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REGISTRANT'S NAME

China Solar Energy Holdings Ltd.

\*CURRENT ADDRESS

Clarendon House  
Church Street  
Hamilton HM 11  
Bermuda

\*\*FORMER NAME

\*\*NEW ADDRESS

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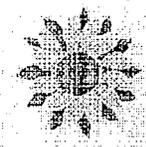
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China Solar Energy Holdings Limited  
華基光電能源控股有限公司

Formerly known as RECAPITAL International Holdings Limited  
(前稱里得國際控股有限公司)

Stock Code 股份代號: 1337



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ANNUAL REPORT 2006 年報

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## Corporate Information

### 公司資料

#### CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Dr Zoltan J. Kiss

#### EXECUTIVE DIRECTORS

Seligman Pierre

Chu Chik Ming Jack

Chan Wai Kwong Peter

#### INDEPENDENT NON-EXECUTIVE DIRECTORS

Chow Siu Ngor

Yin Tat Man

Tam Kam Biu William

#### COMPANY SECRETARY

Tsang Wai Wa

#### QUALIFIED ACCOUNTANT

Tsang Wai Wa

#### AUDITORS

Grant Thornton  
 Certified Public Accountants

#### LEGAL ADVISERS

Hong Kong  
 Baker & McKenzie

Bermuda  
 Conyers Dill & Pearman

#### PRINCIPAL BANKERS

Industrial and Commercial Bank of China (Asia) Limited  
 Hong Kong and Shanghai Banking Corporation Limited

主席兼非執行董事

Dr Zoltan J. Kiss

執行董事

Seligman Pierre

朱植明

陳為光

獨立非執行董事

鄒小活

袁達文

譚錦標

公司秘書

曾偉華

合資格會計師

曾偉華

核數師

德勤會計師行  
 執業會計師

法律顧問

香港  
 德勤律師行

百慕大  
 Conyers Dill & Pearman

主要往來銀行

中國工商銀行(亞洲)有限公司  
 香港上海滙豐銀行有限公司

**REGISTERED OFFICE**

Clarendon House  
Church Street  
Hamilton HM 11  
Bermuda

**註冊辦事處**

Clarendon House  
Church Street  
Hamilton HM 11  
Bermuda

**PRINCIPAL PLACE OF BUSINESS**

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

**主要營業地點**

香港  
灣仔  
駱克道3號  
21樓

**PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE**

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

**股份過戶登記總處**

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

**HONG KONG BRANCH REGISTRARS AND TRANSFER OFFICE**

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

**香港股份過戶登記分處**

香港中央證券登記有限公司  
香港  
皇后大道東183號  
合和中心46樓

**COMPANY WEBSITE**

[www.chinasolar-energy.com](http://www.chinasolar-energy.com)

**公司網址**

[www.chinasolar-energy.com](http://www.chinasolar-energy.com)

**STOCK CODE**

155

**股份代號**

155

## Chairman's Statement

### 主席報告書

#### To Our Fellow Shareholders

On behalf of the board of Directors (the "Board"), I hereby present the annual results of China Solar Energy Holdings Limited (formerly known as REXCAPITAL International Holdings Limited) (the "Company") and its subsidiaries (together, the "Group") for the financial year ended 31 March 2006.

#### OPERATING RESULTS

During the year ended 31 March 2006, the Group recorded a turnover of HK\$12,354,000 (2005: HK\$3,769,000). The loss attributable to equity holders was HK\$95,506,000 (2005: loss of HK\$376,313,000).

The Board does not recommend the payment of a final dividend for the year ended 31 March 2006.

#### OUTLOOK

After the acquisition of 51% of a private U.S based solar photovoltaic (PV) company, Terra Solar Global, Inc. (Terra Solar), our group has been in the forefront of the next generation of PV technologies which are thin film PV. Terra Solar is a pioneer in the field of thin film PV technology and is most renowned for the commercialization of this technology. The manufacturing costs of thin films are half or a third of the cost of crystalline or polycrystalline silicon and indeed some of Terra Solar's factories have produced and delivered mega watt quantities of PV modules under U.S.\$2/watt.

Our group is involved with two specific thin films; Amorphous Silicon (a-Si) of which factories that were built by Terra Solar personnel over the past 15 years have produced over 75MW and these have been installed around the world. The next generation of thin film that we plan to commercialize is Copper, Indium, Gallium, Selenium (CIGS), this has an efficiency of approximately twice of a-Si, while its manufacturing cost is about the same per the same area as a-Si and this is what we believe will be the primary PV for the next decade in the PV industry.

#### 致各股東

本人謹代表董事會(「董事會」)呈報並轉告中國太陽能控股有限公司(前稱國際控股有限公司)(「本公司」)及其附屬公司(統稱「本集團」)截至二零零六年三月三十一日止財政年度之業績。

#### 經營業績

於截至二零零六年三月三十一日止年度，本集團錄得營業額12,354,000港元(二零零五年: 3,769,000港元)。權益持有人應佔虧損為95,506,000港元(二零零五年: 虧損376,313,000港元)。

董事會不建議派發截至二零零六年三月三十一日止年度末期股息。

#### 前景

收購Terra Solar Global, Inc. (Terra Solar - 一間私人美國太陽矽光伏公司) 51%之股份後，本集團走在下一代光伏技術(即薄膜光伏)的最前線。Terra Solar乃薄膜光伏技術業之先鋒，以其技術商品化最為著名。薄片的製造成本是結晶或聚晶的「半或三分之一」；誠然，若于Terra Solar工廠以每瓦特2美元的低價將生產及提供同等容量的PV組件。

本集團主要生產兩種特別薄膜。Terra Solar人員過去十五年內新建工廠已生產七、五兆瓦(百萬瓦特)之非晶矽(a-Si)，並且已於全球轉售。本公司計劃商品化之下一代薄膜為銅、銦、鎵、硒(CIGS)，其效率為a-Si的兩倍，而其製造成本於同一技術當中同價。因此本公司相信它是未來十年光伏市場的主要光伏。

The PV industry has been growing at better than 30% per annum, during the last 3 years at better than 40% per annum. It has primarily been based on crystalline and poly-crystalline silicon which represented about 95% of the industry. There is a world wide shortage of silicon feedstock and this makes the PV industry entirely an availability of product controlled industry. The industry could grow as much as 50% next year. Some forecasts predict that because of the shortage of crystalline and poly-crystalline silicon that the growth will be under 10%. And this gives our group an added great opportunity. In our case, we have the availability and the ability to build thin film PV manufacturing facilities; we have the ability to build capacity. Capacity for a-Si and capacity for CIGS. These modules are not limited, are not affected by the crystalline silicon shortage. As I mentioned earlier, they are of substantially lower costs and this opportunity we cannot miss.

## APPRECIATION

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

Last, but not least, I would like to thank my fellow directors who have offered invaluable advice and leadership over the year.

**Dr Zoltan J. Kiss**  
*Chairman*

Hong Kong, 27 July 2006

光伏市場每年增長超過30%，於過去三年增長超過40%。業界當中以結晶矽及多結晶矽為主，佔95%。全球矽原料出現短缺，令光伏工業完全成為產品控制業的後期之時。今年光伏業有望增長50%。有分析家預料因結晶矽及多結晶矽出現短缺，其增幅將少於10%。這更為本公司提供另一個絕佳良機。就本公司而言，本公司擁有供應能力及能力以建設光伏薄膜製造設施，本公司有能力擴充容量。a-Si容量及CIGS容量。此等設施並無限制，亦不受結晶矽的短缺所影響。如本人之前所述，該等原料成本極低，本公司定不能錯失良機。

## 致謝

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

最後，在過去的一年，各董事在董事會的運作，許多寶貴意見及領導至關的領導，本人亦在此一併致謝。

**Dr Zoltan J. Kiss**

香港，二零零六年七月二十七日

## Management Discussion and Analysis 管理層討論及分析

### BUSINESS REVIEW AND PROSPECTS

During the period under review, the Group, in addition to continue to be principally engaged in two major businesses – strategic investments and capital market activities as well as financing business, has one more business in solar industry. The solar business was our group's new investment which became part of our group in this January.

### STRATEGIC INVESTMENTS AND CAPITAL MARKET ACTIVITIES

Due to the issuance of the new accounting standard, turnover for trading of securities was restated to zero and instead, net effect between the sales proceeds and the cost of the securities sold was shown under the term "Fair value gain on financial assets at fair value through profit of loss/unrealised loss on trading securities at fair value" which was gain of approximately HK\$4,880,000 (2005: loss of approximately HK\$15,447,000). The improvement was due to the improving economic conditions strengthened market confidence which favorably affected the performance of the Group's securities investments.

#### Financing Business

For the period under review, turnover from this business segment accounted for 30.88% of the total turnover of the Group. Demand for finance is growing in tandem with the general expansion of corporate and investment activity and we believe that the Group will benefit from these opportunities. Although we adopt a prudent and conservative financing policy to maintain strict control of risk to protect the interests of our shareholders, we still take a prudent approach to make provision for doubtful debts of approximately HK\$14 million to reflect the risk arising from the policy to the interest rate of China.

### 業務回顧及前景

於回顧期內，本集團除了繼續從事兩項主要業務－策略性投資及資本市場活動，以及融資業務外，還新增了太陽能業務。太陽能業務為本集團之新投資項目，於今年一月成為本集團之一部份。

### 策略性投資及資本市場活動

根據新頒佈之會計準則，證券買賣的營業額重新呈列為零，而銷售證券之銷售所得款項與成本之間之影響淨額則於「按公允價值列入損益賬之金融資產之公允價值收益／按公允價值列入損之交易證券未變現虧損」有關金額為收益約4,880,000港元（二零零五年：虧損約15,447,000港元）。有關改善是由於經濟好轉令市場信心增強，有利於本集團證券投資的表現。

#### 融資業務

於回顧期內，此業務分部之營業額佔本集團總營業額之30.88%。隨著企業及投資活動整體擴展，融資服務之需求亦同時增加，本集團相信本集團將受惠於此等良機。儘管本集團採用審慎及保守之融資政策，保持嚴格之風險監控以保障本集團股東之利益，本集團亦審慎地作出約14,000,000港元之呆賬撥備以反映中國利率政策上產生之風險。

### Solar Business

Despite the acquisition of the Terra Solar group was completed in January 2006, Terra Solar Group has already contributed the group's turnover by approximately HK\$7.7M, representing 62.53% (2005: N/A)

### Placing of New Shares

In March 2006, the Company completed the placement of 256,750,000 new shares to independent investors, at HK\$0.59 per share, raising net proceeds of approximately HK\$139 million which would be used for general working capital and future investments. We were delighted with the overwhelming positive response from independent investors to this placement, which we believe is a reflection of the financial market's confidence in the Group's investment value and growth potential. The placement has not only broadened the Group's shareholder base but also boost the liquidity of our shares.

### Private Placing of Listed Warrants

In June 2005, the Company issued 550,000,000 listed warrants by way of private placing at the issue price of HK\$0.046 per warrant, each conferring the right to subscribe for one new share at the initial exercise price of HK\$0.116 up to an aggregate amount of HK\$63,800,000 at any time during the period from 4 July 2005 to 3 July 2007. The Directors are of the view that the placing of warrant is a good opportunity to strengthen the Group's financial position and enhance its ability to develop and capture business opportunities. The net proceeds of approximately HK\$24.0 million was used for general working capital and investment.

### 太陽能業務

儘管於二零零六年一月完成收購Terra Solar集團，Terra Solar集團已為本集團貢獻營業額約7,700,000港元，佔62.53%（二零零五年：不適用）。

### 配售新股

二零零六年三月，本公司完成向獨立投資者配售256,750,000股新股，每股作價0.59港元。集資所得款項淨額約為139,000,000港元，用作一般營運資金及未來投資之用。本公司喜見此次配股得到獨立投資者的大力支持，充分反映金融市場對本集團的投資價值及增長潛力信心十足。配售事項有利本集團擴大股東基礎並增加股份流通量。

### 私人配售上市認股權證

於二零零五年六月，本公司以私人配售方式發行550,000,000份上市認股權證，每單位認股權證之發行價為0.046港元。賦予權利可於二零零五年七月四日至二零零七年七月三日（包括任何時間）以初步行使價每股0.116港元認購一股新股。合共可認購最多63,800,000港元之股份。董事認為是次配股認股權證為本集團鞏固財務狀況提供良機，並可增強其發展及把握商機的能力。所得款項淨額為24,000,000港元，已用作一般營運資金及投資。

## Management Discussion and Analysis 管理層討論及分析

### Acquisition of Solar Energy Business

In July 2005, the Company entered into a sale and purchase agreement with Multichannel Investments Limited. Pursuant to the agreement, the Company acquired the entire issued share capital of Eaglefly Technology Limited (“Eaglefly”) for a total consideration of approximately HK\$161 million. Upon completion of the acquisition, Eaglefly is a wholly-owned subsidiary of the Company. The Group, through Eaglefly, holds a 51% equity interest in Terra Solar Global Inc. and its subsidiaries (the “Terra Solar Group”) with this investment forming the basis of the Group’s entry into the solar energy business. The Group believes that solar power will bring dynamic, long-term business opportunities, especially against the background of recent oil price rises, growing worldwide energy demand and the apparent decline in fossil-fuels reserves as an affordable and sustainable resource. In addition, the Group believes its investment in the Terra Solar Group will strengthen the Group’s earning potential and recurrent income base and have a positive impact on the Group’s long term profitability.

### Overall

Compared with last year, our results for the year under review reflected an improvement from the business operations because of the financial market in strategic investments and capital market activities are improved as a result of the gradual recovery of the Hong Kong economy in the year of 2005. And our new investment in the solar industry also has turnover contributed to our group even though the acquisition of 51% TerraSolar Global, Inc. (“TerraSolar”), a US based private solar photovoltaic company was completed in January 2006.

In May 2006, the name of our company have completely changed from “REXCAPITAL International Holdings Limited” to “China Solar Energy Holdings Limited”. This is the beginning of a new era in our group, the Photovoltaic era.

### 收購太陽能業務

於二零零五年七月，本公司與 Multichannel Investments Limited 訂立買賣協議。根據協議，本公司以總代價約 161,000,000 港元收購 Eaglefly Technology Limited (「Eaglefly」) 全部已發行股本。收購完成後，Eaglefly 成為本公司之全資附屬公司。本集團亦透過 Eaglefly 持有 Terra Solar Global Inc. 及其附屬公司 (「Terra Solar 集團」) 51% 權益。藉此為本集團進入太陽能業務奠定基礎。鑒於近期油價上漲，全球新能源需求上升，以及化石燃料儲備的價格競爭及資源持續性減弱，本集團相信太陽能將為本集團帶來充滿活力且長遠的高機。再者，本集團深信 Terra Solar 集團的投資可鞏固本集團之盈利潛力及經常性收入基礎，對本集團之長遠盈利能力將帶來正面影響。

### 總結

與去年同期期間的業績相比，本回顧年度的業務營運表現明顯改善，原因是本港經濟於二零零五年逐漸復甦，令金融市場之策略性投資及資本市場活動得以改善。而本集團最新投資之太陽能業務亦為本集團貢獻營業額。儘管收購 Terra Solar Global, Inc. (「Terra Solar」，美國私人太陽能光伏公司) 的 51% 股份於二零零六年一月方完成。

於二零零六年五月，本公司公司名稱由「創泰國際控股有限公司」改稱為「華基光電能源控股有限公司」。開展本集團光伏業務的新紀元。

The PV business has been growing at average rate of over 30% over the past five years. Recently there has been a huge shortage of silicon feedstock which has caused a huge shortage of PV modules. The price of silicon was US\$9./Kilogram in 2000 and now it is well over US100./kilogram.

To meet the surging demand and supply limitations, some players are shifting to the next generation of PV Technology; thin film. Terra Solar and their technical staff have been innovators in the thin film PV industry for more than 30 years. They built and commercialized the first thin film amorphous Silicon production line in 1982.

Our company will leverage on Terra Solar's experience and know-how in the thin film PV technology to become the largest supplier of low cost thin film modules. In the first stage, we expect to have 50 MW production capacity through our OEM business model. Our OEM partner will own and operate the manufacturing facilities and sell the modules to China Solar Energy. This low capex business model gives our Group large production capacity with minimal financial risk.

Our challenge to invest at the right pace and at the right time in the growing markets to diversify our investment, i.e. Terra Solar, has proved successfully. We are certain that the solar-energy-related business will become a new engine to increase our Group's earnings in the future.

In the year ahead, we will focus our efforts in expanding the newly acquired solar-energy-related business while continue to develop our existing core business segments in order to maximize the returns for our shareholders.

過往五年，光伏業務平均增長超過30%。近年，由於原料嚴重短缺，導致光伏模組嚴重短缺。二零零零年，硅的價格為9美元/公斤，及至今日已高至100美元/公斤。

為應付需求急增及供應不足問題，若干競爭者正轉營下一代光伏技術－薄膜。三十年來，Terra Solar及其技術員工為薄膜光伏業界的先鋒。彼等於一九八二年建立第一條薄膜非結晶矽生產線，並將其商品化。

本公司擬藉著Terra Solar於薄膜光伏科技的經驗及技術，成為低成本薄膜模組的最大供應商。第一步，本公司期望透過本公司的OEM業務模式，達到50兆瓦（百萬瓦特）的生產力。本公司的OEM夥伴將擁有及營運製造設施，以及向華基光電國際控股有限公司出售模組。此低資本開支業務模式為本集團提供龐大生產力及低財務風險。

本集團成功以適當的步伐及適當的時間，於新興市場作出投資（即Terra Solar的投資），令本集團的投資日益為多元化。本集團相信太陽能相關業務日後會成為本集團盈利增長的新動力，增加本集團每年的盈利。

展望來年，本集團主要致力於擴展新收購的太陽能相關業務，亦會同時繼續發展現有的核心業務，務求為本公司股東帶來最豐厚的回報。

## Management Discussion and Analysis

### 管理層討論及分析

#### FINANCIAL REVIEW

##### Results

For the year ended 31 March 2006, the Group recorded a turnover of approximately HK\$12,354,000 (2005: HK\$3,769,000), representing a increase of approximately 228%. The increase in turnover was mainly due to the contribution from the solar business though the acquisition of the solar business was completed in the second half of January 2006.

Loss attributable to equity holders of the Company was HK\$95,506,000 (2005: loss of HK\$376,313,000). The basic loss per share was 3.32 cents (2005: 18.05 cents). In current year, the loss was mainly due to i) the written off of the goodwill of approximately HK\$47.9 million against the subsidiary which is engaged in capital market activities; ii) the increase in the personnel expenses of the group of approximately HK\$24 million due to the recognition of the fair value of the share options granted to staff and consultants as a result of the new accounting standard and iii) provision of doubtful debts of approximately HK\$19 million. If these factors were taken out, the loss for the year was approximately HK\$6,400,000 which was when compared with that of last year.

Last year, the loss was mainly due to the provision of doubtful debts in other receivables which resulted in a provision of HK\$350,000,000. If the provision was taken into account, the loss for last year was HK\$26,313,000.

#### 財務回顧

##### 業績

於截至二零零六年三月三十一日止年度，本集團營業額約為12,354,000港元（二零零五年：3,769,000港元），上升約228%。儘管太陽能業務於二零零六年一月才完成收購，營業額上升主要歸因於太陽能業務的貢獻。

本公司權益持有人應佔虧損為95,506,000港元（二零零五年：虧損376,313,000港元）。每股基本虧損為3.32仙（二零零五年：18.05仙）。本年度之虧損是由於i) 就非資本市場活動之附屬公司所作出之商譽撥銷約為47,900,000港元；ii) 確認因應新會計標準而撥平員工及顧問之購股權之公平值，導致本集團的人事開支增加約24,000,000港元及iii) 作出約19,000,000港元呆賬撥備所致。若剔除此等因素，本年度之虧損約為6,400,000港元，較去年的業績更佳。

去年有關虧損主要由於就其他應收賬項之呆賬作出撥備350,000,000港元所致。若將撥備包括在內，去年虧損為26,313,000港元。

In last year, the provision of HK\$350,000,000 represented the non-payment of the consideration from the disposal of the Group's interest in 87.5% of the issued shares in REXCAPITAL Infrastructure Limited ("RIL"). On 29 October 2003, the Group entered into a sale and purchase agreement with Sky China Holdings Limited, an independent third party, for the disposal of a 87.5% interest in RIL. Despite repeated demands made by the Group, Sky China Holdings Limited has failed to make full payment. As a result of default in payment of the purchase consideration, the Group decided to adopt a prudent treatment in respect of doubtful debts and accordingly a provision of HK\$350,000,000 has been made.

#### Liquidity, Financial Resources and Funding

At 31 March 2006, the Group had net current assets of HK\$179,774,000 (2005: HK\$38,042,000). The increase was due to the increase in cash and cash equivalents as a result of the exercise of share options, exercise of warrants during the year and the private placing of shares in March 2006.

At 31 March 2006, the Group had a total of HK\$147,419,000 in cash and cash equivalents (2005: HK\$7,841,000). Most of the cash reserves were placed in Hong Kong dollar short-term deposits with major banks in Hong Kong.

The liquidity ratio of the Group, represented by a ratio between current assets over current liabilities, was 625% (2005: 292%), reflecting adequacy of financial resources.

The indebtedness of the Group as at 31 March 2006 was HK\$3,832,000 (2005 : HK\$16,147,000).

#### Foreign Exchange Exposure

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

去年，撥備為350,000,000港元，相當於出售本集團於REXCAPITAL Infrastructure Limited ("RIL")之87.5%已發行股份權益而未能收取之代價款項。於二零零三年十月二十九日，本集團與獨立第三方Sky China Holdings Limited訂立買賣協議，以出售RIL之87.5%權益。儘管本集團多次要求，Sky China Holdings Limited仍未能全數支付款項。基於未能如期收取購買代價款項，本集團決定對其賬採取審慎措施，因而作出撥備350,000,000港元。

#### 流動資金、財務資源及資金

二零零六年三月三十一日，本集團流動資產淨值為179,774,000港元（二零零五年：38,042,000港元）。有關升幅是由於行使購股權、年內行使認股權證及於二零零六年三月私人配售股份令現金及現金等價物增加所致。

二零零六年三月三十一日，本集團現金及現金等價物共為147,419,000港元（二零零五年：7,841,000港元）。大部分現金儲備以港幣短期存款方式存放於香港主要銀行。

本集團以流動資產除以流動負債計算之流動資金比率為625%（二零零五年：292%），反映財務資源充裕。

本集團於二零零六年三月三十一日之債務為3,832,000港元（二零零五年：16,147,000港元）。

#### 外匯風險

由於本集團用以經商之外匯主要與港幣掛鈎的美元，故本集團面對之外匯風險非常有限。

## Management Discussion and Analysis 管理層討論及分析

### Share Capital Structure

During the year under review, in June 2005, the Company issued up to a maximum of 550,000,000 listed warrants by way of private placing at the issue price of HK\$0.046, each conferring the right to subscribe for one new share at the initial exercise price of HK\$0.116 up to an aggregate amount of HK\$63,800,000 at any time during the period from 4 July 2005 to 3 July 2007. As at 31 March 2006, 4,850,000 warrants have been exercised.

In January 2006, upon the completion of the acquisition of the entire issued share capital of Eaglefly Technology Limited, the company issued 600,000,000 new shares of HK\$0.01 each at price HK\$0.223 as Consideration shares to Multichannel Investments Limited.

In March 2006, a private placing of 256,750,000 new shares of HK\$0.01 each at price HK\$0.59 to independent third parties was completed.

Share options exercised at HK\$0.166 per share during the year resulted in the issue of 18,500,000 ordinary shares of the Company.

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

### Material Acquisition and Disposal of Subsidiaries

On 9 July 2005, the Company entered into the Sale and Purchase Agreement with the Vendor pursuant to which, the Vendor agreed to sell and the Company agreed to acquire (a) the entire issued share capital of Eaglefly; and (b) the Shareholder's Loan and accrued interest, if any, due from Eaglefly to the Vendor calculated up to and including the date of completion of the Sale and Purchase Agreement. Upon completion of the Sale and Purchase Agreement, Eaglefly will become a direct wholly-owned subsidiary of the Company.

### 股本結構

於回顧年內，於二零零五年六月，本公司通過接發行價0.046港元進行私人配售，發行最多550,000,000份上市認股權證，各賦予權利於二零零五年七月四日至二零零七年七月三日期間內任何時間按價0.116港元認購新股，最高認購額合共為63,800,000港元。於二零零六年三月三十一日，4,850,000份認股權證已獲行使。

二零零六年一月，完成收購 Eaglefly Technology Limited 所有已發行股本後，本公司以每股0.223港元之價格向 Multichannel Investments Limited 發行600,000,000股每股面值0.01港元之新股，作為代價股份。

二零零六年三月，本公司完成以每股0.59港元之價格向獨立第三方私人配售256,750,000股每股面值0.01港元之新股。

於本年度內，購股權以每股0.166港元之價格獲行使，致使本公司發行18,500,000股普通股。

除上文所述外，本公司於回顧年內之股本結構並無變動。

### 重大收購及出售附屬公司

於二零零五年七月九日，本公司與賣方訂立買賣協議，據此，賣方同意出售而本公司同意收購(a) Eaglefly全部已發行股本；及(b) Eaglefly 股東對賣方之股東貸款及計至買賣協議完成當日(包括該日)之應計利息(如有)。買賣協議完成後，Eaglefly 將成為本公司之直接全資附屬公司。

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

The acquisition was completed on 19 January 2006.

#### Charges on Group's Assets

As at 31 March 2006, the Group's trading securities with market value of approximately HK\$16,173,000 (2005: HK\$11,018,000) have been pledged to secure from stock brokers loans of HK\$28,802,000 (2005: HK\$2,787,000) granted to its subsidiary.

#### Contingent Liabilities

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

#### Human Resources

As at 31 March 2006, the Group had 32 full-time employees.

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

收購代價為158,174,000港元，其中24,374,000港元(相等於3,145,000美元)以現金支付，其餘133,800,000港元則透過使用本公司股份於收購日之市價釐定之公允價值每股0.223港元發行600,000,000股普通股支付。在計入收購之專業費用3,224,000港元後，總收購成本為161,398,000港元。

收購於二零零六年一月十九日完成。

#### 集團資產抵押

於二零零六年三月三十一日，本集團市值約16,173,000港元(二零零五年：11,018,000港元)之交易證券已作抵押，以擔其附屬公司取得股票經紀貸款28,802,000港元(二零零五年：2,787,000港元)。

#### 或然負債

於一九九九年九月二十一日，本公司之前任董事黃劍山先生於高等法院提出向本公司索償合共5,000,000港元。黃劍山先生宣稱於一九九七年八月代表本公司向第三方支付該筆款項作為按金，惟本公司並未向其償還該款項。董事在考慮有關事宜後，認為由於黃劍山先生自二零零零年六月後並無有關訴訟之行動，故認為在現時毋須就此附註於本中作口撥備。

#### 人力資源

於二零零六年三月三十一日，本集團共有32名全職僱員。

本集團主要按僱員之表現及經驗釐定員工薪酬，除基本薪酬外，本集團亦會按本集團業績及個別員工之表現酌情向僱員發放不定額花紅及期股。

## Biographical Details of Directors and Senior Management

### 董事及高層管理人員履歷

#### CHAIRMAN AND NON-EXECUTIVE DIRECTORS

Dr Zoltan J. Kiss, aged 74, became the Chairman and non-executive director of the group on 24 January 2006. Dr Kiss formed the Terra Solar Group in the 1990s. He has been an innovator in photovoltaics since the 1970s and is responsible for the development of the technology and manufacturing capacity that is used in a majority of the world's thin-film PV production. In 1959 he received a Ph.D. degree in physics, specializing in solid-state physics. In that same year, he also spent a post-doctoral year at Oxford University, Oxford, U.K. as an NRC fellow. Dr. Kiss has over 100 publications and 17 patents in the different technical fields over the past 30 years. According to articles published in the New York Times, Dr. Zoltan Kiss is one of the renowned experts in the solar power industry.

#### EXECUTIVE DIRECTORS

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

Mr CHU Chik Ming Jack, aged 50, was appointed as an executive director on 7 February 2006. He holds a MBA degree in real estate, a Bachelor of Science degree in business management and an associate degree in construction. He is a Certified Commercial Investment Member. He has extensive experience in strategic investment of number of essential business and IT projects focused at creating an e-Commerce infrastructure in China. Prior to that, Mr Chu was a real estate consultant, consulting on project feasibility, site selection as well as property market analysis.

#### 主席兼非執行董事

Dr Zoltan J. Kiss, 74歲，於二零零六年一月二十四日成為本集團的主席兼非執行董事。Dr Kiss於九十年代成立Terra Solar集團，彼自七十年代起一直為光伏發電的先驅者，負責開發全球大部份光伏薄膜生產中採用的技術與產能。一九五九年，彼獲得物理學博士學位，專修固態物理學。同年，彼於英國牛津牛津大學進修博士後課程，擔任客座研究員。Dr. Kiss於過往三十年間在不同的技術專業有逾百本刊物及十多個專利。根據紐約時報刊載文章所述，Dr. Zoltan Kiss是太陽能工業中其中一位最著名的專家。

#### 執行董事

Seligman Pierre先生，41歲，於二零零五年二月十七日加入本集團出任執行董事。於二零零六年獲委任為董事總經理。彼持有法國文學學士學位及英國利茲大學針織學紡織學位。彼擁有逾十五年於本地及海外貿易業務方面出任高級行政人員之經驗。

朱植明先生，50歲，於二零零六年二月七日獲委任為執行董事。彼持有房地產工商管理碩士學位、商業管理理學士學位及建築學副學士學位。彼為職業投資委員，就於多項及專注在中國建設電子商務基礎之主要業務及資訊科技項目之嚴格性投資方面積逾豐富經驗。在此之前，他先生為房地產顧問，就項目可行性、選址及物業市場分析提供顧問意見。

Mr CHAN Wai Kwong Peter, aged 53, was appointed as an executive director on 8 April 2002. He graduated with a bachelor degree in Social Science (Economics) from the University of Western Ontario, Canada in 1978. Mr Chan has over 23 years of experience in marketing and business development. Prior to joining the Group, Mr Chan was a chief operation officer of ChinaInfohighway Hong Kong Limited, a total Internetsolutions provider. Mr Chan is also an executive director of Mobile Telecom Network (Holdings) Limited and an independent non-executive director of China Golden Development Holdings Limited, both are listed companies in Hong Kong.

#### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr CHOW Siu Ngor, aged 51, was appointed as an independent non-executive director on 5 October 1998 and a member of the audit committee of the Company on 29 March 1999. Mr Chow is a practising solicitor in Hong Kong. Mr Chow graduated from the Chinese University of Hong Kong in 1981 with an honours degree in Social Science. He then obtained an honours degree in Laws from the University of Birmingham in 1987. Mr Chow was admitted as a solicitor of the Supreme Court of Hong Kong in 1990 and has been in private practice since then. Currently, Mr Chow is an Assistant Solicitor with Messrs P. C. Woo & Co., Solicitors & Notaries of Hong Kong. Mr Chow also serves as an independent non-executive director of three other listed companies in Hong Kong namely CCT Tech International Limited, China Solar Energy Holdings Limited and eForce Holdings Limited.

Mr YIN Tar Man, aged 46, was appointed as an independent non-executive director and a member of the Company's audit committee on 30 September 2005. He holds a Bachelor of Science degree from University of Toronto in Canada. He is a professional business executive with over 20 years of experience in the information technology industry specializing in the field of project management, risk management and channel management. Currently, Mr Yin is an IT director of an international IT and system technology company based in Shanghai.

陳為光先生，53歲，於二零零二年四月八日獲委任為執行董事。陳先生於一九七九年畢業於加拿大西安大略大學，獲頒社會科學（經濟）學士學位。陳先生於市場推廣及業務發展方面擁有逾23年經驗。陳先生於加入本集團前，曾為一家全國互聯網方案供應商遠東網絡香港有限公司之營運總監。陳先生亦為高聯電訊網絡（控股）有限公司之執行董事及中國金施控股有限公司之獨立非執行董事。以上兩家均為香港上市公司。

#### 獨立非執行董事

鄒小喬先生，51歲，於一九九八年十月五日獲委任為獨立非執行董事。並於一九九九年三月二十九日獲委任為本公司審核委員會成員。鄒先生為香港執業律師。鄒先生於一九八一年在香港中文大學畢業，獲得社會科學榮譽學位。鄒先生其後於一九八七年取得伯明翰大學法律榮譽學位。彼於一九九零年獲錄取為香港高等法院律師。自此他已私人執業。目前，彼為香港律師及公證人胡白全律師事務所之助理律師。鄒先生亦為另外三家香港上市公司即中國科技國際有限公司、華基光資訊源控股有限公司及慧科控股有限公司之獨立非執行董事。

蔣耀文先生，46歲，於二零零五年九月三十日獲委任為本公司獨立非執行董事及審核委員會成員。彼持有加拿大多倫多大學之理科學士學位。彼於資訊科技行業擁有逾二十年的執行級人員經驗。曾擔任項目管理、風險管理以及渠道管理。蔣先生現為一家位於上海的國際資訊科技及系統技術公司之副總裁兼董事。

## Biographical Details of Directors and Senior Management

### 董事及高層管理人員履歷

Mr TAM Kam Biu William, aged 49, was appointed as an independent non-executive director and a member of the Company's audit committee on 24 January 2006. He obtained a Bachelor of Business Administration degree and a Master of Business Administration degree from York University, Toronto, Canada. He is a fellow of Association of Chartered Certified Accountants, United Kingdom and an associate of the Hong Kong Institute of Certified Public Accountants. Mr. Tam is currently a director and chief financial officer of Q9 Technology Holdings Limited, a company listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

### SENIOR MANAGEMENT

Mr CHOU Joseph, aged 53, Chief Technical Officer of the group, holds a bachelor degree of Science in Mechanical Engineering. He has been the president of many organizations and has extensive experience in the area of project searching, project planning, project development and project management. He is also a Vice Chairman of Chinese Inventions Association of Northern America. Mr Chou joined the Group in October 2004.

Mr TSANG Wai Wa, aged 45, Financial Controller as well as Company Secretary of the group, joined the Group in April 2005. Mr Tsang holds a Bachelor degree in Finance and Accounting and a Master degree in Business Administration. He is a fellow member of the Chartered Association of Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. He has over 18 years of experience in auditing, accounting, company secretary and corporate finance experience.

譚錦標先生，49歲，於二零零六年一月二十四日獲委任為獨立非執行董事及本公司審核委員會會員。彼持有加拿大多倫多約克大學工商管理學士學位。彼為英國特許公認會計師公會資深會員以及香港會計師公會會員。譚先生現於香港聯合交易所有限公司創業板上市公司九方科技控股有限公司出任董事及財務總監。

### 高層管理人員

周樹岐先生，53歲，本集團技術總監，持有機械工程理學士學位。彼曾擔任多間機構之主席，在項目研究、計劃、發展及管理方面擁有豐富經驗。彼為北美中國發明協會之副主席。周先生於二零零四年十月加入本集團。

曾偉華先生，45歲，本集團財務總監兼公司秘書，於二零零五年四月加入本集團。曾先生持有財務及會計學士學位，以及工商管理碩士學位。彼為英國公認會計師公會資深會員以及香港會計師公會會員。彼擁有超過十八年審計、會計、公司秘書及企業財務經驗。

**Dr Steve T Chen**, aged 48, Corporate Strategist of the group, graduated from Taipei's National Taiwan University with LL.B degree and earned his Ph.D. degree in Law from the University of London. He is well experienced in the fields of legal affairs, market development, and corporate strategies in Greater China, with previous senior executive appointments including CNT Groups Ltd. (a listed company in Hong Kong), and Taipei's Taiwan Cement Group Ltd. (the largest cement manufacturing company listed in Taiwan). Dr Chen is a respected commentator and writer for national economic and legal affairs. Dr Chen had served as Secretary General for Taiwan Business Association (Hong Kong) Ltd. and Director for the Association of Chinese Traders and he is currently a counselor for Taipei City Government. Dr Chen joined the Group in March 2006.

**Mr SHIU Kwok Keung**, aged 39, Senior Vice President of the group. He holds a Master of Science degree in Finance from National University of Ireland, Dublin, a Master of Professional Accounting degree from Southern Cross University, Australia and a Bachelor of Social Science degree in China Studies (Economics) from Hong Kong Baptist University. He is also a Chartered Financial Analyst Charterholder, and a Certified Practising Accountant of CPA Australia. Mr Shiu joined the Group in January 2006.

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

**陳自傑博士**，48歲，本集團企業策略人，於台灣大學法律學系畢業，並獲英國倫敦大學法律博士，敏於中國法律、市場開發及企業策略方面積逾豐富經驗，亦曾出任北海集團有限公司（香港上市公司）及台灣水泥集團有限公司（於台灣上市之最大水泥製造公司）高級行政職位多年。陳博士為國際知名之經濟時事及法律評論員及作家。陳博士亦曾擔任台灣工商協會（香港）有限公司秘書長、國際華商商務管理學院院務主任及台北市政府顧問。陳博士於二零零六年三月加入本集團。

**蕭國強先生**，39歲，本集團高級副總裁。彼持有愛爾蘭都柏林National University of Ireland之理學（財務）碩士學位、澳洲Southern Cross University之專業會計學碩士學位以及香港浸會大學之社會科學（中國研究（經濟））學士學位。彼為特許財務分析師及澳洲會計師公會執業會計師。蕭先生於二零零六年一月加入本集團。

**Dr Yuan Lee** 56歲，Terra Solar集團行政總裁。於二零零四年末加入Terra Solar出任本集團行政總裁。彼前為摩根士丹利投資銀行董事及執行董事。在此之前Dr Lee為路透社（美國）市場總監，負責處理有關道瓊斯公司分析性財務資料產品之銷售與發展。彼曾於花旗集團任職，負責產品經理、關係管理、市場策略及新產品開發。Dr Lee持有哥倫比亞大學物理學博士學位。

## Biographical Details of Directors and Senior Management

### 董事及高層管理人員履歷

Mr Gregory Kiss, aged 49, Director of TerraSolar Group, is also the Founder and Principal of Kiss + Cathcart, Architects. He earned a Master of Architecture from Columbia University in 1983 and a Bachelor of Arts from Yale University in 1979. His selected architecture and research projects on Building Integrated Photovoltaic includes: New York City Transit Stillwell Avenue Terminal (Brooklyn, NY: 1999-2006), Smithsonian Tropical Research Institute (Bocas del Toro, Panama: 2001- 2003), Heliodomi Photovoltaic Production Facility, Thessalonika (Greece: 2000-2006), IJsselstein Housing (Holland: 1999-2000), 3 Studies for the National Renewable Energy Laboratory (1992-1995), Self sustaining HighRise Buildings: National Science Foundation Grant based on 2020 tower project (2005-2006).

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

Gregory Kiss先生, 49歲, Terra Solar集團董事, 亦為 Kiss + Cathcart, Architects 始創人及主任。彼於一九八三年獲得哥倫比亞大學建築碩士學位, 並於一九七九年獲得耶魯大學文學士學位。他曾參與的供出建築的光電整合建築及研究項目包括紐約市 Transit Stillwell Avenue Terminal (紐約州布魯克林: 1999-2006)、史密生熱帶研究學院(巴拿馬博卡斯·德爾托羅, 2001-2003)、塞薩洛尼基 Heliodomi Photovoltaic Production Facility (希臘: 2000-2006)、IJsselstein Housing (荷蘭: 1999 - 2000)、美國能源部再生能源實驗室進行的項目研究(1992-1995)、美國國家科學基金會撥款二零二零年大廈計劃撥款進行的摩天大廈自供能源項目(2005-2006)。

Henry J. Behnke III先生, 47歲, Terra Solar集團營運總監, 自一九八一年於 Terra Solar 專家團隊中擔任重要角色。彼參與發展、試驗及安裝用於製造非晶矽光伏太陽能電池的設備逾二十五年。曾負責監督位於紐約州杰維斯港、英國威爾斯布里登登及法國朗斯完善的製造設施業務。彼作為 Terra Solar 集團營運總監, 負責管理光伏系統的設置、營運, 以及製造、研究及發展過程運作的設施管理。彼持有 AIChE (美國化學工程學學院), ASAE (農業、食品暨生物系統工程學會), ASTM (美國材料測試學會) 及 ISA (美國儀錶學會) 的專業資格。彼於一九九四年獲得羅格斯大學管理學院行政人員工商管理碩士學位, 於一九八六年獲得專業工程師 NJ Mechanical Engineering #32029, 並於一九八一年獲得羅格斯大學工程學院專業機械工程學學位。

## Corporate Governance Report 企業管治報告

### 1. CORPORATE MANAGEMENT

#### Chairman and Managing director

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

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

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

### 2. BOARD RESPONSIBILITIES

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

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

### 1. 企業管治

#### 主席及董事總經理

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

董事會主席負責領導及有效管理董事會。

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

### 2. 董事會之職責

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

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

## Corporate Governance Report

### 企業管治報告

#### 3. REGULAR BOARD MEETINGS

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

#### 4. BOARD COMMITTEES

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

##### a. Audit Committee

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

#### 3. 定期董事會會議

董事會至少每年召開兩次會議，並有一個正式議程，並據此考慮及作出決定。於有需要時，亦會召開額外會議。就董事會定期會議而言，全體董事將獲發最少十四日通知。而就所有其他董事會會議而言，則會發出合理通知。董事獲諮詢及有機會於董事會會議中於議程上新增商議事項。公司秘書協助主席／董事總經理準備董事會會議之議程，及確保符合有關會議之應用守則及規定。最後決定之議程連同董事會文件會於董事會會議最少三日前提交予董事。

#### 4. 董事會委員會

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

##### a. 審核委員會

審核委員會現包括三位獨立非執行董事，即鄒小舟先生、嚴遠文先生及譚錦禧先生。

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

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

- reviewed the interim results for the period ended 30th September, 2005 and annual results for the ended 31st March, 2006 of the Group
- discussed with the management of the Company over the fairness and adequate accounting standards and policies of the Group in the preparation of the interim and annual financial statements
- reviewed the connected transactions entered into by the Group during the year
- reviewed and discussed with the external auditors over the financial reporting of the company
- reviewed, recommended and approved the retirement and re-appointment of external auditors
- reviewed, recommended and approved the remuneration of external auditors

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

於本年度，審核委員會之工作主要載列如下：

檢討本集團截至二零零五年九月三十日止年度之中期業績及截至二零零六年三月三十一日止年度之年度業績

與本公司管理層就編撰中期及年度財務報告討論本集團會計標準及政策是否完備、公平及充足

檢討本集團於本年度所進行之關連交易

與外聘核數師商閱及討論本公司之財務申報

檢討、建議及批准外聘核數師退任及重新聘任之重選

檢討、建議及批准予外聘核數師之酬金

## Corporate Governance Report

## 企業管治報告

## b. Remuneration Committee

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

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

## c. Nomination Committee

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

During the year, a regular board meeting was held in relation to nomination of the Chairman and Independent Non-executive director of the Company.

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

## b. 薪酬委員會

薪酬委員會於二零零五年十二月二十日由本公司成立。按企業管治常規規程，薪酬委員會現包括三位成員，執行董事朱桂興先生及非執行董事鄒小岳先生及歐達文先生。

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

## c. 提名委員會

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

於本年度內，召開本公司主席及獨立非執行董事有關上述定期董事會會議。

各新委任董事將獲取一個全面、正式及量身訂造其首任新職岗位之就任指南。

## 5. DIRECTORS' AND AUDITORS' ACKNOWLEDGEMENT

All directors acknowledge their responsibility for preparing the accounts for the year ended 31st March, 2006.

Messrs Grant Thornton the auditors of the Company, acknowledge their reporting responsibilities in the auditors' report on the financial statements for the year ended 31st March, 2006.

## 6. AUDITORS' REMUNERATION

The Group's external auditors are Messrs Grant Thornton for the year ended 31st March, 2006, the fees paid/payable for audit service is HK\$680,000.

## 7. DIRECTORS' SECURITIES TRANSACTIONS

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

## 5. 董事及核數師之確認

全體董事承認其有責任為截至二零零六年三月三十一日止年度編製賬目。

本公司之核數師均富會計師行確認其在責任報告於核數師報告內載述二零零六年三月三十一日止年度之財務報章。

## 6. 核數師之酬金

本集團於截至二零零六年三月三十一日止年度之外聘核數師為均富會計師行或其附屬公司/銀行款項為680,000港元。

## 7. 董事之證券交易

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

## Corporate Governance Report 企業管治報告

### 8. INTERNAL CONTROLS

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

### 9. COMMUNICATION WITH SHAREHOLDERS

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

### 8. 內部監控

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

### 9. 與股東之溝通

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

## Directors' Report

### 董事會報告

The directors of the Company (the "Directors") submit herewith their annual report together with the audited financial statements for the year ended 31 March 2006.

#### PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and other particulars of the subsidiaries are set out in note 17 to the financial statements.

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

#### MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, turnover attributable to the Group's five largest customers accounted for 80.3% of the total turnover for the year and turnover attributable to the Group's largest customer accounted for 55.5% of the total turnover for the year.

The aggregate purchases during the year attributable to Group's one major supplier was accounted for the Group's 89.7% of the total purchase for the year. Dr Kiss, the Chairman and non-executive director of the Company and his associates (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had a majority interest (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")) in this major supplier.

#### FINANCIAL STATEMENTS

The loss of the Group for the year ended 31 March 2006 and the state of the Company's and the Group's affairs as at that date are set out in the financial statements on pages 39 to 131.

The Directors do not recommend the payment of any dividends in respect of the year ended 31 March 2006 (2005: Nil).

本公司董事(「董事」)令人謹將截至二零零六年三月三十一日止年度之年報及經審核財務報表呈覽。

#### 主要業務

本公司之主要業務為投資控股。附屬公司之主要業務及其他詳情列載於財務報表附註17。

本集團於本財政年度之主要業務和經營地區分析列載於財務報表附註6。

#### 主要客戶及供應商

於回顧年度，五大客戶佔本集團全年總營業額的80.3%，而當中最大客戶佔本集團全年總營業額55.5%。

年內，本集團之一名主要供應商應佔之總採購額佔本集團本年度總採購額之89.7%。本公司主席及非執行董事Dr Kiss及其關連人士(彼就董事所知持有本公司已發行股本5%以上)應佔有該主要供應商主要權益(定義見香港聯合交易所證券上市規則(「上市規則」))。

#### 財務報表

本集團截至二零零六年三月三十一日止年度之虧損及本公司與本集團於該日之財務狀況列載於第39至131頁之財務報表內。

董事不建議派發截至二零零六年三月三十一日止年度之股息(二零零五年：零港元)。

## Directors' Report

### 董事會報告

#### PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment during the year are set out in note 15 to the financial statements.

#### SHARE CAPITAL

Details of the movements in share capital of the Company during the year are set out in note 28 to the financial statements.

#### ACCUMULATED LOSSES AND RESERVES

Details of movements in accumulated losses and reserves of the Company and the Group during the year are set out in note 30 and consolidated statement of changes in equity to the financial statements respectively.

#### DIRECTORS

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

##### Chairman and non-executives director

Dr Zoltan J. Kiss

(appointed on 24 January 2006)

##### Executive Directors

Seligman Pierre

Chu Chik Ming Jack

Chan Wai Kwong Peter

Chan How Chung Victor (resigned on 24 January 2006)

Lee Hwei Lin (resigned on 8 June 2006)

##### Independent Non-executive Directors

Chow Siu Ngor

Yin Tat Man

Tam Kam Biu William (appointed on 24 January 2006)

Chan Pei Cheong Andy (resigned on 27 October 2005)

In accordance with bye-law 88 of the Company's bye-laws, Mr Chow Siu Ngor and Mr Chan Wai Kwong Peter retires and, being eligible, offers himself for re-election at the forthcoming annual general meeting.

#### 物業、廠房及設備

年內物業、廠房及設備之變動詳情列載於財務報表附註15。

#### 股本

年內本公司股本變動詳情列載於財務報表附註28。

#### 累計虧損及儲備

年內本公司及本集團之累計虧損及儲備變動詳情分別列載於財務報表附註30及綜合賬權變動表。

#### 董事

本財政年度內及截至本報告日期，本公司董事如下：

##### 主席兼非執行董事

Dr Zoltan J. Kiss

(於二零零六年一月二十四日獲委任)

##### 執行董事

Seligman Pierre

朱軒明

陳偉強

陳春明(於二零零六年一月二十四日辭任)

李慧琳(於二零零六年六月八日辭任)

##### 獨立非執行董事

鄭小岳

嚴遠文

譚錦樑(於二零零六年一月二十四日獲委任)

陳此丹(於二零零五年十月二十七日辭任)

根據本公司之公司細則第88條，鄭小岳先生及陳春明先生報告後，惟余尚格非願意在即將召開之股東週年大會上膺選連任。

In accordance with bye-law 86(2) of the Company's bye-laws, Dr Zoltan J. Kiss and Mr Tam Kam Biu William retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

#### DIRECTORS' SERVICE CONTRACTS

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

#### DIRECTORS' INTERESTS IN CONTRACTS

Details of the Dr Kiss's interests and Mr Chan How Chung Victor's interest in contracts are set out in note 36 to the financial statements.

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

根據公司細則第86(2)條，Dr Zoltan J. Kiss及譚錦標先生依章告退，惟合資格並願在即將召開之股東週年大會上膺選連任。

#### 董事的服務合約

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

#### 董事所佔合約權益

Dr Kiss及陳孝聯先生所佔合約權益之詳情載於財務報表附註36。

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

## Directors' Report

## 董事會報告

DIRECTORS' AND CHIEF EXECUTIVES'  
INTERESTS IN SECURITIES

As at 31 March 2006, the interests or short positions of the Directors and chief executives and their associates in the shares of the Company as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO") or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") were as follows:

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

## 董事及主要行政人員之證券權益

於二零零六年三月三十一日，董事及本公司主要行政人員及彼等之聯繫人士於本公司之股份中既有限制證券及期貨條例（證券及期貨條例）第352條須記錄在本公司存置之名冊上之權益及淡倉，或根據上市公司董事進行證券交易的標準守則（標準守則）須知會本公司及香港聯合交易所有限公司（聯交所）之權益或淡倉如下：

## 於本公司每股面值0.01港元普通股（「股份」）之好倉

Name of Director 董事姓名	Number of Shares 股份數目	Type of interest 權益類別	Percentage of issued share capital 佔已發行股本百分比
Dr Zoltan J. Kiss ("Dr Kiss") Dr Zoltan J. Kiss (「Dr Kiss」)	600,000,000 (Note a) (附註a)	Interest in controlled corporations 受控制公司權益	16.52%
Seligman Pierre ("Mr Seligman") Seligman Pierre (「Seligman先生」)	24,700,000 (Note b) (附註b)	Beneficial 實益	0.68%
Chu Chik Ming Jack ("Mr Chu") 朱和明(「朱先生」)	1,000,000 (Note c) (附註c)	Beneficial 實益	0.03%
Chan Wai Kwong Peter ("Mr Chan") 陳為光(「陳先生」)	600,000 (Note d) (附註d)	Beneficial 實益	0.02%
Lee Hwei Lin ("Ms Lee") 李慧玲(「李小姐」)	2,700,000 (Note e) (附註e)	Beneficial 實益	0.07%

## Notes:

a. Of the 600,000,000 Shares are indirectly held by Dr Kiss through a wholly owned subsidiary of Flytech Holdings Limited, namely, Multichannel Investments Limited. The entire share capital of Flytech Holdings Limited is wholly owned by Dr Kiss.

a. 由Dr Kiss間接持有之600,000,000股份由Flytech Holdings Limited全資擁有之附屬公司，即Multichannel Investments Limited持有。Flytech Holdings Limited所有股本由Dr Kiss全資擁有。

- b. Mr Seligman is beneficially interested in 24,700,000 options granted by the Company.
- c. Mr Chu is beneficially interested in 1,000,000 options granted by the Company.
- d. Mr Chan is beneficially interested in 500,000 options granted by the Company and 100,000 shares of the Company.
- e. Ms Lee is beneficially interested in 2,700,000 shares of the Company.

Save as disclosed above, as at 31 March 2006, none of the Directors or chief executives, nor their associates, had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## SHARE OPTIONS

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

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

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

- b. Seligman 先生實益擁有本公司授出之 24,700,000 份購股權。
- c. 朱先生實益擁有本公司授出之 1,000,000 份購股權。
- d. 陳先生實益擁有本公司授出之 500,000 份購股權及本公司 100,000 股股份。
- e. 李小姐實益擁有本公司 2,700,000 股股份。

除上文所披露者外，於二零零六年三月三十一日，各董事或主要行政人員或彼等之聯繫人士概無於本公司或其任何相關法團（定義見證券及期貨條例第 XV 部）之股份、相關股份或債權證中擁有任何權益或證券及期貨條例第 352 條須記錄在名冊上之權益或淡倉，或根據標準守則須知會本公司及證交所之權益或淡倉。

## 購股權

以下為本公司於二零零二年七月二十九日採納之購股權計劃（該計劃）之主要條款概要：

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

根據該計劃，董事會可向該計劃所界定之合資格參與者授出購股權，以認購由上市所釐定數目之股份。授出之購股權須自授出日期起計 30 日內接受。於購股權被接受時，承授人須向本公司支付 1 港元作為認購股權之代價。

## Directors' Report 董事會報告

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

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

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

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

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

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

於截至授出購股權日期之前任何12個月內，因行使所有根據該計劃及本公司任何其他購股權計劃授出之購股權(包括已行使及未行使之購股權)而可發行及可發行之股份總數不得超過授出購股權當日之已發行股份之1%。倘因主要股東或獨立非執行董事或彼等各自之聯繫人士(定義見上市規則)授出超過本公司於授出日期之已發行股本之0.1%或價值超過5,000,000港元之購股權，則須先經本公司股東批准。

購股權之行使期將由董事會全權決定，惟行使購股權之期限不得超過10年，惟不可行使購股權。本公司並無規定行使前必須持有購股權之任何期限。該計劃將於二零一二年七月二十九日屆滿。

The total number of Shares available for issue under the Scheme was 311,817,006 Shares (representing 8.3% of the Shares in issue as at the date of this report).

根據該計劃可予發行之股份總數為 311,817,006 股（佔於本報告日期之已發行股份 8.3%）。

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

於本年內就該計劃所授出之股份期權之變動如下：

Name/Category of participant 姓名/參與人類別	At 1 April 2005 於二零零五年四月一日	Granted during the year 年內授出	Exercised during the year 年內行使	Lapsed during the year 年內失效	At 31 March 2006 於二零零六年三月三十一日	Date of offer to grant options 授出日期	Exercise price per share 每股行使價 (HK\$) (港幣)	Exercisable period 可行使期間
Directors 董事								
Seligman Pierre	23,100,000	-	-	-	23,100,000	23/11/2004	0.088	20/12/2004 - 13/12/2014
	-	1,600,000	-	-	1,600,000	22/6/2005	0.166	27/6/2005 - 26/6/2015
						(note a, b) (附註a, b)		
Chu Chik Ming Jack 朱石明	-	1,000,000	-	-	1,000,000	22/6/2005	0.166	27/6/2005 - 26/6/2015
						(note a, b) (附註a, b)		
Chan Wai Kwong Peter 陳偉光	-	1,000,000	(500,000)	-	500,000	22/6/2005	0.166	27/6/2005 - 26/6/2015
			(note c) (附註c)			(note a, b) (附註a, b)		
Lee Haei Lin 李惠文	-	2,700,000	(2,700,000)	-	-	22/6/2005	0.166	27/6/2005 - 26/6/2015
			(note c) (附註c)			(note a, b) (附註a, b)		
Other eligible participants	16,117,000 62,310,000	- 89,700,000	- 17,600,000	- (note c) (附註c)	16,117,000 62,300,000	22/11/2003 23/11/2004	0.160 0.088	2/12/2004 - 1/12/2014 20/12/2004 - 13/12/2014
						22/6/2006	0.166	27/6/2005 - 26/6/2015
Other eligible participants	-	179,200,000	(17,900,000)	-	171,500,000	22/6/2006	0.166	20/7/2005 - 19/7/2015
			(note c) (附註c)			(note a, b) (附註a, b)		
	101,517,000	273,200,000	(18,500,000)	-	358,217,000			

Notes:

- (a) The average of the closing prices of the Shares for the five business days immediately preceding the date of grant was HK\$0.1654.
- (b) The closing price of the Share on 20 June 2005, being the date immediately before the date of grant such options, was HK\$0.162.
- (c) The weighted average closing price of the Share immediately before the dates on which the options were exercised was HK\$0.54.

- (a) 股份收市價按授出日期前五個營業日之平均收市價為 0.1654 港幣。
- (b) 股份於二零零五年六月二十日（即授出有關期權之日期前之日）之收市價為 0.162 港幣。
- (c) 在行使期權授出日期之前若干日期之加權平均收市價為 0.54 港幣。

## Directors' Report

### 董事會報告

#### ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

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

#### DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

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

Mr Chan How Chung, Victor, past executive director as well as the ex-chairman of the Company, is a director of the above companies. Miss Lee Huei Lin is a director of these companies. The terms and conditions of the financing loans of each of RFL, RPI and TKR are market driven and agreed at arm's length between the borrowers and the financiers. When making decisions on the above competing businesses, the relevant Directors, in the performance of their duties as directors of the Company, have acted and will continue to act in the best commercial interest of the Group.

#### 購買股份或債券之安排

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

#### 董事於競爭性業務中之權益

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

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

陳孝賜先生為本公司之前任執行董事及前任主席，亦為上述公司之董事。李慧玲小姐為上述公司之董事。御泰信貸、御泰財務及鼎康御泰財務各自之財務貸款之條款及條件均由粵海同業市場雙方經公平磋商協定。於制訂上述競爭業務之決策時，有關董事（於履行其等作為本公司董事之職責時）經已並將繼續採取符合本集團最佳商業利益之行動。

## SUBSTANTIAL SHAREHOLDERS

As at 31 March 2006, the interests or short positions of the following parties in the shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

## Long Position in the Shares

Name of shareholder 股東名稱	Number of Shares 股份數目	Type of interest 權益類別	Percentage of issued share capital 佔已發行股本百分比
Multichannel Investments Limited	600,000,000	Beneficial owner (Note a) 實益擁有人 (附註a)	16.52%
Team Equity Investments Limited	304,393,973	Beneficial owner (Note b) 實益擁有人 (附註b)	8.38%
Mirea Asset Global Investment Management Limited	185,400,000	Beneficial owner 實益擁有人	5.10%
Bookmark Technology Limited	182,000,000	Beneficial owner (note c) 實益擁有人 (附註c)	5.01%

## Notes:

- a) Multichannel Investments Limited is wholly owned by Flytech Holdings Limited which was wholly owned by Dr. Zoltan J. Kiss who was taken to be interested as disclosed in the paragraph headed "Directors' and Chief Executives' Interests in Securities" above.
- b) Team Equity Investments Limited is wholly-owned by Mr. Liang Jian Jun.
- c) Bookmark Technology Limited is wholly owned by Ms Nina Kung.

## 主要股東

於二零零六年三月三十一日，按本公司根據證券及期貨條例第336條須存置之登記冊所載，下列各方於本公司股份中擁有之權益或淡倉如下：

## 於股份之好倉

Name of shareholder 股東名稱	Number of Shares 股份數目	Type of interest 權益類別	Percentage of issued share capital 佔已發行股本百分比
Multichannel Investments Limited	600,000,000	Beneficial owner (Note a) 實益擁有人 (附註a)	16.52%
Team Equity Investments Limited	304,393,973	Beneficial owner (Note b) 實益擁有人 (附註b)	8.38%
Mirea Asset Global Investment Management Limited	185,400,000	Beneficial owner 實益擁有人	5.10%
Bookmark Technology Limited	182,000,000	Beneficial owner (note c) 實益擁有人 (附註c)	5.01%

## 附註:

- a) Multichannel Investments Limited 由 Flytech Holdings Limited 全資擁有，而 Flytech Holdings Limited 則由 Dr. Zoltan J. Kiss 全資擁有。
- b) Team Equity Investments Limited 為梁健君先生全資擁有。
- c) Bookmark Technology Limited 為龔麗英女士全資擁有。

## Directors' Report

### 董事會報告

Save as disclosed above, the register required to be kept under section 336 of the SFO shows that as at 31 March 2006, the Company had not been notified of any other person who had an interest or short position in the shares and underlying shares of the Company.

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

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

### CONNECTED TRANSACTIONS

Particulars of connected transactions of the Company and the Group during the year ended 31 March 2006 are set out in note 36 to the financial statements. Other than as disclosed therein, there was no other connected transaction of the Company and the Group during the year ended 31 March 2006.

### BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Company and the Group as at 31 March 2006 are set out on note 27 the financial statements.

### FIVE YEAR FINANCIAL SUMMARY

A summary of the consolidated results and of the assets and liabilities of the Group for the last five financial years is set out on page 132.

除上文所披露者外，根據證券及期貨條例第336條置存之登記冊所顯示，於二零零六年三月三十一日，本公司並無獲知任何其他人士於本公司股份或相關股份中擁有權益或淡倉。

### 購買、出售或贖回本公司之上市證券

於回顧年度內，本公司及其附屬公司概無購買、出售或贖回任何本公司之上市證券。

### 關連交易

本公司及本集團於截至二零零六年三月三十一日止年度之關連交易詳情列載於財務報表附註36。除上述所披露者外，於截至二零零六年三月三十一日止年度，本公司及本集團概無其他關連交易。

### 銀行貸款及其他借款

本公司及本集團於二零零六年三月三十一日之銀行貸款及其他借款詳情列載於財務報表附註27。

### 五年財務概要

本集團於過去五個財政年度之綜合業績及資產負債情況列載於本報第132頁。

## PRE-EMPTIVE RIGHTS

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

## CODE OF BEST PRACTICE

None of the Directors is aware of any information which would reasonably indicate that the Company is not, or was not, throughout the year ended 31 March 2006, in compliance with the Code of Best Practice as previously set out in Appendix 14 to the Listing Rules which remains applicable to disclosure in annual reports in respect of accounting periods, the three independent non-executive Directors are not appointed for a specific term, but are subject to retirement by rotation at the Company's annual general meeting as specified in the bye-laws of the Company.

## AUDIT COMMITTEE

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

## 優先認購權

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

## 最佳應用守則

董事概不知悉任何資料，可合理顯示本公司於截至二零零六年三月三十一日止年度內並未或曾經未有遵守之前或於上市規則附錄十四之最佳應用守則（仍然適用於有關會計期間之年報之披露），由三名獨立非執行董事並無固定任期，但須根據本公司細則在本公司之股東週年大會上輪值告退。

## 審核委員會

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

## Directors' Report

### 董事會報告

#### AUDITORS

KPMG resigned as auditors of the Company on 11 November 2003. Grant Thornton were appointed subsequently on 14 January 2004. Grant Thornton retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Grant Thornton is to be proposed at the forthcoming annual general meeting.

By order of the Board

Seligman Pierre  
Managing Director

Hong Kong, 27 July 2006

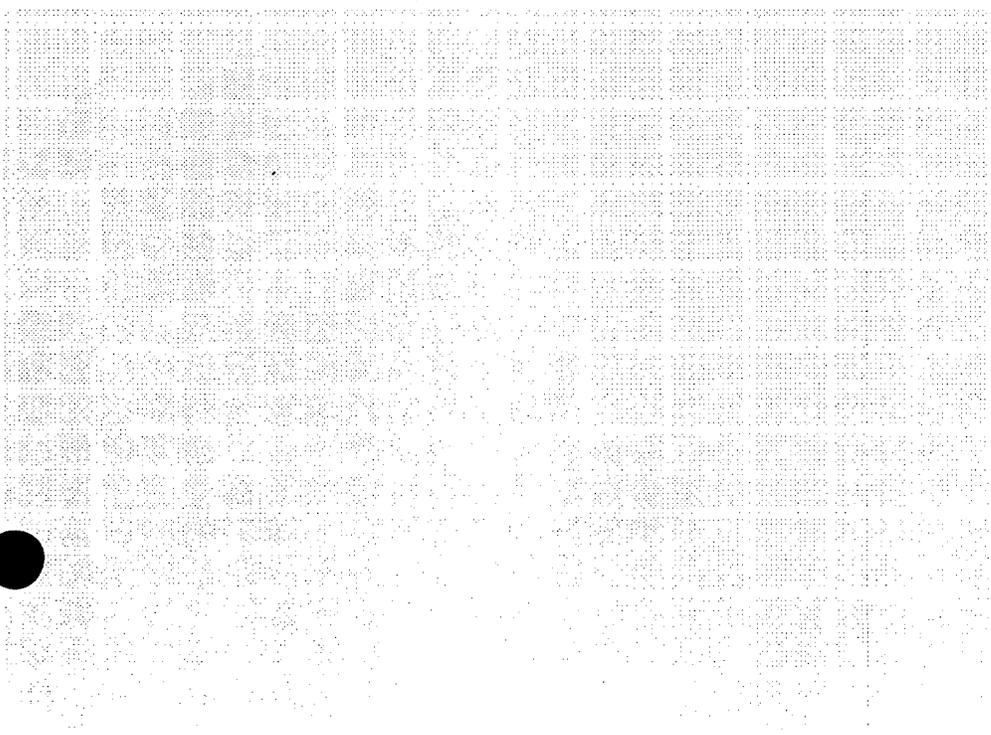
#### 核數師

畢思成會計師事務所於二零零三年十一月十一日辭去核數師一職。均富會計師行已於二零零四年一月十四日被委任為均富會計師行即將告退。惟符合資格並願意連任。在即將召開之股東週年大會上將提早決議案續聘均富會計師行為本公司核數師。

承董事會命

董事總經理  
Seligman Pierre

香港，二零零六年七月二十七日



## Auditors' Report

### 核數師報告

To the members of China Solar Energy Holdings Limited  
(Formerly known as REXCAPITAL International Holdings Limited)  
(incorporated in Bermuda with limited liability)

We have audited the financial statements on pages 39 to 131 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

#### Respective responsibilities of directors and auditors

The Company's directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

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

#### Basis of opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's and the Group's circumstances, consistently applied and adequately disclosed.

致華英光電能源控股有限公司各股東  
(前稱謝泰國際控股有限公司)  
(於百慕達註冊成立之有限公司)

本會計師行(以下簡稱「我們」)已審核刊於第39至131頁按照香港公認會計原則編製的財務報表。

#### 董事及核數師各自之責任

貴公司董事須負責編製真實和公允之財務報表。在編製真實和公允之財務報表時，董事必須貫徹採用合適之會計政策，並且貫徹應用該等會計政策。

我們的責任是根據我們審核財務報表之結果對該等財務報表作出獨立意見，並按照百慕達公司法第九十條，僅向整體股東作出報告。除此之外，我們的報告不可用作其他用途，我們概不就本報告書之內容，對任何其他人士承擔責任。

#### 意見之基礎

我們已按照香港會計師公會頒布之香港核數準則進行審核工作。審核範圍包括以抽樣方式查核財務報表所載數目及披露事項有關之憑證，亦包括評估董事於編製財務報表時所作之重大估計和判斷。所釐定之會計政策是否適合貴公司及一聯集團之具體情況，以及有關貫徹應用是否均披露此等會計政策。

## Auditors' Report

### 核數師報告

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

### Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2006 and of the Group's loss and cash flows for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Grant Thornton  
Certified Public Accountants  
Hong Kong, 27 July 2006

我們在策劃和進行審核工作時，是以取得一切我們認為必須之資料及解釋為目標，使我們能獲得充分之憑證，就財務報表是否有存在重大之錯誤陳述，作合理之確定。發表意見時，我們已評估財務報表中呈列之資料之整體呈報性。我們相信我們的審計已為我們的意見提供合理之基礎。

### 意見

我們認為財務報表真實及公允地反映貴公司與貴集團於二零零六年三月三十一日之財務狀況及貴集團截至該日止年度之虧損及現金流量，並已按照香港公司條例之披露規定妥善編製。

均富會計師行  
均富會計師  
香港，二零零六年七月二十七日

for the year ended 31 March 2006. 截至二零零六年三月三十一日止年度

		Notes	2006 HK\$'000	Restated 2005 HK\$'000
		附註	二零零六年 千港元	二零零五年 千港元
Revenue	收入	5	12,354	3,769
Other income	其他收入	7	2,704	1,678
Costs of long-term service contracts	長期服務合約成本		(6,479)	-
Staff costs	員工成本		(13,186)	(6,130)
Consultancy expenses	顧問開支		(22,106)	-
Amortisation of goodwill	商譽攤銷		-	(2,712)
Impairment of goodwill	商譽減值	16	(47,890)	-
Depreciation of property, plant and equipment	物業、廠房及設備折舊		(122)	(1)
Fair value gain on financial assets at fair value through profit or loss/	以公允價值列入權益賬之金融資產在公允價值損益			
Unrealised loss on trading securities at fair value	收益—按公允價值列賬之交易證券未實現虧損		4,880	(15,447)
Provision for impairment of receivables arising from	撥收賬項減值			
- disposal of subsidiaries	出售附屬公司		-	(350,000)
- others	其他	22(i)&(ii)	(19,107)	(1,476)
Other operating expenses	其他經營開支		(7,835)	(4,570)
Loss from operations	經營虧損	8	(96,787)	(374,889)
Finance costs	融資成本	9	(536)	(908)
Non-operating income	非經營收入		-	1
Loss before income tax	除所得稅前虧損		(97,323)	(375,796)
Income tax expense	所得稅開支	10	(118)	(517)
Loss for the year	年內虧損		(97,441)	(376,313)
Attributable to:	應歸如下:			
Equity holders of the Company	本公司權益持有人	11	(95,506)	(376,313)
Minority interests	少數股東權益		(1,935)	-
			(97,441)	(376,313)
Loss per share for loss attributable to equity holders of the Company for the year	年內本公司權益持有人應佔每股虧損		HK cents 港幣	HK cents 港幣
Basic	基本	13(a)	(3.32)	(18.05)
Diluted	攤薄	13(b)	N/A 不適用	N/A 不適用

as at 31 March 2006

		Notes	2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元
<b>Non-current assets</b>	<b>非流動資產</b>			
Property, plant and equipment	物業、廠房及設備	15	12,106	3
Goodwill	商譽	16	140,575	47,890
Available-for-sales financial assets	可供出售之金融資產	20	-	-
Investments in securities	證券投資	20	-	-
			152,681	47,893
<b>Current assets</b>	<b>流動資產</b>			
Inventories	存貨	18	519	-
Unbilled revenue from long-term service contracts	長期服務合約 未開單收入	19	6,858	-
Financial assets at fair value through profit or loss	以公允價值計入損益類 之金融資產	21	16,173	-
Trading securities	交易證券	21	-	13,388
Trade and other receivables	應收賬款及其他應收款項	22	22,770	35,954
Amount due from a shareholder	應收一位股東款項	23	15,720	-
Amount due from a minority shareholder	應收一位少數股東 款項	23	3,908	-
Tax recoverable	可收回稅項		674	674
Cash and cash equivalents	現金及現金等價物	25	147,419	7,841
			214,041	57,857
<b>Current liabilities</b>	<b>流動負債</b>			
Trade and other payables	應付賬款及其他應付款項	26	29,800	3,151
Amount due to a related company	應付一間關連公司款項	23	-	9,395
Provision for taxation	稅項撥備		635	517
Borrowings	借貸	27	3,832	6,752
			34,267	19,815
<b>Net current assets</b>	<b>流動資產淨值</b>		179,774	38,042
<b>Total assets less current liabilities/ Net assets</b>	<b>資產總值減流動負債/ 資產淨值</b>		332,455	85,935
<b>Equity</b>	<b>權益</b>			
Share capital	股本	28	36,326	27,525
Reserves	儲備		281,408	58,410
Equity attributable to equity holders of the Company	本公司權益持有人 應佔權益		317,734	85,935
Minority interests	少數股東權益		14,721	-
<b>Total equity</b>	<b>總權益</b>		332,455	85,935

Seligman Pierre  
Director

盧錫

Chu Chik Ming Jack

朱植明

Director

盧卓

as at 31 March 2006

		Notes	2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元
<b>Non-current assets</b>	<b>非流動資產</b>			
Property, plant and equipment	物業、廠房及設備	15	45	-
Investments in subsidiaries	於附屬公司投資	17	157,910	1
			157,955	1
<b>Current assets</b>	<b>流動資產</b>			
Deposits, prepayments and other receivables	訂金、預付款項及其他應收款項	22	48	4,701
Amounts due from subsidiaries	應收附屬公司款項	24	128,593	119,697
Amount due from a related company	應收一間關連公司款項	23	541	-
Cash and cash equivalents	現金及現金等價物	25	145,831	7,741
			275,013	132,139
<b>Current liabilities</b>	<b>流動負債</b>			
Other payables and accrued charges	其他應付款項及應計費用	26	24,926	2,851
Amount due to a related company	應付一間關連公司款項		-	9,395
Amounts due to subsidiaries	應付附屬公司款項	24	22,740	26,059
			47,666	38,305
<b>Net current assets</b>	<b>流動資產淨值</b>		227,347	93,834
<b>Total assets less current liabilities/ Net assets</b>	<b>總資產減流動負債 資產淨值</b>		385,302	93,835
<b>Equity</b>	<b>權益</b>			
Share capital	股本	28	36,326	27,525
Reserves	儲備	30	348,976	66,310
<b>Total equity</b>	<b>總權益</b>		385,302	93,835

Seligman Pierre  
Director  
主席

Chu Chik Ming Jack  
朱耀明  
Director  
副主席

for the year ended 31 March 2006

Attributable to equity holders of the Company  
本公司應佔權益持有人賬項

		Share capital	Share premium	Share reserve	Contributed surplus	Warrant reserves	Accumulated losses	Total	Minority interests	Total
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
		港元	美元	美元	美元	美元	美元	美元	美元	美元
		人民幣千元	美元	美元	美元	美元	美元	美元	美元	美元
At 1 April 2004	於 2004 年 4 月 1 日	37,634	4,126,121	-	536,248	-	627,184	42,135	-	4,169,188
Loss for the year	年度虧損	-	-	-	-	-	(176,111)	(176,111)	-	(176,111)
Dividends for the year	年度股息	-	-	-	-	-	-	-	-	-
Shares issued to placement	發行新股	1,400	152,100	-	-	-	-	153,500	-	153,500
Expenses for placement of shares	發行新股的開支	-	1,464	-	-	-	-	1,464	-	1,464
Share issue net of costs of convertible notes	可轉換債券發行淨額	4,158	4,874	-	-	-	-	9,032	-	9,032
Transfer of share options	行使購股權	833	2,971	-	-	-	-	3,804	-	3,804
At 31 March 2005 (and 1 April 2005)	於 2005 年 3 月 31 日 (及 2005 年 4 月 1 日)	44,025	4,958,469	-	536,248	-	451,073	55,502	-	5,991,715
Total comprehensive income and expenses for the year	年度綜合收益及開支	-	-	-	-	-	(176,111)	(176,111)	(1,815)	(177,926)
Share based compensation expense	以股份為基礎的補償開支	-	-	2,876	-	-	-	2,876	-	2,876
Acquisition of subsidiary	收購附屬公司	-	-	-	-	-	-	-	15,510	15,510
Share issue net of costs of convertible notes	可轉換債券發行淨額	2,385	145,713	-	-	-	-	148,098	-	150,483
Share issue net of costs of convertible notes	可轉換債券發行淨額	-	19,759	-	-	-	-	19,759	-	19,759
Share issue net of costs of convertible notes	可轉換債券發行淨額	6,000	137,900	-	-	-	-	143,900	-	149,900
Transfer of share options	行使購股權	133	4,103	11,010	-	-	-	15,246	-	15,246
Issue of warrants under convertible notes	發行可轉換債券下的認股權證	-	-	-	-	23,351	-	23,351	-	23,351
Transfer of warrants under convertible notes	行使可轉換債券下的認股權證	45	736	-	-	-	-	781	-	781
At 31 March 2006	於 2006 年 3 月 31 日	50,528	5,382,424	22,886	536,248	23,351	277,962	617,975	14,711	6,323,445

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

\*\* 此等賬項之總和代表綜合資產負債表之儲備。

for the year ended 31 March 2006 截至二零零六年三月三十一日止年度

		2006 HK\$'000	Restated 2005 HK\$'000
		二零零六年 千港元	經重列 二零零五年 千港元
<b>Cash flows from operating activities</b>	<b>經營活動所得現金流</b>		
Loss before income tax	除所得稅前虧損	(97,323)	(375,796)
Adjustments for:	調整:		
Interest expenses	利息開支	536	908
Interest income	利息收入	(60)	(1)
Depreciation of property, plant and equipment	物業、廠房及設備折舊	122	1
Loss on disposal of property, plant and equipment	出售物業、廠房及設備之虧損	66	-
Amortisation of goodwill	商譽攤銷	-	2,712
Impairment of goodwill	商譽減值	47,890	-
Share-based compensation	以股份支付薪酬	24,186	-
Provision for impairment of trade and other receivables	撥收賬款及其他應收賬款	19,107	351,476
Fair value gain on financial assets at fair value through profit or loss/Unrealised loss on trading securities at fair value	以公允價值列入損益賬之金融資產之公允價值收益/按公允價值列賬之交易證券未實現虧損	(4,880)	15,447
<b>Operating loss before working capital changes</b>	<b>營運資金變動前</b>	<b>(10,356)</b>	<b>(5,253)</b>
Increase in unbilled revenue from long-term service contracts	長期服務合約未開單收入增加	(2,014)	-
Decrease in financial assets at fair value through profit or loss/trading securities	以公允價值列入損益賬之金融資產/交易證券減少	2,095	10,763
(Increase)/Decrease in trade and other receivables	撥收賬款及其他應收賬款(增加)/減少	(10,283)	3,183
Decrease in amount due from a shareholder	應收一名股東款項減少	8,371	-
Increase in amount due from a minority shareholder	應收一名少數股東款項增加	(960)	-
Increase/(Decrease) in trade and other payables	應付賬款及其他應付款項(增加)/(減少)	18,742	(4,201)
Decrease in amount due to a related company	應付一間關聯公司款項減少	(9,395)	-
<b>Cash (used in)/generated from operations</b>	<b>經營(所用)/產生現金</b>	<b>(3,800)</b>	<b>4,492</b>
Interest received	已收利息	60	1
<b>Net cash (used in)/generated from operating activities</b>	<b>經營活動(所用)/產生之現金淨額</b>	<b>(3,740)</b>	<b>4,493</b>

for the year ended 31 March 2006

		Notes	2006 HK\$'000	Restated 2005 HK\$'000
			二零零六年 千港元	二零零五年 千港元
<b>Cash flows from investing activities</b>	<b>投資活動所得現金流量</b>			
Acquisition of subsidiaries	收購附屬公司	32	(27,025)	-
Payments to acquire property, plant and equipment	購入物業、廠房及 設備付款		(1,807)	-
<b>Net cash used in investing activities</b>	<b>投資活動所得之現金淨額</b>		<b>(28,832)</b>	<b>-</b>
<b>Cash flows from financing activities</b>	<b>融資活動所得現金流量</b>			
Interest paid	已付利息		(536)	(507)
Proceeds from borrowings	借貸所得款項		-	6,568
Repayments of borrowings	償還借貸		(2,920)	(9,955)
Repayment of convertible notes	償還可換股票據		-	(10,940)
Proceeds from issue of shares, net of expense	發行股份所得款項 (扣除開支後)		147,991	13,136
Proceeds from issue of warrants	發行認股權證所得款項		23,981	-
Proceeds from exercise of warrants	行使認股權證所得款項		563	-
Proceeds from exercise of share options	行使購股權所得款項		3,071	3,829
<b>Net cash generated from financing activities</b>	<b>融資活動所得之現金淨額</b>		<b>172,150</b>	<b>2,131</b>
<b>Net increase in cash and cash equivalents</b>	<b>現金及現金等價物增加淨額</b>		<b>139,578</b>	<b>6,624</b>
<b>Cash and cash equivalents at beginning of financial year</b>	<b>於財政年度初現金及 現金等價物</b>		<b>7,841</b>	<b>1,217</b>
<b>Cash and cash equivalents at end of financial year</b>	<b>於財政年度末現金及 現金等價物</b>		<b>147,419</b>	<b>7,841</b>

for the year ended 31 March 2006 截至二零零六年三月三十一日止年度

## 1. GENERAL INFORMATION

China Solar Energy Holdings Limited (formerly known as “REXCAPITAL International Holdings Limited”) (the “Company”) is a limited liability company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of its principal place of business is 21/F., 3 Lockhart Road, Wan Chai, Hong Kong.

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

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

The financial statements on page 39 to 131 have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). In addition, the financial statements include the applicable disclosures required by the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”).

The financial statements for the year ended 31 March 2006 were approved by the board of directors on 27 July 2006.

## 1. 一般資料

華星光能能源控股有限公司(前稱「匯泰國際控股有限公司」)為在百慕達註冊成立之有限公司，其股份在香港聯合交易所有限公司(「聯交所」)上市。本公司之主要營業地點之地址為香港灣仔羅克道3號21樓。

本公司及其附屬公司(統稱「本集團」)主要從事以下業務：

- 提供資本市場顧問服務
- 參加一、二級及次級證券市場
- 貸款
- 太陽能發電之光伏太陽能電池、組件、光伏板等之開發、生產、銷售及銷售，以及有關之培訓及顧問服務(「光伏業務」)

第39頁至第131頁刊載之財務報表乃按照香港會計師公會(「香港會計師公會」)頒布之香港財務報告準則(「香港財務報告準則」)而編製。此外，財務報表包括香港公司條例及聯交所證券上市規則(「上市規則」)之適用披露規定。

截至二零零六年三月三十一日止年度之財務報表已由董事會於二零零六年七月二十七日獲董事會批准。

for the year ended 31 March 2006 截至二零零六年三月三十一日止年度

**2. ADOPTION OF NEW AND REVISED HKFRS****2. 採納新訂及經修訂香港財務報告準則****2.1 Impact of new and revised HKFRS which are effective in the current financial year****2.1 本財政年度生效之新訂及經修訂香港財務報告準則之影響**

From 1 April 2005, the Group has adopted the following new or revised standards of HKFRS which are relevant to its operations:

由二零零五年四月一日起，本集團採納以下與其業務有關之香港財務報告準則之新訂或經修訂準則：

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets

香港會計準則第1號	財務報表之呈報
香港會計準則第2號	存貨
香港會計準則第7號	現金流量表
香港會計準則第8號	會計政策、會計估計及錯誤
香港會計準則第12號	所得稅
香港會計準則第14號	分部呈報
香港會計準則第16號	物業、廠房及設備
香港會計準則第17號	租賃
香港會計準則第18號	收入
香港會計準則第19號	僱員福利
香港會計準則第21號	匯率變動之影響
香港會計準則第23號	借貸成本
香港會計準則第24號	關連人士披露
香港會計準則第27號	綜合及獨立財務報表
香港會計準則第32號	金融工具：披露及呈報
香港會計準則第33號	每股盈利
香港會計準則第36號	資產減值
香港會計準則第37號	撥備、或然負債及或然資產

## 2. ADOPTION OF NEW AND REVISED HKFRS (continued)

### 2.1 Impact of new and revised HKFRS which are effective in the current financial year (continued)

HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 39 Amendment	Transitional and Initial Recognition of Financial Assets and Financial Liabilities
HKFRS 2	Share-based Payment
HKFRS 3	Business Combinations

All the standards have been applied retrospectively except where specific transitional provisions require a different treatment. Accordingly, the financial statements for the year ended 31 March 2005 including their presentation have been amended in accordance with HKAS 8 and comparative figures for financial year 2005 contained in these financial statements differ from those published in the financial statements for the year ended 31 March 2005.

## 2. 採納新訂及經修訂香港財務報告 準則 (續)

### 2.1 本財政年度生效之新訂及經 修訂香港財務報告準則之影 響 (續)

香港會計準則第38號	無形資產
香港會計準則第39號	金融工具 確認及計量
香港會計準則第39號 修訂本	過渡及初始 確認金融 資產及金融 負債
香港財務報告準則 第2號	以股份為基礎 之支付
香港財務報告準則 第3號	業務合併

所有適用經已過渡應計一併備特  
定過渡性條文規定須作出不同方  
法處理者則除外。因此，截至二  
零零五年三月三十一日止年度之財  
務報表包括其呈列方式已根據香  
港會計準則第8號作出修訂。而此  
等財務報表所載之二零零五年財  
政年度比較數字亦與以前年度之  
二零零五年三月三十一日止年度之  
財務報表所公佈者

for the year ended 31 March 2006 截至二零零六年三月三十一日止年度

## 2. ADOPTION OF NEW AND REVISED HKFRS (continued)

### 2.1 Impact of new and revised HKFRS which are effective in the current financial year (continued)

Significant impacts on current, prior or future periods arising from the first-time adoption of the standards listed above with respect to presentation, recognition and measurement of accounts are described in the following paragraphs:

#### (a) Adoption of HKAS 1

The adoption of HKAS 1 led to an update of the presentation of financial statements. In particular, minority interests are now included as a separate line item within equity. Profit and loss attributable to minority interests and that attributable to equity holders of the Company is now presented as an allocation of the net result of the year. In addition, proceeds from sale of trading securities are now excluded from revenue.

## 2. 採納新訂及經修訂香港財務報告準則

### 2.1 本財政年度生效之新訂及經修訂香港財務報告準則之影響 (續)

自該財年上列有關標準生效起，惟該等計量之準則對現時、過往或未來期間之重大影響載於下文。

#### (a) 採納香港會計準則第1號

採納香港會計準則第1號導致更新財務報表之呈列方式。特別是，少數股東權益現於權益內獨立列為一項，少數股東應佔溢利之結算，以及本公司應佔持有火險公司之溢利，現呈列為年度之營業淨額之一項分配。此外，出售買賣證券所獲款項現不包括於收益內。

## 2. ADOPTION OF NEW AND REVISED HKFRS (continued)

### 2.1 Impact of new and revised HKFRS which are effective in the current financial year (continued)

#### (b) Adoption of HKAS 32 and HKAS 39

HKAS 32 requires all disclosure and presentation rules regarding financial instruments to be applied retrospectively. HKAS 39 generally does not permit the recognition, derecognition or measurement of financial assets and liabilities on a retrospective basis.

#### *Convertible notes*

In the prior year, convertible notes were stated at amortised cost. Upon the adoption of HKAS 32, convertible notes are split into liability and equity components. The adoption of HKAS 32 has no material effect on the financial statements.

## 2. 採納新訂及經修訂香港財務報告 準則 (續)

### 2.1 本財政年度生效之新訂及經 修訂香港財務報告準則之影 響 (續)

#### (b) 採納香港會計準則第 32號及香港會計準則 第39號

香港會計準則第32號規定  
一切有關金融工具之披露  
及呈報規則均可追溯應  
用。香港會計準則第39號  
不容許對金融資產及負債  
進行追溯性之確認、取消  
確認或計量。

#### *可換股票據*

於過往年度，可換股票據  
按攤銷成本值入賬。採納  
香港會計準則第32號後，  
可換股票據分為負債及權  
益部份。採納香港會計準  
則第32號對財務報表並無  
重大影響。

for the year ended 31 March 2006 截至二零零六年三月三十一日止年度

## 2. ADOPTION OF NEW AND REVISED HKFRS (continued)

### 2.1 Impact of new and revised HKFRS which are effective in the current financial year (continued)

#### (b) Adoption of HKAS 32 and HKAS 39 (continued)

##### *Investments in securities*

Prior to the adoption of HKAS 39, the Group classified its investments in securities as "Investments in securities" and "Trading securities" and recorded them at cost less any impairment and at fair value respectively. Upon the adoption of HKAS 39, investments in securities are classified as available-for-sale financial assets or financial assets at fair value through profit or loss, as appropriate. In accordance with the provision of HKAS 39, available-for-sale financial assets and financial assets at fair value through profit or loss are carried at fair value with changes in fair value dealt with in equity and recognised in income statement respectively. The adoption of HKAS 39 has not resulted in any change in measurement of these securities. Other adjustments as a result of adoption of HKAS 39, which is applied prospectively, is recognised in the opening balances on 1 April 2005 and are summarised in note 2.1(f).

## 2. 採納新訂及經修訂香港財務報告準則(續)

### 2.1 本財政年度生效之新訂及經修訂香港財務報告準則之影響(續)

#### (b) 採納香港會計準則第32號及香港會計準則第39號(續)

##### *證券投資*

於採納香港會計準則第39號前，本集團將其證券投資分類作「證券投資」及「交易證券」，分別按成本減任何減值及以公允價值計賬。採納香港會計準則第39號後，證券投資通常地分類作可供出售金融資產或以公允價值計入損益之金融資產(如適用)。採納香港會計準則第39號規定，可供出售金融資產及以公允價值計入損益之金融資產均以公允價值列賬，而公允價值之變動則分別於權益處理及於損益表中確認。其他調整，包括採納香港會計準則第39號所引起之調整，於二零零五年四月一日之開列結算中確認，且載列於附註2.1(f)。

## 2. ADOPTION OF NEW AND REVISED HKFRS (continued)

### 2.1 Impact of new and revised HKFRS which are effective in the current financial year (continued)

#### (c) Adoption of HKAS 36 and HKFRS 3

Goodwill arising on acquisitions in prior years was capitalised and amortised over its estimated useful life and was subject to impairment testing when there was indication of impairment. The adoption of HKFRS 3 has resulted in the Group ceasing goodwill amortisation and commencing impairment testing annually as well as when there is indication of impairment. As a result of this change in accounting policy, no amortisation of goodwill has been charged in the current financial year. The carrying amount of the related accumulated amortisation on 1 April 2005 was eliminated against the gross amount of goodwill.

The effect of the above changes are summarised in notes 2.1(e) and 2.1(f). In accordance with the relevant transitional provisions of HKFRS 3, comparative figures have not been restated.

## 2. 採納新訂及經修訂香港財務報告準則(續)

### 2.1 本財政年度生效之新訂及經修訂香港財務報告準則之影響(續)

#### (c) 採納香港會計準則第36號及香港財務報告準則第3號

於過往年度因收購產生之商標按其估計可使用年期資本化及攤銷。當須作出減值測試時進行減值測試。採納香港財務報告準則第3號後本集團不再進行商標攤銷。而每年及出現減值跡象時進行商標測試。此會計政策之變動導致本財政年度並無商標攤銷。於二零零五年四月一日有關累計攤銷的賬面已在商標總額撥銷。

以上變更之影響載列於附註2.1(e)及2.1(f)。根據香港財務報告準則第3號之過渡性條文，比較數字並未重列。

for the year ended 31 March 2006

## 2. ADOPTION OF NEW AND REVISED HKFRS (continued)

### 2.1 Impact of new and revised HKFRS which are effective in the current financial year (continued)

#### (d) Adoption of HKFRS 2

HKFRS 2 requires an expense to be recognised where the Group buys goods or obtains services in exchange for shares or rights over shares, or in exchange for other assets equivalent in value to a given number of shares or rights over shares. The principal impact of HKFRS 2 on the Group is in relation to the expensing of the fair value of share options of the Company or its subsidiaries determined at the date of grant of the share options over the vesting period ("share based compensation"). Prior to the adoption of HKFRS 2, the Group did not recognise the financial effect of these share options until they were exercised. The transitional provisions of HKFRS 2 allow the Group to adopt HKFRS 2 retrospectively for share options which were granted on or after 7 November 2002 and had not yet vested on 1 April 2005. Other than the share options granted during the current financial year which have been accounted for in accordance with HKFRS 2 (the financial effect is summarised in notes 2.1(e) and 2.1(f)), the Group had no share options granted after 7 November 2002 and remained unvested on 1 April 2005 and accordingly, comparative figures have not been restated.

## 2. 採納新訂及經修訂香港財務報告準則

### 2.1 本財政年度生效之新訂及經修訂香港財務報告準則之影響

#### (d) 採納香港財務報告準則第2號

根據香港財務報告準則第2號，倘本集團以股份或股份的權利（或以具有固定數目股份或股份的權利之其他工具作對價）購入貨物或取得服務，則須確認開支。香港財務報告準則第2號對本集團之主要影響乃關乎本公司或其附屬公司之購股權須於歸屬期內按購股權授出日期釐定之公允價值或結算日股份之支付之補償。在採納香港財務報告準則第2號前，本集團不會於購股權獲行使前確認該等購股權之財務影響。就於二零零二年十一月七日或之後授出而於二零零五年四月一日尚未歸屬之購股權，香港財務報告準則第2號之過渡性條文容許本集團追溯採納香港財務報告準則第2號。除於本財政年度授出之購股權已根據香港財務報告準則第2號列賬外，財務影響亦並無於附註2.1(e)及2.1(f)中本集團於二零零二年十一月七日授出而於二零零五年四月一日尚未歸屬之購股權（並未重列比較數字）。

## 2. ADOPTION OF NEW AND REVISED HKFRS (continued)

### 2.1 Impact of new and revised HKFRS which are effective in the current financial year (continued)

- (e) The changes in accounting policies arising from the adoption of the new and revised HKFRS have effect on the consolidated income statement for the year ended 31 March 2006 and the effects are summarised below:

## 2. 採納新訂及經修訂香港財務報告準則 (續)

### 2.1 本財政年度生效之新訂及經修訂香港財務報告準則之影響 (續)

- (e) 採納新訂及經修訂香港財務報告準則產生之會計政策變動對截至二零零六年三月三十一日止年度之綜合收益表之影響概述如下：

Year ended 31 March 2006	截至二零零六年 三月三十一日止年度	Effect of adopting 採納以下準則之影響		
		HKAS 26 &c HKFRS 3 HK\$'000 香港會計 準則第36號 及香港 財務報告 準則第3號 一應五	HKFRS 2 HK\$'000 香港 財務報告 準則第2號 一應五	Total HK\$'000 總計 一應五
Decrease in amortisation of goodwill	商標減少			
- discontinuance of amortisation of goodwill	停止攤銷商標	2,712		2,712
Increase in staff costs	職員成本增加			
- share options granted	一授出購股權		(24,186)	(24,186)
(Decrease)/Increase in loss for the year	年內虧損(增加)/減少	2,712	(24,186)	(21,474)
(Increase)/Decrease in basic loss per share	每股基本虧損(增加)/減少	HK cents 港仙 0.69	HK cents 港仙 (0.84)	HK cents 港仙 (0.75)
(Decrease)/Increase in diluted loss per share	每股攤薄虧損(增加)/減少	HK cents 港仙 N/A 不適用	HK cents 港仙 N/A 不適用	HK cents 港仙 N/A 不適用

for the year ended 31 March 2006

## 2. ADOPTION OF NEW AND REVISED HKFRS (continued)

### 2.1 Impact of new and revised HKFRS which are effective in the current financial year (continued)

(f) The changes in accounting policies arising from the adoption of the new and revised HKFRS have effect on the consolidated balance sheets as at 1 April 2005 and 31 March 2006 and the effects are summarised below:

## 2. 採納新訂及經修訂香港財務報告準則 (續)

### 2.1 本財政年度生效之新訂及經修訂香港財務報告準則之影響 (續)

(f) 採納新訂及經修訂香港財務報告準則而生效之會計政策變動對二零零五年四月一日及二零零六年三月三十一日之綜合資產負債表之影響詳述如下:

		Effect of adopting 採納以下準則之影響			
		HKAS 39 香港會計 準則第39號 及香港會計 準則第39號 HK\$'000 港幣	HKAS 38 香港會計 準則第38號 及香港 財務報告 準則第3號 HK\$'000 港幣	HKFRS 2 香港 財務報告 準則第2號 HK\$'000 港幣	Total 總計 HK\$'000 港幣
At 1 April 2005	於二零零五年四月一日				
Increase/(Decrease) in assets	資產增加 / 減少				
Financial assets at fair value through profit or loss	以公允價值計入損益之 金融資產	13,384	-	-	13,384
Trading securities	交易證券	(13,383)	-	-	(13,383)
At 31 March 2006	於二零零六年三月三十一日				
Increase/(Decrease) in assets	資產增加 / 減少				
Financial assets at fair value through profit or loss	以公允價值計入損益之 金融資產	16,173	-	-	16,173
Trading securities	交易證券	(16,173)	-	-	(16,173)
Increase/(Decrease) in equity	權益增加 / 減少				
Share option reserve	購股權儲備	-	-	21,669	21,669
Share premium	股份溢價	-	-	1,617	1,617
Accumulated losses	累計虧損	-	2,711	(24,186)	(21,475)

## 2. ADOPTION OF NEW AND REVISED HKFRS (continued)

### 2.2 New standards or interpretation that have been issued but not yet effective

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

HKAS 1 (Amendment)	Capital Disclosures <sup>1</sup>
HKAS 21 (Amendment)	The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation <sup>2</sup>
HKAS 39 (Amendment)	The Fair Value Option <sup>2</sup>
HKAS 39 & HKFRS 4 (Amendment)	Financial Instruments: Recognition and Measurement and Insurance Contracts – Financial Guarantee Contracts <sup>2</sup>
HKFRS 7	Financial Instruments – Disclosures <sup>1</sup>
HK(IFRIC) – INT 8	Scope of HKFRS2 <sup>1</sup>
HK(IFRIC) – INT 9	Reassessment of Embedded Derivatives <sup>1</sup>

## 2. 採納新訂及經修訂香港財務報告 準則

### 2.2 已頒佈但未生效之新訂準則 與詮釋

以下已頒佈但未生效之有關本集團之香港財務報告準則之準則或詮釋，本集團並未提前採納該等準則或詮釋。本公司董事預期採納該等準則或詮釋，將不會導致本編年財務狀況之編列及呈報出現重大變動。

香港會計準則 第1號(修訂)	資本披露
香港會計準則 第21號(修訂)	匯率變動之影響 — 於海外業務之 淨投資
香港會計準則 第39號(修訂)	公允價值選擇法
香港會計準則 第39號及香港 財務報告準則 第4號(修訂)	金融工具：確認及 計量及保險合約 — 金融擔保
香港財務報告 準則第7號	金融工具披露
香港財務報告 準則第2號(修訂)	香港財務報告準則 第2號之範圍
香港財務報告 準則第9號	評估嵌入式 衍生工具

for the year ended 31 March 2006

## 2. ADOPTION OF NEW AND REVISED HKFRS (continued)

### 2.2 New standards or interpretation that have been issued but not yet effective (continued)

- <sup>1</sup> Effective for annual periods beginning on or after 1 January 2007
- <sup>2</sup> Effective for annual periods beginning on or after 1 January 2006
- <sup>3</sup> Effective for annual periods beginning on or after 1 May 2006
- <sup>4</sup> Effective for annual periods beginning on or after 1 June 2006

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of preparation

The financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets and financial liabilities. The measurement bases are fully described in the accounting policies below. It should be noted that accounting estimates and assumptions are used in the preparation of the financial statements. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

## 2. 採納新訂及經修訂香港財務報告準則(續)

### 2.2 已頒佈但未生效之新訂準則或詮釋(續)

- <sup>1</sup> 對二零零七年一月一日起生效之新訂準則之修訂屬生效
- <sup>2</sup> 對二零零六年一月一日起生效之新訂準則之修訂屬生效
- <sup>3</sup> 對二零零六年五月一日起生效之新訂準則之修訂屬生效
- <sup>4</sup> 對二零零六年六月一日起生效之新訂準則之修訂屬生效

## 3. 重大會計政策概要

### (a) 編製基準

附錄賬表乃按歷史成本法編製。惟若干金融資產及金融負債除外。計量基準詳見下文之會計政策。應請注意，編製財務報表時會作出會計估計及假設。儘管此等估計及假設均屬對現時事件及行動之最深理解而作出，惟實際業績或會有別於該等估計之情況。

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 March each year. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. All material intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred, in which case they are recognised immediately in income statement.

The acquisition of subsidiaries during the year has been accounted for using the purchase method of accounting. This method involves allocating the cost of the business combinations to the fair value of the assets acquired and liabilities, including contingent liabilities, assumed at the date of acquisition. The cost of the acquisition is measured at the aggregate of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

### 3. 重大會計政策概要 (續)

#### (b) 綜合基準

綜合財務報表綜合計入本公司及其附屬公司截至每年三月三十一日止之財務報表。附屬公司的業績自收購日期(即本公司取得控制權之日)起至有關控制權終止之日期間錄入賬內。所有重大的集團公司間交易、結餘及被集團公司間交易產生的未實現收益於綜合賬目時已對銷。未實現虧損亦會對銷，惟當交易提供有關資產存在減值證據，則即時於收益表內確認。

於年內附屬公司之收購已採用會計收購法入賬。此方法涉及將業務合併之成本分配至所收購資產之公允價值以及於收購日期所承擔之負債(包括或然負債)。收購成本以特定當心公允價值(已綜合權益工具及於交換日期所產生或承擔之負債加上收購直接應佔成本之總額)計算。收購成本超過本公司應佔可識別資產等值之公允價值所作過剩(倘收購成本低於所收購附屬公司資產淨值之公允價值，則當即之溢額直接於收益表中確認。

for the year ended 31 March 2006 截至二零零六年三月三十一日止年度

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (b) Basis of consolidation (continued)

Minority interests represent the interests of outside shareholders in the results and net assets of the Company's subsidiaries.

#### (c) Subsidiaries

Subsidiaries are entities over which the Company has the power to directly or indirectly control the financial and operating policies.

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

#### (d) Goodwill

Goodwill arising on acquisition of subsidiaries represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiaries at the date of acquisition. Goodwill is initially recognised in the consolidated balance sheet as an asset at cost and subsequently measured at cost less any impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes the circumstances indicate that the carrying value of goodwill may be impaired.

On subsequent disposal of a subsidiary, the carrying amount of goodwill relating to the entity is included in determining the amount of gain or loss on the disposal.

### 3. 重大會計政策概要 (續)

#### (b) 綜合基準 (續)

少數股東權益指非控股股東於本公司附屬公司業績及資產淨值中所佔之權益。

#### (c) 附屬公司

附屬公司乃本公司對其財務及營運政策有直接或間接控制權之實體。

於本公司資產負債表，附屬公司按成本扣除任何減值虧損列賬。本公司按結算日已收及應收股息會計屬公司之業績入賬。

#### (d) 商譽

收購附屬公司產生之商譽，乃收購成本超過於本集團收購日本集團所佔收購附屬公司之可識別資產淨值、負債及或有負債之公允價值之餘額。商譽於綜合資產負債表按成本扣除任何減值虧損列賬。商譽於每年年度結算日，倘有事件或情況顯示本集團所佔之賬面值可能出現減值，則商譽或要受到整筆減值測試。

於往後出售附屬公司，有關商譽之賬面值將計入出售損益之組成部分。

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (e) Property, plant and equipment

Property, plant and equipment are stated at cost, which comprise purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use, less accumulated depreciation and any impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is provided to write off the cost of property, plant and equipment over its estimated useful lives on a straight-line basis, as follows:

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

Useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

Gain or loss arising on disposal of property, plant and equipment is determined as the difference between the net sale proceeds and the carrying amount of the asset and is recognised in the income statement.

### 3. 重大會計政策概要 (續)

#### (e) 物業、廠房及設備

物業、廠房及設備按其成本減累計折舊及任何減值虧損入賬，包括其購入價及將該資產達至其營運狀態及工作地點在或預定用途所涉及之任何直接應佔成本。其後成本乃計入資產之賬面價或能確作為獨立資產（如適用），惟前提是為本集團可能從該項資產產生相關之未來經濟利益，而項下成本可以可靠計量。所有其他維修及保養費於產生之財政期間自收益扣除。

物業、廠房及設備之折舊按其估計可使用年期內以直線法攤銷成本。

租賃裝修	3年
廠房及機器	5至10年
傢俬、裝置及設備	4至10年

可使用年期於各結算日予以審閱及調整。

出售物業、廠房及設備產生之收益或虧損乃按出售所得款項淨額與原賬面價值之差額釐定，並於收益表中確認。

for the year ended 31 March 2006

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (f) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the lessor are accounted for as operating leases. Annual rentals applicable to such operating leases are charged to the income statement on a straight-line basis over the lease terms.

#### (g) Financial assets

Financial assets are classified into the following categories: loans and receivables, financial assets at fair value through profit or loss and available-for-sale financial assets. Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and, where allowed and appropriate, re-evaluates the determination at every reporting date.

All financial assets are recognised on their trade date (i.e. the date that the Group commits to purchase the asset). When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

### 3. 重大會計政策摘要 (續)

#### (f) 經營租賃

若租賃之所有重大風險及回報均為出租人所有，有關租賃將被歸為經營租賃。此等租賃之每年支出按租約年期以直線法計算，並於收益表內扣除。

#### (g) 金融資產

金融資產分為以下類別：貸款及應收賬項、以公允價值為收入或損益之金融資產及可供出售金融資產。管理層按金融資產之收購目的來確定於初步確認時該金融資產之分類，如情況允許及適用，則於每個呈報日作重估。

所有金融資產均於其交易日期確認（如本集團承諾購買資產之日）。金融資產於初步確認時乃按公允價值計量，倘投資並非按公允價值列入賬冊，則另加直接歸於交易成本。

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (g) Financial assets (continued)

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at each balance sheet date whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

The accounting policies adopted in respect of each category of financial assets are set out below.

#### (i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Any changes in their values are recognised in income statement.

### 3. 重大會計政策概要 (續)

#### (g) 金融資產 (續)

撤銷或受讓資產之現金流之權利或轉讓，且轉讓之絕大部分風險及報酬，經轉移，即於資產與金融資產，無論是否有密切關係顯示一項金融資產或一類金融資產已歸結清，均至少於每個結算日進行一次減值評估。

有關各類金融資產之會計政策載述如下：

#### (i) 貸款及應收款項

貸款及應收款項為非在活躍市場中報價之非衍生金融資產，其後以實際利率法按攤銷成本（減任何減值虧損）計量，其價值之任何變動均於收益表內確認。

for the year ended 31 March 2006

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

## (g) Financial assets (continued)

## (i) Loans and receivables (continued)

Impairment provision is recognised for loans and receivables when objective evidence is received that the Group will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of provision is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

## (ii) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are either held for trading or are designated by the Group to be carried at fair value through profit or loss on initial recognition.

Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognised in income statement. Financial assets originally designated as financial assets at fair value through profit or loss may not subsequently be re-classified.

## 3. 重大會計政策概要 (續)

## (g) 金融資產 (續)

## (i) 貸款及應收賬項 (續)

倘有客觀證據顯示本集團將無法根據應收賬項原定條款收回全部應收之金額，即對貸款及應收賬項作出減值撥備。撥備之金額乃按資產賬面價值與估計未來現金流量現值之差額釐定。

## (ii) 以公允價值列入損益之金融資產

按公允價值列賬於損益賬處理之金融資產包括持作買賣之金融資產，或最初被指定時即由本集團釐定為以公允價值列入損益賬之金融資產。

初步確認後，歸入此類之金融資產乃按公允價值計量，而公允價值變動於收入表內確認。原定為以公允價值列入損益賬之金融資產及後並不重新分類。

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (g) Financial assets (continued)

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

Available-for-sale financial assets include non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. All financial assets within this category are subsequently measured at fair value, with changes in value recognised in equity. Upon disposal, the cumulative gain or loss previously recognised in equity is transferred to the income statement. When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is removed from equity and recognised in the income statement even though the financial asset has not been derecognised. Impairment losses previously recognised in the income statement on equity instruments will not reverse in subsequent periods through profit or loss.

### 3. 重大會計政策概要 (續)

#### (g) 金融資產 (續)

##### (iii) 可供出售金融資產

可供出售金融資產包括歸入此類或未被歸入任何其他類別金融資產之非衍生金融資產。金融資產類別之所有金融資產按公允價值計量。公允價值變動將確認為權益。於出售時，以前被確認為權益之累計收益或虧損將撥入收益表。當已有客觀證據證明可供出售金融資產之公允價值減值，且客觀證據證明該等資產之價值減值，則即有關金融資產尚未剔除確認為可供出售金融資產之累計虧損將撥入收益表。即使該資產之公允價值在隨後期間回升，以前被確認為虧損之累計虧損亦不會於往後期間透過轉回撥回。

for the year ended 31 March 2006

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

## (g) Financial assets (continued)

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

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition. An impairment loss is recognised in income statement when there is objective evidence that the asset is impaired. The amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not reverse in subsequent periods.

## (h) Long-term service contracts

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

## 3. 重大會計政策概要 (續)

## (g) 金融資產 (續)

(iii) 可供出售金融資產  
(續)

對可供出售之股本投資而言，倘並無活躍市場之市價報價，而其公允價值未能可靠計量，則於初次確認後，每個結算日按成本減任何已識別減損虧損計量。倘有客觀證據顯示資產出現減值，則減值虧損於賬目表內確認。減值虧損數額按資產賬面價值按類似金融資產之現行市場回報率折現估計未來現金流量之現值與之比較計算。該減值虧損將不會於往後期間撥回。

## (h) 長期服務合約

服務合約收入根據個別合約之完成百分比計算。完成百分比按比較至本所產生之成本與該合約之總估計成本而釐定。倘合約為現時有利可歸，乃參照其完成程度按成本值加應佔溢利計算。任何個別合約之估計損失即時於收益表中確認為開支。

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (h) Long-term service contracts (continued)

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

#### (i) Inventories

Inventories consist primarily of finished goods and are carried at the lower of cost and net realisable value. Cost, determined using the first-in, first-out method, mainly comprises expenses directly attributable to the manufacturing process. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

#### (j) Foreign currency translation

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

### 3. 重大會計政策概要 (續)

#### (h) 長期服務合約 (續)

長期服務合約之未開單收入，即合約產生之成本加上相關合約應計之溢利或虧損，計於流動資產項下。已開單但尚未支付之款項則列入於資產負債表之貿易及其他應收款項項下。

#### (i) 存貨

存貨主要包括製成品，按成本值及可變現淨值兩者之較低者列賬。成本按先進先出法計算之成本，主要包括生產過程直接應計開支。可變現淨值為一般業務過程中估計售價減任何適用之出售開支。

#### (j) 外幣換算

財務報表以港元列值，港元為本公司功能貨幣。

for the year ended 31 March 2006

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (j) Foreign currency translation (continued)

In the separate financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognised in the income statement. Non-monetary items measured at fair value that are denominated in foreign currencies are translated at the rate prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

In the consolidated financial statements, all separate financial statements of the subsidiaries, originally presented in a currency different from the Group's presentation currency, have been converted into HK\$. Assets and liabilities have been translated into HK\$ at the closing rates at the balance sheet date. Income and expenses have been converted into HK\$ at the average rates over the reporting period. Any differences arising from this procedure have been dealt with in the exchange reserve in equity. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into HK\$ at the closing rate. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on disposal.

### 3. 重大會計政策概要 (續)

#### (j) 外幣換算 (續)

於綜合實體之獨立財務報表，外幣交易按交易日期之匯率換算作個別實體之功能貨幣。因結算外幣交易及按年終之匯率換算以外幣列值之貨幣資產及負債所產生之匯兌收益及虧損均於收益表確認。非貨幣項目按公允價值計量及以外幣列值，乃按釐定公允價值當日之匯率換算，並呈報作公允價值收益或虧損之一部分。以外幣之歷史成本計量之非貨幣項目毋須作換算。

於綜合財務報表，附屬公司所有以不同於本集團呈報貨幣之單獨財務報表，均已換算為港幣。資產及負債均以收盤日之收市匯率換算為港幣。收入與開支則按申報期之平均匯率換算為港幣。該非貨幣項目之任何匯兌淨項自備註內之換算儲備內處理。收購外國實體所產生之商譽及公允價值調整，亦作該外國實體之資產及負債處理，並以收市匯率換算及呈報。倘出售外國業務，有關外幣匯兌收益或虧損均呈報為出售收益或虧損之一部分。

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (k) Cash and cash equivalents

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

#### (l) Impairment testing

Property, plant and equipment, goodwill and interests in subsidiaries are subject to impairment testing.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("cash-generating units"). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill in particular is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management controls the related cash flows.

Individual assets or cash-generating units that include goodwill and other intangible assets with indefinite useful life or assets not yet available for use are tested for impairment at least annually. Other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

### 3. 重大會計政策概要 (續)

#### (k) 現金及現金等價物

現金及現金等價物包括銀行現金及手頭現金，減有應要求償還並構成本集團現金管理之組成部份之銀行透支。

#### (l) 減值測試

物業、廠房及設備、商標及收購聯公司之權益均須進行減值測試。

為評估減值，管理層按可識別之最低層次單獨現金流量（現金產生單位）測試。因此，某些資產單獨測試減值，而某些資產則以某一現金產生單位為單位測試。而商標等則分配至預期受惠於相關業務合併之現金產生單位，並為管理層控制相關現金流量之最低層級。

包括無形使用期限之商標及其他無形資產或尚未可供使用之資產之個別資產或現金產生單位至少每年進行減值測試。此外，其他個別資產或現金產生單位於出現下列事件或情況變動有跡象顯示賬面價值可能不可收回時進行減值測試。

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (I) Impairment testing (continued)

An impairment loss is recognised as an expense immediately for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, which reflects market conditions less costs to sell, and value in use, which is determined based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit.

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

### 3. 重大會計政策概要 (續)

#### (I) 減值測試 (續)

資產或現金產生單位之賬面價值超過其可收回金額時須即時確認減值虧損為開支。可收回金額為反映市場之公允價值減出售成本與資產內部批現現金流量淨值計算之使用價值兩者之較高者。就總分配商譽之現金產生單位所確認之減值虧損則先計入商譽之賬面價值。任何剩餘減值虧損按比例自現金產生單位之其他資產中扣除。

商譽減值虧損不會於往後期間撥回。至於其他資產，倘釐定資產之可收回金額時所用之估計有變，而只有在資產賬面價值無超過其在應認減值虧損時所能釐定之賬面價值(扣除折舊或攤銷)的情況，方可將虧損予以撥回。

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (m) Provisions and contingent liabilities

Provisions are recognised in the balance sheet when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation, provided a reliable estimate in respect of the obligation 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.

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

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

### 3. 重大會計政策概要 (續)

#### (m) 撥備及或然負債

倘本集團因過往之事件負上法律或推定責任，且可能須動用經濟利益以履行責任，則以可靠估計之數額，則於撥備負債表確認撥備。倘貨幣時間價值重大，則按預期履行有關義務所需之現值撥備。

所有撥備於每一結算日檢討及作出調整，以反映當時之最佳估計。

倘須動用經濟利益的可能性較低，或不能可靠計量所需之數額，則會將該項承擔列為或然負債。倘非某項或多項未來事件會發生，則該項責任之存在與否須在未來發生或否會獲證實或否負債，除非該項責任外流之可能性甚微，否則亦列為或然負債。

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## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

## (n) Employee benefits

(i) *Defined contribution plan*

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

(ii) *Short-term employee benefits*

Short-term employee benefits are recognised when they accrue to employees. In particular, a provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Non-accumulating compensated absences are not recognised until the time of leave.

## 3. 重大會計政策概要 (續)

## (n) 僱員福利

## (i) 定額供款計劃

本集團根據強制性公積金計劃條例，為合資格參加僱員計劃之香港僱員，推行定額供款強制性公積金退休福利計劃（「強積金計劃」）。僱員基本薪之某百分比用作供款。至於該項強積金計劃之規則應付有關供款時，於僱員表支銷。強積金計劃之資產與本集團之資產分開，並獨立管理。本集團之僱主供款於有關強積金計劃作出供款時全部歸僱員所有。

## (ii) 短期僱員福利

短期僱員福利於僱員有權享用時確認。特別是，就僱員截至結算日期應供之年假則備有之估計年假撥備。非累積性之離職福利，並不會在休假期間作出確認。

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (n) Employee benefits (continued)

##### (iii) Share-based employee compensation

The Group operates certain share option schemes for the purpose of recognising and acknowledging the contributions that its employees (including directors) and other person (the "eligible participants") have made to the Group. Eligible participants receive remuneration in the form of share-based compensation, whereby eligible participants render services as consideration for equity instrument ("equity-settled transactions").

The cost of equity-settled transactions with eligible participants is measured by reference to the fair value at the date the options are granted excluding the impact of any non-market vesting conditions.

### 3. 重大會計政策概要 (續)

#### (n) 僱員福利 (續)

##### (iii) 以股份支付僱員補償

本集團推行若干購股權計劃，以達到對其僱員（包括董事）及其他人士（「合資格參加者」）對本集團所作出的貢獻以示肯定及感謝。合資格參加者會收到以股權支付補償作為酬謝。據此，合資格參加者提供服務以作為股權工具之代價（「以股權結算交易」）。

以合資格參加者行使股權結算交易之成本，乃參考於購股權授出當日之公允價值，並扣除任何非市場歸屬之影響。

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## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

## (n) Employee benefits (continued)

## (iii) Share-based employee compensation (continued)

The cost of equity-settled transactions is recognised as an expense in income statement on straight-line basis over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. No expense is recognised for remuneration that do not ultimately vest, except for remuneration where vesting is conditional upon a market condition, which is treated as vesting irrespective of whether or not the market condition is satisfied, provided other performance conditions are satisfied.

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

## 3. 重大會計政策概要 (續)

## (n) 僱員福利 (續)

## (iii) 以股份支付僱員補償 (續)

非市場對價計劃之購股權數目之最佳估計(根據計息交易之成本按直線法於歸屬期內損益表中確認為開支)係由有關期內之可行使之購股權數目之最佳估計(非市場對價條件會被列入考慮)倘有該數目於預期歸屬之購股權數目與最佳估計不同則於其後修訂估計。此等修訂無歸屬之現金撥備確證開支。惟於市場條件不歸屬為有條件之酬金除外。在其他補償條件均已屬未達情況下,不管市場條件是否已履行,均視作已歸屬。

行使購股權時,過往於購股權儲備確證之金額將轉撥至股本溢價。倘購股權應視為處於到期仍未行使,則過往於購股權儲備確證之金額將撥回保留溢利。

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (o) Financial liabilities

The Group's financial liabilities include trade and other payables and borrowings.

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

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

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

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

### 3. 重大會計政策概要 (續)

#### (o) 金融負債

本集團之金融負債包括應付賬款及其他應付賬項及借貸。

金融負債於本集團成為工具合約協議一方時確認。所有與利息相關之支出均於損益表中確認為融資成本開支。

除非本集團具有無條件權利遞延負債結算至結算日後最少12個月，否則金融負債均分類為流動負債。

(i) 應付賬款及其他應付賬項以按公允價值確認，其後則以實際利率法按攤銷成本計量。

(ii) 借貸初步按公允價值確認，當中扣除應付賬項之交易成本。借貸其後按攤銷成本列賬。倘所得款項（已扣除交易成本）與贖回價值之間有任何差額則於借貸期限內使用實際利率法作撥。

for the year ended 31 March 2006

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

## (p) Accounting for income tax

Income tax comprises current and deferred tax.

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

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

## 3. 重大會計政策摘要 (續)

## (p) 所得稅之會計方法

所得稅包括本期稅項及遞延稅項。

本期所得稅資產及/或負債包括本期或以往報告期內由於結算日尚未支付(或稅務當局應付)稅金之負債(或來自稅務當局之索償)其乃根據年內應課稅溢利,按有關財政期間之適用稅率及稅法計算。流動稅項資產或負債之變動均作為損益表內稅項開支一部份。

遞延稅項乃按於結算日資產及負債於財務報表之賬面值與其各自之稅基之暫時差異以負債法計算。遞延稅項負債一般為所有應課稅暫時差異所產生。倘可能出現可供動用之可抵減暫時性差異,未動用稅項虧損及未動用稅務抵免(則載於有可結轉之可抵減暫時性差異)未動用稅項虧損以及其他未動用稅務抵免應遞延至未來。

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (p) Accounting for income tax (continued)

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

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

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

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

### 3. 重大會計政策概要 (續)

#### (p) 所得稅之會計方法 (續)

遞延稅項或初步確認(業務合併除外)某交易之資產負債產生之暫時性差異應歸類為會計損益之影響,則不應認列遞延稅項資產或負債。

除非本集團可控制有關暫時性差異之回撥或暫時性差異在可見未來都不能回撥的情況下,由投資附屬公司所產生之暫時性差異,其遞延稅項負債均予以確認。

遞延稅項乃不以應期結算期於結清負債或變現資產之期間之稅率計算。惟該等稅率於結算日須為已宣佈或大部分實施。

遞延稅項資產或負債之變動於損益賬確認,或將其再直接權益支銷或計入之項目有關,則其相關呈列。

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(q) Income recognition**

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

- (i) Fees from financial advisory services including investment advisory fee, referral fee and placement fee are recognised when the relevant services are rendered.
- (ii) Interest income is recognised on a time-proportion basis by reference to the principal outstanding and at the effective interest rate applicable.
- (iii) Revenue from long-term service contracts in respect of photovoltaic business is recognised according to the percentage of completion of individual contract at the balance sheet date (see note 3(h) above for details).

Income from secondment services is recognised when the relevant services are rendered.

**(r) Borrowing costs**

All borrowing costs are expensed as incurred.

**3. 重大會計政策概要 (續)****(q) 收入確認**

當本集團可能獲得有關經濟利益，並可於下列基準可靠計量出有關收益時，本集團將予確認：

- (i) 財務顧問服務費，包括投資顧問費、轉介費及配股服務費之費用，於提供相關服務時獲確認。
- (ii) 利息收入乃按尚未償還本金按時間比例及以適用之實際利率確認。
- (iii) 有關光伏業務之長期服務合約收入，乃按於結算日個別合約之完成百分比予以確認（詳情請參閱上文附註3(h)）。

留用服務收入於提供有關服務時獲確認。

**(r) 借貸成本**

所有借貸成本於產生時支銷。

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (s) Related parties

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

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

### 3. 重大會計政策概要 (續)

#### (s) 關連人士

以下人士被視為本集團之關連人士:

- (i) 該人士直接或間接透過一個或多箇中介人(1)控制本公司、本集團、或受本公司、本集團所控制、或與本公司、本集團受共同控制(2)持有本公司之權益以至足以對本公司、本集團產生重大之影響力,或(3)與本公司、本集團之共同控制權。
- (ii) 該人士為聯營公司。
- (iii) 該人士為共同控制實體。
- (iv) 該人士為本公司或其母公司之主要管理層成員。
- (v) 該人士為(i)或(iv)項所提及之任何人士之直系家屬。
- (vi) (iv)或(v)項所述任何人士直接或間接地控制或共同控制該人士,或直接或間接地對該人士持有重大之投票權,或直接或間接地持有該人士之重大投票權,或
- (vii) 該人士為本公司、本集團或與本公司、本集團有關連之實體之退休福利計劃之離職後福利計劃。

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## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

## (t) Equity

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

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

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

## (u) Segments

In accordance with the Group's internal financial reporting, the Group has determined that business segments (as defined in note 6) be presented as the primary reporting format and geographical segments as the secondary reporting format.

## 3. 重大會計政策概要 (續)

## (t) 權益

普通股乃分類作權益。股本按按已發行股份之面值釐定。

任何與發行股份有關之交易成本會自股份溢價中扣除(減去任何相關所得稅利益)以權益交易直接應佔之增加成本為限。

認購期權儲備乃按已發行認購期權之發行價釐定。

## (u) 分拆

按照本集團內部財務報告制度，本集團決定以業務分拆為首要報告方式(定義見附註6)及地區分拆為次要報告方式。

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (u) Segments (continued)

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

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

In respect of geographical segment reporting, revenue are based on the country where contract is signed, while assets and capital expenditure are attributed to segments based on the location of the assets.

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

### 3. 重大會計政策概要 (續)

#### (u) 分部 (續)

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

資本開支包括購置物業、廠房及設備，包括收購附屬公司而產生之開支項目。

進行地區分部報告時，收入按合約簽署所在國家歸類，而資產及資本開支則按資產所在地歸類。

### 4. 關鍵之會計估計及判斷

本集團會計師須評估有關判斷，並根據過往之經驗及現時因素，包括在經營情況及會計估計會發生之未來事件。

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**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)**

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

**(a) Long-term service contracts**

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

**(b) Impairment of receivables**

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

**4. 關鍵之會計估計及判斷 (續)**

本集團就未來作出估計及假設，而所作出之會計估計難免與實際之相關業績，以下所述及有相關風險之估計及假設，可導致導致於下一個財政年度對資產與負債之賬面價值有重大調整。

**(a) 長期服務合約**

長期服務合約收入按個別合約之完成百分比予以確認。倘其合約確認有可預見虧損，有關虧損即時於損益表確認。倘個別合約之完成百分比及可預見虧損，乃按該合約之預算而釐定，而該預算乃由本集團管理層基於該合約之整體估計表現而釐製。為令預算保持準確及為最新之，管理層會經常審閱預算，尤其於估計合約總成本，如有必要，會修訂預算。

**(b) 應收賬款減值**

應收賬款減值撥備乃按其客戶之信貸歷史、抵押品及資產之可動用程度及當時市場狀況釐定。可因客戶財務狀況轉變而有重大變動。管理層會於每一結算日重新評估應收賬款減值撥備數額，如有必要。

#### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

##### (c) Impairment of goodwill

The Group tests at least annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 3(1). Other assets are reviewed for impairment whenever events or charges in circumstances indicate that the carrying amount of the assets exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit has been determined based on value-in-use calculations. These calculations require the use of judgement and estimates of the future cash flows expected to arise from the asset or the cash-generating unit and the suitable discount rate in order to calculate the present value.

##### (d) Valuation of convertible notes

The Group's management determined the fair values of the liability components of the convertible notes by using the income approach which is conversion of expected periodic benefits of ownership into an indication of value. It is based on the principle that an informed buyer would pay no more for the non-convertible notes than an amount equal to the present worth of anticipated future benefits (income) from the same or substantially similar non-convertible notes with a similar risk profile.

#### 4. 關鍵之會計估計及判斷

##### (c) 商譽減值

本集團按附註3(1)所述之會計政策，至少每年一次測試商譽是否減值。其他資產則當出現事件或情況改變顯示資產的賬面價值超過其應收回款項時，進行減值測試。資產應收回款項的估計，按該項資產或現金產生單位的預期未來現金流量及合適之貼現率之現值估計，以計算現值。

##### (d) 可換股票據之估值

本集團管理層使用收入法以釐定可換股票據負債部分之公允價值。即現金產生單位已採用非價值計算法釐定。釐定公允價值的原則為知情買家所支付不可換股票據券款項與可換股票據構建的基本上類似的不可換股票據的價格不會高於預期未來手續收入。現值。

for the year ended 31 March 2006

## 5. REVENUE

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

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

## Note:

The gross proceeds from the sale of trading securities for the year amounted to HK\$23,012,000 (2005: HK\$44,405,000). Upon adoption of HKAS 1 "Presentation of Financial Statements", the amount is excluded from the revenue for the year. The comparative figure for 2005 has been reclassified to conform with current year's presentation.

The results arising from the fair valuation of trading securities is now shown separately in the consolidated income statement under "Fair value gain on financial assets at fair value through profit or loss/Unrealised loss on trading securities at fair value".

## 5. 收入

收入，即本集團的營業額，為提供服務之價值及賺取借貸之利息收入。收入之分析如下：

2006	Restated 2005
HK\$'000	HK\$'000
二零零六年	二零零五年
千港元	千港元
813	715
3,816	3,054
7,725	-
<b>12,354</b>	<b>3,769</b>

## 附註：

年內出售證券所得之總額為23,012,000港元（二零零五年：44,405,000港元）。根據香港會計準則第1號「可呈報表的呈報」，該款項並不計入本年度收入。二零零五年的比較數字已重新分類以符合本年度的呈報。

交易證券之公平估值所產生之結果現獨立顯示於綜合收益表內，以公平價值列作儲備之溢利與溢利之公允價值收益。撥充儲備列賬之交易證券之溢利詳情如下：

## 6. SEGMENT REPORTING

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

### (a) Business segments

The Group is organised into three main business segments:

- |   |   |
|---|---|
| Strategic investments and capital market activities | - Participation in primary and secondary securities market and provision of capital market advisory services  |
| Financing   | - Provision of commercial and personal loans  |
| Photovoltaic business                               | - Development, manufacturing, marketing and sales of solar cells, modules and panels for generating solar electric power and related training and consulting services |

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

## 6. 分部呈報

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

### (a) 業務分部

本集團由三個主要業務分部組成：

- |                      |  |
|----------------------|--|
| 策略性投資<br>及資本<br>市場活動 | - 參與主要及<br>次級證券市<br>場活動<br>提供商業及<br>個人貸款                               |
| 融資                   | - 提供商業及<br>個人貸款  |
| 光伏業務                 | - 太陽能電池之<br>光伏太陽能<br>電池、零件、<br>模組、生產、<br>發售及銷售<br>以及有關之<br>培訓及顧問<br>服務 |

業務分部間並無重大銷售或其他交易。



## 6. SEGMENT REPORTING (continued)

## (b) Geographical segments

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

## 6. 分部呈報 (續)

## (b) 地區分部

本集團主要在中國及美國經營。

	Hong Kong		Other areas in China		US		Consolidated	
	香港	Restated	中國其他地區	Restated	美國	Restated	綜合	Restated
	2006	2005	2006	2005	2006	2005	2006	2005
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
Revenue from external customers 來自外埠客戶之收入	4,629	3,769	-	-	7,725	-	12,354	3,769
Segment assets 分部資產	185,504	104,362	-	1,358	181,218	-	366,722	105,720
Capital expenditure 資本開支	106	-	-	-	12,185	-	12,291	-

for the year ended 31 March 2006

## 7. OTHER INCOME

## 7. 其他收入

		2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元
Secondment services	借取服務	2,628	1,613
Interest income	利息收入	60	1
Others	其他	16	64
		<b>2,704</b>	<b>1,678</b>

## 8. LOSS FROM OPERATIONS

## 8. 經營虧損

		2006 HK\$'000 二零零六年 千港元	Restated 2005 HK\$'000 經重列 二零零五年 千港元
Loss from operations is arrived at after charging/ (crediting):	經營虧損經扣除/ (計入) 下列各項		
Auditors' remuneration	核數師酬金		
- current	本期	680	390
- over provision in prior year	以前年度撥備過剩	(36)	(108)
Loss on disposal of property, plant and equipment	出售物業、廠房及設備之虧損	66	-
Operating lease charges in respect of land and buildings	土地及樓宇之經營租賃費用	1,208	306
Amount recognised as expenses for defined contribution retirement benefit schemes (included in staff costs)	確認對定額供款退休福利計劃開支之款項 (計入員工成本)	144	115

## 9. FINANCE COSTS

		2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元
Interest charges on:	支付以下利息		
Convertible notes	可換股票據	-	518
Other loans	其他貸款	536	390
		<u>536</u>	<u>908</u>

## 10. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 17.5% (2005: 17.5%) on the estimated assessable profit for the year.

No provision for income tax outside Hong Kong has been made (2005: Nil) as the companies comprising the Group operated outside Hong Kong either sustained a loss for taxation purpose or had a tax exemption.

## 9. 融資成本

	2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元
Interest charges on:		
Convertible notes	-	518
Other loans	536	390
	<u>536</u>	<u>908</u>

## 10. 所得稅開支

香港利得稅乃根據年的估計應課稅溢利按17.5% (二零零五年: 17.5%) 之稅率作出撥備。

由於組成本集團並設於海外經營之公司在許許稅項方面亦得虧損或享有免稅豁免，因此並無就香港以外地區所得稅作出撥備 (二零零五年: 無)。

		2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元
Current tax – Hong Kong income tax for the year	當期稅項 – 香港 年內所得稅	118	517

for the year ended 31 March 2006

## 10. INCOME TAX EXPENSE (continued)

## 10. 所得稅開支(續)

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

稅項開支與按適用稅率計算之會計溢利或虧損之對賬如下:

		2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元
Loss before income tax	除所得稅前虧損	(97,323)	(375,796)
Tax effect on loss before income tax calculated at rates applicable to profit or loss in the tax jurisdiction concerned	按適用於有關稅務管轄區之溢利或虧損之稅率計算之稅務影響	(17,998)	(65,764)
Tax effect of non-deductible expenses	不可扣減開支之稅務影響	15,222	66,919
Tax effect of non-taxable revenue	非課稅收入之稅務影響	(1,057)	(1,011)
Tax losses utilised	已動用稅務虧損	-	(20)
Tax effect of current year's tax losses not recognised	未能認本年度的稅務虧損之稅務影響	3,952	393
Other temporary differences not recognised	其他未確認之暫時性差異	(1)	-
Actual tax expense	實際稅項開支	118	517

## 10. INCOME TAX EXPENSE (continued)

The Group has deferred tax assets of HK\$7,361,000 (2005: HK\$3,684,000) arising from estimated tax losses of approximately HK\$36,544,000 (2005: HK\$21,051,000). The deferred tax assets have not been recognised as it is uncertain whether future taxable profit will be available for utilising the tax losses. The estimated tax losses incurred in Hong Kong amounting to HK\$32,733,000 can be carried forward indefinitely and the estimated tax losses incurred in US amounting to HK\$3,811,000 will expire in the financial year 2026.

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

## 11. LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

Of the consolidated loss attributable to equity holders of the Company of HK\$95,506,000 (2005: HK\$376,313,000), a loss of HK\$35,701,000 (2005: HK\$355,125,000) has been dealt with in the financial statements of the Company.

## 10. 所得稅開支 (續)

本集團截至二零零六年十二月三十一日止年度，錄得遞延稅項資產為7,361,000港元，(二零零五年：3,684,000港元) 該項遞延稅項資產並未獲認，因為未確定未來溢利或溢利是否可動用此等虧損。香港之估計稅務虧損為32,733,000港元，該項虧損可無限期結轉，而美國之估計稅務虧損為3,811,000港元將於二零零六年財政年度屆滿。

於結算日，本集團及本公司概無任何重大遞延稅項負債。

## 11. 本公司權益持有人應佔虧損

於本公司截至二零零六年十二月三十一日止年度，本公司應佔綜合虧損為95,506,000港元，(二零零五年：376,313,000港元) 其中一筆虧損為35,701,000港元，(二零零五年：355,125,000港元) 已於本公司財務報表中處理。

for the year ended 31 March 2006

**12. DIVIDENDS**

The directors do not recommend the payment of a dividend for the year ended 31 March 2006 (2005: Nil) and the Company did not pay any interim dividend during the year.

**13. LOSS PER SHARE****(a) Basic loss per share**

The calculation of the basic loss per share is based on the loss for the year attributable to equity holders of the Company of HK\$95,506,000 (2005: HK\$376,313,000) and the weighted average number of ordinary shares of 2,873,962,000 (2005: 2,085,407,000) in issue during the year.

**(b) Diluted loss per share**

No diluted loss per share has been presented as the options and warrants of the Company and the options of a subsidiary as mentioned in note 29 which were outstanding as at 31 March 2006 and 31 March 2005 and during the respective financial years, had an anti-dilutive effect to the Group's loss per share.

**12. 股息**

截至二零零六年三月三十一日止年度，董事並不建議派付股息。二零零五年內，本公司亦未派付任何中期股息。

**13. 每股虧損****(a) 每股基本虧損**

每股基本虧損乃根據本公司權益持有人應佔年內虧損95,506,000港元(二零零五年: 376,313,000港元)及年內已發行普通股之加權平均數2,873,962,000股(二零零五年: 2,085,407,000股)計算。

**(b) 每股攤薄虧損**

附註29所述於二零零六年三月三十一日及二零零五年三月三十一日及於有關財政年度內尚未行使之本公司購股權及認股權證及一間附屬公司之轉換權對本公司之每股虧損具反攤薄影響，故並無呈列每股攤薄虧損。

## 14. DIRECTORS' AND SENIOR MANagements' EMOLUMENTS

Details of the remuneration paid by the Group to the directors and the five highest paid individuals (including directors and employees) for the year are as follows:

### (a) Directors' emoluments

2006 零零六年

Executive Directors 執行董事

Mr. Chan Wai Kwong, Peter 陳冠光先生

Mr. Chan Hing Chong, Victor 陳幸時先生

Mr. Lee Hsuei Lin 李慧玲女士

Mr. Chu Chik Meng, Jack 朱積明先生

Mr. Pierre Seligman Pierre Seligman先生

Non-Executive Director 非執行董事

Dr. Zoltan J. Kiss Dr. Zoltan J. Kiss

Independent Non-Executive Director 獨立非執行董事

Mr. Chow Siu Ngai 周少宜先生

Mr. Yiu Tai Man 袁志文先生

Mr. Chan Yin Cheong, Andy 陳冠恩先生

Mr. Tam Kaui Bin, William 譚德輝先生

## 14. 董事及高級管理層酬金

本集團於年內支付董事及最高酬金人士(包括董事及僱員)之詳情如下:

### (a) 董事酬金

	Salaries, allowances and benefits	Retirement benefit scheme contributions	Share based compensation	Total
Fees	in kind			
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
薪酬	實物利益	退休福利計劃供款	以股權	總計
千港元	千港元	千港元	千港元	千港元

2006					
Executive Directors					
Mr. Chan Wai Kwong, Peter	-	603	12	87	702
Mr. Chan Hing Chong, Victor	-	-	-	-	-
Mr. Lee Hsuei Lin	-	-	-	236	236
Mr. Chu Chik Meng, Jack	-	55	-	87	142
Mr. Pierre Seligman	-	271	-	140	411
Non-Executive Director					
Dr. Zoltan J. Kiss	-	215	-	-	215
Independent Non-Executive Director					
Mr. Chow Siu Ngai	80	-	-	-	80
Mr. Yiu Tai Man	40	-	-	-	40
Mr. Chan Yin Cheong, Andy	6	-	-	-	6
Mr. Tam Kaui Bin, William	40	-	-	-	40
	166	1,144	12	550	1,872

for the year ended 31 March 2006

## 14. DIRECTORS' AND SENIOR MANagements' EMOLUMENTS (continued)

## (a) Directors' emoluments (continued)

		Fees	Salaries, allowances and benefits	Retirement benefits	Total
			in kind	contributions	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		薪酬	福利及津貼	退休福利計劃供款	總計
		千港元	千港元	千港元	千港元
2006	二零零六年				
Executive Directors	執行董事				
Mr. Chan Yiu Kwong, Peter	陳煥光先生	-	591	12	603
Mr. Chia Hwee Chung, Victor	陳嘉輝先生	-	-	-	-
Ms. Lee Hui Lin	李慧玲女士	-	-	-	-
Mr. Chu Chik Ming, Jack	朱熾明先生	-	-	-	-
Mr. Pierre Seligman	Pierre Seligman先生	-	-	-	-
Independent Non-Executive Directors	獨立非執行董事				
Mr. Chow Siu Ngai	周少岐先生	80	-	-	80
Ms. Li Ligu Hui, Stephen	李麗輝先生	40	-	-	40
Mr. Yiu Tai Man	袁錫安先生	40	-	-	40
Mrs. Chan Pui Cheong, Andy	陳佩慈女士	40	-	-	40
		200	591	12	803

No director waived or agreed to waive any emoluments in respect of the years ended 31 March 2006 and 2005.

概無董事或高級管理層同意或預任何截至二零零六年及二零零五年三月三十一日止年度之酬金。

#### 14. DIRECTORS' AND SENIOR MANagements' EMOLUMENTS (continued)

##### (b) Five highest paid individuals

The five highest paid individuals in the Group for both years included one director whose emolument has been disclosed above. The emoluments paid to the remaining four highest paid, non-director individuals are as follows:

Salaries, allowances and benefits in kind	薪酬、津貼及福利利益
Retirement benefit scheme contributions	退休福利計劃撥款
Share based compensation	以股權支付薪酬

The emoluments of the above four highest paid, non-director individuals are within the following bands:

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

- (c) During the years ended 31 March 2006 and 2005, no emoluments were paid by the Group to the directors or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

#### 14. 董事及高級管理層酬金 (續)

##### (b) 五名最高酬金人士

兩個年度內，本集團五位最高酬金人士之中包括一位董事。其餘四位最高酬金及非董事人士如下：

2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元
----------------------------------	----------------------------------

2,892	1,507
23	39
2,752	—

5,667	1,546
-------	-------

上述四位最高酬金及非董事人士之酬金範圍如下：

##### Number of individuals

人數

2006 二零零六年	2005 二零零五年
---------------	---------------

2	3
1	1
1	—

- (c) 酬金由二零零六年及二零零五年三月三十一日截止日期內，本集團概無向董事或五位最高酬金人士中之任何人士支付任何款項加入本集團之獎勵或作為離職補償之酬金。

for the year ended 31 March 2006

## 15. PROPERTY, PLANT AND EQUIPMENT

## 15. 物業、廠房及設備

Group		本集團			
		Furniture, fixtures and equipment PR\$'000 傢俬、裝置	Plant and machinery HK\$'000 廠房及機器	Leasehold improvements HK\$'000 裝修	Total HK\$'000 總計
		千港元	千港元	千港元	千港元
At 1 April 2004	於二零零四年四月一日				
Cost	原價	733	-	-	733
Accumulated depreciation	累計折舊	(729)	-	-	(729)
Net book amount	賬面淨值	4	-	-	4
For the year ended 31 March 2005	截至二零零五年三月三十一日止年度				
Net book amount at 1 April 2004	於二零零四年四月一日之賬面淨值	4	-	-	4
Depreciation	折舊	(1)	-	-	(1)
Net book amount at 31 March 2005	於二零零五年三月三十一日之賬面淨值	3	-	-	3
At 31 March 2005	於二零零五年三月三十一日				
Cost	原價	734	-	-	734
Accumulated depreciation	累計折舊	(731)	-	-	(731)
Net book amount	賬面淨值	3	-	-	3
For the year ended 31 March 2006	截至二零零六年三月三十一日止年度				
Net book amount at 1 April 2005	於二零零五年四月一日之賬面淨值	3	-	-	3
Acquisition of subsidiaries (note 32)	收購附屬公司 (附註32)	160	10,258	66	10,484
Additions	添置	373	981	455	1,809
Disposals	出售	-	-	(66)	(66)
Depreciation	折舊	(73)	(49)	-	(122)
Net book amount at 31 March 2006	於二零零六年三月三十一日之賬面淨值	463	11,190	453	12,106
At 31 March 2006	於二零零六年三月三十一日				
Cost	原價	1,667	11,338	453	12,958
Accumulated depreciation	累計折舊	(804)	(198)	-	(1,002)
Net book amount	賬面淨值	463	11,190	453	12,106

15. PROPERTY, PLANT AND EQUIPMENT  
(continued)

15. 物業、廠房及設備 (續)

Company

本公司

Furniture,  
fixtures and  
equipment  
HK\$'000

傢俬、裝置及設備  
千萬元

Net book amount	賬面淨值	
At 1 April 2005	於二零零五年四月一日	-
Additions	添置	53
Depreciation	折舊	(8)
At 31 March 2006	於二零零六年三月三十一日	<u>45</u>
At 31 March 2006	於二零零六年三月三十一日	
Cost	成本	53
Accumulated depreciation	累計折舊	(8)
		<u>45</u>

for the year ended 31 March 2006 截至二零零六年三月三十一日止年度

## 16. GOODWILL

## 16. 商譽

		Group HK\$'000 本集團 千港元
<b>31 March 2006</b>	於二零零六年三月三十一日	
Gross amount at 1 April 2005 as previously reported	於二零零五年四月一日之總值 如以前呈報	54,218
effect of adopting HKFRS 3 (note 2.1(c))	採納香港財務報告準則第3號之影響 (附註2.1(c))	(6,328)
as restated	經重列	47,890
Acquisition of subsidiaries (note 32)	收購附屬公司 (附註32)	140,575
Gross amount at 31 March 2006	於二零零六年三月三十一日之總值	188,465
Accumulated amortisation at 1 April 2005 as previously reported	於二零零五年四月一日之累計攤銷 如以前呈報	6,328
effect of adopting HKFRS 3 (note 2.1(c))	採納香港財務報告準則第3號之影響 (附註2.1(c))	(6,328)
as restated	經重列	-
Impairment recognised	已確認減值	(47,890)
Accumulated impairment at 31 March 2006	於二零零六年三月三十一日之 累計減值	(47,890)
Net carrying amount at 31 March 2006	於二零零六年三月三十一日之賬面淨值	140,575
<b>31 March 2005</b>	於二零零五年三月三十一日	
Gross amount at 1 April 2004 and at 31 March 2005	於二零零四年四月一日及 二零零五年三月三十一日之總值	54,218
Accumulated amortisation At 1 April 2004	累計攤銷 於二零零四年四月一日	3,616
Amortisation	攤銷	2,712
At 31 March 2005	於二零零五年三月三十一日	6,328
Net carrying amount at 31 March 2005	於二零零五年三月三十一日之賬面淨值	47,890

## 16. GOODWILL (continued)

Prior to 1 April 2005, goodwill was amortised on a straight-line basis over estimated useful life of 20 years.

Goodwill arising from the acquisition of a subsidiary engaging in provision of capital market advisory services was impaired during the year. In view of increasing competition in the capital market and uncertain future prospect of the subsidiary, the directors has assessed that full provision is required in respect of the net carrying amount of the goodwill amounting to HK\$47,890,000 as at 1 April 2005.

The amount of goodwill as at 31 March 2006 is allocated to the business segment of photovoltaic business (the cash-generating unit or "CGU") and is tested for impairment by estimating the recoverable amount of the CGU based on value in use calculations. The calculations use cash flow projections based on financial budgets approved by the management covering a period of 4 years. The discount rate applied to the cash flow projections is 20%. Based on the results of the impairment testing, management determines that there is no impairment of the goodwill attributable to that CGU.

## 16. 商譽(續)

於二零零五年四月一日前，商譽按二十年估計耐用年期以直線法攤銷。

收購一間從事資本市場顧問服務提供之附屬公司所產生之商譽，於年內減值。鑒於資本市場競爭激烈及該附屬公司未來前景不明朗，董事已評估於二零零五年四月一日，須就有關商譽之賬面淨值共47,890,000港元作出全額撥備。

於二零零六年三月三十一日，上述商譽款項分配至光伏業務之業務分部（現金產生單位），並透過使用價值計算估計。計規未來四年單位之可收現金額以折現值測試。現金流量預測之計算乃根據經管理層通過之涵蓋四年期之財務預算。折現率為單位所採用之折現率為20%。根據减值測試結果，管理層認為現金產生單位並無應佔之商譽減值。

for the year ended 31 March 2006

## 17. INVESTMENTS IN SUBSIDIARIES

## 17. 於附屬公司投資

		Company 本公司	
		2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元
Unlisted shares, at cost		157,910	1

Particulars of the subsidiaries at 31 March 2006 are as follows:

於二零零六年三月三十一日附屬公司之詳情如下:

Name 名稱	Place of incorporation/ operation 註冊成立 營業地點	Particulars of issued share capital 已發行股本	Percentage of issued capital held 持有已發行股本百分比	Principal activities 主要業務
------------	--	--	---	------------------------------

*Interest held directly*  
直接持有權益

REXCAPITAL Group Limited	British Virgin Islands 英屬處女群島	1 ordinary share of US\$1 1股普通股 每股1美元	100%	Investment holding 投資控股
Golden Chino Limited	British Virgin Islands 英屬處女群島	1 ordinary share of US\$1 1股普通股 每股1美元	100%	Participation in primary and secondary securities market 參與一級或二級證券市場活動

## 17. INVESTMENTS IN SUBSIDIARIES (continued)

## 17. 於附屬公司投資 (續)

Name	Place of incorporation/ operation 註冊成立 經營地點	Particulars of issued share capital 已發行股本	Percentage of issued capital held 持有已發行股本百分比	Principal activities 主要業務
<i>Interest held directly</i> 直接持有權益				
Eaglefly Technology Limited (Note (a)) (鷹飛(a))	British Virgin Islands 英屬處女群島	1 ordinary share of US\$1 1股普通股 每股1美元	100%	Investment holding 投資控股
China Solar Energy Group Limited (Note (b)) (新能(b))	Hong Kong 香港	1 ordinary share of HK\$1 each 1股普通股 每股1港元	100%	Provision for management services 提供管理服務
China Solar Energy Development Limited (Note (b)) (新能(b))	Hong Kong 香港	1 ordinary share of HK\$1 each 1股普通股 每股1港元	100%	Inactive 非活躍

for the year ended 31 March 2006

## 17. INVESTMENTS IN SUBSIDIARIES (continued)

## 17. 於附屬公司投資(續)

Name	Place of incorporation/ operation 註冊成立/ 經營地點	Particulars of issued share capital 已發行股本	Percentage of issued capital held 持有已發行股本百分比	Principal activities 主要業務
<i>Interest held indirectly</i> 間接持有權益				
REXCAPITAL (Hong Kong) Limited 匯泰銀行(香港)有限公司	Hong Kong 香港	10,000,000 ordinary shares of HK\$1 each 10,000,000股普通股每股1港元	100%	Provision of investment advisory services 提供投資諮詢服務
REXCAPITAL Enterprises Limited 匯泰企業有限公司	Hong Kong 香港	2 ordinary shares of HK\$1 each 2股普通股每股1港元	100%	Provision of management services 提供管理服務
D & M Finance Limited	Hong Kong 香港	2 ordinary shares of HK\$1 each 2股普通股每股1港元	100%	Money lending 貸款
REXCAPITAL Technology Limited	British Virgin Islands 英屬處女群島	1 ordinary share of US\$1 1股普通股每股1美元	100%	Investment holding 投資控股
REXCAPITAL Financial Services Limited	British Virgin Islands 英屬處女群島	1 ordinary share of US\$1 1股普通股每股1美元	100%	Investment holding 投資控股

## 17. INVESTMENTS IN SUBSIDIARIES (continued)

## 17. 於附屬公司投資 (續)

Name	Place of incorporation/ operation 註冊成立/ 經營地點	Particulars of issued share capital 已發行股本	Percentage of issued capital held 持有已發行 股本百分比	Principal activities 主要業務
<i>Interest held indirectly</i> 間接持有權益				
REXCAPITAL Strategic Investments Limited	British Virgin Islands 英屬處女群島	1 ordinary share of US\$1 1股普通股 每股1美元	100%	Investment holding 投資控股
REXCAPITAL Management Limited	British Virgin Islands 英屬處女群島	1 ordinary share of US\$1 1股普通股 每股1美元	100%	Investment holding 投資控股
Capital View Investments Limited	British Virgin Islands 英屬處女群島	1 ordinary share of US\$1 1股普通股 每股1美元	100%	Provision of nominee services 提供代理人服務
Twin Star Agents Limited	British Virgin Islands 英屬處女群島	1 ordinary share of US\$1 1股普通股 每股1美元	100%	Holding nominees shares for the Group in Hong Kong 為本集團於香港持有 代理人股份

for the year ended 31 March 2006

## 17. INVESTMENTS IN SUBSIDIARIES (continued)

## 17. 於附屬公司投資 (續)

Name	Place of incorporation/ operation 註冊成立/ 經營地點	Particulars of issued share capital 已發行股本	Percentage of issued capital held 持有已發行股本百分比	Principal activities 主要業務
<i>Interest held indirectly</i> 間接持有權益				
REXCAPITAL Secretarial Services Limited 德泰地產服務有限公司	Hong Kong 香港	2 ordinary shares of HK\$1 each 2股普通股 每股1港元	100%	Provision of secretarial services 提供秘書服務
Terra Solar Global, Inc. (Notes (a) and (c)) (附註(a)及(c))	United States of America 美國	10,000 ordinary shares of US\$0.01 each 10,000股普通股 每股0.01美元	51%	Investment holding 投資控股
Terra Solar North America, Inc. (Notes (a) and (c)) (附註(a)及(c))	United States of America 美國	200 ordinary shares, no par value 200股無面值 普通股	51%	Investment holding 投資控股
Notes:			(a)	
(a)	These companies were newly acquired during the year.		(a)	該等公司為於年內新收購。
(b)	These companies were newly incorporated during the year.		(b)	該等公司為於年內新註冊成立。
(c)	These companies are not audited by Grant Thornton or other Grant Thornton International member.		(c)	該等公司並非由德勤會計師行或其 他Grant Thornton International成員 審計。

## 18. INVENTORIES

## 18. 存貨

		Group 本集團	
		2006	2005
		HK\$'000	HK\$'000
		二零零六年	二零零五年
		千港元	千港元
Finished goods, at cost	製成貨品按成本值入賬	519	-

## 19. UNBILLED REVENUE FROM LONG-TERM SERVICE CONTRACTS

## 19. 未開單長期服務合約收入

		Group 本集團	
		2006	2005
		HK\$'000	HK\$'000
		二零零六年	二零零五年
		千港元	千港元
Costs incurred to date plus recognised profits	至今已產生成本及 已確認溢利	6,858	-
Less: Progress billings	減：進度收款	-	-
Less: Foreseeable losses	減：可預見虧損	-	-
		6,858	-

for the year ended 31 March 2006

20. AVAILABLE-FOR-SALE FINANCIAL ASSETS/  
INVESTMENTS IN SECURITIES

## 20. 可供出售金融資產—證券投資

		Group 本集團	
		2006	2005
		HK\$'000	HK\$'000
		二零零六年	二零零五年
		千港元	千港元
Unlisted equity securities, at cost	未上市股本證券(按成本入賬)	109,200	109,200
Less: Provision for impairment	減: 撥備	(109,200)	(109,200)
		-	-

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

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

21. FINANCIAL ASSETS AT FAIR VALUE  
THROUGH PROFIT OR LOSS/TRADING  
SECURITIES21. 以公允價值列入損益賬之金融資  
產—交易證券

		Group 本集團	
		2006	2005
		HK\$'000	HK\$'000
		二零零六年	二零零五年
		千港元	千港元
Equity securities listed in Hong Kong, at fair value	於香港上市股本證券— 按公允價值入賬	16,173	13,388
Represented by: Financial assets at fair value through profit or loss	以公允價值列入損益賬 之金融資產	16,173	-
Trading securities	交易證券	-	13,388

**21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS/TRADING SECURITIES (continued)**

The fair values of listed equity securities which are held for trading are based on quoted market prices.

At 31 March 2006, listed equity securities of HK\$16,173,000 (2005: HK\$11,018,000) were pledged as security for loans from securities brokers of HK\$2,802,000 (2005: HK\$2,787,000) (note 27).

**21. 以公允價值列入損益賬之金融資產/交易證券(續)**

已上市之持作買賣之本證券之公允價值均按所報市價計算。

於二零零六年三月三十一日，已上市股本證券為16,173,000港元，已抵押給證券商以作貸款共2,802,000港元(二零零五年：2,787,000港元)(附註27)。

**22. TRADE AND OTHER RECEIVABLES**

**22. 應收賬款及其他應收款項**

	Group 本集團		Company 本公司	
	2006 HK\$'000 二零零六年 「港元	2005 HK\$'000 二零零五年 「港元	2006 HK\$'000 二零零六年 「港元	2005 HK\$'000 二零零五年 「港元
Trade receivables (note (i))	36,397	31,187	-	-
Less: Provision for impairment (note (i))	(14,435)	-	-	-
Deposits and prepayments	21,962	31,187	-	-
Other receivables (note (ii))	808	14	48	29
Less: Provision for impairment (note (ii))	354,672	354,753	4,672	4,672
	(354,672)	(350,000)	(4,672)	-
	22,770	35,954	48	4,701

for the year ended 31 March 2006

## 22. TRADE AND OTHER RECEIVABLES (continued)

## Notes:

- (i) Included in trade receivables of the Group are loan receivables amounted to HK\$35,335,000 (2005: HK\$31,020,000) arising from the money lending business. The loan receivables are unsecured, interest-bearing at prime rate plus 5% per annum and with repayment period of 6 months or 12 months from date of drawdown. In respect of the remaining balance of HK\$1,062,000 (2005: HK\$167,000), billings are normally due on presentation. The ageing analysis of the gross trade receivable balance at the balance sheet date, based on loan drawdown date or invoice date, is as follows:

Within 3 months	一個星期
4 to 6 months	四至六個月
7 to 12 months	七至十二個月
Over 12 months	多於十二個月

Based on the assessment of the recoverability of the receivables as detailed in note 4(b), the directors of the Company are of the view that HK\$14,435,000 of the trade receivables was impaired.

## 22. 應收賬款及其他應收款項(續)

- (i) 計入本集團應收賬款項下共35,335,000港元(二零零五年: 31,020,000港元)之貸款業務產生之應收貸款。此應收貸款為無抵押、利率為最優惠利率加5厘、收取利息及於支用當日起計六個月或十二個月分期還清。就餘下結餘1,062,000港元(二零零五年: 167,000港元)而言,一般在收到發票時付款。於結算日,該應收賬款項下賬目按到期或逾期日期之呈列分析如下:

		Group 本集團	
		2006	2005
		HK\$'000	HK\$'000
		二零零六年	二零零五年
		千港元	千港元
		969	1,005
		1,486	444
		20,900	29,738
		13,042	-
		<b>36,397</b>	<b>31,187</b>

根據附註4(b)中所述之應收賬款項可收回性之評估,本公司董事認為應收賬款項值14,435,000港元。

## 22. TRADE AND OTHER RECEIVABLES (continued)

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

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

- (iii) The carrying amounts of trade and other receivables of the Group and the Company approximate their fair values at the balance sheet dates.

## 23. AMOUNT DUE FROM/TO A SHAREHOLDER/A MINORITY SHAREHOLDER/A RELATED COMPANY

The amounts due are unsecured, interest-free and repayable on demand. The carrying amounts of the balances approximate their fair values at the balance sheet dates.

## 22. 應收賬款及其他應收款項(續)

- (ii) 包括於本集團其他應收款項為 350,000,000 港元之結餘，代表出售本集團於 REXCAPITAL Infrastructure Limited 之 875 股已繳足普通股之備置之未收現項代價。根據日期為二零零三年十月二十九日之售賣協議，出售本集團於 REXCAPITAL Infrastructure Limited 之股份之代價為 350,000,000 港元。於二零零六年三月三十一日，350,000,000 港元之現金代價尚未支付。截至財政年度結算日期為止，亦未有支付其他之任何款項。故此，已就該應收款項作出全數撥備。

另外，本公司及本集團之其他應收款項中包括一項價值 4,672,000 港元之結餘，乃為經批准在投資項目而支付之定金。由於該項投資項目之終止，該項結餘已減值。

- (iii) 本集團及本公司之應收賬款及其他應收款項之賬面總值與彼等於結算日之公平價值相若。

## 23. 應收/應付一位股東/一位少數股東/一間關連公司之款項

該等款項均無抵押，不計息及於撥備通知時償還。結餘之賬面價值與結算日之公允價值相若。

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## 24. AMOUNTS DUE FROM/TO SUBSIDIARIES

## 24. 應收／應付附屬公司款項

		Company	
		本公司	
		2006	2005
		HK\$'000	HK\$'000
		二零零六年	二零零五年
		千港元	千港元
Amounts due from subsidiaries	應收附屬公司款項	1,041,777	1,032,879
Less: Provision for impairment	減：減值撥備	(913,184)	(913,182)
		<u>128,593</u>	<u>119,697</u>
Amounts due to subsidiaries	應付附屬公司款項	<u>22,740</u>	<u>26,059</u>

The amounts due are unsecured, interest-free and have no fixed repayment term. In the opinion of the directors, the balances are repayable within 12 months from the balance sheet date. The carrying amounts of the balances approximate their fair values at the balance sheet dates.

該等款項均無抵押、不計息及無固定還款期。董事認為，該等款項於結算日起計12個月內償還，該等之賬面價值與其於結算日之公允價值相若。

## 25. CASH AND CASH EQUIVALENTS

## 25. 現金及現金等價物

	Group 本集團		Company 本公司	
	2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元	2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元
Cash at banks and in hand	147,419	7,841	145,831	7,741

Cash at banks earn interest at floating rates based on daily bank deposits rates. The carrying amounts of the cash and cash equivalents approximate their fair values at the balance sheet dates.

按銀行每日存款利率，存款銀行之現金按浮動利率賺取利息。現金及現金等價物之賬面值與二零零六年之公允價值相若。

## 26. TRADE AND OTHER PAYABLES

## 26. 應付賬款及其他應付款項

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

根據發票日期，有關應付賬款及其他應付款項之詳情載列如下：

	Group 本集團		Company 本公司	
	2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元	2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元
Trade payables				
Within 3 months	819	-	-	-
4 to 6 months	154	-	-	-
	973	-	-	-
Temporary receipts from customers	13,948	-	13,948	-
Other payables and accrued charges	14,879	3,151	10,978	2,851
	29,800	3,151	24,926	2,851

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

本集團應付賬款及其他應付款項之賬面值與彼等於結算日之公允價值相若。

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## 27. BORROWINGS

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

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

Loans from securities brokers are secured by certain equity securities (note 21).

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

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

## 27. 借貸

按要求償還之借貸分析如下：

Group 本集團	
2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元
2,802	2,787
1,030	3,965
<u>3,832</u>	<u>6,752</u>

來自證券經紀之貸款以若干股本證券作抵押(附註21)。

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

借貸之賬面值與按淨值計算之公允價值相若。

## 28. SHARE CAPITAL

## 28. 股本

		2006 二零零六年		2005 二零零五年	
		Number of shares ('000) 股份數目 (千股)	HK\$ '000 千港元	Number of shares ('000) 股份數目 (千股)	HK\$ '000 千港元
Authorised	法定股本:				
Ordinary shares of HK\$0.01 each	每股面值0.01港元 之普通股	100,000,000	1,000,000	100,000,000	1,000,000
Issued and fully paid:	已發行及繳足股本:				
As at April 2005	於二零零五年 四月三十一日	2,752,452	27,525	1,709,100	17,094
Placing and Subscription <i>(note (a))</i>	配發及認購 (附註(a))	256,750	2,568	340,000	3,400
Acquisition of subsidiaries <i>(note (b))</i>	收購附屬公司 (附註(b))	600,000	6,000	-	-
Conversion of convertible notes <i>(note (c))</i>	兌換可換股票 (附註(c))	-	-	617,382	6,176
Exercise of share options <i>(note (c))</i>	行使購股權 (附註(c))	18,500	185	83,470	835
Exercise of warrants <i>(note (d))</i>	行使認股權證(附註(d))	4,850	48	-	-
As at 31 March 2006	於二零零六年 三月三十一日	3,632,552	36,326	2,752,452	27,525

## Notes:

(a) Pursuant to a board resolution passed on 15 March 2006, Multichannel Investments Limited ("MIL"), a shareholder of the Company, sold 256,750,000 existing shares of the Company to a placing agent at the placing price of HK\$0.59 per share ("Placing"). At the same time, MIL subscribed for 256,750,000 shares of the Company at subscription price of HK\$0.59 per share ("Subscription"). As a result of the Placing and Subscription, 256,750,000 new shares of the Company were issued at HK\$0.59 per share, resulting in additional share capital of HK\$2,568,000 and share premium of HK\$148,915,000. The related share issue expenses of HK\$9,779,000 were dealt with in the share premium account.

(a) 根據於二零零六年三月十五日批准之董事會決議案，Multichannel Investments Limited ("MIL") 本公司一名股東，以每股0.59港元之配售價將本公司256,750,000股現有股份出售予配發代理。在進行上同時，MIL以每股0.59港元之認購價認購本公司256,750,000股新股。其結果為本公司發行256,750,000股新股，每股0.59港元，增加256,750,000股新股之股本及額外增加2,568,000港元之股份溢價，以及股份發行費用增加148,915,000港元。有關股份發行費用為9,779,000港元，已於股份溢價賬戶處理。

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## 28. SHARE CAPITAL (continued)

### Notes: (continued)

(b) As mentioned in note 32, the Company issued new shares of 600,000,000 as part of the consideration of acquiring 100% issued share capital of Eaglefly. As at the date of acquisition on 19 January 2006, the market price of the shares of the Company was HK\$0.223, resulting in additional share capital of HK\$6,000,000 and share premium of HK\$127,800,000.

(c) During the year, subscription rights attached to 18,500,000 share options of the Company issued during the year (note 29) were exercised at the subscription price of HK\$0.166 per share, giving rise to the issue of 18,500,000 shares of HK\$0.01 each for a total consideration of HK\$3,071,000. Accordingly, additional share capital of HK\$185,000 and share premium of HK\$2,886,000 is resulted.

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

During the year, an aggregate of 4,850,000 new shares of the Company of HK\$0.01 each were issued for cash at a subscription price of HK\$0.116 each pursuant to the exercise of 4,850,000 warrants for a total cash consideration of HK\$563,000. Accordingly, additional share capital of HK\$48,000 and share premium of HK\$515,000 is resulted.

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

## 28. 股本 (續)

### 附註 (續)

(b) 遵照附註32所述，本公司發行600,000,000股新股份以作收購Eaglefly 100%已發行股本之部分代價。截至二零零六年一月十九日之收購日，本公司股價每份為0.223港元，以致股本增加6,000,000港元，以及股份溢價則額外增加127,800,000港元。

(c) 於年內，本公司於年內就發行之18,500,000股購股權（附註29）附屬之認購權獲行使，認購價為每股0.166港元，以致發行18,500,000股每股面值0.01港元之股份，總代價為3,071,000港元。因此，導致增加股本185,000港元及股份溢價2,886,000港元。

(d) 於二零零五年六月六日，一項普通決議案獲本公司股東批准，該決議案有關以發行總數為550,000,000股代價每份0.046港元之認購權，認購現金代價總額為25,300,000港元（扣除發行開支1,319,000港元）。每份認購權獲行使時持有人於二零零五年七月四日至二零零七年七月三日期間，可以每股0.116港元之認購價認購一份本公司每股面值0.01港元之普通股。

於年內，根據本公司共4,850,000份認購權獲行使，認購現金代價為563,000港元。共有4,850,000股每股面值0.01港元之股份獲認購，每股0.116港元發行，導致增加股本48,000港元及股份溢價515,000港元。

於結算日，本公司尚有545,150,000股未行使認購權。倘該等認購權獲悉數行使，及本公司現有資本架構不變，則本公司545,150,000股額外之普通股發行，包括增加股本5,452,000港元及股份溢價57,785,000港元（扣除開支前）。

## 29. SHARE OPTION SCHEMES

### Company

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

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

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

## 29. 購股權計劃

### 本公司

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

並無購股權承授人須持有購股權一段限期方可行使之一般規定，惟董事可酌情於授出任何購股權時加任何規定。於授出購股權時，承授人須於授出購股權日期起計30日內繳納行使之購股權之對價1.00港元。

承授人須於購股權獲認購股款之限期內向董事部請領及，惟不得遲於採納二零零二年計劃當日起計十年。

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## 29. SHARE OPTION SCHEMES (continued)

## Company (continued)

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

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

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

## 29. 購股權計劃 (續)

## 本公司 (續)

按中國制會章程與本公司發行及日後二零零二年計劃及本公司任何其他購股權計劃授出之購股權(包括已行使及未行使之購股權)發行或可予以發行之股份總數(於截至授出日期之任何十二個月期間內)不得多於授出日期已發行股份之1%

因行使二零零二年計劃或任何其他本公司其他購股權計劃授出之購股權而發行之股份數目最高不得超過本公司於批准及採納二零零二年計劃當日之已發行股本之10%。惟本公司可於任何時間尋求其股東批准更新該項10%股東最高須額之股東大會批准當日之發行股份之10%

根據二零零二年計劃本公司授出之購股權變動如下:

		2006 Number 二零零六年 數目	2005 Number 二零零五年 數目
At 1 April 2005/2004	於二零零五年一月一日/二零零四年四月一日	101,517,006	32,234,012
Granted (note (a))	授出(附註(a))	275,200,000	170,869,970
Lapsed	失效	-	(16,117,006)
Exercised (note (b))	已行使(附註(b))	(18,500,000)	(85,469,970)
At 31 March 2006/2005	於二零零六年三月三十一日/二零零五年三月三十一日	358,217,006	101,517,006

## 29. SHARE OPTION SCHEMES (continued)

## 29. 購股權計劃 (續)

## Company (continued)

## 本公司 (續)

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

購股權之行使價及行使期如下:

		2006 二零零六年		2005 二零零五年	
		Exercise price per share HK\$ 每股行使價 港元	Number 數目	Exercise price per share HK\$ 每股行使價 港元	Number 數目
Exercisable period:	行使期:				
2.1.2004 - 31.12.04	二零零四年一月一日起至 二零零四年十二月三十一日止	0.1600	16,117,006	0.1600	16,117,006
20.12.2004 - 19.12.2014	二零零四年十二月二十日起至 二零零四年十二月十九日止	0.0880	85,400,000	0.0880	85,400,000
27.6.2005 - 26.6.2015	二零零五年六月二十七日起至 二零一一年六月二十六日止	0.1660	85,200,000	-	-
20.7.2005 - 19.7.2015	二零零五年七月二十日起至 二零一一年七月十九日止	0.1660	171,500,000	-	-
All March	於三月三十一日		<u>358,217,006</u>		<u>101,517,006</u>

## Notes:

## 附註:

- (a) Share options were vested once granted.
- (b) In respect of the share options exercised in the current financial year, the weighted average share price of the Company at the dates of exercise ranged from HK\$0.44 to HK\$0.64 (2005: HK\$0.05) per share. The share options exercised during the year resulted in the issue of 18,500,000 ordinary shares of the Company (note 28 (c)).

- (a) 購股權已於授出時歸屬。
- (b) 就於本分則財政年度內所授之購股權及行使本公司之加權平均股價為每股0.44港元至0.64港元(二零零五年: 0.05港元)之購股權, 本公司發行18,500,000股普通股(附註28 (c))。

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## 29. SHARE OPTION SCHEMES (continued)

## Company (continued)

As mentioned in note 2.1(d), the adoption of HKFRS 2 has no financial impact to the share options granted by the Company in prior years. However, all the share options granted during the year have been accounted for under HKFRS 2. The fair value of the 275,200,000 share options at the date of grant was HK\$24,049,000 in aggregate which has been recognised as to HK\$3,696,000 as staff costs and HK\$20,353,000 as consultancy fee in the income statement for the year ended 31 March 2006.

The fair values of share options granted during the year were determined by an independent valuer using the Binomial Model (the "Model"). Details of the inputs to the Model are as follows:

Expected volatility (%)	42.18%
Risk-free interest rate (%)	3.38%
Dividend yield (%)	0.00%

Expected volatility at the date of grant represents historical volatilities which was calculated using the 90-day historical share prices of the Company preceding the date of grant.

At the balance sheet date, the Company had 358,217,000 share options outstanding under the 2002 Scheme. The exercise in full of these remaining share options would, under the present capital structure of the Company, will result in the issue of 358,217,000 additional ordinary shares of the Company including additional share capital of HK\$3,582,000 and share premium of HK\$49,124,000.

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

## 29. 購股權計劃 (續)

## 本公司 (續)

如附註2.1(d)所述，採納香港財務報告準則第2號對本公司於過往年度所授之購股權並無財務影響。然而，所有於年內授出之購股權已按照香港財務報告準則第2號入賬。275,200,000股購股權於授出日之公允價值總額為24,049,000港元，已於截至二零零六年三月三十一日止年度賬目表確認其中3,696,000港元為員工成本及20,353,000港元為顧問費。

於年內授出購股權之公允價值採用二項式模型之模型。輸入模型之資料如下：

預期波幅 (%)	42.18%
無風險利率 (%)	3.38%
股息 (%)	0.00%

於授出日之預期波幅，即以於授出日前本公司九十日歷史股價計算之歷史波幅。

於結算日，根據二零零六年計劃，本公司尚有358,217,000股未行使購股權。倘若守歸下購股權獲悉數行使，本公司將現有資本結構，額外發行358,217,000股額外之普通股發行，包括額外股本3,582,000港元及額外股額總值49,124,000港元。

於結算日後至該等財務報告日期止期間，概無購股權授出。

## 29. SHARE OPTION SCHEMES (continued)

## Subsidiary

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

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

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

## 29. 購股權計劃

## 附屬公司

二零零五年十二月三十一日，Terra Solar Global, Inc. ("TSG") 本集團之附屬公司，實施一項購股權計劃（二零零五年計劃）。根據二零零五年計劃，TSG 之董事（"TSG 董事"）獲授權向 TSG 之附屬公司之合資格參加者，即 TSG 及其附屬公司之董事、高級職員、其他僱員以及顧問。

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

有關獲授之股份必須於授出之期限由董事會釐定，但不多於二零零五年計劃所述之情況不得多於 5 年或 10 年。

for the year ended 31 March 2006 截至二零零六年三月三十一日止年度

## 29. SHARE OPTION SCHEMES (continued)

## Subsidiary (continued)

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

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

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

			2006 Number 二零零六年 數量	2005 Number 二零零五年 數量
At 1 April 2005/2004	於二零零五年 四月一日	二零零四年四月一日	-	-
Granted	已授出		1,226	-
At 31 March 2006/2005	於二零零六年 三月三十一日	二零零五年三月三十一日	1,226	-

## 29. 購股權計劃 (續)

## 附屬公司 (續)

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

根據二零零五年計劃可能發行之股份總數為1,500股。倘於二零零五年計劃授出之任何購股權到期失效(或因任何原因而終止)而未獲悉數行使，或因任何原因而令全部或部分變成不能行使，或倘TSG再購回任何購股權，有關購股權未被購回之股份將可獲二零零五年計劃再授出購股權之用。於任何一個財政年度可以購股權形式授予合資格受薪者之TSG之股份之總數最高為1,000股。

根據二零零五年計劃授出之購股權之變動如下：

## 29. SHARE OPTION SCHEMES (continued)

## Subsidiary (continued)

During the year, 1,226 share options were granted under the 2005 Scheme with exercise price of HK\$6,153 (equivalent to US\$794) per option. As at 31 March 2006, 520 share options were vested and exercisable. The outstanding share options as at 31 March 2006 are exercisable from the date of vesting to 31 December 2015.

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

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

Expected volatility (%)	3.46%
Risk-free interest rate (%)	4.53%
Dividend yield (%)	0.00%

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

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

Subsequent to the balance sheet date and up to the date of these financial statements, no share option had been granted under the 2005 Scheme.

## 29. 購股權計劃 (續)

## 附屬公司 (續)

年內，已根據二零零五年計劃授出1,226份購股權，行使價為每份購股權6,153港元(相當於794美元)。於二零零六年三月三十一日，520份購股權已歸屬及可予行使。於二零零六年三月三十一日尚未行使之購股權將於歸屬日期起至二零零九年十二月三十一日開始行使。

於年內根據二零零五年計劃授出之購股權已根據香港財務報告準則第2號列賬。故此，其中137,000港元被列為二零零六年三月三十一日止年度之財務報表中確認為僱員成本。

年內授出之購股權之公允價值乃由獨立估值師，使用柏力克-舒爾斯模型釐定。該式(柏力克-舒爾斯模式)釐定輸入值力克-舒爾斯模型之資料如下：

預期波幅(%)	3.46%
無風險利率(%)	4.53%
股息(%)	0.00%

無風險利率即為10年期美國聯邦國庫券到期票息。

於結算日，根據二零零五年計劃，TSG有1,226份購股權尚未行使。佔同日TSG已發行股本約12.3%。

於結算日後至本財政年度編撰日期，概無根據二零零五年計劃授出購股權。

for the year ended 31 March 2006

## 30. RESERVES

## Company

## Share premium

## Total

## Loss for the year

## Total recognised income and expense for the year

## Shares issued on placement

## Expenses on placement of shares

## Shares issued on conversion of convertible notes

## Exercise of share options

## At 31 March 2005 (2004)

## Loss for the year

## Total recognised income and expense for the year

## Share issued on placement

## Share issue expenses (note 28(a))

## Share issued on acquisition of subsidiary

## Exercise of share options

## Issue of warrants (note 28(a))

## Exercise of warrants (note 28(a))

## At 31 March 2006

## 30. 儲備

## 本公司

## Share premium

## Total

## Loss for the year

## Total recognised income and expense for the year

## Shares issued on placement

## Expenses on placement of shares

## Shares issued on conversion of convertible notes

## Exercise of share options

## At 31 March 2005 (2004)

## Loss for the year

## Total recognised income and expense for the year

## Share issued on placement

## Share issue expenses (note 28(a))

## Share issued on acquisition of subsidiary

## Exercise of share options

## Issue of warrants (note 28(a))

## Exercise of warrants (note 28(a))

## At 31 March 2006

## Share

## Total

## Loss for the year

## Total recognised income and expense for the year

## Shares issued on placement

## Expenses on placement of shares

## Shares issued on conversion of convertible notes

## Exercise of share options

## At 31 March 2005 (2004)

## Loss for the year

## Total recognised income and expense for the year

## Share issued on placement

## Share issue expenses (note 28(a))

## Share issued on acquisition of subsidiary

## Exercise of share options

## Issue of warrants (note 28(a))

## Exercise of warrants (note 28(a))

## At 31 March 2006

## Share option reserve

## Total

## Loss for the year

## Total recognised income and expense for the year

## Shares issued on placement

## Expenses on placement of shares

## Shares issued on conversion of convertible notes

## Exercise of share options

## At 31 March 2005 (2004)

## Loss for the year

## Total recognised income and expense for the year

## Share issued on placement

## Share issue expenses (note 28(a))

## Share issued on acquisition of subsidiary

## Exercise of share options

## Issue of warrants (note 28(a))

## Exercise of warrants (note 28(a))

## At 31 March 2006

## Contributed surplus

## Total

## Loss for the year

## Total recognised income and expense for the year

## Shares issued on placement

## Expenses on placement of shares

## Shares issued on conversion of convertible notes

## Exercise of share options

## At 31 March 2005 (2004)

## Loss for the year

## Total recognised income and expense for the year

## Share issued on placement

## Share issue expenses (note 28(a))

## Share issued on acquisition of subsidiary

## Exercise of share options

## Issue of warrants (note 28(a))

## Exercise of warrants (note 28(a))

## At 31 March 2006

## Warrant reserve

## Total

## Loss for the year

## Total recognised income and expense for the year

## Shares issued on placement

## Expenses on placement of shares

## Shares issued on conversion of convertible notes

## Exercise of share options

## At 31 March 2005 (2004)

## Loss for the year

## Total recognised income and expense for the year

## Share issued on placement

## Share issue expenses (note 28(a))

## Share issued on acquisition of subsidiary

## Exercise of share options

## Issue of warrants (note 28(a))

## Exercise of warrants (note 28(a))

## At 31 March 2006

## Accumulated losses

## Total

## Loss for the year

## Total recognised income and expense for the year

## Shares issued on placement

## Expenses on placement of shares

## Shares issued on conversion of convertible notes

## Exercise of share options

## At 31 March 2005 (2004)

## Loss for the year

## Total recognised income and expense for the year

## Share issued on placement

## Share issue expenses (note 28(a))

## Share issued on acquisition of subsidiary

## Exercise of share options

## Issue of warrants (note 28(a))

## Exercise of warrants (note 28(a))

## At 31 March 2006

## Total

## Total

## Loss for the year

## Total recognised income and expense for the year

## Shares issued on placement

## Expenses on placement of shares

## Shares issued on conversion of convertible notes

## Exercise of share options

## At 31 March 2005 (2004)

## Loss for the year

## Total recognised income and expense for the year

## Share issued on placement

## Share issue expenses (note 28(a))

## Share issued on acquisition of subsidiary

## Exercise of share options

## Issue of warrants (note 28(a))

## Exercise of warrants (note 28(a))

## At 31 March 2006

331,824

12,432

311,786

23,781

(1,064,856)

349,976

## 30. RESERVES (continued)

## Company (continued)

## Notes:

- (a) The share option reserve arises from the share based compensation regarding the share options granted by the Company and a subsidiary as referred to in note 29.
- (b) Under the Companies Act of Bermuda, the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of the contributed surplus, if:
- (i) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or
- (ii) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities, issued share capital and share premium account.
- (c) Warrant reserve represents the net proceeds received from the issue of warrants of the Company. The reserve will be transferred to share capital and share premium accounts upon the exercise of the warrants.

In the opinion of the directors, as at 31 March 2006, the Company had no reserves available for distribution to its shareholders (2005: Nil).

## 30. 儲備 (續)

## 本公司 (續)

## 附註:

- (a) 購股權儲備乃由有關本公司及一間附屬公司授出購股權(詳見附註29)之溢利收入計入產生。
- (b) 根據百慕達公司法,本公司之溢利及股份溢利可供分派。然而,如在上列情況下,本公司不能宣派股息或作出溢利分派,或作如下:
- (i) 本公司或於支付後不能清還到期之債務;或
- (ii) 本公司資產之可變現價值將因此項分派而低於其負債、已發行股本及股份溢利之總額。
- (c) 認股權證儲備由本公司發行認股權證淨收入之所得款項扣除。該項撥款將撥充作行使認股權時之股本及股份溢利。

董事認為,本公司於二零零六年三月三十一日或無可供分派予股東之儲備(二零零五年:無)。

for the year ended 31 March 2006

**31. MAJOR NON-CASH TRANSACTION**

Part of the purchase consideration of acquisition of Eaglefly during the year as mentioned in note 32 was settled by 600,000,000 ordinary shares of the Company at the price of HK\$0.223 per share, which amounted to HK\$133,800,000.

**32. ACQUISITION OF SUBSIDIARIES**

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

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

**31. 主要非現金交易**

附註32所述於年內收購Eaglefly之部份購買代價，以每股發行價0.223港元之600,000,000股本公司普通股清償，總額為133,800,000港元。

**32. 收購附屬公司**

於二零零六年一月十九日，本集團由Multichannel Investments Limited收購Eaglefly Technology Limited（「Eaglefly」）100%已發行股本連同股東貸款（收購），Eaglefly於英屬維京群島註冊成立，為一投資控股公司。Eaglefly持有Terra Solar Global, Inc. 51%權益，而Terra Solar Global, Inc. 則持有Terra Solar North America, Inc. 100%權益。於收購日，TS集團主要從事太陽能電池之開發、生產、營銷及銷售，以及有關之培訓及顧問服務。

收購代價為158,174,000港元，其中24,374,000港元，相當於3,145,000美元，以現金支付，其餘133,800,000港元則透過以每股0.223港元之價格發行600,000,000股普通股支付。在計入收購附屬之專業費用3,224,000港元後，總收購成本為161,398,000港元。

## 32. ACQUISITION OF SUBSIDIARIES (continued)

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

## 32. 收購附屬公司 (續)

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

		Carrying amount HK\$'000 賬面值 千港元	Adjustments HK\$'000 調整 千港元	Fair value HK\$'000 公允價值 千港元
Goodwill	商譽	70,488	(70,488)	-
Property, plant and equipment	物業、廠房及設備	10,484		10,484
Inventories	存貨	519		519
Unbilled revenue for long-term service contracts	未入賬長期服務 合約收入	4,844		4,844
Trade and other receivables	應收賬款及其他應收賬項	23,802		23,802
Cash and cash equivalents	現金及現金等價物	573		573
Trade and other payables	應付賬款及其他應付賬項	(1,620)		(1,620)
Borrowings	借貸	(4,611)		(4,611)
Minority interests	少數股東權益	(51,194)	34,538	(16,656)
<b>Net assets acquired</b>	<b>收購資產淨值</b>	<b>53,285</b>		<b>17,335</b>
Shareholder's loan acquired	收購股東貸款			3,488
Goodwill arising on Acquisition (note 16)	收購產生之商譽 (附註 16)			140,575
<b>Total acquisition cost</b>	<b>總收購成本</b>			<b>161,398</b>

for the year ended 31 March 2006

## 32. ACQUISITION OF SUBSIDIARIES (continued)

## 32. 收購附屬公司 (續)

		Fair value HK\$'000 公允價值 港幣
The total acquisition cost is satisfied by:	為收購成本以下列各項支付:	
Cash	現金	27,598
Shares issued	已發行股份	133,800
		<u>161,398</u>
An analysis of the net cash outflow arising on the Acquisition is as follows:	收購產生之現金流出開支分析如下:	
Cash consideration paid	已付現金代價	27,598
Bank balances and cash acquired	收購附屬公司現金	(573)
		<u>27,025</u>
Net outflow of cash and cash equivalents in respect of the Acquisition	有關收購之現金及現金等價物流出淨額	

## 32. ACQUISITION OF SUBSIDIARIES (continued)

## Notes:

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

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

## 33. OPERATING LEASE COMMITMENTS

At 31 March 2006, the total future minimum lease payments in respect of office premises under non-cancellable operating leases were payable by the Group as follows:

Within one year	一年內
In the second to fifth year inclusive	第二至五年(包括首尾兩年)
Over five years	逾五年

The Group leases land and buildings under an operating lease. The lease runs for an initial period of 10 years, with an option to renew the lease and renegotiate the terms at the expiry date. The lease does not include any contingent rentals.

## 32. 收購附屬公司(續)

## 附註:

自收購後，Eaglefly及TS集團分別為本集團之收入及年內虧損分別帶來7,725,000港元收入及3,742,000港元虧損淨額。

收購已於二零零五年四月一日完成。本集團之收入及年內虧損分別為12,670,000港元及110,801,000港元。備考資料僅供說明用途，並非必須顯示倘若二零零五年四月一日完成收購而將上述之事項收入及虧損重述，而無意對任何預測未來業績。

## 33. 經營租賃承擔

於二零零六年三月三十一日，根據不可解除之經營租賃，本集團於日後還款行辦公室物業租賃承擔之最低租賃款項總額如下：

Group 本集團	
2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元
2,247	—
11,831	—
18,116	—
<u>32,194</u>	<u>—</u>

本集團按經營租賃租賃土地及樓宇。租賃初步期為十年，可於到期日選擇續租並對條款進行協商。該租賃並無包括任何或有租金。

for the year ended 31 March 2006

## 34. CAPITAL COMMITMENTS

## Group

As at 31 March 2006, the Group had the following capital commitments:

- (i) The Group has entered into a contract with a company, in which a director of the Company has equity interest, for the purchase and installation of certain manufacturing equipments which are used/ to be used in a long-term service contract. The amount of the purchase contract is approximately HK\$43,014,000 and other associated charges relating to the contract which are to be billed on labour and material basis is HK\$3,100,000. As at 31 March 2006, costs of HK\$5,619,000 in relation to the contract have been incurred by the Group and the amount of commitment arising from the contract was HK\$40,495,000.
- (ii) Pursuant to the signing of two joint venture agreements by a subsidiary on 10 January 2005, the Group is required to make capital contribution of approximately HK\$15,500,000 (US\$2,000,000) and HK\$988,000 (US\$127,500) respectively. As at 31 March 2006, the Group has not yet made any of such capital contributions.

## Company

The Company had no material capital commitment as at the balance sheet dates.

## 34. 資本承諾

## 本集團

於二零零六年三月三十一日，本集團之資本承諾如下：

- (i) 本團與一間公司(本公司董事持有該公司股份)就購買及安裝若干生產設備訂立一項合約。該批生產設備已用/將用於長期服務合約。購買合約之金額約為43,014,000港元，而有關合約的其他關連費用將按勞工及材料對入賬之金額為3,100,000港元。於二零零六年三月三十一日，本集團為有關合約之成本為5,619,000港元，而合約產生之承諾金額為40,495,000港元。
- (ii) 根據兩項由一間附屬公司於二零零五年一月十日簽署之合資企業協議，本集團須分別作出約15,500,000港元(2,000,000美元)及988,000港元(127,500美元)之資本承諾。於二零零六年三月三十一日，本集團並未作出任何有關資本承諾。

## 本公司

於結算日，本公司並無重大資本承諾。

### 35. CONTINGENT LIABILITIES AND LITIGATIONS

#### The Group

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

#### The Company

The Company has issued corporate guarantee to certain securities brokers for securing the credit facilities granted by the brokers to one of its subsidiaries on securities accounts. As at 31 March 2006, HK\$712,000 of the credit facilities was utilised by the subsidiary.

### 35. 或然負債及訴訟

#### 本集團

於一九九九年九月二十一日，本公司之前任董事黃朝山先生於香港法院提出向本公司索償合共5,000,000港元。黃朝山先生聲稱於一九九七年六月代表本公司向第三方支付款項用作保證金。惟本公司並未向其償還該款項。董事經考慮有關事宜後，認為由於黃朝山先生自二零零零年六月後並無就有關訴訟採取行動，故在現階段毋須就此項訴訟作出撥備。

#### 本公司

本公司已發行公司擔保予若干證券經紀商，以作為經紀商發出信貸融予其中一間附屬公司之證券戶口之抵押。於二零零六年三月三十一日，附屬公司動用之信貸融總額為712,000港元。

for the year ended 31 March 2006 截至二零零六年三月三十一日止年度

36. MATERIAL RELATED PARTY  
TRANSACTIONS

## 36. 重大關連人士交易

Particulars of material related party transactions during  
the year are as follows:

年內重大關連人士交易詳情如下:

			2006 HK\$'000 二零零六年 千港元	2005 HK\$'000 二零零五年 千港元
		Notes 附註		
Interest expense on loan from a related party, unsecured	關連公司給予之會款 利息開支(無抵押)	(a)	170	99
Operating lease charges in respect of properties	物業之經營租賃費用		-	291
Purchase of manufacturing equipments	購入生產設備	34(i)	5,619	-
Research and development expenses	研發開支	(b)	969	-
Secondment service income	借調服務收入	(c)	2,628	1,613

## Notes:

## 附註:

(a) During the year, interest expense of HK\$170,000 (2005: HK\$99,000) were paid in respect of a loan from a company in which a former director of the Company has equity interest.

(a) 年內,已就本公司一名前董事持有股份之公司對供之貸款支付利息開支170,000港元(二零零五年:99,000港元)。

### 36. MATERIAL RELATED PARTY TRANSACTIONS (continued)

- (b) The Group has entered into research and development agreement with a related company in which a director of the Company has the equity interest. Research and development expenses incurred by the Group during the year in respect of the agreement was HK\$969,000.
- (c) Secondment service income of HK\$2,628,000 (2005: HK\$1,613,000) were derived from secondment of staff to a related company in which a former director of the Group has equity interest.

### 37. FINANCIAL RISK MANAGEMENT

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

### 36. 重大關連人士交易

- (b) 本集團與一間關連公司訂立研究及發展協議，而本公司一名董事持有該關連公司股權。本集團於該協議期間之研發費用為969,000港元。
- (c) 2,628,000港元（二零零五年：1,613,000港元）之短期服務收入乃來自一間關連公司轉借借調員工服務，而本集團一名前董事持有該關連公司之股權。

### 37. 金融風險管理

本集團並無書面之風險管理政策及指引。然而，董事會會定期檢查分析及制訂措施以管理本集團面對之市場風險，主要包括利率之變遷。一般來說，本集團採用保守之風險管理策略。由於本公司董事認為本集團面對之市場風險實際持低水平，故本集團現時並無採用任何衍生工具或其他工具以作交易用途。

for the year ended 31 March 2006

**37. FINANCIAL RISK MANAGEMENT (continued)**

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

**(a) Interest rate risk**

The Group has no significant interest-bearing assets apart from cash and cash equivalents. The Group's interest rate risk arising from borrowings are disclosed in note 27.

**(b) Foreign currency risk**

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

**(c) Credit risk**

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

The Group's amounts due from customers of contract works and trade and other receivables are actively monitored to avoid significant concentrations of credit risk.

**37. 金融風險管理 (續)**

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

**(a) 利率風險**

除現金及現金等價物外，本集團  
並無重大計息資產。本集團之利  
率風險來自附註27所披露之借  
款。

**(b) 外幣風險**

本集團因外幣匯率變動而為面對  
之風險極低。

**(c) 信貸風險**

一般而言，金融資產所面臨最大之  
信貸風險，乃金融資產於綜合資  
產負債表所呈列之賬面值。因此，  
僅當最大潛在金融虧損與有關金  
融資產之賬面值顯著不同時，才  
被認為實屬風險。

本集團應收合約工程客戶款項、應  
收賬款及應收賬款及其他應收款  
項均受到嚴格監督，以避免出現集  
中之信貸風險。

## 37. FINANCIAL RISK MANAGEMENT (continued)

## (d) Liquidity risk

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

## (e) Price risk

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

## (f) Fair Value

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

## 37. 金融風險管理 (續)

## (d) 流動資金風險

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

## (e) 價格風險

本集團面臨股市證券價格風險，乃因其持有作交易之證券投資。證券證券投資乃於每一結算日按公允價值列報。管理層透過具有不同風險狀況之投資組合，以監察及管理證券風險承擔。

## (f) 公允價值

董事認為金融資產及金融負債呈報於綜合資產負債表之公允價值，與賬面之賬面值相若。

		2002	2003	2004	2005	2006
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		二零〇二年 千港元	(Restated) 二零〇三年 千港元	(Restated) 二零〇四年 千港元	(Restated) 二零〇五年 千港元	二零〇六年 千港元
<b>Results</b>	<b>業績</b>					
Turnover	營業額	5,543	4,784	6,050	3,769	12,354
(Loss)/Profit before income tax	除稅前利潤 (虧損) / 溢利	(364,875)	5,948	(2,135)	(375,796)	(97,323)
Income tax expense	所得稅開支	-	18	-	(517)	(118)
(Loss)/Profit for the year	年內(虧損) / 溢利	(364,875)	5,966	(2,135)	(376,313)	(97,441)
Minority interests	少數股東權益	-	-	9	-	1,935
(Loss)/Profit attributable to the shareholders	股東應佔 (虧損) / 溢利	(364,875)	5,966	(2,126)	(376,313)	(95,506)
<b>Assets and liabilities</b>	<b>資產及負債</b>					
Property, plant and equipment	物業、廠房 及設備	397,156	395,018	4	3	12,106
Goodwill	商譽	-	53,314	50,602	47,890	140,575
Net current (liabilities)/ assets	流動(負債) / 資產 淨值	(149,154)	(6,184)	369,677	38,042	179,774
Total assets less current liabilities	資產總值減流動 負債	248,002	442,148	420,283	85,935	332,455
Obligations under finance leases	融資租賃負債	(32)	-	-	-	-
Convertible notes	可換股票據	(49,631)	(69,000)	-	-	-
Net assets	資產淨值	198,339	373,148	420,283	85,935	332,455
Share capital	股本	124,383	13,079	17,094	27,525	36,326
Reserves	儲備	73,956	360,069	403,189	58,410	281,408
Equity attributable to equity holders	權益持有人 應佔權益	198,339	373,148	420,283	85,935	317,734
Minority interests	少數股東權益	-	-	-	-	14,721
Total equity	總權益	198,339	373,148	420,283	85,935	332,455