



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
2012/2013





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CORPORATE INFORMATION

Directors

Executive Directors

Mr. Li Yi (*Chairman*)

Ms. Yu Ying

Independent Non-Executive Directors

Mr. Hu Bing

Mr. Yan Lihu

Mr. Cai Zhipeng

Registered Office

Walker House, 87 Mary Street

George Town

Grand Cayman KY1-9005

Cayman Islands

Head Office in the PRC

Room 1403, Building A4

Kexing Science Park

Keyuan Road, Middle District of Science Park

Nanshan District

Shenzhen 518048

PRC

Principal Place of Business in Hong Kong

Room 1502, 15th Floor

The Chinese Bank Building

61-65 Des Voeux Road Central

Hong Kong

Audit Committee

Mr. Hu Bing (*Committee Chairman*)

Mr. Yan Lihu

Mr. Cai Zhipeng

Nomination Committee

Mr. Li Yi (*Committee Chairman*)

Mr. Hu Bing

Mr. Yan Lihu

Mr. Cai Zhipeng



Remuneration Committee

Mr. Yan Lihu (*Committee Chairman*)
Mr. Li Yi
Mr. Hu Bing
Mr. Cai Zhipeng

Company Secretary

Ms. Chan Yuen Ying Stella

Company Website

www.trony.com

Authorized Representatives

Ms. Chan Yuen Ying Stella
Mr. Li Yi

Cayman Islands Principal Share Registrar and Transfer Office

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
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

Legal Advisors

Iu, Lai & Li Solicitors & Notaries

Auditor

ZHONGHUI ANDA CPA Limited
Certified Public Accountants

Principal Bankers

Industrial and Commercial Bank of China (Asia) Limited
Hang Seng Bank Limited
China Construction Bank



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

On 31 December 2012: revenue was approximately RMB47,594,000, cost of sales was approximately RMB46,954,000, expenses during the period were approximately RMB70,926,000 and the net loss was approximately RMB59,392,000.

1. The interim revenue for the accounting period 2012 was approximately RMB47,594,000, representing a decrease of approximately RMB562,593,000 as compared to approximately RMB610,187,000 in 2011.

Primary causes: the reduction of sales resulted from order decrease.

2. The cost of sales was approximately RMB46,954,000, representing a decrease of approximately RMB436,053,000 as compared to approximately RMB483,007,000 in 2011.

Primary causes: cost of sales were decreased due to reduction in sales.

3. The gross profit was approximately RMB640,000, representing a decrease of approximately RMB126,540,000 as compared to approximately RMB127,180,000 in 2011.

Primary causes: the reduction in sales had larger original fixed costs which caused a substantial decrease in gross profit.

4. The selling and distribution expenses were approximately RMB5,408,000, representing a decrease of approximately RMB1,800,000 as compared to approximately RMB7,208,000 in 2011.

Primary causes: the reduction in sales which led to more market promotion and more market price concession for increasing sales volume.

5. The administrative expenses were approximately RMB65,518,000, representing a decrease of approximately RMB1,051,000 as compared to approximately RMB66,569,000 in 2011.

Primary causes: the decrease of the professional fees.

6. The net loss was approximately RMB59,392,000, representing a decrease of approximately RMB537,110,000 as compared to approximately RMB596,502,000 in 2011.

Primary causes: the adjustment of the write-offs of assets and liabilities for the previous years.

7. The fixed assets were approximately RMB293,194,000, representing an increase of approximately RMB5,786,000 as compared to approximately RMB287,408,000 on 30 June 2012.

8. The trade and bills receivables were approximately RMB29,893,000, representing an increase of approximately RMB3,018,000 as compared to approximately RMB26,875,000 on 30 June 2012.

9. Cash and bank deposits were approximately RMB336,397,000, representing a decrease of approximately RMB163,942,000 as compared to approximately RMB500,339,000 on 30 June 2012.

Primary causes: the losses in the current year and the payments for the loan and interests.



OTHER INFORMATION

Interim Dividend

The Board resolved not to declare any interim dividend for the six months ended 31 December 2012.

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 as its Corporate Governance Practices.

During the six months ended, the deviations to the CG Code are as follows:

The then Code provisions	Reasons for the non-compliance and improvement actions took or to be taken
A.1.2, A.1.3	Due to the suspension in trading of the Company’s shares, there were no regular Board meetings held for approving the annual and interim results of the Group during the reporting period. Due notice of all regular Board meetings will be given to all members of the Board.
A.1.8	No insurance cover could be arranged in view of the suspension in trading of the Company’s shares. Directors’ insurance will be arranged for each Director once such can be arranged or immediately upon the resumption of trading of the Company’s shares.
A.2.1	Mr. Li Yi, the Chairman of the Company, was also acting as the chief executive officer of the Company. Mr. Li Yi has extensive experience in the solar industry and is responsible for the overall corporate strategies of the Group. 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.
A.2.5	The Company was not in compliance with certain code provisions as set out in the CG Code due to the suspension in trading of the Company’s shares. The Chairman has confirmed that he will take active action to improve and monitor the corporate governance practice of the Group.



The then Code provisions	Reasons for the non-compliance and improvement actions took or to be taken
A.4.2	No general meeting was held during the period due to the suspension in trading of the Company's shares. Therefore, no Directors have been subject to retirement and re-election by the Shareholders at the general meeting. All Directors will be subject to rotation in accordance with the Articles of Association of the Company and the Listing Rules. Every Director will be subject to retirement by rotation at least once every three years.
A.6.7	No general meeting was held during the period due to the suspension in trading of the Company's shares.
A.7.1	Due to the suspension in trading of the Company's shares, there were no regular Board meetings held for approving the annual and interim results of the Group during the period.
C.1.2	The management of the Company did not provide a regular monthly update to all members of the Board, but the management keeps providing information and update to the members of the Board irregularly.
C.1.5	Due to the suspension in trading of the Company's shares, there were no regular Board meetings held for approving the annual and interim results of the Group during the period. The despatch of the relevant annual reports and interim reports have been delayed.
C.3.1, C.3.6	No Audit Committee meeting was held during the period
E.1.1, E.1.2, E.1.3, E.2.1	No general meeting was held during the period due to the suspension in trading of the Company's shares. General meetings of the Company shall be arranged in due course.

Purchase, Sale or Redemption 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.

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 Governing the Listing of Securities on the Stock Exchange (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 for the period.



Disclosure of Interests

Directors' Interests in Shares

As at 31 December 2012, 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 ("Model Code") for Securities Transactions by Directors of Listed Issuers, are set out below:

Name of Director	Capacity/nature of interest	Long position/ short position	Number of shares	Approximate percentage of shareholding
Mr. Li Yi (Note 1)	Beneficiary of a trust	Long position	621,497,910	39.22%
Prof. Woo Chia-Wei (Note 2)	Beneficial owner	Long position	200,000	0.01%
Mr. Che Shujian (Note 2)	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 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 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 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 31 December 2012.



Substantial Shareholders Interests in Shares

As at 31 December 2012, 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 shareholder	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	39.16%
Credit Suisse Trust Limited (Note 1)	Trustee of a trust	Long position	620,497,910	39.16%
Seletar Limited (Note 1)	Trustee of a trust	Long position	620,497,910	39.16%
Serangoon Limited (Note 1)	Trustee of a trust	Long position	620,497,910	39.16%
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	221,674,392	13.99%
ICBC International Holdings Limited (Note 2)	Interest in a controlled corporation	Long position	221,674,392	13.99%
Industrial and Commercial Bank of China Limited (Note 2)	Interest in a controlled corporation	Long position	221,674,392	13.99%
ICBC International Fund Management Limited (Note 2)	Beneficial owner, security interest	Long position	163,722,350	10.33%



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.

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 31 December 2012.

Share Option Scheme

Share Option Scheme

The Company adopted the share option scheme (the "Share Option Scheme") on 13 September 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. There is no minimum period for which an option must be held before it can be exercised. 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 24 September 2010.

Details of movement of share options during the period under the Share Option Scheme are as follows:–

Name or category of participants	Number of share options					Outstanding as at 31 December 2012	Exercise price (HK\$)	Date of Grant	Exercisable Period (Note)
	Outstanding as at 1 July 2012	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period				
Director									
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	<u>400,000</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>400,000</u>			
Employees									
	14,801,000	–	–	–	2,988,000	11,813,000	4.80	9 March 2011	9 September 2011 to 9 March 2018
Sub-total	<u>14,801,000</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>2,988,000</u>	<u>11,813,000</u>			
Total	<u>15,201,000</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>2,988,000</u>	<u>12,213,000</u>			

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.

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



Audit Committee

The Company set up the Audit Committee (the "Audit Committee") on 13 September 2010, with its written terms of reference complying with the Corporate Governance Practices. Currently, the Audit Committee comprises of three independent non-executive directors, namely, Mr. Hu Bing (Chairman), Mr. Yan Lihu and Mr. Cai Zhipeng. The primary duty of the Audit Committee is to review and supervise the financial reporting procedures and internal monitoring systems of the Group. The Audit Committee has reviewed the unaudited interim results for the period.



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

		Six months ended	
		31 December	
		2012	2011
	Notes	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	4	47,594	610,187
Cost of sales		(46,954)	(483,007)
Gross profit		640	127,180
Other income	5	12,912	2,240
Selling and distribution expenses		(5,408)	(7,208)
Administrative expenses		(65,518)	(66,569)
Other losses	6	-	(634,645)
Finance costs	7	(2,018)	(2,808)
Loss before tax		(59,392)	(581,810)
Income tax	8	-	(14,692)
Loss for the period	9	(59,392)	(596,502)
Other comprehensive income/(loss):			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		319	(72)
Total other comprehensive income/(loss) for the period		319	(72)
Total comprehensive loss for the period attributable to the owners of the Company		(59,073)	(596,574)
Loss per share	10		
Basic (RMB)		(0.04)	(0.38)
Diluted (RMB)		(0.04)	(0.38)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

		At 31 December 2012 RMB'000 (Unaudited)	At 30 June 2012 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	12	293,194	287,408
Prepaid land lease payments		10,784	10,914
		<u>303,978</u>	<u>298,322</u>
Current assets			
Inventories		54,659	55,819
Trade and bills receivables	13	29,893	26,875
Other receivables and prepayments		47,478	29,114
Prepaid land lease payments		260	260
Amount due from a director		–	4
Bank and cash balances		336,397	500,339
		<u>468,687</u>	<u>612,411</u>
Current liabilities			
Trade and other payables	14	307,063	370,366
Bank borrowings		38,500	51,100
		<u>345,563</u>	<u>421,466</u>
Net current assets		<u>123,124</u>	<u>190,945</u>
Total assets less current liabilities		<u>427,102</u>	<u>489,267</u>
Non-current liabilities			
Bank borrowings		19,275	27,925
NET ASSETS		<u>407,827</u>	<u>461,342</u>
Capital and reserves			
Share capital		1,000	1,000
Reserves		406,827	460,342
TOTAL EQUITY		<u>407,827</u>	<u>461,342</u>



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

	Share capital <i>RMB'000</i> <i>(Unaudited)</i>	Share premium <i>RMB'000</i> <i>(Unaudited)</i>	Statutory surplus reserve <i>RMB'000</i> <i>(Unaudited)</i>	Capital reserve <i>RMB'000</i> <i>(Unaudited)</i>	Share-based payment reserve <i>RMB'000</i> <i>(Unaudited)</i>	Foreign currency translation reserve <i>RMB'000</i> <i>(Unaudited)</i>	Retained profits/ (Accumulated loss) <i>RMB'000</i> <i>(Unaudited)</i>	Total <i>RMB'000</i> <i>(Unaudited)</i>
At 1 July 2011	1,001	1,898,029	1,493	91,138	27,279	–	1,078,573	3,097,513
Total comprehensive loss for the period	–	–	–	–	–	(72)	(596,502)	(596,574)
Shares repurchased and cancelled	(1)	(2,768)	–	–	–	–	–	(2,769)
Forfeiture of share options	–	–	–	–	(1,568)	–	1,568	–
Payment of 2010/2011 final dividend	–	(62,436)	–	–	–	–	–	(62,436)
Share-based payments	–	–	–	–	18,840	–	–	18,840
At 31 December 2011	<u>1,000</u>	<u>1,832,825</u>	<u>1,493</u>	<u>91,138</u>	<u>44,551</u>	<u>(72)</u>	<u>483,639</u>	<u>2,454,574</u>
At 1 July 2012	1,000	1,895,217	5,077	–	25,994	(607)	(1,465,339)	461,342
Total comprehensive income/(loss) for the period	–	–	–	–	–	319	(59,392)	(59,073)
Share-based payments	–	–	–	–	5,558	–	–	5,558
Forfeiture of share options	–	–	–	–	(8,954)	–	8,954	–
At 31 December 2012	<u>1,000</u>	<u>1,895,217</u>	<u>5,077</u>	<u>–</u>	<u>22,598</u>	<u>(288)</u>	<u>(1,515,777)</u>	<u>407,827</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

	Six months ended	
	31 December	
	2012	2011
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Net cash (used in)/generated from operating activities	(128,185)	215,121
Net cash used in investing activities	(14,786)	(167,340)
Cash flows from financing activities		
Dividend paid	-	(62,436)
Repayment of borrowings	(25,500)	(10,500)
Interest paid	(2,018)	(2,808)
Repurchase of shares, net of transaction costs	-	(2,769)
New borrowings raised	-	23,333
Government grant received	10,975	682
Net cash used in financing activities	(16,543)	(54,498)
Net decrease in cash and cash equivalents	(159,514)	(6,717)
Effect of foreign exchange rate changes	(4,428)	(10,033)
Cash and cash equivalents at beginning of period	500,339	1,000,247
Cash and cash equivalents at end of period	336,397	983,497
Analysis of bank and cash balances	336,397	983,497



NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2012

1. GENERAL INFORMATION

Trony Solar Holdings Company Limited (the "Company") was incorporated in the Cayman Islands on 23 June 2006 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Walker House, 87 Mary Street, George Town, Grand Cayman KY1-9005, Cayman Islands. The address of the Company's principal place of business was Unit 713, 7/F, Lakeside 1, 8 Science Park Avenue West, Hong Kong Science Park, Shatin, New Territories during the six month ended 31 December 2012 and subsequent to the end of the reporting period, its principal place of business has been changed to Room 1001, 10/F., OfficePlus, No. 93-103 Wing Lok Street, Sheung Wan, Hong Kong and Room 1502, 15th Floor, The Chinese Bank Building, 61-65 Des Voeux Road Central on 19 September 2014 and 16 September 2015 respectively. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and have been suspended for trading since 21 June 2012.

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (collectively "the Group") are development, manufacture and sale of solar products.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

The Interim Financial Statements do not include all the information and disclosures required in the full set of financial statements prepared in accordance with the International Financial Reporting Standards ("IFRSs"), and should be read in conjunction with the Group's annual financial statements for the year ended 30 June 2012.

The preparation of an Interim Financial Statements in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

The accounting policies adopted in the preparation of the Interim Financial Statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2012.



2. BASIS OF PREPARATION AND ACCOUNTING POLICIES – *continued*

Suspension of trading in shares of the Company

Reference is made to the Company's announcement dated 11 October 2012. The Company's predecessor auditor, Deloitte Touche Tohmatsu, who has subsequently resigned as the auditor of the Company with effect from 7 February 2015, had received various anonymous emails in March 2012 and an anonymous letter on 20 April 2012 which contained certain allegations against the Company regarding several possible financial discrepancies (the "Potential Financial Discrepancies") in respect of the financial records of the Group (collectively the "Allegations").

In response to the Allegations, an Independent Review Committee (the "IRC") comprising the three independent non-executive directors of the Company was established on 21 May 2012 by the board of the directors of the Company (the "Board") to conduct an inquiry into the Allegations concerned and the Company appointed an independent external law firm in the Mainland China, namely Guangdong SZGoldenBull Law Firm as its legal advisor in the People's Republic of China (the "PRC") to assist the Company in conducting the inquiry of the Allegations. At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended since 21 June 2012.

On 20 July 2012, the Company also appointed King & Wood Mallesons ("KWM") as the Company's legal adviser as to Hong Kong Law in respect to the matters relating to the Allegations. PricewaterhouseCoopers Consulting Hong Kong Limited ("PwC") was subsequently appointed on 19 September 2012 as an independent professional adviser to assist the IRC to carry out a forensic review (the "Forensic Review") of the Allegations and report the respective findings for KWM to advise the IRC particularly on the Potential Financial Discrepancies from a legal perspective.

For the period from March to October 2012, there were several changes in the directors of the Company and senior management of the Group including (i) resignation of finance director of Shenzhen Trony Science and Technology Development Co., Ltd, a wholly-owned subsidiary and a major operating unit of the Company with effect from 1 March 2012; (ii) retirement of the vice president of production of the Group with effect from 6 March 2012; (iii) resignation of an executive director (also as an executive vice president) of the Company with effect from 21 August 2012; (iv) resignation of the chief financial officer of the Group with effect from 22 August 2012; (v) appointment of a new chief financial officer with effect from 21 August 2012; (vi) resignation of a non-executive director of the Company with effect from 4 September 2012, and (vii) appointment of a new executive director (the "New Executive Director") on 3 October 2012.



2. BASIS OF PREPARATION AND ACCOUNTING POLICIES – *continued*

Suspension of trading in shares of the Company – continued

On 3 October 2012, the Company received a letter from the Stock Exchange detailing the resumption conditions imposed on the Company as follows:

- (i) Engage a professional firm to conduct a forensic review and investigation over the Potential Financial Discrepancies, the allegations enclosed in the anonymous letters and the issues raised in the legal advisors report from Guangdong SZGoldenBull Law Firm;
- (ii) Inform the market of all information that is necessary to appraise the Company's position, including their implications to the Company's assets, financial and operational position;
- (iii) Publish all outstanding financial results and reports, and address any concerns raised by the Company's auditors through qualifications in their audit report or otherwise;
- (iv) Demonstrate that there are no significant deficiencies in the Company's corporate governance, and that the Company has put in place adequate financial reporting procedures and internal control systems to meet obligations under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"); and
- (v) Demonstrate that, in light of the recent resignations of the Company's directors and senior management members, the Company has adequate resources (in particular senior level staff with appropriate qualifications and experience) to safeguard the Company's assets and to meet obligations under the Listing Rules.

The Company should also comply with the Listing Rules and all applicable laws and regulations in Hong Kong and its place of incorporation before resumption of its share trading. The Stock Exchange may modify any of the above and/or impose further conditions at its discretion.

On 7 February 2013, the Company's three independent non-executive directors had resigned from the position and the IRC became vacant. With this regard, the New Executive Director had been appointed as the only member of the IRC with effect from 15 March 2013. On 15 May 2013, another three independent non-executive directors had been appointed to fill in the vacancies of members of the audit committee, remuneration committee, nomination committee and the IRC of the Company. Subsequently, on 1 September 2015, the New Executive Director has resigned from the position.



2. BASIS OF PREPARATION AND ACCOUNTING POLICIES – *continued*

Suspension of trading in shares of the Company – continued

With reference to the Company's announcement dated 12 December 2014, PwC completed the fieldwork of the Forensic Review in respect of the Allegations, particularly the Potential Financial Discrepancies, on 31 July 2013 and a summary of the findings of the Forensic Review was finalised and issued by PwC to KWM on 6 November 2014 (the "Forensic Review Summary"). Based on the results of the Forensic Review, PwC were unable to conclude the Allegations due to various limitations in obtaining relevant and sufficient supporting documents and evidences, and most of the relevant key management were not available for PwC's interviews. PwC had not been able to identify any linkage from the supporting documents to the Company's previous audited financial statements. Due to the lack of supporting documents/information or other factors set out in the summary of the findings of the Forensic Review, the IRC was not in a position to draw any conclusion as to the completeness or accuracy of the financial data and concludes that those limitations are incapable of being resolved in their totality and thus it is unlikely that further investigation would arrive at any satisfactory findings.

The Forensic Review Summary has been considered and accepted by the IRC and the Board respectively. For further details of scope the Forensic Review, a summary of findings, limitations and preliminary views of the IRC and the Board, please refer to the Company's announcement dated 12 December 2014. The Board accepted and concurred with the views of the IRC that auditing of the Group's outstanding financial statements should be commenced as soon as possible and an independent internal control expert should be engaged to conduct an overall review of the internal control and financial reporting system of the Group. Upon finalisation of the Forensic Review, the Company also appointed PKF Consulting Inc. to undertake a review of the internal control system of the Group to strengthen its internal control and financial reporting systems of the Group. The Company is also in the process of preparing to fulfill all the required resumption conditions in relation to the application for the resumption of trading in the shares of the Company.

Going concern

The Group incurred a loss of approximately RMB59,392,000 for the six months ended 31 December 2012 and has sustained significant continuing losses for the immediately next three financial years ended 30 June 2015 and net current liabilities in the consolidated statements of financial position of the Group as at 30 June 2013, 2014 and 2015. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. The Directors are confident that the Group would have sufficient working capital for the Group to meet its liabilities as they fall due and for its operation, and in the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.



3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

In the current year, the Group has adopted all the new and revised IFRSs issued by the International Accounting Standards Board that are relevant to its operations and effective for its accounting period beginning on 1 July 2012. IFRSs comprise International Financial Reporting Standards; International Accounting Standards; and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current year and prior years.

The Group has not applied the new and revised IFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised IFRSs but is not yet in a position to state whether these new and revised IFRSs would have a material impact on its results of operations and financial position.

4. REVENUE AND SEGMENT INFORMATION

The Group has only one reportable operating segment for financial reporting purposes, reported as the manufacture and sale of solar products.

5. OTHER INCOME

	Six months ended	
	31 December	
	2012	2011
	<i>RMB’000</i>	<i>RMB’000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Government grants	10,975	282
Interest income	1,937	1,958
	<u>12,912</u>	<u>2,240</u>



6. OTHER LOSSES

	Six months ended	
	31 December	
	2012	2011
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Provision for doubtful debts	–	23,645
Impairment losses on property, plant and equipment and deposits for purchase of property, plant and equipment	–	611,000
	<u>–</u>	<u>634,645</u>
	<u>–</u>	<u>634,645</u>

7. FINANCE COSTS

	Six months ended	
	31 December	
	2012	2011
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Interest on bank borrowings wholly repayable within five years	<u>2,018</u>	<u>2,808</u>

8. INCOME TAX

	Six months ended	
	31 December	
	2012	2011
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Current tax – Provision for the period		
PRC enterprise income tax	–	14,692
	<u>–</u>	<u>14,692</u>

No provision for Hong Kong Profits Tax has been made for six months ended 31 December 2012 as the Group did not generate any assessable profits arising in Hong Kong during the period.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.



9. LOSS FOR THE PERIOD

Loss for the period is arrived at after charging:

	Six months ended	
	31 December	
	2012	2011
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Allowance for doubtful debts	–	23,646
Allowance for inventories	–	1,880
Cost of inventories recognised as expenses	46,954	483,007
Net foreign exchange losses	4,109	9,159
Depreciation	10,937	64,193
Amortisation of prepaid land lease payments	130	130
Directors' emoluments	1,240	1,066
Staff costs (including directors' remuneration):		
Salaries, bonus and allowances	21,811	14,672
Equity-settled share-based payments	5,558	18,840
Retirement benefits scheme contributions	1,405	1,643
	28,774	35,155

10. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for period of approximately RMB59,392,000 (2011: loss of approximately RMB596,502,000) and the weighted average number of approximately 1,586,183,000 (2011: 1,581,480,000) ordinary shares in issue during the period.

(b) Diluted loss per share

The effects of all potential ordinary shares are anti-dilutive for the six months ended 31 December 2012 and 2011.

11. INTERIM DIVIDEND

The Directors resolved not to declare the payment of an interim dividend for the six months ended 31 December 2012 (six months ended 31 December 2011: Nil).



12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2012, the Group acquired property, plant and equipment amount to approximately RMB16,723,000.

13. TRADE AND BILLS RECEIVABLES

	At 31 December 2012 <i>RMB'000</i> <i>(Unaudited)</i>	At 30 June 2012 <i>RMB'000</i> <i>(Audited)</i>
Trade receivables	26,482	24,859
Bills receivables	3,411	2,016
	<u>29,893</u>	<u>26,875</u>

Other than cash sales, invoices are normally payable within 60 to 120 days of issuance. An aging analysis of the trade and bills receivables at the end of the reporting period, based on invoice dates, is as follows:

	At 31 December 2012 <i>RMB'000</i> <i>(Unaudited)</i>	At 30 June 2012 <i>RMB'000</i> <i>(Audited)</i>
0 – 60 days	13,112	8,679
61 to 120 days	4,961	4,827
121 to 180 days	4,195	6,030
Over 180 days	7,625	7,339
	<u>29,893</u>	<u>26,875</u>



14. TRADE AND OTHER PAYABLES

	At 31 December 2012 RMB'000 (Unaudited)	At 30 June 2012 RMB'000 (Audited)
Trade and bills payables	218,829	268,546
Accrued expenses	2,479	2,730
Salaries and staff welfare payables	667	735
Receipts in advance	83,664	96,787
Others	1,424	1,568
	<u>307,063</u>	<u>370,366</u>

The credit period granted by suppliers to the Group ranged from 90 to 180 days. The aging analysis of trade and bills payables, based on the date of receipts of goods, is as follows:

0 – 90 days	6,717	49,965
91 to 180 days	7,270	8,706
Over 180 days	204,842	209,875
	<u>218,829</u>	<u>268,546</u>

15. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period's presentation. The new classification of the accounting items was considered to provide a more appropriate presentation of the financial information of the Group.

16. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

These Interim Financial Statements were approved and authorised for issue by the Board of Directors on 29 April 2016.