



# Trony Solar Holdings Company Limited

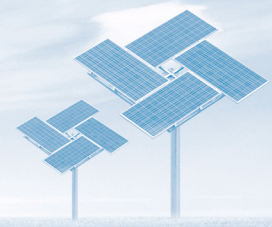
創益太陽能控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 2468

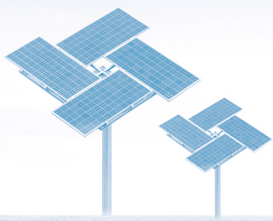
INTERIM REPORT  
2016/2017





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## 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***

Room 1502, 15th 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

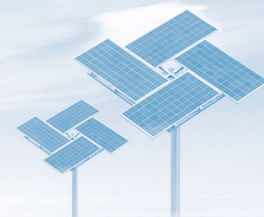
Ms. Chow Wai Fong

#### ***Nomination Committee***

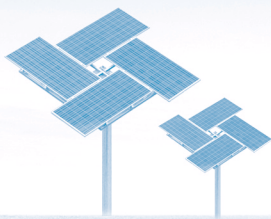
Mr. Zhang Xuehu (*Committee Chairman*)

Ms. Yu Ying

Ms. Chow Wai Fong



<b><i>Remuneration Committee</i></b>	Mr. Zhang Xuehu ( <i>Committee Chairman</i> ) Ms. Yu Ying Ms. Chow Wai Fong
<b><i>Company Secretary</i></b>	Ms. Chan Yuen Ying Stella
<b><i>Company Website</i></b>	<a href="http://www.trony.com">www.trony.com</a>
<b><i>Authorized Representatives</i></b>	Ms. Chan Yuen Ying Stella Ms. Yu Ying
<b><i>Cayman Islands Principal Share Registrar and Transfer Office</i></b>	Royal Bank of Canada Trust Company (Cayman) Limited 4th Floor, Royal Bank House 24 Shedden Road, George Town Grand Cayman KY1-1110 Cayman Islands
<b><i>Hong Kong Share Registrar</i></b>	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
<b><i>Legal Advisors</i></b>	Troutman Sanders
<b><i>Auditor</i></b>	ZHONGHUI ANDA CPA Limited Certified Public Accountants
<b><i>Principal Bankers</i></b>	Industrial and Commercial Bank of China (Asia) Limited Hang Seng Bank Limited China Construction Bank



## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

For the six months ended 31 December 2016, the Group recorded a loss for the period of approximately RMB44,143,000, an increase of loss for the Period of approximately RMB3,508,000 or 8.63% as compared with the corresponding period in 2015.

#### Revenue

For the six months ended 31 December 2016, the Group has revenue of approximately RMB31,863,000 (2015: approximately RMB22,744,000). This represents an increase of turnover of approximately RMB9,119,000 or 40.09%, as compared to the corresponding period in 2015.

This revenue comprises:

- (1) The turnover of construction of photovoltaic cells segment of approximately RMB16,188,000 (2015: approximately RMB2,468,000), representing an increase of approximately RMB13,720,000 or 555.92% as compared with the corresponding period in 2015; and
- (2) The turnover of manufacture and sale of solar products segment of approximately RMB15,675,000 (2015: approximately RMB20,276,000), representing a decrease of approximately RMB4,601,000 or 22.69% as compared with the corresponding period in 2015.

The increase in turnover in the construction of photovoltaic cells segment was mainly due to a new construction project of approximately RMB14 million performed during the Period. The decrease in turnover of manufacture and sale of solar products segment was mainly due to the continuing competition and market shrinkage.

#### Gross Loss

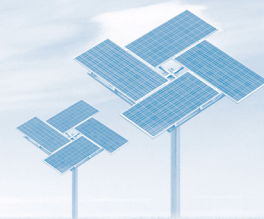
For the six months ended 31 December 2016, the Group has gross loss of approximately RMB501,000 (2015: approximately RMB3,948,000). This represents a decrease in gross loss of approximately RMB3,447,000 or 87.31% as compared with the corresponding period in 2015.

The construction of photovoltaic cells segment contributed a gross profit of approximately RMB1,705,000 (2015: approximately RMB1,992,000). On the contrary, the manufacture and sale of solar products segment recorded a gross loss of approximately RMB2,206,000 (2015: approximately RMB5,940,000).

#### Other Income

For the six months ended 31 December 2016, the Group recorded other income of approximately RMB1,584,000 (2015: approximately RMB5,529,000), representing a decrease of approximately RMB3,945,000 or 71.35%.

The decrease in other income was mainly due to decrease of government grant of approximately RMB3,547,000.



## Selling and Distribution Expenses

For the six months ended 31 December 2016, selling and distribution expenses were approximately RMB2,083,000 (2015: approximately RMB4,049,000), representing a decrease of approximately RMB1,966,000 or 48.56% as compared to the corresponding period in 2015.

The decrease in selling and distribution expenses was mainly due to:

- (1) Decrease in consulting expenses and exhibition expenses of approximately RMB1,243,000 as compared with the corresponding period in 2015; and
- (2) Decrease in headcount and hence the selling staff expenses of approximately RMB408,000 as compared with the corresponding period in 2015.

## Administrative Expenses

For the six months ended 31 December 2016, administrative expenses were approximately RMB43,072,000 (2015: approximately RMB38,127,000), representing an increase of approximately RMB4,945,000 or 12.97% as compared to the corresponding period in 2015.

The increase in administrative expenses was mainly contributed by the increase in re-structuring costs and professional fees incurred for trade resumption purpose of approximately RMB8,767,000 (2015: approximately RMB5,660,000), representing an increase of approximately RMB3,107,000.

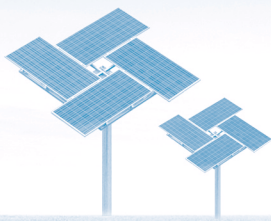
## Exchange differences on Translating Foreign Operations

For the six months ended 31 December 2016, exchange differences on translating foreign operations were approximately RMB4,017,000 gain (2015: approximately RMB2,575,000 gain), representing an increase in gains of approximately RMB1,442,000 or 56.00% as compared to the corresponding period in 2015.

The increase in exchange gains on translating foreign operations were mainly due to the continuous depreciation of RMB against USD, as a result the Group recorded exchange gains on translating foreign subsidiaries.

## Human Resources

As at 31 December 2016, the Group had 212 employees (30 June 2016: 184). 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.



## OTHER INFORMATION

### Interim Dividend

The Board resolved not to declare any interim dividend for the six months ended 31 December 2016.

### 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. During the six months ended 31 December 2016, the Company was in compliance with the relevant code provisions set out in the CG Code except for the deviation 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 six months ended 31 December 2016, 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.

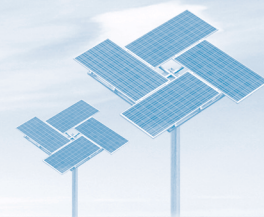
Save as mentioned above, in the opinion of the Directors, the Company has met the code provisions set out in the CG Code during the six months ended 31 December 2016.

### 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 six months ended 31 December 2016.

### Model Code for Securities Transactions by Directors

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



## Disclosure of Interests

### *Directors' Interests in Shares*

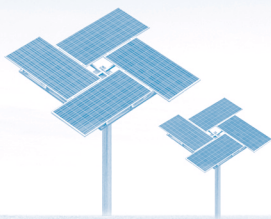
As at 31 December 2016, none of the Directors or chief executives of the Company has any interest or short position in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) ("**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 31 December 2016, so far as is known to any Director or chief executive of the Company, the persons or corporations 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:

<b>Name of shareholder</b>	<b>Capacity/nature of interest</b>	<b>Long position/ short position</b>	<b>Number of shares</b>	<b>Approximate percentage of shareholding</b>
Spring Shine International Limited (Note 1)	Interest in a controlled corporation	Long position	620,497,910	39.16%
Credit Suisse Trust Limited (Note 1)	Trustee of a trust	Long position	620,497,910	39.16%
Seletar Limited (Note 1)	Trustee of a trust	Long position	620,497,910	39.16%
Serangoon Limited (Note 1)	Trustee of a trust	Long position	620,497,910	39.16%
Lakes Invest Limited (Note 1)	Beneficial owner	Long position	542,700,000	34.25%
Central Huijin Investment Ltd. (Note 2)	Interest in a controlled corporation	Long position	221,674,392	13.99%
ICBC International Holdings Limited (Note 2)	Interest in a controlled corporation	Long position	221,674,392	13.99%
Industrial and Commercial Bank of China Limited (Note 2)	Interest in a controlled corporation	Long position	221,674,392	13.99%
ICBC International Fund Management Limited (Note 2)	Beneficial owner, security interest	Long position	163,722,350	10.33%





Notes:

- (1) Each of Sky Sense Investments Limited and Lakes Invest Limited is wholly-owned by Spring Shine International Limited, which in turn is owned as to 50% by Seletar Limited and 50% by Serangoon Limited, as nominees and trustees for Credit Suisse Trust Limited, which is acting as the trustee of the Li Family Trust. Therefore, each of Sprint Shine Trust Limited, Credit Suisse Trust Limited, Seletar Limited, Serangoon Limited is deemed to be interested in all the shares of the Company held by Sky Sense Investments Limited and Lakes Invest Limited.
- (2) ICBC International Fund Management and ICBC International Strategic Investment Limited are wholly-owned subsidiaries of ICBC International Holdings Limited. ICBC International Holdings Limited is a wholly owned subsidiary of Industrial and Commercial Bank of China Limited. Industrial and Commercial Bank of China Limited is controlled by Central Huijin Investment Ltd. Therefore Central Huijin Investment Ltd., Industrial and Commercial Bank of China Limited and ICBC International Holdings Limited are deemed to be interested in all shares held by ICBC International Fund Management and all shares held by ICBC International Strategic Investment Limited.

Save as disclosed above, no other parties were recorded in the register of the Company required to be kept under section 336 of the SFO as having interests or short positions in the shares or underlying shares of the Company as at 31 December 2016.

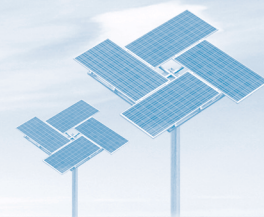
### Share Option Scheme

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

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

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as determined by the Board and not exceeding 10 years from the date of the grant. There is no minimum period for which an option must be held before it can be exercised. Participants of the Share Option Scheme are required to pay the Company HK\$1.00 upon acceptance of the grant on or before the 28 days after the offer date. The exercise price of the options is determined by the Board in its absolute discretion and shall not be less than whichever is the highest of:

- (a) the nominal value of a Share;
- (b) the closing price of a Share as stated in the Hong Kong Stock Exchange's daily quotations sheets on the offer date; and
- (c) the average closing price of a Share as stated in the Hong Kong Stock Exchange's daily quotation sheets for the five Business Days immediately preceding the offer date.



## Share Option Scheme – *continued*

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

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

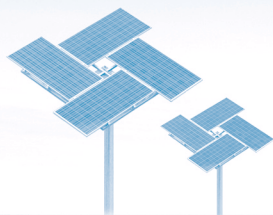
Details of movement of share options during the period under the Share Option Scheme are as follows:–

Name or category of participants	Number of share options					Outstanding as at 31 December 2016	Exercise price (HK\$)	Date of Grant	Exercisable Period (Note)
	Outstanding as at 1 July 2016	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period				
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			
<b>Total</b>	<b>6,130,000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>102,000</b>	<b>6,028,000</b>			

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.

## Audit Committee

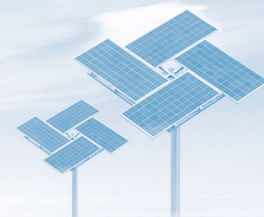
The Company set up the Audit Committee (the “**Audit Committee**”) on 13 September 2010, with its written terms of reference complying with the CG Code. Currently, the Audit Committee comprises of three independent non-executive Directors, namely, Mr. Pak Wai Keung Martin (Chairman), Mr. Zhang Xuehu and Ms. Chow Wai Fong. The primary duties of the Audit Committee are to review the effectiveness of the financial reporting process and to review the risk management and internal control systems of the Group. The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 31 December 2016.



## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

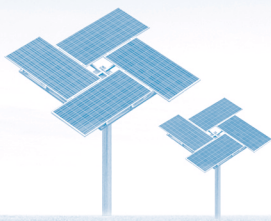
	Notes	Six months ended	
		31 December	
		2016	2015
		<i>RMB'000</i>	<i>RMB'000</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
<b>Revenue</b>	4	<b>31,863</b>	22,744
Cost of sales and services provided		<b>(32,364)</b>	(26,692)
<b>Gross loss</b>		<b>(501)</b>	(3,948)
Other income		<b>1,584</b>	5,529
Selling and distribution expenses		<b>(2,083)</b>	(4,049)
Administrative expenses		<b>(43,072)</b>	(38,127)
<b>Loss before tax</b>		<b>(44,072)</b>	(40,595)
Income tax	5	<b>(71)</b>	(40)
<b>Loss for the period</b>	6	<b>(44,143)</b>	(40,635)
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		<b>4,017</b>	2,575
<b>Total other comprehensive income for the period</b>		<b>4,017</b>	2,575
<b>Total comprehensive loss for the period attributable to the equity holders of the Company</b>		<b>(40,126)</b>	(38,060)
<b>Loss per share</b>	7		
Basic ( <i>RMB</i> )		<b>(0.03)</b>	(0.03)
Diluted ( <i>RMB</i> )		<b>(0.03)</b>	(0.03)



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

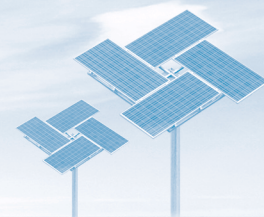
		At 31 December 2016 <i>RMB'000</i> <i>(Unaudited)</i>	At 30 June 2016 <i>RMB'000</i> <i>(Audited)</i>
<b>Non-current assets</b>			
Property, plant and equipment	9	211,522	222,026
Prepaid land lease payments		9,526	9,874
		<b>221,048</b>	231,900
<b>Current assets</b>			
Inventories		4,516	8,188
Trade receivables and bills receivables	10	36,594	13,862
Other receivables and prepayments		6,939	6,848
Prepaid land lease payments		260	260
Bank and cash balances		103,572	132,669
		<b>151,881</b>	161,827
<b>Current liabilities</b>			
Trade and other payables	11	312,627	293,299
<b>Net current liabilities</b>		<b>(160,746)</b>	(131,472)
<b>NET ASSETS</b>		<b>60,302</b>	100,428
<b>Capital and reserves</b>			
Share capital		1,000	1,000
Reserves		59,302	99,428
<b>TOTAL EQUITY</b>		<b>60,302</b>	100,428



## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

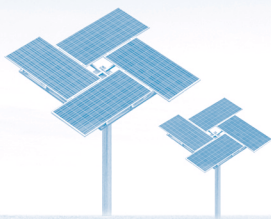
FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

	Share capital <i>RMB'000</i> <i>(Unaudited)</i>	Share premium <i>RMB'000</i> <i>(Unaudited)</i>	Statutory surplus reserve <i>RMB'000</i> <i>(Unaudited)</i>	Share-based payment reserve <i>RMB'000</i> <i>(Unaudited)</i>	Foreign currency translation reserve <i>RMB'000</i> <i>(Unaudited)</i>	Accumulated losses <i>RMB'000</i> <i>(Unaudited)</i>	Total <i>RMB'000</i> <i>(Unaudited)</i>
At 1 July 2015	1,000	1,895,217	5,077	19,778	361	(1,766,573)	154,860
Total comprehensive income/(loss) for the period	-	-	-	-	2,575	(40,635)	(38,060)
At 31 December 2015	<u>1,000</u>	<u>1,895,217</u>	<u>5,077</u>	<u>19,778</u>	<u>2,936</u>	<u>(1,807,208)</u>	<u>116,800</u>
At 1 July 2016	1,000	1,895,217	5,077	15,968	3,979	(1,820,813)	100,428
Total comprehensive income/(loss) for the period	-	-	-	-	4,017	(44,143)	(40,126)
At 31 December 2016	<u>1,000</u>	<u>1,895,217</u>	<u>5,077</u>	<u>15,968</u>	<u>7,996</u>	<u>(1,864,956)</u>	<u>60,302</u>



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended	
	31 December	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Net cash used in operating activities	<u>(29,995)</u>	<u>(5,521)</u>
Net cash (used in)/generated from investing activities	<u>(537)</u>	<u>985</u>
Cash flows from financing activities		
Government grant received	<u>982</u>	<u>4,529</u>
Net cash generated from financing activities	<u>982</u>	<u>4,529</u>
Net decrease in cash and cash equivalents	(29,550)	(7)
Effect of foreign exchange rate changes	453	541
Cash and cash equivalents at beginning of period	<u>132,669</u>	<u>153,812</u>
Cash and cash equivalents, representing bank and cash balances, at end of period	<u><u>103,572</u></u>	<u><u>154,346</u></u>



## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

### 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 the office of Estera Trust (Cayman) Limited of P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The address of the Company's principal place of business in Hong Kong is Room 1502, 15th 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.

### 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

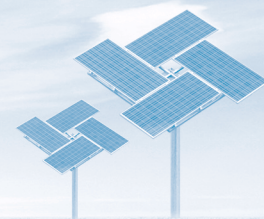
The Interim Financial Statements do not include all the information and disclosures required in the full set of financial statements prepared in accordance with the International Financial Reporting Standards ("IFRSs"), and should be read in conjunction with the Company's annual consolidated financial statements for the year ended 30 June 2016.

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

The accounting policies adopted in the preparation of the Interim Financial Statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the year ended 30 June 2016.

#### 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 suspected financial discrepancies (the "Potential Financial Discrepancies") in respect of the financial records of the Group (collectively the "Allegations").



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

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

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

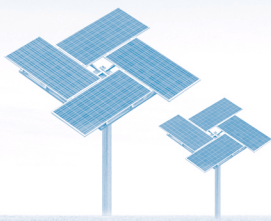
On 20 July 2012, the Company also appointed King & Wood Mallesons (“KWM”) as the Company’s legal adviser as to Hong Kong Law in respect to the matters relating to the Allegations. PricewaterhouseCoopers Consulting Hong Kong Limited (“PwC”) was subsequently appointed on 19 September 2012 as an independent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

For the period from March to October 2012, there were several changes in the directors of the Company and senior management of the Group including (i) resignation of finance director of Shenzhen Trony Science and Technology Development Co., Ltd, a wholly-owned subsidiary and a major operating unit of the Company with effect from 1 March 2012; (ii) retirement of the vice president of production of the Group with effect from 6 March 2012; (iii) resignation of an executive director (also as an executive vice president) of the Company, with effect from 21 August 2012; (iv) resignation of the chief financial officer of the Group with effect from 22 August 2012; (v) the 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) 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 advisor’s 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 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 AND ACCOUNTING POLICIES – *continued*

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

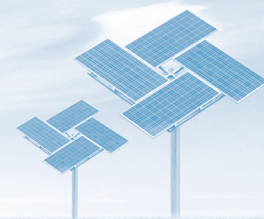
The Company should also comply with the Listing Rules and all applicable laws and regulations in Hong Kong and its place of incorporation before the resumption of its share trading. The Stock Exchange may modify any of the above and/or impose further conditions at its discretion.

On 7 February 2013, the Company's three independent non-executive directors resigned from the position and the IRC became vacant. With this regard, the New Executive Director was 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 was 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 of 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 Rule 6.01 by issuing an announcement under Rule 6.10 to provide the Company with further time to rectify the matters that have rendered 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 AND ACCOUNTING POLICIES – *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 and grant the Company additional time to fulfil the remaining of the conditions for resumption.

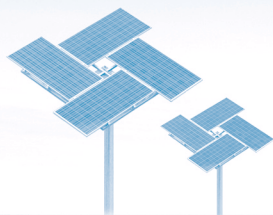
On 3 June 2016, the Company received a further letter (“Decision Letter”) from the Stock Exchange notifying the Company that the Listing Department has decided to commence the procedures to cancel the Company’s listing under Rules 6.01(4) and 6.04 and the grounds set out in the Show Cause Letter (“Decision”). 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 a letter from the 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 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 the Stock Exchange dated 12 September 2016, stating that further review hearing was scheduled on 22 November 2016. The further review hearing has been postponed to 13 December 2016. On 22 December 2016, the Listing (Review) Committee upheld the Listing Committee’s Decision and the Stock Exchange required the Company to remedy those matters which have rendered it unsuitable for listing by 4 July 2017. Should the Company fail to do so, the Stock Exchange may proceed with cancelling the Company’s listing.

### **Going concern**

The Group incurred a loss of approximately RMB44,143,000 for the six months ended 31 December 2016 and net current liabilities of approximately RMB160,746,000 in the condensed consolidated statement of financial position of the Group as at 31 December 2016. 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 believe that the Group would have sufficient financial resources for the Group to continue its operation for the coming twelve months, and in the opinion that it is appropriate to prepare the condensed consolidated interim 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 condensed consolidated interim 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 condensed consolidated interim financial statements.



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

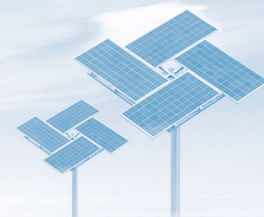
In the current period, the Group has adopted all the new and revised IFRSs issued by the International Accounting Standards Board that are relevant to its operations and effective for its accounting period beginning on 1 July 2016. IFRSs comprise International Financial Reporting Standards; International 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’s condensed consolidated interim financial statements and amounts reported for the current period and prior periods.

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

### 4. REVENUE AND SEGMENT INFORMATION

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

	<b>Construction of Photovoltaic cells</b>	<b>The manufacture and sale of solar products</b>	<b>Total</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Period ended 31 December 2016 (Unaudited):			
Revenue from external customers	16,188	15,675	31,863
Segment loss	(689)	(23,657)	(24,346)
At 31 December 2016 (Unaudited):			
Segment assets	25,691	227,231	252,922
Segment liabilities	<u>15,200</u>	<u>281,997</u>	<u>297,197</u>
Period ended 31 December 2015 (Unaudited):			
Revenue from external customers	2,468	20,276	22,744
Segment loss	(9)	(22,684)	(22,693)
At 30 June 2016 (Audited):			
Segment assets	7,666	238,070	245,736
Segment liabilities	<u>2,261</u>	<u>274,787</u>	<u>277,048</u>



#### 4. REVENUE AND SEGMENT INFORMATION – *continued*

Reconciliations of reportable segment profit and loss:

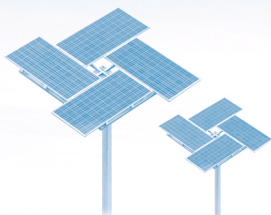
	Six months ended	
	31 December	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Total loss of reportable segments	<b>(24,346)</b>	(22,693)
Corporate and unallocated profit or loss	<b>(19,726)</b>	(17,902)
Consolidated loss before tax	<b><u>(44,072)</u></b>	<b><u>(40,595)</u></b>

#### 5. INCOME TAX

	Six months ended	
	31 December	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Current tax – Provision for the period		
PRC enterprise income tax	<b><u>71</u></b>	<b><u>40</u></b>

No provision for Hong Kong Profits Tax has been made for the six months ended 31 December 2016 as the Group did not generate any assessable profits arising in Hong Kong during the period.

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



## 6. LOSS FOR THE PERIOD

Loss for the period is arrived at after charging:

	Six months ended 31 December	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Directors' remuneration	<u>810</u>	<u>291</u>

## 7. LOSS PER SHARE

### (a) Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the period of approximately RMB44,143,000 (2015: approximately RMB40,635,000) attributable to owners of the Company and the weighted average number of 1,584,683,486 (2015: 1,584,683,486) ordinary shares in issue during the period.

### (b) Diluted loss per share

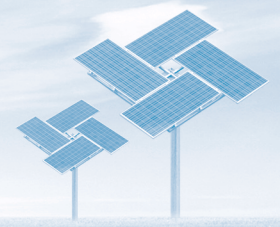
The effects of all potential ordinary shares are anti-dilutive for the six months ended 31 December 2016 and 2015.

## 8. INTERIM DIVIDEND

The Directors resolved not to declare the payment of an interim dividend for the six months ended 31 December 2016 (six months ended 31 December 2015: nil).

## 9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2016, the Group acquired property, plant and equipment amounted to approximately RMB585,000.

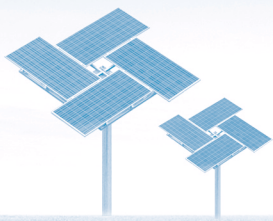


## 10. TRADE RECEIVABLES AND BILLS RECEIVABLES

	At 31 December 2016 <i>RMB'000</i> <i>(Unaudited)</i>	At 30 June 2016 <i>RMB'000</i> <i>(Audited)</i>
Trade receivables	32,825	13,762
Bills receivables	3,769	100
	<u>36,594</u>	<u>13,862</u>

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

	At 31 December 2016 <i>RMB'000</i> <i>(Unaudited)</i>	At 30 June 2016 <i>RMB'000</i> <i>(Audited)</i>
0 to 60 days	13,387	3,847
61 to 120 days	16,227	3,859
121 to 180 days	60	1,145
Over 180 days	3,151	5,011
	<u>32,825</u>	<u>13,862</u>



## 11. TRADE AND OTHER PAYABLES

	At 31 December 2016 <i>RMB'000</i> <i>(Unaudited)</i>	At 30 June 2016 <i>RMB'000</i> <i>(Audited)</i>
Trade and bills payables	211,039	194,354
Accrued expenses	3,011	3,670
Salaries and staff welfare payables	2,262	1,560
Receipts in advance	88,732	88,732
Others	7,583	4,983
	<u>312,627</u>	<u>293,299</u>

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

	At 31 December 2016 <i>RMB'000</i> <i>(Unaudited)</i>	At 30 June 2016 <i>RMB'000</i> <i>(Audited)</i>
0 to 90 days	5,841	3,928
91 to 180 days	14,377	1,994
Over 181 days	190,821	188,432
	<u>211,039</u>	<u>194,354</u>

## 12. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

These Interim Financial Statements were approved and authorised for issue by the Board of Directors on 28 February 2017.