Solargiga Energy Holdings Limited

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(RMB$1 NT$4.4405)

(RMB$1 NT$4.6918)

RMB$1	NT$4.7468	RMB$1	NT$4.4405	RMB$1	NT$4.6742
RMB$1	NT$5.0218	RMB$1	NT$4.7276	RMB$1	NT$4.8389
RMB$1	NT$4.8495	RMB$1	NT$4.3256	RMB$1	NT$4.5404

	99 12 31		98 12 31	
$	1,197,049	5,315,496	536,849	2,518,788
	49,063	217,864	63,264	296,822
	68,400	303,730	63,948	300,031
	146,915	652,376	214,068	1,004,364
	37,000	164,299	-	-
	4,250	18,872	42,925	201,396
	1,502,677	6,672,637	921,054	4,321,401
	378,287	1,679,784	441,288	2,070,435
	628,412	2,790,463	405,361	1,901,872
	74,113	329,099	44,055	206,697
	459,734	2,041,449	236,191	1,108,161
	1,540,546	6,840,795	1,126,895	5,287,165
	463,322	2,057,381	206,170	967,308
	648,011	2,877,493	289,274	1,357,216
	2,243	9,960	28	131
	1,113,576	4,944,834	495,472	2,324,655
$	**426,970**	**1,895,961**	**631,423**	**2,962,510**
$	**1,929,647**	**8,568,598**	**1,552,477**	**7,283,911**
$	3,095	13,743	3,227	15,140
	85,000	377,443	70,000	328,426
	21,547	95,679	4,669	21,906
	172,905	767,785	67,301	315,763
	1,385	6,150	-	-
	283,932	1,260,800	145,197	681,235
$	**1,645,715**	**7,307,798**	**1,407,280**	**6,602,676**
$	162,458	721,395	162,458	762,220
	1,444,320	6,413,503	1,225,261	5,748,680
	1,606,778	7,134,898	1,387,719	6,510,900
	38,937	172,900	19,561	91,776

	99		98	
	$ 1,854,769	8,236,102	658,720	3,090,582
	(1,441,526)	(6,401,096)	(664,500)	(3,117,701)
/( )	413,243	1,835,006	(5,780)	(27,119)
	23,174	102,904	14,898	69,899
( )/	(2,274)	(10,098)	2,890	13,559
	(9,669)	(42,935)	(5,311)	(24,918)
	(123,577)	(548,744)	(105,521)	(495,083)
/( )	300,897	1,336,133	(98,824)	(463,662)
	(18,006)	(79,956)	(15,942)	(74,797)
/( )	282,891	1,256,177	(114,766)	(538,459)
( )/	(71,444)	(317,247/(		

$ 152,189	740,854	88,810	34,482	(2,569)	(66,710)	316,458	1,263,514	-	1,263,514
-	(25,361)	-	-	-	-	-	(25,361)	-	(25,361)
485	14,292	-	-	-	-	-	14,777	-	14,777
8,824	191,766	-	-	-	-	-	200,590	-	200,590
-	(3,780)	-	-	-	-	-	(3,780)	-	(3,780)
-	-	-	-	-	-	-	-	19,605	19,605
960	17,977	-	-	-	-	-	18,937	-	18,937
-	4,680	-	16,462	-	-	3,904	25,046	-	25,046
-	-	-	-	(7,906)	-	(98,098)	(106,004)	(44)	(106,048)
$ 162,458	**940,428**	**88,810**	**50,944**	**(10,475)**	**(66,710)**	**222,264**	**1,387,719**	**19,561**	**1,407,280**
$ 162,458	940,428	88,810	50,944	(10,475)	(66,710)	222,264	1,387,719	19,561	1,407,280
-	-	-	-	-	-	-	-	22,050	22,050
-	-	-	(10,116)	-	-	14,868	4,752	-	4,752
-	-	28,745	-	-	-	(28,745)	-	-	-
-	-	-	-	186	-	214,121	214,307	(2,674)	211,633
$ 162,458	**940,428**	**117,555**	**40,828**	**(10,289)**	**(66,710)**	**422,508**	**1,606,778**	**38,937**	**1,645,715**

( )

$ 714,040	3,475,939	416,679	161,783	(12,053)	(312,990)	1,484,758	5,928,156	-	5,928,156
-	(118,989)	-	-	-	-	-	(118,989)	-	(118,989)
2,276	67,055	-	-	-	-	-	69,331	-	69,331
41,400	899,728	-	-	-	-	-	941,128	-	941,128
-	(17,735)	-	-	-	-	-	(17,735)	-	(17,735)
-	-	-	-	-	-	-	-	91,982	91,982
4,504	84,344	-	-	-	-	-	88,848	-	88,848
-	21,958	-	77,236	-	-	18,317	117,511	-	117,511
-	-	-	-	(37,093)	-	(460,257)	(497,350)	(206)	(497,.5415 4 1011.8078

	99		98	
( )	$ 282,891	1,256,177	$ (114,766)	(538,459)
	54,460	241,830	32,738	153,600
	-	-	901	4,227
	4,752	21,101	25,046	117,511
	-	-	172,648	810,030
	449	1,994	4,752	22,296
	18,006	79,956	15,942	74,797
	(2,786)	(12,371)	(1,953)	(9,163)
( )	1,-1174503f717fd Tc( )Tj9.7826 .020151174503f717fd			
	870	3,863	-	-

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	99		98	
	(603,242)	(2,678,696)	(96,133)	(451,037)
	(37,000)	(164,299)	-	-
	(5,876)	(26,092)	(17,503)	(82,121)
	(12,980)	(57,638)	(57,020)	(267,526)
	1,094	4,858	7	33
	2,786	12,371	1,953	9,163
	(655,218)	(2,909,496)	(168,696)	(791,488)
	(59,097)	(262,420)	(44,055)	(206,697)
	29,039	128,948	25,071	117,628
	-	-	(10,584)	(49,658)
	984,573	4,371,996	447,154	2,097,957
	(610,836)	(2,712,417)	(302,460)	(1,419,082)
	-	-	18,937	88,849
	-	-	200,590	941,128
	22,050	97,913	19,605	91,983
	-	-	(3,780)	(17,735)
	(21,932)	(97,389)	(17,130)	(80,371)
	343,797	1,526,631	333,348	1,564,002
/( )	209,947	932,269	(90,475)	(424,490)
	179,171	795,609	270,402	1,268,672
	616	2,736		

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	99.12.31			98.12.31		
	(2)			(2)		
$	2,899,695	-	2,899,695	$ 1,357,216	-	1,357,216
	1,301,595	-	1,301,595	541,870	-	541,870

99 12 31 RMB$1=NT$4.4405

98 12 31 RMB$1=NT$4.6918

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99			**98**		
(2)			**(2)**		
$ 8,236,102	-	8,236,102	$		

1 99 12 31 RMB$1=NT$4.4405
98 12 31 RMB$1=NT$4.6918

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(於開曼群島註冊成立的有限公司)
股份編號：

Growing Steadily
With Total Integration
縱橫結合
穩步發

Annual Report 2010 年報

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Corporate Information
公司資料

Board of Directors
E ec 、e D ec 、
Mr. TAN Wenhua
(appointed as Chairman with effect from 28 March 2011)
Mr. HSU You Yuan
Ms. ZHANG Liming

N -e ec 、e D ec 、
Mr. CHIAO Ping Hai
(resigned as Chairman with effect from 28 March 2011)
Mr. CHONG Kin Ngai

I de e de N -e ec 、e D ec 、
Mr. WONG Wing Kuen, Albert
Ms. FU Shuangye
Dr. LIN Wen
Mr. ZHANG Chun

董事會
執行董事
譚文華先生
（於二零一一年三月二十八日起獲委任為主席）
許祐淵先生
張麗明女士

非執行董事
焦平海先生
（於二零一一年三月二十八日辭任主席）
莊堅毅先生

獨立非執行董事
王永權先生
符霜葉女士
林文博士
張椿先生

Company Secretary
Chow Yiu Ming

公司秘書
鄒耀明

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

審核委員會
王永權(主席)
符霜葉
林文
張椿
莊堅毅

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

薪酬委員會
符霜葉(主席)
王永權
林文
張椿
譚文華

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

提名委員會
林文(主席)
王永權
符霜葉
張椿
許祐淵

Auditor
KPMG

核數師
畢馬威會計師事務所

Principal Bankers

Bank of Jinzhou
China Development Bank
China Construction Bank
China CITIC Bank
Guangdong Development Bank
Huaxia Bank
Agricultural Bank of China
Industrial and Commercial Bank of China

主要往來銀行

錦州銀行
國家開發銀行
中國建設銀行
中信銀行
廣東發展銀行
華夏銀行
中國農業銀行
中國工商銀行

Registered Office

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

註冊辦事處

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

Head Office and Principal Place of Business in Hong Kong

Room 1402, Harbour Centre
25 Harbour Road
Wanchai
Hong Kong

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

Principal Share Registrar

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

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

Hong Kong Share Registrar

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

股份過戶登記處香港分處

香港中央證券登記有限公司
香港
灣仔
皇后大道東183號
合和中心
17樓1712–1716室

Authorised Representatives

Hsu You Yuan
Chow Yiu Ming

法定代表

許祐淵
鄒耀明

Investor Relations Consultant

Porda Havas International Finance Communications Group

投資者關係顧問

博達浩華國際財經傳訊集團

Corporate Website

www.solargiga.com

企業網站

www.solargiga.com

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 (the "PRC"). Its products are used for the manufacture of photovoltaic cells which are important components of solar energy generation systems.

陽光能源控股有限公司(「本公司」，連同其附屬公司統稱「本集團」，股份代號：757)為中華人民共和國(「中國」)領先的太陽能單晶硅錠及硅片製造商。其產品用於製造光伏電池，而光伏電池為太陽能發電系統的重要組件。

During the year, the Group was engaged in five main businesses:

年內，本集團從事的五項主要業務分別為：

(a) the manufacturing and sales of monocrystalline and multicrystalline silicon solar ingots and wafers;

(a) 製造及銷售太陽能單晶及多晶硅錠及硅片；

(b) the processing of silicon solar ingots and wafers;

(b) 提供太陽能硅錠及硅片的加工服務；

(c) the upgrading and trading of polysilicon;

(c) 改良及買賣多晶硅料；

(d) the production and sales of photovoltaic modules; and

(d) 製造及銷售光伏模組；及

(e) the design and installation of photovoltaic systems.

(e) 設計及安裝光伏系統。

In September 2010, Solargiga has commenced the development of a 400MW monocrystalline silicon solar ingot production line in Xining, Qinghai Province, in which the Group owns 51% controlling interest.

於二零一零年九月，陽光能源開始於青海省西寧市開發一條400兆瓦(400MW)的太陽能單晶硅錠生產線，本集團擁有其51%控股權益。

In November 2010, Solargiga has entered into another development project so as to build a 500MW multicrystalline silicon solar ingot and wafer production plant in Jinzhou, Liaoning Province, in which the Group owns 37% interest.

於二零一零年十一月，陽光能源已進行另一發展項目，於遼寧省錦州市興建一個500兆瓦(500MW)的太陽能多晶硅錠及硅片生產廠房，本集團擁有其37%權益。

Also, the Group has entered into downstream solar cell business through acquisition in Jinzhou which has an annual production capacity of 300MW. The acquisition has been subsequently completed in January 2011.

此外，本集團已透過於錦州進行的收購進軍下游太陽能電池業務，其年產能為300兆瓦(300MW)。收購其後已於二零一一年一月完成。

Currently, our integrated business model includes monocrystalline silicon solar ingot production with annual capacity of approximately 800MW, monocrystalline silicon solar wafer production with annual capacity of approximately 600MW, as well as photovoltaic cells and modules productions with annual capacity of approximately 300MW and 50MW, respectively. In addition, the Group operates polysilicon reclaiming and upgrading facilities in Shanghai and Jinzhou.

目前，本集團的整合業務模式包括年產量約800兆瓦(800MW)的太陽能單晶硅錠生產業務、年產能約600兆瓦(600MW)的太陽能單晶硅片生產業務，以及年產能分別約300兆瓦(300MW)及50兆瓦(50MW)的光伏電池及模組生產業務。此外，本集團於上海及錦州經營多晶硅回收及改良設施。

Upon the completion of the 400MW monocrystalline silicon solar ingot production line in Xining as well as the 500MW multicrystalline silicon solar ingot and wafer production plant in Jinzhou, Solargiga will move a step closer to be the world's largest monocrystalline silicon solar ingot and wafer producer as well as one of the key players in multicrystalline silicon solar product business through rapid capacity expansion and technology upgrade. The Group also extended its business gradually to downstream photovoltaic cell, module and system installation businesses to realise vertical integration.

於西寧的400兆瓦(400MW)單晶硅錠生產線及錦州的500兆瓦(500MW)太陽能多晶硅錠及硅片生產廠房落成後，陽光能源將因產能及技術得快速擴展及提升，朝著成為全球最大太陽能單晶硅錠及硅片生產商及太陽能多晶硅產品主要參予者的目標邁進一步。為實現垂直整合，本集團亦逐步將業務擴展至下游光伏電池、模組及系統安裝業務。

Financial Highlights
財務摘要

(For the year ended 31 December)
(截至十二月三十一日止年度)

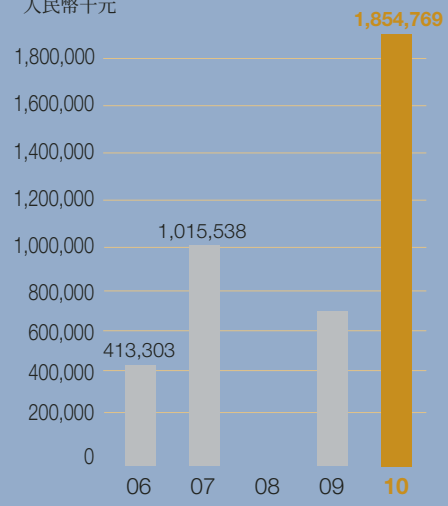
Five-Year Financial Summary 五年財務摘要

RMB'000 人民幣千元

		2006 二零零六年	2007 二零零七年	2008 二零零八年	2009 二零零九年	2010 二零一零年
Turnover	營業額	413,303	1,015,538	1,492,935	658,720	**1,854,769**
Gross profit/(loss)	毛利／(毛損)	169,063	323,126	225,510	(5,780)	**413,243**
Profit/(loss) from operations	經營利潤／(虧損)	156,025	344,673	120,660	(98,824)	**300,897**
Profit/(loss) attributable to equity shareholders	權益股東應佔利潤／(虧損)					

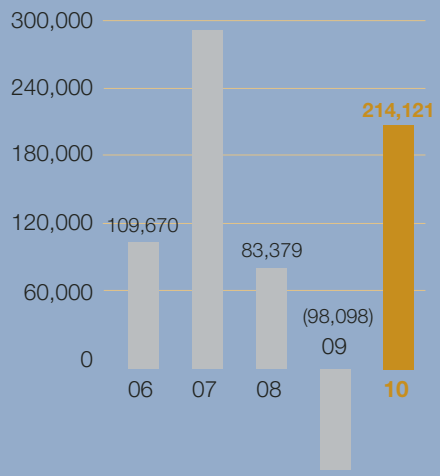
Turnover 營業額

RMB'000
人民幣千元



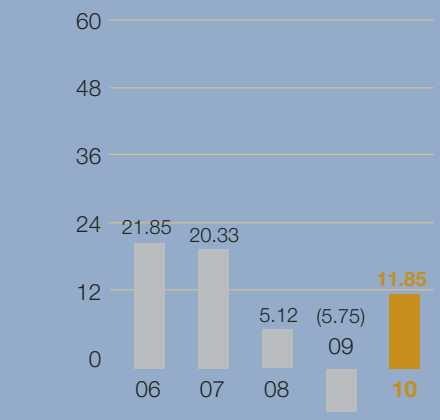
Profit Attributable to Equity Shareholders 權益股東應佔利潤

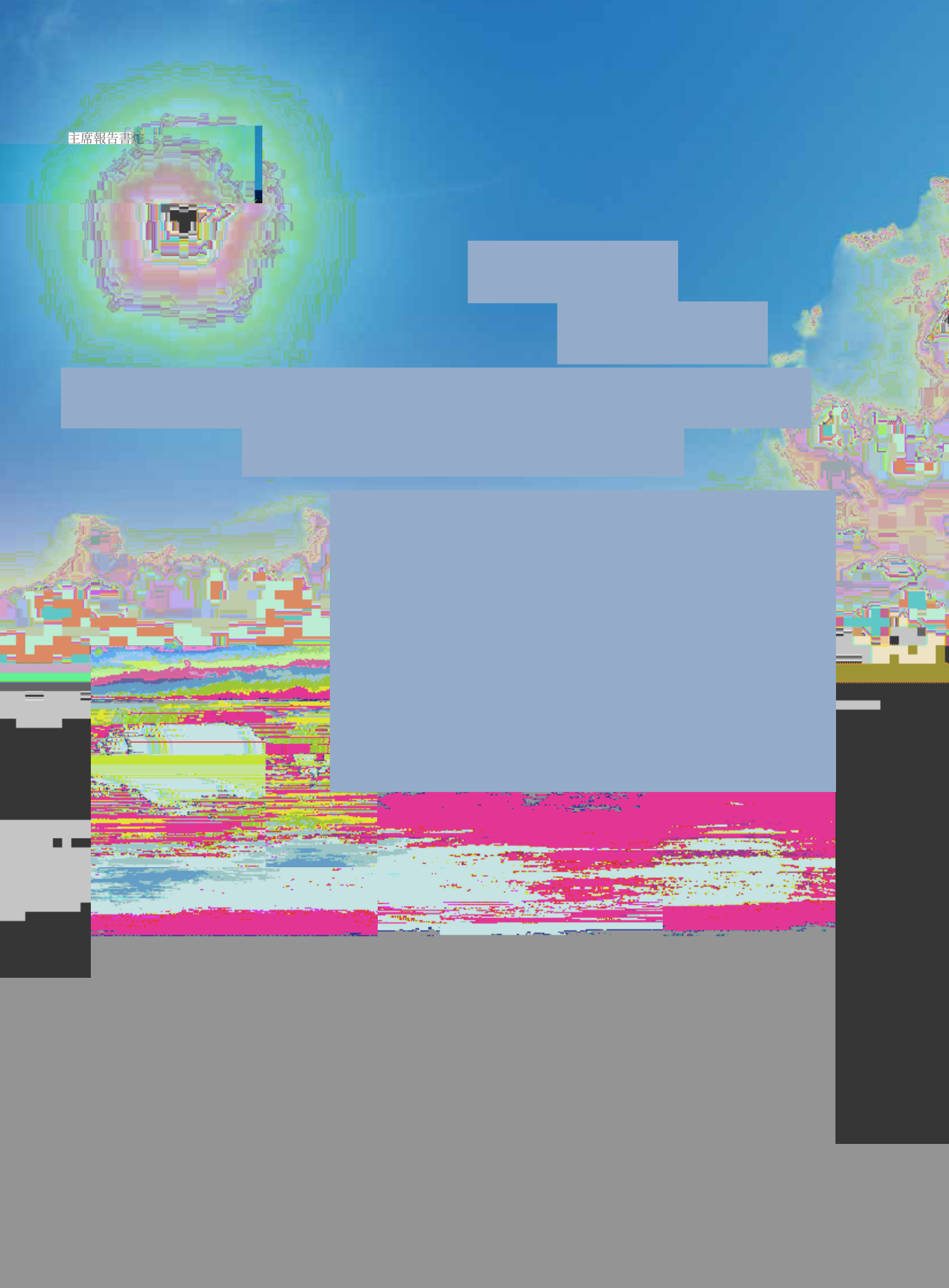
RMB'000
人民幣千元



Basic Earnings Per Share 每股基本盈利

RMB cents
人民幣分




主席報告書化

Chairman's Statement
主席報告書

TAN Wenhua, *Executive Director and Chairman*
譚文華，*執行董事兼主席*

各位尊敬的股東：

本人謹代表陽光能源控股有限公司(「陽光能源」或「公司」，連同其附屬公司「本集團」)董事會仝人，向各位股東提呈本公司截至二零一零年十二月三十一日止年度之年度報告。

全球經濟已逐步走出環球金融危機的陰霾，自二零一零年初至今，太陽能行業上游原料及下游產品價格逐漸穩定，市場需求亦穩步增加。面對太陽能產業的龐大發展機會，本集團積極地擴大競爭優勢，有序地提升生產能力，為業績帶來強大的增長動力。回顧年度內，本集團錄得營業額約人民幣1,854.769百萬元，較二零零九年增加181.6%，再創上市以來的新高。本年度毛利及權益股東應佔純利分別約人民幣413.243百萬元及人民幣214.121百萬元。

年內，本集團通過多項投資，不但鞏固了生產太陽能單晶硅錠及硅片的領先地位，亦進一步（袋鼬

During the year under review, Solargiga entered into an agreement with the management committee of Xining Economic & Technology Development Zone to invest 51% equity interest in Qinghai Chenguang, of which the name has been changed to Solargiga Energy (Qinghai) Co., Ltd. (陽光能源(青海)有限公司) upon capital injection, with an aim to jointly invest in constructing a factory with 192 sets of monocrystalline silicon solar ingot pullers. Upon the completion of construction, the annualsiliconthesolarthe

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2010 is a year of breakthrough for the solar energy industry in the PRC. Although Europe is still the greatest solar cells market in the world, Newly added production capacity in the PRC has raised to the top in the world. According to the "PV Status Report 2010" issued by the European Commission Joint Research Center, at present, the solar cell production capacity of manufacturers from the PRC and Taiwan in aggregate has accounted for half of the world's production capacity for solar cells. Also, the PRC government continued its policies to support the solar energy industry, for example, various ministries and commissions such as the Ministry of Finance and National Energy Administration has also proposed to further extend the application and demonstration of large scale solar energy power generation, and to further strengthen the implementation of the "Golden Sun Programme" and photovoltaic building demonstration projects, aiming to make the scale of the country's solar energy power generation no less than 1GW after 2012. It can be expected that the PRC's photovoltaic industry will keep growing at a fast pace, thus providing huge room for development for players like the Group in the industry.

Looking forward, there will be challenges but also opportunities in the solar energy industry. The European Photovoltaic Industry Association expects that, "slightly excess supply" will occur in 2011 as more players participate in the industry, thus pushing down the price of solar energy products. Different European countries and the United States have been aware of the importance of solar energy industry on a strategic and sustainable development level. In order to protect the development of its local photovoltaic industry, those countries intended to adopt trade protectionism towards photovoltaic industry, which also post challenges to the photovoltaic industry. However, the Chinese government has approved the "Twelfth Five year Plan" to encourage energy saving and emissions reduction and to actively develop the clean energy industry. Also different countries and organisations around the world continue

Embracing the Vision of Future

Business Review
業務回顧

Market Overview

營運回顧(續{樓暫榜負烯芸褫1%

Operation Review (Continued)

Increasing overseas market share and developing quality customer base

As the global solar energy market recovered, together with the various favourable measures to stimulate market demand implemented by various governments, expansion into the overseas market became a growth point which should not be taken lightly. In order to maintain a sustainable business, the Group has been actively identifying new potential customers overseas during the year under review and strived to increase the proportion of overseas market in our total turnover. For the year ended 31 December 2010, the proportion of turnover from overseas customers to the Group's overall turnover has increased from approximately 21.8% for 2009 to 39.5% for the year under review. Among them, the Group's major overseas markets are the US and Japan, which accounted for 24.6% and 11.4% of the total turnover respectively. Indeed, the Group still devotes itself to develop domestic market so as to maintain its leading position. During the year under review, the PRC was still the key market of the Group, and the sales from the PRC accounted for approximately 60.5% of the total sales.

營運回顧(續)

提升海外市場比重開發優質客源

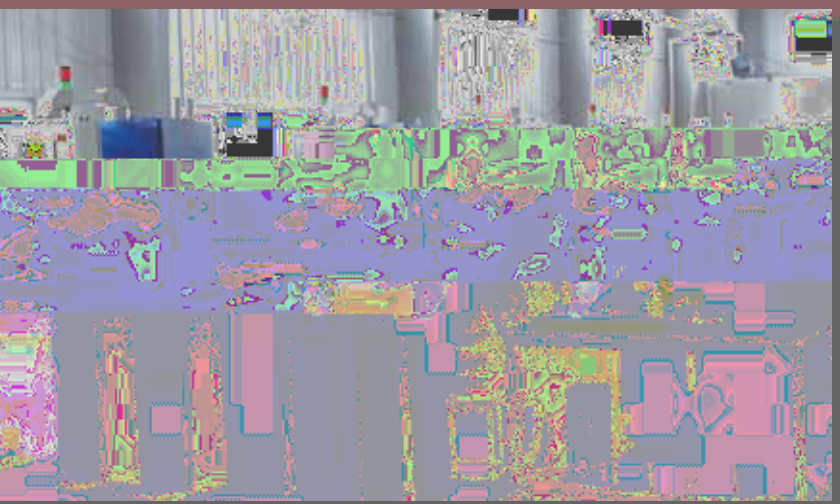
全球太陽能市場復甦，加上多國政府推出各項利好措施推動市場需求，拓展海外市場成為其中一個不容忽視的增長點。為維持業務可持續的發展，本集團於回顧年內積極開拓海外的新客源，致力提升海外市場佔其總營業額的比重。截至二零一零年十二月三十一日止年度，來自海外的客戶佔本集團整體營業額的比重已從二零零九年約21.8%提升至回顧年內的39.5%。其中，本集團的主要海外市場為美國及日本，分別佔總營業額的24.6%及11.4%。誠然，本集團仍然致力深耕國內市場，以保持其領先的市場地位。於回顧年內，中國仍為本集團的重點市場，來自國內市場的銷售額佔總體約60.5%。

Pursuing Excellence under Full Integration

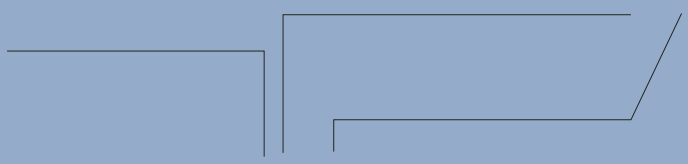
全面整合 追求卓越

The Group strives to become the leading enterprise in the global solar energy industry. Therefore, the Group has undergone various acquisitions and investments during the year under review, so as to actively expand its business in accordance with its target of balanced lateral and vertical development, thereby achieving a full integration.

本集團銳意成為全球太陽能產業的領軍企業，因此，本集團於回顧年內通過多項收購投資，配合其橫向及垂直發展並重的目標，積極進行業務拓展，成功實現全面整合。



Management Discussion and Analysis
管理層討論及分析



Selling and distribution expenses

Selling and distribution expenses mainly comprised packaging expenses, freight charges and insurance expenses. Selling and distribution expenses increased by 82.1%, from RMB5.311 million for the year ended 31 December 2009 to RMB9.669 million for the year ended 31 December 2010, accounting for 0.5% (2009: 0.8%) of the Group's total turnover. The increase in expenses was due to the growth in sales volume for the year.

Administrative expenses

Administrative expenses mainly comprised staff costs and research and development expenses. The administrative expenses for 2010 amounted to RMB123.577 million, a year-on-year increase of 17.1% from RMB105.521 million for the corresponding period last year, accounting for 6.7% of the Group's turnover. Another major item of administrative expenses was share-based payments in relation to shares granted to employees during the initial public offering amounted to RMB4.752 million (for the year ended 31 December 2009: RMB8.997 million). The administrative expenses in 2009 also included the expenses in relation to the grant of share options to employees in 2008 amounted to RMB16.049 million. Excluding the above non-recurring expenses, the administrative expenses for the year ended 31 December 2010 amounted to RMB118.825 million, representing an increase of 47.7% from RMB80.475 million for the corresponding period last year. The increase in administrative expenses was mainly due to the increase in research and development cost from RMB17.654 million in 2009 to RMB48.328 million in 2010 so as to cope with the expansion of production of the Company.

Finance costs

The Group's finance costs increased from RMB15.942 million for the year ended 31 December 2009 to RMB18.006 million for the year ended 31 December 2010. Finance costs represented mainly interest on bank loans and the municipal government loan. The increase in finance costs was due to the additional bank borrowings during the year to meet working capital requirements.

銷售及分銷開支

銷售及分銷開支主要包括包裝開支、運費及保險費。銷售及分銷開支由截至二零零九年十二月三十一日止年度的人民幣5.311百萬元，增至截至二零一零年十二月三十一日止年度的人民幣9.669百萬元，增幅82.1%，佔

Income tax

所得稅

Income tax expenses were RMB71.444 million for the year ended 31 December 2010, while a net tax credit amounting to RMB16.624 million was recorded for the corresponding period in 2009 due to the recognition of deferred tax assets in 2009.

Profit attributable to the equity shareholders

For the year ended 31 December 2010, the Group witnessed a turnaround as compared with the corresponding period in 2009 and recorded profit attributable to the equity shareholders of RMB214.121 million, accounting for 11.5% of our total turnover. A loss attributable to the equity shareholders of RMB98.098 million was recorded in 2009.

Inventory turnover days

The inventories of the Group comprised mainly raw materials namely polysilicon, crucibles and other auxiliary raw materials and finished goods. Owing to the expansion in production capacity as well as the good relationship with its suppliers, the Group was able to increase its inventory of raw materials when the market was in short supply. The inventory turnover days for 2010 were 104 days (2009: 230 days), representing a decrease of 126 days compared to the corresponding period last year. The Group's optimal inventory levels should be sufficient for three months' consumption in the case of polysilicon and one month's consumption for other auxiliary raw materials.

Trade receivable turnover days

In 2010, the trade receivable turnover days of the Group decreased to 33 days (2009: 77 days). Such turnover days were at a low level and were within the credit period that the Group grants to its customers. The Group normally grants a credit period of 30 to 90 days to its customers.

Trade payable turnover days

As global supply of polysilicon raw materials is limited and the volume of polysilicon used by the Group increased, the Group's prepayments to suppliers for purchasing raw materials increased. Therefore, the trade payable turnover days decreased to 32 days (2009: 61 days).

應付貿易賬款週轉日

由於全球多晶硅原材料供應有限，以及本集團的多晶硅原材料使用量上升，令本集團向供應商預付貨款購買原材料的比例增加，因此，應付貿易賬款周轉日縮短至32日(二零零九年：61日)。

Liquidity and financial resources

The Group's principal sources of working capital during the year under review were cash flows from operating activities and bank borrowings. As at 31 December 2010, the Group's current ratio (current assets divided by current liabilities) was 1.38 (31 December 2009: 2.27). The Group had net borrowings of RMB202.259 million as at 31 December 2010 (31 December 2009: RMB82.255 million) with cash in bank and on hand of RMB459.734 million (31 December 2009: RMB236.191 million), pledged deposits of RMB74.113 million (31 December 2009: RMB44.055 million), short-term bank loans of RMB648.011 million (31 December 2009: RMB289.274 million), long-term bank loan of RMB85.000 million (31 December 2009: RMB70.000 million) and long-term municipal government loan of RMB3.095 million (31 December 2009: RMB3.227 million). Net debt to equity ratio (net debt divided by total equity) was 12.3% (31 December 2009: 5.9%). Such ratios show that the Group's financial position remains healthy.

流動資金及財務資源

本集團於回顧年內主要營運資金來源為經營活動產生的現金流量及銀行借貸所得款項。於二零一零年十二月三十一日，本集團的流動比率(流動資產除流動負債)為1.38(二零零九年十二月三十一日：2.27)。本集團於二零一零年十二月三十一日有借貸淨額人民幣202.259百萬元(二零零九年十二月三十一日：人民幣82.255百萬元)，其中包括銀行及手頭現金人民幣459.734百萬元(二零零九年十二月三十一日：人民幣236.191百萬元)、已抵押存款人民幣74.113百萬元(二零零九年十二月三十一日：人民幣44.055百萬元)、短期銀行貸款人民幣648.011百萬元(二零零九年十二月三十一日：人民幣289.274百萬元)、長期銀行貸款人民幣85.000百萬元(二零零九年十二月三十一日：人民幣70.000百萬元)及市政府長期貸款人民幣3.095百萬元(二零零九年十二月三十一日：人民幣3.227百萬元)。淨借貸權益比率(借貸淨額除權益總額)為12.3%(二零零九年十二月三十一日：5.9%)。該等比率顯示本集團財政狀況維持穩健。

Contingent liabilities

At 31 December 2010, the Group had no material contingent liabilities.

或然負債

於二零一零年十二月三十一日，本集團並無重大的或然負債。

Foreign currency risk

The Group is exposed to foreign currency risk primarily through sales and purchases and cash and bank deposits that are denominated in a currency other than RMB, the functional currency of the operations to which they relate. The currencies giving rise to this risk to the Group are primarily the US Dollar, Euro and Hong Kong Dollar. The Directors do not expect any significant impact from movements in exchange rates since the Group uses foreign currencies received 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 US Dollar and Euro at spot rates where necessary to address short-term imbalances.

外幣風險

本集團所承受的外匯風險主要來自以相關業務的功能貨幣人民幣以外貨幣進行的買賣交易以及現金及銀行存款，當中主要來自美元、歐元及港元。由於本集團以從客戶收取的外幣清償應付予供應商款額，故董事預期匯率變動不會構成任何重大影響。此外，董事在有需要的情況下，按即期匯率購入或出售美元及歐元，以處理短期的失衡情況，藉以確保淨風險維持於可接受的水平。

Human resources

At 31 December 2010, the Group had 2,081 (31 December 2009: 1,182) employees. The increase in employees was mainly for preparing the expansion of production.

人力資源

於二零一零年十二月三十一日，本集團的僱員數目為2,081名(二零零九年十二月三十一日：1,182名)。本期僱員人數上升主要是為即將擴大的生產規模作準備。

Corporate Governance Report
企業管治報告

Overview

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.

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. All the code provisions set out in the Code were met by the Company throughout the financial year ended 31 December 2010.

Compliance with the Model Code for Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the standard for securities transactions 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 throughout the financial year ended 31 December 2010, save and except that we are informed by Mr. Chong Kin Ngai, a non-executive director of the Company, of his spouse's dealingsctors' swbofns of the Companyeduning theopeiode 10 withoutnotcifirationnto the345.2( )⊠TJ⊠T*⊠0 Tc⊠2044 Tw⊠chfirman of the Companyctoac codiance withrRul A.6n of the Model C and the Companyion and71 December 201 pursuaentnto the(requiremenes)Tj⊠T*⊠1005 Tw⊠unberPaortXVn of the Securities(andFutduresOardiiance(Chaop

regarding the(Rules ndoregulratiosnian respets of thesSecurities dealind by)Tj⊠T*⊠6766 Tw⊠Directors and theoprovisioeupdatees on the Listing R

The Board of Directors

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.

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 30 to 34 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.

The Board has delegated various responsibilities to the Board Committees. Further details of these committees are set out below on pages 25 to 27.

Board Meetings

The Company holds Board meetings regularly, at least four times a year at approximately quarterly intervals. Ad-hoc meetings will also be convened if necessary to discuss the overall strategy as well as the operation and financial performance of the Group. Notice of Board meeting will be sent to all Directors at least 14 days prior to a regular Board meeting. Reasonable notices will be given to the Directors for ad-hoc Board meetings. Directors may participate either in person or through electronic means of communications. The Company will provide relevant materials to all the Directors relating to the matters brought before the meetings. All the Directors will be provided with sufficient res

Board Meetings (Continued)

During the year ended 31 December 2010, 9 meetings were held by the Board and the attendance of individual Directors at these meetings is set out below:

Name of Directors	Attendance
Executive Directors	
Mr. TAN Wenhua (appointed as Chairman with effect from 28 March 2011)	9/9
Ms. Zhang Liming	9/9
Mr. HSU You Yuan	9/9
Non-executive Directors	
Mr. CHIAO Ping Hai (resigned as Chairman with effect from 28 March 2011)	5/9
Mr. CHONG Kin Ngai	8/9
Independent non-executive Directors	
Mr. WONG Wing Kuen, Albert	9/9
Ms. FU Shuangye	9/9
Dr. LIN Wen	8/9
Mr. Zhang Chun	7/9

Independent non-executive Directors

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.

董事會會議(續)

截至二零一零年十二月三十一日止年度內，董事會曾舉行9次會議，而個別董事出席有關會議的情況載列如下：

董事姓名	出席率
執行董事	
譚文華先生(於二零一一年三月二十八日獲委任為主席)	9/9
張麗明女士	9/9
許祐淵先生	9/9
非執行董事	
焦平海先生(於二零一一年三月二十八日辭任主席)	5/9
莊堅毅先生	8/9
獨立非執行董事	
王永權先生	9/9
符霜葉女士	9/9
林文博士	8/9
張椿先生	7/9

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。

Appointments, Re-election and Removal of Directors

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

All 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. TAN Wenhua, Ms. ZHANG Liming and Mr. CHIAO Ping Hai 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 independent non-executive Directors are independent in accordance with the Listing Rules.

Chairman and Chief Executive Officer

Under provision A.2.1 of the Code, the roles of the Chairman and the Chief Executive Officer ("CEO") should be separated and should not be performed by the same individual. The role of the Chairman was performed by Mr. CHIAO Ping Hai during the financial year and up to 28 March 2011, whereupon Mr. CHIAO resigned as Chairman due to his other business commitments that require more of his dedication. Mr. CHIAO had contributed valuable inputs to the Group's business direction with a wealth of industry expertise during his tenure as Chairman. Mr. CHIAO Ping Hai remains as a non-executive Director of the Company after his resignation as Chairman. Mr. TAN Wenhua was appointed as Chairman with effect from 28 March 2011.

The role of the CEO is performed by Mr. HSU You Yuan. The overall y eof assoairmahe WenTc(be performed of,h of the eatio1any)15.3( )447TD02ecutive Directsenie D31 Tc(y eof assoairmaheYou Yu of th

Uf's Assocy farheadnputs to the an. The ordance

Board Committees (Continued)

Re ea C ee

The Company established the Remuneration Committee pursuant to a resolution of the Directors passed on 27 February 2008 in compliance with Appendix 14 of the Listing Rules. The primary duties of the Remuneration Committee are to make recommendations to the Board on the Company's structure for remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration. The Remuneration Committee consists of five members; four of whom are independent non-executive Directors and one is the Executive Director.

In 2010, the Remuneration Committee met once and the attendance of individual Directors at the meeting is set out below:

Name of Directors	Attendance
Independent non-executive Directors	
Ms. FU Shuangye (Chairman)	1/1
Mr. WONG Wing Kuen, Albert	1/1
Dr. LIN Wen	1/1
Mr. Zhang Chun	1/1
Executive Director	
Mr. TAN Wenhua	1/1

The Remuneration Committee has made recommendations to the Board regarding the remuneration policy of the Company. In addition, it has also reviewed and approved performance-based remuneration by reference to corporate goals and objectives resolved by the Board, and ensured that no Director or any of his/her associates is involved in deciding his/her own remuneration.

董事委員會(續)

薪酬委員會

遵照上市規則附錄十四的規定，本公司已根據董事於二零零八年二月二十七日通過的決議案成立薪酬委員會。薪酬委員會的主要職責是就本公司董事及高級管理人員的薪酬結構以及就發展該等薪酬政策設立正式及具透明度程序，向董事會作出推薦意見。薪酬委員會由五名成員組成，當中四名為獨立非執行董事，而另一名為執行董事。

於二零一零年，薪酬委員會曾舉行1次會議，而個別董事出席有關會議的情況載列如下：

董事姓名	出席率
獨立非執行董事	
符霜葉女士(主席)	1/1
王永權先生	1/1
林文博士	1/1
張椿先生	1/1
執行董事	
譚文華先生	1/1

薪酬委員會已就本公司薪酬政策向董事會提供建議。此外，該委員會亦已參考董事會決定之公司目標及宗旨，檢討及批准與表現掛鈎之薪酬，並確保概無董事或彼之任何聯繫人士參與彼本身薪酬之決策。

Board Committees (Continued)

N a C ee

The Company established a Nomination Committee pursuant to a resolution of the Directors passed on 27 February 2008 in compliance with Appendix 14 of the Listing Rules. The primary duties of the Nomination Committee are to make recommendations to the Board on the Company's policy and structure for recruiting Directors and senior management and on the establishment of formal and transparent procedures for nomination procedures and process and criteria adopted by the Nomination Committee to select and recommend candidates for directorship and senior management. The Nomination Committee consists of five members; four of whom are independent non-executive Directors and one is the executive Director.

In 2010, the Nomination Committee met once and the attendance of individual Directors at the meeting is set out below:

Name of Directors	Attendance
Independent non-executive Directors	
Dr. LIN Wen (Chairman)	1/1
Mr. WONG Wing Kuen, Albert	1/1
Ms. FU Shuangye	1/1
Mr. ZHANG Chun	1/1
Executive Director	
Mr. HSU You Yuan	1/1

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

董事委員會(續)

提名委員會

遵照上市規則附錄十四的規定，本公司已根據董事於二零零八年二月二十七日通過的決議案成立提名委員會。提名委員會的主要職責是就本公司董事及高級管理人員的聘用政策及架構以及就提名委員會就甄選推薦董事及高級管理人員候選人採納的提名程序及條件設立正式及具透明度的程序，向董事會作出推薦意見。提名委員會由五名成員組成，當中四名為獨立非執行董事及一名為執行董事。

於二零一零年，提名委員會曾舉行一次會議，而個別董事出席有關會議的情況載列如下：

董事姓名	出席率
獨立非執行董事	
林文博士(主席)	1/1
王永權先生	1/1
符霜葉女士	1/1
張椿先生	1/1
執行董事	
許祐淵先生	1/1

提名委員會年內已討論有關委任高級管理層成員的事宜。

Financial Reporting and Internal Control

F a ca Re

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

E e a A d

During the year ended 31 December 2010, the fees paid and payable to the external auditor of the Company in respect of audit services amounted to approximately RMB1,684,000 (2009: RMB1,498,000). In addition, approximately RMB199,000 (2009: RMB37,000) was charged for other non-statutory services which mainly consisted of interim reviews and tax services.

I e a c

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, one of whom was a former registered PRC lawyer with extensive experience in the legal field. The main duties of the Audit and Legal department are:

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

財務報告及內部監控

財務報告

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

外聘核數師

截至二零一零年十二月三十一日止年度，就審核服務已付及應付本公司外聘核數師費用約人民幣1,684,000元（二零零九年：人民幣1,498,000元）。此外，約人民幣199,000元（二零零九年：人民幣37,000元）已計入其他非法定服務，主要包括中期審閱及稅項服務。

內部監控

董事會負責本集團的內部監控，並檢討監控的成效。本年度內，本公司對其內部管理及營運，進行定期檢討及

Financial Reporting and Internal Control (Continued)

D ec . ’ e . r . b . e a ca . a e e .

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 December 2010, which were prepared in accordance with applicable accounting standards.

The reporting responsibility of the external auditor of the Company on the consolidated financial statements of the Group are set out in the independent auditor’s report on pages 74 to 75.

G . c ce

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

財務報告及內部監控(續)

董事對財務報告的責任

董事知悉，彼等須按照適用的會計準則，編製截至二零一零年十二月三十一日止年度的財務報告。

本公司外聘核數師對本集團綜合財務報告的報告責任，載於第74頁至第75頁的獨立核數師報告。

持續經營能力

概無任何有關可對本公司持續經營能力構成重大疑慮的事件或情況的重大不明朗因素。

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

Directors

E ec 、e D ec 、

Mr. TAN Wenhua (譚文華), aged 54, Chairman of the Board. He was one of the founders of the Jinzhou Plants. He was conferred various honours including the Model for the Labour of the Building Materials Systems

Jinzhou Plants, he was the Chairman of 錦州新華石英玻璃(集團)有限責任公司 (Jinzhou Xinhua Quartz Glass (Group) Co., Ltd.*) and TD President and TD VicD President of錦州一五五廠 (Jinzhou 155 Factory*), a state-owned factory engaging in quartz crucibles manufacturing. He has been granted a special subsidy by TD State Council in 2004 for his contribution in engineering technology. He was elected as a delegate of the 11th Xational People's Congress of the People's Republic of China in 2007. He is the father of Mr. Tan Xin,4 TDGeneral Manager of the Jinzhou Plants. He is also the brother-in-law of Ms. Zhao Xiuzhen who is the Director of Production of the Jinzhou Plants.

Mr. HSU You Yuan (許祐淵先生), aged 56, the Chief Executive OfficDr

University in 1980. Prior to joining the Group, Mr. HSU was the General "WWX") from February

Cayman) Corp. and was appointed the Chief
Cayman) Corp.,

he was subsequently appointed as the Chairman of the board of Jinzhou Youhua in September 2006. Mr. HSU's previous work credentials also include acting as VicD-President of Mosel Vitelic Inc., a company listed on the Taiwan Stock Exchange and as a member of the board of directors Hong Kong) Limited, a
subsidiary 294Mosel Vitelic Inc. Mr. HSU had also made contributions to non-commercial sectors in the past. He served as a researcher, a deputy director,4and TD director of Business Department of TD Executive Yuan Development Fund. He was also a lecturer of Statistics4and Managerial

Culture University.

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

董事

執行董事

譚文華先生，54歲，董事會主席。彼為錦州廠創辦人之一。彼曾獲全國建材系統勞動模範，遼寧省「五一」勞動獎章、優秀共產黨員、全國建材行業優秀企業家及遼寧省創業企業家等多項殊榮。彼亦為遼寧工業大學客席教授。創辦錦州廠前，彼出任錦州新華石英玻璃(集團)有限責任公司董事長及國有石英坩堝製造廠錦州一五五廠董事長兼副董事長。國務院於二零零四年就譚先生對工程技術作出的貢獻，授予其為可享受國務院特殊津貼的專家。彼於二零零七年當選為中華人民共和國第十一屆全國人民代表大會代表。彼為譚鑫先生(為錦州廠總經理)的父親。彼亦為趙秀珍女士(為錦州廠生產總監)的妹夫。

許祐淵先生，56歲，本公司首席執行官。彼於二零零七年二月六日加盟本集團並於同日獲委任為執行董事。彼於一九八零年畢業於中國文化大學，獲頒企業管理碩士學位。加盟本集團前，許先生自一九九八年二月至二零零三年六月出任合晶科技股份有限公司(「合晶科技」)總經理兼董事長，其後於二零零三年六月轉任合晶科技董事會副主席。合晶科技乃半導體硅片製造商，該公司自二零零二年五月起於台灣證券櫃檯買賣中心上市。彼歷任 Silicon Technology Investment (Cayman) Corp. 董事總經理，並曾獲委任為Solar Technology Investment (Cayman) Corp.首席執行官，專責監督(其中包括)合晶科技於太陽能產業的投資。於二零零六年三月，彼獲委任為錦州佑華董事，並隨後於二零零六年九月獲委任為該公司董事會主席。許先生曾出任台灣證交所上市公司台灣茂矽電子股份有限公司副總經理及台灣茂矽電子股份有限公司附屬公司香港華智公司董事會成員兼執行副總裁。許先生過往亦對非商業領域作出貢獻。彼曾先後出任行政院開發基金業務組研究員、副組長及組長。彼亦曾任中國文化大學企管系講師，講授統計學及管理數學。

Directors (Continued)

E ec 、e D ec 、(Continued)

Ms. ZHANG Liming (張麗明), aged 53, 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

Directors (Continued)

I de e de N -e ec e D ec

Mr. WONG Wing Kuen, Albert (王永權), aged 59, 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, since July 2004.

Ms. FU Shuangye (符霜葉), aged 42. Ms. FU was appointed an independent non-executive Director on 12 January 2008. Ms. FU graduated from Wuhan University with a bachelor degree in English Literature in 1990 and obtained her further legal studies certificate in the Law School of China Politics and Law University in 1997. She was qualified as a PRC lawyer in 1998. She was a partner of Zhong Lun W&D Law Firm in Beijing. Ms. FU is now the Managing Partner of Zhong Hao Attorneys-at-Law. She is also a member of the Foreign Direct Investment Expertise Committee of the Beijing Judiciary Bureau.

董事(續)

獨立非執行董事

王永權先生，59歲，二零零八年一月十二日獲委任為獨立非執行董事。王先生為英國特許秘書及行政人員公會、香港特許秘書公會、香港稅務學會、證券及投資學會、香港董事學會、英國特許管理學會、國際會計師公會及香港註冊財務策劃師協會資深會員以及香港證券專業學會、特許仲裁學會、澳門會計師公會、英國愛爾蘭特許會計師公會及英國蘇格蘭特許銀行家學會會員。王先生曾在美國一間上市公司明華集團國際有限公司出任董事兼首席執行官，直至二零零四年九月三十日止。截至二零零五年九月三十日止季度期間通過EDGAR在美國向公眾人士發佈的存檔資料，明華集團國際有限公司屬「小型企業發行商」及「處於發展階段的公司」。王先生一直為香港私人專業顧問公司卓昇財務顧問有限公司的董事總經理，並自二零零四年七月起為在聯交所主板上市的亞太資源有限公司獨立非執行董事。

符霜葉女士，42歲。符女士於二零零八年一月十二日獲委任為獨立非執行董事。符女士於一九九零年畢業於武漢大學，獲頒英國文學學士學位；於一九九七年獲頒中國政法大學法律系法律研究證書；及於一九九八年獲得中國律師資格。符女士曾任北京中倫文德律師事務所合夥人律師，目前出任北京中灝律師事務所管理合夥人律師，並擔任北京市司法局對外投資專業委員會委員。

Directors (Continued)

Independent Non-executive Directors (Continued)

Dr. LIN Wen (林文), aged 71, an independent non-executive Director, joined the Group on 12 January 2008. Dr. LIN received his bachelor degree in Science (Metallurgy), master degree in Science (Chemical Engineering) and Ph.D. degrees in Materials Science & Engineering. He joined AT&T Bell Laboratories (subsequently, Lucent Bell Labs/Agere) in 1975. He is the author of many articles published by internationally recognised science magazines. Together with other collaborators, he wrote about the properties of uniform oxygen Czochralaski silicon crystals in an article and such article was published in the Vol. 51(10), October 1980 edition of J. Appl. Phys., a publication of the American Institute of Physics. Czochralaski process is the key process employed by the Group in the manufacturing of monocrystalline silicon ingots. He has also authored/co-authored technical papers, book chapters and owns several patents. Dr. LIN was a recipient of the 1983 Bell Laboratories Distinguished Technical Staff Award. He is a member of Phi Tau Phi Honor Societies. Since 1999, he has been a member of the Starting Materials Team of ITRS (International Technology Roadmap of Semiconductor). As a life member of the Chinese Institute of Engineers-USA, he has served the Institute in various capacities in the last two decades. He served as its president in 1987 and National Council Chairman in 1995. Dr. LIN also served as Chairman of METS (Modern Engineering and Technology Seminars), as well as Vice-Chairman and Chairman of Sino-American Technology and Engineering Conference.

Mr. ZHANG Chun (張椿), aged 78, an independent non-executive Director, joined the Group on 12 January 2008. Mr. ZHANG graduated from Tianjin University in 1955 and conducted research on semi-conductor silicon material in 北京有色金屬研究總院 (Beijing Non-Ferrous Metal Research Institution*) in the same year. During 1965 to 1979, he was involved in the establishment of the semi-conductor materials factory in Emei and the monocrystalline silicon factory in Luoyang and their production and technological management. During 1979 to 1998, he was the supervisor of a semi-conductor material research unit of Beijing Non-Ferrous Metal Research Institution, the supervisor of the 國家半導體材料工程研究中心 (State Semi-conductor Material Engineering Research Centre*) and he also acted as the general manager of 金鑫半導體材料有限公司 (Jinxin Semi-conductor Material Company Limited*). The (a) project on 3 to 4 inches monocrystalline silicon for the use in integrated circuit and (b) the research project on the manufacture of 125mm monocrystalline silicon wafer for the use in 2 to 3μm integrated circuit organised and led by Mr. ZHANG received

董事(續)

獨立非執行董事(續)

林文博士，71歲，獨立非執行董事，於二零零八年一月十二日加盟本集團。林博士擁有科學學士學位(冶金學)、科學碩士學位(化學工程)，以及材料科學及工程博士學位。林博士於一九七五年加盟AT&T貝爾實驗室(後為朗訊貝爾實驗室／傑爾系統公司(Lucent Bell Labs/Agere))。彼於獲國際肯定的科學期刊發表多份文章。彼連同其他合作夥伴撰寫有關均氧提拉法晶硅的屬性的文章，此文章刊登於美國物理學會旗下刊物《J. Appl. Phys.》第51(10)期(一九八零年十月版)。提拉法工序為本集團製造單晶硅錠時採用的重要工序。此外，彼個人著作及與他人合著的著作包括技術論文、文章(編載入書)，另擁有多項專利。林博士曾獲頒一九八三年度貝爾實驗室傑出技術工作人員獎，現為斐陶榮譽學會成員。自一九九九年起，林博士擔任國際半導體技術藍圖的原材料小組成員。林博士為美國中國工程師學會的永久會員，並於過去二十年出任該學會不同職位，於一九八七年曾任該學會的主席，更於一九九五年出任國家總會主席。此外，林博士曾任近代工程技術討論會主席，以及中美技術及工程會議副主席及主席。

張椿先生，78歲，獨立非執行董事，於二零零八年一月十二日加盟本集團。張先生於一九五五年於天津大學畢業，同年在北京有色金屬研究總院從事半導硅材料的研究工作。一九六五年至一九七九年，彼在峨眉半導體材料廠和洛陽單晶硅廠參與建廠和生產及技術管理工作。一九七九年至一九九八年，彼任北京有色金屬研究總院半導體材料研究室主任、國家半導體材料工程研究中心主任及金鑫半導體材料有限公司總經理。張先生組織領導(a) 3至4吋用於集成電路的單晶硅片項目和(b)製造用於2至3微米集成電路的125毫米單晶硅片的研究項目，兩者均獲中國有色金屬工業總公司科學技術進步一等獎。張先生於一九九二年起獲國務院頒授政府特殊津貼，一九九三年榮獲全國有色金屬工業特等勞動模範光榮稱號，一九九五年獲國務院頒發全國先進工作者稱號。

Directors (Continued)

I de e de N -e ec e D ec (Continued)

The Directors' interest or short positions in the shares or underlying shares in the Company within the meaning of Part XV of the Securities and Futures Ordinance ("SFO") are set out in the section headed "Interest and Short Positions of the Directors and the Chief Executives of the Company in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporations" in this annual report. Each Director has entered into a service contract with the Company for a term of three years and the details of which are set out in the section headed "Directors' Service Contracts" on page 38 of this annual report. The

董事(續)

獨立非執行董事(續)

董事於本公司股份或相關股份中擁有根據證券及期貨條例(「證券及期貨條例」)第XV部所界定之權益或淡倉，載於本年報「董事及本公司最高行政人員於本公司及其相聯法團的股份、相關股份及債券的權益及淡倉」一節。各董事與本公司訂立服務合約，為期三年，詳情載於本年報第38頁「董事服務合約」一節。董事薪酬、釐定薪酬之基準(包括無論屬固定或酌情且不論董事有否服務合約之任何花紅款項)以及董事服務合約涵蓋之董事袍金載於本年報財務報告附註11及本年報「董事會報告書—薪酬政策」一節。除上文披露者外，各董事確認，概無其他事宜須本公司股東注意，亦無其他資料須根據上市規則第13.51(2)條予以披露。

高級管理人員

譚鑫先生，28歲，錦州廠總經理。彼於二零零五年七月加盟本集團。彼持有澳門科技大學市場學學士學位，以及英國University of East Anglia工商管理碩士學位。於出任錦州廠總經理前，譚先生曾於本集團旗下其他附屬公司工作，於過往職位中積累豐富經驗。彼為本公司執行董事及主席譚文華先生的兒子。

鄒耀明先生，38歲，為本公司首席財務官及公司秘書。彼持有香港大學頒授的工商管理學士學位，亦為英國特許公認會計師公會資深會員及香港會計師公會會員。彼於二零零八年九月加入本公司，具備逾十五年核數、財務及會計經驗。

趙秀珍女士，56歲，錦州廠生產總監。彼於二零零五年一月三十一日加盟本集團。彼畢業於錦州黨校黨務行政管理系。加盟本集團前，彼曾任錦州華聯購物中心副總經理。彼為本公司執行董事及主席譚文華先生的姨姐。

高級管理人員(續)

王君偉先生，40歲，錦州廠及上海廠首席財務官。彼於二零零七年一月一日加盟本集團。彼獲新澤西州(Rutgers)州立大學頒授工商管理碩士學位。彼為美國馬里蘭州執業會計師。加盟本集團前，彼出任合晶科技總經理辦公室總裁特別助理兼副發言人以及台灣證券櫃檯市場上市公司品安科技股份有限公司發言人兼首席財務官。

周志文先生，52歲，錦州廠品保總監，彼於二零零九年二月三日加盟本集團，彼獲台灣私立中原大學化學工程學士，美國西雅圖城市大學工商管理碩士及國立台灣大學行政人員工商管理碩士。加盟本集團前，彼曾任合晶科技品保處處長職務。彼在半導體相關行業具備逾二十四年經驗，並在品保具備逾二十一年經驗。

張躍文先生，46歲，錦州廠營銷總監。彼於二零零三年

Report of the Directors
董事會報告書

The Directors present the annual report together with the audited consolidated financial statements for the year ended 31 December 2010.

董事提呈本年報連同截至二零一零年十二月三十一日止年度的經審核綜合財務報告。

Principal Activities

The Company acts as an investment holding company of the Group. The principal activities of the Group are the trading of, manufacturing of and provision of processing services for polysilicon and monocrystalline and multicrystalline silicon solar ingots/wafers, and the producing of and trading of photovoltaic modules as well as the installation of photovoltaic systems. The analysis of the principal activities and geographical locations of the operations of the subsidiaries during the financial year are set out in note 17 to the financial statements.

主營業務

本公司為本集團投資控股公司。本集團主營業務為產銷太陽能多晶硅及單晶硅錠／硅片，以及提供太陽能多晶硅以及單晶及多晶硅錠／硅片的加工服務，並生產及買賣光伏模組及安裝光伏系統。本財政年度內附屬公司之主要業務及按地區分部劃分之業務分析載於財務報告附註17。

Major Customers and Suppliers

The Group's top five customers are mainly silicon solar wafer or cell manufacturers or traders. In aggregate, the largest and five largest customers did not exceed 23% (2009: 30%) and 65% (2009: 68%) of the Group's total sales in 2010 respectively. The Group currently procures raw materials from about 48 suppliers (2009: 48). In aggregate, purchases from its largest and five largest suppliers did not exceed 23% (2009: 17%) and 51% (2009: 51%) of the Group's total purchases in 2010 respectively. Save for Jinzhou Huachang Photovoltaic Technology Company Limited and WWX, at no time during the year have the Directors, their associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had any interest in these major suppliers and/or customers.

主要客戶及供應商

本集團五大客戶主要為太陽能硅片或電池製造商或貿易商。最大及五大客戶於二零一零年涉及的銷售總額分別不超過本集團銷售總額的23%(二零零九年：30%)及65%(二零零九年：68%)。本集團現時從約48家(二零零九年：48家)供應商採購原材料。最大及五大供應商於二

Financial Statements

The profit of the Group for the year ended 31 December 2010 and the state of the Company's and the Group's affairs as at that date are set out in the financial statements on pages 76 to 168.

The Directors recommend the payment of a final dividend of RMB3.5 cents (HK4.1 cents) per share for 2010 (2009: RMBNil per share).

Transfer to Reserves

Profit attributable to shareholders for the year ended 31 December 2010 was RMB214.121 million. (2009: Loss attributable to shareholders of RMB98.098 million) had been transferred to reserves. Other movements in reserves are set out in the consolidated statement of changes in equity on page 81.

As at 31 December 2010, distributable reserves of the Company amounted to approximately RMB819,574,000 (2009: RMB813,179,000).

Charitable Donations

Charitable donations made by the Group during the year amounted to RMB810,000 (2009: RMB525,000).

慈善捐款

本年度內本集團所作慈善捐款為人民幣810,000元(二零零九年：人民幣525,000元)。

Bank Loans and Other Borrowings

Particulars of bank loans and other borrowings of the Group as at 31 December 2010 are set out in note 24 to the financial statements.

銀行貸款及其他借貸

本集團於二零一零年十二月三十一日的銀行貸款及其他借貸詳情，載於財務報告附註24。

Property, Plant and Equipment

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

物業、廠房及設備

收購物業、廠房及設備以及其他變動的詳情，載於財務報告附註14。

Share Capital

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

股本

本公司年內股本變動的詳情，載於財務報告附註30。

Five-year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 5 of the annual report.

五年財務摘要

本集團過去五個財政年度的業績以及資產與負債的概要，載於本年報第5頁。

Directors

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

董事

本財政年度內及直至本報告日期止的在任董事為：

Executive Directors

Mr. TAN Wenhua, Chairman
(appointed as Chairman on 28 March 2011)
Mr. HSU You Yuan, Chief Executive Officer
Ms. ZHANG Liming

執行董事

譚文華先生，主席
（於二零一一年三月二十八日獲委任為主席）
許祐淵先生，行政總裁
張麗明女士

Non-executive Directors

Mr. CHIAO Ping Hai (resigned as Chairman on 28 March 2011)
Mr. CHONG Kin Ngai

非執行董事

焦平海先生(於二零一一年三月二十八日辭任主席一職)
莊堅毅先生

Independent Non-executive Directors

Mr. WONG Wing Kuen, Albert
Ms. FU Shuangye
Dr. LIN Wen
Mr. ZHANG Chun

獨立非執行董事

王永權先生
符霜葉女士
林文博士
張椿先生

In accordance with the provisions of the Company's articles of association, Mr. TAN Wenhua, Ms. ZHANG Liming and Mr. CHIAO Ping Hai will retire by rotation at the forthcoming annual general meeting and being eligible, have agreed to offer themselves for re-election.

根據本公司組織章程細則的條文，譚文華先生、張麗明女士及焦平海先生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。

Directors' Service Contracts

As at 31 December 2010, 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.

董事服務合約

於二零一零年十二月三十一日，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，任何一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年大會重選連任的董事與本公司概無訂立任何不可於一年內免付賠償(法定賠償除外)予以終止的服務協議。

Non-exempt Continuing Connected Transactions

The Group has entered into a number of agreements with parties which are regarded as a connected person for the Company under the Listing Rules. The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of the Company's continuing connected transactions, details of which are set out below.

不獲豁免之持續關連交易

本集團與多名根據上市規則被視為本公司關連人士的訂約方訂立多項協議。本公司確認，其已就本公司持續關連交易遵守根據上市規則第14A章之披露規定，詳情載於下文。

A. C C ec ed Ta ac E e e I de e de S a e de ' A a Re e e

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 with the Company pursuant to which Jinzhou Huarong 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 expired on 31 December 2009.

On 2 December 2009, the Company has entered into a new service agreement (the "New Service Agreement") with Jinzhou Huarong to renew the pre-existing agreement as well as to determine the annual cap for the transactions for the years ending 31 December 2012. The term of the New Service Agreement commenced on 1 January 2010 and will expire on 31 December 2012.

A. 獲豁免遵守獨立股東批准規定之持續關連交易

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

錦州華榮物業管理有限公司(「錦州華榮」)用水及熱能供應服務

於二零零八年一月十二日，錦州華榮與本公司訂立框架服務協議，據此，錦州華榮同意不時向本公司及其指定的附屬公司供應用水及熱能(「服務」)。協議由二零零八年三月三十一日起生效，並已於二零零九年十二月三十一日屆滿。

於二零零九年十二月二日，本公司與錦州華榮訂立新服務協議(「新服務協議」)重續現有協議，並就截至二零一二年十二月三十一日止年度的交易釐定年度上限。新服務協議已於二零一零年一月一日開始，並將於二零一二年十二月三十一日屆滿。

Non-exempt Continuing Connected Transactions (Continued)

A. C C ec ed Ta ac E e e I de e de S a e de ' A a Re e e (Continued)

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

The New 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 2010, the aggregate fees paid by the Group to Jinzhou Huarong in relation to the Services amounted to approximately RMB1,459,000 (2009: RMB1,275,000).

Based on an estimate of the Group's expected consumption of water and heat for the years ending 31 December 2012, it is expected that the following annual cap amounts payable by the Group under the renewed Service Agreement will not exceed:

(a) RMB2,333,000 for the year ending 31 December 2011; and

(b) RMB2,450,000 for the year ending 31 December 2012.

The above annual caps are determined with reference to the Group's expected increase in production capacity and the increase in the expected consumption of water and heat in the production process resulting therefrom the expected utilisation rate of the Group's production capacity for the three years ending 31 December 2012, and the expected inflation rate in the PRC for 2010.

To the best of the Director's knowledge, information and belief having made all reasonable enquiry, as at the date of this report, Jinzhou Huarong is owned as to 90% by 錦州華新硅材料經營部 ("Huaxin Silicon"), a sole proprietorship established in the PRC and wholly-owned by Mr. TAN Wenhua and as to 10% by an independent third party. Jinzhou Huarong is an associate of Mr. TAN Wenhua and hence a connected person of the Company. Consequently, the transactions under the New Service Agreement constitute continuing connected transactions for the Company under Rule 14A.34 of the Listing Rules and are exempt from the independent shareholders' approval requirement but are subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules.

不獲豁免之持續關連交易(續)

A. 獲豁免遵守獨立股東批准規定之持續關連交易(續)

錦州華榮用水及熱能供應服務(續)

新服務協議乃於日常及一般業務過程中按一般商業條款訂立。錦州華榮就服務收取的費用乃以本集團實際耗用的用水及熱能為基準，參照中國當地市場當時可資比較的市價釐定。

截至二零一零年十二月三十一日止年度，本集團就服務向錦州華榮支付的費用合共約為人民幣1,459,000元(二零零九年：人民幣1,275,000元)。

根據本集團於截至二零一二年十二月三十一日止年度的預期用水及熱能消耗量估計，預期本集團根據經重續服務協議應付的年度上限金額將：

(a) 就截至二零一一年十二月三十一日止年度不超過人民幣2,333,000元；及

(b) 就截至二零一二年十二月三十一日止年度不超過人民幣2,450,000元。

上述年度上限乃經參照本集團的預期產能增幅，以及因而導致生產過程中預期用水及熱能消耗量的增幅、截至二零一二年十二月三十一日止三個年度本集團的產能預期使用率及二零一零年中國預期通脹率後釐定。

據董事作出一切合理查詢後所深知、得悉及確信，於本報告日期，錦州華榮90%股權由於中國成立並由譚文華先生全資擁有之個人獨資企業錦州華新硅材料經營部(「華新硅材料」)擁有，而餘下10%股權則由一名獨立第三方擁有。由於錦州華榮為譚文華先生之聯繫人士，因此為本公司之關連人士。就此，根據上市規則第14A.34條，新服務協議項下之交易構成本公司之持續關連交易，並獲豁免遵守獨立股東批准的規定，惟仍須遵守上市規則第14A.45至第14A.47條的申報及公告規定。

不獲豁免之持續關連交易(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規定。

錦州昌華碳素制品有限公司嗅衧ゅ쓇軌ヨ賴涳　耕蘗客濭앇趭灸弊或皴最蜞及錦州揗澓晲若넗쬻橙舸髫籧콪室灚喝膼뀐ゅ쉷皰贊髁멚愋暫褒힞鱷滿0嗥羨或漆番

Non-exempt Continuing Connected Transactions (Continued)

B. N -e e , C C ec ed T a ac (Continued)

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

The New Materials 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 New Materials 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 2010, 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 RMB34,737,000 (2009: RMB14,375,000).

For the year ended 31 December 2010, the aggregate amount of the purchase price paid by the Group to Jinzhou Youxin for the purchase of quartz crucibles amounted to approximately RMB58,429,000 (2009: RMB31,190,000).

Based on the Directors' estimate of the purchase of graphite materials and quartz crucibles for the years ending 31 December 2012, it is expected that the following annual cap amounts payable by the Group for transactions under the New Materials Supply Agreement will not exceed:

(a) RMB292,039,000 for the year ending 31 December 2011; and

(b) RMB419,594,000 for the year ending 31 December 2012.

The above annual caps are determined with reference to (a) the costs incurred by the Group for the purchase of the graphite materials and quartz crucibles for the first nine months ended 30 September 2009; (b) the expected increase in the Group's production capacity for the three years ending 31 December 2012; (c) the expected increase in demand for the graphite materials and quartz crucibles for the production requirements of the Group in anticipation of the expected increase in demand for the Group's products; and (d) the expected utilisation rate of the Group's production capacity for the three years ending 31 December 2012.

不獲豁免之持續關連交易(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)

新物料供應協議乃於本集團日常一般業務過程中按商業條款訂立。根據新物料供應協議，本集團向錦州昌華及錦州佑鑫(視乎情況而定)支付的購買價，乃參照石墨材料及石英坩堝的預期採購量估計，並與當時市價相若。

截至二零一零年十二月三十一日止年度，本集團就買賣石墨材料向錦州昌華支付之採購價總額約為人民幣34,737,000元(二零零九年：人民幣14,375,000元)。

截至二零一零年十二月三十一日止年度，本集團就採購石英坩堝向錦州佑鑫支付之採購價總額，約為人民幣58,429,000元(二零零九年：人民幣31,190,000元)。

按照董事估計截至二零一二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，預期本集團根據新物料供應協議項下交易應付年度上限金額將：

(a) 就截至二零一一年十二月三十一日止年度不超過人民幣292,039,000元；及

(b) 就截至二零一二年十二月三十一日止年度不超過人民幣419,594,000元。

上述年度上限乃參考(a)本集團於截至二零零九年九月三十日止首九個月就採購石墨材料及石英坩堝所產生成本；(b)本集團於截至二零一二年十二月三十一日止三個年度的產量預期增幅；(c)有鑑於本集團產品需求的預期增幅本集團就生產需要對石墨材料及石英坩堝需求的預期增幅；及(d)本集團就截至二零一二年十二月三十一日止三個年度產能的預期使用率。

Non-exempt Continuing Connected Transactions (Continued)

B. N -e e C C ec ed T a ac (Continued)

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

To the best of the Director's knowledge, information and belief having made all reasonable enquiry, as at the date of this report, Jinzhou Changhua 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. Jinzhou Changhua is therefore an associate of each of Mr. TAN Wenhua and Mr. CHONG Kin Ngai and hence a connected person of the Company. To the best of the Director's knowledge, information and belief having made all reasonable enquiry, as at the date of this report, Jinzhou Youxin was owned as to 30% by PLC, and as to 70% by an independent third party. Jinzhou Youxin is therefore an associate of Mr. CHONG Kin Ngai and hence a connected person of the Company. Consequently, the transactions under the New Materials Supply Agreement constitute non-exempt continuing connected transactions for the Company under Rule 14A.35 of the Listing Rules.

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

On 12 January 2008, the Company entered into a framework supply agreement with WWX pursuant to which WWX agreed to

不獲豁免之持續關連交易(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)

據董事作出一切合理查詢後所深知、得悉及確信，於本報告日期，錦州昌華由華新硅材料(由譚文華先生擁有)擁有40%股權，並由佑昌燈光器材有限公司(「佑昌燈光」)擁有60%股權。莊堅毅先生之全資擁有公司擁有佑昌燈光65%股權。莊堅毅先生是非執行董事。故此，錦州昌華是譚文華先生及莊堅毅先生各自之聯繫人士，因此為本公司之關連人士。據董事作出一切合理查詢後所深知、得悉及確信，於本報告日期，佑昌燈光擁有錦州佑鑫30%股權，餘下70%股權由獨立第三方擁有。故此，錦州佑鑫是莊堅毅先生之聯繫人士，並為本公司之關連人士。因此，根據上市規則第14A.35條，新物料供應協議項下交易構成本公司不獲豁免之持續關連交易。

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，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。供應協議由二零零八年三月三十一日起開始，並已於二零零九年十二月三十一日屆滿。本公司(及／或其附屬公司)及合晶科技(及／或其附屬公司)已訂立正式購買協議(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一般商業條款及不遜於獨立第三方可能提出的條款進行。

Non-exempt Continuing Connected Transactions (Continued)

B. N -e e C C ec ed T a ac (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 for the years ending 31 December 2013, it is expected that the following annual cap amounts payable by the Group for transactions under the New WWX Supply Agreement will not exceed:

(a) RMB249,200,000 for the year ending 31 December 2011;

(b) RMB223,800,000 for the year ending 31 December 2012; and

(c) RMB 229,900,000 for the year ending 31 December 2013.

The above annual caps are determined with reference to (i) the expected increase in the Group's production capacity for the three years ending 31 December 2013; (ii) the expected percentage volume of polysilicon, scrap ingots and scrap wafers to be procured from WWX; (iii) the outstanding amount of procurement contract entered into with WWX; (iv) the production ratio of silicon solar ingot to polysilicon; and (v) the expected changes in the market price of polysilicon for the three years ending 31 December 2013.

To the best of the Director's knowledge, information and belief having made all reasonable enquiry, as at the date of this report, 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 New WWX Supply Agreement constitute non-exempt continuing connected transactions for the Company under Rule 14A.35 of the Listing Rules.

不獲豁免之持續關連交易(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)

按照董事估計截至二零一三年十二月三十一日止年度的多晶硅廢碎、硅錠廢碎及硅片廢碎採購量，預期本集團就合晶科技新供應協議項下交易應付年度上限金額：

(a) 就截至二零一一年十二月三十一日止年度不超過人民幣249,200,000元；

(b) 就截至二零一二年十二月三十一日止年度不超過人民幣223,800,000元；及

(c) 就截至二零一三年十二月三十一日止年度不超過人民幣229,900,000元。

上述年度上限乃參考：(i)截至二零一三年十二月三十一日止三個年度本集團產能的預期升幅；(ii)將向合晶科技採購的多晶硅、硅錠廢碎及硅片廢碎數量的預期百分比；(iii)與合晶科技所訂立採購合約的未達成數量；(iv)太陽能硅錠轉化為多晶硅的生產比率；及(v)截至二零一三年十二月三十一日止三個年度多晶硅市價的預期變動後釐定。

據董事作出一切合理查詢後所深知、得悉及確信，於本報告日期，合晶科技持有Wafer Works Investment Corp.(「WWIC」)100%權益。WWIC是本公司主要股東。故此，合晶科技及其附屬公司各自為WWIC之聯繫人士，故亦為本公司之關連人士。因此，根據上市規則第14A.35條，合晶科技新供應協議項下交易構成本公司不獲豁免之持續關連交易。

Non-exempt Continuing Connected Transactions (Continued)

不獲豁免之持續關連交易(續)

B. N -e e , r C . C ec ed T a . ac . (Continued)

B. 不獲豁免之持續關連交易(續)

Sale of upgraded and processed polysilicon, silicon solar ingots and silicon 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, silicon solar ingots and silicon solar wafers to WWX and/or its subsidiaries. The WWX Sale Agreement had a term commencing on 31 March 2008 and expired on 31 December 2009. Formal sale agreements (by way of purchase orders and confirmations) were 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 arrangements under the WWX Sale Agreement were conducted on normal commercial terms and on terms no less favourable than those available from independent third parties.

向合晶科技銷售經改良及加工的多晶硅、太陽能硅錠及太陽能硅片

於二零零八年一月十二日，本公司與合晶科技訂立框架銷售協議(「合晶科技銷售協議」)，據此，本公司同意銷售或促使其附屬公司銷售經改良及加工的多晶硅、太陽能硅錠及太陽能硅片予合晶科技及／或其附屬公司。合晶科技銷售協議之年期自二零零八年三月三十一日起生效，並已於二零零九年十二月三十一日屆滿。本公司(及／或其附屬公司)與合晶科技(及／或其附屬公司)須訂立正式銷售協議(以購買訂單及確認之形式)，其中詳細條款及條件載列於相關購買訂單內。合晶科技銷售協議項下銷售安排乃以一般商業條款及不遜於獨立第三方提出的條款進行。

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

合晶科技銷售協議乃於日常一般業務過程中按一般商業條款訂立。根據合晶科技銷售協議，合晶科技向本集團支付的購買價，乃參照經改良及加工的多晶硅、太陽能硅錠及太陽能硅片當時的市價釐定。

On 4 June 2008, the Company entered into a supplemental agreement ("the WWX Supplemental Sale Agreement") to revise the caps for the transactions under the WWX Sale Agreement as well as to actions und0monnsual aps for the transactions for theyelarpendnd

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on 31 December 2[illegible]0.

於二零零八年六月四日，本公司簽訂補充協議(「合晶科技補充銷售協議」)，修訂合晶科技銷售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。本公司已於二零零八年六月二十七日就合晶科技補充銷售協議獲獨立股東批准。獲批准後，合晶科技補充銷售協議自二零零八年六月二十七日起生效，並已於二零一零年十二月三十一日屆滿。

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於二零一零年十一月三日，本公司與合晶科技訂立新銷售協議(「合晶科技新銷售協議」)，更新已存在的現有協議，並釐定截至二零一一年十二月三十一日止年度交易的年度上限。本公司已於二零一一年一月二十六日就合晶科技新銷售協議獲獨立股東批准。獲批准後，合晶科技新銷售協議自二零一一年一月一日起生效，並將於二零一三年十二月三十一日屆滿。

不獲豁免之持續關連交易

Non-exempt Continuing Connected Transactions (Continued)

B. N -e e , C . C ec ed T a . ac . (Continued)

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

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

On 2 December 2009, the Company has entered into a new processing agreement ("New WWX Processing Agreement") to renew the pre-existing processing agreement as well as to determine the annual cap for the transactions for the years ending 31 December 2012. The Company has obtained the approval from its independent shareholders in respect of the New WWX Processing Agreement on 31 December 2009. Upon approval, the term of the New WWX Processing Agreement commenced on 1 January 2010 and will expire on 31 December 2012.

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

For the year ended 31 December 2010, no fee was received by the Group from the WWX Group in relation to acidic wash of silicon, the processing and recycling of top and tail scrap, pot scrap and scrap silicon (2009: RMB4,187,000).

不獲豁免之持續關連交易(續)

B. 不獲豁免之持續關連交易(續)

向合晶科技提供硅材酸洗、多晶硅及硅片的加工及生產服務

於二零零八年一月十二日，本公司與合晶科技訂立框架加工協議，據此，本公司同意提供或促使其附屬公司提供有關硅材酸洗及將頭尾料、鍋底料及硅廢碎加工及循環再造為多晶硅之服務，及提供用作生產太陽能硅錠及太陽能硅片加工及生產之其他所需原材料予合晶科技或其附屬公司。合晶科技加工協議之年期自二零零八年三月三十一日起生效，並已於二零零九年十二月三十一日屆滿。本公司(及／或其附屬公司)與合晶科技(及／或其附屬公司)須訂立正式協議(以加工訂單及確認之形式)，其詳細條款及條件載列於相關加工訂單內。合晶科技加工協議項下加工安排乃以一般商業條款及不遜於獨立第三方提出的條款進行。

於二零零九年十二月二日，本公司簽訂一項新加工協議(「新合晶科技加工協議」)重續現存之合晶科技加工協議，並就截至二零一二年十二月三十一日止年度的交易釐定年度上限。本公司已於二零零九年十二月三十一日就新合晶科技加工協議獲其獨立股東批准。獲批准後，新合晶科技加工協議已於二零一零年一月一日生效，並將於二零一二年十二月三十一日屆滿。

新合晶科技加工協議乃於日常一般業務過程中按一般商業條款訂立。加工費乃取決於合晶科技集團向本集團發出的個別加工訂單，並參照中國市場同類分包商提供之加工服務當時市價釐定。

截至二零一零年十二月三十一日止年度，本集團並無就硅材酸洗、加工及循環再造頭尾料、鍋底料、硅廢碎向合晶科技集團收取費用(二零零九年：人民幣4,187,000元)。

B. 不獲豁免之持續關連交易(續)

向華昌光伏銷售太陽能硅片(續)

華昌光伏銷售協議乃於日常一般業務過程中按一般商業條款訂立。華昌光伏根據華昌光伏銷售協議向本集團應付之採購價乃參照太陽能硅片當時市價及其銷售數量予以釐定。

截至二零一零年十二月三十一日止年度，本集團就銷售太陽能硅片向華昌光伏集團所收取銷售所得款項總額約為人民幣419,000,000元(二零零九年：人民幣195,546,000元)。

據董事作出一切合理查詢後所深知、得悉及確信，於截至二零一零年十二月三十一日止年度，華昌光伏於中國註冊成立，由Youxin Investment Limited全資擁有。Youxin Investment Limited於香港註冊成立，由華光投資有限公司全資擁有。華光投資有限公司於英屬處女群島註冊成立，分別由執行董事譚文華先生全資擁有的佑華投資有限公司擁有約32.135%、由非執行董事莊堅毅先生全資擁有的公司持有65%的佑昌燈光擁有約7.703%、獨立第三方Wintek International Corp.擁有約15.55%、由非執行董事焦平海先生的兄弟焦生海先生擁有18.75%的Grand Sea Investments Limited擁有約14.005%、獨立第三方Seaquest Ventures Inc.擁有約5.00%、獨立第三方Lithium Energy Holdings Corporation擁有約

不獲豁免之持續關連交易(續)

B. 不獲豁免之持續關連交易(續)

Non-exempt Continuing Connected Transactions (Continued)

B. N -e e , C C ec ed T a ac (Continued)

Sale of wire slurry to Jinzhou Aoke and purchase of recycled abrasives and mineral oil from Jinzhou Aoke (Continued)

The Sale Transactions and the Purchase Transactions under the Jinzhou Aoke Agreement were entered into in the ordinary and usual course of business of the Group and on normal commercial terms. The sale prices for the Sale Transactions are determined in

不獲豁免之持續關連交易(續)

B. 不獲豁免之持續關連交易(續)

銷售砂漿予錦州奧克並向錦州奧克購買循環再用切割砂及切割液(續)

錦州奧克協議項下之銷售交易及購買交易乃於本集團日常及一般業務過程中按正常商業條款訂立。銷售交易的售價根據砂漿的當前市價釐定。銷售交易的支付條款乃按本集團與錦州奧克及／或其附屬公司經公平磋商後不時協定的正常商業條款釐定，包括但不限於以現金交易付款、授予信貸期介乎30至90日等。銷售交易的其他業務條款乃按個別訂單基準釐定，彼等屬正常商業條款，且不遜於本公司向或獲獨立第三方提供的條款。就購買交易而言，購買交易的購入價根據循環再用切割砂及切割液的當前市價釐定。購買交易的支付條款乃按本集團與錦州奧克及／或其附屬公司經公平磋商後不時協定的正常商業條款釐定，包括但不限於以現金交易付款、授予信貸期介乎30至90日等。購買交易的其他業務條款乃按個別訂單基準釐定，彼等屬正常商業條款，且不遜於本公司向或獲獨立第三方提供的條款。

截至二零一零年十二月三十一日止年度，由錦州奧克向本集團支付有關銷售砂漿的售價總額為數約人民幣15,302,000元(二零零九年：人民幣8,640,000元)。

截至二零一零年十二月三十一日止年度，由本集團向錦州奧克支付有關購買循環再用切割砂及切割液的購入價總額為數約人民幣3,210,000元(二零零九年：人民幣4,959,000元)。

Non-exempt Continuing Connected Transactions (Continued)

B. N -e e , C C ec ed T a . ac . (Continued)

Sale of wire slurry to Jinzhou Aoke and purchase of recycled abrasives and mineral oil from Jinzhou Aoke (Continued)

For the year ending 31 December 2011, the annual transaction amounts under the Sale Transactions will not exceed RMB53 million.

The above annual caps are determined by reference to (i) the anticipated increase in wafer production capacities arising from an expansion in the Group's manufacturing bases subject to the prevailing market conditions, for the years ending 31 December 2011; (ii) the anticipated increase in Jinzhou Aoke's demand for wire slurry; and (iii) the average market price of wire slurry sold to an independent third party and Jinzhou Aoke in 2008.

For the year ending 31 December 2011, the annual transaction amounts under the Purchase Transactions will not exceed RMB174 million.

The above annual caps are determined by reference to (i) the actual quantity of abrasives and mineral oil used by the Group in 2008; (ii) the anticipated increase in wafer production capacities arising

不獲豁免之持續關連交易(續)

B. 不獲豁免之持續關連交易(續)

銷售砂漿予錦州奧克並向錦州奧克購買循環再用切割砂及切割液(續)

截至二零一一年十二月三十一日止年度，銷售交易項下的年度交易金額將不超出人民幣53,000,000元。

上述年度上限乃參考(i)截至二零一一年十二月三十一日止年度根據當前市況擴充本集團製造基地所產生的硅片產能預期增幅；(ii)錦州奧克對砂漿需求的預期增幅；及(iii)二零零八年售予一名獨立第三方及錦州奧克的砂漿平均市價而釐定。

截至二零一一年十二月三十一日止年度，購買交易項下的年度交易金額將不超出人民幣174,000,000元。

上述年度上限乃參考(i)二零零八年本集團切割砂及切割液的實際用量；(ii)截至二零一一年十二月三十一日止年度根據當前市況擴充本集團製造基地所產生的硅片產能預期增幅；(iii)估計將向錦州奧克購入的循環再用切割砂及切割液份量；(iv)切割砂及切割液平均循環再用率，即錦州奧克就將由本集團供應的砂漿進行加工而將予生產的循環再用切割砂及切割液估計份量；及(v)將向錦州奧克購入的循環再用切割砂及切割液估計價格(參考購自獨立第三方的全新切割砂及切割液市價與獨立第三方收取的砂漿加工費而釐定)而釐定。

據董事作出一切合理查詢後所深知、全悉及確信，於本報告日期，錦州奧克分別由錦州悅鑫硅材料有限公司(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，繼而為本公司的關連人士。新錦州奧克協議項下的銷售交易及購買交易因而構成上市規則第14A.35條項下本公司的不獲豁免持續關連交易。

Non-exempt Continuing Connected Transactions (Continued)

不獲豁免之持續關連交易(續)

B. N -e e , r C . C ec ed T a . ac . (Continued)

B. 不獲豁免之持續關連交易(續)

Supply of solar cells from Huachang Guangfu to the Group

On 2 November 2009, the Company entered into a framework agreement with Huachang Guangfu (the "Solar Cells Supply Agreement") pursuant to which the Company has agreed to purchase (or procure its subsidiaries to purchase), and Huachang Guangfu has agreed to supply, solar cells.

華昌光伏向本集團供應太陽能電池

於二零零九年十一月二日，本公司與華昌光伏訂立框架協議(「太陽能電池供應協議」)，據此，本公司已同意購買或促使其附屬公司購買，而華昌光伏已同意供應太陽能電池。

The Company has obtained the approval from its independent shareholders in respect of the Solar Cells Supply Agreement on 31 December 2009. Upon approval, the Solar Cells Supply Agreement has taken effect on 2 November 2009 and will expire on 31 December 2011.

本公司已於二零零九年十二月三十一日取得其獨立股東批准太陽能電池供應協議。批准後，太陽能電池供應協議於二零零九年十一月二日生效，並將於二零一一年十二月三十一日屆滿。

The transactions under the Solar Cells Supply Agreement were entered into in the ordinary and usual course of business of the Group and on normal commercial terms. The prices for the transactions under the Solar Cells Supply Agreement are determined in accordance with the prevailing market price of solar cells and the quantities to be purchased by the Group. The terms of the Solar Cells Supply Agreement and the transaction contemplated thereunder are determined on an individual purchase order basis and the terms of which are on normal commercial terms and no less favourable to the Company than terms available from independent third parties. Payments for the transactions under the Solar Cells Supply Agreement are on such credit terms as may be agreed between the parties on normal commercial terms and no less favourable to the Company than terms available from independent third parties.

太陽能電池供應協議項下交易乃於本集團日常及一般業務過程中按正常商業條款訂立。太陽能電池供應協議項下的交易價格根據太陽能電池當前市價及本集團將予購入的數量釐定。太陽能電池供應協議及其項下擬進行的交易的條款乃按個別訂單基準釐定，彼等屬正常商業條款，且不遜於本公司向或獲獨立第三方提供的條款。太陽能電池供應協議項下交易以訂約各方可能協定的有關信貸條款付款，彼等屬正常商業條款，且不遜於本公司向或獲獨立第三方提供的條款。

For the year ended 31 December 2010, the aggregate amount of the purchase price paid by the Group to Huachang Guangfu under the Solar Cells Supply Agreement amounted to approximately RMB47,602,000 (2009: RMB7,359,000).

截至二零一零年十二月三十一日止年度，由本集團向華昌光伏支付太陽能電池供應協議項下的購入價總額為數約人民幣47,602,000元(二零零九年：人民幣7,359,000元)。

不獲豁免之持續關連交易(續)

B. 不獲豁免之持續關連交易(續)

Non-exempt Continuing Connected Transactions (Continued)

不獲豁免之持續關連交易(續)

B. Non-exempt Continuing Connected Transactions (Continued)

B. 不獲豁免之持續關連交易(續)

Provision of services for re-coating and re-grooving guide rollers by Jinzhou Jingxin (Continued)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, as at the date of this report, Jinzhou Jingxin is owned as to 40% by Ms. Chen Man, the daughter-in-law of Mr. TAN Wenhua, an executive Director, and as to 60% by independent third parties. Jinzhou Jingxin is therefore an associate of Mr. TAN Wenhua and hence a connected person of the Company. Consequently, the transactions under the Guide Rollers Service Agreement constitute non-exempt continuing connected transactions for the Company under Chapter 14A of the Listing Rules. As the applicable ratios under the relevant annual amounts of the transactions contemplated under the Guide Rollers Service Agreement, when aggregated with the transaction amounts under the Solar Cells Supply Agreement, will exceed 2.5%, the Guide Rollers Service Agreement are subject to the reporting, announcement and independent shareholders' approval requirements pursuant to Rules 14A.45 to 14A.48 of the Listing Rules.

錦州京鑫提供導輪的塗覆及開槽服務(續)

據董事作出一切合理查詢後所深知、得悉及確信，於本報告日期，錦州京鑫分別由執行董事譚文華先生之媳婦陳曼女士及獨立第三方擁有40%及60%權益。因此，錦州京鑫為譚文華先生之聯繫人士，故屬本公司之關連人士。故此，導輪服務協議項下的交易構成上市規則第14A章項下本公司不獲豁免持續關連交易。由於導輪服務協議項下擬進行的交易各自的年度總金額項下的適用比率加上太陽能電池供應協議項下的交易金額將超過2.5%，導輪服務協議須遵守申報、公告及獨立股東批准規定。

Provision of service for the installation of photovoltaic system for solar energy generation by Kinmac Solar Corporation ("Kinmac") to the Group

On 2 November 2009, the Company entered into a framework agreement with Kinmac (the "First Photovoltaic System Installation Agreement") pursuant to which the Company has agreed to engage (or procure its subsidiaries to engage) Kinmac for the provision of, and Kinmac has agreed to provide, the service for the installation

景懋光電股份有限公司(「景懋」)就太陽能發電向本集團提供安裝光伏系統服務

於二零零九年十一月二日，本公司與景懋訂立框架協議(「首份光伏系統安裝協議」)，據此，按照首份光伏系統安裝協議之條款及條件以及在其規限下，本公司已同意聘用或促使其附屬公司聘用景懋，而景懋已同意按非獨家基準就太陽能發電向本集團提供本公司可能要求之金額及數量的光伏系統安裝服務(「安裝服務」)，以開發本集團之光伏系統合成商業務。首份光伏系統安裝協議之確實交易金額將視乎本集團對安裝服務之需求以及其太陽能組件之產能而定。於訂立首份光伏系統安裝協議後，本集團並無責任於首份光伏系統安裝協議期間委聘景懋提供任何固定金額之安裝服務。

B. 不獲豁免之持續關連交易(續)

景燃光電股份有限公司(「景燃」)就太陽能發電向本集團提供安裝光伏系統服務(續)

本公司已於二零零九年十二月三十一日取得其獨立股東批准首份光伏系統安裝協議。批准後，首份光伏系統安裝協議於二零零九年十一月二日生效，並將於二零一一年十二月三十一日屆滿。

首份光伏系統安裝協議項下的交易乃於本集團日常及一般業務過程中按正常商業條款訂立。首份光伏系統安裝協議項下的交易價格根據獨立第三方將予提供的安裝服務當前市價釐定。首份光伏系統安裝協議及其項下擬進行的交易的條款乃以個別項目為基準，按給予其他提供類似安裝光伏系統服務的獨

Non-exempt Continuing Connected Transactions (Continued)

不獲豁免之持續關連交易(續)

B. N -e e C ec ed T a ac (Continued)

B. 不獲豁免之持續關連交易(續)

Provision of service for the installation of photovoltaic system for solar energy generation by Kinmac to the Group

景懋就太陽能發電向本集團提供安裝光伏系統服務

據董事作出一切合理查詢後所深知、得悉及確信，於本報告日期，錦州錦懋光伏科技有限公司(「錦州錦懋」)分別由錦州陽光能源有限公司(本公司之間接全資附屬公司)、Kinmac Holding Limited及一名獨立第三方擁有51%、35%及14%權益。錦州錦懋被視作本公司之附屬公司。據董事作出一切合理查詢後所深知、得悉及確信，Kinmac Holding Limited由景懋全資擁有。由於景懋有權控制行使錦州錦懋35%投票權，景懋就上市規則而言為錦州錦懋之主要股東，故屬本公司之附屬公司級別關連人士。因此，董事認為，首份光伏系統安裝協議項下的交易構成上市規則第14A章項下本公司的不獲豁免持續關連交易，根據上市規則第14A.45條至14A.48條須遵守申報、公告及獨立股東批准規定。

本集團就太陽能發電向景懋提供安裝光伏系統服務

於二零零九年十一月二日，本公司與景懋訂立框架協議(「第二份光伏系統安裝協議」)，據此，按照第二份光伏系統安裝協議之條款及條件以及在其規限下，景懋已同意聘用本公司，而本公司已同意提供或促使其附屬公司按非獨家基準向景懋提供景懋可能要求之金額及數量的安裝服務。第二份光伏系統安裝協議之確實交易金額將視乎景懋對安裝服務之需求以及其太陽能組件之產能而定。於訂立第二份光伏系統安裝協議後，景懋並無責任於第二份光伏系統安裝協議期間委聘本公司提供任何固定金額之安裝服務。

Non-exempt Continuing Connected Transactions (Continued)

不獲豁免之持續關連交易(續)

B. N -e e , r C . C ec ed T a . ac . (Continued)

B. 不獲豁免之持續關連交易(續)

本集團就太陽能發電向景懋提供安裝光伏系統服務(續)

本公司已於二零零九年十二月三十一日取得其獨立股東批准第二份光伏系統安裝協議。批准後，第二份光伏系統安裝協議於二零零九年十一月二日生效，並將於二零一一年十二月三十一日屆滿。

第二份光伏系統安裝協議項下的交易乃於本集團日常及一般業務過程中按正常商業條款訂立。第二份光伏系統安裝協議項下的交易價格根據獨立第三方將予提供的安裝服務當前市價釐定。第二份光伏系統安裝協議及其項下擬進行的交易的條款乃以個別項目為基準，按給予其他提供類似安裝光伏系統服務的獨立第三方的正常商業條款釐定，第二份光伏系統安裝協議項下的交易付款由本公司與景懋按個別項目基準協定。

截至二零一零年十二月三十一日止年度，景懋並無根據第二份光伏系統安裝協議向本集團支付服務費(二零零九年：人民幣零元)。

截至二零一一年十二月三十一日止年度，第二份光伏系統安裝協議項下的交易的年度上限金額將不超出人民幣601,825,000元。

第二份光伏系統安裝協議項下年度上限金額將參考(i)截至二零一一年十二月三十一日止兩個年度景懋的太陽能組件預期產能；(ii)景懋對光伏系統安裝項目之預期需求；及(iii)安裝光伏系統所涉及之物料(包括太陽能組件及其他相關零部件)成本而釐定。

Non-exempt Continuing Connected Transactions (Continued)

B. Non-exempt Continued Connected Transactions (Continued)

Provision of service for the installation of photovoltaic system for solar energy generation by the Group to Kinmac (Continued)

As mentioned in the paragraph headed "Provision of service for the installation of photovoltaic system for solar energy generation by Kinmac Solar Corporation ("Kinmac") to the Group " above, Kinmac is a connected person of the Company. The transactions under the Second Photovoltaic System Installation Agreement therefore 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 to 14A.47 of the Listing Rules. The transactions as set out in section (B) "Non-exempt Continuing Connected Transactions" above are subject to reporting, announcement and independent shareholders' approval requirements set out in Rules 14A.45 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 2010 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.

不獲豁免之持續關連交易(續)

B. 不獲豁免之持續關連交易(續)

本集團就太陽能發電向景懋提供安裝光伏系統服務(續)

誠如上文「景懋光電股份有限公司(「景懋」)就太陽能發電向本集團提供安裝光伏系統服務」一段所提述，景懋為本公司的關連人士。第二份光伏系統安裝協議項下的交易因而構成上市規則第14A.35條項下本公司的不獲豁免持續關連交易。

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之持續關連交易，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條至14A.47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。

董事會已審閱上述於截至二零一零年十二月三十一日止年度所進行持續關連交易(「持續關連交易」)，獨立非執行董事亦已確認持續關連交易乃按下列方式訂立及進行：

(i) 在本公司日常一般業務過程中；

(ii) 按一般商業條款，或按不遜於本公司向或獲獨立第三方提供的條款；及

(iii) 符合相關規管協議，且上述條款及建議年度上限屬公平及合理，並符合本公司股東整體利益。

Non-exempt Continuing Connected Transactions (Continued)

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group from pages 38 to 61 of the Annual Report in accordance with Main Board Listing Rule 14A.38. A copy of the auditor's letter has been provided by the Company to The Stock Exchange of Hong Kong Limited. The related party transactions entered into by the Group for the year ended 31 December 2010 as set out in note 32 to the financial statements fall under the definition of "continuing connected transactions" in Chapter 14A of the Listing Rules. The Company confirmed that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

不獲豁免之持續關連交易(續)

本公司核數師已獲聘根據香港會計師公會頒布的香港核證工作準則第3000號「審核或審閱歷史財務資料以外的核證工作」及參照實務說明第740號「關於香港上市規則所述持續關連交易的核數師函件」報告本集團的持續關連交易。核數師已根據主板上市規則第14A.38條發出函件，而該函件載有核數師對有關本集團在年報第38至61頁披露的持續關連交易的發現及結論。本公司已將核數師函件副本送呈香港聯合交易所有限公司。本集團於截至二零一零年十二月三十一日止年度訂立的關連人士交易(載於財務報告附註32)，符合上市規則第14A章的「持續關連交易」的定義。本公司已確認，已遵守上市規則第14A章的披露規定。

Connected Transaction

On 8 November 2010, the Company entered into a sale and purchase agreement with seven vendors which include You Hua Investment Corporation (a company wholly owned by Mr. Tan Wenhua, an executive Director) and PLC (which is held as to 65% by the companies wholly owned by Mr. Chong Kin Ngai, a non-executive Director) whereby the Company agreed to acquire a 100% equity interest in Sino Light Investment Limited at a consideration of HK$835,200,000 (equivalent to approximately RMB709,586,000), which is to be settled in full by the issue of convertible bonds of the Company (the "Bonds") in an aggregate principal amount of HK$835,200,000 (the "Acquisition"). The Bonds were issued to the vendors on 26 January 2011 upon completion of the Acquisition. The Bonds onto approximate59o The Stock Es iep(31 (thsh eq42股份 [illegible] 港元 [illegible] 本公司普通股 [illegible] Company99o

關連交易

於二零一零年十一月八日，本公司與七名賣方訂立買賣協議，七名賣方包括由執行董事譚文華先生全資擁有的佑華投資有限公司及由非執行董事莊堅毅先生全資擁有的公司持有65%權益的佑昌燈光，據此，本公司同意以代價835,200,000港元(相當於約人民幣709,586,000元)收購華光投資有限公司全部股本權益，代價全數以發行本金總額835,200,000港元的本公司可換股債券(「債券」)償付(「收購」)。債券於二零一一年一月二十六日收購完成後發行予賣方。債券為零息債券，可根據債券的條款及條件及在其規限下於二零一一年三月二十八日至二零一三年一月二十五日(即到期日)(包括首尾兩日)，按換股價每股1.92港元 [illegible] 本公司普通股，本公司須於債券到期日按換股價每股1.92港元向債券持有人發行本公司股份，以按相當於當時尚未償還本金總額的價值贖回當時尚未兌換的每份可換股債券。債券不得於未獲本公司事先書面同意的情況下轉讓，亦不會賦予債券持有人於本公司股東大會上表決的權利。

由於譚文華先生的聯繫人士及莊堅毅先生的聯繫人士作為賣方屬收購的訂約方，收購及其項下擬進行的交易構成上市規則下本公司的關連交易，須經本公司獨立股東批准，方可作實。收購於二零一一年一月二十六日取得獨立股東批准後於同日完成。由於出售彼等各自於華光投資有限公司、佑華投資有限公司及佑昌燈光各自權益的代價為分別發行本金額268,393,493港元及64,334,376港元的債券。

Connected Transaction (Continued)

Upon completion of the Acquisition, Sino Light Investments Limited and its subsidiaries (including Huachang Guangfu) has become wholly owned subsidiaries of the Company which will enable the Group to accelerate its intended downstream business developments in the photovoltaic industry. The Acquisition will enable the Group to secure a reliable source of silicon solar cells for its module business and improve the operational efficiency of the Group. Moreover, the Acquisition is expected to bring synergy between the new business and the Group's existing business of wafer and ingot manufacturing, which will benefit the Group in the long run. The Directors are of the view that the Acquisition is in line with the Group's plan in developing its downstream business and will enable the Group to further diversify its source of revenue and broaden its opportunities to cooperate with well-established enterprises along the photovoltaic value chain.

關連交易(續)

收購完成後，華光投資有限公司及其附屬公司(包括華昌光伏)已成為本公司的全資附屬公司，使本集團得以加快發展擬從事的光伏行業下游業務。收購將令本集團得以為其模組業務取得可靠的太陽能電池供應來源，並改善本集團的營運效率。此外，收購預期可為新業務與本集團現有硅片及硅錠製造業務帶來協同效應，長遠而言將對本集團有利。董事認為，收購與本集團致力發展其下游業務的計劃相符，將令本集團進一步分散其收益來源，並獲得更多機會與光伏價值鏈中信譽卓著的企業合作。

Share Option Scheme

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 share 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 which represents 9.36% of the existing issued share capital 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。

授出購股權所涉及股份的認購價將由董事會釐定，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，相當於本公司現有已發行股本9.36%。

Share Option Scheme (Continued)

The total number of securities available for issue under the Share Option Scheme as at 31 December 2010 was 158,186,650 Shares which represents 8.75% of the existing issued share capital of the Company (after deducting the grant of options to subscribe for 42,269,163 Shares on 29 December 2008 and adding back the number of options to subscribe for 10,285,000 Shares and 21,094,163 Share lapsed on 30 April 2009 and 31 December 2010, respectively).

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 No opti99 at 31 DecemberAs 158,186,650 Shares , 12-moeds 1% 176 TDoFe.h paemployeue. TcX(Shares of the C0.5552 X(-2.1176 hads

購股權計劃(續)

截至二零一零年十二月三十一日，於購股權計劃項下可發行證券總數為158,186,650股股份，（相當於本公司現有已發行股本8.75%）（扣除於二零零八年十二月二十九日授出可認購42,269,163股股份的購股權，並加回分別可認購10,285,000股股份及21,094,163股股份並於二零零九年四月三十日及二零一零年十二月三十一日失效的購股權後）。

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

於二零一零年十二月三十一日，董事及本公司僱員各自於根據購股權計劃按代價1.00港元獲授可認購股份（於二零一零年十二月三十一日之市值為每股1.78港元）的購股權中擁有以下權益。購股權並無上市。每份購股權賦予持有人權利認購一股每股面值0.10港元的本公司普通股。

No. of options outstanding at the beginning of the year 於年初尚未行使購股權數目	No. of options lapsed during the year 於年內失效購股權數目	No. of options outstanding at the year end 於年終尚未行使購股權數目	Date granted 授出日期	Period during which options are exercisable 購股權行使期	Exercise price per share 每股行使價	Market value per share at date of grant of options* 於購股權授出日期的每股股份市值*

Interest and Short Positions of the Directors and the Chief Executives of the Company in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at 31 December 2010, 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:

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

於二零一零年十二月三十一日，據董事所悉，董事及本公司最高行政人員及彼等之聯繫人士於本公司及其相聯法團(定義見證券及期貨條例第XV部)的股份、相關股份及債券中，擁有已記錄於根據證券及期貨條例第352條規定存置的登記冊或已根據標準守則知會本公司及聯交所的權益如下：

Name of Director 董事姓名	**Nature of interest** 權益性質	**Number of ordinary shares held** (Note 1) 所持普通股數目(附註1)	**Approximate percentage of holding** (%) 概約持股百分比(%)
Mr. TAN Wenhua 譚文華先生	Beneficial Interest 實益權益	475,761,999(L)	26.33%
	Interest in an option (Note 4) 於購股權的權益(附註4)	13,014,375(L)	0.72%
	Security interest (Note 4) 抵押權益(附註4)	13,014,375(L)	0.72%
Mr. CHONG Kin Ngai (Note 2) 莊堅毅先生(附註2)	Interest of controlled corporation 受控法團權益	80,075,540(L)	4.43%
	Personal interest 個人權益	2,449,500(L)	0.14%
	Trustee's interest 受託人權益	26,058,625(L)	1.44%
	Family interest 家族權益	1,100,000(L)	0.06%
Mr. HSU You Yuan 許祐淵先生	Beneficial Interest 實益權益	12,440,927	0.69%
	Interest in an option (Note 4) 於購股權的權益(附註4)	2,080,000(L)	0.12%
	Security interest (Note 4) 抵押權益(附註4)	2,080,000(L)	0.12%

Name of Director 董事姓名	**Nature of interest** 權益性質	**Number of ordinary shares held** (Note 1) 所持普通股數目(附註	**Approximate percentage of holding** (%)

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

附註：

(1) 字母「L」指該人士於該等證券的好倉。

(2) 於二零一零年十二月三十一日，莊堅毅先生於合共83,625,040股已發行股份中擁有權益，其中2,449,500股股份由莊堅毅先生直接持有、1,100,000股股份由莊堅毅先生之配偶持有、64,140,040股股份由Prosperity Electric Corporation（「PEC」）持有及15,935,500股股份由佑昌燈光持有。佑昌燈光分別由PEC、Leigh Company Limited及獨立第三方持有20%、45%及35%。PEC及Leigh Company Limited均由莊堅毅先生全資擁有。

莊堅毅先生以受託人身分代表若干董事、本集團高級管理人員及員工持有26,058,625股股份。上述26,058,625股股份中，2,850,125股股份由莊堅毅先生以信託形式代執行董事張麗明女士持有，及2,659,375股股份由莊堅毅先生以信託形式代執行董事莊淵先生持有。

(3) 於二零一零年十二月三十一日，張麗明女士的2,350,125股股。佑昌毅先生的祢蔏薻跮李喚跮李辜抎鋿豂鑾。童

Substantial Shareholders' and Other Persons Interests and Short Positions in Shares and Underlying Shares

As at 31 December 2010, 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:

主要股東及其他人士於股份及相關股份中的權益及淡倉

截至二零一零年十二月三十一日，據董事所悉，除上文披露者外，以下人士或法團(並非董事或本公司最高行政人員)於本公司股份及相關股份中，擁有已記錄於根據證券及期貨條例第336條規定存置的登記冊或已知會本公司的權益或淡倉：

Name 名稱／姓名	Capacity 身分	Number of ordinary shares held (Note 1) 所持普通股數目(附註1)	Approximate Percentage of shareholding 概約持股百分比(%)
Wafer Works Investment Corp. ("WWIC")	Beneficial owner 實益擁有人	344,208,822(L)	19.05%
Wafer Works Corp. ("WWX") (Note 2) 合晶科技股份有限公司(「合晶科技」)(附註2)	Interest of a controlled corporation 受控法團權益	344,208,822(L)	19.05%
The Baring Asia Private Equity Fund IV, L.P.	Interest of a controlled corporation 受控法團權益	122,139,421(L)	6.76%
Jean Salata	Interest of a controlled corporation 受控法團權益	119,045,000(L)	6.59%
Baring Private Equity Asia GP IV Limited	Interest of a controlled corporation 受控法團權益	119,045,000(L)	6.59%
Baring Private Equity Asia GP IV, L.P.	Interest of a controlled corporation 受控法團權益	119,045,000(L)	6.59%
Baring Private Equity Asia IV Holding (6) Limited	Beneficial interest 實益權益	119,045,000(L)	6.59%

Notes:

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

(2) To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, WWIC is wholly-owned by WWX as at the date of this report. By virtue of the SFO, WWX is deemed to be interested in the Shares held by WWIC.

Save as disclosed above, as at 31 December 2010, the Directors are not aware of any other person or corporation having an interest or short position in shares and underlying shares of the Company which fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

附註：

(1) 字母「L」指該人士於該等證券的好倉。

(2) 據董事於作出一切合理查詢後所深知、全悉及確信，於本報告日期，合晶科技全資擁有WWIC。根據證券及期貨條例，合晶科技被視為於WWIC持有的股份中擁有權益。

除上文所披露者外，截至二零一零年十二月三十一日，董事並不知悉有任何其他人士或法團於本公司的股份及相關股份中擁有須根據證券及期貨條例第XV部第2及3分部之條文披露的權益或淡倉。

Directors' Interest in Potentially Competing Businesses

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

M . TAN We 、 a

董事於潛在競爭業務的權益

執行董事譚文華先生以及非執行董事莊堅毅先生及焦平海先生於其他相關業務擁有權益，其中詳情載列如下：

譚文華先生

於截至二零一零年十二月三十一日止年度，譚先生於華昌光伏持有約32.135%的間接權益，並於錦州昌華擁有40%的權益。華昌光伏從事製造光伏及太陽能電池。錦州昌華則從事製造石墨及石墨相關產品。華昌光伏及錦州昌華的業務與本集團的業務並不存在任何競爭。作為光伏及太陽能電池或若干其他物料(非多晶硅)製造商的華昌光伏屬本集團的下游公司，原因為光伏及太陽能電池是以本集團製造的硅片所製造。華昌光伏並無製造任何多晶硅、硅錠或硅片。另一方面，作為一家製造石墨及石墨相關產品公司的錦州昌華，亦非本集團的競爭對手，原因為(a)本集團並無從事石墨或任何石墨相關產品的業務；及(b)石墨不能替代製造太陽能相關產品的多晶硅，亦非製造太陽能相關產品的原材料之另一選擇。於二零一一年一月二十六日結算日之後，華昌光伏在收購完成後成為本集團全資附屬公司，譚文華先生不再於華昌光伏擁有權益(彼於本公司的權益除外)。

焦平海先生

於截至二零一零年十二月三十一日止年度，焦平海先生於合晶科技、上海合晶硅材料有限公司(「合晶硅材料」)及上海晶盟硅材料有限公司擁有權益。該三家公司均從事半導體產業所用的硅片製造業務。焦平海先生亦於漢菘及晶材科技股份有限公司擁有間接權益，兩家公司均從事買賣製造半導體所用的硅片。誠如上文所闡釋，半導體產業有別於太陽能科技產業，故此，合晶科技、合晶硅材料及上海晶盟硅材料有限公司、漢菘及晶材科技股份有限公司並非從事任何與本集團競爭的業務。

Directors' Interest in Potentially Competing Businesses (Continued)

M . CHONG K N a

For the year ended 31 December 2010, like Mr. TAN Wenhua, Mr. CHONG Kin Ngai held interest in Huachang Guangfu and Jinzhou Changhua. As explained above, Huachang Guangfu and Jinzhou

董事於潛在競爭業務的權益(續)

莊堅毅先生

截至二零一零年十二月三十一日止年度，與譚文華先生情況相同，莊堅毅先生持有華昌光伏及錦州昌華的權益。誠如上文所述，華昌光伏及錦州昌華並非本集團的競爭對手，而本集團、華昌光伏與錦州昌華從事不同的產業。莊堅毅先生亦持有錦州佑鑫的權益，該公司主要從事石英坩堝的買賣業務。由於華昌光伏已成為本集團之全資附屬公司，而莊堅毅先生於華昌光伏不再持有權益(彼於本公司之權益除外)。

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

不競爭承諾

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

本公司有關披露遵守及強制執行不競爭承諾情況的方式將與上市規則附錄二十三企業管治報告所載自願作出披露的原則相符。

根據二零零八年二月二十七日作出的不競爭承諾，倘若譚文華先生終止擔任董事職務但繼續為本公司主要股東，彼亦須受不競爭承諾的條款約束。

倘會議上討論的事宜與董事實際或潛在存在利益衝突，該涉及利益董事須放棄出席有關會議。

Directors' Interests in Contracts

Save as disclosed in the section headed "Non-exempt Continuing Connected Transactions" and the section headed "Connected Transaction" on pages 38 to 62, no contract of significance to which the Company or any of its subsidiaries or fellow subsidiaries was a party, and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

In addition to the contracts mentioned above, on 8 November 2010, a joint venture agreement between 錦州陽光能源有限公司(Jinzhou Yangguang Energy Co., Ltd) ("Jinzhou Yangguang"), a wholly-owned subsidiary of the Company and Liaoning Oxiranchem, Inc. (遼寧奧克化學股份有限公司) ("Joint Venture Partner"), which is owned as to approximately 2.43% by Mr. Tan Xin, the son of Mr. Tan who is also a supervisor of the Joint Venture Partner, was entered into for the establishment of 錦州奧克陽光新能源有限公司(Jinzhou Oxiranchem Yangguang New Energy Co. Ltd.) (the "Joint Venture") which is owned as to 63% by the Joint Venture Partner and as to 37% by Jinzhou Yangguang, to engage in the business of manufacturing multicrystalline silicon solar ingots and wafers.

Emolument Policy

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

董事之合約權益

除第38至62頁「不獲豁免的持續關連交易」及「關連交易」一節披露者外，本公司或其任何附屬公司或同系附屬公司概無參與訂立任何於年終或年內任何時間仍然有效，且董事於當中直接或間接擁有重大權益之重大合約。

除上述合約外，於二零一零年十一月八日，本公司全資附屬公司錦州陽光能源有限公司(「錦州陽光」)與遼寧奧克化學股份有限公司(「合營夥伴」，由譚鑫先生(為同屬合營夥伴監事的譚先生的兒子)擁有約2.43%權益)訂立一份合營協議成立錦州奧克陽光新能源有限公司(「合營企業」)，合營企業由合營夥伴及錦州陽光分別擁有63%及37%權益，將從事製造太陽能多晶硅錠及硅片業務。

薪酬政策

薪酬委員會按照僱員表現、資歷及能力，制定本集團僱員之薪酬政策。

薪酬委員會參照本公司的營運業績、董事個別表現及可比較市場統計數據，決定董事的薪酬。

退休福利計劃

本集團福利計劃詳情，載於財務報告附註28。

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。本公司作出特別查詢後確認，除獲本公司非執行董事莊堅毅先生知會，其配偶在未根據標準守則A.6條事先知會本公司主席之情況下，於二零零九年七月十七日至二零一零年七月二十一日止期間內買賣本公司股份外

Audit Committee (Continued)

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 2010, including the accounting principles and practices adopted by the Group.

審核委員會(續)

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二零一零年度中期及年度綜合財務報告，包括本集團採納的會計原則及常規。

Sufficiency of Public Float

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

足夠公眾持股量

根據本公司透過公開途徑的資料及據董事所知悉，於本年報日期，本公司一直維持上市規則所訂明並經與聯交所協定本公司已發行股本不少於25%的公眾持股量。

Confirmation of Independence

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

獨立身分的確認

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

Auditors

The financial statements of the Company for the year have been audited by KPMG who will retire, and, being eligible, offer themselves for re-appointment.

A resolution for the re-appointment of KPMG as auditors of the Company is to be proposed at the forthcoming annual general meeting.

核數師

本公司本年度的財務報告已由畢馬威會計師事務所審核。畢馬威會計師事務所將任滿告退，惟其符合資格並願意獲續聘。

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

By Order of the Board

TAN Wenhua
Chairman
Hong Kong, 28 March 2011

承董事會命

譚文華
主席
香港，二零一一年三月二十八日

Independent Auditor's Report
獨立核數師報告

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

We have audited the consolidated financial statements of Solargiga Energy Holdings Limited (the "Company") and its subsidiaries (together "the Group") set out on pages 76 to 168, which comprise the consolidated and company statements of financial position as at 31 December 2010, the consolidated income statement, the consolidated statement of comprehensive income, 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 information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated 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 about whether the consolidated financial statements are free from material misstatement.

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

本核數師(以下簡稱「我們」)已審核列載於第76至168頁陽光能源控股有限公司(以下簡稱「貴公司」)及其附屬公司(以下統稱「貴集團」)的綜合財務報告,此財務報告包括於二零一零年十二月三十一日的綜合及 貴公司財務狀況表與截至該日止年度的綜合損益表、綜合全面收入表、綜合權益變動表和綜合現金流量表,以及主要會計政策概要及其他附註解釋。

董事就綜合財務報告須承擔的責任

貴公司董事負責根據香港會計師公會頒佈的《香港財務報告準則》及香港《公司條例》的披露規定,編製表達真實且公平意見的綜合財務報告,以及維持董事認為必要的有關內部控制,以確保綜合財務報告不存在由於欺詐或錯誤而導致的重大錯誤陳述。

核數師的責任

我們的責任是根據我們的審核對該等綜合財務報告作出意見,並僅向整體股東報告。除此之外,我們的報告書不可用作其他用途。我們概不就本報告的內容,對任何其他人士負責或承擔法律責任。

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

Auditor's responsibility (continued)

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2010, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

核數師的責任(續)

審核涉及執行程序以獲取有關綜合財務報告所載金額及披露資料的審核憑證。所選定的程序取決於核數師的判斷，包括評估由於欺詐或錯誤而導致綜合財務報告存有重大錯誤陳述的風險。在評估該等風險時，核數師考慮與該公司編製及真實而公平地列報財務報告相關的內部控制，以設計適當的審核程序，但並非為對公司的內部控制的成效發表意見。審核亦包括評價董事採用的會計政策是否合適及所作出會計估計是否合理，以及評價綜合財務報告的整體列報方式。

我們相信，我們所獲得的審核憑證充足和適當地為我們的審核意見提供基礎。

意見

我們認為，該等綜合財務報告已根據《香港財務報告準則》真實而公平地反映　貴公司及　貴集團於二零一零年十二月三十一日的事務狀況及[illegible]

KPMG
Certified Public Accountants

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

28 March 2011

Consolidated Income Statement
綜合損益表

For the year ended 31 December 2010 截至二零一零年十二月三十一日止年度
(Expressed in Renminbi) (以人民幣列值)

		Note 附註	2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Turnover	營業額	3	**1,854,769**	658,720
Cost of sales	銷售成本		**(1,441,526)**	(664,500)
Gross profit/(loss)	毛利／(毛損)		**413,243**	(5,780)
Other revenue	其他收入	4	**23,174**	14,898
Other net (loss)/income	其他(虧損)／收益淨額	5	**(2,274)**	2,890
Selling and distribution expenses	銷售及分銷開支		**(9,669)**	(5,311)
Administrative expenses	行政開支		**(123,577)**	(105,521)
Profit/(loss) from operations	經營利潤／(虧損)		**300,897**	(98,824)
Finance costs	融資成本	6(a)	**(18,006)**	(15,942)
Profit/(loss) before taxation	除稅前利潤／(虧損)	6	**282,891**	(114,766)
Income tax (expense)/credit	所得稅(開支)／抵免	7	**(71,444)**	16,624
Profit/(loss) for the year	年度利潤／(虧損)		**211,447**	(98,142)
Attributable to:	以下人士應佔：			
Equity shareholders of the Company	本公司權益股東	8	**214,121**	(98,098)
Non-controlling interests	非控制性權益		**(2,674)**	(44)
Profit/(loss) for the year	年度利潤／(虧損)		**211,447**	(98,142)
Earnings/(loss) per share (RMB cents)	每股盈利／(虧損)(人民幣分)	10		
– Basic and diluted	－基本及攤薄		**11.85**	(5.75)

The notes on pages 84 to 168 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit/loss for the year are set out in note 9.

第84至168頁所載附註構成財務報告其中部分。本公司權益股東應佔年內利潤／虧損之應付股息載於附註9。

Consolidated Statement of Comprehensive Income
綜合全面收入表

For the year ended 31 December 2010 截至二零一零年十二月三十一日止年度
(Expressed in Renminbi) 以民幣列值)

		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Profit/(loss) for the year	年度利潤／(虧損)	**211,447**	(98,142)
Other comprehensive income for the year:	年度其他全面收入：		
Exchange differences on translation of financial statements of subsidiaries outside of the People's Republic of China ("PRC")	換算中華人民共和國(「中國」)以外附屬公司業務財務報告之匯兌差額		

Consolidated Statement of Financial Position
綜合財務狀況表

At 31 December 2010 於二零一零年十二月三十一日
(Expressed in Renminbi) (以人民幣列值)

		Note 附註	2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	14(a)	**1,197,049**	536,849
Prepayments for acquisition of property, plant and equipment	購置物業、廠房及設備的預付款項		**49,063**	63,264
Lease prepayments	租賃預付款項	15	**68,400**	63,948
Prepayments for raw materials	原材料的預付款項	16	**146,915**	214,068
Interest in an associate	於一間聯營公司的權益	18	**37,000**	–
Deferred tax assets	遞延稅項資產	25(b)	**4,250**	42,925
			1,502,677	921,054
Current assets	流動資產			
Inventories	存貨	19	**378,287**	441,288
Trade and other receivables	應收貿易賬款及其他應收款項	20	**628,412**	405,361
Pledged deposits	已抵押存款	21	**74,113**	44,055
Cash at bank and in hand	銀行及手頭現金	22	**459,734**	236,191
			1,540,546	1,126,895

2010
2009

Statement of Financial Position
財務狀況表

At 31 December 2010 於二零一零年十二月三十一日
(Expressed in Renminbi) (以人民幣列值)

		Note 附註	2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	14(b)	**35**	57
Investments in subsidiaries	於附屬公司的投資	17	**147,456**	163,005
			147,491	163,062
Current assets	流動資產			
Trade and other receivables	應收貿易賬款及其他應收款項	20	**803,567**	839,077
Cash at bank and in hand	銀行及手頭現金	22	**1,045**	3,527
			804,612	842,604
Current liabilities	流動負債			
Other payables and accrued expenses	其他應付款項及應計費用	23	**23,993**	25,482
Net current assets	流動資產淨額		**780,619**	817,122
NET ASSETS	資產淨值		**928,110**	980,184
CAPITAL AND RESERVES	資本及儲備	30(b)		
Share capital	股本		**162,458**	162,458
Reserves	儲備		**765,652**	817,726
TOTAL EQUITY	權益總額		**928,110**	980,184

Approved and authorised for issue by the board of directors on 28 March 2011.

董事會於二零一一年三月二十八日核准並許可發出。

TAN Wenhua
譚文華
Director
董事

HSU You Yuan
許祐淵
Director
董事

The notes on pages 84 to 168 form part of these financial statements.

第84至168頁所載附註構成財務報告其中部分。

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

For the year ended 31 December 2010 截至二零一零年十二月三十一日止年度
(Expressed in Renminbi) 以 民幣列值）

	Attributable to equity shareholders of the Company 本公司權益股東應佔權益									
	Share capital	Share premium	General reserve fund	Capital reserve	Exchange reserve	Other reserve	Retained profits	Total	Non-controlling interests	Total equity

Consolidated Cash Flow Statement
綜合現金流量表

For the year ended 31 December 2010 截至二零一零年十二月三十一日止年度
(Expressed in Renminbi) 以 民幣列值)

		Note 附註	2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Operating activities	經營活動			
Profit/(loss) before taxation	除稅前利潤/(虧損)		282,891	(114,766)
Adjustments for:	調整：			
Depreciation and amortisation	折舊及攤銷		54,460	32,738
Loss on disposals of property, plant and equipment	出售物業、廠房及設備的虧損		–	901
Equity settled share-based payment expenses	按權益結算以股份支付的開支		4,752	25,046
Write-down of inventories	存貨撇減		–	172,648
Impairment of trade debtors	應收貿易賬款減值		449	4,752
Finance costs	融資成本		18,006	15,942
Provision for warranty	就保證作出的撥備		870	–
Interest income from bank deposits	銀行存款利息收入		(2,786)	(1,953)
Foreign exchange loss/(gain)	匯兌虧損/(收益)		1,624	(1,555)
Operating profit before changes in working capital	未計營運資金變動的經營利潤		360,266	133,753
Decrease/(increase) in inventories	存貨減少/(增加)		62,925	(219,281)
Increase in trade and other receivables	應收貿易賬款及其他應收款項增加		(260,773)	(131,267)
Decrease/(increase) in prepayments for raw materials	原材料的預付款項減少/(增加)		67,153	(2,908)
Increase/(decrease) in trade and other payables	應付貿易賬款及其他應付款項增加/(減少)		199,869	(72,700)
Increase in deferred income	遞延收入增加		105,604	36,968
Cash generated from/(used in) operating activities	經營活動所得/(所用)現金		535,044	(255,435)
PRC income tax paid	已付中國所得稅		(13,676)	(785)
PRC income tax refunded	已退回中國所得稅		–	1,093
Net cash generated from/(used in) operating activities	經營活動所得/(所用)現金淨額		521,368	(255,127)
Investing activities	投資活動			
Payment for the acquisition of property, plant and equipment	就購置物業、廠房及設備支付的款項		(603,242)	(96,133)
Capital injection to an associate	向一間聯營公司注資		(37,000)	–
Payment of lease prepayments	租賃預付款項		(5,876)	(17,503)
Deposits with banks with original maturity over three months	到期日為三個月以上的銀行存款		(12,980)	(57,020)
Proceeds from disposals of property, plant and equipment	出售物業、廠房及設備所得款項		1,094	7
Interest received	已收利息		2,786	1,953

		Note 附註	2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Financing activities	融資活動			
Placement of pledged deposits	置存已抵押存款		**(59,097)**	(44,055)
Repayments of pledged deposits	償還已抵押存款		**29,039**	25,071
Dividends paid	已付股息	9(b)	**–**	(10,584)
Proceeds from bank loans	銀行貸款所得款項		**984,573**	447,154
Repayment of bank loans	銀行貸款之還款		**(610,836)**	(302,460)
Proceeds from shares issued under share option scheme	根據購股權計劃發行股份所得款項	30(f)	**–**	18,937
Proceeds from the listing of Taiwan Depository Receipts	台灣存託憑證上市所得款項	30(e)	**–**	200,590
Capital injection by minority shareholders	少數股東注資		**22,050**	19,605
Share issuing costs for the listing of Taiwan Depositary Receipts	台灣存託憑證上市的股份發行成本	30(e)	**–**	(3,780)
Interest paid	已付利息		**(21,932)**	(17,130)
Net cash generated from financing activities	融資活動所得現金淨額		**343,797**	333,348
Net increase/(decrease) in cash and cash equivalents	現金及現金等價物之增加／（減少）淨額		**209,947**	(90,475)
Cash and cash equivalents at the beginning of the year	年初現金及現金等價物		**179,171**	270,402
Effect of foreign exchange rate changes	匯率變動的影響		**616**	(756)
Cash and cash equivalents at the end of the year	年終現金及現金等價物	22	**389,734**	179,171

The notes on pages 84 to 168 form part of these financial statements.

第84至168頁所載附註構成財務報告其中部分。

Notes to the Financial Statements
財務報告附註

(Expressed in Renminbi) (以 民幣列值)

1 Significant accounting policies

(a) Sae e c ,ace

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

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Ba . ,e aa ,e aca . ae e .

The consolidated financial statements for the year ended 31 December 2010 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in an associate.

The measurement basis used in the preparation of the financial statements is the historical cost basis except as otherwise stated in the accounting policies set out below.

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

1 主要會計政策

(a) 合規聲明

財務報告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，財務報告亦符合香港聯合交易所有限公司證券上市規則(「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本集團及本公司於現時會計期間首次生效或提早採納之若干新訂及經修訂香港財務報告準則。附註2提供就於現時及過往會計期間初步採納與本集團有關之此等發展事項導致於此等財務報告反映之會計政策之任何變動之資料。

(b) 財務報告的編製基準

截至二零一零年十二月三十一日止年度之綜合財務報告包括本公司及其附屬公司(統稱「本集團」)以及本集團於一間聯營公司之權益。

除於以下會計政策內列明，編製財務報告是以歷史成本作為計量基準。

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

1 Significant accounting policies (continued)

(b) Ba . , e a ca . ae e . (continued)

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

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 36.

(c) S b. da e. a d -c e e. .

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests (previously known as "minority interests") represent the equity in a subsidiary not attributable directly or indirectly to the Company, 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.

1 主要會計政策(續)

(b) 財務報告的編製基準(續)

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

有關管理層採納香港財務報告準則時所作出對財務報告有重大影響的判斷，以及不確定估計之主要來源之討論載列於附註36。

(c) 附屬公司及非控制性權益

附屬公司指本集團控制的實體。控制是指本集團有權力支配某實體的財務及營運政策，藉此從其活動取得利益。在評估本集團是否控制某實體時，會考慮到目前可行使的潛在投票權。

於附屬公司的投資由控制開始當日至控制終止當日在綜合財務報告中綜合計算。集團內公司間的結餘和交易，以及集團內公司間交易產生的任何未變現利潤，會在編製綜合財務報告時全數抵銷。集團內公司間交易所引致未變現虧損的抵銷方法與未變現收益相同，但抵銷額只限於沒有證據顯示已出現減值的部分。

非控制性權益(前稱「少數股東權益」)為並非由本公司直接或間接應佔的附屬公司權益，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。

1 Significant accounting policies (continued)

(c) S b、d a e、a d -c . e e、 (continued)

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate the cost on initial recognition of an investment in an associate (see note 1(d)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 1(h)).

(d) A、 c a e.

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note 1(h)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated income statement, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of comprehensive income.

1 主要會計政策(續)

(c) 附屬公司及少數股東權益(續)

非控制性權益於綜合財務狀況表內的權益項下與本集團權益股東應佔權益分開列示。本集團業績中的非控制性權益乃在綜合損益表及綜合全面收入表中列為年度利潤或虧損總額及全面收入總額在非控制性權益及本集團權益股東之間的分配。

當本集團失去附屬公司之控制權，會以出售該附屬公司的全部權益列賬，因而產生之損益乃於損益表中確認。於失去控制權當日在該附屬公司保留之權益會以公平值確認，而該款額乃被視為該財務資產於最初確認時之公平值或(如適用)於一間聯營公司之投資於最初確認時之成本(見附註1(d))。

於本公司財務狀況表中，於附屬公司的投資是按成本減去減值虧損後入賬(見附註1(h))。

(d) 聯營公司

聯營公司是指本集團或本公司對其有重大影響，但對其管理層並無控制或共同控制權的實體；重大影響包括參與其財務和經營決策。

於聯營公司的投資是按權益法記入綜合財務報告。根據權益法，投資初步以成本入賬，然後就本集團所佔被投資方可識別資產淨值的收購日期公平值超出投資成本的任何部分(如有)作出調整。其後，有關投資會就本集團所佔被投資方資產淨值的收購後變動及有關投資的任何減值虧損(見附註1(h))作出調整。收購日期超出成本的任何部分、本集團所佔被投資方的收購後除稅後業績及年內的任何減值虧損於綜合損益表確認，而本集團所佔被投資方其他全面收入內的收購後除稅後項目則於綜合全面收入表確認。

1 Significant accounting policies (continued)

(d) A. . c a e. (continued)

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that, in substance, form part of the Group's net investment in the associate.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at

this amount is rgardsedhis the paitvaflup onignital recognition ofa fminnocile assetor,n whenap prprciate, thecoest recognition ofant investment inant associate.

1 Significant accounting policies (continued)

(e) P , re , , a a de , e (continued)

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 proportions of production overheads and borrowing costs (see note 1(s)).

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 profit or loss 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.

( ) C , c , e.

Construction in progress is stated at cost less impairment losses (see note 1(h)(ii)).

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

1 主要會計政策(續)

(e) 物業、廠房及設備(續)

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，以及生產經常費用及借貸成本的適當部分(見附註1(s))。

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項目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、廠房及設備項目的估計可使用年限，以直線法減去其估計剩餘價值(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。

( ) 在建工程

在建工程按成本減去減值虧損(見附註1(h)(ii))後列賬。

成本包括建設及安裝期間的直接建設成本及資本化利息。當該資產投入擬定用途所需的準備工作大致完成時，此等成本終止資本化，而該在建工程則轉入物業、廠房及設備。在建工程不計提折舊，直至在建工程大部分已就緒作擬定用途。

1 Significant accounting policies (continued)

( ) Lea ed a e

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

(i) Classification of assets leased to the Group

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

(ii) Operating lease charges

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

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

1 主要會計政策(續)

( ) 租賃資產

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

(i) 本集團租賃資產之分類

本集團根據租賃持有並獲轉讓與所有權溿U袈♂扔坼芋藥

1 Significant accounting policies (continued)

(c) Impairment of investments in equity securities and trade and other receivables

(i) Impairment of investments in equity securities and trade and other receivables

Investments in equity securities and trade and other receivables that are stated at cost or amortised cost are reviewed at the end of each reporting period 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;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of the investment in an associate below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

- For investments in subsidiaries and an associate

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1 Significant accounting policies (continued)

(ر) I ,ra e a ، e ، (continued)

(i) Impairment of the investment in an associate and trade and other receivables (continued)

If any such evidence exists, any impairment loss is determined and recognised as follows: (continued)

– For trade and other receivables carried at amortised cost, impairment loss is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for receivables which are assessed for impairment pai(ancial assetsrmenbamilawhe( )terec.4(the)8exp*X's caTwX(for r8 cost,1e effectermined as theinitial reco simila652cognibe linkilawbjal assetstoe for 237such evidence eermined as theconti

1 Significant accounting policies (continued)

(c) Impairment of assets (continued)

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period 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; and
- pre-paid interests in leasehold land classified as being held under an operating lease.

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

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market 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 profit or loss if 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.

1 主要會計政策(續)

(c) 資產減值(續)

(ii) 其他資產減值

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

- 物業、廠房及設備；
- 在建工程；及
- 劃分為以經營租賃形式持有的租賃土地所預繳的權益。

如果出現任何減值跡象，便會對資產的可收回金額作出估算。

- 可收回金額之計算

資產的可收回金額是其公平值減銷售成本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量的最小資產組別(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)。

1 Significant accounting policies (continued)

(g) Impairment of assets, etc. (continued)

(ii) Impairment of other assets (continued)

– Reversals of impairment losses

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

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

(h) Inventories

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

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

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

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

(i) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts (see note 1(h)(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

1 主要會計政策(續)

(g) 資產減值(續)

(ii) 其他資產減值(續)

— 撥回減值虧損

如果用以釐定可收回金額的估計數字出現正面的變化，有關的減值虧損便會撥回。

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

(h) 存貨

存貨以成本及可變現淨值兩者中的較低者列值。

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

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

售出存貨的賬面金額在相關收入確認的期間內，確認為支出。存貨數額撇減至可變現淨值的金額，而存貨的所有虧損均在出現撇減或虧損期間確認為支出。存貨撇減的任何撥回在撥回期間沖減列作支出的存貨數額。

(i) 應收貿易賬款及其他應收款項

應收貿易賬款及其他應收款項最初按公平值確認，其後按攤銷成本扣除呆賬減值準備(見附註1(h)(i))入賬，惟借予關連方免息及無固定還款期的貸款或貼現影響並不重大之應收款項，則按成本扣除呆賬的減值準備入賬。

1 Significant accounting policies (continued)

( ) I e e -bea b

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

() T ade a d e a ab e

Trade and other payables are initially recognised at fair value. 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.

( ) Ca a d ca e a e

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

( ) E e ee be e

(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

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1 Significant accounting policies (continued)

( ) E , e ee be e . (continued)

(iii) Share-based payments

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

During the vesting period, the number of share options that is expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to profit or loss 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. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the share option is exercised (when it is transferred to the share premium account) or the share option expires (when it is released directly to retained earnings).

1 主要會計政策(續)

( ) 僱員福利(續)

(iii) 以股份支付款項

授予僱員之購股權之公平值以及向僱員配發及發行之股份之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。購股權及股份之公平值於授出當日分別以二項式點陣模型及市盈率估值法計算，並考慮購股權及股份的授出條款及條件。倘僱員於無條件享有購股權或股份前須符合歸屬或禁售條件，則超出認購成本的購股權的估計總公平值或股份的估計總公平值在歸屬或禁售期內攤分，並需考慮購股權將歸屬的可能性。

於歸屬內，預期歸屬之購股權數目已獲審閱。任何對過往年度已確認累計公平值所作調整於回顧年度的損益表內扣除／計入，除非原有僱員開支合資格確認為資產，則對資本儲備作出相應調整。於歸屬日期，為反映實際歸屬之購股權之數目(僅因並無達成與本公司股份市價有關之歸屬條件而沒收者除外)，確認為開支之金額已作出調整，並於資本儲備作相應調整。權益金額於資本儲備確認，直至購股權獲行使(其時將轉撥至股份溢價賬)或購股權到期時(其時將直接於保留盈利解除)止。

1 Significant accounting policies (continued)

( ) I c e a

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and

1 Significant accounting policies (continued)

( ) I c e a (continued)

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

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 end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period 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.

1 主要會計政策(續)

( ) 所得稅(續)

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

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，根據於各報告期間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。

本集團於每個報告期間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。

1 Significant accounting policies (continued)

( ) I c e a (continued)

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.

( ) P 、 、 a d c e ab e.

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

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

1 主要會計政策(續)

( ) 所得稅(續)

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。

( ) 撥備及或然負債

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

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

1 Significant accounting policies (continued)

( ) Re e e ec

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

1 Significant accounting policies (continued)

( ) Re e e ec (continued)

(vi) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal installments 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 profit or loss as an integral part of the aggregate net lease payments receivable.

( ) Ta a e c e ce

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("functional currency"). The financial statements are presented in Renminbi Yuan ("RMB") ("reporting currency").

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

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. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

1 主要會計政策(續)

( ) 收入確認(續)

(vi) 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，以等額分期在損益表確認，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分。

( ) 外幣換算

載於本集團各實體財務報告的項目乃採用最能反映有關該實體之相關事宜及情況之經濟特質之貨幣(「功能貨幣」)計量。財務報告則以人民幣(「人民幣」)(「呈報貨幣」)呈列。

年內，外幣交易按交易日當日之匯率換算。以外幣為單位之貨幣資產及負債按報告期間結算日當日之匯率換算。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。財務狀況表項目乃按報告期間結算日之收市匯率換算為人民幣。產生之匯兌差額於其他全面收入確認並獨立累計於匯兌儲備之權益內。

1 Significant accounting policies (continued)

( ) Ta . a e c e ce. (continued)

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

( ) B c . .

Borrowing costs that are 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 are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

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.

( ) Re ea c a d de e e e e .

Expenditure on research and development is charged to profit or loss as an expense when incurred.

( ) Re a ed a e.

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;

1 主要會計政策(續)

( ) 外幣換算(續)

於出售境外業務時，有關該境外業務之匯兌差額之累計數額，會於確認出售損益時自權益重新分類至損益表。

( ) 借貸成本

與收購、建造或生產需要長時間才可投入擬定用途或銷售的資產直接相關的借貸成本獲撥充資本作為資產之部分成本。其他借貸成本於產生時於期內列作開支。

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

( ) 研發開支

研發開支於產生時計入損益表作開支。

( ) 關連方

就本財務報告而言，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；

1 Significant accounting policies (continued)

( ) Re a ed ,a e. (continued)

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

(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

(iv) 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.

( ) Se e e ,e

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they have a majority of these criteria.

1 主要會計政策(續)

( ) 關連方(續)

就本財務報告而言，下列的另一方被視為本集團關連方：(續)

(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。

( ) 分部報告

經營分部及以財務報告呈報之各分部項目金額，乃根據就分配資源予本集團各業務及地區分部並評估其表現而定期提供予本集團最高層管理人員之財務資料而確定。

就財務報告而言，個別重要經營分部不會綜合呈報，除非此等分部具有類似經濟特徵以及其產品及服務性質、生產程序性質、客戶類型或類別、分銷產品或提供服務所採用之方式及監管環境性質類似。倘個別並非屬重大之經營分部擁有上述大部分特徵，則可綜合呈報。

2 Changes in accounting policies

The HKICPA has issued two revised HKFRSs, a number of amendments to HKFRSs and two new Interpretations that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 3 (revised 2008), *Business Combinations*

- Amendments to HKAS 27, *Consolidated and Separate Financial Statements*

- Improvements to HKFRSs (2009)

- HK(Int) 5, *Presentation of financial statements – Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause*

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

The issuance of HK(Int) 5 has had no material impact on the Group's financial statements as the Interpretation's conclusions were consistent with the accounting policies already adopted by the Group. The other developments resulted in changes in accounting

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2 Changes in accounting policies (continued)

- As a result of the amendments to HKAS 17, *Leases*, arising from the "Improvements to HKFRSs (2009)" omnibus standard, the Group has re-evaluated the classification of its interests in leasehold land as to whether, in the Group's judgement, the lease transfers significantly all the risks and rewards of ownership of the land such that the Group is in a position economically similar to that of a purchaser. The Group has concluded that the classification of such leases as operating leases continues to be appropriate.

2 會計政策變動(續)

- 由於「香港財務報告準則之改進(二零零九年)」之綜合準則導致香港會計準則第17號*租賃*須作出修訂，本集團已重新評估其於租賃土地權益之分類，按本集團之判斷評估租賃是否轉讓土地擁有權之絕大部分風險及回報，使本集團之經濟地位與一位買家之經濟地位相若。本集團之結論為將有關租賃分類為經營租賃仍屬恰當。

3 Turnover

The principal activities of the Group are the manufacturing of, trading of and provision of processing services for polysilicon and monocrystalline and multicrystalline silicon solar ingots/wafers and the producing of and trading of photovoltaic modules as well as the installation of photovoltaic systems.

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

3 營業額

本集團主要業務為太陽能單晶硅及多晶硅錠／硅片的製造、買賣及提供多晶硅料加工服務以及光伏模組的生產及買賣與安裝光伏系統。

營業額乃指供應予客戶貨物的銷售值(減增值稅及貿易折扣)以及提供加工服務與安裝光伏系統所得收入。年內，各項於營業額中確認的重大收入類別如下：

		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Sales of polysilicon and monocrystalline and multicrystalline silicon solar ingots/wafers	銷售多晶硅及太陽能單晶硅及多晶硅錠／硅片	**1,695,959**	623,036
Revenue from trading of photovoltaic modules and installation of photovoltaic systems	買賣光伏模組及安裝光伏系統的收入	**87,962**	835
Processing service fees	加工服務費	**70,848**	34,849
		1,854,769	658,720

4 Other revenue

4 其他收入

		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Government grants (note 26)	政府補貼(附註26)	**9,756**	10,023
Income from sale of scrap materials	出售廢料的收入	**6,821**	566
Interest income from bank deposits	銀行存款的利息收入	**2,786**	1,953
Rental income from operating leases	經營租賃的租金收入	**1,800**	1,932
Others	其他	**2,011**	424
		23,174	14,898

5 Other net (loss)/income

5 其他(虧損)／收入淨額

		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Net foreign exchange (loss)/gain	外匯(虧損)／收益淨額	**(2,274)**	3,791
Loss on disposal of property, plant and equipment	出售物業、廠房及設備的虧損	**–**	(901)
		(2,274)	2,890

6 Profit/(loss) before taxation

Profit/(loss) before taxation is arrived at after charging/(crediting):

2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元

7 Income tax in the consolidated income statement

Income tax in the consolidated income statement represents:

2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元

7 Income tax in the consolidated income statement (continued)

The PRC subsidiaries of the Group were subject to the following PRC Corporate Income Tax ("CIT") rates for both years ended 31 December 2009 and 2010:

7 綜合損益表內所得稅(續)

團體國內附屬公司就截至二零零九年及二零一零

		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Shanghai Jingji Electronic Materials Co., Ltd.	上海晶技電子材料有限公司	25%	25%
Jinzhou Jingji Solar Technology Co., Ltd.	錦州晶技太陽能科技有限公司	25%	25%
Jinzhou Rixin Silicon Materials Co., Ltd.	錦州日鑫硅材料有限公司	25%	25%
Jinzhou Youhua Silicon Materials Co., Ltd.	錦州佑華硅材料有限公司	25%	25%
Jinzhou Yangguang Energy Co., Ltd. ("Yangguang") (note)	錦州陽光能源有限公司 ("錦州陽光")(附註)	15%	15%
Jinzhou Jinmao Photovoltaic Technology Company Limited	錦州錦懋光伏科技有限公司	25%	25%
Solargiga Energy (Qinghai) Co., Ltd.	陽光能源(青海)有限公司	25%	N/A不適用

Note: In 2009, Yangguang was granted the status of a "High and New Technology Enterprise" that entitled it to a preferential CIT rate of 15% for three years commencing from the year ended 31 December 2009.

Under the CIT Law of the PRC and its relevant regulations, dividends receivable by non-PRC corporate residents from PRC enterprises are subject to withholding tax at a rate of 10% or 5% for earnings accumulated beginning on 1 January 2008. Accordingly, a provision for withholding tax in respect of the undistributed profits from the PRC subsidiaries has been made for both years ended 31 December 2010 and 2009.

7 Income tax in the consolidated income statement (continued)

(b) Rec c a be ee a e e/(c ed) a d acc /( ) a a cab e a a e :

	2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元

9 Dividends

(a) D de d ra ab e e a e de e C ra a b ab e e ea

		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Final dividend proposed after the end of the reporting period of RMB3.5 cents (HK4.1 cents) per share (2009: RMB Nil)	報告期間結算日後建議派發終期股息 每股人民幣3.5分(4.1港仙) (二零零九年：人民幣零元)	**63,251**	–

The Board has recommended the payment of final dividend of RMB3.5 cents (HK4.1 cents) per share for the year ended 31 December 2010 (2009: RMB Nil per share).

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(b) D de d ra ab e e a e de e C ra a b ab e e e a c a ea a e ed a d ra dd e ea

		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Final dividend in respect of the previous financial year, approved and paid during the year – cash dividend	於年內批准及支付上一個財政年度終期股息 ↓繕意↓祇睙虹 2 琯胺翾柢歔 Ⱥ臌芸窿 / 🅈藬案甥菸寨ㄐ艚ㄍ耡腈燲酸丨旲萌虹甥綱		

10 Earnings/(loss) per share

(a) Ba c ea . /(.) re . a e

The calculation of basic earnings/(loss) per share is based on the profit attributable to the ordinary equity shareholders of the Company of RMB214,121,000 (2009: loss of RMB98,098,000) and the weighted average of 1,807,170,425 (2009: 1,705,687,406) ordinary shares of the Company in issue during the year as calculated as set out in note 10(b).

(b) We ed a e a e be d a . a e

10 每股盈利／(虧損)

(a) 每股基本盈利／(虧損)

每股基本盈利／(虧損)乃根據本公司普通股權益股東應佔利潤人民幣214,121,000元(二零零九年：虧損人民幣98,098,000元)以及按附註10(b)所載方式計算年內的本公司已發行普通股加權平均數1,807,170,425股(二零零九年：1,705,687,406股)計算。

(b) 普通股加權平均股數

		Number of ordinary shares 普通股數目	
		2010 二零一零年	2009 二零零九年
Issued ordinary shares at 1 January	於一月一日已發行普通股	**1,807,170,425**	1,690,766,500
Effect of shares issued in lieu of cash dividend (note 30(d))	發行股份代替現金股息的影響(附註30(d))	**–**	2,447,276
Effect of shares issued under the listing of Taiwan Depositary Receipts (note 30(e))	根據台灣存託憑證上市發行股份的影響(附註30(e))	**–**	5,753,425
Effect of shares issued under the share option scheme (note 30(f))	根據購股權計劃發行股份的影響(附註30(f))	**–**	6,720,205
Weighted average number of ordinary shares	普通股加權平均股數	**1,807,170,425**	1,705,687,406

(c) D ed ea . /(.) re . a e

There were no dilutive potential ordinary shares in issue during the years ended 31 December 2009 and 2010.

(c) 每股攤薄盈利／(虧損)

於截至二零零九年及二零一零年十二月三十一日止年度，並無潛在攤薄的已發行普通股。

11 Directors' remuneration

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

	2010 二零一零年			
	Fees	Basic salaries, allowances and benefits in kind	Retirement scheme bene27es salarie7t 2010計劃供款	（附詐灨RMB'00

11 Directors' remuneration (continued)

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

	2009 二零零九年					
	Fees	Basic salaries, allowances and benefits in kind	Retirement scheme contributions	Sub-Total	Share-based payments (note)	Total
	袍金	基本薪金、津貼及實物利益	退休計劃供款	小計	以股份支付款項（附註）	總計
	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元

12 Individuals with highest emoluments

Of the five individuals with the highest emoluments, three (2009: four) are directors whose emoluments are disclosed in note 11. The

13 Segment reporting

In prior periods, the Group managed the operations of the manufacturing of, trading of and provision of processing services for polysilicon and monocrystalline and multicrystalline silicon solar ingots/wafers/modules as a whole. The composition of the operating segments was changed in the current year as a result of the significant growth of the manufacturing of and trading of photovoltaic modules and installation of photovoltaic systems business. The change in the composition of the operating segments has resulted in the change in the internal reporting information reviewed by the Group's most senior executive management.

In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified two reportable segments in 2010: (i) the manufacturing of, trading of and provision of processing services for polysilicon and monocrystalline and multicrystalline silicon solar ingots/waters ("Segment A"); and (ii) the manufacturing of and trading of photovoltaic modules and installation of photovoltaic systems ("Segment B"). No operating segments have been aggregated to form these reportable segments. Comparative figures have been restated to reflect such change.

13 分部報告

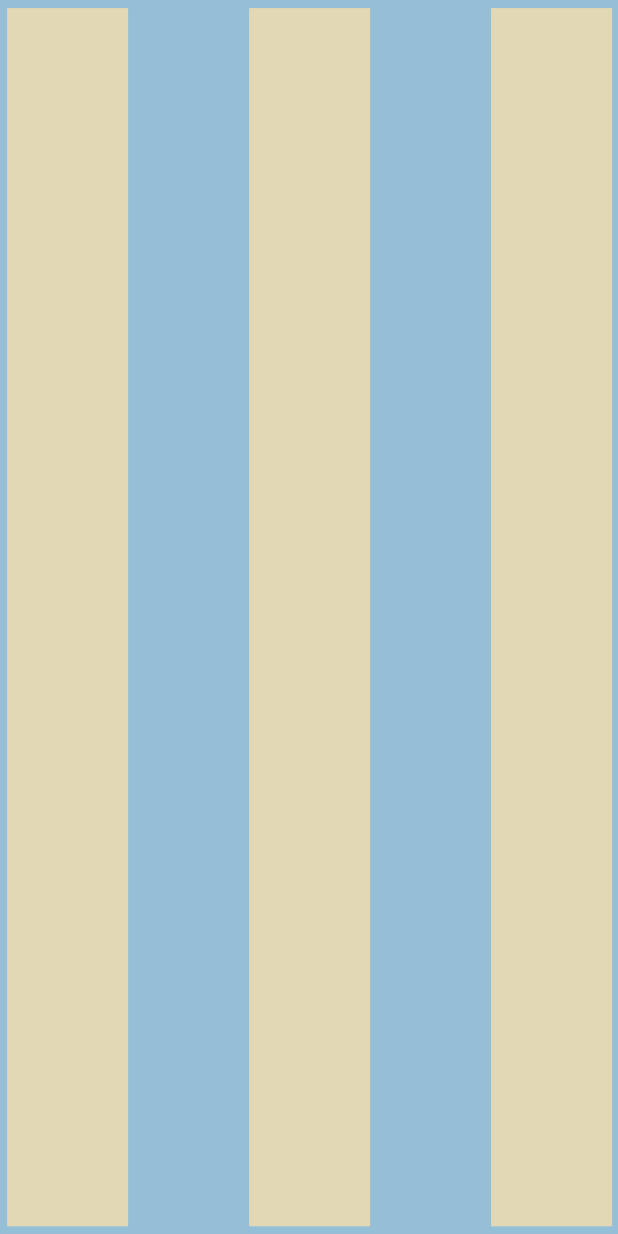
於過往期間，本集團負責管理太陽能單晶及多晶硅錠／硅片／模組整體的製造、買賣及提供多晶硅料加工服務。由於光伏模組之製造及買賣以及光伏系統安裝業務大幅增長，故本年度之經營分部組合有所改變。經營分部組合改變，導致本集團最高級行政管理層審閱之內報申報資料有所變動。

就資源分配及表現評估而言，本集團於二零一零年按照與本集團最高級行政管理層內報呈報之資料一致之方式，確認兩個可報告分部：(i)太陽能單晶及多晶硅錠／硅片的製造、買賣及提供多晶硅料加工服務(「分部A」)；及(ii)生產及買賣光伏模組及安裝光伏系統(「分部B」)。並無合併經營分部組成此等可報告分部。已重列比較數字，以反映有關變動。

13 Segment reporting (continued)

(a) Se e e、 、, a、e、a d ab e、

For the purpose of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to the reportable segments which are presented in the same way in the Group's financial statements. Information regarding the Group's reportable segments are disclosed as follows:



13 Segment reporting (continued)

(b) Geographical information

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the services were provided or the goods delivered. The Group's property, plant and equipment, lease prepayments and interest in an associate are physically located or operated in the PRC.

13 分部報告(續)

(b) 地區資料

下表載列有關本集團來自外界客戶的收益所在地區的資料。客戶所在地以提供服務或交付貨品的地點為依據。本集團的物業、廠房及設備、租賃預付款項及於一間聯營公司的權益均於中國或於中國經營。

		2010 二零一零年 RMB'000 人民幣千元	2009 零零 年 RMB'000 民幣
The PRC (place of domicile)	中國大陸(註冊地點)	**1,121,531**	515,387
Export sales	出口銷售		
– The United States of America	–美國	**457,157**	73,785
– Japan	–日本	**212,154**	39,247
– Taiwan	–台灣	**33,227**	21,585
– Germany	–德國	**14,824**	5,316
– Canada	–加拿大	**13,875**	–
– Korea	–韓國	**219**	781
– Other countries	–其他國家	**1,782**	2,619
Sub-total	小計	**733,238**	143,333
Total	總計	**1,854,769**	658,720

14 Property, plant and equipment
(a) T、e G ,

14 物業、廠房及設備
(a) 本集團

		Construction in progress 在建工程 RMB'000 人民幣千元	Buildings 樓宇 RMB'000 人民幣千元	Plant, machinery and equipment 廠房、機器及設備 RMB'000 人民幣千元	Motor vehicles 汽車 RMB'000 人民幣千元	Furniture and fittings 家具及固定裝置 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Cost:	成本：						
At 1 January 2009	於二零零九年一月一日	84,690	25,411	322,778	7,592	7,537	448,008
Exchange adjustments	匯兌調整	–	–	–	–	(5)	(5)
Additions	添置	131,359	8,876	31,439	1,107	1,990	174,771
Disposals	出售	–	–	(1,862)	–	(147)	(2,009)
Transfers	轉撥	(134,803)	3,800	130,874	–	129	–
At 31 December 2009	於二零零九年十二月三十一日	81,246	38,087	483,229	8,699	9,504	620,765
Accumulated depreciation:	累計折舊：						
At 1 January 2009	於二零零九年一月一日	–	3,888	44,482	2,824	2,149	53,343
Exchange adjustments	匯兌調整	–	–	–	–	(1)	(1)
Charge for the year	年度折舊	–	1,598	26,912	1,300	1,865	31,675
Written back on disposals	出售時撥回	–	–	(1,003)	–	(98)	(1,101)
At 31 December 2009	於二零零九年十二月三十一日	–	5,486	70,391	4,124	3,915	83,916
Net book value:	賬面淨值：						
At 31 December 2009	於二零零九年十二月三十一日	81,246	32,601	412,838	4,575	5,589	536,849

14 Property, plant and equipment (continued)

(a) T、e G ，• (continued)

	Construction in progress	Buildings	Plant, machinery and equipment	Motor vehicles	Furniture and fittings	Total
	在建工程	樓宇				

14 Property, plant and equipment (continued)

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

(d) The Group has yet to obtain property ownership certificates for certain buildings with an aggregate net book value of RMB35,211,000 (2009: RMB4,762,000) as at 31 December 2010. Notwithstanding this, the directors are of the opinion that the Group owned the beneficial title to these buildings as at 31 December 2010.

(e) F ed a e ea ed de e a ea e
The Group leases out a limited portion of land and buildings under operating lease. The leases typically run for an average period of twenty years, with an option to renew the leases upon expiry at which time all terms are renegotiated. None of the leases includes contingent rentals.

The Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

14 物業、廠房及設備(續)

(c) 本集團全部物業、廠房及設備均位於中國。

(d) 本集團尚未獲得若干樓宇的房屋所有權證，於二零一零年十二月三十一日，該等樓宇的賬面淨值總額為人民幣35,211,000元(二零零九年：人民幣4,762,000元)。然而，董事認為本集團於二零一零年十二月三十一日擁有該等樓宇的實益業權。

(e) 根據經營租賃出租之固定資產
本集團根據經營租賃出租極小部分土地及樓宇。該等租賃一般平均為期二十年，可於屆滿時選擇重續租賃，所有條款將於重續時重新磋商。該等租賃並不包括或然租金。

本集團根據不可註銷經營租賃應收之未來最低租賃款如下：

		The Group 本集團	
		2010 二零一零年 **RMB'000** 人民幣千元	2009 零零 年 RMB'000 民幣
Within 1 year	一年內	**1,728**	1,728
After 1 year but within 5 years	一年後但於五年內	**6,911**	6,911
After 5 years	五年後	**10,151**	11,878
		18,790	20,517

15 Lease prepayments

15 租賃預付款項

		The Group 本集團	
		2010 二零一零年 RMB'000 人民幣千元	2009 零零九年 RMB'000 人民幣
Cost:	成本：		
As at 1 January	於一月一日	**66,544**	49,041
Additions	添置	**5,876**	17,503
As at 31 December	於十二月三十一日	**72,420**	66,544
Accumulated amortisation:	累計攤銷：		
As at 1 January	於一月一日	**2,596**	1,533
Charge for the year	年度攤銷	**1,424**	1,063
As at 31 December	於十二月三十一日	**4,020**	2,596
Net book value:	賬面淨值：		
As at 31 December	於十二月三十一日	**68,400**	63,948

Lease prepayments represent the cost of land use rights in respect of land located in the PRC, which expire on 19 October 2030, 29 April 2055, 15 and 27 August 2057 and 25 February 2059.

租賃預付款項為就位於中國之土地所支付土地使用權成本，該等土地使用權將於二零三零年十月十九日、二零五五年四月二十九日及二零五七年八月十五日及二十七日以及二零五九年二月二十五日屆滿。

16 Prepayments for raw materials

In order to secure a stable supply of polysilicon materials, the Group makes prepayments to certain suppliers. Prepayments for raw materials where the Group expects to take delivery of the inventory more than twelve months after the end of the reporting period are classified as non-current assets at the year end date.

16 原材料預付款項

為確保有穩定多晶硅原材料供應，本集團向若干供應商支付預付款項。於本集團預期於報告期間結算日後十二個月以上方取得存貨之原材料作出之預付款項，於年結日分類為非流動資產。

17 Investments in subsidiaries

17 於附屬公司的投資

		The Company 本公司	
		2010 二零一零年 RMB'000 人民幣千元	2009 零零 年 RMB'000 民幣
Unlisted shares/capital contribution, at cost at 1 January	於一月一日的非上市股份／出資，按成本	163,005	163,005
Exchange adjustment	匯兌調整	(15,549)	–
Unlisted shares/capital contribution, at cost at 31 December	於十二月三十一日的非上市股份／出資，按成本	147,456	163,005

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.

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

Name of company 公司名稱	Place and date of incorporation/ operation 註冊成立／經營地點及日期	Authorised/ registered/ paid-in/ issued capital 法定／註冊／實繳／已發行資本	Proportion of ownership interest 所有權權益比例 Group's effective interest 本集團的實際權益 %	held by the Company 由本公司持有 %	held by a subsidiary 由附屬公司持有 %	Principal activities 主要業務	Legal form 法定形式
錦州日鑫硅材料有限公司 ("日鑫")	The PRC 9 May 2007 中國 二零零七年五月九日	Registered and paid-in capital of RMB190,000,000 註冊及實繳資本 人民幣190,000,000元	100	–	100	Manufacturing and processing of monocrystalline ingots/wafers 製造及加工單晶硅錠／硅片	Limited liability company 有限責任公司
錦州晶技太陽能科技有限公司 ("錦州晶技")	The PRC 9 December 2007 中國 二零零七年十二月九日	Registered and paid-in capital of US$17,500,000 註冊及實繳資本 17,500,000美元	100	–	100	Manufacturing and processing of monocrystalline wafers 製造及加工單晶硅片	Limited liability company 有限責任公司

17 Investments in subsidiaries (continued) 17 於附屬公司的投資(續)

Name of company 公司名稱	Place and date of incorporation/ operation 註冊成立/ 經營地點及日期	Authorised/ registered/ paid-in/ issued capital 法定/註冊/ 實繳/已發行資本	Proportion of ownership interest 所有權權益比例			Principal activities 主要業務	Legal form 法定形式
			Group's effective interest 本集團的實際權益 %	held by the Company 由本公司持有 %	held by a subsidiary 由附屬公司持有 %		
錦州陽光能源有限公司 (「陽光」)	The PRC 15 December 2004 中國 二零零四年 十二月十五日	Registered and paid-in capital of RMB813,000,000 註冊及實繳資本 人民幣 813,000,000元	100	–	100	Manufacturing and processing of monocrystalline and multicrystalline ingots/wafers 製造及加工單晶及多晶硅錠/硅片	Limited liability company 有限責任公司
錦州佑華硅材料有限公司 (「佑華硅材」)	The PRC 13 September 2008 中國 二零零八年 九月十三日	Registered and paid-in capital of RMB200,000,000 註冊及實繳資本 人民幣 200,000,000元	100	–	100	Manufacturing and processing of monocrystalline ingots/wafers 製造及加工單晶 硅錠/硅片	Limited liability company 有限責任公司
上海晶技電子材料有限公司 (「晶技」)	The PRC 16 March 1998 中國 一九九八年 三月十六日	Registered and paid-in capital of US$6,950,000 註冊及實繳資本 6,950,000美元	100	–	100	Processing and trading of polysilicon and monocrystalline ingots/wafers 加工及買賣多晶硅及 單晶硅錠/硅片	Limited liability company 有限責任公司

17 Investments in subsidiaries (continued)

17 於附屬公司的投資(續)

Name of company 公司名稱	Place and date of incorporation/ operation 註冊成立／經營地點及日期	Authorised/ registered/ paid-in/ issued capital 法定／註冊／實繳／已發行資本	Proportion of ownership interest 所有權權益比例			Principal activities 主要業務	Legal form 法定形式
			Group's effective interest 本集團的實際權益 %	held by the Company 由本公司持有 %	held by a subsidiary 由附屬公司持有 %		
Solar Technology Investment (Cayman) Corp. ("STIC")	Cayman Islands 15 December 2006 開曼群島 二零零六年十二月十五日	Authorised capital of HK$400,000,000 of HK$0.10 each and issued share capital of HK$167,895,494 法定資本400,000,000港元，每股面值0.10港元及已發行股本167,895,494港元	100	100	–	Investment holding 投資控股	Limited liability company 有限責任公司
Wealthy Rise International Limited 鉅升國際有限公司	Hong Kong 21 June 2007 香港 二零零七年六月二十一日	Authorised share capital of HK$10,000 of HK$1 each and issued share capital of HK$1 法定股本10,000港元，每股面值1港元及已發行股本1港元	100	–	100	Trading of polysilicon and monocrystalline ingots/wafers 買賣多晶硅及單晶硅錠／硅片	Limited liability company 有限責任公司
錦州錦懋光伏科技有限公司（「錦州錦懋」）	The PRC 17 July 2009 中國 二零零九年七月十七日	Registered and paid-in capital of RMB40,000,000 註冊實繳資本人民幣40,000,000元	51	–	51	Manufacturing of photovoltaic modules and design and installation of photovoltaic systems 製造光伏模組以及設計及安裝光伏系統	Limited liability company 有限責任公司

18 Interest in an associate

18 於一間聯營公司的權益

		The Group 本集團		The Company 本公司	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元	**2010 二零一零年 RMB'000 人民幣千元**	2009 二零零九年 RMB'000 人民幣千元
Capital contribution, at cost	出資，按成本	**–**	–	**37,000**	–
Share of net assets	應佔資產淨值	**37,000**	–	**–**	–
		37,000	–	**37,000**	–

The following list contains the particular of the associate, which is an unlisted corporate entity:

下表載列聯營公司的詳情，其為一間非上市公司實體：

Name of associate 聯營公司名稱	**Form of business structure** 業務結構形式	**Place of incorporation and operation** 註冊成立及經營地點	**Particulars of registered and paid-in capital** 註冊及實繳資本詳情	**Proportion of ownership interest** 所有權權益比例 **Group's effective interest** 本集團實際權益 %	**Held by a subsidiary** 由一間附屬公司持有 %
錦州奧克陽光新能源有限公司（「奧克」）	Incorporated 註冊成立	The PRC 中國	RMB100,000,000 人民幣100,000,000元	37	37

Summary financial information on the associate:

於聯營公司的財務資料概要：

		2010 二零一零年	
		Assets 資產 RMB'000 人民幣千元	**Equity 權益 RMB'000 人民幣千元**
100 per cent	100巴仙	**100,000**	**100,000**
Group's effective interest	本集團的實際權益	**37,000**	**37,000**

19 Inventories

(a) I e e. ec da ed a e e a ca e. c e:

19 存貨

(a) 綜合財務狀況表之存貨包括：

		The Group 本集團	
		2010 二零一零年 RMB'000 人民幣千元	2009 零零 年 RMB'000 民幣
Raw materials	原材料	232,431	251,013
Work-in-progress	在製品	61,577	88,056
Finished goods	製成品	84,279	102,219
		378,287	441,288

(b) T e a a e a e ec ed a a e e a :

(b) 確認為支出的存貨金額分析如下：

		The Group 本集團	
		2010 二零一零年 RMB'000 人民幣千元	2009 零零 年 RMB'000 民幣
Carrying amount of inventories sold	已售存貨的賬面值	1,441,526	491,852
Write-down of inventories	存貨撇減	–	172,648
		1,441,526	664,500

20 Trade and other receivables

		The Group 本集團		The Company 本公司	
		2010 二零一零年 **RMB'000** 人民幣千元	2009 二零零九年 RMB'000 人民幣千元	**2010** 二零一零年 **RMB'000** 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Trade debtors and bills receivable (note 20(a))	應收貿易賬款及票據（附註20(a)）	**167,255**	165,501	**–**	–
Prepayments for raw materials (note 20(b))	原材料的預付款項（附註20(b)）	**151,288**			

20 Trade and other receivables (continued)

(d) The ageing analysis of trade debtors and bills receivable (net of allowance for doubtful debts) based on invoice date as of the end of the reporting period is as follows:

		The Group 本集團	
		2010 二零一零年 RMB'000 人民幣千元	2009 零零 年 RMB'000 民幣
Within 1 month	一個月內	144,740	86,336
1 to 3 months	一至三個月	15,660	66,746
3 to 6 months	三至六個月	–	9,717
6 to 12 months	六至十二個月	6,855	2,385
1 to 2 years	一至兩年	–	317
		167,255	165,501

Trade debtors are due within 30 to 90 days from the date of billing. Further details on the Group's credit policy are set out

20 Trade and other receivables (continued)

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The ageing analysis of trade debtors and bills receivable

21 Pledged deposits

Certain of the Group's bank deposits were pledged to secure certain banking facilities granted to the Group as follows:

21 已抵押存款

本集團若干銀行存款已就本集團獲授之若干銀行融資作出抵押，載列如下：

		The Group 本集團	
		2010 二零一零年 RMB'000 人民幣千元	2009 零零 年 RMB'000 民幣
Pledged as security for bills payable	抵押作為應付票據之抵押品	70,047	35,000
Guarantee deposits for issuance of letters of credit	抵押作為發出信用證之存款擔保	4,066	9,055
		74,113	44,055

The effective annual interest rate for pledged deposits with banks was 0.36% (2009: 0.24%) as at 31 December 2010.

於二零一零年十二月三十一日，已抵押予銀行的存款的實際年利率為0.36厘(二零零九年：0.24厘)。

22 Cash at bank and in hand

22 銀行及手頭現金

		The Group 本集團		The Company 本公司	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Cash at bank and in hand	銀行及手頭現金	459,734	236,191	1,045	3,527
Deposits with banks with original maturity over three months	原有到期日超過三個月之銀行存款	(70,000)	(57,020)		
Cash and cash equivalents in the consolidated cash flow statement	綜合現金流量表中之現金及現金等價物	389,734	179,171		

(a) Cash at bank and in hand totaling RMB404,612,000 (2009: RMB200,739,000) as at 31 December 2010 is denominated in RMB. RMB is not a freely convertible currency and the remittance of funds out of the PRC is subject to exchange restrictions imposed by the PRC government.

The effective annual interest rate for deposits with banks was 1.77% (2009: 0.28%) as at 31 December 2010.

(a) 於二零一零年十二月三十一日，銀行及手頭現金合共人民幣404,612,000元(二零零九年：人民幣200,739,000元)以人民幣列值。人民幣為不可自由兌換貨幣，且在國內匯出資金須受中國政府的外匯管制規限。

於二零一零年十二月三十一日，銀行存款之實際年利率為1.77厘(二零零九年：0.28厘)。

22 Cash at bank and in hand (continued)

(b) N -ca a ac

On 20 March 2009, the Board recommended the payment of a final dividend of HK$0.017 (equivalent to RMB0.015) per share for the year ended 31 December 2008 with a scrip alternative to the shareholders. Under this scrip dividend scheme, 5,513,925 shares of HK$0.1 each were issued in lieu of cash of RMB14,777,000 during the year ended 31 December 2009.

23 Trade and other payables

24 Interest-bearing borrowings

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

24 計息借貸

計息借貸的賬面值分析如下：

		The Group 本集團	
		2010 二零一零年 RMB'000 人民幣千元	2009 零零 年 RMB'000 民幣
Unsecured short-term bank loans	無抵押短期銀行貸款	648,011	289,274
Long-term loans	長期貸款		
• unsecured bank loan (note 24(a))	• 無抵押銀行貸款(附註24(a))	85,000	70,000
• municipal government loan (note 24(b))	• 市政府貸款(附註24(b))	3,095	3,227
		88,095	73,227
		736,106	362,501

(a) The long-term bank loan is unsecured, interest bearing and is fully repayable in 2015 (2009: 2011).

(a) 長期銀行貸款為無抵押、計息，及須於二零一五年(二零零九年：二零一一年)悉數償還。

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

(b) 應償還市政府貸款如下：

		The Group 本集團	
		2010 二零一零年 RMB'000 人民幣千元	2009 零零 年 RMB'000 民幣
Within 1 year	一年內	364	364
After 1 year but within 2 years	一年後但於兩年內	364	364
After 2 years but within 5 years	兩年後但於五年內	1,091	1,091
After 5 years	五年以後	1,276	1,408
		3,095	3,227

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

本集團已就於中國遼寧省錦州建設製造廠房取得市政府貸款。有關市政府貸款概無未達成的條件或或然事項，且為無抵押、按固定年利率2.55厘計息及須於二零一零年至二零二零年期間分期悉數清償。

25 Income tax in the consolidated statement of financial position

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25 綜合財務狀況表內的所得稅

(a) 綜合財務狀況表內的即期稅項代表：

		The Group 本集團	
		2010 二零一零年 RMB'000 人民幣千元	2009 零零 年 RMB'000 民幣
Provision for PRC Enterprise Income Tax for the year	年度中國企業所得稅撥備	15,891	28
PRC Enterprise Income Tax paid	已付中國企業所得稅	(13,676)	–
		2,215	28
Balance of income tax provision relating to prior years	過往年度所得稅撥備結餘	28	–
Current tax payable	即期應付稅項	2,243	28

25 Income tax in the consolidated statement of financial position (continued)

(c) De e ed a a、e、 ec 、ed

The Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB62,867,000 (2009: RMB28,452,000) and RMB4,172,000 (2009: RMB10,176,000) attributable to its subsidiaries in Hong Kong and the PRC, respectively, as it is not probable that future taxable profits against which losses can be utilised will be available in the relevant tax jurisdiction and entities. The tax losses of the subsidiary in Hong Kong do not expire under current tax legislation while those of the subsidiary in the PRC will expire within five years.

26 Deferred income

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27 Other non-current liabilities

Included in other non-current liabilities is provision for product warranty costs as follows:

		2010 二零一零年 RMB'000 人民幣千元
At 1 January	於一月一日	–
Provision made	所作撥備	870
At 31 December	於十二月三十一日	870

The Group's photovoltaic modules were typically sold with a 2 or 5-year warranty for defects in materials and workmanship and a 10 and 25 year minimum power output warranty, against declines of more than 10% and 20%, respectively, of initial power generation capacity from the date of delivery. The Group has the right to repair

28 Retirement benefit schemes (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.

29 Equity settled share-based transactions

(a) STIC E , • 、 ee S、 a e P a

For the purpose of providing compensation to certain senior management and employees (the "Relevant Employees") of the acquisition of Solar Technology Investment (Cayman) Corp. and its subsidiaries ("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

29 Equity settled share-based transactions (continued)

(a) STIC E , ee S a e P a (continued)

Out of the total allotted and issued shares of 126,114,814 shares, 116,961,911 shares are subject to the Return Condition. Accordingly, the Acquired Group is required to recognise the value of such shares over the subscription cost as an employee expense on a straight-line basis over the relevant lock-up period. Employee expenses as a result of the allotment of such shares subject to the Return Condition to the Relevant Employees will be approximately RMB17.0 million, RMB9.0 million, RMB4.8 million and RMB1.9 million for each of the financial years ended/ending 31 December 2008, 2009, 2010 and 2011, respectively, assuming there is no termination of the Relevant Employees' employment before the end of the relevant vesting period. In respect of those shares which are not subject to the Return Condition, the value of such shares over the subscription cost was recognised as an employee expense on the allotment date.

On 26 June 2007, the Company acquired the entire interest of the Acquired Group. As shareholders of the Acquired Group, the Relevant Employees and the Other Relevant Officers were entitled to and did subscribe for 114,973 shares of HK$0.1 each of the Company for an aggregate consideration of HK$12,611,481 (equivalent to RMB12,244,000). The Return Condition remains applicable to those Relevant Employees to the effect that if the Relevant Employees cease to be employed for reasons other than becoming incapacitated by work-inflicted injury which would prevent them from performing their duties or deceased before the end of the relevant lock-up period, the Relevant Directors are entitled to buy back those shares which remain subject to the lock-up period from the Relevant Employees, provided that in the event that a Relevant Employee ceases to be employed within one year after the listing of the Company's shares on the Stock Exchange ("the Listing Date"), the Relevant Directors shall not be entitled to buy back the relevant shares until the first anniversary of the Listing Date.

29 以股權結算股份支付之交易(續)

(a) STIC僱員股份計劃(續)

已配發及發行股份總數126,114,814股，其中116,961,911股受歸還條件所限。因此，被收購集團以直線法於有關禁售期內確認股份價值超出認購成本之數為僱員開支。假設概無有關僱員於有關歸屬期完結前停止受聘，截至二零零八年、二零零九年、二零一零年及二零一一年十二月三十一日止財政年度各年，因配發該等受歸還條件所限的股份予有關僱員而引致的僱員開支將分別約為人民幣17,000,000元、人民幣9,000,000元、人民幣4,800,000元及人民幣1,900,000元。就該等不受歸還條件所限的股份而言，該等超出認購成本的股份價值已於配發日期確認為僱員開支。

於二零零七年六月二十六日，本公司收購被收購集團的全部權益。作為被收購集團的股東，有關僱員及其他有關高級職員有權以總代價12,611,481港元(相等於人民幣12,244,000元)認購114,973股每股面值0.1港元的本公司股份，而上述僱員已認購相關股份。歸還條件仍適用於有關僱員，倘有關僱員不再受聘(因工傷導致傷殘未能履行其職責，或於有關禁售期完結前身故除外)，有關董事有權向有關僱員購回該等依然處於禁售期的股份，前提是倘有關僱員於本公司股份於聯交所上市(「上市日期」)後一年內終止受聘，有關董事於上市日期一周年屆滿前不得購回相關股份。

29 Equity settled share-based transactions (continued)

(a) STIC E , e ee S a e P a (continued)

(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 under the STIC Employee Share Plan was 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

Fair value at measurement date 於計算日期的公平值	RMB57.50 million 人民幣57,500,000元
Expected price to earnings multiple 預期市盈率	22.3

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.

29 以股權結算股份支付之交易(續)

(a) STIC僱員股份計劃(續)

(ii) 股份的公平值及假設

因配發及發行股份所獲服務的公平值，乃經參照授出股份的公平值而計量。根據STIC僱員股份計劃所授出股份的估計公平值，乃於授出日期採用市盈率估值法計量。估值乃應用(i)在可資比較業務環境中經營的一組上市公司的預期市盈率(經就所估值公司本身的獨特情況作出調整)；及(ii)被收購集團經適當調整後的純利(不包括非經營收入及開支)所得出。

股份的公平值及假設

市盈率乃經參考可資比較上市公司釐定，並已顧及有關股份於授出日期缺乏市場流通能力的因素。

若干股份乃按服務條件授出。該條件並未納入計算於授出日期獲得服務的公平值。授予股份不附設市場條件。

29 Equity settled share-based transactions (continued)

(b) S a e O P a e C a

The Company adopted a 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 to 185 grantees under the Scheme on 29 December 2008. Tranche A of the Scheme was fully vested on the date of grant and Tranche B of the Scheme was fully vested on 30 June 2009. Each option gives the holder the right to subscribe for one ordinary share in the Company and is settled gross in shares.

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

	Tranche A 甲組	Tranche B 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

29 以股權結算股份支付之交易(續)

(b) 本公司之購股權計劃

本公司於二零零八年二月二十七日採納購股權計劃(「該計劃」)，以聘用及留聘優質行政人員及僱員。本公司於二零零八年十二月二十九日按照該計劃向185名承授人授出可按認購價1.974港元認購合共42,269,163股普通股的購股權，每名承授人須支付代價1港元。該計劃所涉及甲組購股權於授出日期全數歸屬，而該計劃所涉及乙組購股權於二零零九年六月三十日全數歸屬。每份購股權賦予持有人認購本公司一股普通股之權利，並全數以股份結算。

() 根據該計劃所授出購股權的條款及條件如下：

29 Equity settled share-based transactions

(continued)

(b) S a e O P a e C a (continued)

(ii) The number and weighted average exercise prices of share options are as follows:

		2010 Tranche B 二零一零年乙組	
		Weighted average exercise price 加權平均行使價	**Number of options** 購股權數目 **'000** 千份
Outstanding at 1 January 2010	於二零一零年一月一日尚未行使	**HK$1.974**	**21,094**
Lapsed during the year	於年內失效	**HK$1.974**	**(21,094)**
Outstanding at 31 December 2010	於二零一零年十二月三十一日尚未行使		**–**

	2009 二零零九年			
	Tranche A 甲組		**Tranche B** 乙組	
	Weighted average exercise price 加權平均行使價	Number of options 購股權數目 '000 千份	Weighted average exercise price 加權平均行使價	Number of options 購股權數目 '000 千份

30 Share capital

(a) T、e G ，e

Details of the movements in capital and reserves of the Group are set out in the consolidated statement of changes in equity.

(b) T、e C ，a 、

		Note 附註	Share capital 股本 RMB'000 人民幣千元	Share premium 股份溢價 RMB'000 人民幣千元	Capital reserve 資本儲備 RMB'000 人民幣千元	Exchange reserve 匯兌儲備 RMB'000 人民幣千元	Accumulated losses 累計虧損 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
Balance at 1 January 2009	於二零零九年一月一日之結餘		152,189	740,854	7,403	175	(30,356)	870,265
Changes in equity for 2009:	二零零九年之權益變動：							
Profit for the year	年度利潤		–	–	–	–	(100,797)	(100,797)

30 Share capital (continued)

(c) A , ed a d , , ed , a e ca , a

30 股本(續)

(c) 法定及已發行股本

		The Company 本公司			
		2010 二零一零年		2009 二零零九年	
		No. of shares 股份數目	'000 千元	No. of shares 股份數目	'000 千元
Authorised:	法定：				
Ordinary shares of HK$0.1 each	每股面值0.1港元的普通股	5,000,000,000	HK$500,000 港幣500,000	5,000,000,000	HK$500,000 港幣500,000
Equivalent to	相等於		RMB450,000 人民幣450,000		RMB450,000 人民幣450,000
Ordinary shares, issued and fully paid:	已發行及繳足普通股：				
At 1 January	於一月一日	1,807,170,425	RMB162,458 人民幣162,458	1,690,766,500	RMB152,189 人民幣152,189
Shares issued in lieu of cash dividend (note 30(d))	就取代現金股息發行股份（附註30(d)）	–	–	5,513,925	485
Shares issued under the listing of Taiwan Depository Receipts (note 30(e))	根據台灣存託憑證上市發行股份（附註30(e)）	–	–	100,000,000	8,824
Shares issued under the share option scheme (note 30(f))	根據購股權計劃發行股份（附註30(f)）	–	–	10,890,000	960
At 31 December	於十二月三十一日	1,807,170,425	RMB162,458 人民幣162,458	1,807,170,425	RMB162,458 人民幣162,458

(d) S , a e , , ed e ca , d , de d

On 20 March 2009, the Board announced and recommended the payment of a final dividend of HK$0.017 (equivalent to RMB0.015) per share for the year ended 31 December 2008 with a scrip alternative to the shareholders on the register of members of the Company on 12 June 2009, where the shareholders could elect to receive the dividends by allotment of new shares credited as fully paid in lieu of cash (the "Scrip Dividend Scheme"). Shareholders were entitled to 0.00557 shares for each share held by them if they elected to receive the dividends by allotment of new shares.

(d) 就取代現金股息發行股份

於二零零九年三月二十日，董事會宣佈及建議向於二零零九年六月十二日名列本公司股東名冊之股東派付截至二零零八年十二月三十一日止年度之終期股息每股0.017港元（相當於人民幣0.015元），附帶以股代息選擇股，股東可選擇以配發入賬列作繳足之新股份取代現金之方式收取股息（「以股代息計劃」）。倘股東選擇以配發新股份之方式收取股息，則彼等有權就所持有之每股股份獲發0.00557股股份。

30 Share capital (continued)

(d) S a e ed e ca d de d (continued)

On 17 July 2009, 5,513,925 shares of HK$0.1 each were issued under the Scrip Dividend Scheme, representing 990,563,165 shares for which the shareholders elected to receive the dividends by allotment of new shares. The nominal value of these new shares of HK$551,000 (equivalent to RMB485,000) was credited to share capital and the balance of HK$16,288,000 (equivalent to RMB14,292,000) was credited to share premium account.

(e) S a e ed de e Ta a De Rece

On 10 December 2009, 100,000,000 units of Taiwan depository receipts ("TDR"), representing 100,000,000 new shares of HK$0.1 (equivalent to RMB0.088) each of the Company, were offered for subscription by the public in the Republic of China at an offer price of NT$9.45 (equivalent to RMB2.01) per TDR and were listed on the Taiwan Stock Exchange Corporation ("Taiwan Stock Exchange") on 11 December 2009. 100,000,000 new shares of the Company were issued by the Company. The Group raised proceeds of RMB196,810,000 net of related expenses from the listing of the Taiwan Depository Receipts on the Taiwan Stock Exchange.

( ) S a e ed de ae ce e

The Company adopted the Share Option Scheme (the "Scheme") on 27 February 2008 for the recruitment and retention of quality executives and employees as disclosed in note 29(b).

During the year ended 31 December 2009, share options granted under the Scheme were exercised to subscribe for 10,890,000 ordinary shares of the Company at a consideration of HK$21,497,000, of which HK$1,089,000 (equivalent to RMB960,000) was credited to share capital and the balance of HK$20,408,000 (equivalent to RMB17,977,000) was credited to the share premium account.

No share option granted under the Scheme has been exercised during the year ended 31 December 2010.

30 股本(續)

(d) 就取代現金股息發股份(續)

於二零零九年七月十七日，根據以股代息計劃發行5,513,925股每股面值0.1港元之股份，即有990,563,165股股份之股東選擇以配發新股份之方式收取股息。該等新股份之面值551,000港元(相當於人民幣485,000元)已計入股本，而餘額16,288,000港元(相當於人民幣14,292,000元)已計入股份溢價賬。

(e) 根據台灣存託憑證上市發行股份

於二零零九年十二月十日，100,000,000份台灣存託憑證(「台灣存託憑證」，相當於100,000,000股本公司每股面值0.1港元(相當於人民幣0.088元)之新股份)提呈供中華民國之公眾人士按發售價每份台灣存託憑證9.45新台幣(相當於人民幣2.01元)認購，並於二零零九年十二月十一日於台灣證券交易所股份有限公司(「台灣證交所」)上市。本公司發行100,000,000股本公司新股份。扣除有關開支後，本集團就台灣存託憑證於台灣證交所上市籌得之所得款項為人民幣196,810,000元。

( ) 根據購股權計劃發行股份

本公司於二零零八年二月二十七日採納購股權計劃(「該計劃」)，以聘用及留聘優秀行政人員及僱員，詳情於附註29(b)披露。

於截至二零零九年十二月三十一日止年度，根據該計劃授出之購股權已獲行使認購10,890,000股本公司普通股，代價為21,497,000港元，當中1,089,000港元(相當於人民幣960,000元)已計入股本，而餘額20,408,000港元(相當於人民幣17,977,000元)已計入股份溢價賬。

截至二零一零年十二月三十一日止年度，並無根據該計劃授出購股權。

31 Reserves

The nature and purpose of reserves are set out below:

(a) Share premium

The application of the share premium account is governed by the Companies Law of the Cayman Islands. The share premium is distributable.

(b) General reserve fund

Pursuant to articles of association of the Company's subsidiaries incorporated in the PRC, these PRC subsidiaries are required to transfer a minimum of 10% of their profits after taxation based on their PRC statutory financial statements to the general reserve fund until the balance of the fund is at least half of the paid-in capital of the relevant subsidiaries. The amounts allocated to this reserve are determined by the respective boards of directors with reference to the minimum requirement.

For the entities concerned, the general reserve fund can be used to make good previous years' losses, if any, and may be converted into capital in proportion to the equity holders' existing equity holdings, provided that the balance after such conversion is not less than 25% of the registered capital.

(c) Capital reserve

The capital reserve comprises the fair value of shares allotted and issued over the subscription costs and share options granted to employees of the Group recognised in accordance with the accounting policy adopted for share-based payments in note1(n)(iii).

31 儲備

儲備的性質及目的載列如下：

(a) 股份溢價

股份溢價賬的應用受開曼群島公司法所規管。股份溢價可予分派。

(b) 一般儲備金

根據本公司於中國註冊成立之附屬公司之組織章程細則，此等中國附屬公司須將其中國法定財務報告所示之除稅後利潤最少10%轉撥至一般儲備金，直至該儲備金結餘至少達相關附屬公司實繳股本一半。各自董事會經參照最低要求後，釐定分配至該儲備之金額。

就有關實體而言，一般儲備金可用作彌補以往年度虧損(如有)，亦可按權益持有人現時的持股比例兌換為資本，惟兌換後結餘不得少於註冊資本的25%。

(c) 資本儲備

資本儲備為配發及發行予本集團僱員的股份超逾認購成本的部分以及授予彼等的購股權遵照附註1(n)(iii)所載有關就以股份支付款項所採納會計政策而確認的公平值。

31 Reserves (continued)

(d) O、e e、e、e

The other reserve represents:

(i) The difference between Tayaneng's attributable shares 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.

es to the Financial Statements

31 Reserves (continued)

( ) Ca a aaee e (continued)

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of a gearing ratio. For this purpose, the Group defines gearing ratio as total borrowings to total share capital and reserves.

The gearing ratio at 31 December 2010 and 2009 were as follows:

31 儲備(續)

( ) 資金管理(續)

本集團積極定期檢討和管理其資本結構，在高借貸水平所可能帶來更高股東回報，以及穩健資本狀況所提供的優勢和保障兩者中間取得平衡，並因應經濟情況轉變而調整資本結構。

本集團以資產負債比率監察其資本結構。就此而言，本集團將資產負債比率定義為借貸總額相對總股本及儲備之比率。

於二零一零年及二零零九年十二月三十一日之資產負債比率如下：

			The Group 本集團	
		Note 附註	**2010 二零一零年 RMB'000 人民幣千元**	2009 零零 年 RMB'000 民幣
Current liabilities:	流動負債：			
Short-term bank loans	短期銀行貸款	24	**648,011**	289,274
Non-current liabilities:	非流動負債：			
Municipal government loan	市政府貸款	24	**3,095**	3,227
Long-term bank loan	長期銀行貸款	24	**85,000**	70,000
			88,095	73,227
Total borrowings	借貸總額		**736,106**	362,501
Share capital	股本		**162,458**	162,458
Reserves	儲備		**1,444,320**	1,225,261
			1,606,778	1,387,719
Gearing ratio	資產負債比率		**45.8%**	26.1%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

本公司及其任何附屬公司均毋須遵守外界施加之資本規定。

32 Related party transactions

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

32 關連方交易

年內，與下列人士進行之交易被視為關連方交易：

Name of party 訂約方名稱	**Relationship** 關係
Jinzhou Changhua Carbon Products Company Limited ("Jinzhou Changhua") 錦州昌華碳素製品有限公司(「錦州昌華」)	Significantly influenced by Tan Wenhua, an executive director of the Company 受本公司執行董事譚文華重大影響
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
Jinzhou Huarong Property Management Company Limited ("Jinzhou 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
Jinzhou 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
Jinzhou Youxin Electronic Materials Company Limited ("Jinzhou Youxin") 錦州佑鑫電子材料有限公司(「錦州佑鑫」)	Significantly influenced by Chong Kin Ngai, a non-executive director of the Company 受本公司非執行董事莊堅毅重大影響
Wafer Works (Shanghai) Corp. ("WWXS") 上海合晶硅材料有限公司(「合晶硅材料」)	Subsidiary of WWX 合晶科技之附屬公司
Jinzhou Aoke New Materials Co., Ltd.("Jinzhou Aoke") 錦州奧克新材料有限公司(「錦州奧克」)	Significantly influenced by Tan Wenhua 受譚文華重大影響
Kinmac Solar Corp. ("Kinmac") 景懋光電股份有限公司(「景懋」)	Equity shareholder of the Company 本公司之權益股東
Jinzhou Jingxin Semi-conductor Material Co., Ltd.. ("Jinzhou Jingxin") 錦州京鑫半導體材料有限公司(「錦州京鑫」)	Controlled by a close family member of Tan Wenhua 受譚文華之直系親戚控制
Space Energy Corporation ("SEC") 宇宙能源株式會社(「宇宙能源株式會社」)	Equity shareholder of the Company (Ceased to be a related party of the Group since 1 January 2010 upon disposal of all of its shares in the Company) 本公司之權益股東（於二零一零年一月一日出售其於本公司之所有股份後不再為本集團關連方）

32 Related party transactions (continued)

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

(a) Rec . a . ac .

		The Group 本集團	
		2010 二零一零年 **RMB'000** 人民幣千元	2009 零零 年 RMB'000 民幣
Sales of goods to:	銷售貨品予：		
• Huachang Guangfu	• 華昌光伏		

32 Related party transactions (continued)

(a) Rec . a 、ac 、(continued)

	The Group 本集團	
	2010 二零一零年	2009 零零 年
	RMB'000 人民幣千元	RMB'000 民幣
Purchases of goods from: 向下列各方購買貨品：		
• WWX		
• 时猴联濮蔑铙蔭豁Ｐ3毳Ｕ戮薔龙詎哀菎鼻猒匽諮へ辝厓溤覷庠等釔殳紉蕨州杉鐫爸起饗韭菜3		

32 Related party transactions (continued)

(c) A . d e e a ed , a e.

32 關連方交易(續)

(c) 應收關連方款項

		The Group 本集團	
		2010 二零一零年 RMB'000 人民幣千元	2009 零零 年 RMB'000 民幣
Trade	貿易		
• Huachang Guangfu	• 華昌光伏	**57,007**	88,094
• WWX	• 合晶科技	**14,130**	31,799
• Jinzhou Aoke	• 錦州奧克	**2,583**	3,435
• Jinzhou Youxin	• 錦州佑鑫	**1,984**	–
• WWXS	• 合晶硅材料	**100**	–
		75,804	123,328
Non-trade	非貿易		
• Jinzhou Changhua	• 錦州昌華	**–**	2,000
• Huachang Guangfu	• 華昌光伏	**–**	100
• Jinzhou Huarong	• 錦州華榮	**–**	22
		–	2,122
		75,804	125,450

The amounts due from related parties are unsecured, interest free and are expected to be recovered or recognised as expense within one year.

應收關連方款項為無抵押、免息及預期可於一年內收回或確認為開支。

32 Related party transactions (continued)

(d) A 、d e ea ed, a e.

32 關連方交易(續)

(d) 應付關連方款項

	The Group 本集團	
	2010 二零一零年 RMB'000 人民幣千元	2009 零零 年 RMB'000 民幣
Trade 貿易		
• Jinzhou Youxin • 錦州佑鑫	**20,013**	11,305
• Huachang Guangfu • 華昌光伏	**46,960**	133
• Jinzhou Changhua • 錦州昌華	**10,143**	10,961
• Jinzhou Huarong • 錦州華榮	**376**	–
• Jinzhou Jingxin • 錦州京鑫	**326**	–
• Jinzhou Aoke • 錦州奧克	**271**	376
• Kinmac • 景懋	**31**	–
• WWX • 合晶科技	**–**	3,688
• WWXS • 合晶硅材料	**–**	64
	78,120	26,527

The amounts due to related parties are unsecured, interest free and expected to be settled within one year.

應付關連方款項為無抵押、免息及預期可於一年內償還。

(e) Ke a a e e , e. e e ea

Key management personnel receive compensation in the form of salaries, housing and other allowances, benefits in kind, discretionary bonuses and retirement scheme contributions. Details of key management personnel remuneration are disclosed in notes 11 and 12. Total remuneration is included in "staff costs" as disclosed in note 6(b).

(e) 主要管理人員薪酬

主要管理人員以薪金、住房及其他津貼、實物利益、酌情花紅及退休計劃供款的方式收取酬金。主要管理人員薪酬詳情於附註11及12披露。薪酬總額撥入「員工成本」，詳情於附註6(b)披露。

33 Capital commitments

Capital commitments that relate to purchase of property, plant and equipment outstanding at 31 December 2010 not provided for in the financial statements are as follows:

33 資本承擔

有關購置物業、廠房及設備於二零一零年十二月三十一日尚未償還且並未在財務報告內撥備之資本承擔如下：

		The Group 本集團	
		2010 二零一零年 RMB'000 人民幣千元	2009 零零 年 RMB'000 民幣
Authorised and contracted for	已授權並已訂約	256,972	254,828
Authorised but not contracted for	已授權但未訂約	141,235	52,175

34 Operating lease commitments

At 31 December 2010, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

34 經營租賃承擔

於二零一零年十二月三十一日，根據不可撤銷之經營租賃，日後本集團應付之最低租賃付款總額如下：

		The Group 本集團	
		2010 二零一零年 RMB'000 人民幣千元	2009 零零 年 RMB'000 民幣
Within 1 year	一年內	2,013	2,628
After 1 year but within 5 years	一年後但五年內	3,507	5,408
After 5 years	五年後	1,818	1,930
		7,338	9,966

The Group is the lessee in respect to a number of properties held under operating leases. 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.

本集團為多項根據經營租賃所持物業的承租人。該等租賃一般初步為期二至二十年，可於各份租賃屆滿時選擇重續，所有條款於重續時重新磋商。該等租賃並不包括或然租金。

35 Financial risk management and fair values

(continued)

(b) L d 、 、

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

The following tables show the remaining contractual maturities

35 Financial risk management and fair values

(continued)

(c) l e e. a e . (continued)

(i) Interest rate profile

The following table details the interest rate profile of the Group's net borrowings at the end of the reporting period.

		2010 二零一零年		2009 二零零九年	
		Effective interest rate 實際利率 %	RMB'000 人民幣千元	Effective interest rate 實際利率 %	RMB'000 人民幣千元
Variable rate borrowings	浮息借貸				
Short-term unsecured bank loans	短期無抵押銀行貸款	1.98-6.12	578,011	4.86-6.90	289,274

35 Financial risk management and fair values (continued)

(d) C e c 、

The Group is exposed to currency risk primarily through sales and purchases, bank loans and cash and bank deposits that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily the United States Dollar, Euros 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 and Euros at spot rates where necessary to address short-term imbalances.

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period 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.

35 財務風險管理及公平值(續)

(d) 外匯風險

本集團承受的外匯風險，主要來自以外幣(即與交易相關之業務與功能貨幣以外貨幣)計值之銷售及採購銀行貸款以及現金及銀行存款。產生此等風險之貨幣主要為美元、歐元及港元。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，董事在需要時可藉著按即期匯率買入或賣出美元及歐元解決短期失衡，以確保淨風險維持於可接受水平。

(i) 外匯風險

下表詳列本集團於報告期間結算日承擔的外匯風險，外匯風險因以相關實體功能貨幣以外貨幣計值之已確認資產或負債而產生。

The Group
本集團

Exposure to foreign currencies (expressed in Renminbi)
外匯風險（以人民幣列值）

		2010 二零一零年			2009 二零零九年	
		United States Dollars 美元 RMB'000 人民幣千元	Euros 歐元 RMB'000 人民幣千元	Hong Kong Dollars 港元 RMB'000 人民幣千元	United States Dollars 美元 RMB'000 人民幣千元	Hong Kong Dollars 港元 RMB'000 人民幣千元
Trade and other receivables	應收貿易賬款及其他應收款項	62,069	27,714	–	21,857	–
Cash at bank and in hand	銀行及手頭現金	43,008	–	2,465	67,607	10,911
Bank loans	銀行貸款	(340,884)	(23,131)	–	(84,274)	–
Trade and other payables	應付貿易賬款及其他應付款項	(17,526)	(46,685)	–	(82)	–
		(253,333)	(42,102)	2,465	5,108	10,911

35 Financial risk management and fair values (continued)

(d) C e c 、 (continued)

(ii) Sensitivity analysis (continued)

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis has been performed on the same basis for 2009.

(e) S a a e a 、 、

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.

( ) Fa 、a e.

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2009 and 2010.

35 財務風險管理及公平值(續)

(d) 外匯風險蠳

36 Significant accounting estimates and judgements

The methods, estimates and judgements the directors used in applying the Group's accounting policies have a significant impact on the Group's financial position and operating results. Some of the accounting policies require the Group to apply estimates and judgements on matters that are inherently uncertain. The critical accounting judgements in applying the Group's accounting policies are described below.

(a) U e e , a de e

Property, plant and equipment is depreciated on a straight-line basis over the estimated useful lives of each asset, after taking into account the estimated residual value. The Group reviews annually the useful life of an asset and its residual value, if any. Both the period and methods of depreciation are reviewed annually. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

(b) I a e , a d e a d ade ece ab e

The Group reviews the carrying amounts of property, plant and equipment at the end of each reporting period to determine whether there is objective evidence of impairment. When an indication of impairment is identified, the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, management prepares discounted future cash flows to assess the differences between the carrying amount and value in use and provides for impairment losses. Any change in the assumptions adopted in the cash flow forecasts would increase or decrease the provision for impairment losses and affect the Group's profit or loss and net asset value.

Impairment losses for bad and doubtful debTo and affect the 2irmei anca5nted fu 5oad afaethorment i precigements the d'

36 Significant accounting estimates and judgements (continued)

(c) I ra e ad a ce e a d e c ac

The Group makes non-cancellable advance payments to raw material suppliers under purchase agreements which are to be offset against future purchases. In the event when the economic benefits expected to be received under these purchase agreements are less than the unavoidable costs of meeting the contractual obligations; or the financial condition of these suppliers deteriorate, the Group will consider whether the advance payments to these suppliers are impaired and make necessary provision for the present obligation under the agreements. The Group does not require collateral or other security against its advances to suppliers. The Group performs ongoing evaluations of impairment of advances to suppliers and provisions for commitments that may become onerous due to a menases. In e ad.5( )⊠TJ⊠⊠9.891TJ⊠⊠9.eal coi aondition

he preojcted trventu, treaterdexpecnes., capitl suecnings.891TTj⊠*⊠01519Tc⊠0917 Tw⊠(ather)costs . Wen axpected the Group will cake necessary provision sfor the 15.52

36 Significant accounting estimates and judgements (continued)

( ) P 、 、 a a 、 c 、 、

The Group provides warranties for its photovoltaic modules for up to 25 years after sales have taken place. Due to limited warranty claims history, the Group estimates warranty costs based on the Group's historical cost data, industry data and an assessment of the Group's competitors' accrual. The warranty obligation of the Group will be affected not only by the product failure rates, but also by costs incurred to repair or replace failed products. If the actual product failure rates and cost of replacement or repairing of failed products differ from the estimates, the Group will need to prospectively revise the provision for warranty costs which would affect profit or loss in future years.

36 重大會計估計及判斷(續)

( ) 保用成本撥備

本集團就其光伏模組提供長達25年的售後保用。由於過往甚少出現就保用索償，本集團根據本集團的歷史成本數據、業內數據及對本集團競爭對手的累計索償評估估計保用成本。本集團的保用責任不但會受產品故障比率影響，同時會受維修或置換出現故障產品所涉成本影響。倘實際產品故障比率及置換或維修出現故障產品的實際成本與估計有差異，本集團將須預先修訂保用成本撥備，並對未來年度的利潤或虧損構成影響。

37 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2010

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and interpretations and one new standard which are not yet effective for the year ended 31 December 2010 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

37 已頒佈但尚未於截至二零一零年十二月三十一日止年度生效的修訂、新訂準則及詮釋可能帶來的影響

截至財務報告刊發日期，香港會計師公會已頒佈多項修訂及詮釋以及一項新訂準則，而本集團並未在財務報告中採用此等並未於截至二零一零年十二月三十一日止年度生效的修訂及詮釋、以及新訂準則。該等修訂及詮釋以及新訂修訂包括以下各項，並可能與本集團相關。

	Effective for accounting periods beginning on or after 於下列日期或之後開始的會計期間生效
Improvements to HKFRSs 2010 香港財務報告準則二零一零年改進	1 July 2010 or 1 January 2011 二零一零年七月一日或二零一一年一月一日
Revised HKAS 24, *Related party disclosures* 經修訂的香港財務會計準則第24號，*關連方披露*	1 January 2011 二零一一年一月一日
HKFRS 9, *Financial instruments* 香港財務報告準則第9號，*財務工具*	1 January 2013 二零一三年一月一日

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Company's results of operations and financial position.

本集團現正評估上述修訂於首次應用期間的預期影響。至目前為止，本集團認為應用上述修訂、新訂準則及詮釋不大可能會對本公司的經營業績及財務狀況產生重大影響。

38 Non-adjusting events after the reporting date

(a) On 26 J TD⊠nH 2011,he reGroup acquir ina 100% equity 3“Sinoimight” OJ TRMB138,58600T⊠33((4,200,000T(ors LH 20sharesf H