Trony Solar Holdings Company Limited

創益太陽能控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 2468

2010 / 2011

Annual Report

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CORPORATE INFORMATION

Directors

Executive Directors

Mr. Yi LI *(Chairman and Chief Executive Officer)*
Mr. Yixiang CHEN

Non-Executive Director

Mr. Hong YU

Independent Non-Executive Directors

Mr. David Ka Hock TOH
Prof. Chia-Wei WOO
Mr. Shujian CHE

Registered Office

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Walker House, 87 Mary Street
George Town
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Cayman Islands

Head Office in the PRC

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Great China International Exchange Square
No. 1 Fuhua Road
Futian District
Shenzhen 518048
PRC

Principal Place of Business in Hong Kong

Unit 103B, 1/F, Enterprise Place
No. 5 Science Park West Avenue
Hong Kong Science Park
Shatin, New Territories
Hong Kong

Audit Committee

Mr. David Ka Hock TOH *(chairman)*
Prof. Chia-Wei WOO
Mr. Shujian CHE

Nomination Committee

Mr. Yi LI *(chairman)*
Mr. David Ka Hock TOH
Prof. Chia-Wei WOO

Remuneration Committee	Mr. Yi LI *(chairman)* Mr. David Ka Hock TOH Prof. Chia-Wei WOO
Company Secretary	Ms. Stella Yuen Ying CHAN *(HKICS, ACIS, HKIoD)*
Company Website	**www.trony.com**
Authorized Representatives	Mr. Yi LI Ms. Stella Yuen Ying CHAN
Cayman Islands Principal Share Registrar and Transfer Office	Butterfield Fulcrum Group (Cayman) Limited Butterfield House 68 Fort Street P.O. Box 609 Grand Cayman KY1-1107 Cayman Islands
Hong Kong Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Compliance Advisor	CMB International Capital Limited Units 1803-4, 18/F, Bank of America Tower 12 Harcourt Road Central Hong Kong
Legal Advisors	Orrick, Herrington & Sutcliffe
Auditor	Deloitte Touche Tohmatsu Certified Public Accountants
Principal Bankers	Industrial and Commercial Bank of China (Asia) Limited Hang Seng Bank Limited China Construction Bank

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of all the members of the board of Directors of Trony Solar Holdings Company Limited (the "Company" or "Trony"), I am pleased to submit to the Shareholders the first annual results of the Company after the Listing.

Trony Solar grew rapidly in 2011. The Company has been successfully listed in Hong Kong since October 2010, which laid a solid foundation for the long-term development of the Company. For the year ended June 30, 2011 (the "Year"), the Company achieved strong performance in respect of all of its financial indicators, which can be summarized as follows:

- Revenue was RMB1,961.6 million, up 45.2% year-on-year from RMB1,351.2 million for the year ended June 30, 2010;
- Gross profit was RMB838.0 million, up 46.2% year-on-year from RMB573.0 million for the year ended June 30, 2010;
- Gross profit margin increased to 42.7% from 42.4% for the year ended June 30, 2010;
- Net profit was RMB544.0 million, up 8.9% year-on-year from RMB499.4 million for the year ended June 30, 2010;
- Net margin decreased to 27.7% from 37.0% for the year ended June 30, 2010;
- Basic earnings per share was RMB37 cents, down 22.9% year-on-year from RMB48 cents for the year ended June 30, 2010;
- Proposed final dividend of HK5 cents per share;
- Overall shipment volume (including sales and processing services) was 160.8 MW.
- Sales of Integrated Solar Application Solutions (which include PV modules, battery storage and control mechanism forming finished consumer products) as a percentage of total revenue was at 9.6% for the Year;
- Sales of BIPV as a percentage of total revenue increased to 8.7% from 8.1% for the year ended June 30, 2010; and
- The annualized production capacity as of June 30, 2011 increased to 205 MW.

Since the execution of the Kyoto Protocol, all countries have been striving to work out an effective solution for renewable energy in order to protect the worsening ecological environment. It was observed for years that the solar sector, with its rapid growth, has become an integral part of the new energy field which could not be ignored.

According to Solarbuzz, the PV market grew at a CAGR of over 50%, from 1.75 GW in 2006 to 18.23 GW in 2010. At present, solar power only accounts for less than 1.0% of global electricity generation, and leaves significant room for future development as the solar technology is getting mature. Solarbuzz's "Green World" scenario predicts that the annual worldwide PV market demand will increase to 36.44 GW in 2015.

In terms of the thin film PV market in which the Company mainly operates, Solarbuzz predicts that the world thin film PV modules production is expected to grow at a CAGR of 17.3% between 2011 and 2015, from 5.3 GW in 2011 to 10.04 GW in 2015.

The off-grid solar applications market, which the Company has been focusing on for years, has made considerable progress in recent years. According to Frost & Sullivan, in 2009, global off-grid PV installation exceeded 1 GW and is expected to grow at a CAGR of 33.3% from 2009 to 2013. China has become the global manufacturing hub for off-grid solar applications and total off-grid applications manufactured in China and are forecasted to increase from 405 MW in 2009 to 1.48 GW in 2013, representing a CAGR of 38.2%.

According to an EPIA and GREENPEACE report, in 2010 total installed PV modules reached 40 GW, which covers countries in the Sunbelt Region: Africa, the Middle East and South America. Lighting Africa, a joint IFC and World Bank program, indicated that Africa's increasing local power-shortage population will significantly drive the demand for domestic lighting. Given these geographical and climatic factors, the off-grid new energy lighting system will underpin the growth of the lighting market to USD12.5 billion a year by 2015, and the market demand for the PV related off-grid system is expected to be strong.

PV development in China, which grew at a slower pace historically, but also made breakthroughs in the past few months. The NDRC announced that, for the PV power generation projects which were approved for construction before July 1, 2011 and completed before December 31, 2011, the on-grid power tariff will be set at RMB1.15 per KWH which provides for a clear and definite basis for solar on-grid power tariff. Pursuant to the 12th 5-Year Plan for Renewable Energy Development《可再生能源發展「十二五」規劃》, the PV installed capacity is targeted to be 10 GW by 2015 and 40 GW by 2020. It also stated that the solar roof power generating installed capacity will reach 3 GW by 2015 and increase to over 25 GW by 2020. These measures will contribute to the future growth in the domestic PV market.

We expect that based on the China government policy of "PV as the Emerging Strategic Industry", more favorable policies will be implemented under the upcoming 12th 5-Year Plan. Thin film PV module, due to its own unique characteristics, can be better utilized by the construction industry to meet the BIPV market demand. With greater government support, we will improve our overall profitability and accelerate the development of the Group to become a leader in the thin film PV industry.

Overview of Business and Sustained Development

During the Year, the Company's overall annual production capacity of PV modules increased to 205 MW. With steady growth, our equipment utilization rate remained high at over 95%, higher than the average in the industry. Our shippment for the year ended June 30, 2011 increased to 160.8 MW, maintaining a good growth momentum and the average sales price increased by 3.3% to RMB12.2 per watt.

- Modules

  Module sale was still our main source of revenue. We continued to maintain good business partnership with our existing customers and proactively identified more customers to further broaden our sales mix. China will continue to be the center of solar off-grid products manufacturing. We will continue to be the supplier of choice of off-grid PV modules.

- BIPV

  With respect to BIPV special modules, the Group developed different products with various specifications, to meet the needs of different building features. During the Year, we utilized the innovative technology of flexible thin film cells to develop a new series of BIPV special modules. These new BIPV modules feature high conversion efficiency among similar products, and also possess such advantages as light weight, shock resistant, curved surface, good appearance, and more flexible installation method, to provide contractors with quality BIPV building materials for building environmentally friendly communities.

- Integrated Solar Application Solutions

  As part of the Group's strategic business development, we are developing a series of off-grid system products geared to the huge demand of emerging countries, for applications such as basic lighting and handset charging to small off-grid power stations for small communities. We launched Sundial series products during the Year which were well-received by the market.

To keep up with the pace of sustained development, we are adding a 60 MW new production line by end of 2011, which we aim to achieve 9% conversion efficiency, and to increase the efficiency to 9.5% by 2012. We plan to install our third 60 MW production line in the calendar year of 2012. We will also accelerate development of Integrated Solar Application Solutions. By consistently improving our technological level and lower the production cost, we will expand the scope of our off-grid applications and endeavor to further our leading position in the solar off-grid consumer applications.

In June 2011, we established our presence in Kenya, Africa, primarily covering the East Africa market, and currently in the process of opening an office in Bangladesh to develop the local and surrounding markets.

According to the "Lighting Africa" report, that the solar lighting system in African market is relatively fragmented and the market size is about USD10 billion per year. We will continue to develop more Integrated Solar Application Solutions to fit in with different applications, particularly with higher installed wattage, so as to gradually become vertical integrated.

Leveraging on our experience in thin film module manufacturing, we have been studying and preparing to become a leader in flexible thin film module manufacturing. We have been in strategic discussions with some of the potential international strategic partners on collaborations which will assist Trony in its pursuit to become the leader in China in the flexible PV industry in the near future.

Investor Relations

During the Year, we attended a total of nearly ten institutional investors' forums, including the J.P. Morgan China Investment Conference（摩根大通中國投資論壇）, Nomura's 2011 Pan Asia Technology Forum（野村二零一一年度泛亞技術論壇）and the CLSA Corporate Access Forum, and sought feedback from investors. Our investor relations team will continue to enhance communication with investors and reasearch analysts.

Collaboration with Academic Research Institutes

We have carried out several strategic co-operations with various scientific research institutes, including entering into an agreement with the Tokyo Institute of Technology in respect of optimizing our Company's technological process and the joint development of high performance solar cell technology. With the subsidy provided by China and Hong Kong governments for scientific research, we are implementing two major projects. One of which is a project, in joint collaboration with the Hong Kong University of Science and Technology and the Jinan University, is focused on the research and development on enhance the efficiency of solar cells. We are starting to collaborate a joint project with the Guangzhou Institute of Energy Conversion, the Chinese Academy of Sciences and the Hong Kong Polytechnic University on the research of BIPV modules technology.

Government Developmental Support

During the Year, the PRC Ministry of Finance and the Shenzhen Development and Reform Commission granted development funding of RMB35.1 million in aggregate to encourage the Company's development. The PRC Government fundings are targeted for expanding the PV production capacity, subsidizing the BIPV project at our facility and establishing a solar building materials research and development center. These financial support demonstrate that we are highly recognized by the PRC Central Government and the Shenzhen Municipal Government.

Funding unit	Name of subsidized project	Amount (RMB million)
PRC Ministry of Finance	BIPV project, Shenzhen Trony Science Industrial Park	9.1
Shenzhen Development and Reform Commission	BIPV project, Shenzhen Trony Science Industrial Park	6.0
Shenzhen Development and Reform Commission	Thin film solar PV production line	15.0
Shenzhen Development and Reform Commission	Solar building materials research and development engineering center	5.0

Acknowledgement

The solid growth of Trony depends on the concerted efforts of our management and all the staff, as well as the experience and vision of all the members of the board of Directors. I would like to express my sincere gratitude to the whole-hearted staff of Trony in the past year, and look forward to continuing to work together, creating greater value and contributing to the protection of the global environment, to pass the solar solutions into every home.

Yi LI
Chairman

Hong Kong, September 19, 2011

MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE PROSPECTS OF THE SOLAR OFF-GRID APPLICATION MARKET

Entering the second quarter of 2011, there was an obvious adjustment in the price of solar modules, attributable to the large scale capacity expansion in the industry, especially focusing on on-grid power stations as the target market. As the European debt crisis delayed some of the projects, such delay caused an increased level of inventory in the industry and thereby created pressure on the selling prices of solar modules. We were also affected, but to a less extent due to our main business focusing on off-grid consumer applications.

Amorphous silicon PV performs better in high temperature and low light environments. Together with its larger sunlight absorption angle and flexible production specifications, amorphous silicon PV enjoys advantages over crystalline silicon PV in off-grid consumer applications. In addition, we are actively expanding integrated solar application solutions and emerging market sales channels. China is expected to announce additional supporting policies regarding solar roof top subsidy program under the 12th 5-Year Plan for Renewable Energy Development, the implementation of the above measures is expected to offer the Company with further growth momentum. With the stable results achieved in 2011, we strongly believe that we can capture the enormous opportunities brought by the era of clean and economical solar power generation to drive the sustained and healthy development of the Group in future.

FINANCIAL REVIEW

Total Revenue

Our total revenue increased by 45.2% from RMB1,351.2 million for the year ended June 30, 2010 to RMB1,961.6 million for the Year. The increase was primarily due to a significant increase in the sales volume of our PV products, which was due to our ability to increase production volume to satisfy market demand with our newly expanded manufacturing capacity. Modules, integrated solutions and BIPV accounted for 81.7%, 9.6% and 8.7% respectively. We sold PV modules with 160.8 MW in aggregate during the Year. Our total revenue was largely derived from sales to customers in China. Sales to our customers in China accounted for 88.6% of our total revenue for the Year. We also derived revenue from direct sales to customers in Hong Kong, Thailand, Vietnam and other countries during the Year. No single customer contributed 10% or more of our total revenue for the Year. We intend to continue to diversify our customer base in order to achieve a balanced and sustainable sales growth.

Cost of Sales

Our cost of sales as a percentage of our total revenue remained at similar level as last year at 57.3% (2010: 57.6%). Our cost of sales increased by 44.4% from RMB778.2 million for the year ended June 30, 2010 to RMB1,123.6 million for the Year. The increase in our cost of sales was primarily due to increase in total sales volume.

Gross Profit

Our gross profit increased by 46.2% from RMB573.0 million for the year ended June 30, 2010 to RMB838.0 million for the Year and our gross profit margin was maintained approximately at 42.7% (2010: 42.4%) for the Year. We achieved a relatively stable gross profit margin primarily due to the economy of scale as we ramped up our production to 205 MW per annum and a change in product mix with sales increase in higher margin product such as BIPV and Integrated Solar Application Solutions offsetting the higher manufacturing cost associated with BIPV and Integrated Solar Application Solutions products.

Other income

Our other income increased from RMB3.8 million for the year ended June 30, 2010 to RMB10.0 million for the Year. This increase was primarily due to an increase in government grants and interest income. Government grants are recognized when received and when all the conditions have been met as specified in the government grant. Government grants recognized in the consolidated statement of comprehensive income amounted to RMB5.3 million for the Year.

Selling and distribution expenses

Our selling and distribution expenses increased by 39.6% from RMB5.3 million for the year ended June 30, 2010 to RMB7.4 million for the Year. Selling and distribution expenses as a percentage of our total revenue remained at approximately the same level at 0.4% as a result of the economy of scale achieved in our sales and marketing activities and our ability to increase our sales level with limited promotional efforts due to the strong market demand.

Administration expenses

Our administration expenses increased from RMB36.9 million for the year ended June 30, 2010 to RMB84.2 million for the Year. This increase was primarily due to a share based-payment expense of RMB33.9 million and an increase in staff costs and travelling expenses, headcount and salaries. Our administration expenses as a percentage of our total revenue increased from 2.7% for the year ended June 30, 2010 to 4.3% for the Year.

Other gains and losses

We recorded other losses in the amount of RMB17.7 million for the Year compared with other gains in the amount of RMB0.4 million for the year ended June 30, 2010. Our other losses for the Year were mainly due to recognition of exchange loss amounted to RMB17.7 million.

Research and development expenses

Our research and development expenses increased by 137.6% from RMB11.3 million for the year ended June 30, 2010 to RMB26.8 million for the Year. This increase was primarily due to an increase in the staff costs and an increase in the research materials used in the testing process. Research and development expenses as a percentage of our total revenue increased from 0.8% for the year ended June 30, 2010 to 1.4% for the Year.

Income tax expenses

Our income tax expenses increased by 64.0% from RMB79.8 million for the year ended June 30, 2010 to RMB130.9 million for the Year, primarily as a result of a significant increase in our taxable income. Our effective income tax rate increased from 13.8% for the year ended June 30, 2010 to 19.4% for the Year. As a " Hi-tech Enterprise", our operating subsidiary in China, Trony Science, was entitled to a 15% preferential tax rate since April 2009. Trony Science will continue to be entitled to such preferential rate until December 2011 under the current governmental approval.

Profit and total comprehensive income

As a result of the cumulative effect of the above factors, profit and total comprehensive income was RMB544.0 million for the Year, increased by 8.9% from RMB499.4 million for the year ended June 30, 2010. Our net profit margin was 27.7% for the Year as compared to 37.0% for the year ended June 30, 2010.

Working capital management

Our receivable turnover days increased to 50.1 days for the Year as compared to 34.4 days for the year ended June 30, 2010. This was mainly due to a new 60 MW production line fully operated in the second half of the Year resulting the increase of the sales and the receivable. Our payable turnover days declined from 31.0 days for the year ended June 30, 2010 to 30.2 days for the Year. Our inventory turnover days declined from 13.2 days for the year ended June 30, 2010 to 11.7 days for the Year. We will continue to exercise effective control in our working capital management.

Liquidity and financial resources

The Group's principal sources of working capital included cash flow from operating activities, bank borrowings and the proceeds from the initial public offering. As at 30 June 2011, the Group's current ratio (current assets divided by current liabilities) was 6.3 (2010: 1.5) and it was in a net cash position. The Group's gearing ratio (total loans divided by total assets) was 2.3% (2010: 30.3%). The Group's financial position remains healthy. As at 30 June 2011, the Group was in a net cash position of RMB920.1 million (2010: net debt of RMB447.9 million) which included cash and cash equivalents of RMB1,000.2 million (2010: RMB91.4 million), bank borrowings due within one year of RMB17.4 million (2010: RMB13.4 million) and bank borrowings due more than one year of RMB62.8 million (2010: RMB52.1 million). The Group's borrowings were denominated in RMB while its cash and bank balances were denominated in RMB, USD and HKD. The bank loans at 30 June 2011 carry variable interest rates based on the prevailing benchmark interest rates issued by the People's Bank of China.

The Group plans to fund its capital expenditures by proceeds from the initial public offering, our cash flows from operations and/or bank loans.

During 2011, the Group has not entered into any financial instrument for hedging purposes nor any currency borrowings and other hedging instruments to hedge against foreign exchange rate risks.

We would implement a balanced financing plan to support the expanding capacity and operation of our solar business.

Contingent liabilities

As at 30 June 2011 and 2010, there was no material contingent liability.

Acquisition or disposal of subsidiary and associated company

No subsidiary or associated company of the Company was acquired or being disposed of during the year ended 30 June 2011 and 2010.

Charge of assets

As at 30 June 2011, the Group pledged buildings with carrying values of approximately RMB37.7 million (2010: RMB40.0 million) to secured bank borrowing granted to the Group.

Restricted bank deposits

Restricted bank deposits of approximately RMB41,513,000 (2010: RMB35,035,000) represent deposits pledged to banks to secure both short-term and long-term bank borrowings and short-term bills payables. The restricted bank deposits will be released upon the settlement of relevant bank borrowings and bills payables.

The restricted bank depositscarry interest at market rates which range from 1.39% to 2.25% per annum as at June 30, 2011 (2010: 0.36% to 1.25% per annum).

Banking facilities

As at 30 June 2011, the Group had banking facilities of approximately RMB178 million, of which approximately RMB69,580,000 is unutilized.

Significant investment

No significant investment was held during the year ended 30 June 2011 and 2010.

Segmental information

Details of segmental information are set out to the financial statements. There was no material change in the business segment and development within the segment of the Company during the year ended 30 June 2011 and 2010.

Foreign currency exchange risk

Certain bank balances, restricted bank deposits, trade receivables, amount due from a related party, trade and other payables, amount due to a director and loan from a shareholder are denominated in foreign currencies, which expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure by closely monitoring the movement of foreign currency rate.

Human resources

As at June 30, 2011, the Group had 906 employees (2010: 683). The current remuneration for the employees includes basic salary, discretionary bonus and social security funds. The employees' remuneration is commensurate with their duty, performance and contribution.

CORPORATE GOVERNANCE REPORT

The Company is committed to maintaining good corporate governance standard and procedures to ensure the integrity, transparency and quality of disclosure in order to enhance the shareholders' value.

Code on Corporate Governance Practices

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules").

The Company has complied with such code provisions throughout the period from October 7, 2010 to June 30, 2011 except for the deviation from code provision A.2.1 as disclosed below.

Under provision A.2.1 of the CG Code, the roles of the chairman and chief executive officer should be separated and should not be performed by the same individual. The Group does not at present separate the roles of the chairman and chief executive officer. Mr. Yi Li is the Chairman and Chief Executive Officer of the Group. He has extensive experience in the solar industry and is responsible for the overall corporate strategies, planning and business management of the Group. The Board considers that vesting the roles of chairman and chief executive officer in the same individual is beneficial to the business prospects and management of the Group. The balance of power and authorities is ensured by the operation of the Board and the senior management, which comprise experienced and high caliber individuals. The Board currently comprises two executive Directors, one non-executive Director and three independent non-executive Directors and has a strong independence element in its composition.

Save as the aforesaid and in the opinion of the Directors, the Company has met the code provisions set out in the CG Code during the period from October 7, 2010 to June 30, 2011.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code ("Model Code") for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry to all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code during the period from October 7, 2010 to June 30, 2011.

Board of Directors

The Board is responsible for the leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance. The management was delegated the authority and responsibility by the Board for the management of the Group. In addition, the Board has also delegated various responsibilities to the Board Committees. Further details of these committees are set out in this report.

The Board currently consists of six Directors including two executive Directors, one non-executive Director and three independent non-executive Directors:

Executive Directors

Mr. Yi Li *(Chairman and Chief Executive Officer)*
Mr. Yixiang Chen

Non-Executive Director

Mr. Hong Yu

Independent Non-Executive Directors

Mr. David Ka Hock Toh
Prof. Chia-Wei Woo
Mr. Shujian Che

The board members have no financial, business, family or other material/relevant relationships with each other. Such balanced Board composition is formed to ensure strong independence exists across the Board and has met the recommended practice under the CG Code for the Board to have at least one-third of its members comprising independent non-executive Directors. The composition of the Board reflects the balanced skills and experience for effective leadership. The biographical information of the Directors are set out on pages 20 to 26 under the section headed "Biographical Details of Directors and senior management".

The Board decides on corporate strategies, approves overall business plans and evaluates the Group's financial performance and management. Specific tasks that the Board delegates to the Group's management include the implementation of strategies approved by the Board, the monitoring of operating budgets, the implementation of internal controls procedures, and the ensuring of compliance with relevant statutory requirements and other rules and regulations.

Chairman and Chief Executive Officer

The Company does not have a separate chairman and chief executive officer and Mr. Yi LI currently performs these two roles. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board believes that the balance of power and authority for the present arrangement will not be impaired and is adequately ensured by current Board which comprises experienced and high calibre individuals with sufficient number thereof being independent non-executive Directors.

Non-executive Directors

The non-executive Director and the three independent non-executive Directors are persons of high caliber, with academic and professional qualifications in the fields of accounting, finance and management. With their experience gained from various sectors, they provide strong support towards the effective discharge of the duties and responsibilities of the Board. Each independent non-executive Director gives an annual confirmation of his independence to the Company, and the Company considered each of them is independent under Rule 3.13 of the Listing Rules.

The non-executive Director and the three independent non-executive Directors are appointed for a term of two years commencing on September 13, 2010, which is automatically renewable upon the expiry of the said term, and they are subject to retirement by rotation in accordance with the Articles of Association of the Company (the "Articles").

Board Meetings

The Board has four scheduled meetings a year at quarterly interval and additional meetings will be held as and when required. The four scheduled Board meetings for a year are planned in advance. During the regular meetings of the Board, the Board reviewed the operation and financial performance and reviewed and approved the annual and interim results.

During the year, the Board held 6 meetings. All Directors are given an opportunity to include any matters in the agenda for regular Board meetings, and are given sufficient time to review documents and information relating to matters to be discussed in Board meetings in advance.

Name of Director	**Number of attendance**
Mr. Yi Li	6/6
Mr. Yixiang Chen	6/6
Mr. Hong Yu*	5/5
Mr. David Ka Hock Toh*	5/5
Prof. Chia-Wei Woo*	5/5
Mr. Shujian Che*	5/5

* These Directors were appointed on September 13, 2010, 5 meetings were held after their appointment.

Board minutes are kept by the Company Secretary and are open for inspection by the Directors. Every Board member is entitled to have access to Board papers and related materials and has unrestricted access to the advice and services of the Company Secretary, and has the liberty to seek external professional advice if so required.

Nomination of Directors

In considering the nomination of new Directors, the Board will take into account the qualification, ability, working experience, leadership and professional ethics of the candidates, especially their experience in the solar industry and/or other professional areas.

The Company established the Nomination Committee with written terms of reference, on September 13, 2010 and currently consists of one executive Director, namely Mr. Yi Li (as chairman) and two independent non-executive Directors, namely Mr. David Ka Hock Toh and Prof. Chia-Wei Woo.

The function of the Nomination Committee are reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board, identifying qualified individuals to become members of the Board, assessing the independence of the independent non-executive Directors and making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors in particular the Chairman and the Chief Executive Officer.

During the year ended June 30, 2011, no meeting of the Nomination Committee was held.

Remuneration of Directors

The Company established the Remuneration Committee with written terms of reference on September 13, 2010 and currently consists of one executive Director, namely Mr. Yi Li (as chairman) and two independent non-executive Directors, namely Mr. David Ka Hock Toh and Prof. Chia-Wei Woo.

The functions of the Remuneration Committee are establishing and reviewing the policy and structure of the remuneration for the Directors and senior management.

During the year ended June 30, 2011, the Remuneration Committee held 1 meeting.

Name of member	**Number of attendance**
Mr. Yi Li	1/1
Mr. David Ka Hock Toh	1/1
Prof. Chia-Wei Woo	1/1

The Company adopted a Pre-IPO equity incentive plan (the "Pre-IPO Equity Incentive Plan"). The principal terms of the Pre-IPO Equity Incentive Plan were adopted by the Company on October 29, 2009 and amended by shareholders' resolution on September 13, 2010. The purpose of the Pre-IPO Equity Incentive Plan is to aid the Company in recruiting and retaining key employees, Directors or consultants to exert their best efforts on behalf of the Company.

The Company adopted a share option scheme (the "Share Option Scheme") on September 13, 2010. The purpose of the Share Option Scheme is to motivate eligible persons to maximize their future contributions to the Group, to attract and retain such eligible persons who are important to and/or whose contributions are or will be beneficial to the performance, growth or success of our Group.

Details of the Pre-IPO Equity Incentive Plan and the Share Option Scheme are set out in the Report of the Directors. The emolument payable to Directors will depend on their respective contractual terms under the services contracts, if any, and as recommended by the Remuneration Committee. Details of the Directors' remuneration are set out in note 13 to the audited financial statements.

Audit Committee

The Company established the Audit Committee with written terms of reference on September 13, 2010 and currently consists of three independent non-executive Directors, namely Mr. David Ka Hock Toh (as chairman), Prof. Chia-Wei Woo and Mr. Shujian Che.

The Audit Committee is mainly responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditors and to approve the remuneration and terms of engagement of the external auditors, and any questions of resignation or dismissal of such auditors; reviewing the financial statements, annual reports and accounts and half-year reports of the Group; and overseeing the Company's financial reporting system and internal control system.

Terms of reference adopted by the Audit Committee on September 13, 2010 are aligned with the code provisions set out in the CG Code.

The Audit Committee meets the external auditors, at least annually, in the absence of management, to discuss matters relating to its audit fees, any issues arising from the audit and any other matters the auditors may wish to raise.

The Audit Committee reviews the half-year and annual reports before submission to the Board. The Audit Committee focuses particularly on:-

(i) any changes in accounting policies and practices;

(ii) major judgmental areas;

(iii) significant adjustments resulting from the audit;

(iv) the going concern assumption and any qualifications;

(v) compliance with accounting and auditing standards;

(vi) compliance with Listing Rules and legal requirements; and

(vii) review the fairness of connected transactions and making disclosures in accordance with the Listing Rules and accounting standards.

During the year ended June 30, 2011, the Audit Committee held 4 meetings.

Name of member	Number of attendance
Mr. David Ka Hock Toh	4/4
Prof. Chia-Wei Woo	4/4
Mr. Shujian Che	4/4

During the year ended June 30, 2011, the Audit Committee reviewed the interim results of the Group, which were in the opinion of the Audit Committee that the preparation of such results complied with the applicable accounting standards and the Listing Rules. The Audit Committee noted the existing internal control system of the Group and also noted that review of the same will be carried out annually.

Auditor's Remuneration

During the year under review, the remuneration paid/payable to the Company's auditor, Deloitte Touche Tohmatsu, is set out below:-

Services rendered	Fee paid/payable
	HK$'000
Audit services	2,600
Non-audit services	2,250
	4,850

Shareholder Rights

The rights of shareholders and the procedures for demanding a poll on resolutions at shareholders' meetings are contained in the Articles. Details of such rights to demand a poll were included in the circular to shareholders in relation to the holding of general meetings and explained, together with the procedures for conducting a poll, at the commencement of the meetings.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholder at a general meeting must be taken by poll. As such, all resolutions set out in the notice of the 2011 annual general meeting of the Company will be voted by poll.

Investor Relations

The Company is committed to a policy of open and regular communication and reasonable disclosure of information to its shareholders. Information of the Company is disseminated to the shareholders in the following manner:

- Delivery of annual and interim results and reports to all shareholders;
- Publication of announcements on the annual and interim results on the Stock Exchange website, and issue of other announcements and shareholders' circulars in accordance with the continuing disclosure obligations under the Listing Rules; and
- The general meeting of the Company is also an effective communication channel between the Board and shareholders.

The Chairman of the Company will attend the 2011 annual general meeting of the Company to answer questions of the meeting.

Directors' Responsibilities for the Financial Statements

The Board acknowledges its responsibility to prepare the Company's financial statements for each financial period which gives a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the financial statements for the year ended June 30, 2011, the Board has selected suitable accounting policies and applied them consistently; made judgments and estimates that are prudent, fair and reasonable and prepared the accounts on a going concern basis. The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors, having made appropriate enquiries, consider that the Group has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the financial statements.

Internal Control

Management had implemented a system of internal control to provide reasonable assurance that the Group's assets are safeguarded, proper accounting records are maintained, appropriate legislation and regulations are complied with, reliable financial information are provided for management and publication and purpose investment and business risks affecting the Group are identified and managed.

During the year ended June 30, 2011, the Board has conducted a review of the system of internal control to ensure the effectiveness and adequacy of the system. The Board shall conduct such review at least once annually.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Yi Li (李毅), aged 42, joined the Group in September 1993 and was appointed as an executive Director of the Company on November 17, 2006. He is the co-founder, the Chairman, the chief executive officer and an executive Director of the Company, and is responsible for the overall strategy and operation of the Group. He has over 15 years of experience in the solar industry. Mr. Li is the chairman of China's national BIPV technical standard committee, and a member of the Photovoltaic Professional Committee of the China Solar Energy Society and the Vice-president of the Shenzhen Patent Association. He was also the executive director of Guangdong Solar Energy Association from July 2003 to December 2005. From January 1994 to January 1995, Mr. Li served as the deputy general manager of Shenzhen Yukang Solar Industry Co., Ltd. From August 1991 to August 1993, Mr. Li worked at Shenzhen Materials and Goods Industry & Trade (Group) Co., Ltd. Mr. Li received a bachelor's degree in precision instrument from Shenzhen University in 1991, and a master's degree in business administration from Huazhong University of Science and Technology in 1999. In 2004, Mr. Li received the Golden Medal in the Concours Lepine International Inventors Exhibition of Paris in 2004 from the Association of French Inventors and Manufacturers based in Paris, France. In 2006, Mr. Li received a China Patent Gold Award which was jointly issued by the World Intellectual Property Organization and the State Intellectual Property Office of the PRC for his invention of internal-connecting amorphous silicon PV modules and their fabrication method. In December 2009, Mr. Li received a China Patent Excellence Award from the State Intellectual Property Office. In April 2010, Mr. Li was recognized as a national-level talent by the Shenzhen municipal government, an award only given to a limited number of qualified individuals in Shenzhen. He is also a director of all subsidiaries of the Company and the chairman of each of the Nomination Committee and the Remuneration Committee.

Mr. Li did not hold any directorship in other listed public companies in the past three years. Save as disclosed above, he does not hold any other positions with the Group.

Mr. Li entered into a services contract with the Company on September 13, 2010 for an initial term of three years commencing on September 13, 2010, which is automatically renewable upon the expiry of the said term until termination according to the terms of the services contract. He is subject to retirement by rotation at least once every three years in accordance with the Articles of Association of the Company (the "Articles"). Mr. Li is entitled to a director's remuneration of RMB1,162,000 per annum, which is determined by the Board with reference to the recommendation from the Remuneration Committee, the duties and responsibilities of Mr. Li and the prevailing market conditions.

Sky Sense Investments Limited ("Sky Sense") and Lakes Invest Limited ("Lakes Invest"), holding an aggregate of 620,497,910 shares of the Company, are wholly-owned by Spring Shine International Limited, which is owned as to 50% by Seletar Limited and 50% by Serangoon Limited, as nominees and trustees for Credit Suisse Trust Limited. Credit Suisse Trust Limited is the trustee holding such interests in Lakes Invest and Sky Sense on trust for the beneficiaries of the Li Family Trust. Mr. Li is therefore deemed to be interested in all the shares held by each of Sky Sense and Lakes Invest as a beneficiary of the Li Family Trust.

Save as disclosed above, Mr. Li does not have any relationship with any Directors, senior management, substantial shareholders (as defined in the Listing Rules) or controlling shareholders (as defined in the Listing Rules) of the Company.

Mr. Yixiang Chen (陳逸翔), aged 46, joined the Group in August 2006 and was appointed as an executive director of the Company on November 17, 2006. He is an executive vice president of the Company, and is responsible for overall operations. He has over 10 years of experience in management positions as technical inspector and general manager, focusing on security systems installation, marketing and research and development. Since February 2006, Mr. Chen has been a senior consultant at Sunlot Group Company Limited, a manufacturer of sanitary wares. From February 1996 to March 2005, Mr. Chen was a general manager in charge of overall operations research and development and sales and marketing at Zhongxun Electronics (Quanzhou) Limited, a manufacturer of professional wireless communication equipment. Mr. Chen was certified as a first grade engineer in China by Honeywell International Inc. in 1996. He was also a part-time lecturer at the Commerce College of Huaqiao University in 2006.

Mr. Chen did not hold any directorship in other listed public companies in the past three years. Save as disclosed above, he does not hold any other positions with the Group.

Mr. Chen entered into a services contract with the Company on September 13, 2010 for an initial term of three years commencing on September 13, 2010, which is automatically renewable upon the expiry of the said term until termination according to the terms of the services contract. He is subject to retirement by rotation at least once every three years in accordance with the Articles. Mr. Chen is entitled to a director's remuneration of RMB890,000 per annum, which is determined by the Board with reference to the recommendation from the Remuneration Committee, the duties and responsibilities of Mr. Chen and the prevailing market conditions.

Mr. Chen is interested in 15,000,000 shares of the Company held through Wellink Management Limited, which is wholly-owned by Mr. Chen.

Save as disclosed above, Mr. Chen does not have any relationship with any Directors, senior management, substantial shareholders (as defined in the Listing Rules) or controlling shareholders (as defined in the Listing Rules) of the Company.

NON-EXECUTIVE DIRECTOR

Mr. Hong Yu (余宏), aged 57, was appointed as a non-executive Director of the Company on September 13, 2010. Mr. Yu has been a director and deputy chief executive officer at ICBC International Holdings Limited, one of our strategic investors, since January 2010. Mr. Yu has served various positions in Industrial Commercial Bank of China Ltd., or ICBC, and its affiliates since 1979, and has accumulated extensive experience in banking and financing. From April 2003 to January 2010, Mr. Yu was a director at ICEA Financial Holdings Ltd. Mr. Yu was also a deputy chief executive officer at ICEA Financial Holdings Ltd. from April 2003 to January 2008 and from July 2009 to January 2010. From January 2008 to July 2009, Mr. Yu was an executive director and chief executive officer at Seng Heng Bank Limited, Macau. From May 2004 to October 2005, Mr. Yu was the chief executive officer of Belgian Bank, which was then wholly-owned by ICBC (Asia), an affiliate of ICBC. Mr. Yu received a college diploma in finance in 1984 and a master's degree in business administration in 2000, both from Shanghai University of Finance and Economics, known as Shanghai College of Finance and Economics prior to 1985.

Save as disclosed above, Mr. Yu did not hold any directorship in other listed public companies in the past three years and does not hold any other positions with the Group.

Mr. Yu entered into a services contract with the Company on September 13, 2010 for an initial term of two years commencing on September 13, 2010, which is automatically renewable upon the expiry of the said term until termination according to the terms of the services contract. He is subject to retirement at the next following annual general meeting after his appointment and thereafter subject to retirement by rotation at least once every three years in accordance with the Articles. Mr. Yu is not entitled to any director's remuneration.

Mr. Yu does not have any relationship with any Directors, senior management, substantial shareholders (as defined in the Listing Rules) or controlling shareholders (as defined in the Listing Rules) of the Company. He does not have any interest in the shares of the Company within the meaning of Part XV of the SFO.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. David Ka Hock Toh (卓家福), aged 59, was appointed as an independent non-executive Director of the Company on September 13, 2010. Mr. Toh is also an independent non-executive director of Want Want China Holdings Limited, a company listed on the main board of the Stock Exchange that manufactures and sells snack foods and beverages. Mr. Toh is an independent director of Franklin Offshore Holdings Pte. Ltd., a provider of offshore oil and gas support services. From July 2007 to July 2009, Mr. Toh was chairman of the advisory board of CNP Tax & Advisory Pte. Ltd., a tax advisory firm. From July 1999 to July 2007, Mr. Toh was the leader for providing tax advice on mergers and acquisitions transactions in Asia and head of the China desk for providing tax services for PricewaterhouseCoopers, Singapore. From 1990 to 1999, he was the tax principal at Coopers & Lybrand, Singapore, an international auditing and accounting services firm, and was the head of corporate tax before Coopers & Lybrand merged with Pricewaterhouse, Singapore to form PricewaterhouseCoopers, Singapore. From 1975 to 1990, he worked at various accounting firms in Hong Kong and Sydney. Mr. Toh received his bachelor's degree in commerce from the University of New South Wales in Australia in 1975 and is a member of the Institute of Chartered Accountants in Australia. He is also the chairman of the Audit Committee and a member of each of the Nomination Committee and the Remuneration Committee.

Save as disclosed above, Mr. Toh did not hold any directorship in other listed public companies in the past three years and does not hold any other positions with the Group.

Mr. Toh entered into a services contract with the Company on September 13, 2010 for an initial term of two years commencing on September 13, 2010, which is automatically renewable upon the expiry of the said term until termination according to the terms of the services contract. He is subject to retirement at the next following annual general meeting after his appointment and thereafter subject to retirement by rotation at least once every three years in accordance with the Articles. Mr. Toh is entitled to a director's remuneration of RMB363,000 per annum, which is determined by the Board with reference to the recommendation from the Remuneration Committee, the duties and responsibilities of Mr. Toh and the prevailing market conditions.

Mr. Toh is interested in 200,000 share options of the Company.

Save as disclosed above, Mr. Toh does not have any relationship with any Directors, senior management, substantial shareholders (as defined in the Listing Rules) or controlling shareholders (as defined in the Listing Rules) of the Company.

Prof. Chia-Wei Woo (吳家瑋), aged 73, was appointed as an independent non-executive Director of the Company on September 13, 2010. Prof. Woo is president emeritus and university professor emeritus of Hong Kong University of Science and Technology, at which he served form 1988 to 2001 as founding president. He currently serves as an independent non-executive director of Lenovo Group, Shanghai Industrial Holdings, and First Shanghai Investments.

Save as disclosed above, Prof. Woo did not hold any directorship in other listed public companies in the past three years and does not hold any other positions with the Group.

Prof. Woo entered into a services contract with the Company on September 13, 2010 for an initial term of two years commencing on September 13, 2010, which is automatically renewable upon the expiry of the said term until termination according to the terms of the services contract. He is subject to retirement at the next following annual general meeting after his appointment and thereafter subject to retirement by rotation at least once every three years in accordance with the Articles. Prof. Woo is entitled to a director's remuneration of RMB356,000 per annum, which is determined by the Board with reference to the recommendation from the Remuneration Committee, the duties and responsibilities of Prof. Woo and the prevailing market conditions.

Prof. Woo is interested in 200,000 share options of the Company.

Save as disclosed above, Prof. Woo does not have any relationship with any Directors, senior management, substantial shareholders (as defined in the Listing Rules) or controlling shareholders (as defined in the Listing Rules) of the Company.

Mr. Shujian Che (車書劍), aged 68, a former representative of the Chinese People's Political Consultative Conference Committee, was appointed as an independent non-executive Director of the Company on September 13, 2010. Mr. Che is a qualified senior engineer of economic management. He graduated from the School of Economics of Jilin University in China in 1967, and has extensive experience in economic development and corporate management. Mr. Che was the dean of the designing laboratory, the deputy director and subsequently the director of the Northeast Academy of the China Civil Engineering Institute from 1970 to 1991. He was the director of the Administrative Affairs Office of the Ministry of Construction and Development of the State Council of China from 1991 to 1998. Mr. Che subsequently acted as a specially appointed investigator of the State Council of China from 1998 to 2000. He was an independent non-executive director of China Taiping Insurance Holdings Company Limited (中國太平保險控股有限公司) (Hong Kong Stock Exchange Stock Code: 00966) in 2005 and China State Construction Engrg. Corp. Ltd (中國建築股份有限公司) (Shanghai Stock Exchange Stock Code: 601668) in 2008, respectively. Mr. Che was the chairman of China Travel International Investment Hong Kong Limited and China Travel Service (Holdings) Hong Kong Limited, the holding company of China Travel International Investment Hong Kong Limited from 2000 to 2006. He is also a member of the Audit Committee.

Save as disclosed above, Mr. Che did not hold any directorship in other listed public companies in the past three years and does not hold any other positions with the Group.

Mr. Che entered into a services contract with the Company on September 13, 2010 for an initial term of two years commencing on September 13, 2010, which is automatically renewable upon the expiry of the said term until termination according to the terms of the services contract. He is subject to retirement at the next following annual general meeting after his appointment and thereafter subject to retirement by rotation at least once every three years in accordance with the Articles. Mr. Che is entitled to a director's remuneration of RMB356,000 per annum, which is determined by the Board with reference to the recommendation from the Remuneration Committee, the duties and responsibilities of Mr. Che and the prevailing market conditions.

Mr. Che is interested in 200,000 share options of the Company.

Save as disclosed above, Mr. Che does not have any relationship with any Directors, senior management, substantial shareholders (as defined in the Listing Rules) or controlling shareholders (as defined in the Listing Rules) of the Company.

SENIOR MANAGEMENT

Mr. Howard Chu（朱賀華）, aged 47, is the chief financial officer of the Group. He joined the Group in July 2009 and has over 17 years of experience in corporate finance and mergers and acquisitions transactions. Prior to joining the Group, he was the assistant to the chairman of United Energy Group Limited from October 2008 to June 2009. From May 2006 to April 2008, he was the chief investment officer of Shanghai Century Acquisition Corporation. From February 2001 to February 2006, he was a director of HSBC Markets (Asia) Limited. From November 1999 to January 2001, he co-founded myrice.com and served as the Co-CEO of the company. From 1992 to 1999, he was a director in the corporate finance department at ABN AMRO Asia Corporate Finance Limited. Mr. Chu received a bachelor's degree in science in electrical engineering from the University of Rochester, New York in 1986 and a master's degree in business administration from Columbia University in 1990.

Mr. Shengming Hu（胡盛明）, aged 47, is the chief technology officer of the Group and is mainly responsible for research and development plans and activities in the Group. He was appointed as the chief technology officer in May 2007. Mr. Hu is currently the commissioner and vice secretary general of China's national BIPV technical standard committee. He served as the assistant chief engineer in 2006 and the manager of our quality control department from 1999 to 2005. Prior to joining the Company in 1999, he was the manager of quality control department at Shenzhen Nanya Technology Co., Ltd. from 1997 to 1999. Mr. Hu received a master's degree in condensed matter physics from a joint program by Peking University and Shantou University in 1996. In April 2010, Mr. Hu was recognized as a local-level talent by the Shenzhen municipal government, an award only given to a limited number of qualified individuals in Shenzhen.

Dr. Huashan Wang（王華山）, aged 50, is the senior vice president of marketing. He joined the Group in February 2009 and has over 13 years of experience in marketing activities. Prior to joining the Group, Dr. Wang was the global marketing technical manager of GE Plastics (now known as SABIC Innovative Plastics) from 2004 to 2008. From 2001 to 2004, he was a Six Sigma Master Black Belt of GE Polymershapes, responsible for initiating, executing and managing project improvement. From 1999 to 2001, he served as a Pacific business leader and an operation manager for the Pacific region at GE Toshiba Silicones Co., Ltd. He served as the general manager from 1997 to 1999 and as a marketing manager from 1996 to 1997 at GE (Shanghai) Drive Systems. From 1994 to 1996, he was the China country manager in control technique of Emerson Electric Co. Dr. Wang received a bachelor's degree in industrial automation and control from Xi'an Jiaotong University in 1982 and his PhD in control theory from Imperial College in London in 1988.

Mr. Guoliang Wu（吳國樑）, aged 32, is the vice president of sales. He joined us in March 2006. Prior to joining the Group, he was a senior sales manager at ZTE Corporation from January 2004 to November 2005. From October 2002 to November 2003, he worked as an engineer at Vodafone UK. Mr. Wu received a bachelor's degree in electronic engineering from the University of Central Lancashire in England in 2000 and a master's degree in Communications, Computer and Human Centred Systems from University of Birmingham in England in 2003.

Mr. Tak Man Cheung（張德民）, aged 60, is the vice president of production. He joined the Group in December 2008 and has over 30 years of experience in operation and production management. Prior to joining our Group, he served as the PRC senior operation manager of Traxon Technologies Ltd. From 1998 to 2001, he served as the general manager of COTCO Luminant Device (Huizhou) Co., Ltd. From 2001 to 2008, he served as the general manager of Huizhou Desay Optoelectronic Technology Co., Ltd. Mr. Cheung received a bachelor's degree in electrical engineering from the National Cheng Kung University of Taiwan in 1972.

Mr. Xiaojun Kang （康曉軍）, aged 33, is the vice president of administration. He joined the Group in January 2007. Prior to joining the Group, he served as the manager of the customer service department for western European areas at ZTE Corporation from May 2002 to January 2007. From October 2000 to February 2002, he served as the technical support engineer of Shenzhen Huawei Technologies Co., Ltd. From September 1999 to October 2000, he worked at the 5th Postal and Telecom Research Institution. Mr. Kang received a bachelor's degree in electronic engineering and automation from Southeast University in 1999.

COMPANY SECRETARY

Ms. Chan Yuen Ying, Stella（陳婉縈）, aged 40, was appointed as the Company Secretary of the Company on 1 February 2011. Ms. Chan is an associate member of the Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. She is also a member of the Hong Kong Institute of Directors.

REPORT OF THE DIRECTORS

The Directors of Trony Solar Holdings Company Limited (the "Company") is pleased to submit their first report together with the audited financial statements of the Company and its subsidiaries (the "Group") for the year ended June 30, 2011.

Principal Activities

The Company is an investment holding company. The principal activities of the Group are development, manufacture and sale of solar products.

Subsidiaries

Details of the principal subsidiaries of the Company as at June 30, 2011 and set out in note 36 to the financial statements.

Results and Appropriations

The Group's profit for the year ended June 30, 2011 is set out in the consolidated statements of comprehensive income on page 39.

Final Dividend

The Board has resolved to recommend to the shareholders of the Company at the forthcoming annual general meeting of the Company to be held on November 4, 2011 ("2011 AGM") a final dividend of HK5 cents per share (approximately RMB4 cents per share) (2010: Nil) which is subject to the approval of the shareholders at the 2011 AGM. The record date for entitlement to the proposed final dividend is Friday, November 11, 2011. The payment of the final dividend will be made on or about Friday, November 18, 2011.

Closure of Register of Members

For determining the entitlement to attend and vote at the 2011 AGM, the register of members of the Company will be closed from Wednesday, November 2, 2011 to Friday, November 4, 2011, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2011 AGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Tuesday, November 1, 2011.

For determining the entitlement to the final dividend, the register of members of the Company will be closed from Thursday, November 10, 2011 to Friday, November 11, 2011, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited for registration no later than 4:30 p.m. on Wednesday, November 9, 2011.

Use of Proceeds from the Company'S Initial Public Offering

The shares of the Company were listed on the Main Board of the Stock Exchange on October 7, 2010. The Company raised a net proceeds from the global offering of approximately HK$1,716 million (after deducting underwriting commissions and related expenses). As at June 30, 2011 approximately HKD669 million of the net proceeds has been utilised.

As stated in the prospectus of the Company dated September 24, 2010, we have used part of the net proceeds to expand our manufacturing capacity by adding a second 60MW production line and HK$234 million was used to fully repay our shareholder loan. The remaining proceeds will be used to expand our production capacity by adding the third 60MW production line, with the remaining proceeds used as our working capital and for other general corporate purposes.

Share Capital

Details of movements in the Company's share capital for the year ended June 30, 2011 are set out in note 27 to the consolidated financial statements.

Property, Plant and Equipment

Movements in property, plant and equipment of the Group for the year ended 30 June 2011 and 2010 are set out in note 17 to the financial statements.

Charitable Donations

Charitable donations made by the Group during the year amounted to RMB932,000 (2010: RMB640,000).

RETIREMENT BENEFITS SCHEME

The employees of Trony Science are members of a state-managed retirement benefits scheme operated by the PRC government. Trony Science is required to contribute 10% of the total monthly basic salaries of the current employees to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions.

The total cost charged to the consolidated statement of comprehensive income of approximately RMB4,413,000 for the year ended June 30, 2011 (2010: RMB2,737,000), represent contributions payable to the scheme for the year.

Directors' Interest in Competing Business

None of the Directors is or was interested in any business, apart from the Group's business, that competes or compared or is likely to compete, either directly or indirectly, with the Group's business at any time during the year ended June 30, 2011 and up to and including the date of this annual report.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Articles or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders of the Company.

Purchase, Redemption or Sale of Listed Securities of the Company

Neither the Company nor its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period from October 7, 2010 to June 30, 2011.

Distributable Reserves

As at June 30, 2011, the Company's reserves available for distribution to the shareholders amounted to approximately RMB1,898,029,000.

Directors

The Directors of the Company during the year and up to the date of this report are as follows:–

Executive Directors

Mr. Yi Li
Mr. Yixiang Chen

Non-executive Director

Mr. Hong Yu	(appointed on September 13, 2010)

Independent Non-executive Directors

Mr. David Ka Hock Toh	(appointed on September 13, 2010)
Prof. Chia-Wei Woo	(appointed on September 13, 2010)
Mr. Shujian Che	(appointed on September 13, 2010)

In accordance with article 107(1) of the Articles, Mr. Yi Li and Mr. Yixiang Chen will retire and, being eligible, offer themselves for re-election at the 2011 AGM.

In accordance with article 102(3) of the Articles, Mr. Hong Yu, Mr. David Ka Hock Toh, Prof. Chia-Wei Woo and Mr. Shujian Che will retire and, being eligible, offer themselves for re-election at the 2011 AGM.

Independence Confirmation

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. The Company considers all of the independent non-executive Directors are independent.

Share Option Scheme

PRE-IPO Equity Incentive Plan

The purpose of the Pre-IPO Equity Incentive Plan is to aid the Company in recruiting and retaining key employees, directors or consultants to exert their best efforts on behalf of the Company. The principal terms of the Pre-IPO Equity Incentive Plan were adopted by the Company on October 29, 2009 and amended by shareholders' resolution on September 13, 2010.

An aggregate of 5,546,789 share options at an exercise of price of HK$2.475 per share has been granted under the Pre-IPO Equity Incentive Plan to one employee of the Company, who is neither a Director, chief executive nor a substantial shareholder of the Company. A total of 1,386,697 share options were exercised during the year ended June 30, 2011. Details of the movement in the share options granted under the Pre-IPO Equity Incentive Plan are set out in note 34 to the financial statements.

Details of the share options granted under the Pre-IPO Equity Incentive Plan are as follows:

	Number of Share Options		
Exercisable Period	**As at the beginning of the year**	**Exercised during the year**	**As at the end of the year**
September 30, 2010 to March 15, 2011	1,386,697	1,386,697*	Nil
September 30, 2011 to March 15, 2012	1,386,697	Nil	1,386,697
September 30, 2012 to March 15, 2013	1,386,697	Nil	1,386,697
September 30, 2013 to March 15, 2014	1,386,698	Nil	1,386,698
Total	**5,546,789**	**1,386,697**	**4,160,092**

Note *: The closing price per share immediately before November 1, 2010 (the date on which shares were issued upon the exercise of the options) was HK$4.85 per Share.

Share Option Scheme

The Company adopted the share option scheme (the "Share Option Scheme") on September 13, 2010. The purpose of the Share Option Scheme is to motivate eligible persons to maximize their future contributions to the Group, to attract and retain such eligible persons who are important to and/or whose contributions are or will be beneficial to the performance, growth or success of our Group).

The maximum number of Share which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Group shall not in aggregate exceed 10% of the Shares in issued as at the Listing Date, that is, 152,704,678 Shares. No option may be granted to any participant of the Share Option Scheme such that the total number of Shares issued and to be issued upon exercise of the options granted and to be granted to that person in any 12-month period up to the date of the latest grant exceeds 1% of the Company's issued share capital from time to time.

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 and not exceeding 10 years from the date of the grant. Participants of the Share Option Scheme are required to pay the Company HK$1.00 upon acceptance of the grant on or before the 28th days after the offer date. The exercise price of the options is determined by the Board in its absolute discretion and shall not be less than whichever is the highest of:

(a) the nominal value of a Share;

(b) the closing price of a Share as stated in the Stock Exchange's daily quotations sheets on the offer date; and

(c) the average closing price of a Share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the offer date.

The Share Option Scheme shall be valid and effective for a period of 10 years from the Listing Date, after which no further options will be granted or offered.

Details of the Share Option Scheme are set out in the prospectus of the Company dated September 24, 2010.

Details of movement of share options during the year ended June 30, 2011 under the Share Option Scheme are as follows:-

	Number of share options						
Name or category of participants	**Granted during the year**	**Exercised during the year**	**Lapsed during the year**	**Outstanding as at June 30, 2011**	**Exercise price** (HK$)	**Date of Grant**	**Exercisable Period** (Note)
Directors							
Mr. David Ka Hock Toh	200,000	—	—	200,000	4.80	9 March 2011	9 September 2011 to 9 March 2018
Prof. Chia-Wei Woo	200,000	—	—	200,000	4.80	9 March 2011	9 September 2011 to 9 March 2018
Mr. Shujian Che	200,000	—	—	200,000	4.80	9 March 2011	9 September 2011 to 9 March 2018
Sub-total	600,000	—	—	600,000			
Employees	24,310,000	—	—	24,310,000	4.80	9 March 2011	9 September 2011 to 9 March 2018
Sub-total	24,310,000	—	—	24,310,000			
Total	24,910,000	—	—	24,910,000			

Note : The first one fourth of the Share Options are exercisable from 9 September 2011; the second one fourth of the Share Options are exercisable from 9 September 2012; the third one fourth of the Share Options are exercisable from 9 September 2013; and the remaining one fourth of the Share Options are exercisable from 9 September 2014. All unexercised Share Options shall lapse on 9 March 2018.

Directors' Rights to Acquire Shares or Debentures

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire such rights in any other body corporate.

Directors' Service Contracts

Each of the executive Directors has entered into a service contract with the Company on September 13, 2010 for an initial term of three years commencing on September 13, 2010, which is automatically renewable upon the expiry of the said term until termination in accordance with the provisions set out in the respective service contracts.

Each of the non-executive Director and the independent non-executive Directors has entered into a service contract with the Company on September 13, 2010 for an initial term of two years commencing on September 13, 2010, which is automatically renewable upon the expiry of the said term until termination in accordance with the provisions set out in the respective service contracts.

None of the Directors who are proposed for re-election at the 2011 AGM has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

Directors' Interests in Contracts

None of the Directors had a significant beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

Disclosure of Interests

Directors' Interests in Shares

As at June 30, 2011, the interest or short position in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO") which were notified to the Company and the Stock Exchange under the provisions of Divisions 7 and 8 of Part XV of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, are set out below:

Name of Directors	Capacity/nature of interest	Long position/ short position	Number of shares	Approximate percentage of shareholding
Mr. Yi Li (Note 1)	Beneficiary of a trust	Long position	620,497,910	39.12%
Mr. Yixiang Chen (Note 2)	Interest in a controlled corporation	Long position	15,000,000	0.95%
Mr. David Ka Hock Toh (Note 3)	Beneficial owner	Long position	200,000	0.01%
Prof. Chia-Wei Woo (Note 3)	Beneficial owner	Long position	200,000	0.01%
Mr. Shujian Che (Note 3)	Beneficial owner	Long position	200,000	0.01%

Notes:

(1) These 620,497,910 shares are held by Sky Sense Investments Limited ("Sky Sense") and Lakes Invest Limited ("Lakes Invest") which were wholly-owned by Spring Shine International Limited, which was owned as to 50% by Seletar Limited and 50% by Serangoon Limited, as nominees and trustees for Credit Suisse Trust Limited. Credit Suisse Trust Limited is the trustee holding such interests in Lakes Invest and Sky Sense on trust for the beneficiaries of the Li Family Trust. Mr. Li is therefore deemed to be interested in all the shares held by each of Sky Sense and Lakes Invest as a beneficiary of the Li Family Trust.

(2) These 15,000,000 shares are held by Wellink Management Limited, which is wholly-owned by Mr. Yixiang Chen.

(3) These 200,000 shares are derived from the interest in 200,000 share options granted by the Company, details of which are set out in the section headed "Share Option Scheme" above.

Save as disclosed herein, none of the Directors or chief executives of the Company or their associates, had any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations which were recorded in the register required to be kept under section 352 of the SFO or notified to the Company and the Stock Exchange pursuant to the Model Code as at June 30, 2011.

Substantial Shareholders Interests in Shares

As at June 30, 2011, so far as is known to any Director or chief executive of the Company, the persons or corporations (other than Director or chief executive of the Company) who had interest or short positions in the shares and underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register to be kept under section 336 of the SFO are as follows:

Name of Shareholders	Capacity/nature of interest	Long position/ short position	Number of shares	Approximate percentage of shareholding
Spring Shine International Limited (Note 1)	Interest in a controlled corporation	Long position	620,497,910	39.12%
Credit Suisse Trust Limited (Note 1)	Trustee of a trust	Long position	620,497,910	39.12%
Seletar Limited (Note 1)	Trustee of a trust	Long position	620,497,910	39.12%
Serangoon Limited (Note 1)	Trustee of a trust	Long position	620,497,910	39.12%
Lakes Invest Limited (Note 1)	Beneficial owner	Long position	541,700,000	34.15%
Central Huijin Investment Ltd. (Note 2)	Interest in a controlled corporation	Long position	224,615,568	14.16%
ICBC International Holdings Limited (Note 2)	Interest in a controlled corporation	Long position	224,615,568	14.16%
Industrial and Commercial Bank of China Limited (Note 2)	Interest in a controlled corporation	Long position	224,615,568	14.16%

Name of Shareholders	Capacity/nature of interest	Long position/ short position	Number of shares	Approximate percentage of shareholding
ICBC International Fund Management Limited (Note 2)	Beneficial owner, security interest	Long position	166,663,526	10.51%
Yiling Huang (Note 3)	Interest in a controlled corporation	Long position	126,200,000	7.96%
Kam Sze Lau (Note 3)	Interest in a controlled corporation	Long position	126,200,000	7.96%
Building Up International Investments Limited (Note 3)	Beneficial owner	Long position	126,200,000	7.96%
Mirae Asset Global Investments (Hong Kong) Limited	Investment manager	Long position	88,607,000	5.59%
Sky Sense Investments Limited (Note 1)	Beneficial owner	Long position	78,797,910	4.87%

Notes:

(1) Each of Sky Sense Investments Limited and Lakes Invest Limited is wholly-owned by Spring Shine International Limited, which in turn is owned as to 50% by Seletar Limited and 50% by Serangoon Limited, as nominees and trustees for Credit Suisse Trust Limited, which is acting as the trustee of the Li Family Trust. Therefore, each of Sprint Shine Trust Limited, Credit Suisse Trust Limited, Seletar Limited, Serangoon Limited is deemed to be interested in all the shares of the Company held by Sky Sense Investments Limited and Lakes Invest Limited.

(2) ICBC International Fund Management and ICBC International Strategic Investment Limited are wholly-owned subsidiaries of ICBC International Holdings Limited. ICBC International Holdings Limited is a wholly owned subsidiary of Industrial and Commercial Bank of China Limited. Industrial and Commercial Bank of China Limited is controlled by Central Huijin Investment Ltd. Therefore Central Huijin Investment Ltd., Industrial and Commercial Bank of China Limited and ICBC International Holdings Limited are deemed to be interested in all shares held by ICBC International Fund Management and all shares held by ICBC International Strategic Investment Limited.

(3) Build Up International Investments Limited is owned as to 50% by Yiling Huang and 50% by Kam Sze Lau. Therefore, each of Yiling Huang and Kam Sze Lau is deemed to be interested in the shares held by Build Up International Investments Limited.

Save as disclosed above, no other parties were recorded in the register of the Company required to be kept under section 336 of the SFO as having interests or short positions in the shares or underlying shares of the Company as at June 30, 2011.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry to all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code during the period from October 7, 2010 to June 30, 2011.

Major Customers and Suppliers

During the year, the Group's purchase from the five largest suppliers accounted for approximately 41.3% of the Group's total cost of sales and purchases from the largest supplier included therein accounted for approximately 12.9% of the Group's total cost of sales.

During the year, the Group's sales to the five largest customers accounted for approximately 27.0% of the Group's total turnover and sales to the largest customer included therein accounted for approximately 5.7% of the Group's total sales.

None of the Directors of the Company, their associates, nor any shareholder which to the best knowledge of the Directors owns more than 5% of the Company's issued share capital, had any beneficial interest in the Group's five largest customers and suppliers.

Exempted Continuing Connected Transactions

During the year, the Company has the following exempted continuing connected transactions:

The license of patents by Mr. Yi Li pursuant to the intellecutal license agreement dated September 29, 2008 between Mr. Li and Trony Science and the intellectual property consulting contract entered into between Shenzhen Yiying Patent & Trademark Agency and Trony Science on September 15, 2010 constituted continuing connected transactions for the Group exempt from the reporting, annual review, announcement and independent shareholders' approval requirements stipulated under the Listing Rules pursuant to Rule 14A.33(3) of the Listing Rules. Each of these transactions is undertaken on an arms-length basis and on normal commercial terms or terms more favourable to our Group and the percentage ratios (other than the profit ratio) of each of the transactions on an annual basis is less than 0.1% or if more than 0.1% is less than 5% and the annual consideration is less than HK$1.0 million.

The loan ("Weili Loan") in the amount of RMB305 million from 晉江威立織造實業有限公司 (Jinjiang City Weili Weaving Manufacturing Industry Co., Ltd. to Trony Science pursuant to the loan agreement entered into on April 10, 2008 constituted financial assistance from a connected person for the benefit of the Group. As the Weili Loan is on normal commercial terms or better to the Group and no security over the assets of the Group is granted in respect of the Weili Loan, it is exempt from the reporting, annual review, announcement and independent shareholders' approval requirements stipulated under the Listing Rules pursuant to Rule 14A.65(4) of the Listing Rules.

The Company repaid the Weili Loan in the amount of RMB300 million as full and final settlement during the year.

Details of the the above exempted continuing connected transactions were disclosed in the prospectus of the Company dated Septermber 24, 2010, and the details of the related party transactions are disclosed in note 35 to the financial statements.

Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float as required under the Listing Rules since the listing of its shares on the Stock Exchange on October 7, 2010.

Audit Committee

The Company established an audit committee (the "Audit Committee") on September 13, 2010 with written terms of reference in compliance with the CG Code, and currently comprises three independent non-executive Directors, Mr. David Ka Hock Toh (as chairman), Prof. Chia-Wei Woo and Mr. Shujian Che. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group. The Audit Committee has reviewed the audited consolidated financial statements for the year ended June 30, 2011 before such statements were tabled for the Board's review and approval and are of the opinion that such report complied with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures have been made.

Corporate Governance

A report on the principal corporate governance practices adopted by the Company is set out on pages 13 to 19 of the 2010/2011 Annual Report.

Auditor

A resolution will be submitted to the 2011 AGM for the re-appointment of Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board
TRONY SOLAR HOLDINGS COMPANY LIMITED
Yi Li
Chairman

Hong Kong, September 19, 2011

Deloitte.
德勤

TO THE SHAREHOLDERS OF
TRONY SOLAR HOLDINGS COMPANY LIMITED
創益太陽能控股有限公司
(Incorporated in the Cayman Islands as an exempted company with limited liability)

We have audited the consolidated financial statements of Trony Solar Holdings Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 39 to 101, which comprise the consolidated statement of financial position as at June 30, 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows 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 the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board 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 the 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 and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. 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.

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 judgment, 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 the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the 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 Group as at June 30, 2011 and of the Group's profit and cash flows for the year then ended in accordance with the International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

September 19, 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2011

	NOTES	**2011**	2010
		RMB'000	*RMB'000*
Revenue	8	**1,961,582**	1,351,230
Cost of sales		**(1,123,605)**	(778,230)
Gross profit		**837,977**	573,000
Other income	9	**9,997**	3,768
Selling and distribution expenses		**(7,427)**	(5,321)
Administration expenses		**(84,192)**	(36,872)
Offering expenses		**(1,965)**	(34,737)
Other gains and losses	10	**(17,689)**	353
Research and development expenses		**(26,843)**	(11,297)
Change in fair value of convertible redeemable preferred shares	28	**—**	109,773
Finance costs	11	**(34,972)**	(19,449)
Profit before tax	12	**674,886**	579,218
Income tax expense	14	**(130,898)**	(79,792)
Profit and total comprehensive income for the year		**543,988**	499,426
Earnings per share	16		
– Basic		**RMB0.37**	RMB0.48
– Diluted		**RMB0.37**	RMB0.36

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT JUNE 30 2011

	NOTES	**2011**	2010
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	17	**1,498,031**	982,364
Prepaid lease payments	18	**6,166**	6,309
Deferred tax assets	19	**9,825**	4,567
Deposits for purchase of property, plant and equipment	17	**399,733**	434,447
Restricted bank deposits	22	**32,358**	33,747
		1,946,113	1,461,434
CURRENT ASSETS			
Inventories	20	**43,742**	28,236
Trade receivables	21	**355,026**	183,432
Other receivables and prepayments	21	**77,985**	14,570
Prepaid lease payments	18	**143**	143
Amounts due from directors	35(a)	**171**	34
Amount due from a related party	35(e)	**36**	132
Restricted bank deposits	22	**9,155**	1,288
Bank balances and cash	22	**1,000,247**	91,438
		1,486,505	319,273
CURRENT LIABILITIES			
Trade and other payables	23	**178,905**	132,262
Tax payable		**41,407**	28,649
Amount due to a director	35(b)	**—**	40,074
Bank borrowings - due within one year	24	**17,400**	13,388
		237,712	214,373
NET CURRENT ASSETS		**1,248,793**	104,900
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,194,906**	1,566,334

CONSOLIDATED STATEMENT OF FINANCIAL POSITION- *continued*

	NOTES	**2011**	2010
		RMB'000	*RMB'000*
NON-CURRENT LIABILITIES			
Loan from a related party	35(c)	—	277,038
Loan from a shareholder	35(d)	—	196,892
Bank borrowings - due more than one year	24	**62,770**	52,050
Warranty provision	25	**3,903**	3,302
Government grants	26	**15,720**	4,700
Deferred tax liability	19	**15,000**	—
		97,393	533,982
		3,097,513	1,032,352
CAPITAL AND RESERVES			
Share capital	27	**1,001**	8
Convertible preferred shares	29	—	405,128
Reserves		**3,096,512**	627,216
		3,097,513	1,032,352

The consolidated financial statements on pages 39 to 101 were approved and authorised for issue by the Board of Directors on September 19, 2011 and are signed on its behalf by:

Yi LI
DIRECTOR

Yixiang CHEN
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2011

	Share capital *RMB'000*	Share premium *RMB'000*	Convertible preferred shares *RMB'000*	Statutory surplus reserve *RMB'000* *(Note)*	Capital reserve *RMB'000*	Share-based payment reserve *RMB'000*	Accumulated profits *RMB'000*	Total *RMB'000*
At July 1, 2009	8	—	—	1,493	67,952	—	35,159	104,612
Profit and total comprehensive income for the year	—	—	—	—	—	—	499,426	499,426
Issuance of convertible preferred shares	—	—	405,128	—	—	—	—	405,128
Deemed contribution in relation to loan from a shareholder (note 35)	—	—	—	—	23,186	—	—	23,186
At June 30, 2010 and July 1, 2010	8	—	405,128	1,493	91,138	—	534,585	1,032,352
Profit and total comprehensive income for the year	—	—	—	—	—	—	534,988	543,988
Issuance of restricted shares (note 27)	—	—	—	—	—	—	—	—
Conversion of convertible preferred shares	12	405,116	(405,128)	—	—	—	—	—
Capitalisation issue (note 27)	711	(711)	—	—	—	—	—	—
Issuance of shares upon initial public offering (note 27)	269	1,564,699	—	—	—	—	—	1,564,968
Share issue expenses	—	(80,600)	—	—	—	—	—	(80,600)
Recognition of equity-settled share based-payment	—	—	—	—	—	33,884	—	33,884
Restricted shares vested (note 34)	—	4,506	—	—	—	(4,506)	—	—
Exercise of share option (note 34)	1	5,019	—	—	—	(2,099)	—	2,921
At June 30, 2011	**1,001**	**1,898,029**	**—**	**1,493**	**91,138**	**27,279**	**1,078,573**	**3,097,513**

Note:

The statutory surplus reserve is non-distributable and the transfer to the reserve is determined by a resolution passed by the board of directors of Shenzhen Trony Science and Technology Development Co., Ltd. 深圳市創益科技發展有限公司 ("Trony Science") in accordance with its Articles of Association. Statutory surplus reserve can be used to make up for previous years' losses or converted into additional capital of Trony Science.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2011

	2011	2010
	RMB'000	*RMB'000*
OPERATING ACTIVITIES		
Profit before tax	**674,886**	579,218
Adjustments for:		
Depreciation of property, plant and equipment	**85,120**	65,558
Release of prepaid lease payments	**143**	143
Loss on disposal of property, plant and equipment	**32**	411
Interest income	**(4,659)**	(1,279)
Change in fair value of convertible redeemable preferred shares	**—**	(109,773)
Finance costs	**34,972**	19,449
Share-based payment expenses	**33,884**	—
Government grant	**(3,100)**	—
Unrealised foreign exchange loss (gain)	**8,179**	(2,399)
Operating cash flows before movements in working capital	**829,457**	551,328
Increase in inventories	**(15,506)**	(285)
Increase in trade receivables	**(171,594)**	(112,921)
Increase in other receivables and prepayments	**(33,589)**	(8,912)
(Increase) decrease in amounts due from directors	**(137)**	287
Decrease in amount due from a related party	**96**	4,001
Decrease in trade and other payables, warranty provision and government grants	**67,463**	86,970
Cash generated from operations	**676,190**	520,468
Income taxes paid	**(108,398)**	(65,812)
NET CASH FROM OPERATING ACTIVITIES	**567,792**	454,656
INVESTING ACTIVITIES		
Payment for acquisition of property, plant and equipment	**(633,021)**	(634,804)
Increase in restricted bank deposits	**(7,234)**	(16)
Interest received	**4,659**	1,279
Government grant received	**35,100**	—
Proceeds on disposal of property, plant and equipment	**8**	227
NET CASH USED IN INVESTING ACTIVITIES	**(600,488)**	(633,314)

CONSOLIDATED STATEMENT OF CASH FLOWS - *continued*

	2011	2010
	RMB'000	*RMB'000*
FINANCING ACTIVITIES		
Proceeds from issuance of new shares pursuant to the public offering	**1,363,896**	—
New borrowings raised	**71,720**	35,188
Proceeds from exercise of share options	**2,921**	—
Advances from a director	**224**	1,438
Repayment of loan from related party	**(300,000)**	—
Payment of transaction cost attributable to issue of new shares	**(80,600)**	—
Repayments of advances from a director	**(40,298)**	(2,741)
Repayment of borrowings	**(56,988)**	(42,200)
Interest paid	**(5,109)**	(5,399)
Expenses in connection with the issuance of convertible preferred shares	**(4,117)**	(377)
Repayments of advances from related parties	**—**	(5,784)
Loan from a shareholder	**—**	205,083
Proceeds from issuance of convertible redeemable preferred shares	**—**	68,337
Repayments of advances from shareholders	**—**	(2,246)
Redemption of convertible redeemable preferred shares	**—**	(765)
NET CASH FROM FINANCING ACTIVITIES	**951,649**	250,534
NET INCREASE IN CASH AND CASH EQUIVALENTS	**918,953**	71,876
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**91,438**	20,962
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**(10,144)**	(1,400)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, REPRESENTING BANK BALANCES AND CASH	**1,000,247**	91,438

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2011

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on June 23, 2006 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from October 7, 2010. The address of the registered office is Walker House, 87 Mary Street, George Town, Grand Cayman KY1-9005, Cayman Islands, and the address of the principal place of business is Units 2112-2116, Great China International Exchange Square, No. 1 Fuhua Road, Futian District, Shenzhen 518048, Guangdong Province, the People's Republic of China (the "PRC").

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (the "Group") are development, manufacture and sale of solar products. Details of the Company's subsidiaries are set out in note 36.

The consolidated financial statements are presented in Renminbi ("RMB"), which is the same as the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

In the current year, the Group has applied the following new and revised standards and interpretations issued by the International Accounting Standards Board ("IASB").

IFRSs (Amendments)	Improvements to IFRSs May 2010
IFRSs (Amendments)	Improvements to IFRSs April 2009
IAS 32 (Amendments)	Classification of Rights Issues
IFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
IFRS 1 (Amendment)	Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters
IFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the new and revised Standards and Interpretations in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS") *- continued*

The Group has not early applied the following new and revised Standards and Amendments that have been issued but are not yet effective:

IFRS (Amendments)	Improvements to IFRSs 2010[1]
IFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[2]
IFRS 7 (Amendments)	Disclosures - Transfers of Financial Assets[2]
IFRS 9	Financial Instruments[3]
IFRS 10	Consolidated Financial Statements[3]
IFRS 11	Joint Arrangements[3]
IFRS 12	Disclosure of Interests in Other Entities[3]
IFRS 13	Fair Value Measurement[3]
IAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[5]
IAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[4]
IAS 19 (Revised 2011)	Employee Benefits[3]
IAS 24 (Revised 2009)	Related Party Disclosures[1]
IAS 27 (Revised 2011)	Separate Financial Statements[3]
IAS 28 (Revised 2011)	Investments in Associates and Joint Ventures[3]
IFRIC 14 (Amendments)	Prepayments of a Minimum Funding Requirement[1]

1 Effective for annual periods beginning on or after January 1, 2011
2 Effective for annual periods beginning on or after July 1, 2011
3 Effective for annual periods beginning on or after January 1, 2013
4 Effective for annual periods beginning on or after January 1, 2012
5 Effective for annual periods beginning on or after July 1, 2012

The directors of the Company anticipate that the application of the other new and revised Standards and Amendments and Interpretations will have no material impact on the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with the IFRS issued by IASB. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on historical cost except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The significant accounting policies are set out below:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expense are eliminated in full on consolidation.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of sales related taxes.

Revenue from sale of goods is recognised when the goods are delivered and title has passed.

Service income is recognised when services are provided.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income from a finance asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES - *continued*

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administration purposes (other than construction in progress and equipment under installation), are stated at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment, other than construction in progress and equipment under installation, less their residual values over their useful lives, using the straight-line method, at the following rates per annum:

Buildings	Over the shorter of lease terms or 5%
Plant and machinery	6.67% to 10%
Furniture, fixtures and equipment	10% to 20%
Motor vehicles	10%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Equipment under installation represents equipment received by the Group but subject to installation and testing. Equipment under installation is not depreciated until it is ready for its intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

Buildings under development for future owner-occupied purpose

When buildings are in the course of development for production or for administrative purposes, the amortisation of prepaid lease payments provided during the construction period is included as part of costs of buildings under construction. Buildings under construction are carried at cost, less any identified impairment losses. Depreciation of buildings commences when they are available for use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

3. SIGNIFICANT ACCOUNTING POLICIES - *continued*

Leasing

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

Foreign currencies

In preparing financial statements of each individual group entities, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency on the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing cost eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES - *continued*

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the period in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss over the useful lives of the related assets. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

Payments to state-managed retirement benefit schemes are charged as an expense when employees have rendered services entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit or loss for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

3. SIGNIFICANT ACCOUNTING POLICIES - *continued*

Taxation - *continued*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets acquired separately.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the issue of financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instrument.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade receivables, other receivables, amounts due from directors, amount due from a related party, restricted bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

3. SIGNIFICANT ACCOUNTING POLICIES - *continued*

Financial instruments - *continued*

Financial assets *- continued*

Impairment of financial assets

Financial assetsare assessed for indicators of impairment at the end of the reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected. Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 to 120 days, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. SIGNIFICANT ACCOUNTING POLICIES - *continued*

Financial instruments - *continued*

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group's financial liabilities are generally classified into financial liabilities at FVTPL and other financial liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis other than those financial liability classified at FVTPL, of which the interest expense is included in change in fair value of financial liabilities designated at FVTPL.

Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL comprise convertible redeemable preferred shares.

Financial liabilities at FVTPL are measured at fair value, with changes in fair value arising on remeasurement recognised directly in profit or loss in the period in which they arise.

Other financial liabilities

Other financial liabilities including trade and other payables, amount due to a director, bank borrowings, loan from a related party and loan from a shareholder are subsequently measured at amortised cost, using the effective interest method.

Convertible redeemable preferred shares

Convertible redeemable preferred shares are redeemable and convertible to ordinary shares at the option of the holder. The conversion option will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments are considered as embedded derivatives not closely related to the host contract.

The Group has elected to designate its convertible redeemable preferred shares with embedded derivatives as financial liabilities at FVTPL on initial recognition as the convertible redeemable preferred shares contain one or more embedded derivatives. At the end of the reporting period subsequent to initial recognition, the entire convertible redeemable preferred shares are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

3. SIGNIFICANT ACCOUNTING POLICIES - *continued*

Financial instruments - *continued*

Financial liabilities and equity instruments - *continued*

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect is material).

Share-based payment transactions

The fair value of services received determined by reference to the fair value of share options and restricted shares granted at the grant date is expensed on a straight-line basis over the vesting period/recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity (share-based payment reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss, with a corresponding adjustment to share-based payment reserve.

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

3. SIGNIFICANT ACCOUNTING POLICIES - *continued*

Impairment of assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indicator exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

4. KEY SOURCE OF ESTIMATION UNCERTAINTY

The following are the key assumption concerning the future, and other key source of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated impairment of trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash inflows. The amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at June 30, 2011, the carrying amounts of trade receivables of the Group are approximately RMB355 million (2010: RMB183 million). No allowance for doubtful debts was recognised during the year.

Useful lives and impairment assessment of property, plant, and equipment

The Group's management determines the estimated useful lives and the depreciation method in determining the related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. In addition, management assess impairment whenever events or changes in circumstance indicate that the carrying amount of an asset may not be recoverable. Management will increase the depreciation charge where useful lives are expected to be shorter than expected, or will write-off or write-down obsolete or non-strategic assets that have been abandoned or sold. As at June 30, 2011, the carrying amounts of property, plant and equipment are approximately RMB1,498 million (2010: RMB982 million).

4. KEY SOURCE OF ESTIMATION UNCERTAINTY *- continued*

Estimated provision for warranty

The Group's solar modules and products are typically sold with a one-year guarantee for defects in materials and workmanship. For selected customers, the Group provides warranties with extended periods of 5 to 25 years. Due to limited warranty claims to date, the Group's management estimate the costs of warranties based on assessment of the competitors' accrual history, taking into consideration the intended applications and specifications of the competitors' products as compared to the Group's product and the periods of the warranties offered by the competitors. Such comparability analysis forms part of the basis for belief that the accrual history of competitors provides a reasonable reference for estimation of warranty costs. To the extent that accrual warranty costs differ from the estimates, the Group will prospectively revise the accrual rate for such costs. Accrued warranty costs related to the warranties of approximately RMB3.9 million were provided as at June 30, 2011 (2010: RMB3.3 million).

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes borrowings (note 24), convertible redeemable preferred shares (note 28), loans from a shareholder and a related party (note 35), cash and cash equivalents, and equity comprising issued capital, share premium, convertible preferred shares (note 29) and reserves.

The directors of the Company review the capital structure regularly. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure mainly through new share issues, as well as the issue of new debt or the redemption of existing debt.

6. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2011	2010
	RMB'000	*RMB'000*
Financial assets		
Loans and receivables (including cash and cash equivalents)	**1,396,993**	310,071
Financial liabilities		
Amortised cost	**207,590**	653,716

b. Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, other receivables, amounts due from (to) directors, amount due from a related party, restricted bank deposits, bank balances and cash, trade and other payables, loan from a related party, loan from a shareholder and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

6. FINANCIAL INSTRUMENTS - *continued*

b. Financial risk management objectives and policies - *continued*

Market risk

Currency risk

Certain bank balances, restricted bank deposits, trade receivables, amount due from a related party, trade and other payables, amount due to a director and loan from a shareholder are denominated in foreign currencies, which expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure by closely monitoring the movement of foreign currency rate.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	2011	2010
	RMB'000	*RMB'000*
Assets		
United States Dollars ("USD")	**137,429**	49,875
Hong Kong Dollars ("HKD")	**256,675**	2,631
Liabilities		
USD	**1,720**	209,633
HKD	**211**	23,829

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in RMB against the relevant foreign currencies. 5% is the sensitivity rate used which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates.

A positive number below indicates an increase in profit before tax where RMB strengthens 5% against the relevant foreign currencies. For a 5% weakening of RMB against the relevant foreign currencies, there would be an equal and opposite impact on the profit before tax.

	2011	2010
	RMB'000	*RMB'000*
USD		
– if RMB strengthens against USD	**(6,785)**	7,988
– if RMB weakens against USD	**6,785**	(7,988)
HKD		
– if RMB strengthens against HKD	**(12,823)**	1,060
– if RMB weakens against HKD	**12,823**	(1,060)

6. FINANCIAL INSTRUMENTS - *continued*

b. Financial risk management objectives and policies - *continued*

Market risk *- continued*

Interest rate risk

The Group are exposed to fair value interest rate risk in relation to fixed-rate loan from a shareholder (note 35).

The Group are also exposed to cash flow interest rate risk in relation to variable-rate bank borrowings (note 24) and bank balances. It is the Group's policy to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk.

The Group's exposures to interest rates on financial liabilities are detailed in liquidity risk management section of this note. The Group's cash flow interest risk is mainly concentrated on the fluctuation of benchmark interest rate of People's Bank of China arising from the bank borrowings.

As the bank balance interest rates having limited fluctuation over the year, management of the Company are of the opinion that the Group's exposure to cash flow interest rate risk is minimal. Accordingly, no sensitivity analysis is presented on bank balances.

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate bank borrowings at the end of the reporting period. The analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represent management's assessment of the reasonably possible change in interest rates.

As of June 30, 2011, if interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit before tax would decrease/increase by approximately RMB401,000 (2010:RMB327,000).

Credit risk

As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade receivables at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are either state-owned banks in the PRC or banks with high credit ratings and quality.

The Group's concentration of credit risk by geographical locations is mainly in the PRC which accounted for 96% (2010: 92%) of the total trade receivable as at June 30, 2011.

The Group has concentration of credit risks as 24% (2010: 35%) of the total trade receivables was due from the Group's five largest customers located in the PRC and Thailand as at June 30, 2011.

6. FINANCIAL INSTRUMENTS - *continued*

b. Financial risk management objectives and policies - *continued*

Liquidity risk

In the management of liquidity risk, the Group's management monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, the management monitors the utilisation of borrowings, and renews the borrowings upon expiry based on the actual operation requirement of the Group.

Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest rates are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

	Weighted average interest rate	Repayable on demand	Less than 3 months	3 months to 1 year	1 year to 2 years	Over 2 years	Total un-discounted cash flows	Total carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At June 30, 2011								
Non-derivative financial liabilities								
Trade and other payables	—	—	127,420	—	—	—	127,420	127,420
Borrowings - variable rates	6.22	—	5,597	16,384	30,339	37,552	89,872	80,170
		—	133,017	16,384	30,339	37,552	217,292	207,590

6. FINANCIAL INSTRUMENTS - *continued*

b. Financial risk management objectives and policies - *continued*

Liquidity risk *- continued*

Liquidity and interest risk tables - continued

	Weighted average interest rate	Repayable on demand	Less than 3 months	3 months to 1 year	1 year to 2 years	Over 2 years	Total un-discounted cash flows	Total carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At June 30, 2010								
Non-derivative financial liabilities								
Trade and other payables	—	—	74,274	—	—	—	74,274	74,274
Amount due to a director	—	40,074	—	—	—	—	40,074	40,074
Loan from a shareholder	5.54	—	—	—	215,976	—	215,976	196,892
Loan from a related party	5.40	—	—	—	305,000	—	305,000	277,038
Borrowings - variable rates	5.15	—	3,434	13,323	12,929	44,842	74,528	65,438
		40,074	77,708	13,323	533,905	44,842	709,852	653,716

c. Fair value

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the consolidated financial statements approximate their fair values.

7. SEGMENT INFORMATION

The Group has been operating in one reportable segment, being the manufacture and sale of solar products. The Group's chief operating decision maker has been identified as the Chief Executive Officer, who reviews the consolidated results before tax and before fair value adjustment of financial instruments and share-based payments expenses, if any, when making decisions about allocating resources and assessing performance.

Geographical information

All of the Group's non-current assets, production facilities and capital expenditure are located or utilised in the PRC.

The following table summarises the Group's revenue from customers by geographical locations:

	2011	2010
	RMB'000	*RMB'000*
Thailand	**60,253**	59,262
PRC	**1,737,520**	1,140,136
Hong Kong	**108,560**	151,779
Vietnam	**53,153**	—
Others	**2,096**	53
Total revenue	**1,961,582**	1,351,230

Information about major customers

Revenues from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2011	2010
	RMB'000	*RMB'000*
Customer A	*	138,053

* The corresponding revenue does not contribute over 10% of the total revenue of the Group in the respective year.

8. REVENUE

Revenue represents revenue arising on sale of solar products and service income for the year.

An analysis of the Group's revenue is as follows:

	2011	2010
	RMB'000	*RMB'000*
Sales of goods	**1,961,582**	1,334,982
Revenue from service contracts	**—**	16,248
	1,961,582	1,351,230

9. OTHER INCOME

	2011	2010
	RMB'000	*RMB'000*
Government grants (note 26)	**5,338**	2,458
Interest income	**4,659**	1,279
Others	**—**	31
	9,997	3,768

10. OTHER GAINS AND LOSSES

	2011	2010
	RMB'000	*RMB'000*
Net foreign exchange loss (gain)	**17,657**	(764)
Loss on disposals of property, plant and equipment	**32**	411
	17,689	(353)

11. FINANCE COSTS

	2011	2010
	RMB'000	*RMB'000*
Interest on bank borrowings wholly repayable within five years	**5,404**	3,673
Imputed interest expense on non-current interest-free loan from a related party	**22,962**	14,562
Effective interest expense on loan from a shareholder	**8,663**	22,938
Total borrowing costs	**37,029**	41,173
Less: amounts capitalised	**(2,057)**	(21,724)
	34,972	19,449

Borrowing costs capitalised during the year arose from borrowings specifically for the purpose of obtaining qualifying assets.

12. PROFIT BEFORE TAX

	2011	2010
	RMB'000	*RMB'000*
Profit before tax has been arrived at after charging:		
Staff costs, including directors' remuneration		
Salaries, wages and other benefits	**53,678**	37,307
Share-based payments expense	**33,884**	—
Retirement benefits scheme contributions	**4,413**	2,737
	91,975	40,044
Auditor's remuneration	**2,753**	1,968
Cost of inventories recognised as expenses	**1,123,605**	774,960
Depreciation of property, plant and equipment	**85,120**	65,558
Release of prepaid lease payments	**143**	143

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Details of the emoluments paid/payable to the directors for the year are as follows:

	2011	2010
	RMB'000	*RMB'000*
Directors' fee	**1,860**	—
Other emoluments		
- salaries and other benefits	**703**	554
- discretionary bonus (note)	**118**	72
- share-based payments	**432**	—
- contributions to retirement benefits scheme	**14**	21
	3,127	647

Note: Discretionary bonus was about one month's basic salary and was determined based on the Group's financial performance and individual performance.

The emoluments of the directors on a named basis are as follows:

For the year ended June 30, 2011

	Mr. Yi Li ("Mr. Li")	**Mr. Yixiang Chen**	**Mr. Hong Yu**	**Mr. David Ka Hock Toh**	**Prof. Chia-Wei Woo**	**Mr. Shujian Che**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Directors' fee	**722**	**495**	**—**	**219**	**212**	**212**	**1,860**
Other emoluments							
- salaries and other benefits	**369**	**334**	**—**	**—**	**—**	**—**	**703**
- discretionary bonus	**62**	**56**	**—**	**—**	**—**	**—**	**118**
- share-based payments	**—**	**—**	**—**	**144**	**144**	**144**	**432**
- contributions to retirement benefits scheme	**9**	**5**	**—**	**—**	**—**	**—**	**14**
	1,162	**890**	**—**	**363**	**356**	**356**	**3,127**

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS - *continued*

For the year ended June 30, 2010

	Mr. Yi Li ("Mr. Li") *RMB'000*	Mr.Yixiang Chen *RMB'000*	Mr. Hong Yu *RMB'000*	Mr. David Ka Hock Toh *RMB'000*	Prof. Chia-Wei Woo *RMB'000*	Mr. Shujian Che *RMB'000*	Total *RMB'000*
Directors' fee							
Other emoluments							
- salaries and other benefits	286	268	—	—	—	—	554
- discretionary bonus	37	35	—	—	—	—	72
- contributions to retirement benefits scheme	14	7	—	—	—	—	21
	337	310	—	—	—	—	647

The five highest paid individuals of the Group for the year ended June 30, 2011 include one director (2010: one). The remunerations of the remaining four (2010: four) individuals for the years ended June 30, 2010 and 2011 are as follows:

	2011 **RMB'000**	2010 *RMB'000*
Employees		
- salaries and other benefits	**3,223**	2,891
- discretionary bonus	**311**	804
- share-based payments	**20,775**	—
- contributions to retirement benefits scheme	**—**	—
	24,309	3,695

Their emoluments were within the following bands:

	2011 No. of Employees	2010 No. of Employees
HK$nil to HK$1,000,000	**—**	1
HK$1,000,001 to HK$1,500,000	**—**	3
HK$2,000,001 to HK$2,500,000	**2**	—
HK$3,000,001 to HK$3,500,000	**1**	—
HK$20,500,001 to HK$21,000,000	**1**	—

During the year, no emoluments were paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, none of the directors waived any emoluments during the year.

14. INCOME TAX EXPENSE

	2011	2010
	RMB'000	*RMB'000*
Current tax - PRC Enterprise Income Tax ("PRC EIT")	**121,156**	81,712
Deferred tax - current (note 19)	**9,742**	(1,920)
	130,898	79,792

The Company is tax exempted under the laws of the Cayman Islands.

Sure Goal Limited is tax exempted under the laws of the British Virgin Islands.

Trony Solar Holdings (Hong Kong) Limited ("Trony HK") is subject to Hong Kong Profits Tax rate of 16.5% on profits earned in Hong Kong. No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

Trony East Africa Limited is subject to Kenya corporate tax rate of 30% on profits earned in Kenya.

The new enterprise income tax law in the PRC (the "New EIT Law") became effective on January 1, 2008. Enterprises established under the laws of foreign countries or regions and whose "de facto management bodies" located within the PRC territory are considered PRC resident enterprises and will be subject to the PRC enterprise income tax at the rate of 25% of worldwide income. According to the implementation regulations, during the transition period, the PRC EIT rate for Trony Science is 18%, 20%, 22%, 24% and 25% in the calendar years of 2008, 2009, 2010, 2011 and 2012, respectively. While the New EIT Law equalises the tax rates for Foreign Investment Enterprises ("FIEs") and domestically-owned companies, preferential tax treatment (i.e. tax rate of 15%) would continue to be given to companies in certain encouraged sectors and to entities classified as high-technology companies, whether domestically-owned enterprises or FIEs. Trony Science was recognised as a state-encouraged "New High Technology" company and was entitled to a 15% preferential rate from April 2009 to December 2011. The Company calculated its deferred tax assets based on the enacted and substantively enacted tax rates expected to apply to future taxable income in the period in which the deferred tax assets is expected to be realised.

Under the New EIT Law and implementation regulations issued by the State Council, withholding tax at 10% or a lower treaty rate is imposed on dividends declared in respect of profits earned by the PRC subsidiary from January 1, 2008 onwards.

Accumulated profits of the PRC subsidiary reported in accordance with local accounting principles amounting to approximately RMB1,438,843,000 at June 30, 2011 (2010: RMB742,147,000). Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiary amounting to approximately RMB1,138,843,000 as at June 30, 2011 (2010: RMB742,147,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. The remainder of RMB300,000,000 (2010: Nil) were considered to be distributed and accordingly, the Company recorded a deferred tax liability of RMB15,000,000 in respect of these undistributed earnings as at June 30, 2011 (2010: Nil).

14. INCOME TAX EXPENSE - *continued*

The tax charge for the year can be reconciled to the profit before tax as follows:

	2011	2010
	RMB'000	*RMB'000*
Profit before tax	**674,886**	579,218
PRC EIT rate	**25%**	25%
Tax at PRC EIT rate	**168,722**	144,805
Tax effect of expenses not deductible for tax purpose:		
- offering expenses	**491**	8,684
- effective interest expense on loan from a shareholder and a related party	**7,906**	3,944
- legal and professional fees	**—**	856
- share-based payment	**8,471**	—
- exchange difference	**4,414**	—
- others	**5,627**	3,204
Deferred tax on distributable earnings of PRC subsidiary	**15,000**	—
Tax effect of other income not taxable for tax purpose:		
- fair value gain on convertible redeemable preferred shares	**—**	(27,443)
- others	**(1,056)**	(1,067)
Effect of income under tax holidays and tax concessions	**(77,830)**	(53,191)
Others	**(847)**	—
Income tax expense for the year	**130,898**	79,792

15. DIVIDENDS

The directors recommend the payment of a final dividend of HK5 cents (2010: Nil) per share to the shareholders on the register of members on November 18, 2011.

16. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the following data:

	2011	2010
	RMB'000	*RMB'000*
Earnings:		
Earnings for the purpose of basic earnings per share	**543,988**	499,426
Effect of dilutive potential ordinary shares		
Change in fair value of convertible redeemable preferred shares	**—**	(109,773)
Earnings for the purpose of diluted earnings per share	**543,988**	389,653
Number of shares:		
Weighted average number of ordinary shares and convertible preferred shares for the purpose of basic earnings per share (in thousands)	**1,471,877**	1,030,948
Effect of dilutive potential ordinary shares (in thousands)		
- convertible redeemable preferred shares	**N/A**	49,704
- share options and restricted shares	**2,687**	—
Weighted average number of ordinary shares and convertible preferred shares for the purpose of diluted earnings per share (in thousands)	**1,474,564**	1,080,652

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share for the year has been retrospectively adjusted for the issue of nominal shares and share subdivision as disclosed in note 27, and assuming that the capitalisation issue had been effective on July 1, 2009.

Except for the liquidation preference and the convertible features of the Series B Preferred Shares as mentioned in note 29, the Series B Preferred Shares share similar characteristics of ordinary shares of the Company. Such Series B Preferred Shares are considered as ordinary shares for the purpose of calculation of basic earnings per share for the year ended June 30, 2011 and 2010.

For the year ended June 30, 2010, the calculation of diluted earnings per share did not take into account restricted shares or share options granted (note 34). Since those shares and options are contingently issuable upon the completion of the Initial Public Offering ("IPO") and the contingency has not been met as at June 30, 2010, there was no dilutive effect on the earnings per share of the Group for the year ended June 30, 2010.

17. PROPERTY, PLANT AND EQUIPMENT/DEPOSITS FOR PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Buildings	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Construction in progress	Equipment under installation	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST							
At July 1, 2009	45,938	255,029	271	2,017	18,653	538,240	860,148
Additions	—	19,319	1,230	583	64,601	151,008	236,741
Transfer	18,917	701,193	—	—	(30,862)	(689,248)	—
Disposal	—	(1,737)	(96)	—	—	—	(1,833)
At June 30, 2010	64,855	973,804	1,405	2,600	52,392	—	1,095,056
Additions	4,522	40,430	—	45	104,994	450,836	600,827
Transfer	—	472,016	(819)	—	(65,761)	(405,436)	—
Disposal	—	(129)	(40)	(65)	—	—	(234)
At June 30, 2011	69,377	1,486,121	546	2,580	91,625	45,400	1,695,649
ACCUMULATED DEPRECIATION							
At July 1, 2009	3,469	44,298	176	386	—	—	48,329
Provided for the year	2,927	62,306	107	218	—	—	65,558
Eliminated on disposal	—	(1,108)	(87)	—	—	—	(1,195)
At June 30, 2010	6,396	105,496	196	604	—	—	112,692
Provided for the year	3,280	81,474	148	218	—	—	85,120
Transfer	—	123	(123)	—	—	—	—
Eliminated on disposal	—	(90)	(39)	(65)	—	—	(194)
At June 30, 2011	9,676	187,003	182	757	—	—	197,618
CARRYING VALUES							
At June 30, 2011	59,701	1,299,118	364	1,823	91,625	45,400	1,498,031
At June 30, 2010	58,459	868,308	1,209	1,996	52,392	—	982,364

The properties shown above are situated on land use rights in the PRC which are held by the Group under medium-term leases. The said land use rights cannot be freely transferable unless with the approval from relevant authorities.

Deposits paid for purchase of property, plant and equipment mainly represented the amount paid for the acquisition of the new production line.

17. PROPERTY, PLANT AND EQUIPMENT/DEPOSITS FOR PURCHASE OF PROPERTY, PLANT AND EQUIPMENT - *continued*

In addition, at June 30, 2011, 87.2% (2010: 96.8%) of the deposits paid for purchase of property, plant and equipment was due from the Group's largest equipment supplier.

Application for property ownership certificate of the staff quarters located in the PRC with aggregate carrying value of approximately RMB18,311,000 is still in progress at June 30, 2011 (2010: RMB18,286,000). Notwithstanding this, the directors of the Company are of the opinion that the Group has acquired the beneficial title to these properties.

As at June 30, 2011, the Group pledged buildings with carrying values of approximately RMB37,730,000 (2010: RMB40,005,000) to secure bank borrowings granted to the Group.

18. PREPAID LEASE PAYMENTS

Prepaid lease payments comprise medium-term leasehold land in the PRC.

	2011	2010
	RMB'000	*RMB'000*
Analysed for reporting purpose as:		
Current asset	**143**	143
Non-current asset	**6,166**	6,309
	6,309	6,452

The land use rights are amortised on a straight-line basis over lease terms of 50 years as stated in the relevant land use right certificates granted for usage by the Group in the PRC.

19. DEFERRED TAXATION

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2011	2010
	RMB'000	*RMB'000*
Analysed for reporting purpose as:		
Deferred tax assets	**9,825**	4,567
Deferred tax liabilities	**(15,000)**	—
	(5,175)	4,567

The following are the major deferred tax assets recognised and movements thereon during the year:

	Accrued warranty cost	**Accelerated tax depreciation**	**Government grant**	**Withholding tax on distributable profit of subsidiary in the PRC**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At July 1, 2009	644	1,106	897	—	2,647
Credit to profit or loss	182	1,465	273	—	1,920
At June 30, 2010 and at July 1, 2010	826	2,571	1,170	—	4,567
Credit to profit or loss	150	2,143	2,965	(15,000)	(9,742)
At June 30, 2011	976	4,714	4,135	(15,000)	(5,175)

20. INVENTORIES

	2011	2010
	RMB'000	*RMB'000*
Raw materials	**12,204**	12,211
Finished goods	**31,538**	16,025
	43,742	28,236

21. TRADE RECEIVABLES/OTHER RECEIVABLES AND PREPAYMENTS

	2011	2010
	RMB'000	*RMB'000*
Trade receivables	**355,026**	183,432
Other receivables and prepayments		
Prepayment to suppliers	**39,213**	4,625
Prepaid offering costs	**—**	7,154
Deposit and prepaid expenses	**7,619**	1,966
Value-added tax receivables	**29,826**	—
Others	**1,327**	825
	77,985	14,570

Trade receivables are mainly arisen from sales of solar products. No interest is charged on the trade receivables.

The Group allows an average credit period of 60 to 120 days to its trade customers. The following is an aged analysis of trade receivables presented based on the invoice date at the end of the reporting period.

	2011	2010
	RMB'000	*RMB'000*
0 to 60 days	**347,771**	183,426
61 to 120 days	**5,322**	—
121 to 180 days	**602**	6
Over 180 days	**1,331**	—
	355,026	183,432

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer.

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of approximately RMB1,933,000 at June 30, 2011 (2010: RMB6,000), which are past due as at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

21. TRADE RECEIVABLES/OTHER RECEIVABLES AND PREPAYMENTS - *continued*

Aging of trade receivables past due but not impaired

	2011	2010
	RMB'000	*RMB'000*
Age:		
121 to 180 days	**602**	6
Over 180 days	**1,331**	—
	1,933	6

22. RESTRICTED BANK DEPOSITS/BANK BALANCES AND CASH

Restricted bank deposits

Restricted bank deposits of approximately RMB41,513,000 (2010: RMB35,035,000) represent deposits pledged to banks to secure both short-term and long-term bank borrowings and short-term bills payables. The restricted bank deposits will be released upon the settlement of relevant bank borrowings and bills payables.

The restricted bank depositscarry interest at market rates which range from 1.39% to 2.25% per annum as at June 30, 2011 (2010: 0.36% to 1.25% per annum).

Bank balances and cash

The Group's bank balances carry interest at market rates which range from 0.1% to 2.05% per annum as at June 30, 2011 (2010: 0.01% to 0.17% per annum).

23. TRADE AND OTHER PAYABLES

	2011	2010
	RMB'000	*RMB'000*
Trade payables	**107,164**	61,250
Bills payables (note)	**10,297**	7,290
	117,461	68,540
Payables on acquisition of property, plant and equipment	**2,946**	930
Value-added tax payables	**—**	11,843
Accrued expenses	**10,464**	37,436
Salaries and staff welfare payables	**5,871**	3,576
Government grants (Note 26)	**26,850**	3,100
Receipt in advance from customers	**11,536**	3,855
Amounts due to staff	**—**	189
Other tax payables	**2,635**	1,754
Others	**1,142**	1,039
	178,905	132,262

Note: Bills payables represent bank drafts that are non-interest bearing and due within six months. Such bank drafts have been arranged with third-party financial institutions to settle the purchases of inventory.

The credit period granted by suppliers to the Group ranged from 90 to 180 days. The following is an aged analysis of trade and bills payables presented based on the invoice date at the end of the reporting period:

	2011	2010
	RMB'000	*RMB'000*
0 - 90 days	**111,531**	67,912
91 - 180 days	**4,810**	628
181 - 365 days	**1,120**	—
	117,461	68,540

24. BANK BORROWINGS

	2011	2010
	RMB'000	*RMB'000*
Carrying amount of bank borrowings repayable:		
Within one year	**17,400**	13,388
More than one year, but not exceeding two years	**27,973**	10,200
More than two years, but not exceeding five years	**34,797**	41,850
	80,170	65,438
Less: Amounts due within one year shown under current liabilities	**(17,400)**	(13,388)
	62,770	52,050

	Notes	2011	2010
		RMB'000	*RMB'000*
Secured long-term bank loan, carrying variable interest rate in average at 6.22% (2010: 5.76%)	(a)	**80,170**	62,250
Secured short-term bank loans, carrying variable interest rate in average at 3.97%	(b)	**—**	3,188
Total		**80,170**	65,438

Note:

(a) The secured long-term bank loan is secured by a restricted bank deposit of approximately RMB32,358,000 as at June 30, 2011 (2010: RMB33,747,000) and a pledge of the Group's property which has a carrying value of approximately RMB37,730,000, as at June 30, 2011 (2010: RMB40,005,000). The loan was first drawn down in 2009 and is repayable in installments over the loan period of 5 years, and the first installment of RMB850,000 was due in January 2009. Starting from January 1, 2011, the monthly repayment was increased to RMB1,450,000 with the remaining balance repayable in full on the last month of the loan period. In 2011, the Group drawn down an additional loan under the same banking facility amounting to RMB31,720,000 and is repayable in installments over the loan period of 5 years, and the first installment of approximately RMB881,000 will be due in July 2012.

(b) The secured short-term bank loan was secured by a restricted bank deposit of approximately RMB486,000 and was repaid in full in November 2010.

As at June 30, 2011, all the borrowings are denominated in RMB (2010: except for short term borrowings of approximately RMB3,188,000 are denominated in USD, the remaining borrowings are denominated in RMB).

25. WARRANTY PROVISION

	RMB'000
As at July 1, 2009	2,574
Provision for the year	728
As at June 30, 2010 and July 1, 2010	3,302
Provision for the year	601
As at June 30, 2011	3,903

The Group's solar modules and products are typically sold with a one-year guarantee for defects in materials and workmanship. Due to the short duration of the one-year guarantee for defects in materials and workmanship and the limited guarantee claims to-date, the Group does not expect future costs related to the one-year guarantee to be material. As such, the related provision was insignificant during the year.

For selected customers, the Group provides 2 to 10-year guarantee for defects in materials and workmanship. In addition, the Group provides one customer with 10-year and 25-year warranties against declines of more than 10% and 20% of initial power generation capacity, respectively. The Group has the right to repair or replace solar modules, at its option, under the terms of the warranty policy. The Group maintains warranty reserves to cover potential liabilities that could arise under these guarantees and warranties.

26. GOVERNMENT GRANTS

	2011	2010
	RMB'000	*RMB'000*
Current (note 23)		
- Acquisition of property, plant and equipment (note a)	**20,100**	—
- Other subsidies (note b)	**6,750**	3,100
	26,850	3,100
Non-current		
- Acquisition of property, plant and equipment (note a)	**15,000**	—
- Other subsidies (note b)	**720**	4,700
	15,720	4,700
	42,570	7,800

Note a: Government grants include cash subsidies received from PRC government by Trony Science which was specific for the purchase of plant and machineries. The Group has not complied with the conditions attaching to any of grants as at the end of the reporting periods and the grants are refundable in accordance with contract terms. Certain government grants related to buildings or production line development which the conditions attached to those grants have to be met after one year are classified as non-current in the consolidated statement of financial position.

Note b: Other subsidies are generally provided in relation to the development of certain solar technologies used in the products. The Group has not complied with the conditions attaching to any of grants as at the end of the reporting period and the grants are refundable in accordance with contract terms. Certain government grants which the conditions attaching to the grants have to be met after one year are classified as non-current in the consolidated statement of financial position. During the year ended June 30, 2011, the Group recognised income of approximately RMB5,338,000 (2010: RMB2,458,000).

27. SHARE CAPITAL

Movement of the share capital during the year ended June 30, 2010 and 2011are set out below:

	Number of shares	Amount
		US$
Ordinary shares		
Authorised:		
At July 1, 2009 at US$0.0001 each	493,972,809	49,397
Cancellation of Series A Preferred Shares (as defined in Note 28)(note a)	6,027,191	603
Redesignation and reclassification into Series B Preferred Shares (as defined in Note 29) (note b)	(17,650,000)	(1,765)
At June 30, 2010 at US$0.0001 each	482,350,000	48,235
Addition (note e)	4,500,000,000	450,000
Conversion of Series B Preferred Shares (note d)	17,650,000	1,765
At June 30, 2011 at US$0.0001 each	5,000,000,000	500,000

Issued and fully paid:

	Number of shares	Amount	Shown in the consolidated financial statements as
		US$	*RMB'000*
Issued at July 1, 2009 and June 30, 2010 at US$0.0001 each	100,000,000	10,000	69
Unpaid share capital	—	(9,000)	(61)
Issued and fully paid at July 1, 2009 and June 30, 2010	100,000,000	1,000	8
Issuance of restricted shares (note c)	554,678	55	—
Conversion of Series B Preferred Shares (note d)	17,650,000	1,765	12
Capitalisation issue (note e)	1,063,842,111	106,384	711
Issuance of new shares upon initial public offering (note f)	402,750,000	40,275	269
Share options exercised (note 34)	1,386,697	139	1
At June 30, 2011 at US$0.0001 each	1,586,183,486	149,618	1,001

27. SHARE CAPITAL - *continued*

	Number of shares	Amount
		US$
Series A Preferred Shares		
Authorised, issued and fully paid:		
At July 1, 2009 at US$0.0001 each (note 28)	6,027,191	603
Redemption and cancellation of Series A preferred Shares (note a)	(6,027,191)	(603)
At June 30, 2010 and 2011	—	—
Series B Preferred Shares		
Authorised, issued and fully paid:		
At date of issuance (April 28, 2010) and at June 30, 2010 at US$0.0001 each (note 29) (note b)	17,650,000	1,765
Automatic conversion into ordinary shares (note d)	(17,650,000)	(1,765)
At June 30, 2011	—	—

Notes:

(a) On April 28, 2010, the Company redeemed and cancelled 6,027,191 Series A Preferred Shares with details set out in note 28.

(b) On April 28, 2010, the Company redesignated and reclassified 17,650,000 shares into Series B Preferred Shares with details set out in note 29.

(c) Pursuant to the Pre-IPO Equity Incentive Plan (the "Plan") and a restricted share award agreement between the Company and an executive officer, the Company issued and allotted 554,678 shares to the executive officer on the IPO price determination date. These restricted shares are subject to a vesting schedule set out in note 34.

(d) Pursuant to Series B Preferred Shares purchase agreement, the Series B Preferred Shares were automatically converted into ordinary shares upon a qualified initial public offering with details set out in note 29.

(e) Pursuant to written resolution of the shareholders and holders of Series B Preferred Shares passed on September 13, 2010, inter-alia, the authorised share capital of the Company was increased from US$50,000 to US$500,000 by the creation of an additional 4,500,000,000 shares of US$0.0001 each and the directors are authorised to issue 1,063,842,111 shares by way of capitalisation of share premium account on the date of listing of the Company on the Stock Exchange.

(f) On October 7, 2010, 345,000,000 shares of US$0.0001 each of the Company, amounting to US$34,500 (approximately RMB230,000), were issued at HK$4.5 per share by way of placing and public offering and the Company's shares were listed on the Main Board of the Stock Exchange. On October 15, 2010, 57,750,000 shares of US$0.0001 each of the Company, amounting to US$5,775 (approximately RMB39,000), were issued at HK$4.5 per share pursuant to an overallotment option.

28. CONVERTIBLE REDEEMABLE PREFERRED SHARES

In September 2008, the Company entered into a share purchase agreement with independent investors ("Share Purchase Agreement") and issued 6,027,191 series A preferred shares for a total consideration of US$45 million ("Shares A Preferred Shares").

The conversion price is subject to adjustments based on a qualified initial public offering ("Qualified IPO"), defined as a public offering of the Group with a public offering price which values the Company for not less than US$1 billion immediately following such public offering and which results in aggregate proceeds to the Company of not less than US$200 million, and adjusted for according to the IPO Pre-money Valuation adjustment as later described.

The terms related to the Series A Preferred Shares are as follows:

Conversion:

The Series A Preferred Shares are convertible into ordinary shares at any time at the option of the holder. The initial conversion price shall be the preferred shares issue price ("Conversion Price"). The number of ordinary shares to be converted is determined by dividing the issue price by the Conversion Price at the time in effect.

Additionally each Series A Preferred Share shall automatically be converted into ordinary shares upon the earlier of (i) closing of the Company's Qualified IPO, or (ii) the date specified by written consent or agreement of holders of at least two-thirds of the then outstanding Series A Preferred Shares, voting as a separate class.

Conversion price adjustments:

Issuance of additional shares below original purchase price: If the Company issues shares below the original purchase price, the Conversion Price shall automatically and concurrently be adjusted with such issuance.

Share Splits and Dividend: The Conversion Price shall be appropriately decreased so that the number of ordinary shares issuable on conversion of each share of such series shall be increased in proportion to such increase of the aggregate of ordinary shares outstanding.

Reverse Share Splits: The Conversion Price shall be appropriately increased so that the number of ordinary shares issuable on conversion of each share of such series shall be decreased in proportion to such decrease of the aggregate of ordinary shares outstanding.

IPO Pre-Money Valuation adjustment:

If the valuation of the Group immediately prior to the qualified IPO ("Pre-IPO Valuation") is less than or equal to US$1.7 billion, then the Series A Preferred Shares shall be convertible into that number of ordinary shares of the Company which represents a percentage of the as-converted fully diluted outstanding equity securities of the Company immediately prior to the Qualified IPO while the percentage shall be equal to the result of 200% multiplied by the result of US$45 million divided by the amount of the Pre-IPO Valuation.

28. CONVERTIBLE REDEEMABLE PREFERRED SHARES - *continued*

IPO Pre-Money Valuation adjustment: - *continued*

If the valuation of the Group immediately prior to the Qualified IPO is greater than US$1.7 billion, then the Series A Preferred Shares shall be convertible into that number of ordinary shares of the Company which represents a percentage of the as-converted fully diluted outstanding equity securities of the Company immediately prior to the Qualified IPO while the percentage shall be equal to (i) the Series A Percentage Interest (as defined below) multiplied by (ii) the sum of (a) 70% multiplied by the Pre-IPO Valuation and (b) 30% multiplied by US$1.7 billion divided by (iii) the amount of the Pre-IPO Valuation. "Series A Percentage Interest" means the percentage of the Company's equity securities (viewed on a fully diluted and as-if converted basis) that the holders of Series A Preferred Shares hold immediately prior to the effectiveness of the Qualified IPO.

Voting rights:

Each Series A Preferred Share shall be entitled to such number of votes as equals to the whole number of ordinary shares into which such Series A Preferred Shares are convertible immediately after the close of business on the record date of the determination of the Group's members entitled to vote or, if no such record date is established, at the date such vote is taken or any written consent of the Group's members is first solicited. Except as otherwise provided in the Memorandum and Articles of Association, or as required by law, the members holding Series A Preferred Shares shall vote together with the members holding ordinary shares, and not as a separate class or series, on all matters put before them.

Dividends:

The Series A Preferred Share holders are entitled to a non-cumulative dividend of 8% of the original purchase price per annum and participate in cash and non-cash dividends on a pro rata basis to all ordinary shares on an as-converted basis.

Liquidation preference:

The Series A Preferred Shares carry liquidation preference to receive, prior to the holders of ordinary shares, an amount per share equal to 120% of the preferred shares issue price (as adjusted for any share splits, share dividends, reclassifications), plus an amount equal to all declared or accumulated but unpaid dividends on such shares. If the Group has insufficient assets, it is required to distribute its assets ratably to the preferred shareholders. The preferred shareholders, after receiving their proportional amount are entitled to further participate in the distribution of the remaining assets of the Group rateably among all the holders of outstanding ordinary shares and preferred shares on an as-converted basis.

Put options:

At any time after (1) one year anniversary of the share issue date, (2) the date on which Mr. Li ceases to be the Chairman or Chief Executive Officer of the Company, or he or his immediate family members, whether directly or indirectly, holds less than 50% of the equity interest in the Company, (3) there has been a material breach of the Share Purchase Agreement, including without limitations the representations, warranties, covenants and agreements provided by the warrantors under the Share Purchase Agreement, (4) the occurrence of a sale transaction (Note) or (5) the Company's failure to satisfy the financial metrics set forth in the Share Purchase Agreement for the release of US$10 million withheld by an escrow agent, the holders have the right to put their preferred share and yield in the aggregate 20% of the Series A Preferred Share issue price for cash, compounded annually from the date on which the first Series A Preferred Share was issued until the date of redemption, after taking into account any dividends paid on such shares.

28. CONVERTIBLE REDEEMABLE PREFERRED SHARES - *continued*

Put options: - *continued*

As of July 1, 2009, US$35 million has been received by the Company and the remaining US$10 million is being withheld by an escrow agent as it was determined that the Group failed to satisfy one of its financial metrics discussed above. The Company subsequently obtained a waiver from the Series A Preferred Share holders cancelling their rights to redeem the securities due to the breach of such financial metrics. In addition, the Series A Preferred Share holders also covenanted on August 14, 2009 that they will not exercise the remaining put options on the Series A Preferred Shares until the earlier of (i) such date the Company has ceased to be actively preparing for the IPO and (ii) January 29, 2010; provided that the Company may, by written notice to each of them prior to January 29, 2010, extend such date until March 29, 2010. The Company has submitted written notice to Series A Preferred Shares holders on January 28, 2010 to extend such date until March 29, 2010. On March 29, 2010, the Series A Preferred Share holders have submitted written notice to the Company to exercise its put options on the Series A Preferred Shares and the redemption was completed on April 28, 2010.

Share pledge:

To secure the performance of the obligations of redemption during the outstanding period of Series A Preferred Shares, 13,398,780 ordinary shares of the Company owned by Sky Sense Investments Limited ("Sky Sense"), a company in which Mr. Li has beneficial interest, 13.25% of the issued and outstanding share of Trony HK and 13.25% of the paid-up registered capital of Trony Science are required to be pledged to the Series A Preferred Share holders.

Note:

Sale transaction means (i) a sale, license or other disposition of all or substantially all of the assets or business of the Group; (ii) a merge, amalgamation, reorganisation, consolidation, transfer of voting control or other business combination or transaction in which the existing shareholders of the Company owning a majority of the voting interest of the Company prior to such transaction do not own such a majority of the surviving entity, or (iii) any sale or transfer of more than fifty percent of the voting interest of the Company by any existing shareholder or shareholders of the Company in any transaction or series of related transactions to a third party.

The Series A Preferred Shares contain liability component, conversion option derivative and redemption option derivative. The Company elected to designate the entire hybrid contract as financial liability at FVTPL. The movement of the Series A Preferred Shares is set out below:

	Original currency	**Shown in the consolidated financial statements as**
	US$'000	*RMB'000*
At July 1, 2009	66,201	452,166
Amount released by escrow agent on August 19, 2009	10,000	68,337
Change in fair value recognised in profit or loss	(16,079)	(109,773)
Redemption of Series A Preferred Shares	(60,122)	(410,387)
Exchange loss	—	(343)
At June 30, 2010 and June 30, 2011	—	—

28. CONVERTIBLE REDEEMABLE PREFERRED SHARES - *continued*

Share pledge: - *continued*

The change in fair value of approximately RMB109,773,000 has been recognised in the consolidated statement of comprehensive income for the year ended June 30, 2010. The change in fair value was mainly due to the change in market risk factors. The fair value attributable to change in its credit risk is considered immaterial.

29. CONVERTIBLE PREFERRED SHARES

In April 2010, the Company entered into a share purchase agreement with independent investors ("Share Purchase Agreement") and issued 17,650,000 series B preferred shares for a total consideration of US$60.01 million (equivalent to RMB409.6 million), with the issuance cost of approximately RMB4,494,000 ("Series B Preferred Shares"). The subscription of Series B Preferred Shares was completed on April 28, 2010.

Pursuant to the automatic conversion arrangement upon a quantified initial public offering with details below, all the Series B Preferred Shares were automatically converted into ordinary shares on October 7, 2010.

The principal terms related to the Series B Preferred Shares are as follows:

Conversion:

The Series B Preferred Shares are convertible into ordinary shares at any time at the option of the holder. The initial conversion price shall be the preferred shares issue price ("Series B Conversion Price"). The number of ordinary shares to be converted is determined by dividing the issue price by the Series B Conversion Price at the time in effect.

Additionally each Series B Preferred Share shall automatically be converted into ordinary shares upon the earlier of (i) closing of the Company's first sale of its shares in a firm commitment underwritten initial public offering that results in such securities being listed or registered on the Stock Exchange with the public offering price of which values the Company for not less than US$700 million or (ii) the date specified by written consent or agreement of holders of at least two-thirds of the then outstanding Series B Preferred Shares, voting as a separate class.

Conversion price adjustments:

Share Splits and Dividend: The Series B Conversion Price shall be appropriately decreased so that the number of ordinary shares issuable on conversion of each share of such series shall be increased in proportion to such increase of the aggregate of ordinary shares outstanding.

Reverse Share Splits: The Series B Conversion Price shall be appropriately increased so that the number of ordinary shares issuable on conversion of each share of such series shall be decreased in proportion to such decrease of the aggregate of ordinary shares outstanding.

Redemption:

Series B Preferred holders are not entitled to redeem the Series B Preferred Shares, except for the purpose of effecting a conversion of the Series B Preferred Shares into ordinary shares.

29. CONVERTIBLE PREFERRED SHARES - *continued*

Voting rights:

Except as otherwise provided in the Memorandum and Articles of Association, or as required by law, the members holding Series B Preferred Shares shall have the same voting rights as the members holding ordinary shares and shall be entitled to notice of any meeting of the members in accordance with the Memorandum and Articles of Association, and the Series B Preferred Shares holders shall vote together with the members holding ordinary shares, and not as a separate class or series, on all matters put before them.

Each Series B Preferred Share shall be entitled to such number of votes as equals to the whole number of ordinary shares into which such Series B Preferred Shares are converted at the Series B Conversion Price then in effect as of the applicable record date.

Dividends:

No dividend shall be declared or paid on any other class or series of shares of the Company, unless and until an equal amount of dividends has been paid or declared and set apart on Series B Preferred Shares. In the event that the Company shall have declared but unpaid dividends outstanding immediately prior to, and in the event of, a conversion of the Series B Preferred Shares, the Company shall at the option of each holder, paid in cash to each holder of Series B Preferred Share subject to conversion the full amount of any such dividends or allow such dividends to be converted into ordinary shares.

Liquidation preference:

The Series B Preferred Shares carry liquidation preference to receive, prior to the holders of ordinary shares, an amount per share equal to 136% of the preferred shares issue price (as adjusted for any share splits, share dividends, reclassifications), plus an amount equal to all declared or accumulated but unpaid dividends on such shares. If the Group has insufficient assets, it is required to distribute its assets ratably to the preferred shareholders. The preferred shareholders, after receiving their proportional amount are entitled to further participate in the distribution of the remaining assets of the Group rateably among all the holders of outstanding ordinary shares and preferred shares on an as-converted basis. A liquidation, dissolution or winding up of the Company is defined to be occasioned by, and to include, a sale transaction (note).

Note:

Pursuant to the Share Purchase Agreement, sale transaction means (i) a sale, license or other disposition of all or substantially all of the assets or business of the Group; (ii) a merge, amalgamation, reorganisation, consolidation, transfer of voting control or other business combination or transaction in which the existing shareholders of the Company owning a majority of the voting interest of the Company prior to such transaction do not own such a majority of the surviving entity, or (iii) any sale or transfer of more than fifty percent of the voting interest of the Company by any existing shareholder or shareholders of the Company in any transaction or series of related transactions to a third party.

30. MAJOR NON-CASH TRANSACTIONS

(i) During the year ended June 30, 2011, construction costs and acquisition of property, plant and equipment amounted to approximately RMB2,946,000 (2010: RMB930,000) were unsettled and included in other payables.

(ii) During the year ended June 30, 2011, the Company settled the loan from a shareholder amounting to approximately RMB201,072,000 (US$30 million) through netting off the proceeds from the issuance of its new shares. Such proceeds were directly released from the escrow agents to the shareholders.

(iii) During the year ended June 30, 2010, expenses in connection with the issuance of Series B Preferred Shares amounted to approximately RMB4,117,000 (2011: nil) were unsettled and included in other payables.

(iv) During the year ended June 30, 2010, the Company settled part of the redemption of Series A Preferred Shares through the proceeds from the issuance of Series B Preferred Shares and released directly approximately RMB409,622,000 (2011:nil) of such proceeds from the escrow agent of Series B Preferred Shares to the Series A Preferred Shares holders for settlement.

31. OPERATING LEASES

	2011	2010
	RMB'000	*RMB'000*
Minimum lease payments paid under operating leases in respect of rented premises during the reporting period	**2,493**	2,511

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating lease in respect of premises which fall due as follows:

	2011	2010
	RMB'000	*RMB'000*
Within one year	**2,001**	2,128
In the second to fifth years inclusive	**3,530**	5,205
	5,531	7,333

Operating lease payments represent rentals payable by the Group for certain properties. Leases are negotiated and rentals are fixed for terms ranging from one to five years.

32. CAPITAL COMMITMENTS

	2011	2009
	RMB'000	*RMB'000*
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**161,684**	69,659

33. RETIREMENT BENEFITS SCHEME

The employees of Trony Science are members of a state-managed retirement benefits scheme operated by the PRC government. Trony Science is required to contribute 10% of the total monthly basic salaries of the current employees to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions.

The total cost charged to the consolidated statement of comprehensive income of approximately RMB4,413,000 for the year ended June 30, 2011 (2010: RMB2,737,000), represent contributions payable to the scheme for the year.

34. SHARE-BASED PAYMENT TRANSACTIONS

(a) Background

The Plan was adopted pursuant to a resolution passed on October 29, 2009 for the primary purpose of providing incentives to directors and eligible employees, and will expire on October 28, 2019. Under the Plan, the Board of Directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company or other share-based awards.

The total number of shares in respect of which options or other share-based awards granted under the Plan is not permitted to exceed 10,000,000 shares.

No consideration is payable on the grant of an option. The exercise price is determined by the directors of the Company.

Pursuant to the written resolutions of the shareholders and holders of Series B Preferred Shares on September 13, 2010, no further options will be granted under the Plan on or after the date the Company's shares being listed on the Stock Exchange.

On the same date, a new share option scheme (the "Scheme") was approved by a written resolution of the shareholders and holders of Series B Preferred Shares and adopted by a resolution of the board of directors. The terms of the Scheme are in accordance with the provisions of Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

The exercise price is determined by directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grantas quoted on the quotation sheet on the Stock Exchange, (ii) the average closing price of the shares for the five business days immediately preceding the date of grantas quoted on the quotation sheet on the Stock Exchange; and (iii) the nominal value of the Company's share.

34. SHARE-BASED PAYMENT TRANSACTIONS - *continued*

(b) Summary of pre-IPO options/restricted shares granted

The Company has entered into an option agreement with an executive officer on November 6, 2009 in which the Company has agreed, among other things, to grant the executive officer options to purchase 0.35% of the outstanding ordinary shares upon completion of the IPO of its ordinary shares in the form of American depositary share on the New York Stock Exchange ("US IPO"), taking into account the shares pursuant to the over-allotment option with an exercise price at 55.0% of the US IPO price. One fourth of the options will vest upon the listing and each of the three subsequent anniversaries thereafter. Options may be exercised (i) at any time 10 years from the US IPO date; (ii) one year following the date of the employee's employment termination due to death or disability; (iii) the date of the employee's employment termination by the Company or employee for any reason other than death or disability. The estimated fair values of the options at the date of grant and the inputs into the Black-Scholes pricing model were as follows:

	At December 9,			
Expected vesting date	**2009**	**2010**	**2011**	**2012**
Estimated fair value per share (note)	US$4.872	US$4.872	US$4.872	US$4.872
Expected exercise price	US$3.667	US$3.667	US$3.667	US$3.667
Expected volatility	77.1%	74.9%	73.2%	73.4%
Expected life	5.05 years	5.55 years	6.05 years	6.55 years
Risk-free rate	2.459%	2.616%	2.819%	2.978%
Expected dividend yield	0%	0%	0%	0%
Expected fair value per option	US$3.3578	US$3.4077	US$3.4657	US$3.5599
Expected fair value per option (after adjustment of capitalisation issue)	US$0.3358	US$0.3408	US$0.3466	US$0.3560

On November 6, 2009, the Company has also entered into option agreements with proposed independent directors, under which the Company will grant options to purchase 80,000 ordinary shares to independent directors upon US IPO with exercise price at the US IPO price. 33%, 33% and 34% of such options will become vested and exercisable upon the first, second and third anniversary of the pricing of US IPO, respectively. Options may be exercised (i) at any time 10 years from the date of pricing of US IPO; (ii) one year following the date of the employee's employment termination due to death or disability; (iii) the date of the employee's employment termination by the Company or employee for any reason other than death or disability. The estimated fair values of the options and the inputs into the Black-Scholes pricing model were as follows:

34. SHARE-BASED PAYMENT TRANSACTIONS - *continued*

(b) Summary of pre-IPO options/restricted shares granted - *continued*

	At December 6,		
Expected vesting date	**2010**	**2011**	**2012**
Estimated fair value per share (note)	US$4.872	US$4.872	US$4.872
Expected exercise price	US$6.667	US$6.667	US$6.667
Expected volatility	74.9%	73.2%	73.4%
Expected life	5.55 years	6.05 years	6.55 years
Risk-free rate	2.616%	2.819%	2.978%
Expected dividend yield	0%	0%	0%
Expected fair value per option	US$2.8736	US$2.9491	US$3.0754
Expected fair value per option (after adjustment of capitalisation issue)	US$0.2874	US$0.2950	US$0.3075

The independent directors will only commence services upon the US IPO and no share-based payment expenses were recognised during the reporting period.

The Black-Scholes option pricing model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors´ best estimate. The value of an option varies with different variables of certain subjective assumptions.

In February 2010, the Company cancelled the option previously granted to the executive officer with the replacement of a new share option agreement and a restricted share award agreement. Certain terms of the options was modified which include the options that will be effective upon the first pricing date of the IPO on either the Stock Exchange or New York Stock Exchange. Moreover, the option is then exercisable from the vesting date to March 15 of the following year in which the options become vested.

34. SHARE-BASED PAYMENT TRANSACTIONS - *continued*

(b) Summary of pre-IPO options/restricted shares granted - *continued*

The estimated fair values of the options at modification date and the inputs into the Black-Scholes pricing model were as follows:

	At September 30,			
Expected vesting date	**2010**	**2011**	**2012**	**2013**
Estimated fair value per share (note)	US$4.76	US$4.76	US$4.76	US$4.76
Expected exercise price	US$2.933	US$2.933	US$2.933	US$2.933
Expected volatility	76.5%	100.3%	87%	80.7%
Expected life	0.88 years	1.89 years	2.89 years	3.89 years
Risk-free rate	0.292%	0.802%	1.350%	1.837%
Expected dividend yield	0%	0%	0%	0%
Expected fair value per option	US$2.2175	US$2.9886	US$3.1199	US$3.2652
Expected fair value per option (after adjustment of capitalisation issue)	US$0.2218	US$0.2989	US$0.3120	US$0.3265

5,546,789 options (after adjustment of capitalisation issue) were granted to the executive officer upon IPO and 1,386,697 options were vested and exercised during the year ended June 30, 2011. In respect of the share options exercised during the year, the weighted average share price at the dates of exercise is HK$5.08, 4,160,092 non-exercisable options were outstanding as of June 30, 2011 and the weighted average exercise price is HK$2.475.

Additionally, the Company has entered into a restricted share award agreement with the executive officer in which the Company has agreed, among other things, to grant the executive officer restricted share award consisting number of shares equal to 0.35% of the outstanding ordinary shares upon completion of the IPO and taking into account the number of shares to be issued pursuant to the over-allotment option. One fourth of the restricted shares will vest upon the first pricing date of the IPO and each of the three subsequent anniversaries thereafter. 5,546,789 restricted shares (after adjusting the capitalisation issue) were granted to the executive officer and 1,386,697 shares were vested during the year ended June 30, 2011 and 4,160,092 restricted shares were outstanding as of June 30, 2011.

The Group recognised total expense of approximately RMB16,804,000 for the year ended June 30, 2011 (2010: nil) in relation to pre-IPO share options and restricted shares granted by the Company. Since the award's performance condition was only probable on the first pricing of IPO, no compensation cost was recorded for the year ended June 30,2010.

34. SHARE-BASED PAYMENT TRANSACTIONS - *continued*

(b) Summary of pre-IPO options/restricted shares granted - *continued*

Note:

The fair value of the common shares was determined as the difference between the enterprise value over the fair value of Series A Preferred Shares issued. Fair value of enterprise value and Series A Preferred Shares was determined by using valuation techniques which include discounted cash flow analysis, guideline company method and option pricing models. The following assumptions were adopted for the valuation as at option grant date and modification date:

Grant date/modification date	At November 6, 2009	At February 2, 2010
Estimated probability of the Series A Preferred Shares		
for redemption	19%	45%
for automatic conversion	80%	45%
for liquidation	1%	10%
Time to redemption	0.23 years	0.15 years
Time to automatic conversion	0.09 years	0.66 years
Risk-free rate	4.40%	4.56%
Weighted average cost of capital	18.50%	18.50%

Expected exercise price was based on the estimated fair value of ordinary shares after adjusting back marketability discount, preferential effect of preferred shares and other market factors. Expected volatility was determined by using the historical share price movement of comparable companies over the expected holding period. The expected life used in the model has been adjusted, based on management´s best estimate, for the effects of non transferability, exercise restrictions and behavioural considerations. The risk-free rates used were by reference to United States of America treasury bonds with duration close to the time to expiration.

34. SHARE-BASED PAYMENT TRANSACTIONS - *continued*

(c) Summary of post-IPO options granted

On March 9, 2011, the Company has granted to eligible participants, including directors and other employees of the Company, a total of 24,910,000 share options to subscribe for ordinary shares of nominal value of US$0.0001 each in the share capital of the Company under pursuant to the Scheme adopted by the Company on September 13, 2010. One fourth of the options will vest on September 9, 2011 and on each of the three subsequent anniversaries thereafter. All unexercised options shall lapse on March 9, 2018.

The estimated fair values of the options at the date of grant and the inputs into the Binomial model were as follows:

Independent directors

	At September 9,			
Expected vesting date	**2011**	**2012**	**2013**	**2014**
Share price at grant date	HK$4.800	HK$4.800	HK$4.800	HK$4.800
Exercise price	HK$4.800	HK$4.800	HK$4.800	HK$4.800
Expected volatility	83.48%	83.48%	83.48%	83.48%
Expected life	0.5 year	1.5 years	2.5 years	3.5 years
Risk-free rate	2.443%	2.443%	2.443%	2.443%
Expected dividend yield	0%	0%	0%	0%
Expected fair value per option	HK$2.9407	HK$3.1096	HK$3.2666	HK$3.3954

Other employees

	At September 9,			
Expected vesting date	**2011**	**2012**	**2013**	**2014**
Share price at grant date	HK$4.800	HK$4.800	HK$4.800	HK$4.800
Exercise price	HK$4.800	HK$4.800	HK$4.800	HK$4.800
Expected volatility	83.48%	83.48%	83.48%	83.48%
Expected life	0.5 year	1.5 years	2.5 years	3.5 years
Risk-free rate	2.443%	2.443%	2.443%	2.443%
Expected dividend yield	0%	0%	0%	0%
Expected fair value per option	HK$2.7599	HK$2.9826	HK$3.1798	HK$3.3466

The expected volatility of the future ordinary share price was based on the price volatility of the shares comparable in the industry, which are listed and publicly traded over the most recent period, equal to the expected maturity period of the issued options.

All the share options of 24,810,000 granted during the year ended June 30, 2011 remained outstanding and not yet exercisable as of June 30, 2011. The average exercise price of the option outstanding as at June 30, 2011 was HK$4.8.

The Group recognised an expense of approximately RMB17,080,000 for the year ended June 30, 2011 (2010: Nil) in relation to post-IPO share options granted by the Company.

35. RELATED PARTY DISCLOSURES

(a) Amounts due from directors

The Group made travelling advances to the directors of the Company for business operating uses and the amounts are non-trade related, unsecured, interest-free and repayable on demand.

	2011	2010
	RMB'000	*RMB'000*
Mr. Li	**171**	—
Mr. Chen Yixiang	**—**	34
	171	34

The maximum amount outstanding during the reporting period in respect of amounts due from directors disclosed pursuant to section 161B of the Hong Kong Companies Ordinance is as follows:

	2011	2010
	RMB'000	*RMB'000*
Name of directors		
Mr. Li	**583**	204
Mr. Chen Yixiang	**34**	34

(b) Amount due to a director

The amount was due to Mr.Li and it was non-trade related, unsecured, interest-free and repayable on demand. During the year ended June 30, 2011, all the balance due to the director has been fully settled.

35. RELATED PARTY DISCLOSURES - *continued*

(c) Loan from a related company

On April 10, 2008, the Group entered into a loan agreement with a related party of Build Up International Investments Limited ("Build Up"), one of the then shareholders of the Company and borrowed RMB305 million for the acquisition of new and high-tech plant and machinery. The loan was unsecured, interest-free and initially repayable on April 9, 2010. Pursuant to a supplementary agreement entered into on June 30, 2009, the repayment of the loan was extended for another two years and will be due in full on April 9, 2012 while other terms remained unchanged.

Imputed interest was computed using the then prevailing market interest rate of 7.56% for comparable long-term borrowings on the initial loan inception date and 5.40% on the loan extension date. The discount at the loan inception amounted to approximately RMB42,675,000 and was recorded as a deemed contribution in the consolidated statement of changes in equity on April 10, 2008. Additionally, the Company recorded a subsequent deemed contribution in the consolidated statement of changes in equity on the loan agreement modification date, which amounted to approximately RMB25,277,000. The board of directors of the Company resolved on June 22, 2011 to early repay the loan for RMB300 million from Build Up pursuant to its written request made on March 28, 2011.

Amortised imputed interest expense amounting to approximately RMB22,962,000 for the year ended June 30, 2011 (2010: RMB14,562,000), were incurred and no amount were capitalised in the deposit for the acquisition of property, plant and equipment (2010: approximately RMB1,206,000).

(d) Loan from a shareholder

On October 2, 2009, Lakes Invest Investment Limited ("Lakes Invest") entered into a loan agreement for an aggregate principal amount of US$30 million (equivalent to approximately RMB204,777,000) ("ICBC loan") with ICBC International Finance Limited ("ICBC International"). The loan has an initial term of six months, and will be automatically extended to one year if the Company has not completed an IPO within the initial term. If the Company has completed an IPO 30 days prior to the first anniversary of the loan inception date, the maturity date will be 30 days after the Company completes its IPO. The loan bears an interest rate of 3.5% per annum. In order to secure the borrowing, Lakes Invest pledged 15% of issued share capital of the Company. The Company further pledged 13.25% of issued share capital of Trony HK, which pledge is subordinated to the pledge granted by the Company to the Series A Preferred Shares holders. On the same date, Lakes Invest entered into a shareholder loan agreement ("Shareholder Loan Agreement") with the Company to lend its proceeds from the ICBC loan to the Company. The terms of the Shareholder Loan Agreement are the same as those entered into between Lakes Invest and ICBC International. The carrying value of such shareholder loan approximates its fair value due to the short-term nature of the agreement.

35. RELATED PARTY DISCLOSURES - *continued*

(d) Loan from a shareholder - *continued*

In addition, Lakes Invest granted ICBC International Overseas Investment Ltd. ("ICBC Overseas"), an affiliate of ICBC International, a warrant to purchase a maximum of US$13 million worth of the Company's ordinary shares owned by Lakes Invest at a discount of (i) 18% of the IPO price or (ii) a rate not less than 18% to be agreed by and between the two parties if the Company has not completed its IPO within 365 days from the loan agreement date, provided if no such agreement, 18%. Such shares will be further subject to a lock up period of six months from the effective date of the Company's registration statement with respect to the IPO. The Company considered the warrants granted by Lakes Invest to ICBC Overseas a capital contribution made by a shareholder and recorded the value of those warrants as a deemed contribution in the consolidated statement of changes in equity. As the warrants represented direct and incremental costs in obtaining the loan, the value of the warrant of approximately RMB15,972,000 estimated based on the discount offered as well as the duration of the lock-up period, together with other direct incremental costs of approximately RMB1,582,000 were net off with the original loan principal.

On May 26, 2010, US$15.0 million of the US$30.0 million ICBC loan was cancelled in exchange for a transfer of 4,411,765 ordinary shares of the Company from Sky Sense to ICBC Strategic Investment Ltd., an affiliate of ICBC International. In addition, the ICBC loan agreement was amended to provide for a maturity date of March 31, 2012, cancellation of warrant granted to ICBC Overseas and a replacement of references to Series A Preferred Shares investors to Series B Preferred Shares investors in that agreement. Pursuant to the restructuring of the ICBC loan as set forth above, 7.5% of the 15% of the Company's ordinary shares pledged by Lakes Invest and 6.625% of the 13.25% of issued share capital of Trony HK pledged by the Company were released.The Shareholder Loan Agreement was also amended on the same date to extend the loan maturity date to March 31, 2012. Imputed interest was computed using the then prevailing market interest rate of 5.54% for comparable long-term borrowings on the loan extension date. The discount at the loan modification amounted to approximately RMB7,214,000 and was recorded as a deemed contribution in the consolidated statement of changes in equity.

Effective interest expense for the year ended June 30, 2011 amounted to approximately RMB8,663,000 (2010: RMB22,938,000) and approximately RMBnil (2010: RMB20,518,000) was capitalised in the deposits for purchase of property, plant and equipment as it is related to acquisition of property, plant and equipment during the year ended June 30, 2011.

The Company settled this shareholder loan in full upon listing of the Company's shares on the Stock Exchange.

35. RELATED PARTY DISCLOSURES - *continued*

(e) Amount due from a related party

Amount due from a related party is as follows:

	2011	2010
	RMB'000	*RMB'000*
Shine Faith Asia Limited* ("Shine Faith") 耀輝亞洲有限公司 (note)	**—**	—
Shenzhen Yiying Patent & Trademark Agency * ("ShenzhenYiying") 深圳市毅穎專利商標事務所 (note)	**36**	132

The maximum amount outstanding in respect of amount due from related party disclosed pursuant to section 161B of the Hong Kong Companies Ordinance is as follows:

	2011	2010
	RMB'000	*RMB'000*
Shine Faith	**—**	4,230
Shenzhen Yiying	**367**	204

* The English name is for identification purpose only.

Note: Shine Faith and Shenzhen Yiying are companies in which Ms.ZhangYiying, a close family member of Mr. Li, whom can exercise significant influence. The amount due from Shenzhen Yiying represents prepayments paid for registration fees.

35. RELATED PARTY DISCLOSURES - *continued*

(f) Transactions with related parties

Apart from details of the balances and other arrangements with related parties disclosed elsewhere in the consolidated financial statements, the Group had also entered into the following transactions with related parties during the year:

(i) During the year ended June 30, 2010, Mr. Li gave a personal guarantee to secure a long-term loan of the Company.

(ii) During the year ended June 30, 2010, Sky Sense, a company owned by Mr. Li, pledged its 13,398,780 ordinary shares of the Company to secure the performance of the obligations of redemption of Series A Preferred Shares.

(iii) During the year ended June 30, 2010, purchase of equipment and raw materials from Shine Faith amounted to approximately RMB369,000.

(iv) During the year ended June 30, 2011, the Group paid trademark registration fee and agent fee to Shenzhen Yiying, a company in which Ms. Zhang has significant influence, amounting to approximately RMB1,136,000 (2010: RMB735,000).

(v) During the year ended June 30, 2011, offering and other related expenses of approximately RMB6,549,000 were recharged to selling shareholders.

(vi) Historically, certain technology and production patents developed by the Group have been registered in the name of Mr. Li for administrative simplicity. Mr. Li and the Group have entered into agreements pursuant to which such patents are made available to the Group on a perpetual basis at nil consideration until Mr. Li has transferred all legal and beneficial interest in those patents to the Group.

(g) Compensation of key management personnel

The remuneration of key management personnel during the year was as follows:

	2011	2010
	RMB'000	*RMB'000*
Short-term employee benefits	**7,485**	5,113
Post employee benefits	**32**	42
Share-based payment	**22,974**	—
	30,491	5,155

The remuneration of key management personnel is determined by reference to the performance of individuals and market trend.

36. PARTICULARS OF SUBSIDIARIES

Particulars of the Company's subsidiaries at June 30, 2011 and 2010 are as follows:

Name of subsidiaries	Place and date of incorporation/ establishment	Issued and fully paid up share/ registered capital	Proportion of nominal value of issued ordinary share/ registered capital directly/indirectly held by the Company		Principal activities
			2011	2010	
Trony Solar Holdings (Hong Kong) Limited	Hong Kong August 3, 2006	HK$100	**100%**	100%	Investment holding
Shenzhen Trony Science and Technology Development Co., Ltd (note)	The PRC July 1, 1997	RMB300,000,000	**100%**	100%	Development, manufacture and sales of solar products
Sure Goal Limited	British Virgin Island April 20, 2011	US$1	**100%**	n/a	Investment holding
Trony East Africa Limited	Nairobi, Kenya June 6, 2011	Kenyan Shilling 10,000	**100%**	n/a	Sales of solar products

None of the subsidiaries has issued any debt securities at the end of the reporting date.

Other than Trony Solar Holdings (Hong Kong) Limited, all other subsidiaries are indirectly held by the Company.

Note: The company was established in the PRC in the form of wholly foreign-owned enterprise.

37. SUMMARY FINANCIAL INFORMATION OF THE COMPANY

	2011	2010
	RMB'000	*RMB'000*
NON-CURRENT ASSETS		
Investment in a subsidiary	**200,229**	60,035
Amounts due from subsidiaries	**1,528,364**	431,744
	1,728,593	491,779
CURRENT ASSETS		
Other receivables and prepayments	**651**	9,030
Bank balances and cash	**42,723**	1,651
	43,374	10,681
CURRENT LIABILITIES		
Other payables and accruals	**1,107**	31,500
Amount due to a director	**—**	284
	1,107	31,784
NET CURRENT ASSETS (LIABILITIES)	**42,267**	(21,103)
TOTAL ASSETS LESS CURRENT LIABILITIES	**1,770,860**	470,676
NON-CURRENT LIABILITIES		
Loan from a shareholder	**—**	196,892
	1,770,860	273,784
CAPITAL AND RESERVES		
Share capital	**1,001**	8
Share premium	**1,898,029**	—
Convertible preferred shares	**—**	405,128
Reserves	**(128,170)**	(131,352)
	1,770,860	273,784

FINANCIAL SUMMARY

RESULTS

	Year ended 30 June			
	2011	2010	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Turnover	**1,961,582**	1,351,230	541,462	272,817
Profit (Loss) for the year	**543,988**	499,426	(56,039)	88,928

ASSETS AND LIABILITIES

	As at 30 June			
	2011	2010	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	**3,432,618**	1,780,707	1,003,494	641,856
Total liabilities	**(335,105)**	(748,355)	(898,882)	(506,482)
Shareholders' funds	**3,097,513**	1,032,352	104,612	135,374