



**Jetion Holdings Limited**

("Jetion" or the "Company")

**Interim Results**

Jetion Holdings Limited (AIM:JHL), the manufacturer of high quality solar cells and modules, announces today its interim results for the six months ended 30 June 2008.

**Financial Highlights**

- 161% increase in turnover to US\$100.6m H1 2007: US\$38.6m)
- 192% increase in gross profit to US\$18.4m (H1 2007: US\$6.3m\*)
- 252% increase in net profit to US\$9.7m (H1 2007: US\$2.8m\*)
- 1.9% improvement in gross margin to 18.3% (H1 2007: 16.4%\*)
- Basic earnings per share increased to US cents 13.26 (H1 2007: US cents 5.51\*)

Note\*: 2007 figures restated. Details are given in the interim financial report below.

**Operating Highlights**

- Significant progress across all production metrics
  - 91.8% increase in solar cells output to 26.3 megawatts ("MW") (H1 2007: 13.7MW)
  - Solar cell manufacturing capacity doubled to 100MW per annum, 3 months ahead of schedule (H1 2007: 50MW per annum)
  - Substantial increase in solar module output to 19.4MW (H1 2007: 0.6MW)
  - Solar module manufacturing capacity increased to 50MW per annum(H1 2007: 40MW per annum)
- Average efficiency rate of solar cell production lines exceeding 16.8% during the period (H1 2007: 16.0%)
- Cell cost per watt (excluding wafer cost) decreased to US\$0.21/Wp (2007: US\$0.25/Wp)

**Outlook**

The Company has exceeded almost all growth targets and continues to progress well, with significant orders and contracts secured for the second half of 2008. The Board is confident of the Company's growth prospects and looks forward to reporting further progress at year end 2008.

Jetion's products are well positioned in the global context as a result of its continuous focus on low cost production and top quartile efficiency. Jetion is now planning its next phase of growth as the Company is now operating at the 100MW capacity – a target outlined at the time of its IPO of AIM in July 2007.

**Board and Auditor Changes**

Mr. Gabriel Kow has now been formally appointed as the Chairman of the Board of Directors. Mr. Kow is a Non-Executive Director and was the Interim Chairman of the Board.

The Company has appointed KPMG as its auditor. These interim results are the Company's first interim financial report to be reviewed by KPMG.

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**Chairman's Statement**

I am pleased to report continued improvements in Jetion's operations for the first half of the year ended 30 June 2008 ("H1 2008").

The Company has exceeded nearly all operational and financial targets, including capacity, output, sales revenue, gross margin, efficiency rate and cost. As the Chairman, I am very honored to have witnessed Jetion's healthy, profitable and rapid pace of growth.

Our key performance metrics are believed to be close to the leading players in the industry. We have continued to benefit from an increased proportion of sales of solar modules in the product mix and higher profit margins on our high-quality products. We expect the gross margin and production to improve further in the second half of this year on the back of this strategy.

Jetion is also becoming one of the global cost control leaders in the solar market, achieving excellent results in its efforts to control operational costs. During H1 2008, average solar cells cost per watt (excluding wafer cost) decreased to US\$0.21/Wp (2007: US\$0.25/Wp), and solar modules cost per watt (excluding cells cost) decreased to US\$0.32/Wp (2007: US\$0.55/Wp). Due to the expansion of capacity and economies of scale, the Company's operational costs are expected to decline further.

On the research and development ("R&D") front, Jetion has obtained nine technology patents in H1 2008: one relates to equipment improvement, four relate to the solar modules process and four relate to the solar cell process.

The scrap ratio was successfully managed below 1.5% in H1 2008 (H1 2007:2.5%, FY 2007: 2.2%), and the Company is cooperating with distinguished universities in China to carry out research on higher efficiency solar cells. The Company encourages its engineers to develop and maintain up-to-date technical skills.

During the period Dipesh Shah resigned as Chairman. Jetion has reached agreement on all matters between the Company and him in August 2008. I would like to thank Dipesh for his work in helping the company during its admission onto AIM.

The Board has subsequently appointed me as Chairman, and I look forward to working with my colleagues. I would like to take this opportunity to thank the team for their hard work and outstanding performance. We have developed good momentum and are focused on achieving our strategic

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targets. I would also like to thank the shareholders for their continued long-term support to the Company.

**Gabriel Kow**

### **Chief Executive's Review**

We are extremely pleased with the progress achieved during H1 2008, with continued achievements in strong operational and profitable growth.

In H1 2008, solar cell output was 26.3MW, representing a 91.8% increase from the level achieved during the same period in 2007. Similarly, the production of solar modules grew substantially in H1 2008 to 19.4MW, as compared with 0.6MW in H1 2007. The average utilisation rate of solar cell production lines in H1 2008 was over 97%, compared to an industry average of approximately 80%. In June 2008, the monthly output from the first and second solar cell production lines reached a record high of 4.5MW, outstripping the expected monthly design capacity of 4.2MW which we believe is likely to be at the top level in the industry. Jetion's production is now at a record level.

The Company's production expansion to 100 MW per annum cell capacity from 50MW per annum was completed by the end of June 2008, three months ahead of schedule and has now commenced full operation. In addition, the Company continues to develop its capacity to convert solar cells to modules, increasing the module capacity to 50MW per annum from 40MW per annum. This expansion was also completed three months ahead of schedule, with production commencing in July 2008.

Our dedicated R&D team has also made good progress, including numerous achievements in the field of super-thin and high conversion efficiency solar cells. These achievements have been applied to our production processes and have been key to the increase in the average conversion efficiency to 16.8% (H1 2007: 16.0%). At the same time, our experienced equipment engineers contributed significantly in improving equipment, reducing equipment maintenance time and increasing utilisation rate. The average equipment down time was less than 20 hours per month in H1 2008 (2006 FY: 50 hours; 2007 FY: 30 hours).

The Company has consolidated the relationships with its customers, especially those in Europe. In H1 2008, over 81% of Jetion's products were shipped to the European market, of which approximately 50% were purchased by customers in Germany and approximately 20% from customers in Spain. Furthermore, the average selling price of the Company's products increased by 5.4%, as compared to same period last year.

All of the Company's output in the second half of 2008 has already been covered by orders, with customers from Spain increasing their order quantity for the second half of the year.

The Company has also strengthened its supply chain for high quality silicon raw materials. Nearly all of the silicon required for the remainder of 2008 for Jetion's new solar cell production lines have now been secured.

With the full operation of Jetion's new production lines, Jetion is better positioned to meet its customers' demands and leverage its competitive advantages.

Jetion is well on its way to becoming one of the market leaders in terms of cost control, technology and gross profit margin in this industry. With secured sales orders and steady silicon supply for the remainder of 2008 and improved production capabilities, we are confident that we will achieve our 2008 targets and build a strong growth momentum for the future.

**Lijin Gai**

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## **Finance Director's Review**

The management team is pleased to report an encouraging and strong financial growth of the Company in the first half of 2008. Turnover increased to US\$100.6m from US\$38.6m in H1 2007, representing an increase of 161%. Net profit after tax increased to US\$9.7m from US\$2.8m in H1 2007, representing an increase of 252%. Gross profit margin reached an excellent level of 18.3%, which was 1.9% higher than the 16.4% reported in H1 2007, with a gross profit of US\$18.4m (H1 2007: US\$6.3m). The increase in gross profit margin is primarily due to a number of factors. These include: an increase in our sales of solar modules; a decrease in the costs of silicon wafers provided through long term contracts; the stronger exchange rate of Euros and Renminbi relative to U.S. dollars; and the effect of economies of scale which have together brought down operating and administrative costs on a proportional basis.

The Company's joint venture in Europe also partially contributed to the Company's interim results, with a net profit after tax of \$0.6m (2007: Nil). The joint venture has substantial room to grow its sales of solar modules. The management team of the Company expects the joint venture to secure a firmer and larger market share in Europe in due course.

The interim financial report has been prepared in accordance with the same accounting policies as adopted in the 2007 annual financial statements. However, the application of certain accounting policies was revisited during the current period and, accordingly, appropriate adjustments have been made in this interim financial report. Details of these prior period adjustments are set out in note 2 to the interim financial report.

The management team will continue to monitor costs and strengthen the Company's cash flow position by implementing improved planning and internal control.

**Stephen So**

Consolidated Income Statement  
For the six months ended 30 June 2008 - unaudited  
*(Expressed in United States dollars)*

	Note	<i>Six months ended 30 June</i>	
		2008	2007
		\$'000	\$'000
			<i>(restated)</i>
<b>Turnover</b>	3	100,652	38,645
Cost of sales		<u>(82,292)</u>	<u>(32,316)</u>
<b>Gross profit</b>		18,360	6,329
Other income		716	-
Distribution costs		(546)	(248)
Administrative expenses		(5,118)	(1,562)
Research and development expenses		(664)	(1,150)
Other expenses		<u>(138)</u>	<u>-</u>
<b>Results from operating activities</b>		12,610	3,369
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Financial income		242	39
Financial expenses		<u>(1,317)</u>	<u>(655)</u>
<b>Net financing expenses</b>		(1,075)	(616)
		-----	-----
Share of profits less losses of jointly controlled entity		585	-
		-----	-----
<b>Profit before income tax</b>		12,120	2,753
Income tax expense	4	<u>(2,423)</u>	<u>-</u>
<b>Profit for the period attributable to equity shareholders of the Company</b>		9,697	2,753
		=====	=====
<b>Earnings per share</b>			
Basic and diluted earnings per share (US cents) (2007: restated)	6	13.26	5.51
		=====	=====

Consolidated Balance Sheet  
 At 30 June 2008 - unaudited  
 (Expressed in United States dollars)

	Note	At 30 June 2008 \$'000	At 31 December 2007 \$'000 (restated)
<b>Non-current assets</b>			
Property, plant and equipment	7	40,296	19,078
Lease prepayments	8	2,778	3,221
Prepayments for acquisition of property, plant and equipment		2,303	5,911
Intangible assets	9	4,166	4,687
Interest in a jointly-controlled entity		<u>130</u>	<u>-</u>
		49,673	32,897
		-----	-----
<b>Current assets</b>			
Inventories		13,738	7,763
Trade and other receivables		51,858	40,429
Amount due from jointly-controlled entity		5,757	7,738
Pledged deposits		1,856	1,452
Cash and cash equivalents		<u>22,113</u>	<u>21,047</u>
		95,322	78,429
		-----	-----
<b>Current liabilities</b>			
Bank loans			
- Secured		6,518	6,151
- Unsecured		15,462	6,936
Trade and other payables		17,529	11,441
Amount due to a shareholder		1,417	1,691
Current tax payable		<u>1,836</u>	<u>-</u>
		42,762	26,219
		-----	-----
<b>Net current assets</b>			
		<u>52,560</u>	<u>52,210</u>
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	<i>At</i> <i>30 June</i> <i>2008</i> \$'000	<i>At</i> <i>31 December</i> <i>2007</i> \$'000 (restated)
<b>Non-current liabilities</b>		
Deferred tax liabilities	2,392	1,735
	<u>-----</u>	<u>-----</u>
<b>Total assets</b>	99,841	83,372
	<u>=====</u>	<u>=====</u>
<b>Capital and reserves</b>		
Share capital	-	-
Reserves	99,841	83,372
	<u>-----</u>	<u>-----</u>
<b>Total equity attributable to equity shareholders of the Company</b>	99,841	83,372
	<u>=====</u>	<u>=====</u>

Consolidated Statement of Changes in Equity  
For the six months ended 30 June 2008 - unaudited  
*(Expressed in United States dollars)*

	<i>Note</i>	<i>Share capital \$'000</i>	<i>General reserve fund \$'000</i>	<i>Exchange reserve \$'000</i>	<i>Retained earnings \$'000</i>	<i>Total equity \$'000</i>
<b>At 1 January 2007</b>						
As previously reported		4,947	-	223	4,530	9,700
Prior period adjustments in respect of:						
- business combination	2(a)	(4,946)	-	118	9,005	4,177
- appropriation	2(b)	<u>-</u>	<u>462</u>	<u>-</u>	<u>(462)</u>	<u>-</u>
As restated, after prior period adjustments		1	462	341	13,073	13,877
Shares issued		9	-	-	-	9
Cancellation of shares with \$1 par value		(10)	-	-	-	(10)
Exchange differences on translation of the financial statements of a subsidiary (restated)		-	-	1,287	-	1,287
Profit for the period (restated)		<u>-</u>	<u>-</u>	<u>-</u>	<u>2,753</u>	<u>2,753</u>
<b>At as 30 June 2007 (as restated)</b>		<u>-</u>	<u>462</u>	<u>1,628</u>	<u>15,826</u>	<u>17,916</u>
		=====	=====	=====	=====	=====

Consolidated Statement of Changes in Equity  
For the six months ended 30 June 2008 - unaudited (continued)  
*(Expressed in United States dollars)*

	Note	Share premium \$'000	Capital reserve \$'000	General reserve fund \$'000	Treasury shares \$'000	Exchange reserve \$'000	Retained earnings \$'000	Total equity \$'000
<b>At 1 January 2008</b>								
As previously reported		65,386	-	-	(3,395)	3,230	12,426	77,647
Prior period adjustments in respect of:								
- business combination	2(a)	-	-	-	-	620	7,179	7,799
- appropriation	2(b)	-	-	1,557	-	-	(1,557)	-
- elimination of unrealised profits	2(c)	-	-	-	-	-	(394)	(394)
- share warrants	2(d)	(958)	958	-	-	-	-	-
- phantom share options	2(e)	-	-	-	-	-	(979)	(979)
- advance from a shareholder of the Company	2(f)	-	-	-	-	(701)	-	(701)
As restated, after prior period adjustments		64,428	958	1,557	(3,395)	3,149	16,675	83,372
Equity-settled share-based transactions		(1,477)	-	-	3,395	-	-	1,918
Exchange difference arising on translation of financial statements of a subsidiary		-	-	-	-	4,850	-	4,850
Exchange difference arising on translation of financial statements of a jointly- controlled entity		-	-	-	-	4	-	4
Profit for the period		-	-	-	-	-	9,697	9,697

Consolidated Statement of Changes in Equity  
 For the six months ended 30 June 2008 - unaudited (continued)  
 (Expressed in United States dollars)

Note	Share premium \$'000	Capital reserve \$'000	General reserve fund \$'000	Treasury shares \$'000	Exchange reserve \$'000	Retained earnings \$'000	Total equity \$'000
	(1,477)	-	-	3,395	4,854	9,697	16,469
<b>At 30 June 2008</b>	62,951	958	1,557	-	8,003	26,372	99,841

Consolidated Cash Flow Statement  
For the six months ended 30 June 2008 – unaudited  
(Expressed in United States dollars)

	<i>Six months ended 30 June</i>	
	<i>2008</i>	<i>2007</i>
	\$'000	\$'000
		<i>(restated)</i>
<b>Operating activities</b>		
Profit before taxation	12,120	2,753
Adjustments for:		
- Depreciation and amortisation	1,600	1,204
- Loss on disposal of lease prepayments	67	-
- Share-based payment expenses	2,677	-
- Impairment losses on trade and other receivables	1,120	-
- Interest expenses	750	436
- Interest income from bank deposits	(242)	(39)
- Share of profits less losses of a jointly-controlled entity	(585)	-
- Unrealised profits from transactions with a jointly-controlled entity	348	-
- Foreign exchange (gain)/loss	(157)	142
<b>Operating profit before changes in working capital</b>	17,698	4,496
Increase in inventories	(5,512)	(2,760)
Increase in trade and other receivables	(10,030)	(2,373)
Decrease in amount due from a jointly controlled entity	2,442	-
Increase in trade and other payables	5,288	828
<b>Net cash generated from operations</b>	9,886	191
PRC Enterprise Income Tax paid	(59)	-
	9,827	191
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Consolidated Cash Flow Statement  
For the six months ended 30 June 2008 – unaudited (Continued)  
*(Expressed in United States dollars)*

	2008 \$'000	2007 \$'000 <i>(restated)</i>
<b>Investing activities</b>		
Payment for the acquisition of property, plant and equipment	(16,972)	(4,541)
Proceeds from disposal of lease prepayments	534	-
Interest received	<u>242</u>	<u>39</u>
<b>Net cash used in investing activities</b>	(16,196)	(4,502)
	-----	-----
<b>Financing activities</b>		
Proceeds from issuing convertible notes	-	5,000
Placement of pledged deposits	977	1,565
Uplift of pledged deposits	(1,237)	(1,900)
Proceeds from bank loans	32,900	8,492
Repayment of bank loans	(24,788)	(7,034)
Interest paid	<u>(750)</u>	<u>(436)</u>
<b>Net cash generated from financing activities</b>	7,102	5,687
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<b>Net increase in cash and cash equivalents</b>	733	1,376
<b>Cash and cash equivalents at 1 January</b>	21,047	2,570
<b>Effect of foreign exchange rate changes</b>	<u>333</u>	<u>68</u>
<b>Cash and cash equivalents at 30 June</b>	22,113	4,014
	=====	=====

**Notes to the unaudited interim financial report**  
**(Expressed in United States Dollars)**

**1 Basis of preparation**

This interim financial report has been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”, promulgated by the International Accounting Standards Board.

The interim financial report has been prepared in accordance with the same accounting policies as adopted in the 2007 annual financial statements. However, the application of certain accounting policies was revisited during the current period and, accordingly, appropriate adjustments have been made in this interim financial report. Details of these prior period adjustments, are set out in note 2.

**2 Prior period adjustments**

**(a)** The Group underwent a reorganisation before the listing of its shares on the Alternative Investment Market (“AIM”) operated by London Stock Exchange plc. on 6 July 2007. In the prior year, the reorganisation was considered to be a business combination of entities under common control and, therefore, merger accounting was applied.

During the current period, management of the Group has revisited the substance of the reorganisation. Based on a legal opinion obtained from the Company’s lawyers and all information available to date, management now consider that there was a change in equity ownership in a subsidiary, Jiangyin Jetion Science and Technology Company Limited (“Jiangyin Jetion”), during the reorganisation. Due to this change of equity ownership, the then shareholder of Jiangyin Jetion could no longer exercise the power to govern the financial and operating policies so as to obtain benefits from Jiangyin Jetion. All economic benefits relating to Jiangyin Jetion were attributable to the new shareholders who are independent of the Group. As such, in accordance with prevailing accounting standards, the change in ownership in Jiangyin Jetion should be treated as an acquisition using purchase accounting. The change in the application of accounting policy has been applied retrospectively.

**(b)** In line with normal practice for PRC companies, Jiangyin Jetion had transferred 10% of its profits after taxation to general reserve fund for the years ended 31 December 2006 and 2007 pursuant to a resolution passed by its board of directors. In prior years, no appropriation was recorded in the Company’s consolidated financial statements. A prior period adjustment has been made to reflect this transfer to non-distributable reserves.

**(c)** In prior years, unrealised profits resulting from transactions between Jiangyin Jetion and the Group’s jointly controlled entity were not eliminated to the extent of the Group’s interest in the jointly controlled entity pursuant to IAS 31 “Interests in Joint Ventures”. A prior period adjustment has been made to correct this.

**(d)** As part of the consideration for the listing of its shares on AIM, the Company granted certain share warrants to Collins Stewart Europe Limited (“Collins Stewart”), the nominated adviser and broker of the Company for its listing on AIM, on 3 July 2007. Pursuant to the warrant agreement, Collins Stewart was granted the right to subscribe for the Company’s shares at the placing price of 151 pence per ordinary share in an amount up to 1% in number of the issued shares of the Company. Such right may be exercised at any time during the period of three years following the admission of the Company’s shares to trade on AIM. Details of the share warrants are further described in the Company’s AIM admission document.

In accordance with prevailing accounting standards, these share warrants should be accounted for as equity-settled transactions in accordance with International Financial Reporting Standard (“IFRS”) 2 “Share-based Payment”. In the prior year, the Company did not account for these share warrants in its consolidated financial statements as there was no effect on either the profit for the year or the shareholders’ equity at 31 December 2007. In this interim financial report, a prior period adjustment has been made to record the relevant amount in the appropriate reserves.

**(e)** As disclosed in the Company’s AIM admission document, a major shareholder of the Company has granted a call option to an employee benefit trust (“EBT”) to make available 4,796,211 ordinary

shares to EBT for the purpose of satisfying phantom share awards to be granted to certain employees of the Group and a former employee. The 4,796,211 ordinary shares made available by the major shareholder of the Company will be disposed of in the market by EBT to fund payments under the scheme. These phantom shares were granted in December 2007.

According to the scheme, the Company will make a cash payment to the grantees calculated as the difference between the market value of the Company's shares at the date of exercise and the nominal price of these phantom shares (i.e. 151 pence per share). The exercise of these phantom shares is subject to certain vesting and performance conditions.

In accordance with prevailing accounting standards, the above-mentioned phantom share arrangement should be accounted for in accordance with IFRS 2 "Share-based Payment" and IAS 39 "Financial Instruments: Recognition and Measurement". In the prior year, the Company did not account for this arrangement in its consolidated financial statements, and accordingly, a prior period adjustment has been made to correct this treatment.

**(f)** In prior years, the Company had wrongly credited advances from a shareholder of the Company to the exchange reserve. A prior period adjustment has been made to correct this error.

**(g)** Certain comparative figures have been re-classified to conform with the current period's presentation in order to better reflect the nature of the balances, as follows:

- i value added tax recoverable of \$1,037,000 has been reclassified from tax refundable to trade and other receivables;
- ii prepayments for acquisition of property, plant and equipment of \$5,911,000 have been reclassified from current assets to non-current assets;
- iii pledged deposits of \$1,452,000 have been classified separately from cash and cash equivalents; and
- iv research and development expenses of \$1,150,000 have been reclassified separately from cost of sales.

The adjustments for each line item in the consolidated income statement affected for the six months ended 30 June 2007 and each line item in the consolidated balance sheet affected as at 31 December 2007 are set out below:

**Consolidated income statement for the six months ended 30 June 2007**

	2007 (as previously reported) \$'000	Note 2(a) \$'000	Note 2(g) \$'000	2007 (as restated) \$'000
<b>Turnover</b>	38,645	-	-	38,645
Cost of sales	<u>(33,466)</u>	<u>-</u>	<u>1,150</u>	<u>(32,316)</u>
<b>Gross profit</b>	5,179	-	1,150	6,329
Distribution costs	(248)	-	-	(248)
Administrative expenses	(684)	(878)	-	(1,562)
Research and development expenses	<u>-</u>	<u>-</u>	<u>(1,150)</u>	<u>(1,150)</u>
<b>Results from operating activities</b>	<u>4,247</u>	<u>(878)</u>	<u>-</u>	<u>3,369</u>
Finance income	39	-	-	39
Financial expenses	<u>(655)</u>	<u>-</u>	<u>-</u>	<u>(655)</u>
<b>Net financing expenses</b>	<u>(616)</u>	<u>-</u>	<u>-</u>	<u>(616)</u>
<b>Profit before income tax</b>	3,631	(878)	-	2,753
Income tax expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Profit for the period attributable to equity shareholders of the Company</b>	<u>3,631</u>	<u>(878)</u>	<u>-</u>	<u>2,753</u>
<b>Earnings per share</b>				
Basic and diluted earnings per share (US cents)	<u>7.26</u>	<u>(1.75)</u>	<u>-</u>	<u>5.51</u>

**2 Prior period adjustments (continued)**  
**Consolidated balance sheet at 31 December 2007**

	2007 (as previously reported) \$'000	Note 2(a) \$'000	Note 2(c) \$'000	Note 2(e) \$'000	Note 2(f) \$'000	Note 2(g) \$'000	2007 (as restated) \$'000
<b>Non-current assets</b>							
Property, plant and equipment	15,603	3,475	-	-	-	-	19,078
Lease prepayments	1,849	1,372	-	-	-	-	3,221
Prepayments for acquisition of property, plant and equipment	-	-	-	-	-	5,911	5,911
Intangible assets	-	4,687	-	-	-	-	4,687
Interest in a jointly-controlled entity	283	-	(283)	-	-	-	-
	<u>17,735</u>	<u>9,534</u>	<u>(283)</u>	<u>-</u>	<u>-</u>	<u>5,911</u>	<u>32,897</u>
<b>Current assets</b>							
Inventories	7,763	-	-	-	-	-	7,763
Trade and other receivables	45,303	-	-	-	-	(4,874)	40,429
Amount due from a jointly-controlled entity	7,738	-	-	-	-	-	7,738
Tax refundable	1,037	-	-	-	-	(1,037)	-
Pledged deposits	-	-	-	-	-	1,452	1,452
Cash and cash equivalents	22,499	-	-	-	-	(1,452)	21,047
	<u>84,340</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,911)</u>	<u>78,429</u>
<b>Current liabilities</b>							
Bank loans							
- Secured	6,151	-	-	-	-	-	6,151
- Unsecured	6,936	-	-	-	-	-	6,936
Trade and other payables	10,351	-	111	979	-	-	11,441
Amount due to a shareholder	990	-	-	-	701	-	1,691
	<u>24,428</u>	<u>-</u>	<u>111</u>	<u>979</u>	<u>701</u>	<u>-</u>	<u>26,219</u>
<b>Net current assets</b>	<u>59,912</u>	<u>-</u>	<u>(111)</u>	<u>(979)</u>	<u>(701)</u>	<u>(5,911)</u>	<u>52,210</u>
<b>Total assets less current liabilities</b>	<u>77,647</u>	<u>9,534</u>	<u>(394)</u>	<u>(979)</u>	<u>(701)</u>	<u>-</u>	<u>85,107</u>
<b>Non-current liabilities</b>							
Deferred tax liability	-	1,735	-	-	-	-	1,735
<b>Total assets</b>	<u>77,647</u>	<u>7,799</u>	<u>(394)</u>	<u>(979)</u>	<u>(701)</u>	<u>-</u>	<u>83,372</u>
<b>Capital and reserves</b>							
Share capital	-	-	-	-	-	-	-
Reserves	77,647	7,799	(394)	(979)	(701)	-	83,372
<b>Total equity attributable to equity shareholders of the Company</b>	<u>77,647</u>	<u>7,799</u>	<u>(394)</u>	<u>(979)</u>	<u>(701)</u>	<u>-</u>	<u>83,372</u>

### 3 Turnover and segment reporting

The principal activities of the Group during the period were the conducting of research and development and the manufacture and sale of high quality solar energy cells and modules. The Group's turnover for the period comprises the invoiced value of goods sold to customers less returns and discounts. The Group's primary format for reporting segment information is business segments which comprise the following:

Cells : Manufacture and sale of solar energy cells  
 Modules : Manufacture and sale of solar energy modules

	<i>Cells</i>		<i>Modules</i>		<i>Total</i>	
	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	(unaudited)	(unaudited) (restated)	(unaudited)	(unaudited) (restated)	(unaudited)	(unaudited) (restated)
Revenue from external customers	19,127	37,266	81,525	1,379	100,652	38,645
Segment result	2,460	6,202	15,900	127	18,360	6,329
Unallocated operating income and expenses					(5,750)	(2,960)
Results from operating activities					12,610	3,369
Net finance costs					(1,075)	(616)
Share of profits less losses of jointly controlled entity					585	-
Income tax expense					(2,423)	-
Profit for the period					9,697	2,753

#### 4 Income tax

	Six months ended 30 June	
	2008	2007
	\$'000	\$'000
<b>Current tax</b>		
PRC taxation for current period	<u>1,871</u>	<u>-</u>
	1,871	-
	-----	-----
<b>Deferred tax</b>		
Origination and reversal of temporary differences	<u>552</u>	<u>-</u>
	-----	-----
Total income tax expense	<u>2,423</u>	<u>-</u>
	=====	=====

(a) Pursuant to the approval document obtained from the relevant tax authorities in the People's Republic of China ("PRC"), the subsidiary in the PRC is entitled to a tax concession period whereby the subsidiary is fully exempted from PRC enterprise income tax for the two years starting from its first profit-making year, followed by a 50% reduction in the PRC enterprise income tax for the next three years. The standard income tax rate in the PRC is 25%.

The first profit-making year of the subsidiary was 2006 so that the subsidiary was fully exempted from PRC enterprise income tax from 1 January 2006 to 31 December 2007 and is subject to a preferential tax rate of 12.5% from 1 January 2008 to 31 December 2010.

(b) Under the Corporate Income Tax Law of the PRC, with effect from 1 January 2008 onwards, Hong Kong enterprises without an establishment or place of business in Mainland China or which have an establishment or place of business but the relevant income is not effectively connected with the establishment or a place of business in Mainland China, are subject to withholding tax at the rate of 5% on dividends received from sources in Mainland China. Distribution of the pre-2008 earnings are exempted from the above-mentioned withholding tax.

#### 5 Dividend

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2008 (six months ended 30 June 2007: \$Nil).

#### 6 Earnings per share

##### (a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of \$9,697,000 (six months ended 30 June 2007 (restated): \$2,753,000) and the weighted average of 73,112,976 ordinary shares (2007: 50,000,000 ordinary shares, after adjusting for the capitalisation issue in 2007) in issue during the period, calculated as follows:-

	2008	2007
Issued ordinary shares at 1 January	74,209,676	89
Effect of shares issued during reorganisation	-	9,911
Effect of capitalisation issue	-	49,990,000
Effect of shares repurchased	<u>(1,096,700)</u>	<u>-</u>
Weighted average number of ordinary shares	<u>73,112,976</u>	<u>50,000,000</u>
	=====	=====

The effect of ordinary shares issued under the Company's reorganisation during the six months ended 30 June 2007 is determined as if the shares were outstanding throughout 2007.

**(b) Diluted earnings per share**

Diluted earnings per share for the six months ended 30 June 2008 is not presented as the potential ordinary shares in respect of outstanding share options are anti-dilutive.

Diluted earnings per share for the six months ended 30 June 2007 is not presented as there were no potential ordinary shares.

**7 Property, plant and equipment**

(a) During the six months ended 30 June 2008, the Group acquired property, plant and equipment with an aggregate cost of \$20,932,000 (six months ended 30 June 2007: \$11,062,000).

(b) Certain property, plant and equipment with a carrying value of \$4,963,000 (six months ended 30 June 2007: \$3,917,000) is pledged to banks for certain banking facilities granted to the Group.

**8 Lease prepayments**

Lease prepayments, which represent land use rights held by a subsidiary in the PRC, have been pledged to banks for certain banking facilities granted to the Group.

**9 Intangible assets**

Intangible assets mainly represent technology know-how to produce solar cells. Intangible assets are amortised on a straight-line basis over five years.

**10 Capital commitments**

	<i>At 30 June 2008 \$'000</i>	<i>At 31 December 2007 \$'000</i>
Authorised and contracted for	4,260	15,029
Authorised but not contracted for	<u>1,850</u>	<u>-</u>
	6,110	15,029
	=====	=====

**11 Material related party transactions**

During the six months ended 30 June 2007 and 2008, transactions with the following parties are considered to be related party transactions:

<u>Name of party</u>	<u>Relationship</u>
Jiangyin Tian Bang Dian Qi Zhi Zao Co., Ltd. ("Tian Bang")	Controlled by a sister of a director of the Company
Yang Jiezhen	Equity shareholder of the Company
Sharp Lion Limited	Equity shareholder of the Company
Jetion Europe Limited	Jointly controlled entity of the Group

**(a) Key management personnel remuneration**

Remuneration for key management personnel of the Group for the six months ended 30 June 2008 is as follows:

	<i>Six months ended 30 June</i>	
	<i>2008</i>	<i>2007</i>
	<i>\$'000</i>	<i>\$'000</i>
Basic salaries, allowances and benefits in kind	1,047	13
Share-based payments	<u>476</u>	<u>-</u>
	1,523	13
	=====	=====

**(b) Transactions with related parties**

	<i>Six months ended 30 June</i>	
	<i>2008</i>	<i>2007</i>
	<i>\$'000</i>	<i>\$'000</i>
<i>Trade related:</i>		
Sales of goods to Jetion Europe Limited	21,157	-
<i>Non-trade related:</i>		
Advances from Tian Bang	20,458	14,481
Repayments to Tian Bang	<u>18,947</u>	<u>6,712</u>
	=====	=====

The directors of the Company are of the opinion that the trading transactions were conducted on normal commercial terms and were priced with reference to prevailing market prices and in the ordinary course of business.

**(c) Amounts due from related parties**

	<i>At</i>	<i>At</i>
	<i>30 June</i>	<i>31 December</i>
	<i>2008</i>	<i>2007</i>
	<i>\$'000</i>	<i>\$'000</i>
<i>Trade related:</i>		
- Jetion Europe Limited	5,757	7,738
<i>Non-trade related:</i>		
- Sharp Lion Limited	<u>417</u>	<u>417</u>
	=====	=====

Amounts due from related parties are unsecured, interest free and expected to be recovered within one year.

**(d) Amounts due to related parties**

	<i>At</i>	<i>At</i>
	<i>30 June</i>	<i>31 December</i>
	<i>2008</i>	<i>2007</i>
	<i>\$'000</i>	<i>\$'000</i>
<i>Non-trade related:</i>		
- Tian Bang	403	174
- Yang Jiezheng	<u>1,417</u>	<u>1,691</u>
	=====	=====

Amounts due to related parties are unsecured, interest free and expected to be settled within one year.

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## 12 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ending 31 December 2008

Up to the date of issue of this interim financial report, the International Accounting Standards Board has issued a number of amendments, new standards and interpretations which are not yet effective for the annual accounting period ending 31 December 2008 and which have not been adopted in this interim financial report.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

		<i>Effective for accounting periods beginning on or after</i>
IFRS 8	Operating Segments	1 January 2009
Revised IAS 1	Presentation of Financial Statements	1 January 2009
Revised IAS 23	Borrowing Costs	1 January 2009

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## **Independent Review Report to the Board of Directors of Jetion Holdings Limited**

*(Incorporated in the British Virgin Islands with limited liability)*

### **Introduction**

We have reviewed the interim financial report which comprises the consolidated balance sheet of Jetion Holdings Limited as of 30 June 2008, the consolidated income statement, the consolidated statement of changes in equity and consolidated cash flow statement for the six months period then ended and the explanatory notes. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of interim financial information performed by the independent auditor of the entity” issued by the International Auditing and Assurance Standards Board. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2008 is not prepared, in all material respects, in accordance with IAS 34 “Interim Financial Reporting”.

KPMG  
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22 September 2008