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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 RESULTS FOR THE YEAR ENDED 30 JUNE 2013

The board (the “**Board**”) of Directors (the “**Directors**”) of Trony Solar Holdings Company Limited (the “**Company**”) announces the consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 30 June 2013. These results have been reviewed by the Company’s Audit Committee.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2013

	Notes	2013 RMB'000	2012 RMB'000
Revenue	4	94,189	141,788
Cost of sales		<u>(93,909)</u>	<u>(113,992)</u>
Gross profit		280	27,796
Other income	5	25,824	9,146
Selling and distribution expenses		(9,570)	(12,042)
Administrative and other operating expenses		<u>(126,720)</u>	<u>(121,266)</u>
Loss from operations		(110,186)	(96,366)
Impairment losses on various assets	9	(56,822)	(2,573,865)
Reversal of unreconciled discrepancies on various liabilities	9	–	76,155
Finance costs	7	(4,035)	(5,825)
Loss before tax		(171,043)	(2,599,901)
Income tax	8	–	<u>4,185</u>
Loss for the year	9	(171,043)	(2,595,716)
Other comprehensive income/(loss):			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		<u>637</u>	<u>(607)</u>
Total other comprehensive income/(loss) for the year		<u>637</u>	<u>(607)</u>
Total comprehensive loss for the year attributable to the owners of the Company		<u>(170,406)</u>	<u>(2,596,323)</u>
Loss per share	11		
Basic (RMB per share)		<u>(0.11)</u>	<u>(1.64)</u>
Diluted (RMB per share)		<u>(0.11)</u>	<u>(1.64)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	<i>Notes</i>	2013 RMB'000	2012 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment		291,508	287,408
Prepaid land lease payments		10,654	10,914
Investment in an associate		8,700	—
		<hr/> 310,862	<hr/> 298,322
Current assets			
Inventories		32,745	55,819
Trade and bills receivables	<i>12</i>	35,890	26,875
Other receivables and prepayments		18,741	29,114
Prepaid land lease payments		260	260
Amount due from a director		—	4
Bank and cash balances		266,999	500,339
		<hr/> 354,635	<hr/> 612,411

	<i>Notes</i>	2013 RMB'000	2012 <i>RMB'000</i>
Current liabilities			
Trade and other payables	<i>13</i>	336,278	370,366
Bank borrowings		25,800	51,100
		<u>362,078</u>	<u>421,466</u>
Net current (liabilities)/assets		<u>(7,443)</u>	<u>190,945</u>
Total assets less current liabilities		<u>303,419</u>	<u>489,267</u>
Non-current liabilities			
Bank borrowings		<u>2,125</u>	<u>27,925</u>
NET ASSETS		<u>301,294</u>	<u>461,342</u>
Capital and reserves			
Share capital		1,000	1,000
Reserve		<u>300,294</u>	<u>460,342</u>
TOTAL EQUITY		<u>301,294</u>	<u>461,342</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Trony Solar Holdings Company Limited (the “Company”) was incorporated in the Cayman Islands on 23 June 2006 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Walker House, 87 Mary Street, George Town, Grand Cayman KY1-9005, Cayman Islands. The address of the Company’s principal place of business was Unit 713, 7/F, Lakeside 1, 8 Science Park Avenue West, Hong Kong Science Park, Shatin, New Territories during the year ended 30 June 2013. Subsequent to the end of the reporting period, its principal place of business has been changed to Room 1001, 10/F., OfficePlus, No. 93-103 Wing Lok Street, Sheung Wan, Hong Kong on 19 September 2014 and Room 1502, 15th Floor, The Chinese Bank Building, 61-65 Des Voeux Road Central on 16 September 2015 respectively. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and have been suspended for trading since 21 June 2012.

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

2. BASIS OF PREPARATION

Suspension of trading in shares of the Company

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

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

On 20 July 2012, the Company also appointed King & Wood Mallesons (“KWM”) as the Company’s legal adviser as to Hong 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) appointment of 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) 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.

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

On 7 February 2013, the Company’s three independent non-executive directors had resigned from the position and the IRC became vacant. With this regard, the New Executive Director had been appointed as the only member of the IRC with effect from 15 March 2013. On 15 May 2013, another three independent non-executive directors 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 summary of the findings of the Forensic Review, the IRC was not in a position to draw any conclusion as to the completeness or accuracy of the financial data and concludes that those limitations are incapable of being resolved in their totality and thus it is unlikely that further investigation would arrive at any satisfactory findings.

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

Going concern

The Group incurred a loss of approximately RMB171,043,000 for the year ended 30 June 2013 and has sustained significant continuing losses for the immediately next two financial years ended 30 June 2015 and net current liabilities in the consolidated statements of financial position of the Group as at 30 June 2013, 2014 and 2015. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. The Directors are confident that the Group would have sufficient working capital for the Group to meet its liabilities as they fall due and for its operation, and in the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

3. 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 2012. IFRSs comprise International Financial Reporting Standards; International Accounting Standards; and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current year and prior years.

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

4. REVENUE

The Group’s revenue is analysed as follows:

	2013 <i>RMB’000</i>	2012 <i>RMB’000</i>
Sales of goods	94,189	141,788

5. OTHER INCOME

	2013 <i>RMB’000</i>	2012 <i>RMB’000</i>
Government grants	22,964	2,810
Interest income	2,603	6,026
Others	257	310
	25,824	9,146

6. SEGMENT INFORMATION

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

Geographical information:

	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
Revenue:		
The PRC	90,473	138,575
Others	3,716	3,213
	<u>94,189</u>	<u>141,788</u>

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

	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
Non-current assets:		
The PRC	291,112	298,322
United States of America	19,750	–
	<u>310,862</u>	<u>298,322</u>

7. FINANCE COSTS

	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
Interest on bank borrowings wholly repayable within five years	4,035	5,825

8. INCOME TAX

	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
Current tax:		
– Provision for the PRC enterprise income tax	–	990
Deferred tax	–	(5,175)
	<u>–</u>	<u>(4,185)</u>
	<u>–</u>	<u>(4,185)</u>

No provision for Hong Kong Profits Tax has been made for the year ended 30 June 2013 as the Group did not generate any assessable profits arising in Hong Kong during that year. 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.

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

	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
Loss before tax	<u>(171,043)</u>	<u>(2,599,901)</u>
Notional tax on profit before tax calculated at the PRC statutory rate	(42,761)	(649,975)
Effect of different tax rates in other tax jurisdictions	6,444	22,387
Tax effect of non-deductible expenses	21,358	661,290
Tax effect of tax losses not recognized	20,751	9,266
Tax effect of non-taxable income	(5,792)	(32,153)
Deferred tax on distributable earnings of PRC subsidiary	–	(15,000)
Income tax for the year	<u>–</u>	<u>(4,185)</u>

9. LOSS FOR THE YEAR

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

	2013	2012
	RMB'000	RMB'000
Auditor's remuneration	1,611	1,635
Cost of inventories sold	93,909	113,992
Depreciation	22,126	16,464
Amortisation of prepaid land lease payments	260	260
Loss on disposals of property, plant and equipment	2,281	7,007
Net foreign exchange losses	8,981	10,526
Impairment losses on various assets:		
Inventories	12,898	37,957
Prepayments, deposits and other receivables	26,800	552,210
Property, plant and equipment	3,970	1,191,045
Trade receivables	13,154	351,407
Restricted bank deposits	–	41,513
Deposits for purchase of property, plant and equipment	–	399,733
	56,822	2,573,865
Reversal of unreconciled discrepancies on various liabilities:		
Government grants	–	(15,720)
Tax payable	–	(40,993)
Trade and other payables	–	(15,539)
Warranty provision	–	(3,903)
	–	(76,155)
Staff costs (including directors' remuneration):		
Salaries, bonus and allowances	41,818	52,877
Equity-settled share-based payments	10,358	26,345
Retirement benefits scheme contributions	2,723	4,847
	54,899	84,069

10. DIVIDENDS

The Directors do not recommend the payment of any dividend for the year ended 30 June 2013 (2012: nil).

11. EARNINGS 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 RMB171,043,000 (2012: RMB2,595,716,000) and the weighted average number of approximately 1,584,683,000 (2012: 1,584,841,000) 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 2013 and 30 June 2012.

12. TRADE AND BILLS RECEIVABLES

	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
Trade receivables	24,036	24,859
Bills receivables	11,854	2,016
	<u>35,890</u>	<u>26,875</u>

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.

	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
60 days or less	13,925	8,679
61 to 120 days	5,585	4,827
121 to 180 days	3,005	6,030
Over 180 days	13,375	7,339
	<u>35,890</u>	<u>26,875</u>

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:

	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
Neither past due nor impaired	13,925	8,679
Less than 90 days past due	5,585	4,827
Over 90 days past due	16,380	13,369
	<u>35,890</u>	<u>26,875</u>

13. TRADE AND OTHER PAYABLES

	2013 RMB'000	2012 <i>RMB'000</i>
Trade payables	200,238	253,630
Bills payables	4,527	14,916
	204,765	268,546
Accrued expenses	4,131	2,730
Salaries and staff welfare payables	2,186	735
Receipts in advance	97,708	96,787
Others	27,488	1,568
	336,278	370,366

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 aging analysis of trade and bills payables, based on the date of receipts of goods, is as follows:

	2013 RMB'000	2012 <i>RMB'000</i>
90 days or less	4,349	49,965
91 to 180 days	1,451	8,706
Over 180 days	198,965	209,875
	204,765	268,546

EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

The auditor of the Company has expressed qualified opinion on the Company's consolidated financial statements of the Group for the year ended 30 June 2013, an extract of which is as follows:

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 2012, 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 29 April 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.

2. *Unreconciled discrepancies in accounting books and records*

Further background is made in note 2 to the consolidated financial statements (or this announcement) under the heading of "Suspension of trading in the shares of the Company". Due to the unreconciled discrepancies in accounting books and records, no sufficient evidence has been provided to satisfy ourselves as to the existence and completeness of the transactions of the Group for the year ended 30 June 2012 as follows:

	<i>RMB'000</i>
Impairment loss on various assets	(1,628,423)
Reversal of unreconciled discrepancies on various liabilities	<u>76,155</u>
	<u><u>(1,552,268)</u></u>

3. *Limited accounting books and records of certain subsidiaries*

Further background is made in note 2 to the consolidated financial statements (or this announcement) under the heading of “Suspension of trading in the shares of the Company”. Due to the insufficiency of supporting documentation and explanations for accounting books and records in respect of the Company’s certain subsidiaries (collectively “these Subsidiaries”) for the years ended 30 June 2013 and 2012, we were unable to carry out audit procedures to satisfy ourselves as to whether the following income and expenses for the years ended 30 June 2013 and 2012 and the assets and liabilities as at those dates, and the related disclosure notes in relation to these Subsidiaries, as included in the consolidated financial statements of the Group, have been accurately recorded and properly accounted for in the consolidated financial statements:

	For the year ended 30 June	
	2013	2012
	RMB’000	RMB’000
Income and expenses:		
Revenue	94,189	141,788
Cost of goods sold	(93,909)	(113,992)
Gross profit	280	27,796
Other income	23,167	3,114
Selling and distribution expenses	(9,570)	(12,042)
Administrative expenses	(62,462)	(63,265)
Impairment losses on various assets	(56,822)	(945,442)
Finance costs	(11)	(9)
Loss before tax	(105,418)	(989,848)
Income tax	–	4,185
Loss for the year	(105,418)	(985,663)
	As at 30 June	
	2013	2012
	RMB’000	RMB’000
Assets and liabilities:		
Inventories	4,210	55,819
Trade and bills receivables	2,247	26,875
Prepayments, deposits and other receivables	1,423	28,880
Cash balances	798	619
Trade and other payables	(321,468)	(367,303)
Net liabilities	(312,790)	(255,110)

4. Property, plant and equipment

No sufficient evidence has been provided to satisfy ourselves whether the carrying amount of property, plant and equipment amounted to approximately RMB291,508,000 and RMB287,408,000 as at 30 June 2013 and 2012 respectively are fairly stated.

5. Bank and cash balances

No direct confirmation and other sufficient evidence has been received to satisfy ourselves whether the bank and cash balances of approximately RMB72,698,000 as included in the consolidated statement of financial position as at 30 June 2012 were fairly stated.

6. Share-based payment reserve

No sufficient evidence has been provided to satisfy ourselves as to the accuracy and completeness of the transfer of share-based payment reserve of approximately RMB10,199,000 for the year ended 30 June 2012 and the related disclosures of share options in relation to an executive officer who left the Group during the year ended 30 June 2012.

7. 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 2013 and 2012.

8. Related party transactions and balances

No sufficient evidence has been provided to satisfy ourselves as to the existence and completeness of the disclosures of the related party transactions for the years ended 30 June 2013 and 2012 and the balances as at 30 June 2013 and 2012 as required by Hong Kong Accounting Standard 24 (Revised) "Related Party Disclosures".

9. Other disclosures in the consolidated financial statements

No sufficient evidence has been provided to satisfy ourselves as to the accuracy and completeness of the disclosures in relation to the pledge information of borrowings as at 30 June 2013 and 2012 as disclosed in notes 16 and 24 to the consolidated financial statements.

Any adjustments to the figures as described from points 1 to 9 above might have a significant consequential effect on the Group's results and cash flows for the two years ended 30 June 2013 and 2012 and the financial positions of the Group as at 30 June 2013 and 2012, and the related disclosures thereof in the consolidated financial statements.

Material uncertainty relating to the going concern basis

The disclosures in note 2 to the consolidated financial statements (or this announcement) indicates the Group incurred a loss for the year of approximately RMB171,043,000 for the year ended 30 June 2013 and has sustained significant continuing losses for the immediately next two financial years ended 30 June 2015 and net current liabilities in the consolidated statements of financial position of the Group as at 30 June 2013, 2014 and 2015. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. 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.

Disclaimer of opinion

Because of the significance of the matters as described in the basis for disclaimer of opinion paragraphs and the material uncertainty relating to the going concern basis, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

CHAIRMAN'S STATEMENT

To Shareholders and Stakeholders,

2013 was a tough and challenging year for the Group. In facing the situation of bankruptcies and insolvencies of the global solar sector, despite the plant equipment of the Group continued to experience serious insufficient operation from previous year, it still managed to overcome the adversities all the way. In previous year, some staffs were resigned not under normal procedures, and the Group also found out that the respective business and financial information and records were missing. In response to the irregularities and to protect the interests of shareholders and creditors, the Group undertook a series of measures including but not limited to applying for suspension in trading of the Company's shares, re-constructed the management and business teams, and set up an independent review committee, comprising independent directors, to conduct independent investigations. The Group experienced difficulties in resuming its business operations as more efforts and resources were spent in investigation, new teams re-construction, and business relationship development by new teams. As a result, both the business volume and business recovery were slower than expected. The current scale of supporting components of consumer electronics business is limited. In addition, the acquisition of leading global solar group in USA of the Group was in vain at the final stage due to various factors.

In 2013, the Group commenced conducting forensic review and internal control and auditing. The independent review committee also started to engage independent third party institutions for specific review works. During the investigation period, the Group discovered that some staffs were resigned not under normal procedures and some staffs, who were under employment at that time, had illegally housebreaking the intellectual property rights of the Group, engaged in acts that jeopardized the interest of the Group, and the Group had taken legal action to investigate.

In view of both the domestic and foreign markets being difficult to bounce back in the short run, the Group reduced its work force by one-third, which had significantly decreased the overall operating costs of the Group. It formulated the operation policy of "maintaining the traditional products market, accelerating the engineering projects and expanding overseas business new sector" (Maintaining, Accelerating and Expanding). It formulated measures such as technological process optimization, increasing products qualified rates and cost reduction for the traditional high and low light intensive products, which enabled our products more adaptable to market development trends. It further expanded the application aspect of photovoltaic cells components, and tried to take up the Golden Sun Project and BIPV project.

MANAGEMENT DISCUSSION AND ANALYSIS

The results of the Group for the financial year ended 30 June 2013 decreased as compared with last year, for the year ended 30 June 2012, the Group's revenue recorded was RMB94,189,000, sales cost was RMB93,909,000 and net loss was RMB171,043,000.

Facing the increasingly deteriorating operation environment, the management of the Group took a series of management measures purposely to lay the foundation for "stabilization and rebound". The specific details were as follows:–

For operation, it adopted the operation policy of "maintaining the traditional products market, accelerating the engineering projects and expanding overseas business new sector" (Maintaining, Accelerating and Expanding). It formulated measures such as technological process optimization, increasing products qualified rates and cost reduction for the traditional high and low light intensive products, which enabled our products more adaptable to market development trends. It further expanded the application aspect of photovoltaic cells components, undertook and started to implement the Golden Sun Project and BIPV projects, whereby laying the foundation for similar projects from now on and in the future. Moreover, it rationalized the Group's organization structure and "downsizing", reduced the number of employees from approximately over 1,000 in 2011 year end to approximately 700 in 2012 year end, down by approximately 28%, which resulted a decrease in operating expenses.

For internal management and control, it fully sorted out, perfected, modified and formulated the relevant internal control systems of the Group's internal financial payment approval, contract approval, project establishment, evaluation, customers' credit checking and review which are related to assets and fund security. Meanwhile, according to the situation that few individual former employees were suspected of infringing the Group's interests, we took legal actions to safeguard Group's legal rights and interests.

For details, please refer to the "Financial Review" section below.

FINANCIAL REVIEW

For 2013 financial year: sales income was RMB94,189,000, sales cost was RMB93,909,000, expenses during the period were RMB136,290,000 and net loss was RMB171,043,000.

1. The revenue for 2013 financial year was RMB94,189,000, representing a decrease of RMB47,599,000 as compared to RMB141,788,000 in 2012 financial year.

Primary causes of change: decrease of market demand. The sales of 2013 financial year were mainly comprised: RMB15,530,000 for low light cells, RMB26,270,000 for yard lamps cells, RMB17,640,000 for solar cell modules, RMB18,290,000 for BIPV, RMB2,910,000 for solar power systems, RMB10,150,000 for engineering projects income, RMB3,399,000 for other sales.

2. The cost of sales for 2013 financial year was RMB93,909,000, representing a decrease of RMB20,083,000 as compared to RMB113,992,000 in 2012 financial year.

Primary causes of change: the production cost decreased due to the reduced sales.

3. The gross profit for 2013 financial year of 2013 was RMB280,000, representing a decrease of RMB27,516,000 as compared to RMB27,796,000 in 2012 financial year.

Primary causes of change: the reduction of sales and the original fixed cost caused the substantial decrease of the gross profit.

4. The selling and distribution expenses for 2013 financial year were RMB9,570,000, representing a decrease of RMB2,472,000 as compared to RMB12,042,000 in 2012 financial year.

Primary causes of change: the selling and distribution expenses decreased accordingly due to the reduced sales.

5. The administration expenses for 2013 financial year were RMB126,720,000, representing an increase of RMB5,454,000 as compared to RMB121,266,000 in 2012 financial year.

Primary causes of change: the increase of the professional fees.

6. The net loss for 2013 financial year was RMB171,043,000, representing a decrease in loss of RMB2,424,673,000 as compared to RMB2,595,716,000 in 2012 financial year.

Primary causes of change: the adjustment of the written off of various assets and liabilities in 2012 was RMB2,497,710,000.

7. The property, plant and equipment for 2013 financial year were RMB291,508,000, representing an increase of RMB4,100,000 as compared to RMB287,408,000 in 2012 financial year.

8. The trade receivables for 2013 financial year were RMB35,890,000, representing an increase of RMB9,015,000 as compared to RMB26,875,000 in 2012 financial year.

Primary causes of change: account receivables from BIPV.

9. Cash and bank deposits were RMB266,999,000, representing a decrease of RMB233,340,000 as compared to RMB500,339,000 in 2012 financial year.

Primary causes of changes: the losses of operation in the financial year were RMB110,186,000, other receivables and the balances of prepayments decreased by RMB10,373,000, payables and the balance of other payables decreased by RMB34,088,000.

HUMAN RESOURCES

As at 30 June 2013, the Group had 313 employees (2012: 701). The current remuneration for the employees includes basic salary, discretionary bonus and social security funds. The employees' remuneration is commensurate with their duty, performance and contribution.

PURCHASE, 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 2012 to 30 June 2013.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code (“**Model Code**”) for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry to all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code for the year ended 30 June 2013.

CODE ON 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 Listing Rules as its own code of corporate governance. The existing Board has reviewed the Company’s corporate governance practices for the financial year under review, and has formed the opinion that the existing Board was unable to ensure compliance of certain of the then provisions of the CG Code for the year ended 30 June 2013 due to the suspension in trading of shares of the Company since 9:00 a.m. on 21 June 2012. Such non-compliance is set out in the table below:

The then Code provisions	Reasons for the non-compliance and improvement actions took or to be taken
A.1.2, A.1.3	Due to the suspension in trading of the Company’s shares, there were no regular Board meetings held for approving the annual and interim results of the Group during the year ended 30 June 2013. Due notice of all regular Board meetings will be given to all members of the Board.
A.1.8	No insurance cover could be arranged for the year ended 30 June 2013 in view of the suspension in trading of the Company’s shares. Directors’ insurance will be arranged for each Director once such can be arranged or immediately upon the resumption of trading of the Company’s shares.
A.2.1	Mr. Li Yi, the Chairman of the Company, was also acting as the chief executive officer of the Company. Mr. Li Yi has extensive experience in the solar industry and is responsible for the overall corporate strategies of the Group. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board believes that the balance of power and authority for the present arrangement will not be impaired and is adequately ensured by current Board which comprises experienced and high calibre individuals with sufficient number thereof being independent non-executive Directors.
A.2.5	The Company was not in compliance with certain code provisions as set out in the CG Code due to the suspension in trading of the Company’s shares. The Chairman has confirmed that he will take active action to improve and monitor the corporate governance practice of the Group.

- A.4.2 No general meeting was held during the year ended 30 June 2013 due to the suspension in trading of the Company's shares. Therefore, no Directors have been subject to retirement and re-election by the Shareholders at the general meeting. All Directors will be subject to rotation in accordance with the Articles of Association of the Company and the Listing Rules. Every Director will be subject to retirement by rotation at least once every three years.
- A.6.7 No general meeting was held during the year ended 30 June 2013 due to the suspension in trading of the Company's shares.
- A.7.1 Due to the suspension in trading of the Company's shares, there were no regular Board meetings held for approving the annual and interim results of the Group during the year ended 30 June 2013.
- C.1.2 The management of the Company did not provide a regular monthly update to all members of the Board, but the management keeps providing information and update to the members of the Board irregularly.
- C.1.5 Due to the suspension in trading of the Company's shares, there were no regular Board meetings held for approving the annual and interim results of the Group during the year ended 30 June 2013. The despatch of the Annual Reports 2011/2012, 2012/2013, 2013/2014 and 2014/2015, and the Interim Report 2012/2013, 2013/2014, 2014/2015 and 2015/2016 to the Shareholders have been delayed.
- C.2.1, C.2.2 The Company did not conduct an annual review on the effectiveness of the internal control systems of the Group during the year ended 30 June 2013. However, the Company's legal advisers have appointed PricewaterhouseCoopers Consulting Hong Kong Limited as an independent professional adviser on 19 September 2012 to assist the Independent Review Committee to carry out a forensic review of the potential discrepancies in the financial records of the Company as mentioned in the Company's announcement dated 22 June 2012.
- C.3.1, C.3.6 No Audit Committee meeting was held during the year ended 30 June 2013 due to the suspension in trading of the Company's share.
- E.1.1, E.1.2, E.1.3, E.2.1 No general meeting was held during the year ended 30 June 2013 due to the suspension in trading of the Company's shares. General meetings of the Company shall be arranged in due course.

AUDIT COMMITTEE

The Company established an audit committee (the “**Audit Committee**”) on 13 September, 2010 with written terms of reference in compliance with the CG Code, and currently comprises three independent non-executive Directors, Mr. Yan Lihu, Mr. Hu Bing and Mr. Cai Zhipeng. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group. The Audit Committee has reviewed the annual results of the Group for the year ended 30 June 2013.

GENERAL

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended from 9:00 a.m. on 21 June 2012 and will remain suspended until further notice.

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

Hong Kong, 29 April 2016

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Li Yi (Chairman and Chief Executive Officer) and Ms. Yu Ying, and three independent non-executive Directors, namely Mr. Yan Lihu, Mr. Hu Bing and Mr. Cai Zhipeng.