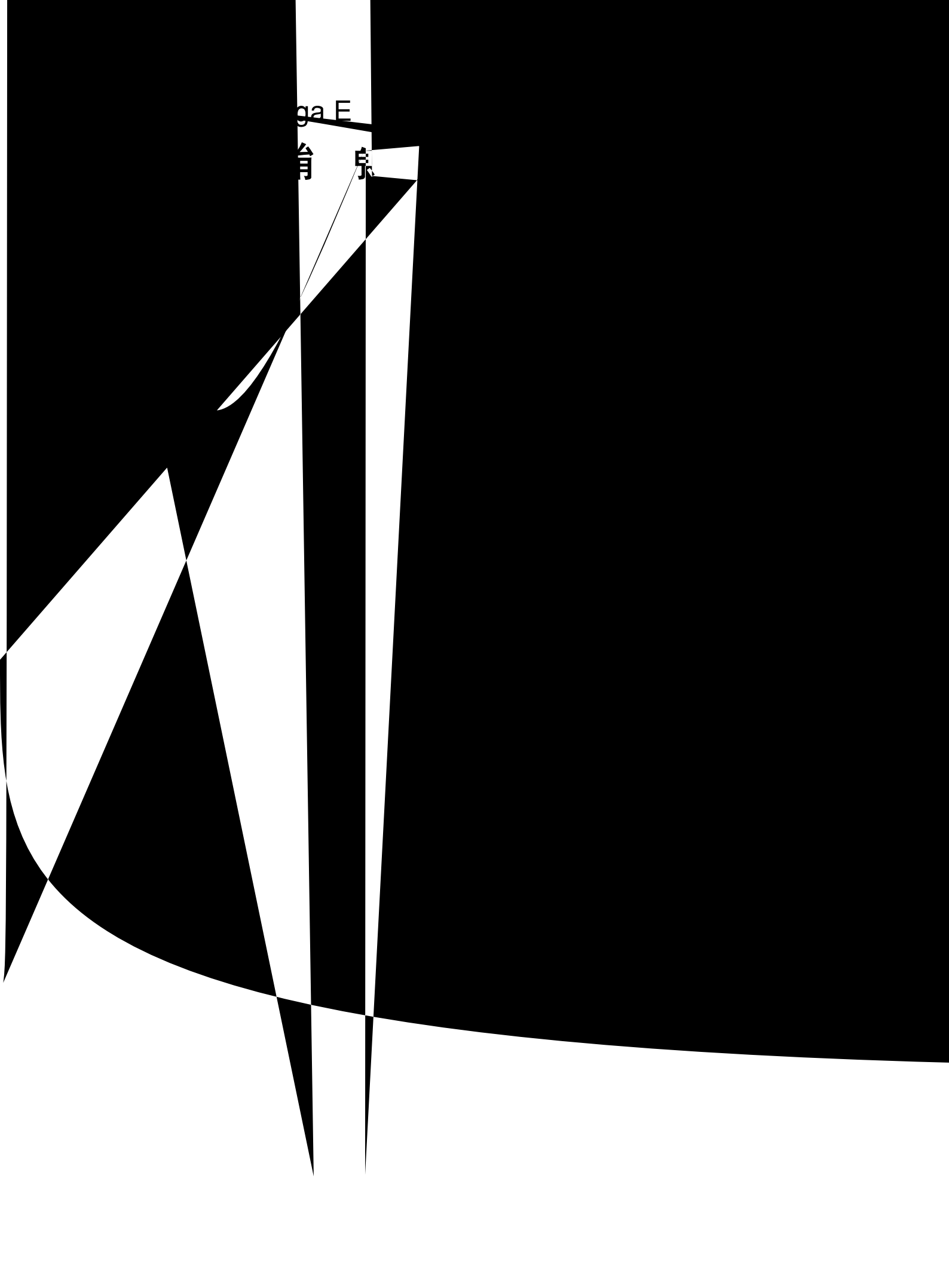


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育 泉





# Corporate Information

## 公司資料

## B

Bank of Inzhou  
Agricultural Bank of China  
China Construction Bank  
Huaxia Bank  
Bank of Communications

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

## B

Room 1402, Harbour Centre  
25 Harbour Road  
Wanchai  
Hong Kong

Butterfield Fund Services (Cayman) Limited  
Butterfield House  
68 Fort Street  
P.O. Box 705  
Grand Cayman, KY1-1107  
Cayman Islands

## A

Hsu You Yuan  
Chow Yiu Ming

Computershare Hong Kong Investor Services Limited  
Rooms 1712-16, 17th Floor,  
Hopewell Centre,  
183 Queen's Road East  
Wanchai  
Hong Kong

Porda International (Finance) PR Group

[www.solargiga.com](http://www.solargiga.com)

## 主要往來銀行

錦州銀行  
中國農業銀行  
中國建設銀行  
華夏銀行  
交通銀行

## 註冊辦事處

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

## 香港總辦事處暨主要營業地址

香港  
灣仔  
港灣道25號  
海港中心1402室

## 股份過戶登記總處

Butterfield Fund Services (Cayman) Limited  
Butterfield House  
68 Fort Street  
P.O. Box 705  
Grand Cayman, KY1-1107  
Cayman Islands

## 法定代表

許祐淵  
鄒菊蔣 { c 靈夕 靈灤 去 紋寧 啟 \ 懷 女 靈鑿 靈筐

## Company Profile

### 公司簡介

Solargiga Energy Holdings Limited (the “Company”, together with its subsidiaries collectively the “Group”, stock code: 757) is a leading manufacturer of monocrystalline silicon solar ingots and wafers in the People’s Republic of China (“PRC”). Its products are used for the manufacture of photovoltaic (“PV”) cells which are important components of solar energy generation systems. It is engaged in three main businesses:

(a)

# Financial Highlights

## 財務摘要

-  
RMB'000

### 五年財務摘要

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292,241

# Forging Ahead Without Fear

## 無懼烏雲蔽日 自強不息

Solargiga's successful listing on the Main Board of Hong Kong Stock Exchange has accelerated the upgrade of its production capacity and technological level, reinforced its corporate governance structure, as well as created good conditions against the external challenges under the unfavourable market, providing a strong support for long-term development.

陽光能源成功於香港聯合交易所主板上市，有助加快提升產能及技術水平，強化企業管治架構，得以為本集團創造良好條件以抵禦市場不景氣的外在挑戰，也為長遠發展提供有力的支持。



**Chairman's Statement**

主席報告書

In 2008, measures such as raising funds through the Listing, increasing production capacity and enhancing level of technology, have created favourable opportunities for the Group's business development. However, at the same time, the impacts of the global financial tsunami have also brought a very challenging business environment for the solar power industry, which still needs subsidies from the government. Currently, governments from various countries are having a tough time in dealing with serious problems such as deflation, aggravation of economy and rise of unemployment rate. However,

In a market environment surrounded with both opportunities and challenges, the Group's most valuable assets are its loyal, devoted and outstanding staff. I, on behalf of the Board of Directors, would like to express our gratitude to the staff from all departments for their dedicated services and contributions, as well as to all shareholders and business partners for their continuous support and trust.

*Chairman*

**A**

Hong Kong, 20 March 2009

在身處充滿機遇及挑戰的市場環境下，本集團最寶貴的資產是其勤奮忠誠、緊守崗位的優秀員工。在此，本人謹代表董事會對各部門員工之忠誠服務及貢獻，深表謝意，也衷心感謝各位股東及業務夥伴一直以來的支持和信任。

**焦平海**

**主席**

香港，二零零九年三月二十日

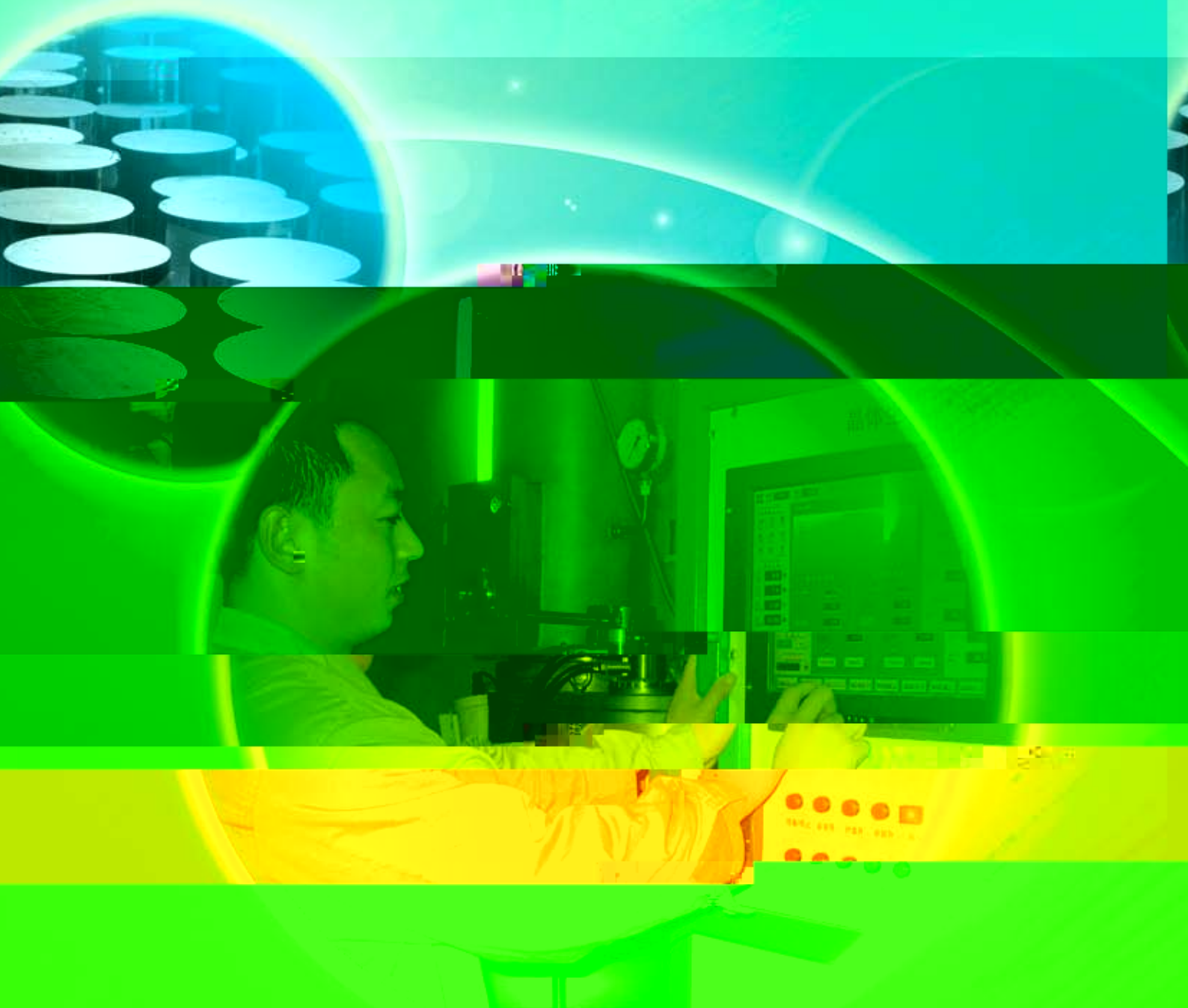
# Taking Challenge in our Stride

## Turning Crises into Opportunities

### 運籌帷幄 轉危為機

The substantial decreases in prices of raw material, polysilicon, and finished products provide the industry with an opportunity of consolidation and is beneficial to the medium to long-term development of the solar energy industry. The Group will seize the market opportunities and enhance its competitive advantages and operational efficiency, so as to strengthen its market position, in an effort to capture the rapid growth of the solar energy products.

多晶硅原材料及製成品價格大幅下降，有利於太陽能產業的中、長期發展。本集團將把握契機，繼續提升競爭優勢及營運效益，鞏固市場地位，為迎接太陽能產品的迅速成長而作好準備。



## Business Review 業務回顧



Solargiga was successfully listed on the Main Board of the Stock Exchange on 31 March 2008. The proceeds raised from the Listing have accelerated the expansion of production capacity and enhanced the level of technology, provided a strong support for its development in the long run. It also laid a solid foundation for the Group to expand across the globe. Moreover, the Group was included as a constituent stock for the MSCI Global Small Cap Index on 25 November 2008, further enhancing the Group's status on the international capital market and recognising its achievement in the market.

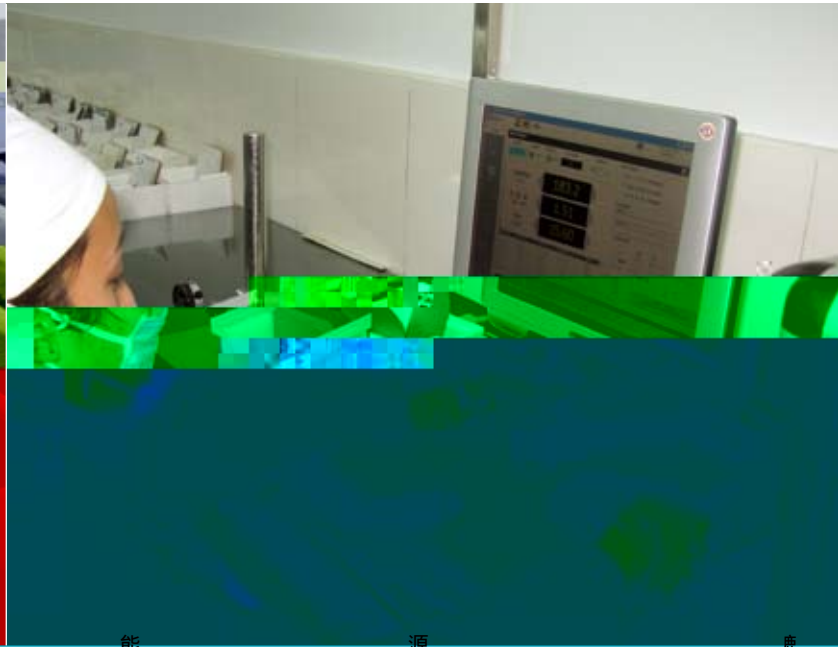
In 2008, capitalising on its leading research and development ("R&D") standard and its strengths in the markets, the Group continued to be a leading manufacturer of monocrystalline silicon solar ingots and wafers. During the fourth quarter of 2008, the players of all industries faced enormous challenges with the downturn of global economies. The prices of upstream raw materials and downstream products in the solar energy industry were under pressure. Shortly after 31 December 2008, a continuous and more severe drop in the overall raw material and product pricing was observed. The Board, after discussion with the auditors of the Company in relation to the accounting treatment of diminution of value of inventories as at 31 December 2008, considered that such diminution would have a material adverse impact on the Group's full-year 2008 results and an early alert to investors was warranted by issuing the profit warning announcement dated 5 February 2009 in a timely manner. Nonetheless, the financial position of the Group has remained healthy. In addition, the Group has proactively addressed the impacts of the global financial tsunami by implementing stringent cost control measures, enhancing production efficiency, as well as adjusting its development strategies and product portfolio to cope with the market demands. The Group, therefore, is confident that the current difficulties may be overcome.

陽光能源於二零零八年三月三十一日於聯交所主板成功上市，上市籌集所得的資金，有助加快提升產能及技術水平，為企業長遠發展提供有力的支持，也為本集團邁向國際化奠定堅實的基礎。此外，本集團於二零零八年十一月二十五日獲納入摩根士丹利資本國際環球小型股指數成份股，進一步提高本集團在國際資本市場的地位，並見證了市場對其成就的認同。

二零零八年，本集團憑藉領先的研究及開發（「研發」）技術及市場優勢，繼續佔據中國太陽能單晶硅錠及硅片製造商的領先地位。儘管二零零八年第四季，全球經濟放緩，各住宅

Business Review  
業務回顧

甚 蟻 能 滄 貝 能 鳩 慘 則 可 再 生 能 源 盲 期 將 醞 釀 糾 糾 琳



塞 肺

能 源 鹿

According to the data from the "World Energy Outlook 2008" published by the International Energy Agency, the demand for global primary energy in 2030 is expected to grow by 45% over that of 2006. It is also expected that renewable energy would develop rapidly and would overtake natural gas soon after 2010 to become the second largest electricity fuel, next to coal. Non-hydroelectric renewable energies such as solar energy and wind energy are expected to achieve an average growth rate of 7.2% per year from 2006 to 2030, exceeding the average growth rate of any other energy globally.

The reserves of fossil energy are limited and will be exhausted one day. The existing energy reserves are diminishing, and the unreasonable and excessive use of fossil energy has caused serious pollution to the environment. In order to maintain sufficient energy supply and to realise the sustainable development of energy and environment, governments of various countries have proactively promoted the development of renewable energy industries, in which solar energy is considered the preferred choice for clean energy due to its wide applications, easy installation and infinite nature. These factors have continuously contributed to the rapid growth of the solar energy industry worldwide.

In respect of the global PV markets, countries including Japan, Germany, Spain and Italy are currently the major end-markets. These countries are promoting solar generation by implementing proactive policies, such as government grants, leading to the fast development of the PV manufacturing industry. The PRC and the United States, being the largest energy consuming countries in the world, together with Greece, France, Australia and the Middle East are promising solar energy markets with substantial potential in the future.

市場概覽

根據國際能源署發表的《世界能源展望2008》資料顯示，二零三零年全球一次能源需求將較二零零六年增長45%，並預期可再生能源將迅速發展，會在二零一零年後不久超逾煤、油、氣，成為全球第一大能源。

年 驟 織

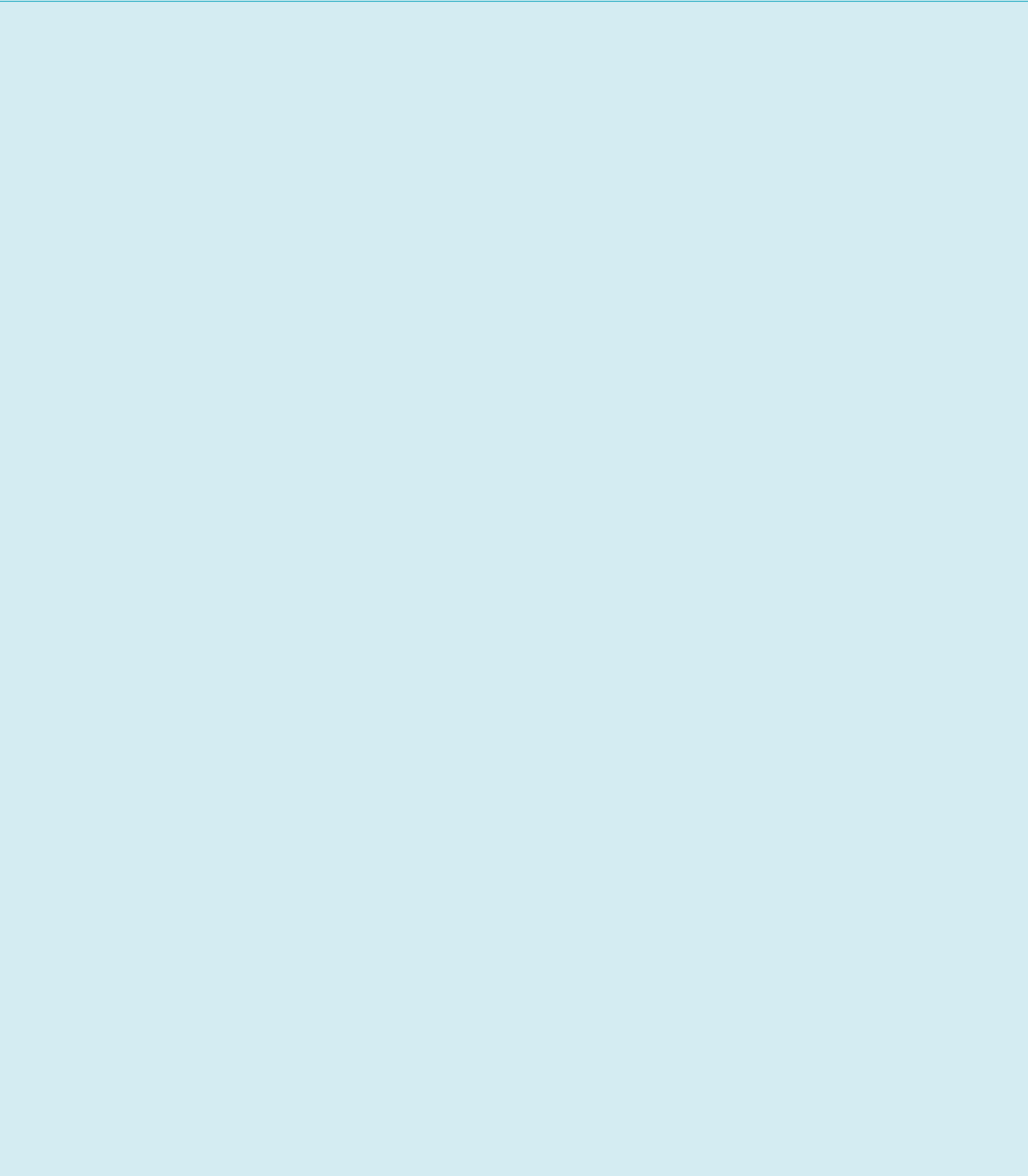
腫 欄 源 鳩 余 ， 鳩 書 鞞 鉛 禱 ！ 二 能 源

(Continued)

At present, the suppliers of polysilicon, a major raw material for the Group, are mainly from countries in Europe, the United States and Japan. In recent years, the rapid growth of the solar energy industry has resulted in a serious shortage of polysilicon supply due to insufficient output. With inadequate supply, the price of polysilicon has been increasing. With effect from the fourth quarter of 2008, as the financial tsunami triggered the economic slowdown, some manufacturers of solar energy products have experienced capital shortages, which resulted in a drop in demand for polysilicon and prices continued to fall substantially. In the long run, it is expected that the supply of the raw material, polysilicon, will only become stable upon the completion of the expansion plans of existing polysilicon manufacturers and the introduction of new manufacturers in Japan, Korea and the PRC. By then, the solar energy industry is expected to grow steadily and healthily.

#### **Enhancing production capacity to address market demands**

In recent years, with the increasing awareness of environmental protection, global warming has become a worldwide issue. Owing to the fact that fossil fuel will be used up one day, there is a huge market potential for renewable energy due to its unlimited and infinite natures. According to the "Research Report on the Development of the Photovoltaic Industry in China (2006-2007)" issued by China Renewable Energy Development P19 n m4ancing product6 that fossil



(Continued)

Regarding the Japanese market, the Japanese government announced in the first quarter of 2009 that the subsidies for household solar energy generation systems were open for application with a budget up to 9 billion Yen. It also plans to have over 70% of newly built houses throughout the nation to be equipped with a solar energy generation system, so that the wattage of solar-generated energy will be increased by 10 times from that of at present, with the goal of a further growth of 40 times in 2030. It also plans to reduce the emission of the greenhouse gas to a rate of between 60% and 80% of that in 1990 by 2050.

In view of the rapid economic growth in the PRC, the number of industrial and infrastructure projects keeps increasing, driving the demand for energy. In addition, as the environmental protection policies in the PRC aim at aligning with the international ones, it has created tremendous opportunities for the solar energy industry. The PRC government has earlier approved three pilot projects of solar energy power stations, namely the Chongming Island (崇明島) project in Shanghai for 1MW of power, the Ordos (鄂爾多斯) project in the Inner Mongolia for 255KW of power and the Dunhuang ( )

(Continued)

**Proactively enhancing production capacity and expanding product range**

To cope with the need for future development, the Group will complete the construction of a new production plant which can accommodate 200 monocrystalline silicon ingot pullers and 43 wiresaws. The installation of monocrystalline silicon ingot pullers is expected to commence in the fourth quarter of 2009 and their commercial production will start upon the completion of installation and testing by the end of the fourth quarter of 2009. Wiresaws will be delivered in batches to the plant and the installation and production will start from the end of the second quarter of 2009 and full production is expected to commence in the fourth quarter of 2009. According to such plan, in 2009, the numbers of monocrystalline silicon ingot pullers and wiresaws will be increased to 400 and 80 respectively, the annual production capacity of silicon ingots and wafers will rise to 4,000 tonnes and 150 million pieces respectively, with the annual solar energy conversion capability increased to 400MW.

The Group plans to expand its product range according to requirements of existing customers. Capitalising on its advanced technologies, the Group has participated in the manufacture of multicrystalline silicon solar ingots and wafers, achieving the target of becoming one of the major manufacturers of multicrystalline silicon solar ingots and wafers. Currently, there are four multicrystalline silicon ingot casting furnaces under installation and fine-tuning, which will duly come into operation once the testing is completed.

The capital required for such expansion of production capacity will be satisfied by the proceeds from the Listing, internal resources and/or other sources of long-term financing. On the other hand, to comply with the policies of the PRC government for the promotion of solar energy industry, the Group will accelerate its pace of development in the PRC market. Aside from consolidating its existing customers from both the PRC and abroad, the Group is actively expanding its sales network to further increase its market share of the solar energy industry.

**Enhancing the R&D investment to strengthen its leading position**

The Group's ability to obtain a leading position in the industry of manufacturing monocrystalline solar ingots is attributable to its high level of R&D capability. In the future, the Group will continue to optimise its ability of reclaiming and improving ingot crystallisation, wafer slicing and polysilicon. The Group will enhance the production efficiency and reduce the operating costs through the introduction of the latest technologies. At the same time, the Group will continue to upgrade the slicing technology and to study and develop the production of thinner and larger wafers. The target is set to produce monocrystalline wafers of 150µm of thickness. The Group will also fulfill customers' specific requirements by developing wafers which can be used for the production of solar cells with higher conversion efficiency which in turn can be used for the production of modules of higher wattage output. Besides, 40 monocrystalline silicon ingot pullers with magnetic field will be delivered by the end of the fourth quarter of 2009, and the production will commence upon installation and fine-tuning.

**未來展望及策略(續)**

積極提升產能及擴闊產品種類

為配合未來發展所需，本集團將完成建設可容納200台單晶硅錠拉製機和43台線鋸的新生產廠房，單晶硅錠拉製機預計將於二零零九年第四季開始安裝及調校。

(Continued)

### Enhancing the R&D investment to strengthen its leading position (Continued)

The Group will also continue to reinforce the cooperation with academic institutions. The research centre jointly established with Dalian University of Technology will be completed in the third quarter of 2009 and will possess world-class technology level. It will facilitate the nurturing of R&D technicians and the development of new products and technologies.

### Exploring diversified channels to stabilise the supply of raw materials

During the fourth quarter of 2008, the price of polysilicon raw materials decreased along with a drop in demand resulting from global economic slowdown. However, management believes that securing the stable price and supply of raw materials is beneficial to the long-term development of the Group. Therefore, apart from its strategic investment partners, the Group will actively seek new suppliers for quality raw materials, and to enter into medium to long-term supply agreements with them when the timing is right, in order to satisfy part of the production capacity.

On the other hand, the Group continues to blend in more lower-grade polysilicon leftovers in the production of silicon ingots and wafers, so as to study the feasibility of using metallurgical silicon in the production of monocrystalline solar ingots, in an attempt to diversify the sources for materials and reduce the risks of unstable supply and price fluctuation of raw materials.

The slowdown of the global economies has caused a drop in the demand for energy in the market, and a decline in the price of crude oil has lowered the urge for the development of the new energy industry. However, management believes the unfavourable market is to be a short-term periodic phenomenon which provides the industry with an opportunity of consolidation and is beneficial to the medium to long term development of the solar energy industry. Looking forward, the Group will adopt a prudent strategy for development, which will be adjusted in accordance with market changes. Leveraging on its solid foundation of business operations and financial position, the Group will be able to grasp the market opportunities while progressing forward, generating the best return for the shareholders.

*Executive Director and President*

Hong Kong, 20 March 2009

### 未來展望及策略 (續)

加大研發投入以鞏固領先地位 (續)

本集團亦將繼續加強與學術機構合作，與大連理工大學合作興建的研發中心將於二零零九年第三季落成，該實驗室將擁有國際頂尖的技術水平，有助研發技術人員的培育及新產品、新技術的開發。

開拓多元渠道以穩定原料供應

儘管二零零八年第四季受到全球經濟



# Management Discussion and Analysis

## 管理層討論及分析

The Group's turnover increased year-on-year by 47.0%, from RMB1,015.5 million in 2007 to RMB1,492.9 million in 2008. The increase was mainly driven by the new production capacity which commenced operation in 2008 as well as the continuous increasing in the market prices of solar products in the first nine months of 2008.

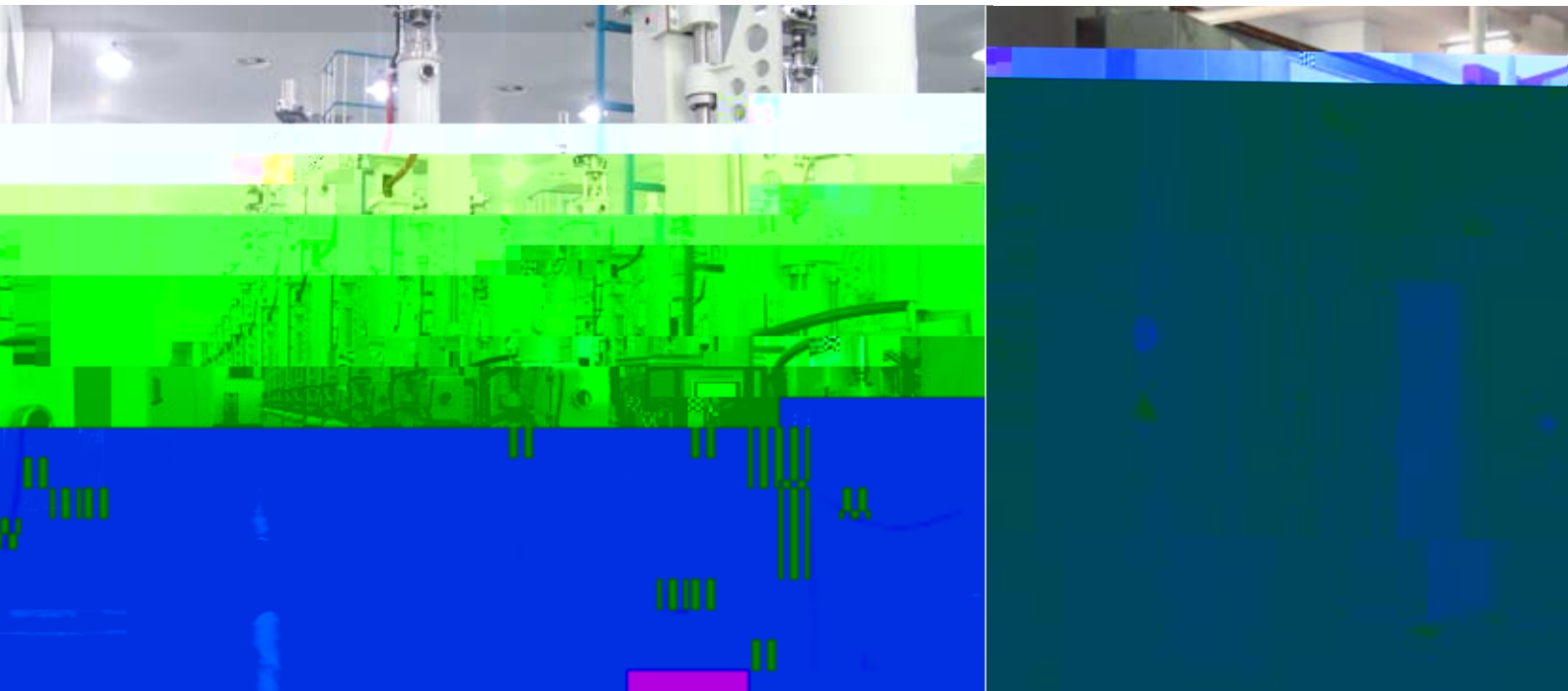
1. Sales of monocrystalline silicon ingots and wafers increased by 42.1% from RMB864.7 million to RMB1,229.0 million. This is attributable to both increases in sales volume and average selling prices in the first nine months of 2008. The volume of ingot sold decreased from 150,837 kg in 2007 to 105,124 kg in 2008, while volume of wafers sold increased from 14.6 million pieces to 21.9 million pieces.
2. Revenue from processing service fees increased from RMB109.6 million to RMB113.3 million. The volume of ingots processed decreased from 424,920 kg in 2007 to 225,886 kg in 2008 while the volume of wafers processed increased from 1,239,896 pieces in 2007 to 1,326,888 pieces in 2008.
3. Sales of upgrading polysilicon increased by 285.5% from RMB41.2 million to RMB150.6 million. The Group purchases scrap polysilicon and resells to third parties after upgrading thereof.

### 營業額

本集團的營業額由二零零七年的人民幣1,015,500,000元增至二零零八年的人民幣1,492,900,000元，按年增長47.0%。營業額的增加主要由於新產能於二零零八年開始投產，加上二零零八年首九個月太陽能產品的市價持續上升所帶動。

1. 單晶硅錠及硅片的銷售額由人民幣864,700,000元增至人民幣1,229,000,000元，上升42.1%，由於二零零八年首九個月的銷量及平均售價增加所致。硅錠的銷量由二零零七年150,837公斤減至二零零八年105,124公斤，硅片的銷售則由14,600,000片增至21,900,000片。
2. 來自加工服務費的收入由人民幣109,600,000元上升至人民幣113,300,000元。硅錠的加工量由二零零七年424,920公斤減至二零零八年225,886公斤，而硅片的加工量則由二零零七年1,239,896片增至二零零八年1,326,888片。
3. 經改良多晶硅的銷售額由人民

至

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

(Continued)

In terms of geographical contribution, sales were mainly generated from the PRC, increased considerably by 199.6% to RMB1,116.5 million and accounted for 74.8% of the Group's turnover. The increase is mainly attributable to the adjustment of sales strategy by selling more products and providing more processing services to high quality customers in the PRC in order to capitalise the benefit from the appreciation of RMB as well as reduce the impact on the change of the export tax refund policies imposed on the export of ingots and wafers. The remaining sales were generated from Taiwan(12.9%), Japan(9.9%), Europe(1.4%), North America(0.8%) and others(0.2%).

Cost of sales increased by 83.0%, from RMB692.4 million to RMB1,267.4 million. During the year and before being affected by the global financial crisis, the price of polysilicon was in a continuous increasing trend. The increase in cost of sales was thus in line with the increase in turnover and reflected the increase in the price of polysilicon. As a consequence of the negative impact on the solar energy industry, the prices of raw material prices declined gradually, and it led





The inventories of the Group mainly comprised raw materials (namely polysilicon, crucibles and other auxiliary raw materials) and finished goods. The increase in inventories was mainly due to the expansion in the production capacity of the Group. Included in the balance of the inventories as at 31 December 2008 was a write-down of inventories of RMB220.2 million (2007: Nil). This is mainly due to the continuous fall in the prices of raw material and product selling prices caused by the global economic slowdown. The inventory turnover days as at 31 December 2008 totalled 77 days (2007: 77 days). The Directors consider the Group's optimal inventory level should be around three months for polysilicon and one month for other auxiliary raw materials to meet the Group's production requirements.

The trade receivable turnover days as at 31 December 2008 totalled 23 days (2007: 31 days).

The Directors considered such turnover days was at low level and was within the credit periods of the Group grants to its customers. The Group normally grants a credit period of 30 to 90 days to its customers.

The trade payable turnover days as at 31 December 2008 totalled 26 days (2007: 24 days).

Given the established relationship, suppliers allowed the Group to have a reasonable payment period throughout the year.

The Group's principal sources of working capital included cash flow from operating activities, bank and other borrowings and the proceeds from the

Management Discussion and Analysis

管理層討論及分析

(Continued)

As at 31 December 2008, the Group was in a net cash position of RMB52,819,000 (2007: RMB219,088,000) which included cash and cash equivalent of RMB270,402,000 (2007: RMB348,978,000), short-term bank loans of RMB214,580,000 (2007: RMB127,000,000) and a long-term municipal government loan of RMB3,003,000 (2007: RMB2,890,000). The Group's net debt

# Corporate Governance Report

## 企業管治報告

The Board strived to uphold good corporate governance and adopted sound corporate governance practices. This report outlines the principles and the code provisions of the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") which have been adopted by the Group.

The Company has established the audit committee (the "Audit Committee") in compliance with the Code to oversee the financial reporting procedures and internal controls of the Group so as to ensure compliance with the Listing Rules. The Company has also established a nomination committee (the "Nomination Committee") and a remuneration committee (the "Remuneration Committee") (collectively, the "Board Committees") with defined terms of reference. The terms of reference of the Board Committees are available upon request.

Despite the removal of the requirement for a qualified accountant in the Listing Rules effective 1 January 2009, the Group continues to maintain the post of a qualified accountant to oversee its financial reporting and other accounting-related issues in accordance with the relevant laws, rules and regulations.

The Group has implemented a compliance manual which covers areas such as ongoing compliance obligations of the Company and the Directors, business operations of the Group, financial management systems, human resources management systems, internal control systems, quality assurance and property management systems. Since the Listing of the shares of the Company on the Main Board of the Stock Exchange on 31 March 2008, all the code provisions set out in the Code were met by the Company.

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

### B

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

### 概覽

董事會致力維持良好的企業管治，採納理想的企業管治常規。本報告簡述已獲本集團採納香港聯合交易所有限公司證券上市規則(「上市規則」)附錄十四載列之企業管治常規守則(「守則」)之原則及守則條文。

本公司根據守則的規定成立審核委員會(「審核委員會」)監督本集團財務報告程序及內部監控，確保遵守上市規則。本公司亦已成立提名委員會(「提名委員會」)及薪酬委員會(「薪酬委員會」)(統稱「董事委員會」)，妨曹彈 唐佃近 倡

**B**

(Continued)

Currently, the Board comprises nine Directors, including three executive Directors: Mr. TAN Wenhua, Mr. HSU You Yuan and Ms. ZHANG Liming, two non-executive Directors: Mr. CHIAO Ping Hai and Mr. CHONG Kin Ngai and four independent non-executive Directors: Mr. WONG Wing Kuen, Albert, Ms. FU Shuangye, Dr. LIN Wen and Mr. ZHANG Chun. The names and biographical details of the Directors are set out on pages 32 to 35 of the annual report. The Board has a strong independent element in its composition with over half of the board members being non-executive Directors to ensure that all decisions of the Board are made in the best interest of the Group's long-term development.

development.

**B** (Continued)

During the year ended 31 December 2008, 11 meetings were held by the Board and the attendance of individual Directors at these meetings is set out below:

	A	董事姓名	出席率
		<b>執行董事</b>	
Mr. TAN Wenhua	11/11	譚文華先生	11/11
Ms. ZHANG Liming	11/11	張麗明女士	11/11
Mr. HSU You Yuan	11/11	許祐淵先生	11/11
-		<b>非執行董事</b>	
Mr. CHIAO Ping Hai (Chairman)	11/11	焦平海先生(主席)	11/11
Mr. CHONG Kin Ngai	11/11	莊堅毅先生	11/11
-		<b>獨立非執行董事</b>	
Mr. WONG Wing Kuen, Albert	11/11	王永權先生	11/11
Ms. FU Shuangye	11/11	符霜葉女士	11/11
Dr. LIN Wen	11/11	林文博士	11/11
Mr. ZHANG Chun	11/11	張椿先生	11/11

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

**A** , -

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

All of the independent non-executive Directors and non-executive Directors were appointed for an initial term of three years from 1 February 2008, and are subject to retirement by rotation and re-election in accordance with the articles of association of the Company. In accordance with the provisions of the Company's Articles of Association, Mr. WONG Wing Kuen, Albert, Ms. FU Shuangye and Dr. LIN Wen will retire by rotation at the forthcoming annual general meeting and being eligible, have agreed to offer themselves for re-election. The Company considers that all the independent non-executive Directors are independent in accordance with the Listing Rules.

**董事會會議** (續)

截至二零零八年十二月三十一日止年度內，董事會曾舉行11次會議，而個別董事出席有關會議的情況載列如下：

	A	董事姓名	出席率
		<b>執行董事</b>	
Mr. TAN Wenhua	11/11	譚文華先生	11/11
Ms. ZHANG Liming	11/11	張麗明女士	11/11
Mr. HSU You Yuan	11/11	許祐淵先生	11/11
-		<b>非執行董事</b>	
Mr. CHIAO Ping Hai (Chairman)	11/11	焦平海先生(主席)	11/11
Mr. CHONG Kin Ngai	11/11	莊堅毅先生	11/11
-		<b>獨立非執行董事</b>	
Mr. WONG Wing Kuen, Albert	11/11	王永權先生	11/11
Ms. FU Shuangye	11/11	符霜葉女士	11/11
Dr. LIN Wen	11/11	林文博士	11/11
Mr. ZHANG Chun	11/11	張椿先生	11/11

**獨立非執行董事**

所有獨立非執行董事均具備豐富的業界專業知識及管理經驗，能為董事會提供專業意見。彼等能提供獨立判斷，董事會作出決定時多會考慮彼等的意見，故在董事會中擔當重要的角色。尤其在本公司策略、業績及監控方面，他們可向董事會提出無偏私的觀點。董事會亦認為，獨立非執行董事能就本公司的業務策略、業績及管理提供獨立意見，因此，股東的所有利益已獲考慮，而所有商業決定亦已顧及本公司及其股東的利益。

**委任、重選及罷免董事**

本公司各執行董事已與本公司訂立服務合約，自二零零八年三月三十一日開始，為期三年。董事退任後，可於股東週年大會上獲本公司再度委任。

全部獲委任的獨立非執行董事及非執行董事，初步任期自二零零八年二月一日起，為期三年，惟須根據本公司的組織章程細則輪值告退並接受重選。根據本公司組織章程細則的條文，王永權先生、符霜葉女士及林文博士將於應屆股東週年大會輪值退任，彼等均合資格並同意於大會重選連任。本公司認為，所有獨立非執行董事根據上市規則均為獨立人士。

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

The role of the CEO is performed by Mr. HSU You Yuan. The overall management of the Company was performed by the CEO, executive Directors and senior management of the Company. The executive Directors (Mr. HSU You Yuan, Mr. TAN Wenhua and Ms. ZHANG Liming) who have extensive experience in the solar energy industry and their respective areas of profession, spearhead the Group’s overall development and business strategies.

## B Audit Committee

The Company established the Audit Committee pursuant to a resolution of the Directors passed on 27 February 2008 in compliance with Rules 3.21 to 3.23 and Appendix 14 of the Listing Rules. The primary duties of the Audit Committee are to oversee the financial reporting processes and internal control procedures of the Group, to review the financial information of the Group and to consider issues relating to the external auditor. The Audit Committee consists of five non-executive Directors; four of whom are independent non-executive Directors.

In 2008, the Audit Committee met 2 times and the attendance of individual Directors at these meetings is set out below:

	A	董事姓名	出席率
-		<b>獨立非執行董事</b>	
Mr. WONG Wing Kuen, Albert (Chairman)	2/2	王永權先生(主席)	2/2
Ms. FU Shuangye	2/2	符霜葉女士	2/2
Dr. LIN Wen	2/2	林文博士	2/2
Mr. ZHANG Chun	2/2	張椿先生	2/2
-		<b>非執行董事</b>	
Mr. CHONG Kin Ngai	2/2	莊堅毅先生	2/2

The Audit Committee has reviewed the Group’s interim and annual consolidated financial statements for the year 2008, including the accounting principles and practices adopted by the Group, and has also discussed auditing, internal control and financial reporting matters with the management.

## 主席及行政總裁

根據守則第A.2.1條，主席及行政總裁（「行政總裁」）的角色應分立，不應由同一人擔任。焦平海先生擔任主席一職。焦平海先生為非執行員，負責董事會的管理工作，並並不參與本集團日常的業務管理。他擁有豐富的業界知識，異議團業務方針提供寶貴意見。

行政總裁之角色由許祐淵先生擔任。行政總裁、本公司主席及高級管理層管理本公司業務。執行員許祐淵先生、譚文華先生及張麗明女士，於太陽能產業及各自專業領域中擁有豐富的經驗，為本集團整體發展及業務策略擔當領導角色。

## 董事委員會 審核委員會

為遵守上市規則第3.21至3.23條及附錄十四的規定，本公司根據董事於二零零八年二月二十七日通過的決議案成立審核委員會。審核委員會的主要職責是監督本集團的財務報告程序及內部監控程序、審閱本集團財務資料，以及考慮有關外聘核數師的事宜。審核委員會由五名非執行董事組成，當中四名為獨立非執行董事。

於二零零八年，審核委員會曾舉行2次會議，而個別董事出席有關會議的情況載列如下：

	A	董事姓名	出席率
-		<b>獨立非執行董事</b>	
Mr. WONG Wing Kuen, Albert (Chairman)	2/2	王永權先生(主席)	2/2
Ms. FU Shuangye	2/2	符霜葉女士	2/2
Dr. LIN Wen	2/2	林文博士	2/2
Mr. ZHANG Chun	2/2	張椿先生	2/2
-		<b>非執行董事</b>	
Mr. CHONG Kin Ngai	2/2	莊堅毅先生	2/2

審核委員會已審閱本集團二零零八年度的中期及年度綜合財務報表，包括本集團採納的會計準則及慣例，亦已與管理層商討核數、內部監控及財務申報事宜。



**B** (Continued)  
**Nomination Committee** (Continued)

In 2008, the Nomination Committee met once and the attendance of individual Directors at the meeting is set out below:

	<b>A</b>
-	
Dr. LIN Wen (Chairman)	1/1
Mr. WONG Wing Kuen, Albert	1/1
Ms. FU Shuangye	1/1
Mr. ZHANG Chun	1/1
Mr. HSU You Yuan	1/1

The Nomination Committee has discussed matters relating to the appointment of senior management members during the year.



**Financial Reporting**

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

**External Auditor**

During the year ended 31 December 2008, the fees paid and payable to the external auditor of the Company in respect of audit services amounted to approximately RMB1,575,000 (2007: RMB1,567,000). In addition, approximately RMB1,507,500 (2007: RMB Nil) was charged for other non-statutory services which mainly consisted of interim reviews and tax services.

**董事委員會(續)**

提名委員會(續) (mg 旒增梧於綫 皮瓦)

(Continued)

### **Internal control**

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

In order to fulfil their fiduciary duties and duties of skill, care and diligence, the Directors will constantly seek advice and assistance from the Company's internal legal team and if necessary, seek advice from external legal advisors in Hong Kong and the PRC. The Company also adopted internal control procedures relating to, among others, signing authority and procedures since February 2007. The Company has an Audit and Legal Department consisting 3 members,



(Continued)

**Executive Directors** (Continued)

Ms. ZHANG Liming (張麗明), aged 51, the Director of Administration (行政總監) of the Jinzhou Plants. She joined the Original Group (i.e. the Group prior to the acquisition of the Acquired Group) on 1 April 2003 responsible for overseeing, amongst others, the administration of the Original Group. She is also the chairman of the labour union of the Jinzhou Plants. She graduated from the Faculty of Economic Management of the Party School of the CPC Central Committee in 1996. Prior to joining the Group, she was appointed as the head of the supply division of 錦州石英玻璃儀器廠 (Jinzhou Quartz Glass Instrument Factory\*), the director of management of 錦州京旭晶體材料制造有限責任公司 (Jinzhou Crystalline Material Co., Ltd.\*) during 1993 to 1994 and the general manager of 錦州華明水晶工藝品有限公司 (Jinzhou Huaming Crystal Art & Craft Co., Limited\*) during 1994 to 2003.

**Non-executive Directors**

Mr. CHIAO Ping Hai (焦平海), aged 58, the Chairman of the Board. He was appointed a non-executive Director in July 2007. He graduated from the Chung Yuen University with a bachelor degree in Chemical Engineering and master degree in Chemistry from the University of California, San Jose in 1973 and 1978, respectively. He is the Chairman and General Manager of WWX and the President of Helitek Company Ltd., a subsidiary of WWX.

Mr. CHONG Kin Ngai (莊堅毅), aged 57, a non-executive Director. He joined the Group in June 2002 when Prosperity Lamps & Components Limited ("PLC") became a joint venture partner of Jinzhou Huachang. He was appointed a non-executive Director in July 2007. Mr. CHONG obtained his bachelor of Arts degree from the University of Hong Kong and obtained his Master of Business Administration degree from the Chinese University of Hong Kong. He is the Chairman of board of director of PLC, Vice-Chairman of the board of director of Foshan Electrical and Lighting Company Limited, a company listed on the Shenzhen Stock Exchange, and Vice-Chairman of Jinzhou Youxin. He has been engaging in the production and trading of electro-optical products for more than 30 years.

**董事(續)****執行董事(續)**

張麗明女士，51歲，錦州廠行政總監。彼於二零零三年四月一日加盟原集團(即收購被收購集團前之本集團)，專責監督(其中包括)原集團的行政工作，同時出任錦州廠工會主席。彼於一九九六年畢業於中共中央黨校經濟管理系。加盟本集團前，彼於一九九三年至一九九四年間獲委任為錦州石英玻璃儀器廠供應科科長及錦州京旭晶體材料制造有限責任公司管理董事，並於一九九四年至二零零三年間獲委任為錦州華明水晶工藝品有限公司總經理。

**非執行董事**

焦平海先生，58歲，董事會主席，於二零零七年七月獲委任為非執行董事。彼於一九七三年畢業於中原大學，獲頒化學工程學士學位，後於一九七八年畢業於加州聖荷西大學，獲頒化學碩士學位。彼現時出任合晶科技董事長兼總經理及合晶科技附屬公司Helitek Company Ltd.總裁。

莊堅毅先生，57歲，非執行董事。於二零零二年六月，彼於佑昌燈光器材有限公司(「佑昌燈光」)成為錦州華昌之合資企業董事。彼於二零零七年七月加入本集團。

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

**Directors and Senior Management Profile**

董事和高級管理人員簡歷

(Continued)

**Independent Non-executive Directors**

Mr. WONG Wing Kuen, Albert (王永權), aged 57, was appointed an independent non-executive Director on 12 January 2008. Mr. Wong is a fellow member of The Institute of Chartered Secretaries and Administrators, The Hong Kong Institute of Chartered Secretaries, The Taxation Institute of Hong Kong, Securities & Investment Institute, Hong Kong Institute of Directors, Chartered Management Institute, UK, Association of International Accountants, Society of Registered Financial Planners, Hong Kong, as well as a member of Hong Kong Securities Institute, The Chartered Institute of Arbitrators, Macau Society of Certified Practising Accountants, The Institute of Certified Public Accountants in Ireland, UK and an associate member of The Chartered Institute of Bankers in Scotland, UK. Mr. WONG had also been a director and Chief Executive Officer of Minghua Group International Holdings Limited, a listed public company in the United States, until 30 September 2004. According to the filings made available to public through the EDGAR database in U.S., for the quarterly period ended 30 September 2005, Minghua Group International Holdings Limited was “a small business issuer” and “a development stage company”. Mr. WONG has been the Managing Director of Charise Financial Consultants Limited, a private professional consulting firm in Hong Kong and an independent non-executive director of APAC Resources Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited, since July 2004.

Ms. FU Shuangye (符霜葉), aged 40. Ms. FU was appointed an independent



**Directors and Senior Management Profile**

董事和高級管理人員簡歷

(Continued)

Mr. CHEN Limin (陳立民), aged 41, the Deputy Technical Director of Linzhou Plants. He joined the Group on 30 December 2000. He graduated from the Ore Mining Faculty of the 四川建材學院 (Sichuan College of Construction Materials\*). Prior to joining the Group, he worked for 新華石溪玻璃(集團)有限公司 (Xinhua Shixi Glass (Group) Co., Ltd.\*).

Ms. LI Xuexin (李學新), aged 55, the Division Head of Audit and Legal Affairs (審計法務部長) of the Linzhou Plants. She joined the Group on 5 March 2007. She graduated from the Faculty of Financial Management, of 遼寧省委黨校財會管理大學本科 (Liaoning Party School in Financial Management\*). Prior to joining Linzhou Plants, she was the Vice General Manager of 錦州

## Report of the Directors

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Charitable donations made by the Group during the year amounted to RMB1.1 million (2007: RMB1.1 million).

## Report of the Directors

### 董事會報告書

Each of the executive Directors has entered into a service contract with the Company for a term of 3 years commencing from 31 March 2008 (the "Listing Date"), which may be terminated by not less than 3 months' notice in writing served by either party on the other.

The non-executive Directors and the independent non-executive Directors have entered into service contracts with the Company for a term of 3 years commencing from 1 February 2008.

Save as disclosed above, none of the Directors being proposed for re-election at the forthcoming annual general meeting has a service agreement with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

The Group has entered into a number of agreements with parties which are regarded as a connected person to the Group under the Listing Rules to regulate the relevant transactions which are non-exempt continuing connected transactions under the Listing Rules. The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules. More details about the agreements and the transactions are set out below.

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

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

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

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

## 董事服務合約

各執行董事與本公司已訂立服務合約，自二零零八年三月三十一日(「上市日期」)開始，為期三年，雙方給予對方不少於三個月的書面通知後可終止合約。

非執行董事及獨立非執行董事已與本公司訂立服務合約，為期三年，自二零零八年二月一日開始。

除上文披露者外，所有擬於應屆股東週討倒強

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(Continued)

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

(Continued)

*Provision of water and heat services by Jinzhou Huarong (Continued)*

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

For the year ended 31 December 2008, the aggregate fees paid by the Group to Jinzhou Huarong in relation to the Services amounted to approximately RMB1,538,000 (2007: RMB1,177,000).

Based on an estimate of the Group's expected consumption of water and

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(Continued)

**B. Non-exempt Continuing Connected Transactions**

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

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

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

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

For the year ended 31 December 2008, the aggregate amount of the purchase price paid by the Group to Jinzhou Changhua in relation to the sale and purchase of graphite materials amounted to approximately RMB27,005,000 (2007: RMB16,873,000).

For the year ended 31 December 2008, the aggregate amount of the purchase price paid by the Group to Jinzhou Youxin for the purchase of quartz crucibles amounted to approximately RMB24,850,000 (2007: RMB29,504,000).

**不獲豁免的持續關連交易 (續)****B. 不獲豁免之持續關連交易**

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

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

買

於二零零八年一月十二日，本公司與錦州昌華及錦州佑鑫訂立框架供應協議(「供應協議」)，據此，錦州昌華及錦州佑鑫同意根據本公司或其附屬公司之不時要求，向彼等分別供應石墨材料及石英坩堝。本集團採用該等石墨材料及石英坩堝作為生產硅錠的原材料。供應協議的生效期自二零零八年三月三十一日至二零零九年十二月三十一日。本集團、錦州昌華及錦州佑鑫(視乎情況而定)須訂立正式購買協議。

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(Continued)

**B. Non-exempt Continuing Connected Transactions**

(Continued)

*Supply of graphite materials by Jinzhou Changhua and supply of quartz crucibles by Jinzhou Youxin (Continued)*

Based on the Directors' estimate of the purchase of graphite materials and quartz crucibles for the year ending 31 December 2009, it is expected that the annual cap amount payable by the Group for transactions under the Supply Agreement will not exceed RMB185,177,000.

The above proposed cap is determined with reference to (a) the Group's expected production capacity (with the Group's ingot production facilities of 196 ingot pullers and 37 wafer wiresaws; and (b) the expected increase in the unit cost of graphite materials and quartz crucibles resulting from the increase in the size of the quartz crucible from 18 inches to 20 inches in diameter where a large portion of such modification work for the Group's ingots facilities will be carried out in 2009. The increase in size of the quartz crucible from 18 inches to 20 inches in diameter for the Group's ingot production facilities allows the Group to produce better quality of ingots as well as with longer length for each ingot produced from the ingots puller.

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

**不獲豁免的持續關連交易(續)****B. 不獲豁免之持續關連交易(續)**

*錦州昌華供應石墨材料及錦州佑鑫供應石英坩堝(續)*

按照董事估計截至二零零九年十二月三十一日止年度採購石墨材料及石英坩堝的數量，預期本集團根據供應協議項下交易應付年度上限金額不會超過人民幣185,177,000元。

上述建議上限乃參考(a)本集團的預期產量(本集團的硅錠生產設施包括196台硅錠拉製機及37台硅片線鋸);及(b)石英坩堝的尺寸由直徑18吋增加至20吋所導致石墨材料及石英坩堝的單位成本的預期增幅，而本集團硅錠設施的大部分優化工程將於二零零九年進行。本集團硅錠生產設施的石英坩堝的直徑由18吋增加至20吋後，不但可讓本集團生產更高質量的硅錠，更可令硅錠拉製機生產的每個 藥

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(Continued)

**B. Non-empt Continuing Connected Transactions**

(Continued)

*Supply of scrap polysilicon, scrap ingots and scrap wafers by WWX*

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

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

On 4 June 2008, the Company has announced its intention to revise the caps for the transactions under the WWX Supply Agreement as well as to determine the annual cap for the transactions for the year ending 31 December 2010 by means of signing of a supplemental supply agreement ("WWX Supplemental Supply Agreement"). The Company has obtained the approval from its independent shareholders on 27 June 2008. Upon approval, the terms of the WWX Supplemental Supply Agreement have become effective on 27 June 2008 and will expire on 31 December 2010.

For the year ended 31 December 2008, the aggregate amount of the purchase price paid by the Group to WWX Group in relation to the supply of scrap polysilicon raw material, scrap ingots and scrap wafers amounted to approximately RMB214,739,000 (2007: RMB36,027,000).

**不獲豁免的持續關連交易(續)****B. 不獲豁免之持續關連交易(續)***合晶科技供應多晶硅廢碎、硅錠廢碎及硅片廢碎*

於二零零八年一月十二日，本公司與合晶科技訂立框架供應協議(「合晶科技供應協議」)，據此，合晶科技同意按本公司或其附屬公司的不時要求，向彼等供應及或促使其附屬公司(「合晶科技集團」)供應多晶硅廢碎原材料、硅錠廢碎及硅片廢碎。本集團將採用該等多晶硅廢碎、硅錠廢碎及硅片廢碎作為生產硅片的原材料。合晶科技供應協議的生效期由二零零八年三月三十一日至二零零九年十二月三十一日止。本公司(及其附屬公司)及合晶科技(及其附屬公司)須訂立正式購買協議(以購買訂單及確認之形式)，其詳細條款及條件載列於相關購買訂單內。合晶科技供應協議項下購買安排乃以不遜於獨立第三方可提出的一般商業條款進行。

合晶科技供應協議乃於日常一般業務過程中按一般商業條款訂立。根據合晶科技供應協議，本集團向合晶科技支付的購買價，將按照預計多晶硅廢碎、硅錠廢碎及硅片廢碎的採購額估算，並與中國多晶硅廢碎、硅錠廢碎及硅片廢碎市場當時的市價相若。

於二零零八年六月四日，本公司宣佈，擬簽訂補充供應協議(「合晶科技補充供應協議」)，修訂合晶科技供應協議項下交易的年度上限，並釐定截至二零一零年十二月三十一日止年度交易的年度上限。本公司於二零零八年六月二十七日已獲獨立股東批准。獲批准後，合晶科技補充供應協議的生效期自二零零八年六月二十七日至二零一零年十二月三十一日止。

截至二零零八年十二月三十一日止年度，本集團就供應多晶硅廢碎原材料、硅錠廢碎及硅片廢碎向合晶科技集團支付之採購價總額約為人民幣214,739,000元(二零零七年：人民幣36,027,000元)。

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(Continued)

**B. Non-exempt Continuing Connected Transactions**

(Continued)

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

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

- (a) RMB675,854,000 for the year ending 31 December 2009; and
- (b) RMB790,749,000 for the year ending 31 December 2010.

The above proposed caps are determined with reference to the Group's expected increase in production (with the Group's ingot production facilities to increase from 196 ingot pullers at present to 400 by the end of 2009) and thus the increase in demand for scrap polysilicon, scrap ingots and scrap wafers for the production requirements of the Group resulting therefrom. These caps are also determined after discussion between the Group and WWX in terms of its expected production of scrap polysilicon, scrap ingots and scrap wafers generated through its semi-conductor manufacturing process.

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

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

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

**不獲豁免的持續關連交易(續)****B. 不獲豁免之持續關連交易(續)**

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

- (a) 截至二零零九年十二月三十一日止年度人民幣675,854,000元；及
- (b) 截至二零一零年十二月三十一日止年度人民幣790,749,000元。

上述建議上限

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(Continued)

**B. Non-empt Continuing Connected Transactions**

(Continued)

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

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

On 4 June 2008, the Company has announced its intention to revise the caps for the transactions under the WWX Sale Agreement as well as to determine the annual cap for the transactions for the year ending 31 December 2010 by means of signing of a supplemental sale agreement ("WWX Supplemental Sale Agreement"). The Company has obtained the approval from its independent shareholders on 27 June 2008. Upon approval, the terms of the WWX Supplemental Sale Agreement have become effective on 27 June 2008 and will expire on 31 December 2010.

For the year ended 31 December 2008, the aggregate amount of the sales proceeds received by the Group from WWX Group in relation to the sale of upgraded and processed polysilicon, solar ingot and solar wafers amounted to approximately RMB190,002,000 (2007: RMB179,690,000).

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

- (a) RMB361,556,000 for the year ending 31 December 2009; and
- (b) RMB423,021,000 for the year ending 31 December 2010.

The Directors believe that WWX Group has been purchasing from the Group, mainly due to the Group's product quality and reliability. Sales of upgraded and processed polysilicon, solar ingots and solar wafers to WWX and its subsidiaries have increased over time and the above proposed caps are determined with reference to (a) the Group's expected increase in production capacity (with the Group's ingots production facilities expected to increase from 196 ingots pullers at present to 400 by the end of 2009) and (b) the increase in sales to WWX resulting from the expected increase in demand for solar based products in Taiwan.

**不獲豁免的持續關連交易 (續)**

**B. 不獲豁免之持續關連交易 (續)**

*向合晶科技銷售經改良及加工的多晶硅、太陽能硅錠及太陽能硅片 (續)*

向合晶科技銷售協議乃於日常一般業務過程中按

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

On 4 June 2008, the Company has announced its intention to revise the caps for the transactions under the WWX Sale Agreement as well as to determine the annual cap for the transactions for the year ending 31 December 2010 by means of signing of a supplemental sale agreement ("WWX Supplemental Sale Agreement"). The Company has obtained the approval from its independent shareholders on 27 June 2008. Upon approval, the terms of the WWX Supplemental Sale Agreement have become effective on 27 June 2008 and will expire on 31 December 2010.

For the year ended 31 December 2008, the aggregate amount of the sales proceeds received by the Group from WWX Group in relation to the sale of upgraded and processed polysilicon, solar ingot and solar wafers amounted to approximately RMB190,002,000 (2007: RMB179,690,000).

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

- (a) RMB361,556,000 for the year ending 31 December 2009; and
- (b) RMB423,021,000 for the year ending 31 December 2010.

The Directors believe that WWX Group has been purchasing from the Group, mainly due to the Group's product quality and reliability. Sales of upgraded and processed polysilicon, solar ingots and solar wafers to WWX and its subsidiaries have increased over time and the above proposed caps are determined with reference to (a) the Group's expected increase in production capacity (with the Group's ingots production facilities expected to increase from 196 ingots pullers at present to 400 by the end of 2009) and (b) the increase in sales to WWX resulting from the expected increase in demand for solar based products in Taiwan.

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**B. Non-empty Continuing Connected Transactions**

(Continued)

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

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

As mentioned in the paragraph headed "Supply of scrap polysilicon, scrap ingots and scrap wafers by WWX" above, WWX is a connected person, the

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(Continued)

## B. Non-exempt Continuing Connected Transactions

(Continued)

*The provision of services in respect of acidic wash of silicon, the processing and production of polysilicon and wafers to WWX (Continued)*

The above proposed cap is determined with reference to (a) the Group's expected increase in processing capacity (with the Group's ingot production facilities of 196 ingot pullers and 37 wafer wiresaws) and (b) the increase in WWX's demand for recycled polysilicon materials required for its semi-conductor production. As recycled polysilicon is a cheaper source of polysilicon raw material for semi-conductor production, WWX may seek to use a greater portion of the recycled polysilicon for its semi-conductor production.

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

*Sale of solar wafers to 錦州華昌光伏科技有限公司 Jinzhou Huachang Photovoltaic Technology Co., Ltd.\* ("Huachang Guangfu")*

On 12 August 2008, the Company entered into a framework sale agreement with Huachang Guangfu ("Huachang Guangfu Sale Agreement") pursuant to which the Company has agreed to sell, or procure its subsidiaries to sell solar wafers to Huachang Guangfu and/or its subsidiaries ("Huachang Guangfu Group"). Upon the approval from the independent shareholders on 7 November 2008, the Huachang Guangfu Sale Agreement has become effective and will expire on 31 December 2010. Formal sale agreements (by way of purchase orders and confirmations) are to be entered into between the Company (and/or its subsidiaries) and Huachang Guangfu (and/or its subsidiaries) with the



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(Continued)

**B. Non-empt Continuing Connected Transactions**

(Continued)

Provision of services in respect of the processing of wire slurry by 錦州奧克科 廷靠芊 葦德说驗 饒績臭广 痢驗庶就

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(Continued)

**B. Non-exempt Continuing Connected Transactions**

(Continued)

*Provision of services in respect of the processing of wire slurry by Jinzhou Aoke (Continued)*

The above proposed caps are determined with reference to (a) the actual quantity of abrasives and mineral oil used by the Group in the first half of 2008; (b) the anticipated increase in solar wafer production arising from an expansion in the Group's manufacturing bases which is, subject to the prevailing market conditions, expected to reach 150 million pieces of solar wafer by end of 2009; (c) the anticipated quantity of recycled abrasives and mineral oil to be obtained by the Group; and (d) the projected processing fee of recycled abrasives and mineral oil in the next two financial years.

inzhou Aoke, a company incorporated in the PRC, is owned as to 35% by inzhou Yuexin, which is wholly-owned by Mr. TAN Wenhua; and as to 65% by independent third parties. inzhou Aoke is therefore an associate of Mr. TAN Wenhua and hence a connected person of the Company. Consequently, the transactions under the inzhou Aoke Processing Agreement constitute non-exempt continuing connected transactions for the Company under Rule 14A.35 of the Listing Rules.

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

The Board has reviewed and the Independent Non-executive Directors have confirmed that the above continuing connected transactions (the "Continuing Connected Transactions") for the year ended 31 December 2008 were entered into and conducted:

- (i) in the ordinary and usual course of business of the Company;
- (ii) either on normal commercial terms or terms no less favourable to the Company than terms available to or from independent third parties; and
- (iii) in accordance with the relevant agreement governing them and the terms and the proposal annual caps set out above that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

**不獲豁免的持續關連交易(續)****B. 不獲豁免之持續關連交易(續)**

*錦州奧克提供砂漿的加工服務(續)*

上述建議上限乃參考(a)本集團於二零零八年上半年所使用切割砂及切割液的實際數量；(b)生產太陽能硅片因本集團擴充製造基地預期取得的增幅，須視乎當時市況而定，預期於二零零九年底可達150,000,000片太陽能硅片；(c)本集團將獲得循環再用切割砂及切割液的預期數量；及(d)於隨後兩個財政年度循環再用切割砂及切割液的預期加工費釐定。

於中國註冊成立的錦州奧克分別由錦州悅鑫(其由譚文華先生全資擁有)及獨立第三方擁有35%及65%權益。錦州奧克因而為譚文華先生的聯繫人士，繼而成為本公司的關連人士。因此，根據上市規則第14A.35條，錦州奧克加工協議項下交易構成本公司不獲豁免的持續關連交易。

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

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Report of the Directors  
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(Continued)

Pursuant to Rule 14A.38 of the Listing Rules, the Board engaged, KPMG, the auditors of the Company to perform the agreed upon procedures on the Continuing Connected Transactions which:

- (i) have received the approval from the Board;
- (ii) are in accordance with the pricing policies of the Company;
- (iii) have been entered into in accordance with the terms of the agreements governing such Continuing Connected Transactions; and
- (iv) have not exceeded the caps disclosed in the relevant announcements.

The auditors have confirmed to the Board in writing in respect of the Continuing Connected Transactions for the year ended 31 December 2008 that the Continuing Connected Transactions:

- (i) have received the approval of the Board of Directors;
- (ii) were entered in accordance with the pricing terms set out in the relevant agreements governing such transactions;
- (iii) were recorded in agreements governing the Continuing Connected Transactions; and
- (iv) the aggregate dollar amount of the Continuing Connected Transactions did not exceed the cap amounts disclosed in the relevant announcements of the Company in respect of each of the Continuing Connected Transaction.

不獲豁免的持續關連交易 (續)

根據上市規則第14A.38條，董事會委聘本公司的核數師畢馬威會計師事務所就以下持續關連交易履行協定的程序：

- (i)

The Company has conditionally approved and adopted the share option scheme on 27 February 2008 ("Share Option Scheme") in which certain participants may be granted options to subscribe for the ordinary shares in the share capital of the Company with a nominal value of HK\$0.10 each ("Shares"). The Directors believe that the Share Option Scheme will be important for the recruitment and retention of quality executives and employees.

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

- (i) the official closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;
- (ii) the average of the official closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and
- (iii) the nominal value of a Share.

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue immediately following completion of the Listing (but taking no account of any Shares which may be sold pursuant to the exercise of the over-allotment option in connection with the Listing) and capitalisation issue, being 169,076,650 Shares.

The total number of securities available for issue under the Share Option Scheme as at 31 December 2008 was 126,807,487 Shares (after the grant of options to subscribe for 42,269,163 Shares).

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

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

At 31 December 2008, each of the Directors and employees of the Company had the following interests in options to subscribe for Shares (market value per share at 31 December 2008 was HK\$1.96) granted for a consideration of HK\$1.00 under the Share Option Scheme. The options are unlisted. Each option gives the holder the right to subscribe for one ordinary share of HK\$0.10 each of the Company.

## 購股權計劃

本公司已於二零零八年二月二十七日有條件批准及採納購股權計劃(「購股權計劃」)，若干參與者可能獲授購股權認購本公司股本中每股面值0.10港元之普通股(「股份」)。董事相信購股權計劃對聘用及留聘高質素的行政人員及僱員至為重要。

董事會釐定將予授出購股權所涉及股份的認購價，並將以下列最高者為準：

- (i) 股份於授出日期(須為聯交所關於進行證券交易業務的日子)於聯交所每日報價表所報的正式收市價；
- (ii) 緊接授出日期前五個營業日股份於聯交所每日報價表所報正式收市價平均數；及
- (iii) 股份面值。

根據購股權計劃及本公司任何其他購股權計劃可能授出的購股權涉及的股份數目上限，合共不得超過緊隨上市(但並不計及根據有關上市之超額配股權獲行使而可能出售的任何股份)及資本化發行完成後已發行股份總數的10%，即169,076,650股股份。

截至二零零八年十二月三十一日，於購股權計劃項下可發行證券總數為126,807,487股股份(授出可認購42,269,163股股份之購股權後)。

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

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

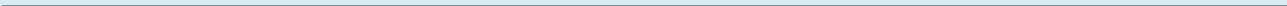


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於年 森 齊 山 獸 鐵 會

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Report of the Directors  
董事會報告書

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As at 31 December 2008, so far as the Directors are aware, the Directors and the chief executives of the Company and their associates had the following interests in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of 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:

董事姓名	權益性質	(Note 1) 普通股股數(附註1)	A 持股概約百分比
Mr. TAN Wenhua 譚文華先生	Beneficial interest 實益蔴特孳孳屏文	471,910,500 (L)	27.90%

董事及本公司最高行政人員於本公司及其相聯法團的

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(Continued)

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董事姓名	權益性質	(Note 1) 普通股股數(附註1)	持股概約百分比
Mr. CHIAO Ping Hai 焦平海先生	Beneficial interest 實益權益	3,135,500 (L)	0.19%
	Interest in options (Note 4) 於購股權的權益(附註4)	31,158,000 (L)	1.84%
	Security interest (Note 4) 擔保權益(附註4)	11,621,000 (L)	0.69%
	Interest in the employee options granted under the Share Option Scheme 根據購股權計劃獲授僱員購股權的權益	7,000,000 (L)	0.41%
Ms. ZHANG Liming (Note 3) 張麗明女士(附註3)	Beneficial interest 實益權益	3,133,500 (L)	0.19%
	Interest in the employee options granted under the Share Option Scheme 根據購股權計劃獲授僱員購股權的權益	1,000,000 (L)	0.06%
Mr. ZHANG Chun 張椿先生	Interest in the employee options granted under the Share Option Scheme 根據購股權計劃獲授僱員購股權的權益	500,000 (L)	0.03%
Ms. FU Shuangye 符霜葉女士	Interest in the employee options granted under the Share Option Scheme 根據購股權計劃獲授僱員購股權的權益	500,000 (L)	0.03%
Dr. LIN Wen 林文博士	Interest in the employee options granted under the Share Option Scheme 根據購股權計劃獲授僱員購股權的權益	500,000 (L)	0.03%
Mr. WONG Wing Kuen, Albert 王永權先生	Interest in the employee options granted under the Share Option Scheme 根據購股權計劃獲授僱員購股權的權益	500,000 (L)	0.03%

Report of the Directors  
董事會報告書

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(Continued)

Notes:

- (1) The letter "L" denotes the person's long position in such securities.
- (2) As at 31 December 2008, Mr. Chong Kin Ngai is interested in an aggregate of 99,719,000 issued shares, of which 1,254,500 shares are directly held by Mr. Chong Kin Ngai, 82,617,000 shares are held by Prosperity Electric Corporation ("PEC") and 15,847,500 shares are held by PLC. PLC is held as to 20% by PEC, as to 45% by Leigh Company Limited and as to 35% by independent third parties. Both PEC and Leigh Company Limited are wholly-owned by Mr. Chong Kin Ngai.

As at 31 December 2008, 34,814,000 Shares were held by Mr. Chong Kin Ngai in

As at 31 December 2008, so far as the Directors are aware, save as disclosed above, the persons or corporations (not being a Director or chief executive of the Company) who have interest or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO or have otherwise notified to the Company were as follows:

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**B** (Continued)  
**Mr. HSU You Yuan**

Report of the Directors

董事會報告書

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

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

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the Directors. Special enquiries have been made by the Company to confirm that all Directors have been complied with the Model Code for the year ended 31 December 2008.

Principal corporate governance practices adopted by the Company are set out in the corporate governance report on pages 25 to 31.

## A

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

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

The audit committee is to assist the Board in providing an independent review of the effectiveness of the financial reporting process, internal control and risk management system of the Group, overseeing the audit process and performing other duties and responsibilities as may be assigned by the Board from time to time. The audit committee has reviewed the Group's interim and annual consolidated financial statements for the year 2008, including the accounting principles and practices adopted by the Group.

## 優先購股權

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

## 董事進行證券交易的標準守則

本公司已採納上市規則附錄十所載標準守則作為其本身董事進行證券交易的操守守則。本公司特別就此作出查詢後確認,全體董事截至二零零八年十二月三十一日止年度已遵守標準守則。

## 企業管治

本公司採納的主要企業管治常規,載於第25至31頁的企業管治報告。

## 審核委員會

本公司於二零零八年二月二十七日成立審核委員會,並於二零零七年三月二十日採納按照上市規則附錄十四所載列守則制定的職權範圍。審核委員會由四名獨立非執行董事及非執行董事莊堅毅先生組成,獨立非執行董事王永權先生為審核委員會主席。

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

審核委員會乃為協助董事會獨立檢討財務報告過程、內部監控及風險管理制度的成效、監管審核過程及履行董事會不時指派的其他職責及責任。審核委員會已審閱本集團截至二零零八年度中期及年度綜合財務報表,包括本集團採納的會計原則及常規。

Report of the Directors

董事會報告書

# Independent Auditor's Report 獨立核數師報告



*(Incorporated in the Cayman Islands with limited liability)*

We have audited the consolidated financial statements of Solargiga Energy Holdings Limited (the "Company") set out on pages 67 to 140, which comprise the consolidated and company balance sheets as at 31 December 2008, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

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

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

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

致陽光能源控股有限公司股東  
獨立核數師報告  
(於開曼)

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Independent Auditor's Report  
獨立核數師報告

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# Consolidated Income Statement

## 綜合損益表

For the year ended 31 December 2008 截至二零零八年十二月三十一日止年度  
(Expressed in Renminbi) (以人民幣列值)

		Note	2008 二零零八年 B'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
		附註		
Turnover	營業額	3	1,492,935	1,015,538
Cost of sales	銷售成本		(1,267,425)	(692,412)
	毛利		225,510	323,126
Other revenue	其他收入	4	11,107	81,583
Other net loss	其他虧損淨額	5	(7,602)	(8,442)
Selling and distribution expenses	銷售及分銷開支		(6,843)	(4,432)
Administrative expenses	行政開支		(101,512)	(47,162)
	經營利潤		120,660	344,673
Finance costs	融資成本	6(a)	(3,290)	(7,578)
	除稅前利潤	6	117,370	337,095
Income tax	所得稅	7	(33,991)	(20,606)
	年度利潤		83,379	316,489
<b>A</b>	:	以下人士應佔利潤：		
Equity shareholders of the Company	本公司權益股東	12	83,379	292,241
Minority interests	少數股東			

# Consolidated Balance Sheet

## 綜合資產負債表

At 31 December 2008 於二零零八年十二月三十一日  
(Expressed in Renminbi) (以人民幣列值)

		Note 附註	2008 二零零八年 B'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
-	<b>非流動資產</b>			
Property, plant and equipment	物業、廠房及設備	13(a)	394,665	175,379
Lease prepayments	租賃預付款項	14	47,508	48,486
Prepayments for acquisition of property, plant and equipment	購置物業、廠房及設備的預付款項		114,987	53,092
Deferred tax assets	遞延稅項資產	22(b)	31,581	922
			<b>588,741</b>	277,879
	<b>流動資產</b>			
Inventories	存貨	16	395,533	137,832
Trade and other receivables	應收貿易賬款及其他應收款項	17	493,785	187,066
Tax recoverable	可收回稅項	22(a)	1,878	-
Pledged deposits	已抵押存款	18	25,071	120
Cash and cash equivalents	現金及現金等價物	19	270,402	348,978
			<b>1,186,669</b>	673,996
	<b>流動負債</b>			
Short-term bank loans	短期銀行貸款	20	214,580	127,000
Trade and other payables	應付貿易賬款及其他應付款項	21	252,433	144,068
Current tax payable	即期應付稅項	22(a)	4,315	18,453
			<b>471,328</b>	289,521
	<b>流動資產淨值</b>		<b>715,341</b>	384,475
	<b>資產總值減流動負債</b>		<b>1,304,082</b>	662,354
-	<b>非流動負債</b>			
Municipal government loan	市政府貸款	20	3,003	2,890
Deferred tax liabilities	遞延稅項負債	22(b)	7,232	-
Deferred income	遞延收入	23	30,333	26,747
			<b>40,568</b>	29,637
	<b>資產淨值</b>		<b>1,263,514</b>	632,717
	<b>資本及儲備</b>			
Paid-in/issued capital	實繳 已發行資本	26	15,189	279
Reserves	儲備		1,111,325	632,438
	<b>權益總額</b>		<b>1,263,514</b>	632,717

Approved and authorised for issue by the Board of Directors on 20 March 2009.

董事會於二零零九年三月二十日核准並許可發出。

**A**  
焦平海  
Director  
董事

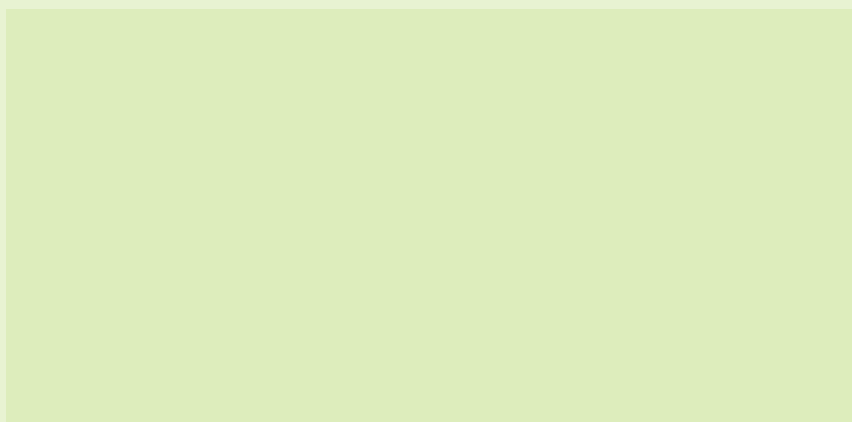
許祐淵  
Director  
董事



# Consolidated Statement of Changes in Equity

## 綜合權益變動表

For the year ended 31 December 2008 截至二零零八年十二月三十一日止年度  
(Expressed in Renminbi) (以人民幣列值)



# Consolidated Cash Flow Statement

## 綜合現金流量表

For the year ended 31 December 2008 截至二零零八年十二月三十一日止年度  
(Expressed in Renminbi) (以人民幣列值)

	Note 附註	2008 二零零八年 B'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
<b>經營活動</b>			
Profit before taxation		<b>117,370</b>	337,095
Adjustments for:	調整：		
- Depreciation and amortisation	- 折舊及攤銷	<b>21,702</b>	11,799
- Gain on acquisition of subsidiaries	- 收購附屬公司的收益		(74,771)
- Loss/(gain) on disposals of property, plant and equipment	- 出售物業、廠房及設備的虧損 (收益)	<b>4</b>	(1)
- Equity-settled share-based payment expenses	- 按權益結算以股份支付款項開支	<b>24,428</b>	10,054
- Write-down of inventories	- 存貨撇減	<b>220,235</b>	-
- Finance costs	- 融資成本	<b>3,290</b>	7,578
- Interest income from bank deposits	- 銀行存款利息收入	<b>(3,982)</b>	(2,017)
- Foreign exchange gain	- 匯兌收益	<b>(1,211)</b>	-
		<b>381,836</b>	289,737
<b>未計營運資金變動的經營利潤</b>			
(Increase)/decrease in inventories	存貨(增加) 減少	<b>(477,936)</b>	67,838
(Increase)/decrease in trade and other receivables	應收貿易賬款及其他應收款項(增加) 減少	<b>(306,719)</b>	55,589
Increase/(decrease) in trade and other payables	應付貿易賬款及其他應付款項增加 (減少)	<b>108,365</b>	(8,838)
Increase in deferred income	遞延收入增加	<b>3,586</b>	14,188
		<b>(290,868)</b>	418,514
<b>經營活動(所用) 所得現金淨額</b>			
PRC income tax paid	已付中國所得稅	<b>(81,626)</b>	(15,131)
PRC income tax refunded	已退回中國所得稅	<b>8,192</b>	-
		<b>(364,302)</b>	403,383
<b>投資活動</b>			
Payment for the acquisition of property, plant and equipment	就購置物業、廠房及設備支付的款項	<b>(298,916)</b>	(90,508)
Payment of lease prepayments	租賃預付款項		(41,001)
Proceeds from disposals of property, plant and equipment	出售物業、廠房及設備所得款項	<b>14</b>	1,626
Net cash outflow from acquisition of subsidiaries	收購附屬公司產生之現金流出淨額		(94,526)
Acquisition of equity interests of the PRC subsidiaries	收購中國附屬公司之股權		(74,782)
Interest received	已收利息	<b>3,982</b>	2,017
		<b>(294,920)</b>	(297,174)

## Consolidated Cash Flow Statement

## 綜合現金流量表

For the year ended 31 December 2008 截至二零零八年十二月三十一日止年度  
(Expressed in Renminbi) (以人民幣列值)

	Note 附註	2008 二零零八年 B'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
<b>融資活動</b>			
Placement of pledged deposits	置存已抵押存款	(25,071)	(120)
Repayments of pledged deposits	償還已抵押		
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## Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi) (以人民幣列值)

## 1. (continued)

## (c) Basis of preparation (continued)

The consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement of the Group include the results of operations of the Company and its subsidiaries (except for the Acquired Group) for the years ended 31 December 2007 and 2008 or since the respective dates of incorporation, whichever is a shorter period, as if the current group structure had been in existent throughout the two years presented. The consolidated balance sheet of the Group as at 31 December 2007 and 2008 has been prepared to present the combined assets and liabilities of the Group as at those dates.

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

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

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

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

## 1. 有關本公司的資料(續)

## (c) 呈列基準(續)

本集團的綜合損益表、綜合權益變動表及綜合現金流量表乃包括本公司及其附屬公司(被收購集團除外)截至二零零七年及二零零八年十二月三十一日止年度或自其各自註冊成立日期以來(以較短的期間為準)的經營業績,猶如現有集團架構於所呈報兩個年度一直存在。編製本集團於二零零七年及二零零八年十二月三十一日的綜合資產負債表,乃為呈列於該等日期本集團的合併資產及負債。

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

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

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

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

## 2.

### (a) Statement of compliance

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

The HKICPA has issued the following new Interpretations and an amendment to HKFRSs that are first effective for the current accounting period of the Group and the company:

- HK(IFRIC) 11, *HKFRS 2 – Group and treasury share transactions*
- amendment to HKAS 39, *Financial instruments: Recognition and measurement*, and HKFRS 7, *Financial instruments: Disclosures – Reclassification of financial assets*

These HKFRS developments have had no material impact on the Group's financial statements as either they were consistent with accounting policies already adopted by the Group or they were not relevant to the Group's and the Company's operations.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 34).

### (b) Basis of preparation of the financial statements

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

## 2. 主要會計政策

### (a) 合規聲明

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

香港會計師公會已頒佈下列香港財務報告準則之新詮釋及修訂,並於本集團及本公司的本會計期間首次生效。

- 香港(國際財務報告詮釋委員會)-詮釋第11號,香港財務報告準則第2號-集團及庫存股份交易
- 香港會計準則第39號(修訂本),財務工具

**Notes to the Financial Statements**  
**財務報表附註**  
(Expressed in Renminbi) (以人民幣列值)

2.

(continued)

## 2.

(continued)

**(d) Property, plant and equipment**

The following items of property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation and impairment losses (see note 2(g)(ii)):

- buildings held for own use which are situated on leasehold land, where the fair value of the building could be measured separately from the fair value of the leasehold land at the inception of the lease (see note 2(f)); and
- other items of plant and equipment.

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located and an appropriate proportion of production overheads.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in the income statement on the date of retirement or disposal.

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

- Buildings situated on leasehold land are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 50 years after the date of completion.
- Plant and machinery 10 years
- Other fixed assets 5 years

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

## 2. 主要會計政策(續)

**(d) 物業、廠房及設備**

下列各項物業、廠房及設備乃按照成本扣除累計折舊及減值虧損(見附註2(g)(ii))於資產負債表中列賬:

- 持作自用而建於租賃土地上的樓宇,且其公平值在租賃(見附註2(f))開始時可與租賃土地的公平值分開計量;及
- 其他廠房及設備項目。

自建的物業、廠房及設備項目成本包括材料、直接勞工、初步估計(視何者適用)拆卸及清除項目及重修所在地盤之成本,以及生產經常費用的適當部份。

報廢或出售一項物業、廠房及設備所產生的損益以出售該項物業、廠房及設備所得款項淨額與其賬面金額之差額而釐定,並於報廢或出售當日在損益表確認。

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

- 位於租賃土地之樓宇是按租賃未屆滿年期及其估計可使用年限之較短期間折舊,即竣工日期起計不多於50年。
- 廠房及機器 10年
- 其他固定資產 5年

資產之可使用年限及剩餘價值(如有)均會每年審閱。

**2.** (continued)  
**(e) Construction in progress**

## 2.

(continued)

## (g) Impairment of assets

## (i) Impairment of trade and other receivables

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

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

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

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

## 2. 主要會計政策(續)

## (g) 資產減值

## (i) 應收貿易賬款及其他應收款項的減值

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

- 債務人遭遇重大財務困難；
- 違約，譬如拖欠利息或本金。

## Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi) (以人民幣列值)

## 2. (continued)

## (g) Impairment of assets (continued)

## (i) Impairment of trade and other receivables (continued)

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

## (ii) Impairment of other assets

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

- property, plant and equipment;
- construction in progress;
- prepayments for interests in leasehold properties classified as being held for an operating lease;
- investments in subsidiaries.

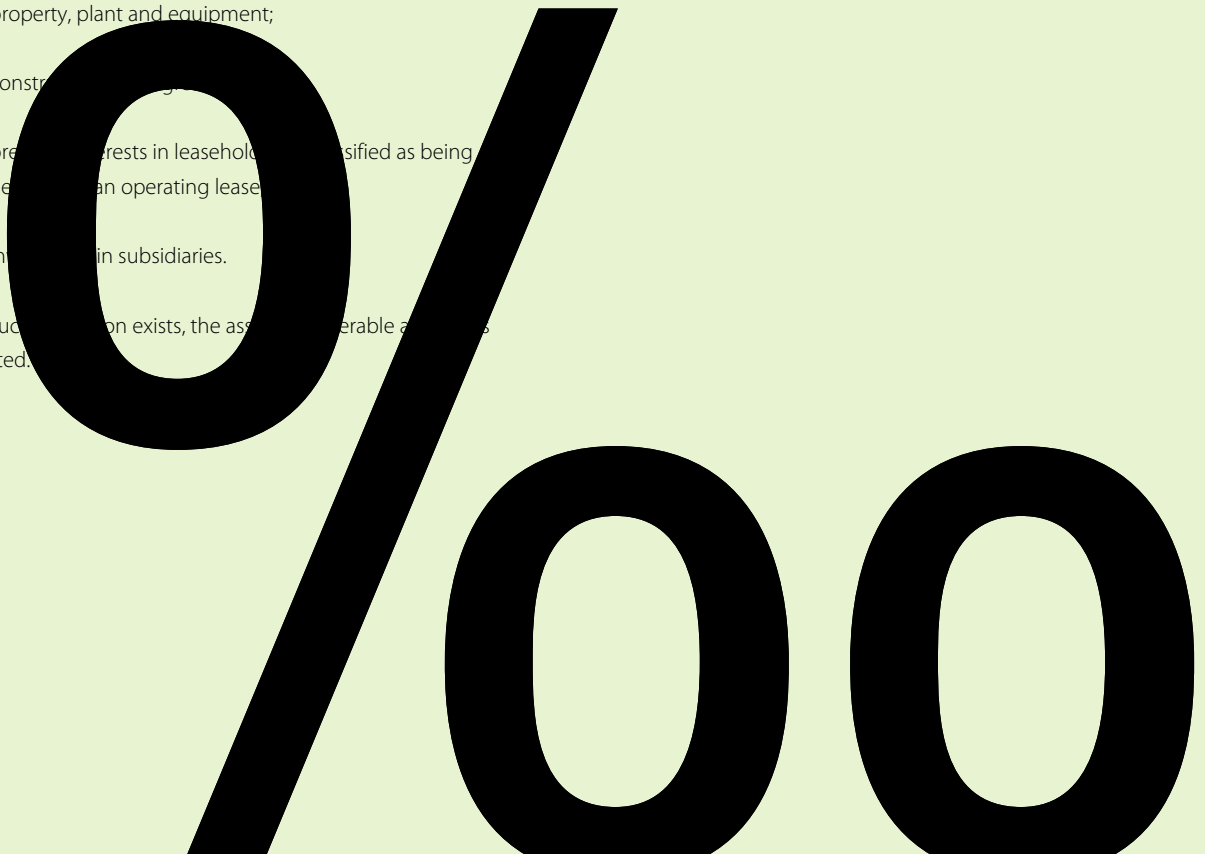
If any such indication exists, the assets' recoverable amounts are estimated.

## 2. 主要會計政策(續)

## (g) 資產減值(續)

## (i) 應收貿易賬款及其他應收款項的減值(續)

減值虧損應從相應的應收貿易賬款及其他應收款項中直接撇銷，但可收回性被視為可疑而非微乎其微的應收貿易賬項的已確認減值虧損則例外，應以撥備賬



## 2.

(continued)

## (g) Impairment of assets (continued)

## (ii) Impairment of other assets (continued)

- Calculation of recoverable amount  
The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash flows independently (i.e. a cash-generating unit).

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

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

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

## 2. 主要會計政策(續)

## (g) 資產減值(續)

## (ii) 其他資產減值(續)

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

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

- 撥回減值虧損  
如釐定可收回金額的估計數字出現正面的變化，有鑒於此，

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi) (以人民幣列值)

2.

(continued)

(h) Inventories

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

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

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

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related

## 2.

(continued)

## (l) Trade and other payables

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

## (m) Employee benefits

## (i) Short term employee benefits

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

## (ii) Contributions to defined contribution retirement plans

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

## (iii) Share-based payments

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

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

## 2. 主要會計政策(續)

## (l) 應付貿易賬款及其他應付款項

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

## (m) 僱員福利

## (i) 短期僱員福利

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

## (ii) 定額供款退休計劃之供款

根據中國、台灣及香港相關勞工規則及規例，就當地退休計劃作出的供款，除非包括於尚未確認為支出的存貨成本，否則，供款產生時於損益表確認為支出。

## (iii) 以股份支付款項

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

## Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi) (以人民幣列值)

## 2.

(continued)

## (n) Income ta

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

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

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

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

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the

## 2.

(continued)

## (n) Income ta (continued)

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

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

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

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

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

## 2. 主要會計政策(續)

## (n) 所得稅(續)

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

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

當派付相關股息之債項獲確認時，因分派股息導致的額外所得稅亦會獲確認。

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

- 就即期稅項資產和負債而言，本公司或本集團計劃按淨額基準結算，或同時變現該資產和清償該負債；或
- 就遞延稅項資產和負債而言，該等資產和負債必須與同一稅務機關就以下其中一項徵收的所得稅有關：
  - 同一應課稅實體；或
  - 不同應課稅實體，而該等實體在預期有大額遞延稅項負債需要清償或遞延稅項資產可以收回的每個未來期間，計劃按淨額基準變現即期稅項資產和清償即期稅項負債，或同時變現該資產和清償該負債。

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi) (以人民幣列值)

2. (continued)  
(o) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where

## 2.

(continued)

**(p) Revenue recognition**

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

*(i) Sale of goods*

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

*(ii) Services rendered*

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

*(iii) Interest income*

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

*(iv) Government grants*

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

*(v) Rental income from operating leases*

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

## 2. 主要會計政策(續)

**(p) 收入確認**

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

*(i) 銷售貨品*

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

*(ii) 提供服務*

當服務已獲履行或提供時，提供服務所獲收入於損益表內確認。

*(iii) 利息收入*

利息收入產生時以實際利息法計算，於損益表內確認。

*(iv) 政府撥款*

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

*(v) 經營租賃之租金收入*

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

## Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi) (以人民幣列值)

產

## 2. (continued)

## (q) Translation of foreign currencies

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

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

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

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

## (r) Borrowing costs

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

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

## 2. 主要會計政策(續)

## (q) 外幣換算

年內，外幣交易按交易日當日之匯率換算為人民幣。以外幣為單位之貨幣資產及負債按結算日當日之匯率換算為人民幣。匯兌利潤及虧損於損益表確認。

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

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

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

## (r) 借貸成本

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

屬於合資格資產成本一部分的借貸成本在資產  
產用開置用備廢物產器然

## 2.

(continued)

**(s) Related parties**

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

- (i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;
- (ii) the Group and the party are subject to common control;
- (iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;
- (iv) the party is member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
- (v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or
- (vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

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

**(t) Segment reporting**

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

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

## 2. 主要會計政策(續)

**(s) 關連方**

就本財務報表而言，下列的另一方被視為本集團關連方：

- (i) 該另一方能夠透過一個或多個中介機構直接或間接控制本集團或對本集團的財務及經營政策決策發揮重大影響力，或共同控制本集團；
- (ii) 本集團及該另一方受到共同控制；
- (iii) 該另一方為本集團之聯營公司或本集團為合營方之合營企業；
- (iv) 該另一方為本集團或本集團母公司之主要管理人員、或該等個別人士關係密切之家族成員、或受該等個別人士控制、共同控制或重大影響之實體；
- (v) 該另一方為與(i)所指之一方關係密切之家族成員或受該等個別人士控制、共同控制或重大影響之實體；或
- (vi) 該另一方為以本集團或屬本集團關連人士實體之僱員為受益人之終止受僱後福利計劃。

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

**(t) 分部報告**

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

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





## Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi) (以人民幣列值)

## 7.

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

		2008 二零零八年 B'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
<b>即期稅項 - 中國</b>			
Provision for the year	年度撥備	65,610	24,128
Over-provision in respect of prior years	過往年度超額撥備		(8)
Tax refund on domestic equipment purchases	國內購置設備退稅	(8,192)	-

## 7.

(continued)

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

The first year that inzhou Huachang Silicon Materials Co., Ltd. ("Huachang"), inzhou Huari Silicon Materials Co., Ltd. ("Huari") and inzhou Youhua New Energy Co., Ltd. ("Youhua") recorded assessable profits was 2003, 2005 and 2005, respectively. Accordingly, Huachang, Huari and Youhua were subjected to a preferential tax rate of 13.5% for the year ended 31 December 2007.

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

Shanghai ingji Electronic Materials Co., Ltd. ("ingji") was subject to a preferential tax rate of 27% for the year ended 31 December 2007.

On 1 January 2008, the Corporate Income Tax ("CIT") Law of the PRC ("New CIT Law") became effective. The PRC CIT rate has been adjusted to a standard rate of 25%. For Foreign Investment Enterprises ("FIE"s) which have not fully utilised their five-year tax holiday (i.e. two-year exemption and subsequent three-year 50% reduction of the applicable tax rate) will be allowed to continue to receive the benefits of the tax holiday during a five-year grandfathering period. For those FIEs which have not yet begun their five-year tax holiday period, the tax holiday period will be deemed to have commenced from the effective date of the New CIT Law.

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

## 7. 綜合損益表內所得稅(續)

**(a) 綜合損益表內所得稅代表:** (續)

錦州華昌硅材料有限公司(「錦州華昌」)、錦州華日硅材料有限公司(「錦州華日」)及錦州佑華新能源有限公司(「錦州佑華」)分別於二零零三年、二零零五年及二零零五年首度錄得應課稅利潤。因此,截至二零零七年十二月三十一日止年度,錦州華昌、錦州華日及錦州佑華均按優惠稅率13.5%納稅。

錦州陽光能源有限公司(「錦州陽光」)於二



**7.**

## 7.

(continued)

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

		2008 二零零八年 B'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Profit before taxation	除稅前利潤	117,370	337,095
Notional tax on profit before taxation calculated at 25% (2007: 27%)	除稅前利潤之名義稅項，按25% (二零零七年：27%)之稅率計算	29,343	91,016
Effect of non-deductible expenses	不可扣稅支出之影響	8,594	4,815
Effect of non-taxable income	免課稅收入之影響	(76)	(20,188)
Effect of tax concessions obtained	所獲稅務優惠之影響	(15,379)	(57,340)
Effect of unused tax loss not recognised	尚未確認的未動用稅項虧損影響	5,401	-
Tax refund on domestic equipment purchases	國內購置設備退稅	(8,192)	-
Effect of different taxation rate used in other jurisdiction	於其他司法權區所用不同稅率之影響	7,068	2,311
Effect of withholding tax	預扣稅之影響	7,232	-
Over-provision in respect of prior years	過往年度超額撥備		(8)
Actual tax expense	實際稅務開支	33,991	20,606

## 7. 綜合損益表內所得稅(續)

## (b) 稅務開支與會計利潤按適用稅率計算之對賬：

## 8.

## (a) Dividends payable to equity shareholders of the Company attributable to the year

		2008 二零零八年 B'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Final dividend proposed after the balance sheet date of RMB1.5 cents (HK\$1.7 cents) (2007: RMB5.2 cents (HK\$5.8 cents)) per share	於結算日後擬派發終期股息 每股人民幣1.5分(1.7港仙) (二零零七年：人民幣5.2分 (5.8港仙))	25,361	87,920

## 8. 股息

## (a) 本公司權益股東應佔年內應付股息

## Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi) (以人民幣列值)

## 8. (continued)

## (a) Dividends payable to equity shareholders of the Company attributable to the year (continued)

The Board has recommended the payment of final dividend of RMB1.5 cents (HK\$1.7 cents) per share (2007: RMB5.2 cents (HK\$5.8 cents)) and propose to give shareholders the option of Scrip Dividend in lieu of a cash dividend. The Proposal will be conditional on (i) the approval of the recommended final dividend at the forthcoming annual general meeting of the Company and (ii) the Stock Exchange granting a listing of and permission to deal in the shares to be issued pursuant to the Proposal. Subject to shareholders' approval at the forthcoming annual general meeting of the Company, the recommended final dividend will be paid to shareholders whose names appear on the register of members of the Company on 12 June 2009.

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

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

	2008 二零零八年 B'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Final dividend in respect of the previous financial year, approved and paid during the year	88,258	113,658

In respect of the final dividend approved and paid for the year ended 31 December 2007, the difference of RMB338,000 between the final dividend proposed in the 2007 annual report and amount approved and paid during the year represents exchange fluctuations.

## 9.

## (a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to the ordinary equity shareholders of the Company of RMB83,379,000 (2007: RMB292,241,000) and the weighted average of 1,627,540,199 (2007: 1,437,166,500) ordinary shares of the Company in issue during the year as calculated as set out in note 9(b). The weighted average number of shares for the current and prior years has been adjusted for the capitalisation issue as if the capitalisation issue had been in existence throughout 2007 and 2008. For details on the capitalisation issue, please refer to note 26(j).

## 8. 股息

## (a) 派發予本公司權益股東之股息 (續)

董事會建議派發末期股息每股人民幣1.5分(合港幣1.7分)(2007年:每股人民幣5.2分(合港幣5.8分))並建議以派發股票股息代替現金股息。該建議將以(i)本公司股東大會批准派發末期股息及(ii)香港交易所批准上市及准許買賣該等股份為條件。倘若本公司股東於本公司股東大會批准派發末期股息,則本公司將向於2009年6月12日名列本公司股東名冊之股東派發末期股息。

於資產負債表日期後之末期股息建議,尚未在資產負債表內確認為負債。

## (b) 上一年度財務報表內之股息,於本年度獲批准及派發

	2008 二零零八年 B'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
上一年度財務報表內之股息,於本年度獲批准及派發	88,258	113,658

就於2007年12月31日獲批准及派發之末期股息而言,2007年年度報告內建議之末期股息與本年度獲批准及派發之金額相差人民幣338,000元,此乃由於匯率波動所致。

## 9.

## (a) 每股基本盈利

每股基本盈利之計算乃以本公司股東應佔溢利人民幣83,379,000元(2007年:人民幣292,241,000元)及本公司於本年度之加權平均普通股1,627,540,199股(2007年:1,437,166,500股)為基礎,按如下列明之方法計算。本公司於本年度及上一年度之加權平均股數已就資本化發行作出調整,如資本化發行於2007年及2008年全年度均存在。有關資本化發行之詳情,請參閱附註26(j)。









**13.**  
**(a) The Group (continued)**

(continued)

**13. 物業、廠房及設備(續)**  
**(a) 本集團(續)**

		在建工程	B 樓宇	廠房、機器 及設備	汽車	家具及 固定裝置	總計
		B'000	B'000	B'000	B'000	B'000	B'000
		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
<b>：</b>		<b>成本：</b>					
At 1 January 2008	於二零零八年一月一日	21,033	25,064	148,876	7,085	6,104	208,162
Exchange adjustments	匯兌調整			(9)		(3)	(12)
Additions	添置	230,677	311	6,927	688	1,436	240,039
Disposals	出售				(181)		(181)
Transfers	轉撥	(167,020)	36	166,984			
At 31 December 2008	於二零零八年十二月三十一日	84,690	25,411	322,778	7,592	7,537	448,008
<b>A</b>		<b>： 累計折舊：</b>					
At 1 January 2008	於二零零八年一月一日		3,035	26,232	1,663	1,853	32,783
Exchange adjustments	匯兌調整			(1)			(1)
Charge for the year	年度折舊		853	18,251	1,324	296	20,724
Written back on disposals	出售時撥回				(163)		(163)
At 31 December 2008	於二零零八年十二月三十一日		3,888	44,482	2,824	2,149	53,343
<b>：</b>		<b>賬面淨值：</b>					
At 31 December 2008	於二零零八年十二月三十一日	84,690	21,523	278,296	4,768	5,388	394,665





## Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi) (以人民幣列值)

## 15.

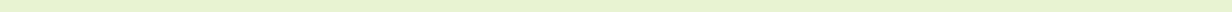
		本公司	
		2008	2007
		二零零八年	二零零七年
		B'000	RMB'000
		人民幣千元	人民幣千元
Unlisted shares, at cost	非上市股份，按成本	367,841	367,841

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

公司名稱	註冊成立 經營地點及日期	A /		所有權權益比例		主要業務	法定形式
		法定 實繳	註冊 已發行資本	由本公司 持有 %	由附屬 公司持有 %		
錦州日鑫硅材料有限公司 ("Rixin") (「錦州」)	The PRC 9 May 2007	Registered and paid-in capital of RMB10,000,000		-	100	Manufacturing and processing of	Limited liability

**15.**

(continued)



## Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi) (以人民幣列值)

## 16.

(a) Inventories in the consolidated balance sheet comprise:

		本集團	
		2008	2007
		二零零八年	二零零七年
		B'000	RMB'000
		人民幣千元	人民幣千元
Raw materials	原材料	272,475	95,929
Work-in-progress	在製品	53,466	15,170
Finished goods	製成品	69,592	26,733
		<b>395,533</b>	137,832

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

		本集團	
		2008	2007
		二零零八年	二零零七年
		B'000	RMB'000
		人民幣千元	人民幣千元
Carrying amount of inventories sold	已售存貨的賬面值	1,047,190	692,412
Write-down of inventories	存貨撇減	220,235	-
		<b>1,267,425</b>	692,412

## 16. 存貨

(a) 綜合

**17.****17. 應收貿易賬款及其他應收款項**

		本集團		本公司	
		2008 二零零八年 B'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元	2008 二零零八年 B'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Trade receivables (note 17(a))	應收貿易賬款 (附註17(a))	111,003	77,118	-	-
Other receivables, prepayments and deposits (note 17(b))	其他應收款項、預付款項及按金 (附註17(b))	382,782	109,233	2,491	46,064
Amount due from a related party (note 29(c))	應收一名關連方之款項 (附註29(c))	-	715	-	-
Amounts due from subsidiaries (note 17(d))	應收附屬公司款項 (附註17(d))	-	-	738,759	615
		493,785	187,066	741,250	46,679

The amount of the Group's prepayments expected to be recovered or recognised as expense after more than one year is RMB170,809,000 (2007: RMB Nil).

All of the other trade and other receivables (including amounts due from subsidiaries) are expected to be recovered or recognised as expense within one year.

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

本集團預期於超過一年後收回或確認為開支之預付款項合共人民幣170,809,000元(二零零七年：人民幣零元)。

預期所有其他應收貿易賬款及其他應收款項(包括應收附屬公司款項)於一年內收回或確認為開支。

(a) 於結算日，應收貿易賬款之賬齡分析如下：

		本集團	
		2008 二零零八年 B'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Within 1 month	一個月內	54,872	41,861
1 – 3 months	一至三個月	45,699	18,977
3 – 6 months	三至六個月	6,054	13,753
6 – 12 months	六至十二個月	1,895	826
1 – 2 years	一至兩年	2,483	1,701
		111,003	77,118

The Group normally allows a credit period of 30 – 90 days to its customers.

Included in trade receivables are aggregate amounts due from related parties of RMB40,463,000 (2007: RMB32,991,000) as at 31 December 2008 (note 29(c)).

本集團一般給予客戶30至90天的信貸期限。

於二零零八年十二月三十一日，應收貿易賬款包括應收關連方的款項總額人民幣40,463,000元(二零零七年：人民幣32,991,000)。

## Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi) (以人民幣列值)

## 17.

(continued)

- (b) Included in the Group's other receivables, prepayments and deposits are prepayments for the purchase of raw materials from related parties of RMB27,077,000 (2007: RMB351,000) as at 31 December 2008 (note 29(c)).
- (c) The ageing analysis of trade receivables that are past due but not impaired as of the balance sheet date:

Less than 1 month past due	逾期少於一個月
1 to 3 months past due	逾期一至三個月
3 to 6 months past due	逾期三至六個月
6 to 12 months past due	逾期六至十二個月
1 to 2 years	一至兩年

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

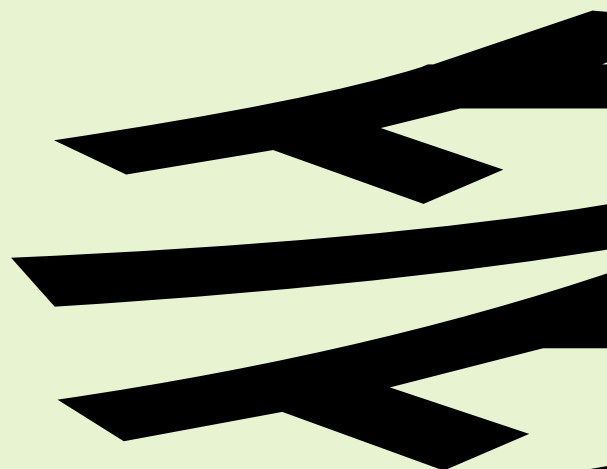
- (d) The amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

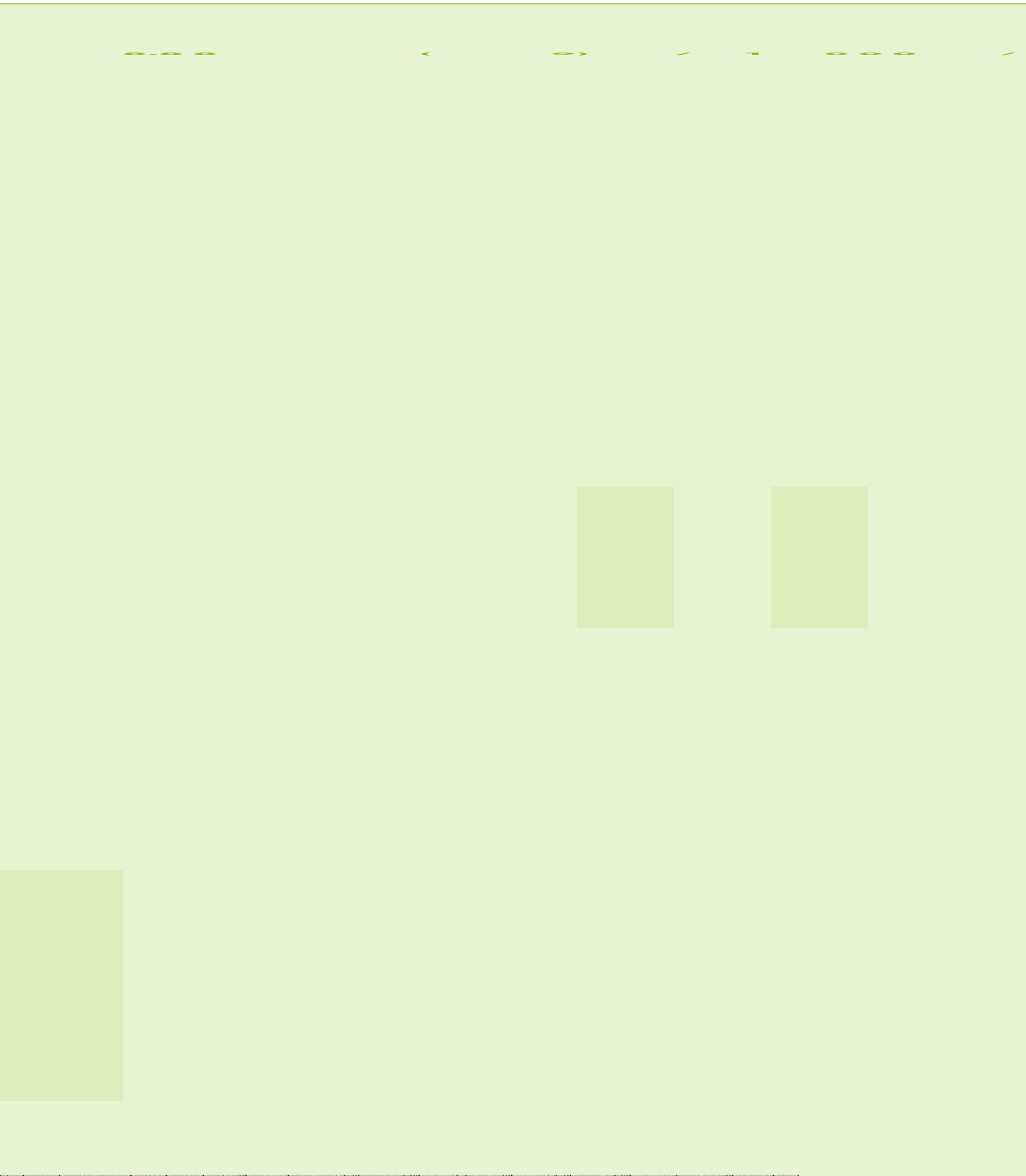
## 17. 應收貿易賬款及其他應收款項(續)

- (b) 於二零零八年十二月三十一日，本集團的其他應收款項、預付款項及按金包括向關連方購買原材料支付的預付款項人民幣27,077,000元(二零零七年：人民幣351,000元)(附註29(c))。
- (c) 於結算日，逾期未收回但並無減值的應收貿易賬款之賬齡分析：

		本集團	
		2008	2007
		二零零八年	二零零七年
		B'000	RMB'000
		人民幣千元	人民幣千元
Less than 1 month past due	逾期少於一個月	34,174	9,826
1 to 3 months past due	逾期一至三個月	6,662	2,413
3 to 6 months past due	逾期三至六個月	1,102	1,236
6 to 12 months past due	逾期六至十二個月	1,565	1,571
1 to 2 years	一至兩年	1,145	454
		44,648	15,500

逾期未收回但並無減值的應收款項與本集團多名擁有良好記錄之客戶有關。







## 21.

		本集團		本公司	
		2008	2007	2008	2007
		二零零八年	二零零七年	二零零八年	二零零七年
		B'000	RMB'000	B'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
Trade payables (note 21(a))	應付貿易賬款(附註21(a))	143,223	38,367	–	–
Bills payable (note 21(c))	應付票據(附註21(c))	24,288	–	–	–
Other payables and accrued Expenses (note 21(d))	其他應付款項及應計開支 (附註21(d))	84,772	105,701	2,897	33,837
Amounts due to subsidiaries (note 21(b))	應付附屬公司款項 (附註21(b))	–	–	236,189	15,774
Amount due to a director (note 29(e))	應付一名董事之款項 (附註29(e))	150	–	–	–
		<b>252,433</b>	144,068	<b>239,086</b>	49,611

All of the trade and other payables (including amounts due to subsidiaries

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi) (以人民幣列值)

21. (continued)

- (b) The amounts due to subsidiaries are unsecured, interest-free and repayable on demand.
- (c) The Group's bills payable of RMB24,288,000 as at 31 December 2008 are secured by the Group's bank deposits of RMB20,000,000 (note 18).

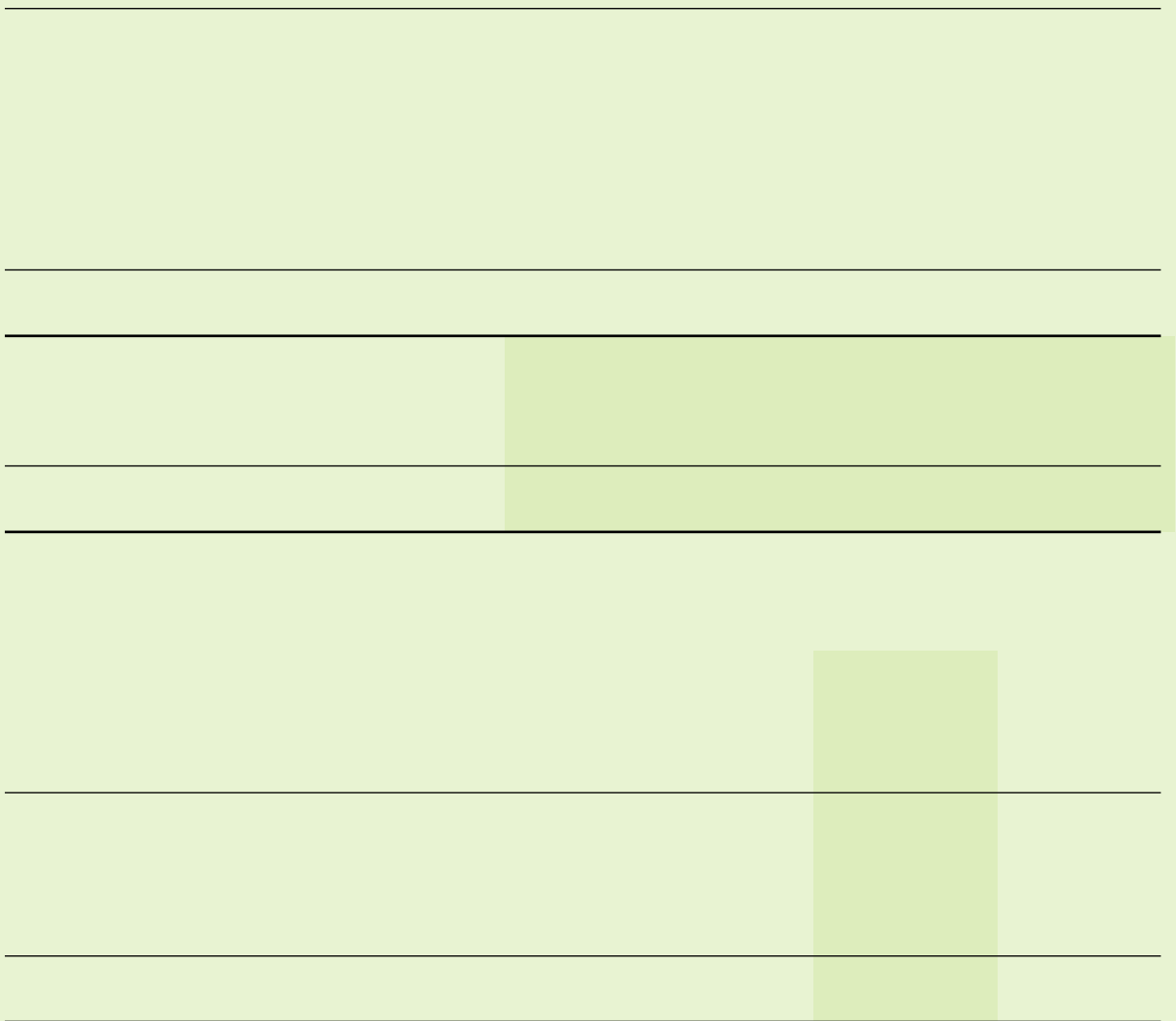
Included in the Group's bills payable are bills payable to related parties of RMB15,000,000 (2007: RMB Nil) as at 31 December 2008 (note 29(d)).

- (d) Included in the Group's other payables and accrued expenses are receipts in advance from a related party of RMB20,000,000 (2007: RMB Nil) as at 31 December 2008 (note 29(d)).

22.

- (a) Current taxation in the consolidated balance sheet represents:

		本集團			
		2008		2007	
		二零零八年		二零零七年	
		B'000		RMB'000	
		人民幣千元		人民幣千元	
Provision for PRC EIT for the year	年度中國企業所得稅撥備	65,611	1,190	10	24,121
					-49,411



**Notes to the Financial Statements****財務報表附註**

(Expressed in Renminbi) (以人民幣列值)

**22.**

(continued)

**(c) Deferred tax assets not recognised**

The Group has not recognised deferred tax assets in respect of tax losses of RMB32,731,000 (2007: RMB Nil) of one of its subsidiaries in Hong Kong as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses do not expire under the current tax legislation.

**23.**

Various government grants have been received by the Group for generating export sales and constructing a manufacturing plant in Inzhou, Liaoning Province, the PRC. In addition, certain government grants have been received by the Group to compensate for its research and development expenses in relation to the manufacturing of monocrystalline silicon solar ingots and wafers and interest expenses for certain specific loans. Amounts of RMB1,265,000 (2007: RMB3,437,000) for the year ended 31 December 2008 have been recognised in the income statement.

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

**24.**

Employees of the Group's PRC subsidiaries are required to participate in a defined contribution retirement benefit scheme administered and operated by the local municipal government. The Group's PRC subsidiaries were required to make contributions to the scheme at 20% of the employees' salaries for the years ended 31 December 2007 and 2008 to fund the retirement benefits of the employees.

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

**22. 綜合資產負債表內的所得稅(續)****(c) 尚未確認遞延稅項資**

**24.**

(continued)

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

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

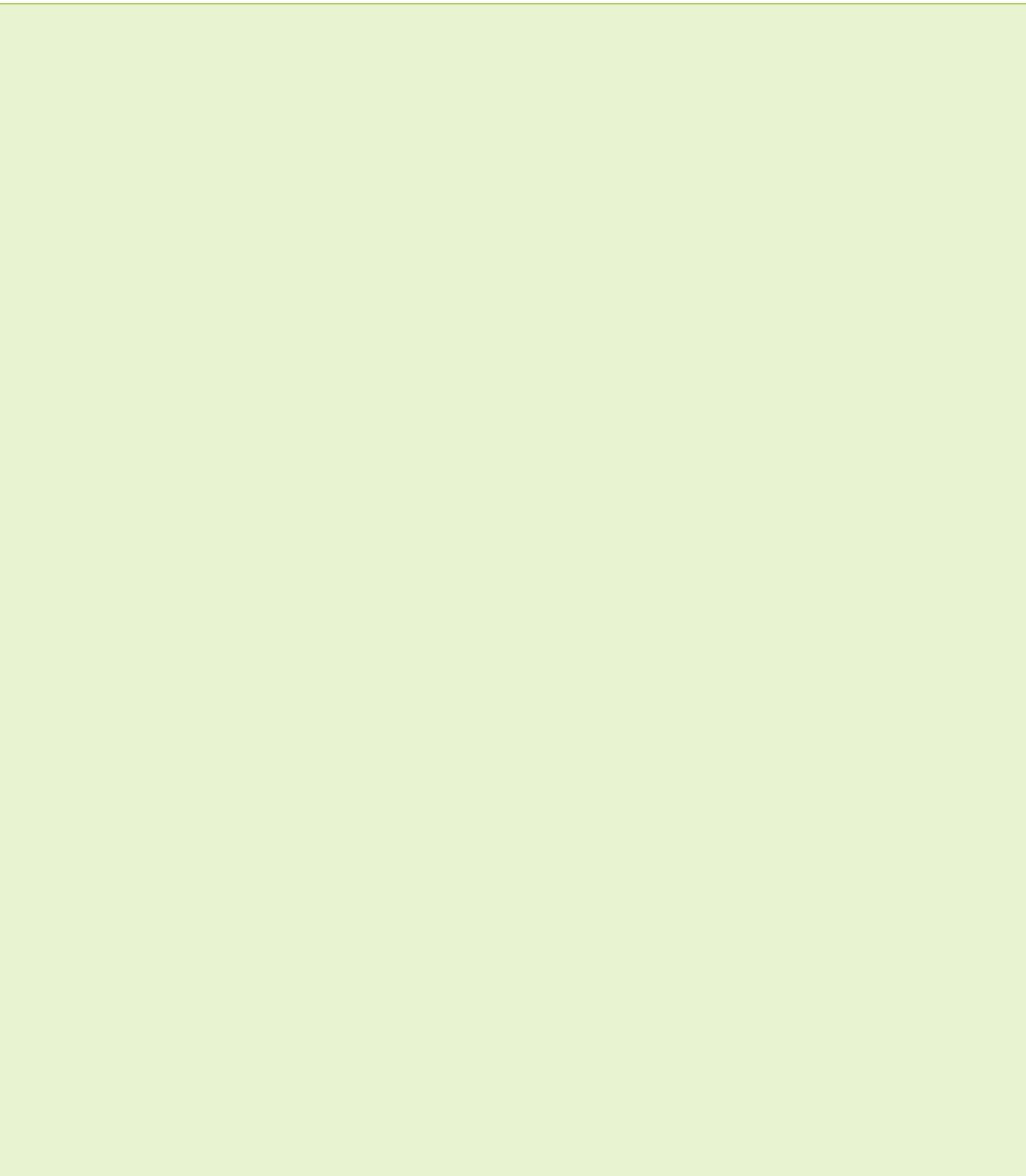
**24. 退休福利計劃 (續)**

本集團亦已根據香港強制性公積金計劃條例，為其受香港僱傭條例所管轄的僱員設立強制性公積金計劃「強積金計劃」。強積金計劃為定額供款退休計劃，由獨立受

計

**25.****(a) STIC Employee Share Plan**

For the purpose of providing compensation to certain senior management and employees (the "Relevant Employees") of the Acquired Group and those who have made past contribution to the Acquired Group (the "Other Relevant Officers") for their past contribution to the development of the Acquired Group and/or as an incentive for their future performance, pursuant to the board resolutions of STIC passed on 24 June 2007, STIC allotted and issued, an aggregate of 126,114,814 shares of HK\$0.1 each for an aggregate subscription price of HK\$12,611,481 (equivalent to RMB12,244,000) to the Relevant Employees and the Other Relevant Officers. Relevant Employees have agreed with Messrs. Hsu You Yuan, Tan Wenhua and Chiao Ping Hai (the "Relevant Directors"), and the Relevant Directors have undertaken with one another, that the Relevant Directors are entitled to buy back such shares from the Relevant Employees at the subscription cost if the Relevant Employees cease to be employed for reasons other than becoming incapacitated by work-inflicted injury which would prevent them from performing their duties, or deceased before the end of the relevant lock-up period (the "Return Condition").



## 25.

(continued)

## (a) STIC Employee Share Plan (continued)

- (i) The terms and conditions of the shares granted to the Relevant Employees are as follows:

授出日期	配發及發行股份數目	禁售條件
24 June 2007 二零零七年六月二十四日	26,657	1 December 2008 二零零八年十二月一日
24 June 2007 二零零七年六月二十四日	26,657	1 December 2009 二零零九年十二月一日
24 June 2007 二零零七年六月二十四日	26,657	1 December 2010 二零一零年十二月一日
24 June 2007 二零零七年六月二十四日	26,658	1 December 2011 二零一一年十二月一日

There was no change in the number of shares allotted and issued from the date of grant to 31 December 2008.

(ii) *Fair value of shares and assumptions*

The fair value of services received in return for shares allotted and issued is measured by reference to the fair value of shares granted. The estimate of the fair values of the shares granted during the year ended 31 December 2007 is measured at the grant date using the price to earnings multiple valuation method. The valuation is derived from applying (i) an expected price to earnings multiple of a group of listed companies operating in comparable businesses, adjusted for the uniqueness of the subject being valued; and (ii) the net profit, excluding non-operating income and expenses, of the Acquired Group with appropriate adjustments.

*Fair value of shares and assumptions***股份的公平值及假設**

Fair value at measurement date 於計算日期的公平值	RMB57.5 million 人民幣57,500,000元
Expected price to earnings multiple 預期市盈率	22.3 22.3

The price to earnings multiple is determined with reference to comparable listed companies, after discounting for marketability to reflect illiquidity in nature at the grant date.

Certain shares were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share grants.

## 25. 股份獎勵福利(續)

## (a) STIC僱員股

## Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi) (以人民幣列值)

## 25.

(continued)

**(b) Share Option Plan of the Company**

The Company adopted the Share Option Scheme (the "Scheme") on 27 February 2008 for the recruitment and retention of quality executives and employees. In consideration for HK\$1 from each grantee, options to subscribe for an aggregate of 42,269,163 ordinary shares at a subscription price of HK\$1.974 were granted under the Scheme on 29 December 2008. Tranche A of the Scheme was fully vested on the date of grant.

The terms and conditions of the options granted under the Scheme are as follows:

	<b>A</b>	<b>B</b>
	甲組	乙組
Number of options 購股權數目	19,500,000 19,500,000份	22,769,163 22,769,163份
Contractual life of options 購股權合約年期	0.3 year 0.3年	2 years 兩年
Exercisable period 行使期	Any time from 30 December 2008 up to the expiry date of 30 April 2009 由二零零八年十二月三十日起至到期日 二零零九年四月三十日止任何時間	At each of the last business days of August and December 2009 and April, August and December 2010 during the period from 30 June 2009 up to the expiry date of 31 December 2010 由二零零九年六月三十日起至到期日 二零一零年十二月三十一日止期間內，二零零 九年八月及十二月以及二零一零年四月、八月 及十二月各月的最後一個營業日

## 25.

(continued)

## (b) Share Option Plan of the Company (continued)

## (i) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of the share options granted. The estimate of the fair values of the share options granted during the year ended 31 December 2008 is measured at the grant date based on a binomial lattice model. The contractual life of the share options is used as an input into this model.

Fair value of share options and assumptions

		A	B
		甲組	乙組
Stock asset price	股份資產價	HK\$1.870 1.870港元	HK\$1.870 1.870港元
Annualised volatility (expressed as a weighted average volatility used in the modelling under the binomial lattice model)	年度波幅 (以二項式點陣模式所採用加權平均波幅列示)	111.647%	87.08%
Dividend yield	股息率	1.90%	1.90%
Risk-free interest rate (based on Hong Kong Monetary Authority Exchange Fund Notes)	無風險利率(按照香港金融管理局外匯基金票據計算)	0.020%	0.591%

Certain share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

## 25. 股份獎勵福利(續)

## (b) 本公司之購股權計劃(續)

## (i) 購股權公平值及假設

就授出購股權所獲服務的公平值，乃經參照授出購股權的公平值計量。截至二零零八年十二月三十一日止年度授出購股權的估計公平值，乃於授出日期根據二項式點陣模式計量。購股權合約年期乃用作輸入此模式的數據。

購股權公平值及假設

		A	B
		甲組	乙組
Stock asset price	股份資產價	HK\$1.870 1.870港元	HK\$1.870 1.870港元
Annualised volatility (expressed as a weighted average volatility used in the modelling under the binomial lattice model)	年度波幅 (以二項式點陣模式所採用加權平均波幅列示)	111.647%	87.08%
Dividend yield	股息率	1.90%	1.90%
Risk-free interest rate (based on Hong Kong Monetary Authority Exchange Fund Notes)	無風險利率(按照香港金融管理局外匯基金票據計算)	0.020%	0.591%

若干購股權乃按服務條件授出。該條件並未納入計算於授出日期獲得服務的公平值。授予購股權不附設市場條件。

## Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi) (以人民幣列值)

## 26. - /

## (a) The Group

Details of the movements in capital and reserves of the Group are set out on page 70.

## (b) The Compan

			Share capital	Share premium	Capital reserve	Exchange reserve	Accumulated losses	Total
		Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		附註	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
			股本	股份溢價	資本儲備	匯兌儲備	累計虧損	合計
At 7 March 2007	於二零零七年三月七日		-	-	-	-	-	-
Loss for the year	年度虧損		-	-	-	-	(2,405)	(2,405)
Arising from the Reorganisation	因重組產生的股本	26(f)	97	143,849	-	-	-	143,946
Acquisition of minority interests	收購少數股東權益	26(g)	33	60,857	-	-	-	60,890
Issue of new shares	發行新股份	26(h)	149	162,856	-	-	-	163,005
At 31 December 2007	於二零零七年十二月三十一日		279	367,562	-	-	(2,405)	365,436

A

**26.** - / (continued)  
**(c) Authorised and issued share capital**

		本公司			
		2008 二零零八年		2007 二零零七年	
		股份數目	'000 千元	No. of shares 股份數目	'000 千元
<b>A</b>	<b>:</b>	<b>法定 :</b>			
Ordinary shares of HK\$0.1 each (note 26(i))		每股面值0.1港元的普通股 (附註26(			

## Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi) (以人民幣列值)

## 26. - / (continued)

- (d) Pursuant to written resolutions of the board of directors of Tayaneng passed on 9 March 2007, Tayaneng acquired equity interests of 75%, 70%, 74.17% and 75% in Yanguang, Huachang, Huari and Xinri respectively for a consideration of RMB74,782,000 and became the holding company of Yanguang, Huachang, Huari and Xinri.
- (e) Pursuant to written resolutions of the board of directors of Tayaneng passed on 7 May 2007, a shareholder's loan of US\$10,000,000 (equivalent to RMB77,160,000) was capitalised by Tayaneng by the allotment and issue of 9,999 shares of US\$1 each in Tayaneng, credited as fully paid, to the shareholders.
- (f) Pursuant to written resolutions of the board of directors of the Company passed on 8 May 2007, the Company obtained the entire equity interest in Tayaneng from the then shareholder of Tayaneng by issuing 999,999 shares of HK\$0.1 each (equivalent to RMB97,000) and credited the nil paid share held by Mr. Tan Wenhua referred to in note 26(e) as fully paid. The difference between the net asset value of Tayaneng and its subsidiaries acquired and the nominal value of the shares of the Company issued of RMB143,849,000 was credited to the share premium account.
- (g) Pursuant to written resolutions of the board of directors of the Company passed on 26 June 2007, the Company acquired the minority interests in the subsidiaries of Tayaneng by issuing 343,708 shares of HK\$0.1 each (equivalent to RMB33,000). The difference between the net asset value of minority interests acquired and the nominal value of the shares of the Company issued of RMB60,857,000 was credited to the share premium account.
- (h) Pursuant to written resolutions of the board of directors of the Company passed on 26 June 2007, the Company allotted and issued an aggregate of 1,530,625 shares of HK\$0.1 each to the then shareholders of the Acquired Group which subscribed for the Company's shares at a cash consideration of HK\$167,895,000 (equivalent to RMB163,005,000), of which RMB149,000 was credited to issued capital and the balance of RMB162,856,000 was credited to the share premium account.
- (i) Pursuant to the ordinary resolutions passed on 12 January 2008, the authorised share capital of the Company was increased from HK\$380,000 (equivalent to RMB368,000) to HK\$5,000,000,000 (equivalent to RMB4,500,000,000) by the creation of 4,996,200,000 new ordinary shares of HK\$0.1 (equivalent to RMB0.09) each.

## 26. 實繳 已發行股本(續)

- ( ) 根據 Tayaneng 董事會於二零零七年三月九日通過的書面決議案，Tayaneng 以代價人民幣 74,782,000 元分別收購錦州陽光、錦州華昌、錦州華日及錦州新日的股權 75%、70%、74.1



27. (continued)

(c) Capital reserve

The capital reserve comprises the fair value of shares allotted and issued and share options granted to employees of the Group over the subscription costs recognised in accordance with the accounting policy adopted for share-based payments in note 2(m)(iii).

(d) Other reserve

The other reserve represents:

- (i) The difference between Tayaneng's attributable share of the nominal value of the paid-up capital of the subsidiaries acquired over the consideration paid by Tayaneng to obtain the equity interests in these subsidiaries.

Pursuant to the Reorganisation, Tayaneng acquired equity interests of 75%, 70%, 74.17% and 75% in Yangguang, Huachang, Huari and Xinri respectively on 9 March 2007. The difference between Tayaneng's attributable share of the nominal value of these subsidiaries of RMB74,858,000 and the consideration paid of RMB74,782,000 amounted to RMB76,000 and was credited to other reserve account.

- (ii) The difference between the net asset value of Tayaneng and its subsidiaries acquired and the nominal value of the issued share capital of Tayaneng.

The other reserve is non-distributable.

(e) Distributability of reserves

At 31 December 2008, the aggregate amount of reserves available for distribution to equity shareholders of the Company was RMB710,498,000 (2007: RMB365,157,000).

27. 儲備(續)

(c) 資本儲備

資本儲備為配發及發行予本集團僱員的股份以及授予彼等的購股權的公平值超出遵照附註2(m)(iii)所載有關以股份支付款項所採納會計政策而確認的認購成本之數。

- (i) Tayaneng於收購附屬公司時

**27.** (continued)

**(f) Capital management**

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

At 31 December 2008, the Group had short-term bank loans amounting to RMB214,580,000 (2007: RMB127,000,000) which are repayable within one year and a municipal government loan of RMB3,003,000 (2007: RMB2,890,000) which will be fully repaid by 2020. The gearing ratio, representing the ratio of total borrowings to the total share capital and reserves of the Group was 17.2% at 31 December 2008 (2007: 20.5%). The Group had cash and bank deposits as at 31 December 2008 amounting to RMB295,473,000 (2007: RMB349,098,000).

The Group actively and regularly reviews and manages its capital structure



## 29.

During the year, transactions with the following parties are considered to be related party transactions:

各方名稱	關係
Tan Wenhua 譚文華	Executive Director 執行董事
Zhao Xiu Qin 趙秀芹	Spouse of Tan Wenhua 譚文華之配偶
Chong Kin Ngai 莊堅毅	Non-executive Director 非執行董事
inzhou Changhua Carbon Products Company Limited (" inzhou Changhua") 錦州昌華碳素製品有限公司(「錦州昌華」)	Significantly influenced by Tan Wenhua 受譚文華重大影響
Wafer Works Corp. ("WWX") 合晶科技股份有限公司(「合晶科技」)	Equity shareholder of the Company 本公司之權益股東
Helitek International Company Limited ("Helitek") 漢崧國際有限公司(「漢崧」)	Subsidiary of WWX 合晶科技之附屬公司
inzhou Huarong Property Management Company Limited (" inzhou Huarong") 錦州華榮物業管理有限公司(「錦州華榮」)	Controlled by Tan Wenhua 受譚文華控制
inzhou Huachang Photovoltaic Technology Company Limited ("Huachang Guangfu") 錦州華昌光伏科技有限公司(「華昌光伏」)	Controlled by Tan Wenhua 受譚文華控制
inzhou Youhua New Energy Company Limited ("Youhua") 錦州佑華新能源有限公司(「錦州佑華」)	Same key management as the Group's before it became the subsidiary of the Company on 26 June 2007

## Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi) (以人民幣列值)

## 29. (continued)

Particulars of significant transactions between the Group and the above related parties during the year are as follows:

## (a) Recurring transactions

		本集團	
		2008 二零零八年 B'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Sales of goods to:	銷售貨品予：		
- Huachang Guangfu	- 華昌光伏	17,506	-
- SEC	- 宇宙能源株式會社		88,840
- WWX	- 合晶科技	179,959	69,310
- WWXS	- 合晶硅材料	10,043	965
Provision of services to:	提供服務予：		
- SEC	- 宇宙能源株式會社	43,248	8,533
- WWX	- 合晶科技	1,835	5,264
- WWXS	- 合晶硅材料	6,196	374
- Youhua	- 錦州佑華		643
		<b>258,787</b>	173,929
Purchases of goods from:	向下列各方購買貨品：		
- inzhou Changhua	- 錦州昌華	27,005	16,873
- SEC	- 宇宙能源株式會社	7,376	55,206
- Youhua	- 錦州佑華		52,310
- inzhou Youxin	- 錦州佑鑫	24,850	29,504
- WWX	- 合晶科技	186,170	36,027
- WWXS	- 合晶硅材料	28,	

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**29.** (continued)**(b) Non-recurring transactions**

		本集團	
		2008	2007
		二零零八年	二零零七年
		B'000	RMB'000
		人民幣千元	人民幣千元
Sale of machinery and equipment to WWXS	向合晶硅材料出售機器及設備		715

The Directors are of the opinion that the above related party transaction was conducted on normal commercial terms and was with reference to prevailing market prices and in the ordinary course of business.

**(c) Amounts due from related parties**

		本集團	
		2008	2007
		二零零八年	二零零七年
		B'000	RMB'000
		人民幣千元	人民幣千元
Trade	貿易		
- inzhou Changhua	- 錦州昌華	4,328	351
- SEC	- 宇宙能源株式會社	7,061	2,978
- WWX	- 合晶科技	55,002	



**29.**

(continued)

(f) **Guarantees**



## Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi) (以人民幣列值)

## 31.

At 31 December 2008, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

		本集團	
		2008	2007
		二零零八年	二零零七年
		B'000	RMB'000
		人民幣千元	人民幣千元
Within 1 year	一年內	1,617	1,637
After 1 year but within 5 years	一年後但五年內	1,655	2,675
After 5 years	五年後	2,041	2,165
		<b>5,313</b>	6,477

The Group is the lessee in respect to a number of properties held under operating leases at 31 December 2008. The leases typically run for an initial period of two to twenty years, with an option to renew each lease upon expiry when all terms are renegotiated. None of the leases include contingent rentals.

## 32.

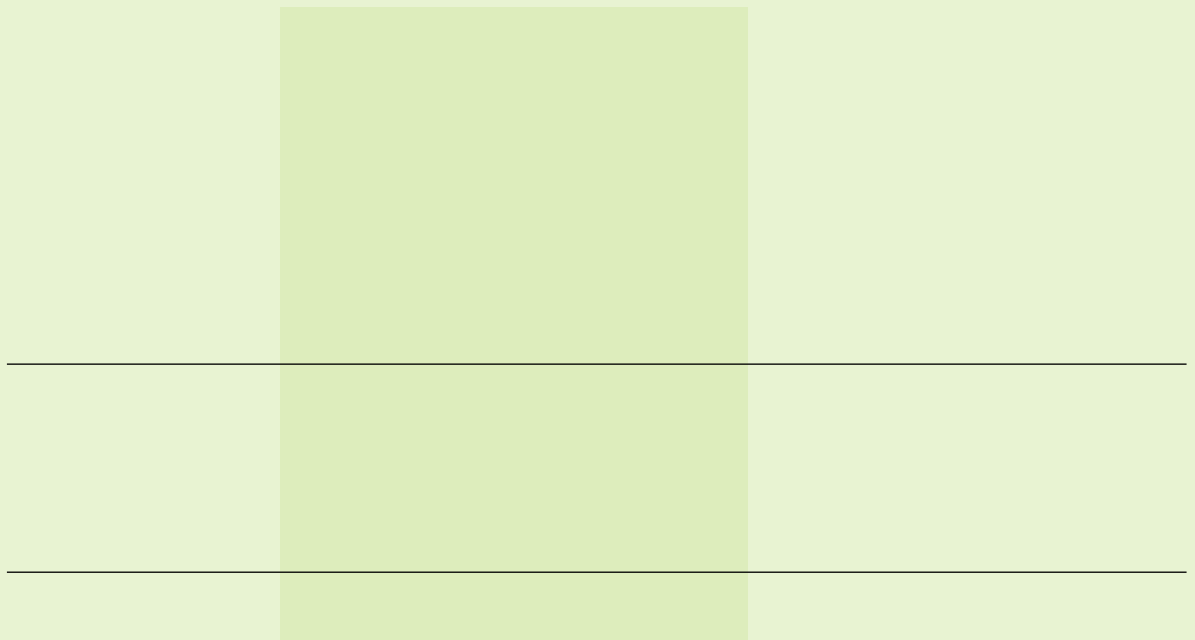
Exposure to credit, liquidity, interest rate and currency risks arises in the 1 Tf8.5 0 0 8.5 62.3622 377.4283 Tm(cont 6n tgsTm(Exposunormtrucourshe leasesis th'

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(continued)

(b) **Liquidit risk**

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short







## Notes to the Financial Statements

## 財務報表附註

(Expressed in Renminbi) (以人民幣列值)

## 32.

(continued)

## (d) Foreign currency risk

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

## (i) Exposure to currency risk

The following table details the Group's and the Company's exposure at the balance sheet date to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

## 32. 金融工具(續)

## (d) 外匯風險

本集團承受的外幣匯兌風險，主要來自與業務相關功能貨幣以外貨幣計值之銷售及採購。產生此等風險之貨幣主要為美元及港元。董事並不預期匯率變動會對本集團造成任何重大影響，因為本集團使用自客戶收回之外幣向供應商支付款項。此外，當有需要時，董事在需要時可藉著按即期匯率買入及賣出美元解決短期失衡，以確保淨風險維持於可接受水平。

## (i) 外匯風險

下表詳列本集團及本公司於結算日承擔的外匯風險，外匯風險因已確認資產或負債以相關實體功能貨幣以外貨幣計值而產生。

		本集團			
		2008 二零零八年		2007 二零零七年	
		'000 千美元	'000 千港元	United States Dollars '000 千美元	Hong Kong Dollars '000 千港元
Trade and other receivables	應收貿易賬款及其他應收款項	10,128		10,773	–
Pledged deposits	已抵押存款			–	–
Cash and cash equivalents	現金及現金等價物	6,832	33,469	3,670	9,555
Trade and other payables	應付貿易賬款及其他應付款項	(1,377)		(3,369)	–
		15,583	33,469	11,074	9,555

## 32. (continued)

## (d) Foreign currency risk (continued)

## (i) Exposure to currency risk (continued)

		本公司	
		2008 二零零八年	2007 二零零七年
		'000 千美元	'000 千美元
Other receivables, prepayments and deposits	其他應收款項、預付款項及按金		255
Other payables	其他應付款項	(6)	(210)
		(6)	45

## (ii) Sensitivity analysis

The following table indicates the approximate change in the Group's profit after tax and retained profits in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the balance sheet date.

		本集團			
		2008 二零零八年		2007 二零零七年	
		對除稅後 利潤及保留 利潤之影響		Effect on profit after tax and retained profit	
		匯率升	跌	匯率升	跌
		%		%	
		B'000 人民幣千元		RMB'000 人民幣千元	
Hong Kong Dollars	港元	10	3,012	10	838
United States Dollars	美元	10	10,644	10	7,596

## 32. 金融工具(續)

## (d) 外匯風險(續)

## (i) 外

**Notes to the Financial Statements****財務報表附註**

(Expressed in Renminbi) (以人民幣列值)

**32.** (continued)**(d) Foreign currency risk** (continued)*(ii) Sensitivity analysis (continued)*

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date and had been applied to the Group's exposure to currency risk for all financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent changes in foreign exchange rates over the period until the next annual balance sheet date. In this respect, it is assumed that the pegged rate between the Hong Kong Dollar and the United States Dollar would be materially unaffected by any changes in movement in value of the United States Dollar against other currencies. The analysis has been performed on the same basis for 2007.

**(e) Supply of raw materials risk**

The Group's revenue depends significantly on its ability to obtain sufficient raw materials which meet the Group's specifications. The Group obtains most of its raw materials from a limited number of suppliers. As a result, there is a risk that the Group will be unable to secure a sufficient supply of raw materials to meet its planned production output, which may have a material and adverse impact on the revenue of the Group.

**(f) Fair values**

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2007 and 2008.

**33.**

In determining the carrying amounts of certain assets and liabilities, the Group makes assumptions of the effects of uncertain future events on those assets and liabilities as at the balance sheet date. The Group's

**33.**

(continued)

**(b) Impairment**

In considering the impairment losses that may be required for the Group's property, plant and equipment and construction in progress, the recoverable amount of the asset needs to be determined. The recoverable amount is the greater of the net

Notes to the Financial Statements

財務報表附註

(Expressed in Renminbi) (以人民幣列值)

34.

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2008

Up to the date of issue of the financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 December 2008 and which have not been adopted in these financial statements.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application.

So far it has concluded that the adoption of them is unlikely to result in a significant restatement of the Group's or the Company's results of operations and financial position.

In addition, the following developments are expected to result in amended disclosures in the financial statements, including restatement of comparative amounts in the first period of adoption:

於下列日期或之後  
開始的會計期間生效

