能源有限公司 (Yangguang) (「錦州陽光」)	The PRC 15 December 2004 中國 二零零四年十二月十五日	Registered and paid-in capital of RMB95,000,000 註冊及繳足資本 人民幣95,000,000元	–	100	Manufacturing and processing of monocrystalline ingots/wafers 製造及加工單晶硅錠／硅片	Limited liability company 有限責任公司

16. Investments in subsidiaries (Continued)

16. 於附屬公司的投資(續)

Names of companies 公司名稱	Place and date of incorporation/ operation 註冊成立／經營地點及日期	Authorised/ registered/ paid-in/ issued capital 法定／註冊／繳足已發行資本	Proportion of ownership interest 所有權權益比重 held by the Company 由本公司持有 %	 held by a subsidiary 由附屬公司持有 %	Principal activities 主要業務	Legal form 法定形式
錦州佑華新能源有限公司 (Youhua) (「錦州佑華」)	The PRC 28 March 2005 中國 二零零五年 三月二十八日	Registered and paid-in capital of RMB59,000,000 註冊及繳足資本 人民幣59,000,000元	–	100	Manufacturing and processing of monocrystalline ingots 製造及加工單晶硅錠	Limited liability company 有限責任公司
上海晶技電子材料有限公司 (Jingji) (「上海晶技」)	The PRC 16 March 1998 中國 一九九八年 三月十六日	Registered and paid-in capital of United States Dollars ("US$") 700,000 註冊及繳足資本 700,000美元(「美元」)	–	100	Processing and trading of polysilicon and monocrystalline ingots/wafers 加工及買賣多晶硅及單晶硅錠／硅片	Limited liability company 有限責任公司
Solar Technology Investment (Cayman) Corp.	Cayman Islands 15 December 2006 開曼群島 二零零六年 十二月十五日	Authorised capital of ("HK$") 400,000,000 of HK$0.10 each and issued share capital of HK$167,895,494 法定資本400,000,000港元(「港元」),每股面值0.10港元及已發行股本167,895,494港元	100	–	Investment holding 投資控股	Limited company liability 有限責任公司
Tayaneng Investments Limited ("Tayaneng")	British Virgin Islands 15 August 2006 英屬處女群島 二零零六年 八月十五日	Authorised share capital of US$50,000 of US$1 each and issued share capital of US$13,437 法定股本50,000美元,每股面值1美元及已發行股本13,437美元	100	–	Investment holding 投資控股	Limited liability company 有限責任公司
Wealthy Rise International Limited 鉅升國際有限公司	Hong Kong 21 June 2007 香港 二零零七年 六月二十一日	Authorised share capital of HK$10,000 of HK$1 each and issued share capital of HK$1 法定股本10,000港元,每股面值1港元及已發行股本1港元	–	100	Dormant 暫無經營	Limited liability company 有限責任公司

(Expressed in Renminbi) （以人民幣列值）

17. Inventories

17. 存貨

(a) Inventories in the consolidated balance sheet comprise:

(a) 綜合資產負債表之存貨包括：

		The Group 本集團	
		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Raw materials	原材料	**95,929**	79,989
Work-in-progress	在製品	**15,170**	5,513
Finished goods	製成品	**26,733**	42,069
		137,832	127,571

(b) The analysis of the amount of inventories recognised as an expense is as follows:

(b) 確認為支出的存貨金額分析如下：

		The Group 本集團	
		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Carrying amount of inventories sold	已售存貨的賬面值	**692,412**	244,240

18. Trade and other receivables

		The Group 本集團		The Company 本公司
		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元	**2007 二零零七年 RMB'000 人民幣千元**
Trade receivables (note 18(a))	應收貿易賬款			

(Expressed in Renminbi) （以人民幣列值）

18. Trade and other receivables (Continued)

(b) Included in the Group's other receivables, prepayments and deposits are prepayments for the purchase of raw materials from related parties of RMB351,000 (2006: RMB nil) as at 31 December 2007 (note 30(c)).

(c) The ageing analysis of trade receivables that are past due but not impaired as of the balance sheet date:

18. 應收貿易賬款及其他應收款項(續)

(b) 於二零零七年十二月三十一日，本集團的其他應收款項、預付款項及按金包括向關連方購買原材料所支付之預付款項人民幣351,000元(二零零六年：人民幣零元)(附註30(c))。

(c) 於結算日，逾期未收回但並無減值的應收貿易賬款之賬齡分析：

		The Group 本集團	
		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Less than 1 month past due	逾期少於1個月	**9,826**	3,892
1 to 3 months past due	逾期1至3個月	**2,413**	3,170
3 to 6 months past due	逾期3至6個月	**1,236**	401
6 to 12 months past due	逾期6至12個月	**1,571**	–
1 to 2 years	1至2年	**454**	–
		15,500	7,463

Receivables that were past due but not impaired relate to a number of individual customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances which are still considered fully recoverable. The Group does not hold any collateral over these balances.

逾期未收回但並無減值的應收款項與本集團許多擁有良好往績記錄的個別客戶有關。根據以往經驗，管理層相信無需就該等結餘計提減值撥備，且認為該等結餘仍可全數收回。本集團無就該等結餘持有任何抵押品。

(d) The amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

(d) 應收附屬公司款項為無抵押、免息及須按要求即時收回。

19. Pledged deposits

19. 已抵押存款

		The Group 本集團	
		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Guarantee deposits for issuance of letters of credit	作為發出信用證之存款擔保	**120**	5,508

The deposits pledged as security for bank loan are non-interest bearing.

作為銀行貸款之抵押存款為不計息。

20. Cash and cash equivalents

20.現金及現金等價物

		The Group 本集團 2007 二零零七年 RMB'000 人民幣千元	The Group 本集團 2006 二零零六年 RMB'000 人民幣千元	The Company 本公司 2007 二零零七年 RMB'000 人民幣千元
Cash at bank and in hand	銀行存款及現金	**348,978**	46,704	**416**

Cash and cash equivalents of RMB313,208,000 (2006: RMB34,602,000) as at 31 December 2007 are denominated in RMB. RMB is not a freely convertible currency and the remittance of funds out of the PRC is subject to exchange restrictions imposed by the PRC government.

於二零零七年十二月三十一日，本集團持有現金及現金等價物人民幣313,208,000元(二零零六年：人民幣34,602,000元)，均以人民幣列值。人民幣為不可自由兌換的貨幣，而在國內匯出資金須受中國政府的外匯管制所限。

21. Interest-bearing borrowings

21. 計息借貸

The analysis of the carrying amount of interest-bearing borrowings is as follows:

計息借貸的賬面金額分析如下：

		The Group 本集團 2007 二零零七年 RMB'000 人民幣千元	The Group 本集團 2006 二零零六年 RMB'000 人民幣千元
Short-term bank loans	短期銀行貸款		
– unsecured	－無抵押	**127,000**	30,000
– secured (note 21(a))	－已抵押(附註21(a))	**–**	10,000
		127,000	40,000
Long-term loan	長期貸款		
– municipal government loan (note 21(b))	－市政府貸款(附註(21b))	**2,890**	2,785
		129,890	42,785

(Expressed in Renminbi) （以人民幣列值）

21. Interest-bearing borrowings (Continued) 21. 計息借貸(續)

(a) The short-term bank loans are repayable within one year or on demand and are collateralised or guaranteed as at the balance sheet date as follows:

(a) 於結算日，須於一年內償還或須按要求即時償還及已抵押或擔保的短期銀行貸款如下：

		The Group 本集團	
		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Secured by assets (note 21)	以資產抵押(附註21)	–	10,000

The carrying value of assets secured against bank loans as at the balance sheet date is analysed as follows:

於結算日，作為銀行貸款抵押的資產的賬面值分析如下：

		The Group 本集團	
		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Property, plant and equipment	物業、廠房及設備	–	12,426
Lease prepayments	租賃預付款項	–	7,772
		–	20,198

(b) The municipal government loan is repayable as follows:

(b) 應償還市政府貸款如下：

		The Group 本集團	
		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
After 2 years but within 5 years	二年後但於五年內	724	353
After 5 years	五年以後	2,166	2,432
		2,890	2,785

The municipal government loan was received by the Group for constructing a manufacturing plant in Jinzhou, Liaoning Province, the PRC. There are no unfulfilled conditions or contingencies relating to the municipal government loan. It is unsecured, interest bearing at a fixed rate of 2.55% per annum and is fully repayable by instalments from 2010 to 2020.

本集團於中國遼寧省錦州建設製造廠房取得市政府貸款。有關的市政府貸款概無未達成的條件或或然事項，且為無抵押，附息(固定年息率2.55%)及須於二零一零年至二零二零年期間分期悉數清償。

22. Trade and other payables

22. 應付貿易賬款及其他應付款項

		The Group 本集團		The Company 本公司
		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元	**2007 二零零七年 RMB'000 人民幣千元**
Trade payables (note 22(a))	應付貿易賬款(附註22(a))	**38,367**	58,381	**–**
Other payables and accrued expenses	其他應付賬款及應計開支	**105,701**	9,752	**33,837**
Amount due to a subsidiary (note 22(b))	應付附屬公司款項(附註22(b))	**–**	–	**15,774**
Amounts due to related parties (note 30(d))	應付關連方款項(附註30(d))	**–**	20,000	**–**
Amount due to a director (note 30(e))	應付一名董事之款項(附註30(e))	**–**	50	**–**
		144,068	88,183	**49,611**

All of the trade and other payables (including amounts due to related parties, a subsidiary and a director) are expected to be settled within one year.

全部應付貿易賬款及其他應付款項預期可於一年內償還，包括應付關連方款項、應付附屬公司款項及應付一名董事之款項。

(a) The ageing analysis of trade payables as of the balance sheet date is as follows:

(a) 於結算日，應付貿易賬款的賬齡分析如下：

		The Group 本集團	
		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Within 1 month	1個月內	**24,627**	44,216
1 – 3 months	1至3個月	**9,584**	9,411
3 – 6 months	3至6個月	**1,858**	1,306
6 – 12 months	6至12個月	**1,164**	3,230
1 – 2 years	1至2年	**1,134**	218
		38,367	58,381

Included in trade payables are amounts due to related parties of RMB26,762,000 (2006: RMB26,533,000) at 31 December 2007 (note 30(d)).

於二零零七年十二月三十一日，應付貿易賬款包括應付關連方款項人民幣26,762,000元(二零零六年：人民幣26,533,000元)(附註30(d))。

(b) The amount due to a subsidiary is unsecured, interest-free and repayable on demand.

(b) 應付附屬公司款項為無抵押、免息及須按要求即時償還。

(Expressed in Renminbi) （以人民幣列值）

23. Income tax in the consolidated balance sheet 23. 綜合資產負債表內的所得稅

(a) Current taxation in the consolidated balance sheet represents: (a) 綜合資產負債表內的即期稅項代表：

		The Group 本集團 2007 二零零七年 RMB'000 人民幣千元	The Group 本集團 2006 二零零六年 RMB'000 人民幣千元
Provision for PRC Enterprise Income Tax for the year	年度中國企業所得稅撥備	**24,128**	4,653
Addition through acquisition of subsidiaries (note 29)	因收購附屬公司的增加額(附註29)	**8,362**	–
Provisional PRC Enterprise Income Tax paid	已付暫繳中國企業所得稅	**(14,037)**	(3,461)
		18,453	1,192
Balance of Profits Tax provision relating to prior years	屬於過往年度利得稅準備的結餘	**–**	(90)
PRC Enterprise Income Tax payable	應付中國企業所得稅	**18,453**	1,102

(b) Deferred tax assets recognised (b) 確認遞延稅項資產

The components of deferred tax assets/(liabilities) recognised in the consolidated balance sheet and the movements during the year are as follows:

已於綜合資產負債表內確認的遞延稅項資產／(負債)的組合及年內變動如下：

The Group 本集團

		Government grant 政府補貼 RMB'000 人民幣千元	Other expenses 其他開支 RMB'000 人民幣千元	Fair value adjustment upon acquisition of a subsidiary 收購附屬公司後公平值調整 RMB'000 人民幣千元	Total 2007 總計 二零零七年 RMB'000 人民幣千元
Deferred tax arising from:	來自下列各項的遞延稅項：				
As at 1 January 2006	於二零零六年一月一日	–	198	–	198
Credited to the income statement (note 8(a))	於收益表計入(附註8(a))	–	557	–	557
At 31 December 2006	於二零零六年十二月三十一日	–	755	–	755
As at 1 January 2007	於二零零七年一月一日	–	755	–	755
Addition through acquisition of subsidiaries (note 29)	因收購附屬公司的增加額(附註29)	–	–	(3,347)	(3,347)
Credited/(charged) to the income Statement (note 8(a))	於收益表計入／(扣除)(附註8(a))	922	(755)	3,347	3,514
At 31 December 2007	於二零零七年十二月三十一日	922	–	–	922

24. Deferred income

Various government grants have been received by the Group for generating export sales and constructing a manufacturing plant in Jinzhou, Liaoning Province, the PRC. In addition, certain government grants have been received by the Group to compensate for its research and development expenses in relation to the manufacturing of mono-crystalline ingots and solar wafers and interest expenses for certain specific loans. Amounts of RMB3,437,000 (2006: RMB4,444,000) for the year ended 31 December 2007 have been recognised in the income statement.

The remaining unused balances as at each balance sheet date are included in the consolidated balance sheet as deferred income. There are no unfulfilled conditions or contingencies relating to these grants.

24. 遞延收入

本集團因產生出口銷售及於中國遼寧省錦州建設一家製造廠房獲得不同之政府補貼。此外，本集團亦獲得若干政府補貼以資助其製造單晶錠及太陽能硅片之研發開支，及補貼若干特定貸款之利息開支。截至二零零七年十二月三十一日止年度，於收益表確認之遞延收入為人民幣3,437,000元(二零零六年：人民幣4,444,000元)。

於各結算日，未動用之結餘被納入綜合資產負債表，列作遞延收入。就該等補貼而言，本集團並無尚未達成之條件或出現任何或然事項。

25. Retirement benefit schemes

Employees of the Group's PRC subsidiaries are required to participate in a defined contribution retirement benefit scheme administered and operated by the local municipal government. The Group's PRC subsidiaries are required to make contributions to the scheme at 20% of the employees' salaries for the years ended 31 December 2006 and 2007 to fund the retirement benefits of the employees.

The Group is required to participate in defined contribution retirement schemes administered and operated by Bureau of Labour Insurance of Taiwan for employees employed in Taiwan. Under the schemes the employer is required to make contributions to the schemes at 6% of the employees' relevant income. Contributions to the schemes vest immediately.

The Group also operates a Mandatory Provident Fund Scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$20,000. Contributions to the MPF scheme vest immediately.

The Group has no other material obligation for the payment of retirement benefits associated with the schemes beyond the contributions described above.

25. 退休福利計劃

本集團中國附屬公司僱員須參與由各自地方市政府管理及營辦的定額供款退休福利計劃。截至二零零六年及二零零七年十二月三十一日止年度，本集團中國附屬公司須就計劃分別按僱員薪金的20%供款，為僱員退休福利提供資金。

本集團須為受聘於台灣的僱員參加由台灣勞工保險局管理及營辦的定額供款退休福利計劃。根據該計劃，僱主須按僱員相關收入的6%向計劃作出供款。向計劃支付的供款即時歸屬。

本集團亦已根據香港強制性公積金計劃條例，為其受香港僱傭條例所管轄下的僱員設立強制性公積金計劃(「強積金計劃」)。強積金計劃為定額供款退休計劃，由獨立受託人管理。強積金計劃規定僱主及僱員各自按僱員相關收入的5%向該計劃作出供款，以每月相關收入20,000港元為上限。向強積金計劃支付的供款即時歸屬。

除上述供款外，本集團並無有關計劃的其他退休福利計劃的重大付款責任。

(Expressed in Renminbi) （以人民幣列值）

26. Equity compensation benefits

For the purpose of providing compensation to certain senior management and employees (the "Relevant Employees") of the Acquired Group and those who have made past contribution to the Acquired Group (the "Other Relevant Officers") for their past contribution to the development of the Acquired Group and/or as an incentive for their future performance, pursuant to the board resolutions of STIC passed on 24 June 2007, STIC allotted and issued, an aggregate of 126,114,814 shares of HK$0.1 each for an aggregate subscription price of HK$12,611,481 (equivalent to RMB12,244,000) to the Relevant Employees and the Other Relevant Officers. Relevant Employees have agreed with Hsu You Yuan, Tan Wenhua and Chiao Ping-hai (the "Relevant Directors"), and the Relevant Directors have undertaken with one another, that the Relevant Directors are entitled to buy back such shares from the Relevant Employees at subscription cost if the Relevant Employees cease to be employed for reasons other than becoming incapacitated by work-inflicted injury which would prevent them from performing their duties, or dying before the end of the relevant lock-up period (the "Return Condition").

Out of the total allotted and issued shares of 126,114,814 shares, 116,961,911 shares are subject to the Return Condition. Accordingly, at the end of each year end, the Acquired Group is required to estimate the number of shares which will continue to be held by the original Relevant Employees at the end of the relevant lock-up period and recognise the value of such shares over the subscription cost as an employee expense on a straight-line basis over the relevant lock-up period. Employee expenses as a result of the allotment of such shares subject to the Return Condition to the Relevant Employees will be approximately RMB17.0 million, RMB9.0 million, RMB4.8 million and RMB1.9 million for each of the financial years ending 31 December 2008, 2009, 2010 and 2011, respectively, assuming there is no termination of the Relevant Employees' employment before the end of the relevant vesting period. In respect of those shares which are not subject to the Return Condition, the value of such shares over the subscription cost was recognised as an employee expense on the allotment date.

On 26 June 2007, the Company acquired the entire interest of the Acquired Group. As shareholders of the Acquired Group, the Relevant Employees and the Other Relevant Officers were entitled to and did subscribe for 114,973 shares of HK$0.1 each of the Company for an aggregate consideration of HK$12,611,481 (equivalent to RMB12,244,000). The Return Condition remains applicable to those Relevant Employees to the effect that if the Relevant Employees cease to be employed for reasons other than becoming incapacitated by work-inflicted injury which would prevent them from performing their duties or dying before the end of the relevant lock-up period, the Relevant Directors are entitled to buy back those shares which remain subject to the lock-up period from the Relevant Employees, provided that in the event that a Relevant Employee ceases to be employed within one year after the Listing Date, the Relevant Directors shall not be entitled to buy back the relevant shares until the first anniversary of the Listing Date.

26. 股份獎勵福利

為向被收購集團若干高級管理人員及僱員(「有關僱員」)及過往曾向被收購集團作出貢獻者(「其他有關高級職員」)，就彼等過往對被收購集團發展作出的貢獻及／或作為其日後表現的鼓勵而提供獎勵，根據STIC於二零零七年六月二十四日通過的董事會決議案，STIC以總認購價12,611,481港元(相等於人民幣12,244,000元)配發及發行合共126,114,814股每股面值0.1港元的股份予有關僱員及其他有關高級職員。有關僱員已向許祐淵、譚文華及焦平海(「有關董事」)同意，且有關董事已彼此承諾，倘有關僱員停止受聘(因工傷未能履行其職責，或於有關禁售期完結前身故原因則除外)，有關董事有權以認購成本向有關僱員購回該等股份(「歸還條件」)。

已配發及發行股份總數126,114,814股，其中116,961,911股受歸還條件所限。因此，於各年度結束時，被收購集團須估計於有關禁售期結束時繼續由原有有關僱員持有的股份數目，並以直線法於有關禁售期內確認股份價值超出認購成本之數為僱員開支。假設概無有關僱員於有關歸屬期完結前停止受聘，截至二零零八年、二零零九年、二零一零年及二零一一年十二月三十一日止財政年度各年，因配發該等受歸還條件所限的股份予有關僱員而引致的僱員開支將分別約為人民幣17,000,000元、人民幣9,000,000元、人民幣4,800,000元及人民幣1,900,000元。就該等不受歸還條件所限的股份而言，該等扣除認購成本的股份價值已於配發日期確認為僱員開支。

於二零零七年六月二十六日，本公司收購被收購集團的全部權益。作為被收購集團的股東，有關僱員及其他有關高級職員有權以總代價12,611,481港元(相等於人民幣12,244,000元)認購114,973股每股面值0.1港元的本公司股份，而上述僱員已認購相關股份。歸還條件仍適用於有關僱員，倘有關僱員不再受聘(不包括因工傷未能履行其職責，或於有關禁售期完結前身故的有關僱員)，有關董事有權向有關僱員購回該等依然處於禁售期的股份，前提是倘有關僱員於上市日期後一年內不再受聘，有關董事於上市日期一周年屆滿前不得購回相關股份。

26. Equity compensation benefits (Continued)

Total employee expenses as a result of the allotment of the employee shares (including those shares with and without the Return Condition) are RMB10,054,000 (2006: RMB nil) for the year ended 31 December 2007.

26. 股份獎勵福利(續)

截至二零零七年十二月三十一日止年度，因配發僱員股份而產生的僱員開支總額為人民幣10,054,000元(二零零六年：人民幣零元)，僱員股份包括附有及未附有歸還條件的股份。

(a) The terms and conditions of the shares granted to the Relevant Employees are as follows:

(a) 授予有關僱員的股份條款及條件如下：

Date of grant 授出日期	**Number of shares allotted and issued** 配發及發行股份數目	**Lock-up conditions** 禁售條件
24 June 2007 二零零七年六月二十四日	26,657	1 December 2008 二零零八年十二月一日
24 June 2007 二零零七年六月二十四日	26,657	1 December 2009 二零零九年十二月一日
24 June 2007 二零零七年六月二十四日	26,657	1 December 2010 二零一零年十二月一日
24 June 2007 二零零七年六月二十四日	26,658	1 December 2011 二零一一年十二月一日

There was no change in the number of shares allotted and issued from the date of grant to 31 December 2007.

自授出日期至二零零七年十二月三十一日，配發及發行股份的數目並無變動。

(b) Fair value of shares and assumptions

The fair value of services received in return for shares allotted and issued is measured by reference to the fair value of shares granted. The estimate of the fair values of the shares granted during the year ended 31 December 2007 is measured at the grant date using the price to earnings multiples valuation method. The valuation is derived from applying (i) an expected price to earnings multiple of a group of listed companies operating in comparable business, adjusted for the uniqueness of the subject being valued; and (ii) the net profit, excluding non-operating income and expenses, of the Acquired Group with appropriate adjustments.

(b) 股份的公平值及假設

以配發及發行股份回報所獲服務的公平值，乃經參照授出股份的公平值而計量。於截至二零零七年十二月三十一日止年度授出股份的估計公平值，乃於授出日期採用市盈率估值法計量。估值乃自應用(i)在可資比較業務環境中經營的一組上市公司的預期市盈率(經就所估值公司本身的獨特情況作出調整)；及(ii)被收購集團經適當調整後的純利(不包括非經營收入及開支)所得的結果。

Fair value of shares and assumptions
股份的公平值及假設

Fair value at measurement date 於計算日期的公平值	RMB57.50 million 人民幣57,500,000元
Expected price to earnings multiple 預期市盈率	22.3 22.3

(Expressed in Renminbi) （以人民幣列值）

26. Equity compensation benefits (Continued)

(b) Fair value of shares and assumptions (Continued)

The price to earnings multiple is determined with reference to comparable listed companies, after discounting for marketability to reflect illiquidity in nature at the grant date.

Certain shares were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share grants.

26. 股份獎勵福利(續)

(b) 股份的公平值及假設(續)

經參考可資比較上市公司，並扣除反映於授出日期非流動資金性質的可銷性折扣後釐定市盈率。

若干股份乃按服務條件授出。該條件並未納入計算於授出日期獲得服務的公平值。授予股份不附設市場條件。

27. Paid-in/issued capital

(a) The Group

Details of the movements in capital and reserves of the Group are set out on page 71.

(b) The Company

27. 繳足／已發行股本

(a) 本集團

本集團資本及儲備變動的詳情載於第71頁。

(b) 本公司

		Note 附註	Share capital 股本 RMB'000 人民幣千元	Share premium 股份溢價 RMB'000 人民幣千元	Accumulated loss 累計虧損 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
At 1 January 2007	於二零零七年一月一日		–	–	–	–
Loss for the year	本年度虧損		–	–	(2,405)	(2,405)
Arising from the Reorganisation	因重組產生的股本	27(h)	97	143,849	–	143,946
Acquisition of minority interests	收購少數股東權益	27(i)	33	60,857	–	60,890
Issue of new shares	發行新股份	27(j)	149	162,856	–	163,005
At 31 December 2007	於二零零七年十二月三十一日		279	367,562	(2,405)	365,436

27. Paid-in/issued capital (Continued)

27. 繳足／已發行股本(續)

(c) Authorised and issued share capital

(c) 法定及已發行股本

		The Company 本公司 2007 二零零七年 No. of shares 股份數目	The Company 本公司 2007 二零零七年 '000 千元
Authorised:	法定：		
Ordinary shares of HK$0.1 each	每股面值0.1港元的普通股	**3,800,000**	**HK$380** **380**港元
Equivalent to:	相等於：		**RMB368** 人民幣**368**元
Ordinary shares, issued and fully paid:	已發行及繳足普通股：		
At 7 March	於三月七日	**1**	**–**
Arising from the Reorganisation (note 27(h))	因重組產生的股本(附註27(h))	**999,999**	**97**
Acquisition of minority interests (note 27(i))	收購少數股東權益(附註27(i))	**343,708**	**33**
Issue of new shares (note 27(j))	發行新股份(附註27(j))	**1,530,625**	**149**
At 31 December	於十二月三十一日	**2,874,333**	**279**

The Company was incorporated in the Cayman Islands on 7 March 2007 with an authorised share capital of 3,800,000 shares of HK$0.1 each. One share of HK$0.1 was issued nil paid and allotted to Codan Trust Company (Cayman) Limited and was transferred to the controlling equity shareholder on the same day.

本公司於二零零七年三月七日於開曼群島註冊成立，法定股本為3,800,000股每股面值0.1港元的股份。1股面值0.1港元之股份以未繳股款的形式發行及配發予Codan Trust Company (Cayman) Limited，並於同日轉讓予控股權益股東。

The holders of shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

股份持有人均有權收取不時宣派之股息，而所持每股股份均享有本公司大會一票投票權。所有普通股對本公司剩餘資產擁有同等權利。

(Expressed in Renminbi) (以人民幣列值)

27. Paid-in/issued capital (Continued)

(d) Paid-in capital in the Group's consolidated balance sheet as at 31 December 2006 represents the aggregate amount of the Company's controlling equity shareholder's paid-in capital of the PRC incorporated companies comprising the Group.

The issued capital in the Group's consolidated balance sheet as at 31 December 2007 represents the issued capital of the Company comprising 2,874,333 shares of HK$0.1 each (equivalent to RMB279,000).

(e) By a resolution passed at a meeting of the board of directors of Huachang on 28 March 2006, Huachang's registered capital was increased from RMB6,612,000 to RMB11,000,000 by capitalising the general reserve fund and retained earnings in an aggregate amount of RMB4,388,000. Accordingly, the Company's share of the nominal value of the paid-in capital of Huachang increased by RMB3,072,000.

(f) Pursuant to written resolutions of the board of directors of Tayaneng passed on 9 March 2007, Tayaneng acquired equity interests of 75%, 70%, 74.17% and 75% in Yanguang, Huachang, Huari and Xinri respectively for a consideration of RMB74,782,000 and became the holding company of Yangguang, Huachang, Huari and Xinri.

(g) Pursuant to written resolutions of the board of directors of Tayaneng passed on 7 May 2007, a shareholder's loan of US$10,000,000 (equivalent to RMB77,160,000) was capitalised by Tayaneng by the allotment and issue of 9,999 shares of US$1 each in Tayaneng, credited as fully paid, to the shareholders.

(h) Pursuant to written resolutions of the board of directors of the Company passed on 8 May 2007, the Company obtained the entire equity interest in Tayaneng from the then shareholder of Tayaneng by issuing 999,999 shares of HK$0.1 each (equivalent to RMB97,000) and credited the nil paid share held by Mr. Tan Wen Hua referred to in note 27(g) as fully paid. The difference between the net asset value of Tayaneng and its subsidiaries acquired and the nominal value of the shares of the Company issued of RMB143,849,000 was credited to the share premium account.

27. 繳足／已發行股本(續)

(d) 於本集團二零零六年十二月三十一日之綜合資產負債表內，繳足股本指在中國註冊成立且組成本集團之公司中，本公司控股股東之繳足股本總額。

於本集團二零零七年十二月三十一日之綜合資產負債表內，已發行股本指本公司之已發行股本，包括2,874,333股每股面值0.1港元之股份(相等於人民幣279,000元)。

(e) 於二零零六年三月二十八日，錦州華昌董事會於會議上通過決議案，藉著把總額人民幣4,388,000元之一般儲備金及保留盈利資本化，而把錦州華昌註冊資本由人民幣6,612,000元增加至人民幣11,000,000元。因此，本公司所持錦州華昌之繳足股本面值增加人民幣3,072,000元。

(f) 根據Tayaneng董事會於二零零七年三月九日通過的書面決議案，Tayaneng以代價人民幣74,782,000元分別收購錦州陽光、錦州華昌、錦州華日及錦州新日的股權75%、70%、74.17%及75%，並成為錦州陽光、錦州華昌、錦州華日及錦州新日的控股公司。

(g) 根據Tayaneng董事會於二零零七年五月七日通過的書面決議案，Tayaneng透過向股東配發及發行9,999股每股面值1美元入賬列作繳足股份，以將10,000,000美元(相等於人民幣77,160,000元)的股東貸款撥充資本。

(h) 根據本公司董事會於二零零七年五月八日通過的書面決議案，本公司透過發行999,999股每股面值0.1港元的股份(相等於人民幣97,000元)，以及譚文華先生持有1股未繳股款入賬列作繳足股份(誠如附註27(g)所述)，向Tayaneng當時股東獲取Tayaneng全部股權。Tayaneng及其附屬公司所收購的資產淨值與本公司已發行股份的面值之差額，為人民幣143,849,000元，已於股份溢價賬中入賬。

27. Paid-in/issued capital (Continued)

(i) Pursuant to written resolutions of the board of directors of the Company passed on 26 June 2007, the Company acquired the minority interests in the subsidiaries of Tayaneng by issuing 343,708 shares of HK$0.1 each (equivalent to RMB33,000). The difference between the net asset value of minority interests acquired and the nominal value of the shares of the Company issued of RMB60,857,000 was credited to the share premium account.

Accordingly, the allocation of the profit or loss for the year attributable to minority interests presented on the face of the consolidated income statement is for the period from 1 January 2007 up to the date of acquisition of the minority interests.

(j) Pursuant to written resolutions of the board of directors of the Company passed on 26 June 2007, the Company allotted and issued an aggregate of 1,530,625 shares of HK$0.1 each to the then shareholders of the Acquired Group which subscribed for the Company's shares at a cash consideration of HK$167,895,000 (equivalent to RMB163,005,000), of which RMB149,000 was credited to issued capital and the balance of RMB162,856,000 was credited to the share premium account.

28. Reserves

The nature and purpose of reserves are set out below:

(a) Share premium

The application of the share premium account is governed by the Companies Law of the Cayman Islands. The share premium is distributable.

(b) General reserve fund

Pursuant to articles of association of the Company's subsidiaries incorporated in the PRC, these PRC subsidiaries are required to transfer a minimum of 10% of their profits after taxation to the general reserve fund until the balance of the fund is at least half of the paid-in-capital. The amounts allocated to this reserve are determined by the respective boards of directors with reference to the minimum requirement.

For the entity concerned, the general reserve fund can be used to make good previous years' losses, if any, and may be converted into capital in proportion to the equity holders' existing equity holdings, provided that the balance after such conversion is not less than 25% of the registered capital.

27. 繳足／已發行股本(續)

(i) 根據本公司董事會於二零零七年六月二十六日通過的書面決議案，本公司透過發行343,708股每股面值0.1港元的股份(相等於人民幣33,000元)，取得Tayaneng附屬公司的少數股東權益。獲取少數股東權益的資產淨值與本公司已發行股份的面值之差額，為人民幣60,857,000元，已於股份溢價賬中入賬。

因此，自二零零七年一月一日至收購少數股東權益日期，少數股東權益佔年度利潤或虧損的分配，已於綜合收益表內呈報。

(j) 根據本公司董事會於二零零七年六月二十六日通過的書面決議案，本公司向被收購集團當時股東配發及發行合共1,530,625股每股面值0.1港元的股份，而被收購集團以現金代價167,895,000港元(相等於人民幣163,005,000元)認購本公司股份，其中人民幣149,000元計入已發行股本，餘額人民幣162,856,000元於股份溢價賬中入賬。

28. 儲備

儲備的性質及目的載列如下：

(a) 股份溢價

股份溢價賬的應用受開曼群島公司法所規管。股份溢價可予分派。

(b) 一般儲備金

根據本公司於中國註冊成立之附屬公司之組織章程細則，此等中國附屬公司須將其除稅後利潤最少10%轉撥至一般儲備金，直至該儲備金中一半以上為繳足股本。各自董事會經參照最低要求後，釐定分配至該儲備之金額。

就有關的實體而言，一般儲備金可用作彌補以前年度虧損(如有)，亦可按權益持有人現時的持股比例兌換為資本，惟兌換後結餘不得少於註冊資本的25%。

(Expressed in Renminbi) （以人民幣列值）

28. Reserves (Continued)

(c) Capital reserve

The capital reserve comprises the fair value of shares allotted and issued to employees of the Group over the subscription costs recognised in accordance with the accounting policy adopted for share-based payments in note 2(m)(iii).

(d) Other reserve

The other reserve represents:

(i) The difference between Tayaneng's attributable share of the nominal value of the paid-up capital of the subsidiaries acquired over the consideration paid by Tayaneng to obtain the equity interests in these subsidiaries.

Pursuant to the Reorganisation, Tayaneng acquired equity interests of 75%, 70%, 74.17% and 75% in Yangguang, Huachang, Huari and Xinri respectively on 9 March 2007. The difference between Tayaneng's attributable share of the nominal value of these subsidiaries of RMB74,858,000 and the consideration paid of RMB74,782,000 amounted to RMB76,000 and was credited to other reserve account.

(ii) The difference between the net asset value of Tayaneng and its subsidiaries acquired and the nominal value of the issued share capital of Tayaneng.

The other reserve is non-distributable.

(e) Distributability of reserves

At 31 December 2007, the aggregate amount of reserves available for distribution to equity shareholders of the Company was RMB367,562,000. After the balance sheet date, the directors proposed a final dividend of RMB5.2 cents (HK$5.8 cents) per ordinary share amounting to RMB87,920,000 (HK$98,022,000). This dividend has not been recognised of a liability at the balance sheet date.

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that is can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

28. 儲備(續)

(c) 資本儲備

資本儲備為配發及發行予本集團僱員的股份的公平值超出遵照附註2(m)(iii)所載有關股份支付的會計政策而確認的認購成本之數。

(d) 其他儲備

其他儲備乃指：

(i) Tayaneng於所收購附屬公司應佔繳足資本份額之面值超出Tayaneng就獲得此等附屬公司之股權所支付之代價差額。

根據重組，Tayaneng於二零零七年三月九日收購錦州陽光、錦州華昌、錦州華日及錦州新日分別75%、70%、74.17%及75%股權；Tayaneng於此等附屬公司應佔面值份額為人民幣74,858,000元，而已支付之代價人民幣74,782,000元，二者之差額為人民幣76,000元，其已計入其他儲備賬。

(ii) 獲取Tayaneng及其附屬公司的資產淨值與Tayaneng已發行股本的面值之差額。

其他儲備為不可分派的儲備。

(e) 可供分派儲備

於二零零七年十二月三十一日，可供分派予本公司權益股東的儲備總額為人民幣367,562,000元。結算日之後，董事建議派付每股普通股終期股息人民幣5.2分(5.8港仙)，股息達人民幣87,920,000元(98,022,000港元)。於結算日，尚未將股息確認為負債。

(f) 資金管理

本集團管理資金的首要目的，為根據風險水平釐定產品及服務價格，按合理成本取得融資，藉此保障本集團能持續營運，繼續為股東提供回報，為其他權益持有人帶來利益。

28. Reserves (Continued)

(f) Capital management (Continued)

At 31 December 2007, the Group has short-term bank loans amounting to RMB127,000,000 (2006: RMB40,000,0000) which are repayable within one year and a municipal government loan of RMB2,890,000 (2006: RMB2,785,000) which will be fully repaid by 2020. The gearing ratio, representing the ratio of total borrowings to the total share capital and reserves of the Group was 20.5% at 31 December 2007 (2006: 22.7%). The Group had cash and bank deposits as at 31 December 2007 amounting to RMB349,098,000 (2006: RMB52,212,000).

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

29. Business combination

On 26 June 2007, the Company acquired the entire equity interests in the Acquired Group for a cash consideration of HK$167,895,000 (equivalent to RMB163,005,000). The fair value of the Acquired Group's net assets at the date that the Company obtained control on 26 June 2007 was RMB237,776,000.

The Acquired Group contributed aggregate revenue of RMB158,585,000 and aggregate net profit of RMB38,246,000 during the period from 26 June 2007 to 31 December 2007. The aggregate revenue and net profit of the Acquired Group as if the acquisition for the business combination effected during the year ended 31 December 2007 had been at the beginning of the year are RMB363,784,000 and RMB101,359,000 respectively.

28. 儲備(續)

(f) 資金管理(續)

於二零零七年十二月三十一日，本集團的短期銀行貸款達人民幣127,000,000元(二零零六年：人民幣40,000,0000元)，須於一年內償還；本集團的市政府貸款為人民幣2,890,000元(二零零六年：人民幣2,785,000元)，將於二零二零年悉數償還。負債比率即借貸總額除以本集團的總股本及儲備後之比率，於二零零七年十二月三十一日，比率為20.5%(二零零六年：22.7%)。於二零零七年十二月三十一日，本集團持有現金及銀行存款人民幣349,098,000元(二零零六年：人民幣52,212,000元)。

本集團積極定期檢討和管理其資本結構，在高借貸水平所可能帶來更高股東回報，以及穩健資本狀況所提供的優勢和保障兩者中間取得平衡，並因應經濟情況轉變而調整資本結構。

29. 業務合併

於二零零七年六月二十六日，本公司以現金代價167,895,000港元(相等於人民幣163,005,000元)收購被收購集團全部股權。本公司於二零零七年六月二十六日獲得控制權當日，被收購集團之資產淨值公平值為人民幣237,776,000元。

二零零七年六月二十六日至二零零七年十二月三十一日期間，被收購集團的收入貢獻總額為人民幣158,585,000元，純利貢獻總額為人民幣38,246,000元。被收購集團之收入及純利總額分別為人民幣363,784,000元及人民幣101,359,000元(猶如截至二零零七年十二月三十一日止年度落實之業務合併收購於年初已存在)。

(Expressed in Renminbi) （以人民幣列值）

29. Business combination (Continued)

The acquisition has the following effect on the Group's assets and liabilities on 26 June 2007:

29. 業務合併（續）

該項收購對本集團於二零零七年六月二十六日之資產及負債有以下影響：

		Carrying amount 賬面值 RMB'000 人民幣千元	Fair value adjustment 公平值調整 RMB'000 人民幣千元	Fair value 公平值 RMB'000 人民幣千元
Property, plant and equipment (note 14(a))	物業、廠房及設備（附註14(a)）	25,127	–	25,127
Goodwill	商譽	3,539	(3,539)	–
Inventories	存貨	60,094	18,005	78,099
Trade and other receivables	應收貿易賬款及其他應收款項	157,503	–	157,503
Cash and cash equivalents	現金及現金等價物	68,479	–	68,479
Short-term bank loan	短期銀行貸款	(15,000)	–	(15,000)
Trade and other payables	應付貿易賬款及其他應付款項	(64,723)	–	(64,723)
Current tax payable (note 23(a))	應付即期稅項（附註23(a)）	(8,362)	–	(8,362)
Deferred tax liability (note 23(b))	遞延稅項負債（附註23(b)）	–	(3,347)	(3,347)
Net assets acquired	收購資產淨值	226,657	11,119	237,776
Cash consideration paid	已付現金代價			(163,005)
Gain on acquisition (note 5)	收購收益（附註5）			74,771

Analysis of the net cash outflow of cash and cash equivalents in respect of the acquisition of the Acquired Group 收購被收購集團之現金及現金等價物現金流出淨值分析

Cash consideration paid	已付現金代價	163,005
Less: cash and cash equivalents acquired	減：所收購現金及現金等價物	(68,479)
Net cash outflow	現金流出淨值	94,526

The gain on acquisition mainly represents the changes in the fair value of the Acquired Group during the period from 1 January 2007 to the acquisition date of 26 June 2007. The Company had substantially concluded and agreed on the terms and conditions of the acquisition with the then shareholders of the Acquired Group as at 31 December 2006. Since the statutory approval from authorities of corresponding jurisdictions was necessary for the acquisition to complete, the change in fair value during the application process has therefore resulted in a gain on acquisition.

收購收益主要指被收購集團由二零零七年一月一日至收購日期二零零七年六月二十六日期間之公平值變動。本公司與於二零零六年十二月三十一日的被收購集團當時之股東，大致落實及同意收購條款及條件。由於收購須取得相應司法權區主管機關之法定批准方告完成，故於申請過程中之公平值變動帶來收購收益。

30. Related party transactions

During the year, transactions with the following parties are considered as related party transactions:

30. 關連方交易

年內，下列人士之交易被視為關連方交易：

Name of party 各方名稱	**Relationship** 關係
Tan Wen Hua 譚文華	Executive director of the Group 本集團之執行董事
Zhao Xiu Qin 趙秀芹	Spouse of Tan Wen Hua 譚文華之配偶
Jinzhou Changhua Carbon Production Co., Ltd. ("Changhua") 錦州昌華碳素製品有限公司(「錦州昌華」)	Significantly influenced by Tan Wen Hua 受譚文華重大影響
Wafer Works Corp. Group ("WWX") 合晶科技股份有限公司（「合晶科技」）	Equity shareholder of the Group 本集團權益股東
Helitek International Company Limited ("Helitek") 漢磊國際有限公司（「漢磊」）	Subsidiary of Wafer Works Corp. Group 合晶科技股份有限公司附屬公司
Jinzhou Huarong Property Management Co., Ltd. ("Huarong") 錦州華榮物業管理有限公司(「錦州華榮」)	Controlled by Tan Wen Hua 由譚文華控制
Jinzhou Huaxin Silicon Material Trading Department ("Huaxin") 錦州華新矽材料經營部(「錦州華新」)	Controlled by Tan Wen Hua 由譚文華控制
Jinzhou Huihua Carbon Production Co., Ltd. ("Huihua") 錦州輝華碳素製品有限公司(「錦州輝華」)	Controlled by Tan Wen Hua 由譚文華控制
Jinzhou Huihua Photovoltaic Technology Co., Ltd. ("HCPV") 錦州華昌光伏科技有限公司(「錦州華昌光伏」)	Controlled by Tan Wen Hua 由譚文華控制
Youhua 錦州佑華新能源有限公司（「錦州佑華」）	Same key management as the Group before it became a subsidiary of the Group 成為本集團附屬公司之前，其主要管理人員與本集團者相同
Jinzhou Youxin Electronic Materials Co., Ltd. ("Youxin") 錦州佑鑫電子材料有限公司（「錦州佑鑫」）	Controlled by Zhao Xiu Qin 由趙秀芹控制
Wafer Works (Shanghai) Corp. ("Wafer Works (Shanghai)") 上海合晶矽材料有限公司（「上海合晶」）	Subsidiary of Wafer Works Corp. Group 合晶科技股份有限公司附屬公司
Space Energy Corporation ("SEC") 宇宙能源株式會社(「宇宙能源株式會社」)	Equity shareholder of the Group 本集團權益股東

(Expressed in Renminbi) （以人民幣列值）

30. Related party transactions (Continued)

Particulars of significant transactions between the Group and the above related parties during the year are as follows:

(a) Recurring transactions

30. 關連方交易(續)

本年度，本集團與上述關連方之間主要交易詳情如下：

(a) 經常性交易

		The Group 本集團 2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Sales of goods to:	銷售貨品予：		
– SEC	－宇宙能源株式會社	**88,840**	58,887
– Wafer Works Corp. Group	－合晶科技	**69,310**	–
– Wafer Works (Shanghai)	－上海合晶	**965**	–
Provision of services to:	提供服務予：		
– SEC	－宇宙能源株式會社	**8,533**	–
– Wafer Works Corp. Group	－合晶科技股份有限公司	**5,264**	–
– Wafer Works (Shanghai)	－上海合晶	**374**	–
– Youhua	－錦州佑華	**643**	343
		173,929	59,230
Purchases of goods from:	向下列各方購買貨品：		
– Changhua	－錦州昌華	**16,873**	1,205
– Huihua	－錦州輝華	**–**	7,697
– SEC	－宇宙能源株式會社	**55,206**	43,992
– Youhua	－錦州佑華	**52,310**	47,732
– Youxin	－錦州佑鑫	**29,504**	21,751
– Wafer Works Corp. Group	－合晶科技	**36,027**	–
– Wafer Works (Shanghai)	－上海合晶	**415**	–
– Helitek	－漢菘	**848**	–
Provision of services by Youhua	錦州佑華提供服務	**1,550**	–
Provision of electricity and water by Huarong	錦州華榮提供水電	**1,177**	766
		193,910	123,143

The directors of the Company are of the opinion that the above related party transactions were conducted on normal commercial terms and were priced with reference to prevailing market prices, and in the ordinary course of business.

本公司之董事認為上述關連方交易乃於一般業務過程中按正常商業條款進行，並參考現行市價而訂價。

30. Related party transactions (Continued)

30. 關連方交易(續)

(b) Non-recurring transactions

(b) 非經常性交易

		The Group 本集團	
		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Sale of machinery and equipment to Wafer Works (Shanghai)	向上海合晶出售機器及設備	**715**	–
Purchase of motor vehicles from Youhua	向錦州佑華購買汽車	**–**	260

The directors of the Company are of the opinion that the above related party transactions were conducted on normal commercial terms and were with reference to prevailing market prices, and in the ordinary course of business.

本公司之董事認為上述關連方交易乃於一般業務過程中按正常商業條款進行，並參考現行市價而訂價。

(c) Amounts due from related parties

(c) 應收關連方款項

		The Group 本集團	
		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Trade	貿易		
– Changhua	－錦州昌華	**351**	–
– SEC	－宇宙能源株式會社	**2,978**	9,660
– Wafer Works Corp. Group	－合晶科技	**28,840**	–
– Wafer Works (Shanghai)	－上海合晶	**1,173**	–
– Youhua	－錦州佑華	**–**	120
		33,342	9,780
Non-trade	非貿易		
– Wafer Works (Shanghai)	－上海合晶	**715**	–
		34,057	9,780

Amounts due from related parties are unsecured, interest free and are expected to be recovered within one year.

應收關連方之款項為無抵押、免息及預期可於一年內收回。

30. Related party transactions (Continued)

30. 關連方交易(續)

(f) Guarantees

(f) 擔保

		The Group 本集團	
		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Financial guarantee granted to a related party:	向關連方授出的財務擔保：		
Issuance of a guarantee in favour of a bank in respect of a bank loan granted to Youhua	就向錦州佑華授出之銀行貸款，以銀行為受益人所授出之擔保	–	6,000
Maximum liability of the Company under the guarantee:	擔保項下本公司之負債上限：		
At beginning of year	年初	6,000	–
At end of year	年終	–	6,000

(g) Key management personnel emoluments

Key management personnel receive compensation in the form of salaries, housing and other allowances, benefits in kind, discretionary bonuses and retirement scheme contributions. Details of key management personnel emoluments are disclosed in notes 11 and 12. Total remuneration is included in "staff costs" as disclosed in note 7(b).

(g) 主要管理人員薪酬

主要管理人員以薪金、住房及其他津貼、實物利益、酌情花紅及退休計劃供款的方式收取酬金。主要管理人員薪酬於附註11及12披露。薪酬總額撥入「員工成本」，詳情於附註7(b)披露。

(Expressed in Renminbi) （以人民幣列值）

31. Capital commitments

Capital commitments that relate to purchases of property, plant and equipment outstanding at of the balance sheet date not provided for in the financial statements were as follows:

31. 資本承擔

於結算日，有關購置物業、廠房及設備且仍未在財務報表內撥備之資本承擔如下：

		The Group 本集團	
		2007 二零零七年 **RMB'000** 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Authorised and contracted for	已授權並已訂約	**83,668**	6,505
Authorised but not contracted for	已授權但未訂約	**8,570**	11

32. Operating lease commitments

At 31 December 2007, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

32. 經營租賃承擔

於二零零七年十二月三十一日，根據不可撤銷之經營租賃，日後本集團應付之最低租賃付款總額如下：

		The Group 本集團	
		2007 二零零七年 **RMB'000** 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Within 1 year	1年內	**1,637**	–
After 1 year but within 5 years	1年後但5年內	**2,675**	–
After 5 years	5年後	**2,165**	–
		6,477	–

The Group is the lessee in respect of a number of properties held under operating leases as at 31 December 2007. The leases typically run for an initial period of 2 to 20 years, with an option to renew the lease upon expiry when all terms are renegotiated. None of the leases includes contingent rentals.

於二零零七年十二月三十一日，本集團為根據多項經營租賃所持物業的承租人。該等租賃一般初步為期二至二十年，附有選擇權於租賃屆滿時，可於重新磋商全部條款日期後續約。該等租賃並不包括或然租金。

33. Financial instruments

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. These risks are limited by the Group's financial management policies and practices described below.

(a) Credit risk

The Group's credit risk is primarily attributable to cash and cash equivalents and trade and other receivables. Cash and cash equivalents are normally placed at financial institutions that have sound credit rating and the Group considers the credit risk to be insignificant.

In respect of trade and other receivables, individual credit evaluations are performed on customers on a case-by-case basis. As at 31 December 2007, the Group has a certain concentration of credit risk as 13% (2006: 11%) of the total trade and other receivables was due from the Group's largest customer and 30% (2006: 49%) was due from the five largest customers of the Group.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated balance sheet. Except as disclosed in note 30(f), the Group does not provide any other guarantees which would expose the Group to credit risk.

(b) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

33. 金融工具

本集團所承擔的信貸、流動性、利率及貨幣風險來自本集團的日常業務。這些風險受到本集團下述的財務管理政策及常規所限制。

(a) 信貸風險

本集團的信貸風險主要來自現金及現金等價物和應收貿易賬款及其他應收款項。現金及現金等價物一般存放於本集團認為無甚信貸風險且有良好信貸評級的金融機構。

就應收貿易賬款及其他應收款項，本集團會個別評估客戶的信貸狀況。於二零零七年十二月三十一日，本集團有若干程度信貸過份集中的風險，因為應收貿易賬款及其他應收款項的13%（二零零六年：11%）來自本集團最大客戶的欠款，30%（二零零六年：49%）則來自本集團五大客戶的欠款。

最大的信貸風險為綜合資產負債表中各項財務資產的賬面金額。除於附註30(f)所披露者外，本集團並無提供任何擔保，可令本集團需承擔信貸風險。

(b) 流動性風險

本集團的政策是定期監察當期和預期流動資金的需求，以確保其備存的現金儲備及向各大金融機構取得的承諾信貸額度，足以應付長短期的流動資金需求。

(Expressed in Renminbi) (以人民幣列值)

33. Financial instruments (Continued)

(b) Liquidity risk (Continued)

The following table details the remaining contractual maturities at the balance sheet date of the Group's and the Company's financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Group and the Company can be required to pay.

33. 金融工具(續)

(b) 流動性風險(續)

下表詳列本集團及本公司於結算日財務負債之餘下合約年限，有關財務負債乃利用合約未折現現金流量及本集團及本公司最早還款日期作為基礎。

The Group
本集團

		2007 二零零七年						2006 二零零六年					
		Carrying amount 賬面值 RMB'000 人民幣千元	Total contractual undiscounted cash flow 訂約未折現現金流量總額 RMB'000 人民幣千元	Within 1 year or on demand 一年內或接獲通知時到期 RMB'000 人民幣千元	More than 1 year but less than 2 years 超過一年但少於二年 RMB'000 人民幣千元	More than 2 years but less than 5 years 超過二年但少於五年 RMB'000 人民幣千元	More than 5 years 超過五年 RMB'000 人民幣千元	Carrying amount 賬面值 RMB'000 人民幣千元	Total contractual undiscounted cash flow 訂約未折現現金流量總額 RMB'000 人民幣千元	Within 1 year or on demand 一年內或接獲通知時到期 RMB'000 人民幣千元	More than 1 year but less than 2 years 超過一年但少於二年 RMB'000 人民幣千元	More than 2 years but less than 5 years 超過二年但少於五年 RMB'000 人民幣千元	More than 5 years 超過五年 RMB'000 人民幣千元
Short-term bank loans	短期銀行貸款	127,000	(131,428)	(131,428)	-	-	-	40,000	(42,694)	(42,694)	-	-	-
Municipal government loan	市政府貸款	2,890	(4,612)	-	-	(922)	(3,690)	2,785	(4,612)	-	-	(466)	(4,146)
Trade and other payable and accrued expenses	應付貿易賬款及其他應付款項以及應計開支	144,068	(144,068)	(144,068)	-	-	-	68,133	(68,133)	(68,133)	-	-	-
Amount due to related parties	應付關連方款項	-	-	-	-	-	-	20,000	(20,000)	(20,000)	-	-	-
Amount due to a director	應付一名董事之款項	-	-	-	-	-	-	50	(50)	(50)	-	-	-
		273,958	(280,108)	(275,496)	-	(922)	(3,690)	130,968	(135,489)	(130,877)	-	(466)	(4,146)

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		2007 二零零七年		
		Carrying amount 賬面值 RMB'000 人民幣千元	Total contractual undiscounted cash flow 合約未折現現金流量總額 RMB'000 人民幣千元	Within 1 year or on demand 一年內或接獲通知時到期 RMB'000 人民幣千元
Other payables	其他應付款項	33,837	(33,837)	(33,837)
Amount due to a subsidiary	應付一家附屬公司款項	15,774	(15,774)	(15,774)
		49,611	(49,611)	(49,611)

33. Financial instruments (Continued)

(c) Interest rate risk

(i) *Effective interest rates and repricing analysis*

The following table details interest rate profile of the Group's net borrowings at the balance sheet date.

33. 金融工具(續)

(c) 利率風險

(i) *實際利率及重新定價分析*

下表詳列本集團於結算日借貸淨額的利率概況。

		The Group 本集團			
		2007 二零零七年		2006 二零零六年	
		Effective interest rate 實際利率	**RMB'000 人民幣千元**	Effective interest rate 實際利率	RMB'000 人民幣千元
Variable rate borrowings	浮息借貸				
Short-term secured bank loans	短期已抵押銀行貸款	**6.71**	**127,000**	6.12	10,000
Short-term unsecured bank loans	短期無抵押銀行貸款	**–**	**–**	7.96	30,000
			127,000		40,000
Fixed rate borrowing	定息借貸				
Municipal government loan	市政府貸款	**7.44**	**2,890**	7.44	2,785
Total borrowings	借貸總額		**129,890**		42,785
Net fixed rate borrowings as a percentage of total net borrowings	定息借貸淨額佔淨借貸總額的百分比		**2.2%**		6.5%

(ii) *Sensitivity analysis*

At 31 December 2007, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's profit after tax and retained earnings by approximately RMB1,270,000 (2006: RMB400,000).

(ii) *敏感度分析*

於二零零七年十二月三十一日，估計整體利率上升／下降100個基點，而所有其他可變因素維持不變，本集團的除稅後利潤及保留盈利將會下降／上升大約人民幣1,270,000元(二零零六年：人民幣400,000元)。

(Expressed in Renminbi) （以人民幣列值）

33. Financial instruments (Continued)

(c) Interest rate risk (Continued)

(ii) Sensitivity analysis (Continued)

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. The 100 basis point increase or decrease represents change in interest rates over the period until the next annual balance sheet date. The analysis has been performed on the same basis for 2006.

(d) Foreign currency risk

The Group is exposed to foreign currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily US$ and JPY. The directors do not expect any significant impact from the exchange rates movement since the Group uses the foreign currencies collected from customers to settle the amount due to suppliers. In addition, the directors ensure that the net exposure is kept to an acceptable level by buying or selling US$ and JPY at spot rates where necessary to address short-term imbalances.

33. 金融工具(續)

(c) 利率風險(續)

(ii) 敏感度分析(續)

以上敏感度分析基於假設利率變動發生於結算日，並把利率變動應用於當天存在的衍生及非衍生金融工具上。100個基點的增減是至下個年度結算日的利率變動，二零零六年的分析是以相同的基準進行。

(d) 外匯風險

本集團承受的外幣匯兌風險，主要來自與業務相關以功能貨幣以外之貨幣進行銷售及採購。產生此等風險之貨幣主要為美元及日圓。董事並不預期匯率變動會對本集團造成任何重大影響，因為本集團使用自客戶收回之外幣向供應商支付款項。此外，當有需要時，董事可藉著按即期匯率買入及賣出美元及日圓，以確保淨風險維持於可接受水平，在需要時解決短期失衡。

33. Financial instruments (Continued)

(d) Foreign currency risk (Continued)

(i) *Exposure to currency risk*

The following table details the Group's and the Company's exposure at the balance sheet date to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

33. 金融工具(續)

(d) 外匯風險(續)

(i) *外匯風險*

下表詳列本集團及本公司於結算日所承擔的外匯風險，外匯風險因已確認資產或負債以相關實體功能貨幣以外貨幣計值而產生。

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		2007 二零零七年		2006 二零零六年	
		United States Dollars '000 千美元	**Hong Kong Dollars '000 千港元**	United States Dollars '000 千美元	Hong Kong Dollars '000 千港元
Trade and other receivables	應收貿易賬款及其他應收款項	**10,773**	**–**	3,460	–
Pledged deposits	已抵押存款	**–**	**–**	707	–
Cash and cash equivalents	現金及現金等價物	**3,670**	**9,555**	1,553	–
Trade and other payables	應付貿易賬款及其他應付款項	**(3,369)**	**–**	(993)	–
		11,074	**9,555**	4,727	–

The Company
本公司

		United States Dollars '000 千美元
Trade and other receivables	應收貿易賬款及其他應收款項	255
Trade and other payables	應付貿易賬款及其他應付款項	(210)
		45

(Expressed in Renminbi) (以人民幣列值)

33. Financial instruments (Continued)

(d) Foreign currency risk (Continued)

(ii) Sensitivity analysis

The following table indicates the approximate change in the Group's profit after tax and retained profits in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the balance sheet date.

33. 金融工具(續)

(d) 外匯風險(續)

(ii) 敏感度分析

下表顯示本集團因於結算日承擔重大風險的匯率可能出現合理變動，而令本集團除稅後利潤及保留利潤出現的概約變動。

		The Group 本集團			
		2007 二零零七年		2006 二零零六年	
		Increase/ decrease in foreign exchange rates 匯率升／跌	**Increase/ decrease in profit after tax and retained profit 除稅後利潤及保留利潤增／減 RMB'000 人民幣千元**	Increase/ decrease in foreign exchange rates 匯率升／跌	Increase/ decrease in profit after tax and retained profit 除稅後利潤及保留利潤增／減 RMB'000 人民幣千元
Hong Kong Dollars	港元	**10%**	**838**	10%	–
United States Dollars	美元	**10%**	**7,596**	10%	3,595

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date and had been applied to the Group's exposure to currency risk for all financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

敏感度分析乃假設有關匯率變動已於結算日發生而釐定，並已應用於本集團就該日存在的全部金融工具所承擔匯率風險，且所有其他可變因素(特別是利率)均維持不變。

The stated changes represent changes in foreign exchange rates over the period until the next annual balance sheet date. In this respect, it is assumed that the pegged rate between the Hong Kong Dollar and the United States Dollar would be materially unaffected by any changes in movement in value of the United States Dollar against other currencies. The analysis has been performed on the same basis for 2006.

所述的變動乃指此期間至下一年度結算日期間的匯率變動。就此而言，假設美元兌其他貨幣的匯率出現任何變動，不會重大影響港元與美元聯繫的匯率。二零零六年的分析是以相同的基準進行。

33. Financial instruments (Continued)

(e) Supply of raw materials risk

The Group's revenue depends significantly on its ability to obtain sufficient raw materials which meet the Group's specifications. The Group obtains most of its raw materials from a limited number of suppliers. As a result, there is a risk that the Group will be unable to secure a sufficient supply of raw materials to meet its planned production output, which may have a material and adverse impact on the revenue of the Group.

(f) Fair values

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2006 and 2007.

34. Significant accounting estimates and judgements

In determining the carrying amounts of certain assets and liabilities, the Group makes assumptions of the effects of uncertain future events on those assets and liabilities as at the balance sheet date. The Group's estimates and assumptions are based on historical experience and expectations of future events and are reviewed periodically. In addition to assumptions and estimations of future events, judgements are also made during the process of applying the Group's accounting policies.

(a) Useful lives of property, plant and equipment

Property, plant and equipment is depreciated on a straight-line basis over the estimated useful lives of each asset, after taking into account the estimated residual value. The Group reviews annually the useful life of an asset and its residual value, if any. Both the period and methods of depreciation are reviewed annually. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

(b) Impairment

In considering the impairment losses that may be required for the Group's property, plant and equipment and construction in progress, the recoverable amount of the asset needs to be determined. The recoverable amount is the greater of the net selling price and the value in use. It is difficult to precisely estimate the net selling price because quoted market prices for these assets may not be readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present values, which requires significant judgement relating to items such as the level of sales volume, selling price and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as sales volume, selling prices and amount of operating costs.

33. 金融工具(續)

(e) 原材料供應風險

本集團之收入很大程度上倚重其取得充足符合其指定規格之原材料之能力。本集團從有限數目之供應商取得大部分原材料。因此，倘本集團未能確保有充足原材料供應以應付其計劃產量，則本集團的收入可能會受到重大不利影響。

(f) 公平值

於二零零六年及二零零七年十二月三十一日，所有金融工具的賬面金額與其公平值之間並沒有重大差異。

34. 重大會計估計及判斷

在釐定若干資產及負債的賬面金額時，本集團就不確定的未來事件對於結算日該等資產及負債的影響作出了假設。本集團根據過去的經驗和對未來事件的預計作出估計及假設，並定期審閱。除對未來事件的假設及估計外，本集團採用會計政策時還會作出判斷。

(a) 物業、廠房及設備的可使用年期

物業、廠房及設備在考慮其估計殘值後，乃以直線法於該等資產估計可使用年期計提折舊。本集團每年審閱資產的可使用年期及其殘值(如有)，並每年審閱計提折舊的期間及方法。如果原有估計發生重大變動，則會在未來期間之折舊開支作出調整。

(b) 減值

考慮本集團物業、廠房及設備以及在建工程可能需要計提的減值虧損時，需要釐定該等資產的可收回金額。可收回金額是淨售價與使用價值兩者中之較高者。由於上述資產並不容易在市場上獲得報價，故此難以精確估計淨售價。在釐定使用價值時，預計從有關資產所得的現金流量貼現至其現值，當中需要對銷量、售價及營運成本等項目作出重大判斷。本集團會運用一切可得資料，釐定可收回金額之合理概約數字，包括根據對銷量、售價及營運成本等項目之合理和具支持之假設和預測所作出之估計。

Solargiga Energy