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

Annual Report

2016/2017

CONTENTS

CORPORATE INFORMATION

Directors	
Executive Directors	Ms. Yu Ying Mr. Liu Bin
Independent Non-Executive Directors	Mr. Pak Wai Keung Martin *(Chairman)* Mr. Zhang Xuehu Ms. Chow Wai Fong
Registered Office	P.O. Box 1350, Clifton House 75 Fort Street Grand Cayman KY1-1108 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	Suites 1106-08, 11th Floor The Chinese Bank Building 61-65 Des Voeux Road Central Hong Kong
Audit Committee	Mr. Pak Wai Keung Martin *(Committee Chairman)* Mr. Zhang Xuehu Ms. Chow Wai Fong
Nomination Committee	Mr. Zhang Xuehu *(Committee Chairman)* Ms. Yu Ying Ms. Chow Wai Fong
Remuneration Committee	Mr. Zhang Xuehu *(Committee Chairman)* Ms. Yu Ying Ms. Chow Wai Fong

Company Secretary

Ms. Chan Yuen Ying Stella

Company Website

www.trony.com

Authorized Representatives

Ms. Chan Yuen Ying Stella
Ms. Yu Ying

Cayman Islands Principal Share Registrar and Transfer Office

SMP Partners (Cayman) Limited
Royal Bank House – 3rd Floor
24 Shedden Road
P.O. Box 1586
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

Troutman Sanders

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

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I would like to take this opportunity to express sincere appreciation to our shareholders, the management team and our employees for their continued contribution and support to the Group.

For the financial year ended 30 June 2017, the Group generated revenue of RMB46,867,000, increased by RMB9,765,000 as compared to 2016; and recorded a loss of RMB67,925,000.

During the financial year of 2017, notwithstanding the recovery of the overall performance of the solar industry, the loss of the Group has not decreased due to the drop of unit product prices and the relatively conservative strategy the Company has continued in respect of new project tendering for which advancing project costs is required.

According to the research of www.etaiyang.com（中國太陽能網）in the first half of 2017, the newly added solar PV installed capacity in the PRC reached 24GW, exceeding the market expectation of 25GW to 30GW for the whole year. However, since substantial amounts of advance are required for most projects, the Group did not benefit from the market recovery. According to the expectations in the report from www.etaiyang.com, the PRC government is likely to lower the grid-connected electricity price in the second half of 2017 (http://www.etaiyang.com/news/35832.html). The Group will continue to adopt a conservative approach in respect of installing projects requiring advancing substantial funds based on its consideration of relevant risk factors.

The Group is committed to the research and development of wearable products and related functional modules and the development in the field of distributed energy plus micro-grid. In addition, the Group has also been promoting its self-developed product, Melody, in both Asia and Africa. Melody has obtained "Light Globe" certification from the World Bank Group in 2016.

The Group will continue making efforts to enhance the competitiveness of its products, optimize its resource allocation, develop new products and explore new markets so as to accelerate the resumption of its share trading. The Group will also publish the progress of the resumption of trading timely and precisely, and adopt all practical approaches to enhance the value of the Group in the hope of maximising the interests of the shareholders of the Company.

Martin Pak
Chairman

Hong Kong, 27 September 2017

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended 30 June 2017, the Group recorded a revenue of approximately RMB46,867,000, with a gross loss of approximately RMB4,059,000, and a net loss of approximately RMB67,925,000.

During 2017 financial year, the construction of photovoltaic cell segment reported revenue of approximately RMB18,084,000 as the Group has undertaken the Shaoxing CSG photovoltaic power station project during the year ended 30 June 2017. While the manufacture and sale of solar products segment reported revenue of approximately 28,783,000; the decrease in revenue was mainly due to the decrease in business volume during the year ended 30 June 2017.

The Group recorded an decrease in other income, as no writing back of aged payable in 2017 and decrease in government grant during the year.

In respect of expenses, due to an increase in legal and professional fees, the Group recorded an overall increase in its expenses.

The Group's headcount increased from 184 in 2016 to 230 in 2017. The Group continued with improvement programs designed to streamline its operations and increase productivity.

While the Group continued to maintain its leading position and market share in weak light cells, the overall shrinking market had inevitably affected the Group with reduced profitability in this line of business.

Revenue

For 2017 financial year, revenue was recorded at approximately RMB46,867,000, representing an increase of approximately RMB9,765,000 or 26% as compared to 2016.

The increase was mainly due to the Shaoxing CSG photovoltaic power station project.

Cost of Sales

Cost of sales was approximately RMB50,926,000, representing an increase of approximately RMB12,577,000 or 32% as compared to 2016.

The decrease in cost of sales exceeded the decrease in revenue.

Gross Loss

In 2017, the Group recorded a gross loss of RMB4,059,000, representing an increase of approximately RMB2,812,000 or 225% as compared to the gross loss of approximately RMB1,247,000 in 2016.

The construction of photovoltaic cell segment recorded a gross profit of approximately RMB2,131,000, representing an increase of approximately RMB266,000 or 14% as compared to 2016. The increase was mainly due to the construction of CSG photovoltaic power plants.

The manufacture and sale of solar products segment recorded a gross loss of approximately RMB6,190,000, representing an increase of approximately RMB3,078,000 or 99% as compared to 2016.

Other Income

Other income for 2017 financial year was approximately RMB3,734,000, representing a decrease of approximately RMB11,875,000 or 76% as compared to 2016.

Other income mainly comprised government grants of RMB2,151,000, rental income of approximately RMB902,000 and others of RMB548,000.

Selling and Distribution Expenses

Selling and distribution expenses for 2017 financial year were approximately RMB4,846,000, representing a decrease of approximately RMB1,725,000 or 26% as compared to 2016.

Loss Before Tax

The net loss before tax for 2017 financial year was approximately RMB67,925,000, representing an increase of approximately RMB9,875,000 or 17% as compared to 2016.

The increase in net loss before tax was mainly due to the combined effect of the increase of gross loss and the decrease of other income.

Contingent liabilities

Except for the point 3 and 4 of the disclaimer opinion in the independent auditor's report, the Group is not aware of any material contingent liabilities as at 30 June 2017.

Acquisition or disposal of subsidiary and associated company

During the year ended 30 June 2017, there was no acquisition or disposal of subsidiary and associated company.

Pledge on Group assets

As at 30 June 2017, none of the assets of the Group was pledged (2016: Nil).

Liquidity and financial resources

The Group generated its own cash flows through its internal operations.

Significant investment

No significant investment was held during the year ended 30 June 2017.

Foreign currency exchange risk

Certain bank balances, trade receivables and trade and other payables 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, management monitors foreign exchange exposure by closely monitoring the movement of foreign currency rates.

Human Resources

As at 30 June 2017, the Group had 230 employees (2016: 184). The current remuneration for the employees includes basic salary, discretionary bonus and social security funds. The employees' remuneration is commensurate with their duties, performance and contribution.

BIOGRAPHICAL DETAILS OF DIRECTORS

EXECUTIVE DIRECTORS

Ms. Yu Ying ("Ms. Yu")

Ms. Yu, aged 47, was appointed as an executive Director on 29 April 2016. She is a member of each of the remuneration committee (the "**Remuneration Committee**"), the nomination committee (the "**Nomination Committee**") and the independent review committee (the "**Independent Review Committee**") of the Company. Ms. Yu graduated from the Foreign Languages Department of Shenzhen University. Ms. Yu joined the Group in 2011 and was responsible for assisting the Board and the management on corporate governance of the Company, participating in and supervising the establishment and management of the Group's overseas subsidiaries, and participating in legal and compliance affairs of the Company. Ms. Yu is currently a director of certain subsidiaries of the Group in Hong Kong, Singapore and the United States. Ms. Yu has more than 20 years of experience in business planning, operating and marketing.

Mr. Liu Bin ("Mr. Liu")

Mr. Liu, aged 48, was appointed as an executive Director with effect from 4 January 2017. He is a member of the Independent Review Committee. Mr. Liu graduated from Shenzhen University majored in applied mathematics. Mr. Liu joined the Group in 2011 as the Deputy General Manager of Trony Solar Corporation（深圳市創益科技發展有限公司）, a wholly-own subsidiary of the Company. Mr. Liu has more than 15 years of experience in production management as well as intensive experience in overseas factory inspection in respect of quality, human rights and anti-terrorism.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Pak Wai Keung, Martin ("Mr. Pak")

Mr. Pak, aged 54, was appointed as an independent non-executive Director and chairman of the Board with effect from 19 January 2017. He is also the chairman of each of the Audit Committee and the Independent Review Committee. Since May 2017, he has been the chief financial officer of the Hong Kong Building and Loan Agency Limited, a company listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (Stock code: 145). Mr. Pak had held positions of chief financial officer and company secretary at various listed companies in Hong Kong, and has accumulated over 25 years of experience in finance and corporate governance affairs. Mr. Pak is a fellow of the Hong Kong Institute of Certified Public Accountants, an associate member of The Institute of Chartered Secretaries and Administrators in the United Kingdom and The Hong Kong Institute of Chartered Secretaries.

On 27 April 2016 and 19 September 2017, Mr. Pak has been appointed as independent non-executive directors of Ta Yang Group Holdings Limited (Stock code: 1991) and Nan Nan Resources Enterprise Limited (Stock code: 1229) respectively, companies listed on the Main Board of the Stock Exchange.

Mr. Zhang Xuehu ("Mr. Zhang")

Mr. Zhang, aged 54, was appointed as an independent non-executive Director on 19 July 2016. He is the chairman of each of the Remuneration Committee and Nomination Committee and a member of each of the Audit Committee and the Independent Review Committee. He graduated from Renmin University of China majored in Economics. Mr. Zhang had been a reporter, supervisor and editor in chief in institutions including Workers Daily, Shenzhen Business Newspaper and Shenzhen News. He was the editor in chief of the China United Television of Shenzhen Media Group from 2011 to 2016 and has been the chairman of Shenzhen Media Research Association since June 2016. Mr. Zhang is currently a member of the fifth and sixth commission of Chinese People's Political Consultative Conference, a member of Shenzhen City Social Development Advisory Committee, a member of the Cross-Media Expert Committee of the Journalism School of Renmin University of China and a visiting professor of Shenzhen Polytechnic.

Ms. Chow Wai Fong ("Ms. Chow")

Ms. Chow, aged 53, was appointed as an independent non-executive Director on 19 July 2016. She is a member of each of the Audit Committee, Remuneration Committee, Nomination Committee and Independent Review Committee. Ms. Chow is a seasoned marketing and business development professional whose career spans more than 25 years in strategic marketing, channels, brand management, communications, business development and financial analysis within the technology and telecommunications space.

Ms. Chow was marketing director at Avaya from 2000 to 2015 covering North Asia, with expanded responsibilities as marketing services lead for Asia Pacific, where she focused on driving growth, improving and transforming brands, developing channels, building for operational scale and creating initiatives to quickly and efficiently support business momentum.

Prior to that, Ms Chow was marketing director for Enterprise Networks at Lucent Technologies. She also led product management and business development at AT&T and Hutchison Telecoms. Ms. Chow holds a Master of Science degree in E-Commerce from the Hong Kong Polytechnic University and a Bachelor of Science degree with magna cum laude in Business Administration (Finance and Economics options) from California State University, Hayward.

CORPORATE GOVERNANCE REPORT

Corporate Governance Practices

The Group acknowledges the need and importance of corporate governance as one of the key elements in enhancing shareholders' value. The Group is committed to improving its corporate governance practices in compliance with regulatory requirements and in accordance with international recommended practices. The Company has adopted the Corporate Governance Code ("**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**") as its own code of corporate governance. During the year ended 30 June 2017, the Company was in compliance with the relevant code provisions set out in the CG Code except for the deviation from code provision A.2.1 which is explained below.

Code provision A.2.1 of the CG Code requires that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. During the year ended 30 June 2017, Mr. Li Yi, the former chairman of the Company, was also acting as the chief executive officer of the Company until his resignation on 7 September 2016. After evaluation of the current situation of the Company and taking into account of the experience and past performance of Mr. Li Yi, the Board is of the opinion that it is appropriate and in the best interests of the Company to separate the two roles of chairman and chief executive officer. Mr. Pak Wai Keung Martin is currently the chairman of the Company and Mr. Huang Henry Xiao Shi, the general vice president of the Company, has taken up the responsibility of acting chief executive officer of the Company since the resignation of Mr. Li Yi until the Company has identified suitable candidate to fill up the vacancy.

Save as aforesaid, in the opinion of the Directors, the Company has met all the other relevant code provisions set out in the CG Code during the year ended 30 June 2017.

Directors' Securities Transactions

The Company has adopted the Model Code ("**Model Code**") for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry to all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code for the year ended 30 June 2017.

Board of Directors

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

The Board currently consists of two executive Directors and three independent non-executive Directors.

Executive Directors

Ms. Yu Ying	
Mr. Liu Bin	(appointed on 4 January 2017)

Independent non-executive Directors

Mr. Pak Wai Keung Martin	(appointed on 19 January 2017)
Mr. Zhang Xuehu	(appointed on 19 July 2016)
Ms. Chow Wai Fong	(appointed on 19 July 2016)

The current Board members have no financial, business, family or other material/relevant relationships with each other.

Except for the period between 28 December 2016 to 19 January 2017, during which period the Board did not fulfill the requirements of minimum number of independent non-executive directors under the Listing Rules, the Board has complied with the requirements of the Listing Rules in relation to the Board composition.

Such balanced Board composition is formed to ensure strong independence across the Board. The composition of the Board reflects the balanced skills and experience for effective leadership.

The biographical information of the current Directors is set out on pages 8 to 9 under the section headed "Biographical Details of Directors".

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

Directors' Training

According to the code provision A.6.5 of the CG Code, all directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the board remains informed and relevant.

All Directors have participated in continuous professional development by way of reading materials in relation to regulatory updates and provided a record of training they received for the financial year ended 30 June 2017 to the Company.

The individual training record of each Director received for the year ended 30 June 2017 is summarized below:–

Name of Director	**Reading materials in relation to regulatory updates**
Mr. Li Yi (resigned on 7 September 2016)	N/A
Ms. Yu Ying	✓
Mr. Hu Bing (resigned on 19 August 2016)	N/A
Mr. Yan Lihu (resigned on 20 July 2016)	N/A
Ms. Chan Yee Ling Elaine (retired on 28 December 2016)	N/A
Mr. Cai Zhipeng (retired on 28 December 2016)	✓
Mr. Zhang Xuehu (appointed on 19 July 2016)	✓
Ms. Chow Wai Fong (appointed on 19 July 2016)	✓
Mr. Fu Wah Sun (retired on 28 December 2016)	✓
Mr. Liu Bin (appointed on 4 January 2017)	✓
Mr. Pak Wai Keung Martin (appointed on 19 January 2017)	✓

The Company will arrange tailor-made trainings in respect of the compliance with the Listing Rules, corporate governance and/or accounting and finance issues to all the Directors and senior management of the Company from time to time.

Chairman and Chief Executive Officer

During the year ended 30 June 2017, Mr. Li Yi, the former chairman of the Company, was also acting as the chief executive officer of the Company until his resignation on 7 September 2016. After evaluation of the current situation of the Company and taking into account of the experience and past performance of Mr. Li Yi, the Board is of the opinion that it is appropriate and in the best interests of the Company to separate the two roles of chairman and chief executive officer. Mr. Pak Wai Keung Martin is currently the chairman of the Company and Mr. Huang Henry Xiao Shi, the general vice president of the Company, has taken up the responsibility of acting chief executive officer of the Company since the resignation of Mr. Li Yi until the Company has identified suitable candidate to fill up the vacancy.

Non-executive Directors

The current independent non-executive Directors are persons of high calibers, with academic and professional qualifications in the fields of legal, accounting, finance and management. With their experience gained from various sectors, they provide strong support towards the effective discharge of the duties and responsibilities of the Board. Each of the independent non-executive Directors has confirmed his/her independence pursuant to Rule 3.13 of the Listing Rules.

The Company considers all of the independent non-executive Directors are independent in accordance with the Listing Rules. The independent non-executive Directors are appointed for a term of three years which is automatically renewable upon the expiry of the said term, and they are subject to retirement by rotation in accordance with the Articles of Association of the Company (the "**Articles**").

Board Meetings

During the year, the Board held 19 meetings. All the Directors were given an opportunity to include any matters in the agenda for regular Board meetings, and were given sufficient time to review documents and information relating to matters to be discussed in Board meetings in advance. The attendance records of the Directors at the said Board meetings are set out below: –

Name of Director	**Number of attendance**
Mr. Li Yi (resigned on 7 September 2016)	4/4
Ms. Yu Ying	19/19
Mr. Hu Bing (resigned on 19 August 2016)	4/4
Mr. Yan Lihu (resigned on 20 July 2016)	2/2
Ms. Chan Yee Ling Elaine (appointed on 7 September 2016 and retired on 28 December 2016)	7/8
Mr. Cai Zhipeng (retired on 28 December 2016)	11/11
Mr. Zhang Xuehu (appointed on 19 July 2016)	16/17
Ms. Chow Wai Fong (appointed on 19 July 2016)	15/17
Mr. Fu Wah Sun (appointed on 19 August 2016 and retired on 28 December 2016)	8/8
Mr. Liu Bin (appointed on 4 January 2017)	3/3
Mr. Pak Wai Keung Martin (appointed on 19 January 2017)	3/3

General Meetings

During the year ended 30 June 2017, the annual general meeting of the Company for approving the audited financial statements for the years ended 30 June 2012, 2013, 2014 and 2015 was held on 8 August 2016 and the annual general meeting for approving the audited financial statements for the year ended 30 June 2016 was held on 28 December 2016.

The attendance records for each of the general meetings mentioned above are set out below：

Name of Director	Number of attendance
Mr. Li Yi (resigned on 7 September 2016)	1/1
Ms. Yu Ying	2/2
Mr. Hu Bing (resigned on 19 August 2016)	1/1
Mr. Yan Lihu (resigned on 20 July 2016)	1/1
Ms. Chan Yee Ling Elaine (appointed on 7 September 2016 and retired on 28 December 2016)	1/1
Mr. Cai Zhipeng (retired on 28 December 2016)	2/2
Mr. Zhang Xuehu (appointed on 19 July 2016)	2/2
Ms. Chow Wai Fong (appointed on 19 July 2016)	2/2
Mr. Fu Wah Sun (appointed on 19 August 2016 and retired on 28 December 2016)	1/1
Mr. Liu Bin (appointed on 4 January 2017)	N/A
Mr. Pak Wai Keung Martin (appointed on 19 January 2017)	N/A

Nomination of Directors

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

The Company established the Nomination Committee with written terms of reference on 13 September 2010 and currently consists of one executive Director, namely Ms. Yu Ying and two independent non-executive Directors, namely Mr. Zhang Xuehu (as chairman) and Ms. Chow Wai Fong. The terms of reference of the Nomination Committee has been revised on 29 August 2013 and is aligned with the code provisions set out in the CG Code, and is currently made available on the Stock Exchange's website and the Company's website.

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

The Board adopted on 22 August 2013 a board diversity policy (the "**Board Diversity Policy**") and delegated certain duties under the Board Diversity Policy to the Nomination Committee. The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Company will also take into consideration its own business model and specific needs from time to time in determining the optimum composition of the Board.

The Nomination Committee will discuss and review the measurable objectives for implementing the Board Diversity Policy from time to time to ensure their appropriateness and the progress made towards achieving those objectives will be ascertained.

During the year ended 30 June 2017, the Nomination Committee held 6 meetings for nomination of independent non-executive Directors and an executive Director, assessing the independence of the independent non-executive Directors, considering the re-election of Directors, and reviewing the composition of the Board. The attendance records of the members are set out below.

Name of member	Number of attendance
Mr. Li Yi (resigned on 7 September 2016)	2/2
Ms. Yu Ying	3/3
Mr. Hu Bing (resigned on 19 August 2016)	2/2
Mr. Yan Lihu (resigned on 20 July 2016)	1/1
Mr. Cai Zhipeng (retired on 28 December 2016)	4/4
Mr. Zhang Xuehu (appointed on 19 July 2016)	5/5
Ms. Chow Wai Fong (appointed on 19 July 2016)	5/5
Mr. Fu Wah Sun (appointed on 19 August 2016 and retired on 28 December 2016)	2/2

Remuneration of Directors

The Company established the Remuneration Committee with written terms of reference on 13 September 2010 and currently consists of one executive Director, namely Ms. Yu Ying and two independent non-executive Directors, namely Mr. Zhang Xuehu (as chairman) and Ms. Chow Wai Fong. The terms of reference of the Remuneration Committee is aligned with the code provisions set out in the CG Code and is currently made available on the Stock Exchange's website and the Company's website.

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

During the year ended 30 June 2017, the Remuneration Committee had 7 meetings for making recommendation to the Board on the remuneration of newly appointed Directors and reviewing the remuneration structure of Directors and senior management. The attendance records of the members are set out below.

Name of member	Number of attendance
Mr. Li Yi (resigned on 7 September 2016)	2/2
Ms. Yu Ying	4/4
Mr. Hu Bing (resigned on 19 August 2016)	1/1
Mr. Yan Lihu (resigned on 20 July 2016)	N/A
Mr. Cai Zhipeng (retired on 28 December 2016)	5/5
Mr. Zhang Xuehu (appointed on 19 July 2016)	7/7
Ms. Chow Wai Fong (appointed on 19 July 2016)	7/7
Mr. Fu Wah Sun (appointed on 19 August 2016 and retired on 28 December 2016)	4/4

The Company adopted a 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 whom contributions are or will be beneficial to the performance, growth or success of our Group.

Details of the Share Option Scheme are set out in the Report of the Directors. The emolument payable to Directors will depend on their respective contractual terms under the services contracts, if any, and as recommended by the Remuneration Committee. Details of the Directors' remuneration are set out in note 12 to the audited financial statements.

Audit Committee

The Company established an audit committee (the "**Audit Committee**") on 13 September 2010 with written terms of reference and currently comprises three independent non-executive Directors, namely Mr. Pak Wai Keung (as chairman), Mr. Zhang Xuehu and Ms. Chow Wai Fong.

The Audit Committee is mainly responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditors and to approve their remuneration and terms of engagement; reviewing the financial statements, annual and half-yearly reports of the Group; and ensuring the effectiveness of the financial reporting, risk management and internal control systems of the Group.

The terms of reference of the Audit Committee is aligned with the code provisions set out in the CG Code, and is currently made available on the Stock Exchange's website and the Company's website.

During the year ended 30 June 2017, the Audit Committee held 3 meetings for reviewing the management accounts of the Group and reviewing the annual results of the Group for the years ended 30 June 2012, 2013, 2014 and 2015 respectively, and the interim results for the six months ended 31 December 2012, 2013, 2014, 2015 and 2016 respectively. The attendance records of the members are set out below.

Name of member	**Number of attendance**
Mr. Hu Bing (resigned on 19 August 2016)	N/A
Mr. Yan Lihu (resigned on 20 July 2016)	N/A
Mr. Cai Zhipeng (retired on 28 December 2016)	2/2
Mr. Zhang Xuehu (appointed on 19 July 2016)	3/3
Ms. Chow Wai Fong (appointed on 19 July 2016)	3/3
Mr. Fu Wah Sun (appointed on 19 August 2016 and retired on 28 December 2016)	1/1
Mr. Chan Yee Ling Elaine (appointed on 7 September 2016 and retired on 28 December 2016)	1/1
Mr. Pak Wai Keung Martin (appointed on 19 January 2017)	1/1

Auditor's Remuneration

The current auditor of the Company is Zhonghui Anda CPA Limited ("**Zhonghui Anda**"). For the year ended 30 June 2017, the remuneration paid/payable to Zhonghui Anda is set out below: –

Services rendered	**Fee paid/payable**
	HK$'000
Audit services	900
Non-audit services	160
	1,060

Shareholder Rights

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

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

Investor Relations

The Company is committed to a policy of open and regular communication and reasonable disclosure of information to its shareholders. The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor's understanding of the Group's business performance and strategies.

- Delivery of annual and interim results and reports to all shareholders;

- Publication of announcements on the annual and interim results on the Stock Exchange website, and issue of other announcements and shareholders' circulars in accordance with the continuing disclosure obligations under the Listing Rules; and

- The general meeting of the Company is also an effective communication channel between the Board and shareholders.

Due to the suspension in trading of the Company's Shares, despatch of the Annual Reports 2011/2012, 2012/2013, 2013/2014 and 2014/2015, and the Interim Reports 2012/2013, 2013/2014, 2014/2015 and 2015/2016 to the shareholders have been delayed. On 17 June 2016, the Company has despatched all the above said outstanding financial reports to shareholders.

No general meeting was held during the year ended 30 June 2016 due to no audited financial statements of the Group were available for presentation to the Shareholders during the year. However, two AGMs were held on 8 August 2016 and 28 December 2016.

Directors' Responsibilities for the Financial Statements

The Board acknowledges its responsibility to prepare the Company's financial statements for each financial period which gives a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the financial statements for the year ended 30 June 2017, the Board has selected suitable accounting policies and applied them consistently; made judgments and estimates that are prudent, fair and reasonable and the Directors believe 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. The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Save as disclosed in the qualifications to the auditor's opinions, the Directors consider that the Group has adequate resources to continue in business for the foreseeable future and are not aware of any other material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

The annual results of the Group for the year ended 30 June 2017 have also been reviewed by the Audit Committee. The auditor of the Company had given certain qualifications in their opinion which are set out on pages 30 to 32 of this annual report which should draw the Shareholders' attention.

Risk Management and Internal Control

The Board acknowledges its responsibility for the risk management and internal control systems, and has been monitoring the risk management and internal control systems on an ongoing basis and promised to review the effectiveness of these systems of the Group at least once annually. Such review comprises all major controls in, among others, finance, operation and compliance control. The risk management and internal control systems of the Group are designed to manage rather than eliminate the risk of failing to achieve business objects and can only provide reasonable rather than absolute assurance against material misstatement or loss. The Board has delegated its responsibilities and related authorities in respect of risk management and internal control to the Audit Committee which is responsible for monitoring the designing, implementation and inspection of risk management and internal control systems performed by the Management. The Management has confirmed to the Audit Committee (and the Board) that these systems have operated effectively during the year ended 30 June 2017.

The features of the risk management and internal control systems of the Group are as follows: specific group which is responsible for internal control assessment in the internal control department of the Company is authorized by the Board to perform such duties as to assess the fields and units of high risks which are included in the scope requiring assessment, and report to the Audit Committee and the Board. The Group has also improved its risk management system and established relevant risk assessing and coping systems.

The Group adopts a risk management system which manages the risk associated with its business and operations. The system comprises the following phases:

- Identification: identify ownership of risks, business objectives and risks that could affect the achievement of objectives;

- Evaluation: analyze the likelihood and impact of risks and evaluate the risk portfolio accordingly

- Management: consider the risk responses, ensure effective communication to the Board and on-going monitor the residual risks.

Based on the risk assessments conducted in 2016, no significant risk was identified.

Internal Audit Function

Internal audit personnel of the Group are dedicated to performing the internal audit function of the Group and shall report their findings to the Audit Committee. The Group has also engaged a consulting firm as the internal audit consultant of the Company, which has the responsibility to perform internal control review on key business processes of the Group and report its findings regarding internal control deficiencies to the Audit Committee and provide advice on relevant rectification. The Group has adopted corresponding rectifying measures and made relevant tests.

The external consulting firm, together with the internal audit personnel of the Company has assisted the Board in conducting annual review of the adequacy and effectiveness of the risk management and internal control systems for the year ended 30 June 2017, with its focus on reviewing the adequacy of resources, the qualifications and experience of personnel, their training programs and relevant budgets of the Company's accounting, internal auditing and financial reporting functions. Such review is conducted annually. In view of the above, the Board believes the risk management and internal control systems of the Group for the year ended 30 June 2017 are effective and adequate.

REPORT OF THE DIRECTORS

The Directors of Trony Solar Holdings Company Limited (the "**Company**") are pleased to submit their report together with the audited financial statements of the Company and its subsidiaries (the "**Group**") for the year ended 30 June 2017.

Proposed Cancellation of Listing

On 22 December 2016, the Company received a fax letter from the Stock Exchange that the Review Committee has decided to uphold the Listing Committee's decision to commence the procedures to cancel the Company's listing. Additionally, on 23 December 2016, the Company received a fax letter from the Stock Exchange that the Stock Exchange will publish an announcement on 5 January 2017 under Rule 6.10 of the Listing Rules, on commencement of procedures to cancel the Company's listing (the "Listing Cancellation Announcement"). The Company will have a period of 6 months from the date of the Listing Cancellation Announcement expiring on 4 July 2017 to remedy the matters that have rendered it unsuitable for listing. The Company has been asked to provide a submission to remedy those matters to the Stock Exchange no later than 19 June 2017, failing which the Stock Exchange may proceed with cancelling the Company's listing.

The Company has made a submission to the Stock Exchange on 19 June 2017 and the Company received a letter from the Stock Exchange that the Listing Committee has decided to (i) reject the request of the Company to extend the remedial period to 30 September 2017 and (ii) cancel the listing of the Company. On 24 July 2017, the Company has made a request that the decision of the Listing Committee be referred to the Listing (Review) Committee pursuant to Rule 2B.06 of the Listing Rules.

Principal Activities

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

Results and Appropriations

The Group's results for the year ended 30 June 2017 are set out in the consolidated statements of profit or loss and other comprehensive income on page 33.

FINAL DIVIDEND

The Board resolved not to recommend any final dividend for the year ended 30 June 2017 (2016: Nil).

CLOSURE OF REGISTER OF MEMBERS

For determining the identity of the Shareholders to attend and vote at the annual general meeting of the Company ("AGM") to be held on Friday, 8 December 2017, the register of members of the Company will be closed from Monday, 4 December 2017 to Friday, 8 December 2017, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 1 December 2017.

Share Capital

Details of movements in the Company's share capital for the year ended 30 June 2017 are set out in note 22 to the consolidated financial statements.

Business Review

Company's Business

The business review of the Group for the year ended 30 June 2017, including an indication of likely future developments in the Group's business, can be found in the Management Discussion and Analysis as set out on pages 5 to 7 of this annual report. These discussions form part of this directors' report.

Principal Risks and Uncertainties Facing the Company

The Group realised the importance of sufficient financial funding. The Group will keep on monitoring and measuring the liquidity and funding risk on an on-going basis, and ensuring a sufficient cash flow for the business operations.

Other risks and uncertainties are set out in note 6 to the consolidated financial statements.

Analysis Using Financial Key Performance Indicators

For the analysis using financial key performance indicators, please refer to the sections titled "Management Discussion and Analysis" of this report.

Environmental Policies and Performance

With increasing concerns of environmental issues, both government and business sectors become hypersensitive. Despite certain expensive environmentally friendly measures have been planned and will continue to be implemented, we still strive to implement more stringent practices.

Compliance with the Relevant Laws and Regulations

The Company was incorporated in the Cayman Islands and therefore the Company is subject to The Companies Law (2013 Revision) of the Cayman Islands. In addition, the Company is registered as a non-Hong Kong Company under Part 16 of the Companies Ordinance (Chapter 622, Laws of Hong Kong) (the "**Companies Ordinance**") and therefore is subject to the relevant provisions under the Companies Ordinance.

The Company is listed on the Stock Exchange and therefore the Company is subject to the governance of the Listing Rules including the disclosure requirements and corporate governance provisions therein. Under the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) (the "**SFO**"), the Company is required to maintain a register of interests in shares and short positions and a register of directors' and chief executive's interests and short positions and is obliged to disclose price sensitive or inside information.

The principal activities of the Group are carried out in the PRC as well as overseas. Therefore, the Group is subject to the relevant laws and regulations in the respective jurisdiction where business is carried out.

Key Relationships with Employees, Customers and Suppliers

The Company recognizes that employees are our valuable assets. Thus the Group provides competitive remuneration package to attract and motivate the employees. The Group regularly reviews the remuneration package of employees and makes necessary adjustments to conform to the market standard.

The Group also understands that it is important to maintain good relationship with business partners, including customers and suppliers, and bank enterprises to achieve its long-term goals. Accordingly, the management have kept good communication, promptly exchanged ideas and shared business update with them when appropriate. During the year under review, there was no material and significant dispute between the Group and its business partners or bank enterprises.

Property, Plant and Equipment

Movements in property, plant and equipment of the Group for the year ended 30 June 2017 are set out in note 15 to the financial statements.

Retirement Benefits Scheme

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

The total cost charged to the consolidated statement of comprehensive income of approximately RMB1,836,000 for the year ended 30 June 2017 (2016: RMB1,474,000), represents contributions payable to the scheme for the year.

Directors' Interest in Competing Business

None of the Directors is or was interested in any business, apart from the Group's business, that competes or compared or is likely to compete, either directly or indirectly, with the Group's business at any time during the year ended 30 June 2017 and up to and including the date of this annual report.

Pre-Emptive Rights

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

Purchase, Redemption or Sale of Listed Securities of the Company

Neither the Company nor its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period from 1 July 2016 to 30 June 2017.

Distributable Reserves

As at 30 June 2017, the Company's reserves available for distribution to the Shareholders amounted to approximately RMB1,895,217,000.

Directors

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

Executive Directors

Mr. Li Yi	(resigned on 7 September 2016)
Ms. Yu Ying	
Mr. Liu Bin	(appointed on 4 January 2017)

Independent Non-executive Directors

Mr. Pak Wai Keung Martin	(appointed on 19 January 2017)
Mr. Hu Bing	(resigned on 19 August 2016)
Mr. Yan Lihu	(resigned on 20 July 2016)
Ms. Chan Yee Ling Elaine	(appointed on 7 September 2016 and retired on 28 December 2016)
Mr. Cai Zhipeng	(retired on 28 December 2016)
Mr. Zhang Xuehu	(appointed on 19 July 2016)
Ms. Chow Wai Fong	(appointed on 19 July 2016)
Mr. Fu Wah Sun	(appointed on 19 August 2016 and retired on 28 December 2016)

In accordance with article 107(1) of the Company's Articles, Mr. Zhang Xuehu shall retire by rotation and, being eligible, offers himself for re-election at the forthcoming annual general meeting of the Company.

In accordance with article 102(3) of the Company's Articles, Mr. Pak Wai Keung Martin and Mr. Liu Bin shall retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

Independence Confirmation

Each of the independent non-executive Directors has confirmed his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors are independent in accordance with the Listing Rules.

Share Option Scheme

The Company adopted 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 issue as at the date of listing of the Shares on the Stock Exchange (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 is 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 year ended 30 June 2017 under the Share Option Scheme are as follows:–

	Number of share options								
Name or category of participants	Outstanding as at 1 July 2016	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Outstanding as at 30 June 2017	Exercise price *(HK$)*	Date of Grant	Exercisable Period *(Note)*
Employees	6,130,000	–	–	–	102,000	6,028,000	4.80	9 March 2011	9 September 2011 to 9 March 2018
Sub-total	6,130,000	–	–	–	102,000	6, 028,000			
Total	6,130,000	–	–	–	102,000	6, 028,000			

Note:
- The first one fourth of the Share Options are exercisable from 9 September 2011;
- The second one fourth of the Share Options are exercisable from 9 September 2012;
- The third one fourth of the Share Options are exercisable from 9 September 2013; and
- The remaining one fourth of the Share Options are exercisable from 9 September 2014

All unexercised Share Options shall lapse on 9 March 2018.

Directors' Rights to Acquire Shares or Debentures

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

Directors' Service Contracts

Ms. Yu Ying and Mr. Liu Bin, both being executive Directors, did not enter into service contract with the Company. However, each of them is subject to retirement and re-election at the next annual general meeting of the Company after his/her appointment and thereafter subject to retirement by rotation and re-election at least once in every three years in accordance with the Articles.

Mr. Zhang Xuehu and Ms. Chow Wai Fong, both independent non-executive Directors, have each signed an appointment letter issued by the Company on 19 July 2016 for an initial term of three years commencing from 19 July 2016, which is automatically renewable for a term of three years upon the expiry of the said term until termination according to the terms of each appointment letter.

Mr. Pak Wai Keung Martin, an independent non-executive Director, did not sign an appointment letter with the Company. However, he is subject to retirement and re-election at the next annual general meeting of the Company after his appointment and thereafter subject to retirement by rotation and re-election at least once in every three years in accordance with the Articles

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

Directors' Interests in Contracts

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

Charitable Donation

During the year, the Group did not make any charitable donation.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the financial year ended 30 June 2017.

Permitted Indemnity Provision

The Company has arranged for appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities. The permitted indemnity provision is in force for the benefit of the Directors as required by section 470 of the Companies Ordinance when the Directors' Report prepared by the Directors is approved in accordance with section 391(1)(a) of the Companies Ordinance.

Directors' and Chief Executive's Interests in Shares of the Company

As at 30 June 2017, none of the Directors or chief executives of the Company has any interest or short position in in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the 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.

Substantial Shareholders' Interests in Shares

As at 30 June 2017, 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 controlled corporations	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	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 and Lakes Invest 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 and Lakes Invest.

(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 30 June 2017.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry to all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code for the year ended 30 June 2017.

Major Customers and Suppliers

During the year, the Group's purchase from the five largest suppliers accounted for approximately 31% of the Group's total purchases and purchases from the largest supplier included therein accounted for approximately 24% of the Group's total purchases.

During the year, the Group's sales to the five largest customers accounted for approximately 46% of the Group's total turnover and sales to the largest customer included therein accounted for approximately 33% of the Group's total sales.

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

Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float as required under the Listing Rules during the year.

Audit Committee

The Company established the Audit Committee on 13 September 2010 with written terms of reference in compliance with the CG Code, and currently comprises five independent non-executive Directors, namely Mr. Pak Wai Keung Martin (as chairman), Mr. Zhang Xuehu and Ms. Chow Wai Fong. The primary duties of the Audit Committee are to ensure effectiveness of the financial reporting process, as well as risk management and internal control systems of the Group. The Audit Committee has reviewed the audited financial statements of the Group for the year ended 30 June 2017.

Corporate Governance

A report on the principal corporate governance practices adopted by the Company is set out on pages 10 to 19 of this annual report.

Auditor

Deloitte Touche Tohmatsu resigned as the auditor of the Company with effect from 17 February 2015.

Zhonghui Anda CPA Limited was appointed as the auditor of the Company with effect from 17 February 2015.

A resolution will be submitted to the AGM for the re-appointment of Zhonghui Anda CPA Limited as auditor of the Company.

On behalf of the Board
TRONY SOLAR HOLDINGS COMPANY LIMITED
Martin Pak
Chairman

Hong Kong, 27 September 2017

INDEPENDENT AUDITOR'S REPORT

中汇 ZHONGHUI

TO THE SHAREHOLDERS OF
TRONY SOLAR HOLDINGS COMPANY LIMITED
(Incorporated in the Cayman Islands with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Trony Solar Holdings Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 33 to 75, which comprise the consolidated statement of financial position as at 30 June 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

1. Opening balances and corresponding figures

Our audit opinion on the consolidated financial statements of the Group for the year ended 30 June 2016, which forms the basis for the corresponding figures presented in the current year's consolidated financial statements, was disclaimed because of the significance of the possible effect of the limitations on the scope of our audit and the material uncertainty relating to the going concern basis, details of which are set out in our audit report dated 30 September 2016.

There were no satisfactory audit procedures to ascertain the existence, accuracy, presentation and completeness of certain opening balances and corresponding figures (as further detail explained in the following paragraphs) shown in the current year's consolidated financial statements.

BASIS FOR DISCLAIMER OF OPINION – *continued*

2. Trade and other payables

No sufficient evidence has been provided to satisfy ourselves as to the carrying amount of the trade and other payables amounted to approximately RMB265,040,000 and RMB265,697,000 as at 30 June 2017 and 2016 respectively are fairly stated.

3. Commitments and contingent liabilities

No sufficient evidence has been provided to satisfy ourselves as to the existence and completeness of the disclosures of commitments and contingent liabilities as at 30 June 2017 and 2016.

Any adjustments to the figures as described from points 1 to 3 above might have a significant consequential effect on the Group's results and cash flows for the two years ended 30 June 2017 and 2016 and the financial positions of the Group as at 30 June 2017 and 2016, and the related disclosures thereof in the consolidated financial statements.

4. Material uncertainty relating to the going concern basis

The disclosures in note 2 to the consolidated financial statements indicates the Group incurred a loss for the year of approximately RMB67,925,000 for the year ended 30 June 2017 and net current liabilities of approximately RMB175,349,000 in the consolidated statements of financial position of the Group as at 30 June 2017. 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. In view of the extent of the uncertainty relating to the future working capital sufficiency of the Group, we disclaim our opinion in respect of the material uncertainty relating to the going concern basis.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Pang Hon Chung
Audit Engagement Director
Practising Certificate Number P05988

Hong Kong, 27 September 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 RMB'000	2016 RMB'000
Revenue	7	**46,867**	37,102
Cost of sales and services provided		**(50,926)**	(38,349)
Gross loss		**(4,059)**	(1,247)
Other income	8	**3,734**	15,609
Selling and distribution expenses		**(4,846)**	(6,571)
Administrative and other operating expenses		**(62,585)**	(62,895)
Loss from operations		**(67,756)**	(55,104)
Impairment losses on various assets	11	**(169)**	(2,946)
Loss before tax		**(67,925)**	(58,050)
Income tax	10	**–**	–
Loss for the year attributable to the owners of the Company	11	**(67,925)**	(58,050)
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**123**	3,618
Total other comprehensive income for the year		**123**	3,618
Total comprehensive loss for the year attributable to the owners of the Company		**(67,802)**	(54,432)
Loss per share	14		
Basic (RMB per share)		**(0.04)**	(0.04)
Diluted (RMB per share)		**(0.04)**	(0.04)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2017

	Notes	2017 *RMB'000*	2016 *RMB'000*
Non-current assets			
Property, plant and equipment	15	**198,361**	222,026
Prepaid land lease payments	16	**9,614**	9,874
		207,975	231,900
Current assets			
Inventories	17	**6,594**	8,188
Trade and bills receivables	18	**33,099**	13,862
Other receivables and prepayments	19	**6,018**	6,848
Prepaid land lease payments	16	**260**	260
Bank and cash balances	20	**89,838**	132,669
		135,809	161,827
Current liabilities			
Trade and other payables	21	**311,158**	293,299
Net current liabilities		**(175,349)**	(131,472)
NET ASSETS		**32,626**	100,428
Capital and reserves			
Share capital	22	**1,000**	1,000
Reserves	24	**31,626**	99,428
TOTAL EQUITY		**32,626**	100,428

The consolidated financial statements on pages 33 to 75 were approved and authorised for issue by the board of directors on 27 September 2017 and are signed on its behalf by:

Liu Bin	**Martin Pak**
Director	*Director*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

	Share capital	Share premium	Statutory surplus reserve	Share-based payment reserve	Foreign currency translation reserve	Accumulated loss	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 July 2015	1,000	1,895,217	5,077	15,968	361	(1,762,763)	154,860
Total comprehensive loss for the year	–	–	–	–	3,618	(58,050)	(54,432)
At 30 June 2016	1,000	1,895,217	5,077	15,968	3,979	(1,820,813)	100,428
At 1 July 2016	1,000	1,895,217	5,077	15,968	3,979	(1,820,813)	100,428
Total comprehensive loss for the year	–	–	–	–	123	(67,925)	(67,802)
Forfeiture of share options	–	–	–	(313)	–	313	–
At 30 June 2017	1,000	1,895,217	5,077	15,655	4,102	(1,888,425)	32,626

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	RMB'000	*RMB'000*
Cash flows from operating activities		
Loss before tax	**(67,925)**	(58,050)
Adjustments for:		
Depreciation	**24,995**	25,524
Amortisation	**260**	260
Loss on disposal of property, plant and equipment	**–**	274
Interest income	**(133)**	(422)
Waiver of trade payables	**–**	(4,307)
Government grant	**(2,151)**	(4,628)
Unrealised foreign exchange loss/(gain)	**417**	(5,550)
Impairment losses on various assets	**169**	2,946
Operating cash flows before working capital changes	**(44,368)**	(43,953)
Change in inventories	**1,594**	3,211
Change in trade and bills receivables	**(19,406)**	7,530
Change in other receivables and prepayments	**830**	(638)
Change in trade and other payables	**17,858**	3,829
Cash used in operations	**(43,492)**	(30,021)
Income tax paid	**–**	–
Net cash used in operating activities	**(43,492)**	(30,021)

CONSOLIDATED STATEMENT OF CASH FLOWS – *continued*

	2017 *RMB'000*	2016 *RMB'000*
Cash flows from investing activities		
Purchase of property, plant and equipment	**(1,088)**	(4,312)
Interest received	**133**	422
Net cash used in investing activities	**(955)**	(3,890)
Cash flows from financing activities		
Government grant received	**2,151**	4,628
Net cash generated from financing activities	**2,151**	4,628
Net decrease in cash and cash equivalents	**(42,296)**	(29,283)
Effect of foreign exchange rate changes	**(535)**	8,140
Cash and cash equivalents at beginning of year	**132,669**	153,812
Cash and cash equivalents at end of year	**89,838**	132,669
Analysis of cash and cash equivalents		
Bank and cash balances	**89,838**	132,669

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

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 is Suites 1106-08, 11th floor, The Chinese Bank Building, 61-65 Des Voeux Road Central, Hong Kong. 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 and construction of photovoltaic cells. The principal activities of the Company's subsidiaries are set out in note 28 to the consolidated financial statements.

2. BASIS OF PREPARATION

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.

2. BASIS OF PREPARATION – *continued*

Suspension of trading in shares of the Company – *continued*

On 20 July 2012, the Company also appointed King & Wood Mallesons ("KWM") as the Company's legal adviser as to Hong Long 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) the appointment a new chief financial officer on 21 August 2012; (vi) resignation of a non-executive director of the Company on 4 September 2012, and (vii) the appointment of a new executive director (the "New Executive Director") on 3 October 2012.

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.

2. BASIS OF PREPARATION – *continued*

Suspension of trading in shares of the Company – *continued*

The Company should also comply with the Listing Rules and all applicable laws and regulations in Hong Kong and its place of incorporation before the 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 have 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.

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 Forensic Review Summary, 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.

On 8 April 2016, the Company received a letter from the Stock Exchange (the "Show Cause Letter"). The Listing Department of the Stock Exchange (the "Listing Department") intends to commence procedures to cancel the listing of the Company under Listing Rule 6.01 by issuing an announcement under Listing Rule 6.10 to provide the Company with further time to rectify the matters that have render it unsuitable for listing, failing which the Listing Department will recommend to the Listing Committee to proceed with the cancellation of the Company's listing.

2. BASIS OF PREPARATION – *continued*

Suspension of trading in shares of the Company – *continued*

On 9 and 20 May 2016, the Company made written submissions to the Stock Exchange detailing, amongst other things, the current progress of work done by the Company and its ongoing plan towards fulfilling the conditions of resumption of trading imposed on the Company by the Stock Exchange, and pleaded with the Stock Exchange to reconsider its intention to commence procedures to cancel the listing of the Company under Listing Rule 6.01 of the Listing Rules and grant the Company additional time to fulfil the remaining of the conditions for resumption.

On 3 June 2016, the Company received a further letter ("Decision Letter") from the Stock Exchange notifying the Company that the Listing Department has decided to commence the procedures to cancel the Company's listing under Rule 6.01(4) and 6.04 and the grounds set out in the Show Cause Letter. The Company was notified in the Decision Letter that it has the right to have the Decision reviewed by the Listing Committee. In this connection, the Company has on 8 and 15 June 2016 submitted its request for review of the Decision. By a letter from the Stock Exchange dated 20 June 2016, the Company has been notified that a review hearing ("Review Hearing") has been scheduled on 30 August 2016. The Company attended the Review Hearing on 30 August 2016.

On 5 September 2016, the Company received the letter from Stock Exchange. The Listing Committee considered the submissions and decided to uphold the Listing Department's decision to commence the procedures to cancel the Company's listing. The Company made written submissions on 9 September 2016 to the Stock Exchange to pleade with the Stock Exchange to reconsider its intention to commence procedures to cancel the listing of the Company.

The Company made written request on 9 September 2016 to the Stock Exchange to plead with the Stock Exchange to reconsider its intention to commence procedures to cancel the listing of the Company. The Company received a letter from Stock Exchange dated 12 September 2016, stating that further review hearing (the "Further Review Hearing") was scheduled on 22 November 2016 and the Further Review Hearing was postponed to 13 December 2016.

On 22 December 2016, the Company received a fax letter from the Stock Exchange that the Review Committee has decided to uphold the Listing Committee's decision to commence the procedures to cancel the Company's listing. Additionally, on 23 December 2016, the Company received a fax letter from the Stock Exchange that the Stock Exchange will publish an announcement on 5 January 2017 under Rule 6.10 of the Listing Rules, on commencement of procedures to cancel the Company's listing (the "Listing Cancellation Announcement"). The Company will have a period of 6 months from the date of the Listing Cancellation Announcement expiring on 4 July 2017 to remedy the matters that have rendered it unsuitable for listing. The Company has been asked to provide a submission to remedy those matters to the Stock Exchange no later than 19 June 2017, failing which the Stock Exchange may proceed with cancelling the Company's listing.

The Company has made a submission to the Stock Exchange on 19 June 2017 and the Company received a letter from the Stock Exchange that the Listing Committee has decided to (i) reject the request of the Company to extend the remedial period to 30 September 2017 and (ii) cancel the listing of the Company. On 24 July 2017, the Company has made a request that the decision of the Listing Committee be referred to the Listing (Review) Committee pursuant to Rule 2B.06 of the Listing Rules.

2. BASIS OF PREPARATION – *continued*

Going concern

The Group incurred a loss of approximately RMB67,925,000 for the year ended 30 June 2017 and net current liabilities of approximately RMB175,349,000 in the consolidated statements of financial position of the Group as at 30 June 2017. 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. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board that are relevant to its operations and effective for its accounting year beginning on 1 July 2016. 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 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. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with IFRSs, and the applicable disclosures required by the Listing Rules and by the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention. The functional currencies of the Company and its major subsidiaries in the PRC is Renminbi ("RMB"). For the purpose of presenting the consolidated financial statements, the Group adopted RMB as its presentation currency. All values are rounded to the nearest thousand except when otherwise indicated.

4. SIGNIFICANT ACCOUNTING POLICIES – *continued*

The preparation of financial statements in conformity with IFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these consolidated financial statements, are disclosed in note 5 to the consolidated financial statements.

The significant accounting policies applied in the preparation of these financial statements are set out below.

Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 30 June. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in RMB, which is the presentation currency and the functional currency of the Company and its major subsidiaries in the PRC.

4. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Foreign currency translation – *continued*

(b) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

(c) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

– Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

– Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

– All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

4. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lifes on a straight-line basis. The principal annual rates are as follows:

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

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

Construction in progress represents buildings under construction and plant and machinery pending installation, and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

Operating leases

The Group as lessee

Leases that do not substantially transfer all the risks and rewards of ownership of assets to the Group are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

The Group as lessor

Leases that do not substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

4. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Recognition and derecognition of financial instruments

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

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

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

Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in profit or loss.

Impairment losses are reversed in subsequent periods and recognised in profit or loss when an increase in the recoverable amount of the receivables can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

4. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under IFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Equity instruments

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

4. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

(a) Revenues from the sales of manufactured goods and trading of raw materials are recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered and the title has passed to the customers.

(b) Interest income is recognised on a time-proportion basis using the effective interest method.

(c) Revenue from construction contracts is recognised under the percentage of completion method, measured by reference to the percentage of contract costs incurred to date to the estimated total contract costs for each contract. When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that is probable to be recoverable.

Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) Pension obligations

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme ("MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' relevant income and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The Group also participates in a defined contribution retirement scheme organised by the government in the PRC. The Group is required to contribute a specific percentage of the payroll of its employees to the retirement scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the retirement scheme. No forfeited contributions may be used by the employers to reduce the existing level of contributions.

4. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Employee benefits – *continued*

(c) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

Share-based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at the fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Borrowing costs

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

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

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

4. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Taxation

Income tax represents the sum of the current tax and deferred tax.

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

4. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Taxation – *continued*

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Related parties

A related party is a person or entity that is related to the Group.

(a) A person or a close member of that person's family is related to the Group if that person:

  (i) has control or joint control over the Group;

  (ii) has significant influence over the Group; or

  (iii) is a member of the key management personnel of the Company or of a parent of the Company.

(b) An entity is related to the Group (reporting entity) if any of the following conditions applies:

  (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

  (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

  (iii) Both entities are joint ventures of the same third party.

  (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

4. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Related parties – *continued*

(b) An entity is related to the Group (reporting entity) if any of the following conditions applies: – *continued*

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a); or

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to a parent of the Company.

Segment reporting

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

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

Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets other than inventories and receivables, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

4. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Impairment of assets – *continued*

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions and contingent liabilities

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

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

Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Key sources of estimation uncertainty

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

(a) Property, plant and equipment and depreciation

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(b) Impairment of property, plant and equipment

The Group appointed an independent professional valuer to assess the fair values of property, plant and equipment. In determining the fair values, the valuer has utilised a method of valuation which involves certain estimates. The directors have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions. Based on this valuation, impairment of property, plant and equipment has to be made if the carrying amounts of certain property, plant and equipment are higher than their fair values.

(c) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expense. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of changes in customer taste and competitor actions. The Group will reassess the estimates by the end of each reporting period.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES – *continued*

Key sources of estimation uncertainty – *continued*

(d) Impairment loss for bad and doubtful debts

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed. If the financial conditions of the debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

(e) Allowance for slow-moving inventories and net realisable value of inventories

Allowance for slow-moving inventories is made based on the ageing and estimated net realisable value of inventories. The assessment of the allowance amount involves judgement and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write-back in the period in which such estimate has been changed.

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expense. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of changes in customer taste and competitor actions in response to serve industry cycles. The Group will reassess the estimates by the end of each reporting period.

(f) Income tax

Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group's is exposed to currency risks primarily arising from the its bank balances in United States dollar ("USD"). At the end of the reporting period, if USD had strengthened or weakened by 5% (2016: 5%) against RMB, with all other variables held constant, the Group's loss after tax for the year would have been RMB1,200,000 (2016: RMB1,541,000) lower or higher, mainly as a result of foreign exchange gains or losses on translation.

The Group's is also exposed to currency risks primarily arising from the its bank balances in Hong Kong dollar ("HK$"). At the end of the reporting period, if HK$ had strengthened or weakened by 5% (2016: 5%) against RMB, with all other variables held constant, the Group's loss after tax for the year would have been RMB89,000 (2016: RMB625,000) lower or higher, mainly as a result of foreign exchange gains or losses on translation.

(b) Credit risk

The credit risk on cash and bank balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group's maximum exposure to credit risk in the event that counterparties fail to perform their obligations at the end of the reporting period in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the consolidated statement of financial position. The Group's credit risk is primarily attributable to its trade and other receivables. In order to minimise credit risk, the Directors review the recoverable amount of each individual receivable regularly to ensure that adequate impairment losses are recognised for irrecoverable receivable. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

At the end of the reporting period, the Group had certain concentration of credit risk as approximately 38.5% (2016: 41.6%) and 69.5% (2016: 60.0%) of the Group's trade receivables were due from the Group's largest customer and the five largest customers, respectively.

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term. All of the Group's financial liabilities are due within one year.

6. FINANCIAL RISK MANAGEMENT – *continued*

(c) Liquidity risk – *continued*

The maturity analysis of the Group's financial liabilities is as follows:

	2017	2016
	RMB'000	*RMB'000*
Trade and other payables		
Total contractual undiscounted cash flow and carrying amounts within 1 year or on demand	**220,691**	204,567

(d) Interest rate risk

At 30 June 2017, as the Group has minimal exposure to interest rate risk, the Group's operating cash flows are substantially independent of changes in market interest rates.

(e) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

(f) Categories of financial instruments

	2017	2016
	RMB'000	*RMB'000*
Financial assets		
Loans and receivables:		
Trade and bills receivables	**33,099**	13,862
Other receivables	**2,540**	2,189
Bank and cash balances	**89,838**	132,669
	125,477	148,720
Financial labilities		
Financial labilities at amortised cost:		
Trade and other payables	**220,691**	204,567

7. REVENUE

The Group's revenue is analysed as follows:

	2017	2016
	RMB'000	*RMB'000*
Sales of goods	**28,783**	35,139
Contract services income	**18,084**	1,963
	46,867	37,102

8. OTHER INCOME

	2017	2016
	RMB'000	*RMB'000*
Government grants *(note)*	**2,151**	4,628
Interest income	**133**	422
Net foreign exchange gain	**–**	5,550
Waiver of trade payables	**–**	4,307
Rental income	**902**	612
Others	**548**	90
	3,734	15,609

Note: Government grants are awarded to the Group by the local government agencies a incentives primarily to encourage the development of the Group and the contribution to the local economic development. No condition have been applied on such government grants from the local government agencies.

9. SEGMENT INFORMATION

During the year, the Group has two reportable operating segment for financial reporting purposes, reported as (i) the manufacture and sale of solar products and (ii) construction of photovoltaic cells.

The accounting policies of the operating segments are the same as those described in note 4 to the consolidated financial statements. Segment profits or losses do not include interest income, income tax, impairment loss on various assets and other unallocated corporate income and expenses. Segment assets do not include investment in an associate, bank and cash balances and other unallocated corporate assets. Segment liabilities do not include current tax liabilities and other unallocated corporate liabilities.

9. SEGMENT INFORMATION – *continued*

Information about reportable segment profit or loss, assets and liabilities:

	Construction of Photovoltaic cells	**The manufacture and sale of solar products**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Year ended 30 June 2017:			
Revenue from external customers	18,084	28,783	46,867
Segment loss	(1,273)	(42,002)	(43,275)
Depreciation	1	23,882	23,883
Other material non-cash items:			
Impairment losses on various assets	–	169	169
Additions to segment non-current assets	–	191	191
At 30 June 2017:			
Segment assets	25,472	213,347	238,819
Segment liabilities	14,326	280,228	294,554
Year ended 30 June 2016:			
Revenue from external customers	1,963	35,139	37,102
Segment loss	(2,207)	(42,615)	(44,822)
Depreciation	1	24,320	24,321
Income tax	–	–	–
Other material non-cash items:			
Impairment losses on various assets	–	2,946	2,946
Additions to segment non-current assets	–	3,776	3,776
At 30 June 2016:			
Segment assets	7,666	238,070	245,736
Segment liabilities	2,261	274,787	277,048

9. SEGMENT INFORMATION – *continued*

Reconciliations of reportable segment profit and loss, assets and liabilities:

	2017	2016
	RMB'000	*RMB'000*
Profit or loss:		
Total profit of reportable segments	**(43,275)**	(44,822)
Impairment losses on various assets	**(169)**	(2,946)
Corporate and unallocated profit or loss	**(24,481)**	(10,282)
Consolidated loss before tax	**(67,925)**	(58,050)
Assets:		
Total assets of reportable segments	**238,819**	245,736
Bank and cash balances	**89,838**	132,669
Corporate and unallocated assets	**15,127**	15,322
Consolidated total assets	**343,784**	393,727
Liabilities:		
Total liabilities of reportable segments	**294,554**	277,048
Corporate and unallocated liabilities	**16,604**	16,251
Consolidated total liabilities	**311,158**	293,299

Geographical information:

	2017	2016
	RMB'000	*RMB'000*
Revenue:		
The PRC	**45,616**	32,756
Others	**1,251**	4,346
	46,867	37,102

9. SEGMENT INFORMATION – *continued*

Information about revenue from the Group's customer individually contributing over 10% of total revenue of the Group as follows:

	2017	2016
	RMB'000	*RMB'000*
Customer A	**15,819**	*

* *No corresponding revenue contribute over 10% of the total revenue of the Group in the respective year.*

In presenting the geographical information, revenue is based on the locations of the customers.

	2017	2016
	RMB'000	*RMB'000*
Non-current assets:		
The PRC	**196,414**	219,693
United States of America and others	**11,561**	12,207
	207,975	231,900

10. INCOME TAX

	2017	2016
	RMB'000	*RMB'000*
Current tax:		
– Provision for the PRC enterprise income tax	**–**	–

No provision for Hong Kong Profits Tax has been made for the year ended 30 June 2017 and 2016 as the Group did not generate any assessable profits arising in Hong Kong during both years. 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.

10. INCOME TAX – *continued*

The reconciliation between the income tax and the loss before tax are as follows:

	2017	2016
	RMB'000	*RMB'000*
Loss before tax	**(67,925)**	(58,050)
Notional tax on profit before tax calculated at the PRC statutory rate	**(16,981)**	(14,513)
Effect of different tax rates in other tax jurisdictions	**1,820**	1,185
Tax effect of non-deductible expenses	**6,949**	6,435
Tax effect of tax losses not recognised	**8,783**	8,072
Tax effect of non-taxable income	**(571)**	(1,179)
Income tax for the year	**–**	–

At the end of the reporting period, the Group has unused tax losses of approximately RMB263,660,000 (2016: RMB230,313,000) available for offsetting against future profits, subject to agreement by PRC tax authority. The directors of the Company considered not to recognise any deferred tax assets due to the unpredictability of future profit stream.

11. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging/(crediting) the following:

	2017	2016
	RMB'000	*RMB'000*
Auditor's remuneration	**782**	1,461
Cost of inventories sold and services provided	**50,926**	38,349
Depreciation	**24,995**	25,524
Amortisation of prepaid land lease payments	**260**	260
Net loss on disposals of property, plant and equipment	**–**	274
Impairment losses on various assets:		
Property, plant and equipment	**–**	1,301
Trade receivables	**169**	874
Prepayments, deposits and other receivables	**–**	771
	169	2,946
Staff costs (including directors' remuneration – note 12):		
Salaries, bonus and allowances	**19,841**	19,102
Retirement benefits scheme contributions	**1,836**	1,474
	21,677	20,576
Net foreign exchange loss/(gain)	**417**	(5,550)

12. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUAL EMOLUMENTS

The emoluments of each Director were as follows:

	Notes	Fee RMB'000	Salaries and allowances RMB'000	Share-based payments RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
Executive Directors						
Ms. Yu Ying		708	302	–	30	1,040
Mr. Liu Bin	2	208	–	–	10	218
Independent Non-executive Directors						
Mr. Yan Lihu	3	39	–	–	–	39
Mr. Hu Bing	4	65	–	–	–	65
Mr. Cai Zhipeng	5	229	–	–	–	229
Mr. Zhang Xuehu	6	380	–	–	–	380
Ms. Chow Wai Fong	7	401	–	–	–	401
Mr. Fu Wahsun	8	214	–	–	–	214
Ms. Chan Yeeling Elaine	9	274	–	–	–	274
Mr. Pak Waikeung Martin	10	265	–	–	–	265
Total for 2017		2,783	302	–	40	3,125

	Notes	Fee RMB'000	Salaries and allowances RMB'000	Share-based payments RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
Executive Directors						
Mr. Li Yi	1	–	1,228	–	61	1,289
Mr. Yeung Sik Keung	12	–	136	–	7	143
Ms. Yu Ying		111	174	–	9	294
Independent Non-executive Directors						
Mr. Yan Lihu	3	129	–	–	–	129
Mr. Hu Bing	4	129	–	–	–	129
Mr. Cai Zhipeng	5	97	–	–	–	97
Mr. Wu Yi	11	32	–	–	–	32
Total for 2016		498	1,538	–	77	2,113

12. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUAL EMOLUMENTS – *continued*

Notes

1 Resigned on 7 September 2016

2 Appointed on 4 January 2017

3 Appointed on 15 May 2013 and resigned on 20 July 2016

4 Appointed on 15 May 2013 and resigned on 19 August 2016

5 Appointed on 22 October 2015 and retired on 28 December 2016

6 Appointed on 19 July 2016

7 Appointed on 19 July 2016

8 Appointed on 19 August 2016 and retired on 28 December 2016

9 Appointed on 7 September 2016 and retired on 28 December 2016

10 Appointed on 19 January 2017

11 Appointed on 15 May 2013 and resigned on 22 October 2015

12 Appointed on 3 October 2012 and resigned on 1 September 2015

The five highest paid individuals in the Group during the year included two (2016: one) director whose emoluments are reflected in the analysis presented above. The emoluments of the remaining three (2016: four) individuals are set out below:

	2017	2016
	RMB'000	*RMB'000*
Basic salaries and allowances	**2,018**	1,992
Retirement benefit scheme contributions	**–**	–
	2,018	1,992

12. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUAL EMOLUMENTS – *continued*

The emoluments fell within the following band:

	Number of individuals	
	2017	2016
Nil to HK$1,000,000	**3**	4

During the year, no emoluments were paid by the Group to any of the Directors as an inducement to join or upon joining the Group or as compensation for loss of office.

13. DIVIDENDS

The Directors do not recommend the payment of any dividend for the year ended 30 June 2017 (2016: nil).

14. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for year attributable to owners of the Company of approximately RMB67,925,000 (2016: RMB58,050,000) and the weighted average number of approximately 1,584,683,486 (2016: 1,584,683,486) ordinary shares in issue during the year.

Diluted loss per share

The effects of all potential ordinary shares are anti-dilutive for the years ended 30 June 2017 and 30 June 2016.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings *RMB'000*	Plant and machinery *RMB'000*	Furniture, fixtures and equipment *RMB'000*	Motor vehicles *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
Cost						
At 1 July 2015	191,560	663,813	4,496	2,818	1,757	864,444
Additions	–	2,948	117	559	874	4,498
Disposals	–	–	–	(493)	–	(493)
Transfers	–	528	–	–	(528)	–
Currency realignment	948	9	65	64	–	1,086
At 30 June 2016 and 1 July 2017	192,508	667,298	4,678	2,948	2,103	869,535
Additions	–	–	437	476	175	1,088
Currency realignment	231	2	15	8	–	256
At 30 June 2017	**192,739**	**667,300**	**5,130**	**3,432**	**2,278**	**870,879**
Accumulated depreciation and impairment						
At 1 July 2015	42,009	574,119	3,230	1,487	–	620,845
Charge for the year	9,031	15,676	523	294	–	25,524
Impairment	–	–	–	–	1,301	1,301
Disposals	–	–	–	(219)	–	(219)
Currency realignment	44	–	11	3	–	58
At 30 June 2016 and 1 July 2017	51,084	589,795	3,764	1,565	1,301	647,509
Charge for the year	9,072	15,079	536	308	–	24,995
Currency realignment	9	–	5	–	–	14
At 30 June 2017	**60,165**	**604,874**	**4,305**	**1,873**	**1,301**	**672,518**
Carrying amounts						
At 30 June 2017	**132,574**	**62,426**	**825**	**1,559**	**977**	**198,361**
At 30 June 2016	141,424	77,503	914	1,383	802	222,026

In assessing whether impairment is required for the property, plant and equipment, the carrying value is compared with the respective recoverable amount. The recoverable amount is the higher of the asset's fair value less costs of disposal and value in use. The Group engaged an independent valuer, Roma Appraisals Limited, to determine the fair value of the property, plant and equipment as at 30 June 2017 (the "Fair Value"). The fair value of property, plant and equipment was determined using the market approach. The recoverable amount used in assessing the impairment loss is the fair value less costs of disposal with reference to the Fair Value. The fair value was under level 3 fair value measurement.

The assumptions have been determined based on and in reference to market value of the property, plant and equipment.

16. PREPAID LAND LEASE PAYMENTS

	2017	2016
	RMB'000	*RMB'000*
Non-current portion	**9,614**	9,874
Current portion	**260**	260
	9,874	10,134

17. INVENTORIES

	2017	2016
	RMB'000	*RMB'000*
Raw materials	**2,369**	2,124
Work in progress	**602**	–
Finished goods	**3,623**	6,064
	6,594	8,188

18. TRADE AND BILLS RECEIVABLES

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

	2017	2016
	RMB'000	*RMB'000*
Trade receivables	**22,550**	13,762
Bills receivables	**10,549**	100
	33,099	13,862

18. TRADE AND BILLS RECEIVABLES – *continued*

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

	2017	2016
	RMB'000	*RMB'000*
60 days or less	**22,517**	3,847
61 to 120 days	**10,075**	3,859
121 to 180 days	**507**	1,145
Over 180 days	**–**	5,011
	33,099	13,862

Trade and bills receivables that are not impaired

The aging analysis of trade and bills receivables that are neither individually nor collectively considered to be impaired are as follows:

	2017	2016
	RMB'000	*RMB'000*
Neither past due nor impaired	**32,592**	7,706
Less than 90 days past due	**507**	1,145
Over 90 days past due	**–**	5,011
	33,099	13,862

19. OTHER RECEIVABLES AND PREPAYMENTS

	2017	2016
	RMB'000	*RMB'000*
Prepayments	**3,478**	4,659
Deposits	**1,045**	1,113
Value-added tax receivables	**39**	48
Other receivables	**1,456**	1,028
	6,018	6,848

20. BANK AND CASH BALANCES

The Group's bank balances carry interest at market rates which range from 0.01% to 1.27% per annum as at 30 June 2017 (2016: 0.01% to 1.27% per annum).

Conversion of RMB into foreign currencies amounted to approximately RMB69,827,000 as at 30 June 2017 (2016: RMB83,617,000) is subject to the PRC's Foreign Exchange Control Regulations.

Approximately RMB304,000 of the bank balances had been frozen as at 30 June 2017 due to the litigation of the Group.

21. TRADE AND OTHER PAYABLES

	2017	2016
	RMB'000	*RMB'000*
Trade payables	**207,283**	192,733
Bills payables	**1,670**	1,621
	208,953	194,354
Accrued expenses	**3,879**	3,670
Salaries and staff welfare payables	**2,181**	1,560
Receipts in advance	**90,467**	88,732
Others	**5,678**	4,983
	311,158	293,299

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

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

	2017	2016
	RMB'000	*RMB'000*
90 days or less	**3,904**	3,928
91 to 180 days	**1,351**	1,994
Over 180 days	**203,698**	188,432
	208,953	194,354

22. SHARE CAPITAL

	Number of shares	Amount
		US$
Authorised:		
Ordinary shares at US$0.0001 each		
At 30 June 2016 and 30 June 2017	5,000,000,000	500,000

	Number of shares	Amount	Amount
		US$	*RMB'000*
Issued and fully paid:			
Ordinary shares at US$0.0001 each			
At 30 June 2016 and 30 June 2017	1,584,683,486	149,468	1,000

23. SHARE-BASED PAYMENT TRANSACTIONS

On 13 September 2010, a share option scheme (the "Scheme") was approved and adopted by a resolution of the board of directors. The terms of the Scheme are in accordance with the provisions of Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange.

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

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

Share options do not confer rights on the holder to dividends or to vote at shareholders' meetings.

23. SHARE-BASED PAYMENT TRANSACTIONS – *continued*

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

Details of the share options outstanding during the year are as follows:

	2017		2016	
	Number of share options	**Weighted average exercise price** *HK$*	Number of share options	Weighted average exercise price *HK$*
Outstanding at the beginning of the year	**6,130,000**	**4.8**	6,130,000	4.8
Forfeited during the year	**(102,000)**	**4.8**	–	4.8
Outstanding at the end of the year	**6,028,000**	**4.8**	6,130,000	4.8
Exercisable at the end of the year	**6,028,000**	**4.8**	6,130,000	4.8

24. RESERVES

(a) The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) Nature of the statutory reserve of the Group

(i) Share premium

The share premium represents the difference between the par value of the shares of the Company and proceeds received from the issuance of the shares of the Company.

Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company would be in a position to pay off its debts as they fall due in the ordinary course of business.

24. RESERVES – *continued*

(b) Nature of the statutory reserve of the Group – *continued*

(ii) Foreign currency translation reserve

The exchange reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operation. The reserve is dealt with in accordance with the accounting policy set out in note 4.

(iii) Statutory surplus reserve

Transfers from retained earnings to statutory reserve fund were made in accordance with the relevant PRC rules and regulations and the articles of association of the Company's subsidiaries established in the PRC and were approved by the respective boards of directors.

Statutory reserve fund can be used to make good previous years' losses, if any, and may be converted into paid-up capital provided that the balance of the statutory reserve fund after such conversion is not less than 25% of their registered capital.

The Company's subsidiaries in the PRC are required to transfer a minimum of 10% of their net profits, as determined in accordance with the PRC accounting rules and regulations, to the statutory reserve fund until the reserve balance reaches 50% of the registered capital. The transfer to this fund must be made before distribution of dividends to owners.

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.

(c) Reserves of the Company

	Share premium *RMB'000*	**Share-based payment reserve** *RMB'000*	**Accumulated loss** *RMB'000*	**Total** *RMB'000*
At 1 July 2015	1,895,217	15,968	(1,757,615)	153,570
Total comprehensive loss for the year	–	–	(54,142)	(54,142)
At 30 June 2016	1,895,217	15,968	(1,811,757)	99,428
At 1 July 2016	1,895,217	15,968	(1,811,757)	99,428
Total comprehensive loss for the year	–	–	(68,260)	(68,260)
Forfeiture of share options	–	(313)	–	(313)
At 30 June 2017	1,895,217	15,655	(1,880,017)	30,855

25. SUMMARISED FINANCIAL POSITION OF THE COMPANY

	2017	2016
	RMB'000	*RMB'000*
Non-current assets		
Investments in subsidiaries	–	–
Amounts due from subsidiaries	**137,035**	192,064
	137,035	192,064
Current assets		
Other receivables and prepayments	–	97
Bank and cash balances	**347**	14,189
	347	14,286
Current liabilities		
Amounts due to subsidiaries	**103,588**	103,273
Accruals and other payables	**1,939**	2,649
	105,527	105,922
Net current liabilities	**(105,180)**	(91,636)
NET ASSETS	**31,855**	100,428
Capital and reserves		
Share capital	**1,000**	1,000
Reserves	**30,855**	99,428
TOTAL EQUITY	**31,855**	100,428

26. RELATED PARTY TRANSACTIONS

(a) Compensation of key management personnel

The emoluments of the Company's Directors, who are also identified as members of key management of the Group, are set out in note 12.

27. LEASE COMMITMENTS

The Group as lessor

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	Group	
	2017	2016
	RMB'000	*RMB'000*
Within one year	**342**	245
In the second to fifth year inclusive	**213**	166
	555	411

The Group as lessee

At the end of the reporting period, the total future minimum lease payments under non-cancellable operating leases in respect of land and buildings are analysed as follows:

	Group	
	2017	2016
	RMB'000	*RMB'000*
Within one year	**788**	1,013
In the second to fifth year inclusive	**551**	1,279
	1,339	2,292

28. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

The table below lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

Particulars of the Company's principal subsidiaries at the end of the reporting period are as follows:

Name	Place of incorporation/ registration	Issued and paid-up capital	Percentage of the ownership interest/voting power Direct	Indirect	Principal activities
Trony Solar Holdings (Hong Kong) Limited	Hong Kong	HK$100	100%	–	Investment holding
Shenzhen Trony Science and Technology Development Co., Ltd* #	The PRC	RMB300,000,000	–	100%	Development, manufacture and sales of solar products
Sure Goal Limited	BVI	100 ordinary shares of US$1 each	–	100%	Investment holding
Trony East Africa Limited	Nairobi, Kenya	Kenya Shilling10,000	–	100%	Sales of solar products

* *The English name is for identification purpose only*

\# *Wholly-foreign-owned enterprises*

29. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, there are certain updates in respect of the status of suspension of trading in shares of the Company, and further details of which are stated in note 2 to the consolidated financial statements.

In additions, the carrying amount of property plant and equipment had been frozen in August 2017 amounted to approximately RMB2,680,000 due to the litigation of the Group.

30. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 27 September 2017.

FINANCIAL SUMMARY

	Year ended 30 June				
	2013	2014	2015	2016	**2017**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	***RMB'000***
RESULTS					
Turnover	94,189	109,705	115,717	37,102	**46,867**
Loss for the year	(171,043)	(80,219)	(70,936)	(58,050)	**(67,925)**

	As at 30 June				
	2013	2014	2015	2016	**2017**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	***RMB'000***
ASSETS AND LIABILITIES					
Total assets	665,497	580,921	448,451	393,727	**343,784**
Total liabilities	(364,203)	(354,732)	(293,591)	(293,299)	**(311,158)**
Shareholders' fund	301,294	226,189	154,860	100,428	**32,626**