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

Interim Report 2011/2012

CONTENTS

CORPORATE INFORMATION

Directors	
Executive Directors	Mr. Yi LI *(Chairman)* Mr. Yixiang CHEN
Non-Executive Director	Mr. Hong YU
Independent Non-Executive Directors	Mr. Fred Yat Kwong LAI Prof. Chia-Wei WOO Mr. Shujian CHE
Registered Office	Walkers Corporate Services Limited Walker House, 87 Mary Street George Town Grand Cayman KY1-9005 Cayman Islands
Head Office in the PRC	Units 2112-2116 Great China International Exchange Square No. 1 Fuhua Road Futian District Shenzhen 518048 PRC
Principal Place of Business in Hong Kong	Unit 713, 7/F, Lakeside 1 8 Science Park Avenue West Hong Kong Science Park Shatin, New Territories, Hong Kong
Audit Committee	Mr. Fred Yat Kwong LAI *(chairman)* Prof. Chia-Wei WOO Mr. Shujian CHE
Nomination Committee	Mr. Yi LI *(chairman)* Mr. Fred Yat Kwong LAI Prof. Chia-Wei WOO
Remuneration Committee	Mr. Shujian CHE *(chairman)* Mr. Yi LI Mr. Fred Yat Kwong LAI Prof. Chia-Wei WOO

Company Secretary	Ms. Stella Yuen Ying CHAN *(HKICS, ACIS, HKIoD)*
Company Website	**www.trony.com**
Authorized Representatives	Ms. Stella Yuen Ying CHAN Mr. Yi LI
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 17M 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 China Construction Bank

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I would like to express my sincere gratitude to you for your support to Trony Solar Holdings Company Limited (the "Company", together with its subsidiaries, the "Group") and present the unaudited interim results of the Group for the six months ended December 31, 2011 (the "Period"). The Company's results for the Period was substantially worse than that of the corresponding period last year, mainly because the selling price of our thin-film silicon modules for the Period was adversely affected by intense competition with crystalline silicon modules, particularly since the selling price of crystalline silicon modules dropped to less than US$1 per watt (the average production cost of crystalline silicon modules on a global basis). The Company had to reduce prices of its products accordingly to cope with the imbalance status of this below-cost price in the market. Although the selling price of crystalline silicon modules ceased to fall at the end of the Period and recorded a slight increase, we believe that the said situation will not improve significantly until the extra inventory of global crystalline silicon modules built up during the Period has been absorbed in the market. It is expected that the negative effects resulting from the current trend will at least continue until the end of 2012.

In response to the depression in the global solar market at present, in addition to allocating more resources to facilitate the planned development of the integrated solar application solutions and new built-in photovoltaic (the "BIPV") modules, the Company will chase opportunities for developping innovative products better reflecting solar application values with other enterprises under the context of the new "Home Appliances Going to Countryside" policy stipulated by the PRC Government which supports solar consumer products. Leveraging on the established application advantages of thin-film silicon modules, the resources used in developing new series of products and approximately 20 years of experience accumulated in the solar consumer application market, we are confident in utilizing those responsive measures to rapidly resume the growth momentum as the market recovers in the future.

The Group's principal financial and business data highlights for the Period are as follows:

- Revenue was RMB610.2 million, down approximately 32.3% year-on-year from RMB900.7 million for the corresponding period in 2010.
- Gross profit was RMB127.2 million, down approximately 67.8% year-on-year from RMB395.3 million for the corresponding period in 2010.
- Net loss was RMB596.5 million, whereas the net profit was RMB261.9 million for the corresponding period in 2010.
- Basic loss per share was RMB0.38, whereas the basic earnings per share for the corresponding period in 2010 was RMB0.19.
- Cash and cash equivalents were RMB983.5 million (corresponding period in 2010: RMB1,000.2 million).
- Average cost per watt and selling price were RMB8.3 and RMB10.3, respectively.
- Overall gross profit margin was 20.8% (2010: 43.9%).
- Overall shipment volume (including sales and processing services) was 59.2MW, of which the shipment volume of modules, integrated solar applications and BIPV was 57.4MW, 0.8MW and 1.0MW, respectively.

BUSINESS REVIEW

Affected by such unfavorable factors as project delay and reduced feed-in tariff (FIT), the supply and demand gap between the overseas on-grid solar market and expectation did deal global solar related manufacturers a severe blow. Due to the increase in borrowing for purchase of equipment in the past two years, most of our peer companies inevitably reduced the selling price or even sold below the production cost to cope with their repayment problem, which resulted in severe short to medium-term competition at present. The influence which had been subtle to us quickly turned dire in mid-October 2011. The expansion of below-cost crystalline silicon module products into the off-grid market from the original on-grid market greatly influenced our established operational status. As a result, on the one hand, we reduced the selling price of our own thin-film silicon modules in order to maintain good relationship with our customers. On the other hand, we also rejected orders with unreasonably low prices in order to reallocate resources to other internal effective planning categories. Taking into account of the importance and transparence of corporate governance, the Company has published an announcement of profit warning on December 29, 2011 after making reference to the unaudited operating figures for the Period. How long the overall present conditions will last, pending further observation, depends to a large extent on the progress achieved by the market in absorbing the existing inventory of crystalline silicon modules and the consolidation of global peers.

However, throughout the year of 2011, we were pleased to witness that the global solar application market still recorded a reasonable increase. Particularly, the market shares in non-traditional European, American and Japanese areas also rose as expected, reflecting huge business opportunities. According to the European Photovoltaic Industry Association (the "EPIA"), the increase in the installed capacity of global solar applications in 2011 was 27.7GW, representing an increase of almost 70% as compared to last year, which resulted in a substantial growth of the accumulated installed capacity to 67.4GW. In terms of regional distribution, according to a report released by Solarbuzz, a market research company, the increase in the demand from the emerging areas such as the PRC occupied a satisfactory share in the global market. Taking the PRC as an example, the installed capacity in 2011 increased to 2.9GW by almost five times year-on-year as compared to 2010. As for other Asian emerging markets, the installed capacity increased by 500MW in the year, primarily contributed by Thailand, Korea and Taiwan. The annual increase in the market demand from the whole Asian-Pacific region was 165% and the installed capacity reached 6GW. The outlook for the global demand tends to be more balanced due to the improvement of production technology and more application development, which will facilitate the sound and rapid development of the industry in the medium to long term.

New products were successively launched into the market as planned in active response to users' demand to enhance competitiveness.

While maintaining our consistent advantages in operation development, we recognized the importance of developing products which closely meet users' demand. Different from the on-grid market, end users could feel the effectiveness of peripheral off-grid system and consumer application products in close distance. The innovation and application in design and function were the key for the success of an enterprise. Leveraging on our experience over years, we continued to take advantage of the flexibility in specification changes and little limitation of photovoltaic conversion environmental conditions of thin-film silicon modules in the Period to develop new products as planned and advocate an "application oriented" blue ocean strategy for solar values.

Integrated Solar Applications

Following the successful launch of the SUNDIAL series in the market, the TSL-02 model equipped with 2.5W solar module also recorded satisfactory sales results. With more colors and application solutions, the product itself and the brand of TRONY gained wide recognition in Africa for their market values. Meanwhile, the overall development of the SENTRY series targeting the application market with the capacity of 50W was completed. The relevant systems were well-received by the market since the marketing at the Canton Fair in October 2011. In addition, by the end of the Period, the prototypes of the OUTPOST and OASIS series (the designed power supply caps were 5KW and 10KW, respectively) designed to penetrate into the power supply markets of clinics, schools and communities, were completed earlier than expected.

Overall, we completed sales volume of 0.8MW in aggregate during the Period, with an amount of RMB76.9 million.

Built-in Photovoltaic (BIPV)

To enhance our competitiveness in the BIPV market, we continued to utilize innovative products to satisfy architects' multi-choice demand in conceiving building design. As a result, the BIPV modules could incorporate most of the building features to better fit in with the overall community environment. In addition to the existing thin-film silicon modules and BIPV specialized translucent and striped modules, we commenced to sell products of the two standard series of DIAMOND SHIELD™ and SOFT ARMOR™ in the Period, and the first tranche of application projects were completed at the end of the Period. The uniqueness of the two series was to properly utilize the property of flexible solar cells and the advantage of light weight and foldability under the protection of tempered glass to enable them to be widely used in new buildings or additions to existing buildings. Under the context of a certain gap between the current universal effectiveness of BIPV and the utility cost, the broad prospects brought by this product provided proper steps for contractors to expand BIPV's application coverage in the community. In the Period, following the successive completion of demonstration projects such as rooftop power stations, agricultural greenhouses and restaurants in the community, more similar projects would subsequently commence construction. The sales volume recorded a mild increase to 1.0MW for the Period as compared to the corresponding period of the previous financial year. Turnover for our BIPV products for the Period was RMB37.9 million.

Modules

Following the assembly of the second 60MW production line, our maximum photovoltaic conversion efficiency reached 9% as planned. Taking account of all dim light and bright light product series, we were able to provide individual cells and modules ranging from 0.001W to 150W with the minimum size of 36mm^2 and the maximum size of 1.8m^2. There were more than 900 ex-factory specifications to meet different application solutions for more customers. Different from the on-grid market, we continued to maintain the Group's competitive advantages through multi-channel coverage to identify the target consumer application markets.

With sales declining due to irrational market prices, we have postponed our capacity expansion plan to maintain our financial strength and prepare for new opportunities.

As aforesaid, the declining trend of crystalline silicon module prices put increasing pressure on the pricing of our modules during the Period. The impact was small at first, and by the middle of the year, crystalline silicon modules selling at prices below cost, it leads to an increasingly harsh operating environment for the Company. To achieve balance in various factors such as market development and customer relationship, we chose not to take certain orders while lowering selling prices. This has caused our equipment utilisation rate to drop to below 40% as at the end of the Period. The average selling price of our modules was RMB8.6 per watt during the Period. Our sales volume of modules during the Period was 57.4MW, which accounted for 81% of our turnover, causing our half-year overall average gross profit margin to plunge to 20.8% during the Period (2010: 43.9%).

The tough situation for our industry persisted at the end of the Period, and the European debt crisis is expected to affect demand on solar products in the short-to-medium term. However, we still maintained a healthy financial position with sufficient cash reserves, which amounted to RMB1,015.0 million as at the end of the Period. As stated in our 2010/2011 annual results announcement, the market trend remained unclear in the short-term, so that we intend to delay our planned third 60MW production line. Our current plan is to defer our investment in the new production line until the next financial year so as to uphold shareholders' interests and carefully utilise our financial resources, unless the market conditions suddenly improve or lucrative opportunities emerge. Meanwhile, we also aggressively explore collaboration opportunities worldwide with a view to bringing our technological process to a higher level and capturing a wider application scope through better quality so as to turn the crisis into an opportunity.

Expansion of our marketing teams in target markets, combined with PRC consumption market expansion and policy support, will help us achieve better performance.

Since 2011, we have continued to expand our share of the downstream end market to support established module production expansion in connection with upstream vertical integration, build an effective industry chain and maintain stable gross profit margins with a balanced product mix in the medium and long term. During the Period, apart from deploying resources to speed up product development, we also established a stronger overseas presence in a modest way, in the hope of better catering to end users and exploring more regional application cases to create synergies. Since the establishment of our office in Kenya, Eastern Africa in June 2011, the number of staff of that office has increased to 15. By the end of the Period, our Bangladesh office, mainly covering Southeastern Asia and India, was also officially established, through which our products are being sold to 12 countries mainly including Ethiopia, Kenya, South Sudan, Ghana and Bangladesh. Meanwhile, our office in the Hong Kong Science Park was also expanded. Leveraging on sophisticated scientific research facilities in there, we hope to accelerate our research and development and provide employees with a better environment for training, in order to retain talents and further improve product quality. In line with our strategy to open up our downstream product development platform, we plan to explore the possibility of collaboration with more international and innovative technology companies to shorten our product development cycle and meet the development need for an expanded global presence with improved efficiency.

In the PRC, the development of the solar application domestic demand market was relatively slow in the past. Newly installed capacity has increased significantly after the FIT policy for on-grid power installation became clear in 2011. More state policy-orientated subsidy policies were also announced one by one at the end of Period, which encouraged the industry and relieved extremely negative sentiment. It is stated in the 12th 5-Year Plan for Renewable Energy Development promulgated by the State Council that the solar roof power generating installed capacity will reach 3GW by the end of the 12th 5-Year Plan and 25GW by 2020 and the market size will be over RMB100 billion. The thin-film silicon module, due to its specification and characteristics including flexibility and diversity, can be better compatible with buildings. Therefore, it has significant business opportunities. In addition, pursuant to the "Home Appliances to the Countryside" policy being considered by the PRC Government, solar products are expected to be included in the incentive list, the purpose of which is to drive the development of the domestic environmental protection and green industry on the basis of supporting the sale of household solar products. On the premise of promoting domestic demand, we strongly believe that leveraging on many years of industry experience in the solar consumption field as well as application systems under development, we will embrace more domestic development opportunities and have brilliant prospects.

With a proven track record and past experience, we have been invited to assist with the preparation of local standards on various applications in the solar industry in the PRC during the Period, which mainly include:

Standards	**Description**
Industry Standards of Ministry of Construction	Electrical Design Specifications on Solar PV Glass Curtain Wall
Industry Standards of Ministry of Industry and Information Technology	Consistency Assessment Requirements on Thin-film Solar PV Hollow Glass for Building Curtain Wall
Industry Standards of Ministry of Industry and Information Technology	Consistency Assessment Requirements on Thin-film Solar PV Hollow Glass for Building Roof

We will make contributions to the development of the domestic industry, follow and support the guiding direction and develop components and integrated application systems that meet the requirements of communities as well as further follow the policies of the PRC government.

Corporate Governance and Investor Relations

For more than one year after listing, we have continued to seek progress in corporate governance and investor relations with a view to establishing a good corporate image and winning the trust of the market. During the Period, we met investors from more than 50 institutions and attended the investor summits organized by Daiwa Capital and Bank of America Merrill Lynch, the purpose of which was to enable the market to gain an understanding of the operating situation of the Company through more channels. To implement it, we published a profit warning announcement in response to our suddenly changed operation condition, which took into consideration the interests of investors and showed the management's concern over the Company's condition at all times.

Quality and Technology Scientific Research

In addition to improving the conversion efficiency of modules, we also added various testing equipment to meet the market demand during the Period, in particular for testing BIPV modules for building purpose. Meanwhile, we adjusted our corporate structure and established a specialized testing center so as to conform to the international standard. The Shenzhen Municipal

Solar PV Building Material Engineering Research Center established by us reached the acceptance standard set by Shenzhen Development and Reform Commission during the Period and is expected to be duly authorized and recognized in February 2012. Most importantly, the ISO/TC160/SC1/WG9 Solar PV Glass International Standard Work Team was officially set up at the Berlin Conference of ISO held in October 14, at which we were elected as the convenor. Apart from being recognized internationally for our past efforts, it is also important for us to assist in the preparation of the standard for solar PV modules for building purpose in order to fully conform to the standards of the construction industry and promote the development of the BIPV market.

As for research and development of patents, we applied for 48 patents in total during the Period. 31 patents were approved, of which 8 were invention patents and 19 were utility patents with their use focusing on the scope of downstream end products developed. With regard to quality certification, we obtained in aggregate five new certifications, mainly including product certification of Lighting Africa under International Finance Corporation and PV building material certification by China Building Material Test and Certification Center (3C certification of PRC). Both of them certified the quality standards of our integrated solar applications and new BIPV modules respectively, having a positive effect on accelerating market penetration in the future.

PROSPECTS

Faced with two global issues: the European debt crisis and consistent downward pressure on solar module pricing; and worsening business sentiments and industry downturn, their impacts on our operations is not expected to reverse in short and medium term. However, with our sound financial status and sufficient cash reserves, we strongly believe that we will benefit more from the current trend of consolidation compared with most global peers. We will always maintain a positive attitude and using our own advantages to fulfill our previous commitments. We will step up investment in downstream integrated solar applications complemented with market development channels carried out at more sales outlets overseas, all of which are aimed to expand the scope of solar applications. We wish that more people are getting to experience the real value of solar systems in their lives, thus demonstrating our core values to the public and gradually setting up a distinctive enterprise image of the TRONY brand in the applications of global solar systems.

In recent months, supportive proposed policies such as "Raising the target completion volume of PV structures" and "Subsidies for rural solar home appliance purchases" have been submitted to the relevant authorities of the PRC Government for approval. These measures undoubtedly will mark an important milestone for the PRC domestic consumption market which has been suppressed for a long time. According to the product classification submitted, our existing products should be able to benefit from these measures, including our innovative flexible sandwich cell construction modules and our household integrated systems for use in home appliances. Pending the announcement of more details, we are well prepared to capture the vast opportunities to be released by the huge PRC market in the wake of the crisis. With our extensive industry operating experience, together with our innovative product and application development and market channel expansion, we are committed to implementing our strategic deployment with a realistic attitude and providing green energy to the PRC and the world.

On behalf of the Board, I would like to express my sincere gratitude to our shareholders and business partners for their support and trust in us, and also to our management and employees for their hard work and contribution.

Yi LI
Chairman

Hong Kong, February 21, 2012

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Total Revenue and Distribution of Sales Regions

Our total revenue decreased by 32.3% from RMB900.7 million for the half year ended December 31, 2010 to RMB610.2 million for the Period. The decrease was primarily due to the decrease in average selling price and our rejection on orders offering prices below manufacturing cost. With this decision, we aim to maintain our good financial status. We sold an aggregate of 59.2MW of PV modules during the Period. Our total revenue was largely derived from sales to customers in China, which accounted for 87.4% of our total revenue for the Period. Apart from sales to customers in China, we also derived revenue from direct sales to customers in Hong Kong, Thailand, Vietnam and other countries during the Period. There is no single customer contributing 10% or more of our total revenue for the Period. 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 increased to 79.2% for the Period from 56.1% for the half year ended December 31, 2010. Our cost of sales decreased by 4.4% from RMB505.4 million for the half year ended December 31, 2010 to RMB483.0 million for the Period. The decrease in our cost of sales was primarily due to the significant decrease in our sales revenue during the Period, resulting in a rapid drop in gross profit.

Gross Profit

Our gross profit decreased by 67.8% from RMB395.3 million for the half year ended December 31, 2010 to RMB127.2 million for the Period and our gross profit margin dropped from 43.9% for the half year ended December 31, 2010 to 20.8% for the Period. The rapid drop in gross profit margin was due to the vigorous price competition, caused by below-cost priced crystalline modules selling in off-grid market.

Other Income

Our other income decreased from RMB5.5 million for the half year ended December 31, 2010 to RMB2.2 million for the Period. Government grants are recognized when received and when all the conditions as specified in the grant have been met. Government grants recognized in the consolidated statement of comprehensive income amounted to RMB0.28 million for the Period (corresponding period in 2010: RMB3.9 million).

Selling and Distribution Expenses

Our selling and distribution expenses increased by 118% from RMB3.3 million for the half year ended December 31, 2010 to RMB7.2 million for the Period. Selling and distribution expenses as a percentage of our total revenue were 1.2%. The increased expenses were primarily applied in expanding our marketing channels in target markets and supporting publicity for new products according to the schedule for the Period.

Administration Expenses

Our administration expenses increased from RMB34.5 million for the half year ended December 31, 2010 to RMB45.0 million for the Period. This increase was primarily due to increase in share-based payment expense of approximately RMB8.8 million. Our administration expenses as a percentage of our total revenue increased from 3.8% for the half year ended December 31, 2010 to 7.4% for the Period.

Other Losses

Other losses mainly comprises an allowance for doubtful debts of approximately RMB23.6 million and an impairment loss of approximately RMB611.0 million to write down the carrying amounts of certain non-current assets to their recoverable amounts. The recognition of this impairment loss is mainly due to the severe and challenging market conditions in solar applications in late calendar year of 2011 which impact the market demand and average selling price of the industry. Details of the impairment loss is set out in note 12 to the financial statements.

Research and Development Expenses

Our research and development expenses increased by 3.3% from RMB12.0 million for the half year ended December 31, 2010 to RMB12.4 million for the Period. 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 1.3% for the half year ended December 31, 2010 to 2.0% for the Period.

Income Tax Expenses

Our income tax expenses decreased by 73.1% from RMB54.7 million for the half year ended December 31, 2010 to RMB14.7 million for the Period, primarily as a result of a significant decrease in our taxable income. Our sole operating subsidiary in China, Shenzhen Trony Science and Technology Development Co., Ltd. ("Trony Solar"), was entitled to a 15% preferential tax rate since April 2009 as a 'new high technology enterprise.' Trony Science continued to be entitled to such a preferential tax rate until October 2014.

Working Capital Management

Our receivable turnover days were 72.1 days in the Period, representing an increase compared to 45.3 days for the half year ended December 31, 2010. This was mainly due to the adjustment we made according to the customers' status given that the business environment turned worse during the Period. We have been closely monitoring the accounts receivable to maintain a reasonable and controllable level. Our payable turnover days increased from 23.8 days for the half year ended December 31, 2010 to 30.1 days in the Period. Our inventory turnover days also increased from 9.8 days for the half year ended December 31, 2010 to 14.5 days in the Period.

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 31 December 2011, the Group's current ratio (current assets divided by current liabilities) was 8.9 (30 June 2011: 6.3) and it was in a net cash position. The Group's gearing ratio (total loans divided by total assets) was 3.5% (30 June 2011: 2.3%). The Group's financial position remains healthy. As at 31 December 2011, the Group was in a net cash position of RMB890.5 million (30 June 2011: RMB920.1 million) which included cash and cash equivalents of RMB983.5 million (30 June 2011: RMB1,000.2 million), bank borrowings due within one year of RMB33.1 million (30 June 2011: RMB17.4 million) and bank borrowings due more than one year of RMB59.9 million (30 June 2011: RMB62.8 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 31 December 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 the Period ended 31 December 2011, the Group has not entered into any material financial instrument for hedging purposes nor any material currency borrowings and other hedging instruments to hedge against foreign exchange rate risks. The Group currently does not have a funding and treasury policy.

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

Contingent liabilities

As at 31 December and 30 June 2011, 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 Period ended 31 December 2011 (2010: Nil).

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.

Use of Proceeds Raised from the 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 net proceeds from the global offering of approximately HK$1,716 million (after deducting underwriting commissions and related expenses).

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

Human Resources

As at December 31, 2011, the Group had 997 employees (June 30, 2011: 906). 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended December 31, 2011, the Company repurchased 1,500,000 shares of US$0.0001 each in the capital of the Company of prices ranging from HK$1.90 to HK$2.38 per share on the Stock Exchange. Details of the repurchases are as follows:

Month/Year	Number of shares repurchased	Purchase price per share Highest	Purchase price per share Lowest	Aggregate purchase consideration
		HK$	*HK$*	*HK$*
August 2011	1,500,000	2.38	1.90	3,361,000

The repurchased shares were cancelled and accordingly, the issued share capital of the Company was diminished by the nominal value thereof. The premium paid on repurchased shares was charged to share premium.

Repurchases of shares were made for the benefit of the shareholders as a whole as they enhanced the earnings per share of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company 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.

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 Listing Rules.

The Company has complied with such code provisions during the Period 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 of the Group.

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.

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. Fred Yat Kwong Lai (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 unaudited consolidated financial statements for the Period 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.

By Order of the Board
Trony Solar Holdings Company Limited
Yi Li
Chairman

Hong Kong, February 21, 2012

OTHER INFORMATION

Interim Dividend

The Board resolved not to declare any interim dividend for the Period (the corresponding period in 2010: Nil).

Disclosure of Interests

Directors' Interests in Shares

As at December 31, 2011, the interest or short position of the directors, chief executives of the Company 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 ("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	621,497,910	39.22%
Mr. Yixiang Chen (Note 2)	Interest in a controlled corporation	Long position	15,000,000	0.98%
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 621,497,910 shares are held by Sky Sense Investments Limited ("Sky Sense") and Lakes Invest Limited ("Lakes Invest") which 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.

(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" below.

Save as disclosed herein, none of the Directors, 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 December 31, 2011.

Substantial Shareholders Interests in Shares

As at December 31, 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 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	621,497,910	39.22%
Credit Suisse Trust Limited (Note 1)	Trustee of a trust	Long position	621,497,910	39.22%
Seletar Limited (Note 1)	Trustee of a trust	Long position	621,497,910	39.22%
Serangoon Limited (Note 1)	Trustee of a trust	Long position	621,497,910	39.22%
Lakes Invest Limited (Note 1)	Beneficial owner	Long position	542,700,000	34.25%
Central Huijin Investment Ltd. (Note 2)	Interest in a controlled corporation	Long position	224,615,568	14.17%
ICBC International Holdings Limited (Note 2)	Interest in a controlled corporation	Long position	224,615,568	14.17%
Industrial and Commercial Bank of China Limited (Note 2)	Interest in a controlled corporation	Long position	224,615,568	14.17%
ICBC International Fund Management Limited (Note 2)	Beneficial owner, security interest	Long position	166,663,526	10.51%
Huang Yiling (Note 3)	Interest in a controlled corporation	Long position	126,200,000	7.96%
Lau Kam Sze (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%

Notes:

(1) 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 Spring 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 Huang Yiling and 50% by Lau Kam Sze. Therefore, each of Huang Yiling and Lau Kam Sze 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 December 31, 2011.

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.

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

	Number of share options		
Exercise Period	**As at the beginning of the Period**	**Exercised during the Period**	**As at the end of the Period**
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	**4,160,092**	**Nil**	**4,160,092**

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 the Group.

The maximum number of Shares 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 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 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 28 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 Hong Kong Stock Exchange's daily quotations sheets on the offer date; and

(c) the average closing price of a Share as stated in the Hong Kong 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 Period under the Share Option Scheme are as follows:-

Name and category of participants	As at the beginning of the Period	Granted during the Period	Exercised during the Period	Lapsed during the Period	Outstanding as at December 31, 2011	Exercise price (HK$)	Date of Grant	Exercisable period (Note)
	Number of share options							
Director								
Mr. David Ka Hock Toh*	200,000	–	–	200,000	–	4.80	March 9, 2011	September 9, 2011 to March 9, 2018
Prof. Chia-Wei Woo	200,000	–	–	–	200,000	4.80	March 9, 2011	September 9, 2011 to March 9, 2018
Mr. Shujian Che	200,000	–	–	–	200,000	4.80	March 9, 2011	September 9, 2011 to March 9, 2018
Sub-total	600,000	–	–	200,000	400,000			
Employees	24,310,000	–	–	2,740,000	21,570,000	4.80	March 9, 2011	September 9, 2011 to March 9, 2018
Sub-total	24,310,000	–	–	2,740,000	21,570,000			
Total	24,910,000	–	–	2,940,000	21,970,000			

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

* Mr. David Ka Hock Toh resigned as independent non-executive Director of the Company with effect from October 1, 2011.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED DECEMBER 31, 2011

	NOTES	Six months ended December 31, 2011 (Unaudited) RMB'000	2010 (Audited) RMB'000
Revenue	4	**610,187**	900,660
Cost of sales		**(483,007)**	(505,397)
Gross profit		**127,180**	395,263
Other income	5	**2,240**	5,497
Selling and distribution expenses		**(7,208)**	(3,273)
Administration expenses		**(44,986)**	(34,532)
Other losses	6	**(643,804)**	(16,071)
Research and development expenses		**(12,424)**	(12,028)
Finance costs	7	**(2,808)**	(18,210)
(Loss) profit before tax	8	**(581,810)**	316,646
Income tax expense	9	**(14,692)**	(54,714)
(Loss) profit for the period		**(596,502)**	261,932
Other comprehensive loss			
Exchange differences arising on translation		**(72)**	—
Total comprehensive (loss) income for the period		**(596,574)**	261,932
(Loss) earnings per share	11		
– Basic		**RMB(0.38)**	RMB0.19
– Diluted		**RMB(0.38)**	RMB0.19

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT DECEMBER 31, 2011

	NOTES	December 31, 2011 (Unaudited) RMB'000	June 30, 2011 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	**1,228,823**	1,498,031
Prepaid lease payments		**12,936**	6,166
Deferred tax assets	13	**16,476**	9,825
Deposits for purchase of property, plant and equipment	12	**158,756**	399,733
Restricted bank deposits	16	**31,500**	32,358
		1,448,491	1,946,113
CURRENT ASSETS			
Inventories	14	**33,949**	43,742
Trade receivables	15	**133,780**	355,026
Other receivables and prepayments	15	**68,791**	77,985
Prepaid lease payments		**303**	143
Amount due from a director	24(a)	**—**	171
Amount due from a related party	24(e)	**273**	36
Restricted bank deposits	16	**8,486**	9,155
Cash and cash equivalents	16	**983,497**	1,000,247
		1,229,079	1,486,505
CURRENT LIABILITIES			
Trade and other payables	17	**103,980**	178,905
Tax payable		**1,574**	41,407
Amount due to a director	24(c)	**38**	—
Bank borrowings - due within one year	18	**33,074**	17,400
		138,666	237,712
NET CURRENT ASSETS		**1,090,413**	1,248,793
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,538,904**	3,194,906

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

	NOTES	**December 31, 2011**	June 30, 2011
		(Unaudited)	*(Audited)*
		RMB'000	*RMB'000*
NON-CURRENT LIABILITIES			
Bank borrowings - due more than one year	18	**59,929**	62,770
Warranty provision		**3,681**	3,903
Government grants	19	**720**	15,720
Deferred tax liability	13	**20,000**	15,000
		84,330	97,393
		2,454,574	3,097,513
CAPITAL AND RESERVES			
Share capital	20	**1,000**	1,001
Reserves		**2,453,574**	3,096,512
		2,454,574	3,097,513

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED DECEMBER 31, 2011

	Share capital *RMB'000*	Share premium *RMB'000*	Convertible preferred shares *RMB'000*	Translation reserve *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, 2010 (audited)	8	—	405,128	—	1,493	91,138	—	534,585	1,032,352
Profit and total comprehensive income for the period	—	—	—	—	—	—	—	261,932	261,932
Issuance of restricted shares	—	—	—	—	—	—	—	—	—
Conversion of convertible preferred shares	12	405,116	(405,128)	—	—	—	—	—	—
Capitalisation issue	711	(711)	—	—	—	—	—	—	—
Issuance of shares upon initial public offering	269	1,564,699	—	—	—	—	—	—	1,564,968
Share issue expenses	—	(80,600)	—	—	—	—	—	—	(80,600)
Recognition of equity-settled Share-based payment	—	—	—	—	—	—	10,005	—	10,005
Restricted shares vested (note 23)	—	4,506	—	—	—	—	(4,506)	—	—
Exercise of share options (note 23)	1	5,019	—	—	—	—	(2,099)	—	2,921
At December 31, 2010 (audited)	1,001	1,898,029	—	—	1,493	91,138	3,400	796,517	2,791,578

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(Continued)*

	Share capital	Share premium	Convertible preferred shares	Translation reserve	Statutory surplus reserve	Capital reserve	Share-based payment reserve	Accumulated profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(note)				
At July 1, 2011 (audited)	1,001	1,898,029	—	—	1,493	91,138	27,279	1,078,573	3,097,513
Loss for the period	—	—	—	—	—	—	—	(596,502)	(596,502)
Exchange difference arising on translation	—	—	—	(72)	—	—	—	—	(72)
Total comprehensive loss for the period	—	—	—	(72)	—	—	—	(596,502)	(596,574)
Shares repurchased and cancelled (note 20(e))	(1)	(2,768)	—	—	—	—	—	—	(2,769)
Share options lapsed	—	—	—	—	—	—	(1,568)	1,568	—
Dividend recognised as distribution	—	(62,436)	—	—	—	—	—	—	(62,436)
Restricted shares vested (note 23)	—	4,506	—	—	—	—	(4,506)	—	—
Recognition of equity-settled Share-based payment (note 23)	—	—	—	—	—	—	18,840	—	18,840
At December 31, 2011 (unaudited)	1,000	1,837,331	—	(72)	1,493	91,138	40,045	483,639	2,454,574

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.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED DECEMBER 31, 2011

	Six months ended December 31,	
	2011	2010
	(Unaudited)	*(Audited)*
	RMB'000	*RMB'000*
NET CASH FROM OPERATING ACTIVITIES	**215,121**	231,222
NET CASH USED IN INVESTING ACTIVITIES:		
Payment for acquisition of and deposits paid for property, plant and equipment and land use right	**(169,967)**	(365,834)
Placement of restricted bank deposits	**(2,015)**	(22,204)
Release of restricted bank deposits	**2,684**	2,535
Interest received	**1,958**	1,597
Payment of listing and other expenses on behalf of shareholders (note 24(f))	**—**	(6,549)
	(167,340)	(390,455)
NET CASH (USED IN) FROM FINANCING ACTIVITIES:		
Dividend paid	**(62,436)**	—
Repayment of borrowings	**(10,500)**	(48,288)
Interest paid	**(2,808)**	(3,665)
Repurchase of shares, net of transaction costs	**(2,769)**	—
New borrowings raised	**23,333**	71,720
Government grant received	**682**	15,000
Proceeds from issuance of new shares pursuant to the public offering	**—**	1,363,896
Proceeds from exercise of share options	**—**	2,921
Advances from a director	**—**	814
Payment of transaction cost attributable to issue of new shares	**—**	(80,600)
Repayments of advances from related parties	**—**	(40,298)
	(54,498)	1,281,500
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(6,717)**	1,122,267
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**1,000,247**	91,438
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**(10,033)**	(10,883)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, REPRESENTING BANK BALANCES AND CASH	**983,497**	1,202,822

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board.

2. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended December 31, 2011 are the same as those followed in the preparation of the Group's annual financial statements for the year ended June 30, 2011.

In the current interim period, the Group has applied, for the first time, a number of new or revised Standards and Interpretations ("new or revised IFRSs"). The application of the above new or revised IFRSs in the current interim period has had no effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

The Group has not early applied new or revised standards and interpretations that have been issued but are not yet effective. The following new or revised standards and interpretations have been issued after the date the consolidated financial statements for the year ended June 30, 2011 were authorised for issuance and are not yet effective:

IFRS 7 (Amendments)	Disclosures - Offsetting Financial Assets and Financial Liabilities[1]
IFRS 9 and IFRS 7 (Amendments)	Mandatory Effective Date of IFRS 9 and Transition Disclosures[2]
IAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[3]
IFRIC - 20	Stripping Costs in the Production Phase of Surface Mine[1]

[1] Effective for annual periods beginning on or after January 1, 2013
[2] Effective for annual periods beginning on or after January 1, 2015
[3] Effective for annual periods beginning on or after January 1, 2014

The directors of the Company anticipate that the application of the above new and revised standards and amendments will have no material impact on the results and the financial position of the Group.

3. 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 impairment losses on property, plant and equipment and deposits for purchase of property, plant and equipment, if any, when making decisions about allocating resources and assessing performance.

Geographical information

Substantially all the Group's non-current assets, production facilities and capital expenditure are located or utilised in the People's Republic of China (the "PRC").

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

	Six months ended December 31,	
	2011	2010
	(Unaudited)	*(Audited)*
	RMB'000	*RMB'000*
Thailand	**15,912**	34,914
PRC	**533,020**	780,744
Hong Kong	**22,147**	62,352
Vietnam	**33,533**	21,999
Others	**5,575**	651
Total revenue	**610,187**	900,660

Information about major customers

No single customer contributes over 10% of the total revenue of the Group for both periods.

4. REVENUE

Revenue represents revenue arising on sale of solar products for the period.

5. OTHER INCOME

	Six months ended December 31, 2011 (Unaudited) RMB'000	2010 (Audited) RMB'000
Government grants	**282**	3,900
Interest income	**1,958**	1,597
	2,240	5,497

6. OTHER LOSSES

	Six months ended December 31, 2011 (Unaudited) RMB'000	2010 (Audited) RMB'000
Offering expenses	**—**	1,965
Exchange losses	**9,159**	14,106
Provision for doubtful debts	**23,645**	—
Impairment losses on property, plant and equipment and deposits for purchase of property, plant and equipment	**611,000**	—
	643,804	16,071

7. FINANCE COSTS

	Six months ended December 31, 2011 (Unaudited) RMB'000	2010 (Audited) RMB'000
Interest on bank borrowings wholly repayable within five years	**2,808**	2,933
Imputed interest expense on non-current interest-free loan from a related party (note 24(b))	**—**	7,644
Effective interest expense on loan from a shareholder (note 24(d))	**—**	8,663
Total borrowing costs	**2,808**	19,240
Less: amounts capitalised	**—**	(1,030)
	2,808	18,210

Borrowing costs capitalised during the six months ended December 31, 2010 arose from borrowings specifically for the purpose of obtaining qualifying assets.

8. (LOSS) PROFIT BEFORE TAX

(Loss) profit before tax has been arrived at after charging:

	Six months ended December 31,	
	2011	2010
	(Unaudited)	*(Audited)*
	RMB'000	*RMB'000*
Allowance for doubtful debts	**23,646**	—
Allowance for inventories	**1,880**	—
Cost of inventories recognised as expenses	**481,127**	505,397
Depreciation of property, plant and equipment	**64,193**	39,307
Release of prepaid lease payments	**110**	72
Share-based payment expenses	**18,840**	10,005

9. INCOME TAX EXPENSE

The Income tax charge comprises:

	Six months ended December 31,	
	2011	2010
	(Unaudited)	*(Audited)*
	RMB'000	*RMB'000*
Current tax - PRC Enterprise Income Tax ("PRC EIT")	**16,343**	56,751
Deferred tax	**(1,651)**	(2,037)
	14,692	54,714

The Company is tax exempted under the laws of the Cayman Islands. PRC EIT and taxation arising in other jurisdictions is calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the relevant jurisdiction.

10. DIVIDEND

During the current interim period, a final dividend of HK5 cents per share in respect of the year ended June 30, 2011 was declared and paid to the owners of the Company. The aggregate amount of the final dividend declared and paid in the current interim period amounted to approximately HK$76,598,000 (approximately RMB62,436,000) (2010: Nil).

The directors do not declare any interim dividend.

11. (LOSS) EARNINGS PER SHARE

The calculation of basic and diluted (loss) earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended December 31,	
	2011	2010
	(Unaudited)	*(Audited)*
	RMB'000	*RMB'000*
(Loss) earnings:		
(Loss) earnings for the purpose of basic and diluted (loss) earnings per share	**(596,502)**	261,932
Number of shares:		
Weighted average number of ordinary shares and convertible preferred shares for the purpose of basic (loss) earnings per share (in thousands)	**1,581,480**	1,363,527
Effect of dilutive potential ordinary shares (in thousands) – share options and restricted shares	**—**	1,320
Weighted average number of ordinary shares and convertible preferred shares for the purpose of diluted (loss) earnings per share per share (in thousands)	**1,581,480**	1,364,847

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share for the six-month period ended December 31, 2010 has been retrospectively adjusted for the issue of nominal shares and share subdivision as disclosed in note 20, and assuming that the capitalisation issue had been effective on July 1, 2010.

Series B preferred shares have 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 period ended December 31, 2010.

For the six-month period ended December 31, 2011, the calculation of diluted loss per share does not take into account of the restricted shares or assume the exercise of the Company's outstanding share options, since it will result in a decrease in loss per share.

12. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT/DEPOSITS FOR PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

During the six months ended December 31, 2011, the Group incurred approximately RMB169,967,000 (six months ended December 31, 2010: RMB365,834,000) for the acquisition of production capacity.

Deposits paid for purchase of property, plant and equipment mainly represented the amount paid for the acquisition of the new production line. In addition, at December 31, 2011 and 2010, substantially all 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 RMB17,814,000 is still in progress at December 31, 2011 (June 30, 2011: RMB18,311,000). Notwithstanding this, the directors of the Company are of the opinion that the Group has acquired the beneficial title to these properties.

As at December 31, 2011, the Group pledged buildings with carrying values of approximately RMB36,592,000 (June 30, 2011: RMB37,730,000) to secure bank borrowings granted to the Group.

Affected by the unfavourable industry and macro-economic factors as solar project delay and related reduced feed-in tariff, the supply and demand gap between the overseas on-grid solar market and expectation had given solar related manufacturers a severe blow since the last quarter of the calendar year of 2011. This resulted in a steeper competition and inevitably translated into a fierce price cutting or even a sale below cost among the manufacturers. The Group under dire threats, was selling at a gross loss position since December 2011 and decided to delay the installation of the new production line. In light of these events, management assessed the carrying value of the Group's property, plant and equipment and related deposits and committed capital expenditure for impairment.

The recoverable amounts of the relevant assets have been determined on the basis of value in use calculation using a discount rate of 20.9%. This calculation uses cash flow projections based on financial forecasts approved by management of the Group covering six semi-annual periods, with the cash flows beyond such period remains virtually flat till the end of useful life of the relevant assets. Key assumptions for the value in use calculations relate to the estimation of cash inflow/outflows which include sales quantity, budgeted average selling price per megawatt and gross margin. The estimation of sales quantity and average selling price is based on the management's expectations for the prospective market trend and development.

As a result, impairment loss of approximately RMB611 million was recognised during the six months ended December 31, 2011 to write down the carrying amounts of property, plant and equipment and deposit for property, plant and equipment of approximately RMB541 million and RMB70 million to their recoverable amounts, respectively. The impairment loss is mainly attributable to the significant decrease in forecast market demand and average selling price.

13. DEFERRED TAXATION

The following is the analysis of the deferred tax balances for financial reporting purposes:

	December 31, 2011 RMB'000 (Unaudited)	June 30, 2011 RMB'000 (Audited)
Analysed for reporting purpose as:		
Deferred tax assets	**16,476**	9,825
Deferred tax liabilities	**(20,000)**	(15,000)
	(3,524)	(5,175)

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

	Accrued warranty cost	Accelerated tax depreciation	Allowance and provision	Government grant	Withholding tax on distributable profit of subsidiary in the PRC	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At July 1, 2010	826	2,571	—	1,170	—	—	4,567
Credit to profit or loss	87	1,050	—	900	—	—	2,037
At December 31, 2010 and at January 1, 2011	913	3,621	—	2,070	—	—	6,604
Credit (charge) to profit or loss	63	1,093	—	2,065	(15,000)	—	(11,779)
At June 30, 2011 and at July 1, 2011	976	4,714	—	4,135	(15,000)	—	(5,175)
(Charge) credit to profit or loss	(56)	2,461	3,829	60	(5,000)	357	1,651
At December 31, 2011	920	7,175	3,829	4,195	(20,000)	357	(3,524)

Accumulated profits of the PRC subsidiary reported in accordance with PRC accounting principles amounting to approximately RMB1,539,172,000 at December 31, 2011 (June 30, 2011: RMB1,438,843,000). 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 RMB1,139,172,000 as at December 31, 2011 (June 30, 2011: RMB1,138,843,000) 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 RMB400,000,000 (June 30, 2011: RMB300,000,000) were considered to be distributed and accordingly, the Company recorded a deferred tax liability of RMB20,000,000 in respect of these undistributed earnings as at December 31, 2011 (June 30, 2011: RMB15,000,000).

14. INVENTORIES

	December 31, 2011 RMB'000 (Unaudited)	June 30, 2011 RMB'000 (Audited)
Raw materials	**15,667**	12,204
Finished goods	**18,282**	31,538
	33,949	43,742

15. TRADE RECEIVABLES/OTHER RECEIVABLES AND PREPAYMENTS

	December 31, 2011 RMB'000 (Unaudited)	June 30, 2011 RMB'000 (Audited)
Trade receivables	**133,780**	355,026
Other receivables and prepayments	**68,791**	77,985
	202,571	433,011

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.

	December 31, 2011 RMB'000 (Unaudited)	June 30, 2011 RMB'000 (Audited)
0 to 60 days	**106,034**	347,771
61 to 120 days	**16,230**	5,322
121 to 180 days	**13,780**	602
Over 180 days	**21,382**	1,331
	157,426	355,026
Less: allowance for doubtful debts	**(23,646)**	—
	133,780	355,026

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of approximately RMB23,646,000 as of December 31, 2011 (June 30, 2011: Nil). The counter parties are in financial difficulties and the management is uncertain on the collectability of such receivables. The Group does not hold any collateral over these balances.

16. RESTRICTED BANK DEPOSITS/CASH AND CASH EQUIVALENTS

Restricted bank deposits

Restricted bank deposits of approximately RMB39,986,000 (June 30, 2011: RMB41,513,000) 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 deposits carry interest at market rates which range from 0.4% to 3.25% per annum as at December 31, 2011 (June 30, 2011: 1.39% to 2.25% per annum).

Cash and cash equivalents

The Group's bank balances carry interest at market rates which range from 0.5% to 3.1% per annum as at December 31, 2011 (June 30, 2011: 0.1% to 2.05% per annum).

17. TRADE AND OTHER PAYABLES

The credit period granted by suppliers to the Group ranged from 90 to 180 days. The Group normally utilised bills payables to settle balances with a term of 180 days. The following is an aged analysis of trade and bills payables presented based on the invoice date or bills drawn down date at the end of the reporting period:

	December 31, 2011	June 30, 2011
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Trade and bills payables:		
0 - 90 days	**43,282**	111,531
91 - 180 days	**853**	4,810
181 - 365 days	**—**	1,120
	44,135	117,461
Accruals and other payables	**59,845**	61,444
	103,980	178,905

18. BANK BORROWINGS

	December 31, 2011	June 30, 2011
	(Unaudited)	*(Audited)*
	RMB'000	*RMB'000*
Analysed for reporting purposes as:		
Current liabilities	**33,074**	17,400
Non-current liabilities	**59,929**	62,770
	93,003	80,170

Amounts are secured and wholly repayable within five years.

During the six months ended December 31, 2011, the Group obtained new bank borrowings of approximately RMB23,333,000 (six months ended December 31, 2010: RMB71,720,000) and repaid bank borrowings of approximately RMB10,500,000 (six months ended December 31, 2010: RMB48,288,000). These borrowings carry interest at market rates ranging from 3.57% to 5.67% per annum (six months ended December 31, 2010: 6.22% per annum).

19. GOVERNMENT GRANTS

	December 31, 2011	June 30, 2011
	(Unaudited)	*(Audited)*
	RMB'000	*RMB'000*
Current (included in other payables (note 17))		
– Acquisition of property, plant and equipment (note a)	**35,100**	20,100
– Other subsidies (note b)	**7,150**	6,750
	42,250	26,850
Non-current		
– Acquisition of property, plant and equipment (note a)	**—**	15,000
– Other subsidies (note b)	**720**	720
	720	15,720
	42,970	42,570

19. GOVERNMENT GRANTS *(Continued)*

Note a: Government grants include cash subsidies received from PRC government by Trony Science which was specific for the purchase of plant and machineries. Included in the current portion of the government grants are RMB20,100,000 (June 30, 2011: RMB15,100,000) which the Group has not yet complied with the conditions attaching to such grants as at the end of the reporting period and the grants are refundable in accordance with contract terms. The remaining grants of RMB15,000,000 (June 30, 2011: RMB5,000,000) included in current portion are those grants with conditions to be met within one year from the end of reporting period. 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. Included in the current portion of the Government grants are RMB7,150,000 (June 30, 2011: RMB800,000) which the Group has not compiled with the conditions attaching to any of the grants at the end of the reporting period and the grants are refundable in accordance with contract terms. The remaining grants of Nil (June 30, 2011: RMB5,950,000) included in the current portion are those grants with conditions to be met within one year from the end of reporting period. 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 six months ended December 31, 2011, the Group recognised income of approximately RMB282,000 (six months ended December 31, 2010: RMB3,900,000).

20. SHARE CAPITAL

	Number of shares	Amount
		US$
Ordinary shares		
Authorised:		
At July 1, 2010 at US$0.0001 each	482,350,000	48,235
Addition (note c)	4,500,000,000	450,000
Conversion of Series B preferred shares (note b)	17,650,000	1,765
At December 31, 2010, July 1, 2011 and December 31, 2011 at US$0.0001 each	5,000,000,000	500,000

20. SHARE CAPITAL *(Continued)*

Issued and fully paid:

	Number of shares	Amount	Shown in the condensed consolidated financial statements as
		US$	*RMB'000*
Issued and fully paid at July 1, 2010	100,000,000	1,000	8
Issuance of restricted shares (note a)	554,678	55	-
Conversion of Series B preferred shares (note b)	17,650,000	1,765	12
Capitalisation issue (note c)	1,063,842,111	106,384	711
Issuance of new shares upon initial public offering (note d)	402,750,000	40,275	269
Share options exercised (note 23)	1,386,697	139	1
At December 31, 2010 and July 1, 2011 at US$0.0001 each	1,586,183,486	149,618	1,001
Shares repurchased and cancelled (note e)	(1,500,000)	(150)	(1)
At December 31, 2011	1,584,683,486	149,468	1,000

Notes:

(a) Pursuant to the Pre-IPO Equity Incentive 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. Details of the Pre-IPO Equity Incentive Plan and the share option scheme are set out in the annual report for the year ended June 30, 2011.

(b) 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.

(c) 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.

(d) 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.

(e) During the period ended December 31, 2011, the Company repurchased a total of 1,500,000 ordinary shares with cash settlement (net off with transaction cost) of HK$3,361,000 (approximately RMB2,769,000) on the Stock Exchange. The ordinary shares were cancelled upon repurchase.

21. MAJOR NON-CASH TRANSACTIONS

(i) During the six months ended December 31, 2011, construction costs and acquisition of property, plant and equipment amounted to approximately RMB5,026,000 (six months ended December 31, 2010: RMB404,000) were unsettled and included in other payables.

(ii) During the six months ended December 31, 2010, 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 shareholder.

22. CAPITAL COMMITMENTS

	December 31, 2011	June 30, 2011
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	**17,059**	161,684

23. SHARE-BASED PAYMENT TRANSACTIONS

Details of the Pre-IPO Equity Incentive Plan and the share option scheme are set out in the annual report for the year ended June 30, 2011. Movements in the number of share options and restricted shares outstanding and the exercise prices are as follows:

	Number of share options Six months ended December 31,	
	2011	2010
Beginning of the period	**29,070,092**	5,546,789
Exercised	**—**	(1,386,697)
Forfeited	**(2,740,000)**	—
End of the period	**26,330,092**	4,160,092
Exercisable at the end of the period	**6,929,197**	—

23. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

In respect of the share options exercised during the period ended December 31, 2010, the weighted average share price at the dates of exercise was HK$5.08.

	Number of restricted shares Six months ended December 31,	
	2011	2010
Non-vested at the beginning of the period	**4,160,092**	5,546,789
Vested	**(1,386,697)**	(1,386,697)
Non-vested at the end of the period	**2,773,395**	4,160,092

The Group recognised total expense of approximately RMB18,840,000 for the six months ended December 31, 2011 (2010: RMB10,005,000) in relation to share options and restricted shares granted by the Company.

24. RELATED PARTY DISCLOSURES

(a) Amount due from a director

The Group made travelling advances to a director of the Company, Mr. Li Yi ("Mr. Li"), who is the controlling shareholder of the Group, for business operating uses and the amount was non-trade related, unsecured, interest-free and fully settled during the period.

(b) Loan from a related company

On April 10, 2008, the Group entered into a loan agreement with a company owned by a close family member of the sole shareholder of Build Up International Investments Limited ("Build Up"). Build Up is one of the then shareholders who can then exercise significant influence over the Company prior to the listing of the Company's shares on the Stock Exchange. The Group borrowed from Build Up 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 board of directors of the Company resolved on June 22, 2011 to early repay the loan from Build Up pursuant to its written request made on March 28, 2011.

During the six months ended December 31, 2010, amortised imputed expense amounting to approximately RMB7,644,000 was charged to profit or loss.

24. RELATED PARTY DISCLOSURES *(Continued)*

(c) Amount due to a director

The amount is due to Mr. Li Yi and it is non-trade related, unsecured, interest-free and repayable on demand.

(d) Loan from a shareholder

On October 2, 2009, Lakes Invest Investment Limited ("Lakes Invest"), a company owned by Mr. Li, 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. 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. 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.

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.

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 Investments Limited, a company incorporated in the British Virgin Islands and owned by Mr. Li, 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. 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.

Effective interest expense for the six months ended December 31, 2010 amounted to approximately RMB8,663,000.

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

24. RELATED PARTY DISCLOSURES *(Continued)*

(e) Amount due from a related party

Details of the amount due from a related party are as follows:

	December 31, 2011	June 30, 2011
	RMB'000	RMB'000
	(Unaudited)	*(Audited)*
	RMB'000	*RMB'000*
Shenzhen Yiying Patent & Trademark Agency * ("Shenzhen Yiying") 深圳市毅穎專利商標事務所 (note)	**273**	36

* The English name is for identification purpose only.

Note: Shenzhen Yiying is a company in which Ms. Zhang Yiying, a close family member of Mr. Li who can exercise significant influence. The amount due from Shenzhen Yiying represents prepayment for registration fees.

(f) Transactions with related parties

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

(i) During the six months ended December 31, 2011, the Group paid trademark registration fee and agency fee to Shenzhen Yiying, amounting to approximately RMB287,000 (six months ended December 31, 2010: RMB669,000).

(ii) During the six months ended December 31, 2010, offering and other related expenses of approximately RMB6,549,000 (six months ended December 31, 2011: Nil) were paid on behalf of the selling shareholders and recorded as amounts due from shareholders as of December 31, 2010.

(iii) Historically, certain technology and production patents developed by the Group have been registered in the name of Mr. Li Yi for administrative simplicity. Mr. Li Yi 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 Yi has transferred all legal and beneficial interest in those patents to the Group.

24. RELATED PARTY DISCLOSURES *(Continued)*

(g) Compensation of key management personnel

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

	Six months ended December 31,	
	2011	2010
	(Unaudited)	*(Audited)*
	RMB'000	*RMB'000*
Short-term employee benefits	**3,181**	3,199
Post employee benefits	**28**	19
Share-based payment	**7,855**	10,005
	11,064	13,223

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