HANERGY THIN FILM POWER GROUP LIMITED
漢能薄膜發電集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 566)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2015

The board of directors (the "**Board**") of Hanergy Thin Film Power Group Limited (the "**Company**") announces the unaudited interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2015 together with comparative figures for the corresponding period and selected explanatory notes are as follows:

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

For the six months ended 30 June 2015

		Six months ended 30 June	
	Notes	**2015** ***HK$'000*** **(Unaudited)**	2014 *HK$'000* (Unaudited) (Restated)
REVENUE	*5*	**2,118,186**	3,213,185
Cost of sales		**(657,584)**	(495,308)
Gross profit		**1,460,602**	2,717,877
Other income and gains	*6*	**260,848**	43,264
Selling and distribution expenses		**(162,220)**	(14,316)
Administrative expenses		**(747,251)**	(398,738)
Research and development costs		**(434,218)**	(237,979)
Impairment of an available-for-sale investment		**—**	(23,610)
Loss on disposal of a subsidiary	*19*	**(11,499)**	—
Other expenses		**(53,637)**	—
Finance costs	*7*	**(53,757)**	(4,274)
PROFIT BEFORE TAX	*8*	**258,868**	2,082,224
Income tax expense	*9*	**(318,191)**	(406,552)
(LOSS)/PROFIT FOR THE PERIOD		**(59,323)**	1,675,672

	Notes	Six months ended 30 June **2015** ***HK$'000*** **(Unaudited)**	2014 *HK$'000* (Unaudited) (Restated)
OTHER COMPREHENSIVE LOSS TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS			
Exchange differences on translation of foreign operations		**(20,982)**	(67,729)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX		**(20,982)**	(67,729)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD		**(80,305)**	1,607,943
(Loss)/profit for the period attributable to:			
Owners of the parent		**(59,345)**	1,675,672
Non-controlling interests		**22**	—
		(59,323)	1,675,672
Total comprehensive (loss)/income for the period attributable to:			
Owners of the parent		**(80,327)**	1,607,943
Non-controlling interests		**22**	—
		(80,305)	1,607,943
		HK Cents	*HK Cents*
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT			
Basic	*10*	**(0.14)**	5.85
Diluted	*10*	**(0.13)**	3.88

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Notes	**30 June 2015 HK$'000 (Unaudited)**	31 December 2014 HK$'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment		**989,834**	690,766
Goodwill		**7,915,318**	7,915,318
Intangible assets		**1,108,693**	1,181,777
Deposits paid for the acquisition of items of property, plant and equipment		**32**	32
Long term deferred expenses		**67,131**	76,015
Deferred tax assets		**74,703**	76,404
Restricted cash		**4,070**	4,072
Total non-current assets		**10,159,781**	9,944,384
CURRENT ASSETS			
Inventories		**2,502,714**	659,023
Trade receivables	*11*	**3,231,349**	6,078,695
Gross amount due from contract customers	*12*	**3,911,449**	3,278,508
Other receivables	*13*	**868,566**	399,634
Bills receivable		**—**	101,411
Deposits and prepayments	*14*	**2,484,457**	1,636,919
Restricted cash		**161,187**	76,689
Cash and cash equivalents		**2,386,352**	3,056,916
Total current assets		**15,546,074**	15,287,795
CURRENT LIABILITIES			
Trade and bills payables	*15*	**1,049,097**	435,817
Other payables and accruals	*16*	**1,552,517**	1,484,606
Interest-bearing bank and other borrowings		**458,786**	484,190
Tax payable		**798,400**	860,908
Finance lease payables		**8,063**	7,875
Total current liabilities		**3,866,863**	3,273,396
NET CURRENT ASSETS		**11,679,211**	12,014,399
TOTAL ASSETS LESS CURRENT LIABILITIES		**21,838,992**	21,958,783
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**630,349**	561,995
Interest-bearing bank and other borrowings		**1,061,192**	871,255
Finance lease payables		**32,989**	37,015
Other non-current liabilities		**3,500**	2,880
Total non-current liabilities		**1,728,030**	1,473,145
Net assets		**20,110,962**	20,485,638
EQUITY			
Equity attributable to the owners of the parent			
Issued capital	*17*	**104,367**	104,084
Reserves		**20,005,986**	20,380,967
		20,110,353	20,485,051
Non-controlling interests		**609**	587
Total equity		**20,110,962**	20,485,638

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

1. CORPORATE INFORMATION

Hanergy Thin Film Power Group Limited (the "Company") is an exempted company with limited liability incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business is Suite 7601A & 7607-08, Level 76, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.

During the period, the Company and its subsidiaries (collectively referred to as the "Group") were principally involved in (i) the manufacture of equipment and turnkey production lines for the manufacture of amorphous silicon and Copper Indium Gallium Selenide ("CIGS") based thin-film power modules ("Manufacturing"); (ii) the technological development and production of Gallium Arsenide ("GaAs") thin-film power turnkey production lines ("Manufacturing"); (iii) building ground-mounted power stations or rooftop power stations for sale and sale of thin-film power modules ("Downstream"); and (iv) the research, development and sale of thin-film power application products ("Downstream").

The Company's shares are listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Group's current operations are principally based in Hong Kong, the People's Republic of China (the "PRC" or "Mainland China"), the Kingdom of Sweden ("Sweden"), the Federal Republic of Germany ("Germany"), the United States of America (the "United States") and the United Kingdom of Great Britain and Northern Ireland (the "United Kingdom").

On 3 July 2014, the Company announced to change the Company's name from Hanergy Solar Group Limited to Hanergy Thin Film Power Group Limited to better reflect its principal activities and the future business strategies. The change of the Company's name has been approved by the shareholders at a special general meeting on 18 August 2014. Upon completion of all the registration procedures, the new company name has become effective since 16 September 2014. Following that change, the Company's new stock short name on the Stock Exchange has been changed to "Hanergy TFP" with effect from 9 October 2014.

On 2 September 2014, 9,000,000,000 shares were issued to Hanergy Holding Group Limited ("Hanergy Holding"). On the same date, the Convertible Bonds holders, GL Wind Farm Investment Limited ("GL Wind Farm") and China Genco Investment Limited ("China Genco"), both Hanergy Holding's subsidiaries, converted all the outstanding Convertible Bonds into 3,800,598,461 ordinary shares, which resulted in the interests in the Company held by Hanergy Holding Group and its concert parties increasing to 73% of the issued share capital of the Company.

In the opinion of the directors, the immediate holding company of the Company is Hanergy Investment Limited ("Hanergy Investment"), which is incorporated in the British Virgin Islands ("BVI") and the ultimate holding company of the Company is Hanergy Holding, which is established in the PRC.

2.1 BASIS OF PREPARATION

These unaudited interim condensed consolidated financial statements are prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The accounting policies and the basis of preparation adopted in the preparation of these unaudited condensed consolidated financial statements are consistent with those adopted in the annual financial statements for the year ended 31 December 2014, except for the adoption of the new and revised HKFRSs as disclosed in note 2.2 below.

These unaudited interim condensed consolidated financial statements have been prepared under historical cost convention. These condensed consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

As at 30 June 2015, the Group had net current assets of HK$11,679,211,000. Included in the Group's current assets as at 30 June 2015 were gross amount due from and account receivables from Hanergy Holding and its affiliates (collectively "Hanergy Affiliates") for contract work of HK$5,023,565,000 and other receivables due from and prepayments made to Hanergy Affiliates of HK$1,214,206,000 (details of which are set out in notes 11, 12, 13 and 14 respectively below). The Group finances its operations principally by obtaining progress payments from customers and credit terms from suppliers and therefore the Group's liquidity depends very much on the timeliness of settlement of progress payments by the Hanergy Affiliates.

The directors of the Company, after due and careful enquiries to assess the credibility and the capacity of the Hanergy Affiliates, are of the view that the Hanergy Affiliates would be able to settle all progress payments on a timely basis and fulfil all the contracts concluded with the Group. As such, the directors of the Company are of the opinion that the Group will have sufficient working capital to finance its operations and financial obligations as and when they fall due, and accordingly, are satisfied that it is appropriate to prepare the condensed consolidated financial statements on a going concern basis.

Comparative information

Certain items in the condensed consolidated financial statements have been restated due to common control business combination, further summary details of which are included in note 3 below.

Restatement of earnings per share attributable to owners of the parent in 2014 Interim condensed consolidated financial statements

The Company would like to clarify the calculation of the basic earnings per share in the 2014 interim condensed consolidated financial statements using the weighted average number of ordinary shares in issue during the year ended 31 December 2013 (approximately 22,168,542,000 shares) in 2013 annual report as the number of ordinary shares in issue during the period at the beginning of the period. The correct number at the beginning of the period should be approximately 28,587,819,000 shares, and the correct weighted average number of ordinary shares in issue during the six months ended 30 June 2014 should be adjusted to approximately 28,632,431,000 shares. After adjustment, the earnings per share attributable to owners of the parent for the six months ended 30 June 2014 (before restatement for common control business combination) was adjusted from approximately HK cents 7.78 to HK cents 6.04. The diluted earnings per share (before restatement for common control business combination) will be adjusted from approximately HK cents 4.7 to HK cents 4.0.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The adoption of new accounting standards and interpretations (which includes all new and revised Hong Kong Financial Reporting Standards, HKASs and Interpretations issued by the Hong Kong Institute of Certified Public Accountants, collectively the "HKFRSs") that are relevant and first effective for the current accounting period of the Group, are summarised as below:

HKAS 16	Property, Plant and Equipment
HKAS 24	Related Party Disclosures
HKFRS 8	Operating Segments
HKFRS 13	Fair Value Measurement
Amendments to HKFRSs	Annual Improvements 2010-2012 Cycle
Amendments to HKFRSs	Annual Improvements 2011-2013 Cycle

The adoption of the above amendments to HKFRSs does not have any significant effect on the interim condensed consolidated financial statements of the Group.

The Group has not early adopted any other accounting standard, interpretation or amendment that has been issued but is not yet effective.

3. RESTATEMENT

As a result of the acquisition of Global Solar Energy, Inc. ("GSE") and Alta Devices, Inc. ("Alta") (as detailed in note 18) in 2014 and 2015 respectively, the relevant line items in the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2014, the condensed consolidated statement of financial position as at 31 December 2014 and the condensed consolidated statement of changes in equity as at 30 June 2014 have been restated as follows:

	The Group (as previously reported)	GSE	Alta	The Group (as restated)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2014 (unaudited):				
Revenue	3,204,806	8,379	—	3,213,185
Profit/(loss) for the period	1,729,146	(53,474)	—	1,675,672
Other comprehensive income for the period, net of tax	(67,739)	10	—	(67,729)
Total comprehensive income for the period	1,661,407	(53,464)	—	1,607,943
Condensed consolidated statement of financial position as at 31 December 2014:				
Non-current assets	9,725,336	—	219,048	9,944,384
Current assets	15,250,097	—	37,698	15,287,795
Total assets	24,975,433	—	256,746	25,232,179
Current liabilities	3,225,486	—	47,910	3,273,396
Non-current liabilities	1,257,272	—	215,873	1,473,145
Total liabilities	4,482,758	—	263,783	4,746,541
Net assets/(liabilities)	20,492,675	—	(7,037)	20,485,638

	The Group (as previously reported) HK$'000	GSE HK$'000	Alta HK$'000	The Group (as restated) HK$'000
Equity attributable to the owners of the parent	20,492,088	—	—	20,492,088
Deemed contribution	—	—	96,995	96,995
Total comprehensive loss for the year	—	—	(104,032)	(104,032)
Non-controlling interests	587	—	—	587
Total equity	20,492,675	—	(7,037)	20,485,638
Condensed consolidated statement of changes in equity as at 30 June 2014 (unaudited):				
Equity attributable to the owners of the parent	17,050,263	(37,785)	—	17,012,478
Deemed contribution	—	98,840	—	98,840
Total comprehensive loss for the period	—	(53,464)	—	(53,464)
Non-controlling interests	665	—	—	665
Total equity	17,050,928	7,591	—	17,058,519

4. OPERATING SEGMENT INFORMATION

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined according to the Group's major product and service lines.

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

— manufacture of equipment and turnkey production lines for the manufacture of both amorphous silicon based and CIGS thin-film solar photovoltaic modules and the technological development and production of GaAs thin-film power turnkey production lines ("Manufacturing");

— building the solar farms or rooftop power stations and sell the power stations, operating of rooftop power stations, sales of solar photovoltaic panels and application products ("Downstream")

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group's profit before tax except that interest income, finance costs as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, equity investment at fair value through profit or loss, other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude Convertible Bonds, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

	For the six months ended and as at 30 June 2015 (Unaudited)		
	Manufacturing	**Downstream**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Segment Revenue			
Sales to external customers	**1,932,918**	**185,268**	**2,118,186**
Segment Results	**933,674**	**(631,512)**	**302,162**
Including:			
Research and development costs	**(434,218)**	**—**	**(434,218)**
Reconciliation of segment results:			
Segment Results			**302,162**
Interest income			**218,258**
Finance costs			**(53,757)**
Unallocated other income and gains			**42,591**
Corporate and other unallocated expense			**(250,386)**
Profit before tax			**258,868**
Segment Assets	**23,332,303**	**5,084,423**	**28,416,726**
Reconciliation:			
Elimination of intersegment receivables			**(2,857,532)**
Deferred tax assets			**74,703**
Corporate and other unallocated assets			**71,958**
Total Assets			**25,705,855**
Segment Liabilities	**3,157,940**	**4,621,566**	**7,779,506**
Reconciliation:			
Elimination of intersegment payables			**(2,857,532)**
Deferred tax liabilities			**630,349**
Corporate and other unallocated liabilities			**42,570**
Total Liabilities			**5,594,893**

	For the six months ended and as at 30 June 2015 (Unaudited)		
	Manufacturing	**Downstream**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Other Segment Information			
Depreciation and amortisation	**123,904**	**12,858**	**136,762**
Reconciliation:			
Corporate and other unallocated depreciation and amortisation			**16,450**
Total depreciation and amortisation			**153,212**
Capital expenditure *	**226,530**	**167,602**	**394,132**
Reconciliation:			
Corporate and other unallocated capital expenditure			**620**
Total capital expenditure			**394,752**

* Capital expenditure consists of additions to property, plant and equipment, intangible assets and long term deferred expense.

	For the six months ended 30 June 2014 (Unaudited) and as at 31 December 2014 (Restated)		
	Manufacturing	Downstream	Total
	HK$'000	*HK$'000*	*HK$'000*
	(Restated)	(Restated)	(Restated)
Segment Revenue			
Sales to external customers	3,172,709	40,476	3,213,185
Segment Results	2,368,254	(191,713)	2,176,541
Including:			
Research and development costs	(237,979)	—	(237,979)
Reconciliation of segment results:			
Segment results	2,368,254	(191,713)	2,176,541
Interest income	1,842	203	2,045
Finance costs			(4,274)
Impairment of an available-for-sale investment			(23,610)
Unallocated other income and gains			41
Corporate and other unallocated expense			(68,519)
Profit before tax			2,082,224
Segment Assets	23,060,677	4,960,356	28,021,033
Reconciliation:			
Elimination of intersegment receivables			(3,695,562)
Deferred tax assets			76,404
Corporate and other unallocated assets			830,304
Total Assets			25,232,179
Segment Liabilities	3,359,460	4,192,384	7,551,844
Reconciliation:			
Elimination of intersegment payables			(3,562,540)
Deferred tax liabilities			561,995
Corporate and other unallocated liabilities			195,242
Total Liabilities			4,746,541

	For the six months ended 30 June 2014 (Unaudited) and as at 31 December 2014 (Restated)		
	Manufacturing	Downstream	Total
	HK$'000	*HK$'000*	*HK$'000*
	(Restated)	(Restated)	(Restated)
Other Segment Information			
Depreciation and amortisation	122,768	1,327	124,095
Reconciliation:			
Corporate and other unallocated depreciation and amortisation			358
Total depreciation and amortisation			124,453
Capital expenditure *	37,702	34,814	72,516
Reconciliation:			
Corporate and other unallocated capital expenditure			39
Total capital expenditure			72,555

* Capital expenditure consists of additions to property, plant and equipment, intangible assets and long term deferred expense.

Geographical information

(a) Revenue from external customers

	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(Restated)
Mainland China	**2,052,451**	3,164,330
United Kingdom	**42,605**	40,476
United States	**7,478**	8,379
Singapore	**2,656**	—
Hong Kong	**1,293**	—
Others	**11,703**	—
	2,118,186	3,213,185

(b) Non-current assets

	30 June	31 December
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(Restated)
Mainland China	**1,548,194**	1,486,544
United States	**520,375**	410,636
Germany	**29,688**	13,886
Sweden	**19,408**	23,553
Hong Kong	**5,696**	10,932
United Kingdom	**5,295**	4,155
Others	**41,104**	2,956
	2,169,760	1,952,662

The non-current assets information above is based on the locations of the assets and excludes goodwill and deferred tax assets.

Information about major customers

Revenue of HK$1,868,343,000 (for the six months ended 30 June 2014: Nil) was derived from sales by the Manufacturing segment to Shandong Macrolink New Resources Technology Limited ("Shandong Macrolink") for the six months ended 30 June 2015.

Revenue of HK$59,641,000 (for the six months ended 30 June 2014: HK$3,164,330,000) was derived from sales by the Manufacturing segment to Hanergy Affiliates for the six months ended 30 June 2015.

5. REVENUE

Revenue, which is also the Group's turnover, mainly represents an appropriate proportion of contract revenue of construction contracts and the sale of rooftop power stations, solar photovoltaic panels, photovoltaic application products, electricity and engineering service to customers.

An analysis of revenue is as follows:

	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(Restated)
Revenue		
Contract revenue	**1,927,984**	3,164,330
Sales of solar photovoltaic panels	**112,074**	8,379
Sales of rooftop power stations	**63,106**	40,476
Sales of photovoltaic application products	**8,273**	—
Sales of electricity	**5,601**	—
Sales of engineering service	**1,148**	—
	2,118,186	3,213,185

6. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(Restated)
Government grants	**19,448**	37,900
Bank interest income	**23,400**	2,045
Interest income on overdue trade receivable from Hanergy Affiliates	**194,858**	—
Gain on sales of spare parts	**12,214**	1,060
Gain on sales of photovoltaic modules	—	1,335
Gain on provision of services	**9,024**	—
Others	**1,904**	924
	260,848	43,264

7. FINANCE COSTS

	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(Restated)
Interest on other borrowings from a related company	**12,163**	871
Interest on other borrowings from unrelated third parties	**23,879**	6,148
Interest on bank borrowings	**18,578**	4,177
Interest on finance lease	**751**	884
Bills receivable discount charges	**3,774**	—
Imputed interest expenses on Convertible Bonds	—	965
Total interest expenses	**59,145**	13,045
Less: Capitalised interest	**(5,388)**	(8,771)
	53,757	4,274

8. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after (crediting)/charging:

	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(Restated)
Loss on disposal of items of property, plant and equipment	**31**	37
Loss on disposal of a subsidiary	**11,499**	—
Impairment of an available-for-sale investment	**—**	23,610
Write-down of inventories to net realisable value	**29,801**	—
Impairment of items of property, plant and equipment	**658**	—
Fair value loss on an equity investment at fair value through profit or loss	**—**	4,269
Equity-settled share option expenses	**5,938**	—
Depreciation of items of property, plant and equipment	**55,394**	50,934
Amortisation of long term deferred expenses	**20,833**	—
Amortisation of intangible assets	**76,985**	73,519

9. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising from Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax:		
— The PRC		
Income tax expense for the period	**248,349**	327,417
Underprovision in respect of prior periods	**—**	8,194
	248,349	335,611
Deferred tax charge:		
Current period	**69,842**	70,941
Total tax charge for the period	**318,191**	406,552

Effective from 1 January 2008, the PRC's statutory corporate income tax ("CIT") rate is 25%. Certain of the Group's subsidiaries in the PRC were designated as "High New Technology Enterprise" and were applicable for a preferential CIT rate of 15%. One of the Group's subsidiary in the PRC were designated as "National Encouraged Enterprises" under China's Western Region Development Policies and were applicable for a preferential CIT rate of 15%. The Company's other PRC subsidiaries are subject to income tax at 25% on their respective taxable incomes as calculated in accordance with the CIT Law and its relevant regulations ("the actual method") except for Apollo Precision (Kunming) Yuanhong Limited ("Apollo Kunming"). In 2013, the Company received written confirmation from the local tax bureau that Apollo Kunming was taxed on a deemed profit method based on the deemed profits at the 25% statutory tax rate. Practicably, the CIT was collected approximately at deemed profits determined at 10% of the sales. In 2015, the Company applied and the local tax bureau approved that Apollo Kunming is subject to income tax at 25% on its taxable income by using the actual method rather than the deemed profit method with effective from 1 January 2015. No deferred tax assets were provided for Apollo Kunming since it is not considered probable that taxable profits will be available against which the tax losses can be utilised. The Company's subsidiary in Sweden is subject to income tax rate at 22%. The Company's subsidiary in United Kingdom is subject to income tax rate at 21%. The Company's subsidiaries in United States are subject to income tax rate at 41% to 43%. The Company's subsidiaries in Germany are subject to income tax rate at 29%. No provision for income tax was made for the overseas subsidiaries as there were no assessable profits during the current and prior periods.

10. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

The calculations of basic and diluted (loss)/earnings per share are based on:

	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited) (Restated)
(Loss)/Earnings for the period		
(Loss)/Profit attributable to owners of the parent, used in basic (loss)/earnings per share calculation	**(59,345)**	1,675,672
Imputed interest expenses on Convertible Bonds	**—**	965
(Loss)/Profit for the purpose of diluted earnings per share calculation	**(59,345)**	1,676,637

	Number of shares Six months ended 30 June **2015** **'000**	2014 '000
Weighted average number of ordinary shares in issue during the period used in basic earnings per share calculation	**41,688,569**	28,632,431
Effect of dilution — weighted average number of ordinary shares:		
Assumed issue at no consideration on deemed exercise of all share options outstanding during the period	**532,407**	630,502
Deemed conversion of all Convertible Bonds	**—**	3,403,749
Deemed exercise of all outstanding subscription rights	**2,817,983**	10,538,228
Weighted average number of ordinary shares in issue during the period used in diluted earnings per share calculation	**45,038,959**	43,204,910

11. TRADE RECEIVABLES

	Notes	**30 June 2015** ***HK$'000*** **(Unaudited)**	31 December 2014 *HK$'000* (Audited)
Trade receivables:			
— Due from Hanergy Affiliates	*(i)*	**2,011,338**	4,345,231
— Due from third parties	*(ii)*	**1,220,011**	1,733,464
		3,231,349	6,078,695

Notes:

(i) Trade receivables from Hanergy Affiliates

The balances are mainly related to contracts with Hanergy Affiliates, settled in accordance with the terms of the respective contracts which is generally from 5 to 10 days. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Based on the invoice date, the ageing analysis of the Group's net trade receivables from Hanergy Affiliates is as follows:

	30 June 2015	31 December 2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 3 months	**466,416**	2,823,545
3 to 6 months	**1,544,922**	1,521,686
	2,011,338	4,345,231

The ageing analysis of the trade receivables from Hanergy Affiliates that are not individually nor collectively considered to be impaired is as follows:

	30 June 2015	31 December 2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Neither past due nor impaired	**407,110**	1,848,630
Less than 3 months past due	**59,306**	974,915
3-6 months past due	**1,544,922**	1,521,686
	2,011,338	4,345,231

Pursuant to the relevant sales contracts, the Group is entitled to claim Hanergy Affiliates interest penalty on the overdue progress payments. Interest penalty of HK$194,858,000 as 0.04% per day of the overdue trade receivables was included in the other receivables due from Hanergy Holding as at 30 June 2015.

(ii) Trade receivables from third parties

a. Trade receivables from Shandong Macrolink

The balances are mainly related to contracts with Shandong Macrolink, settled in accordance with the terms of the contracts which is generally from 3 to 7 days. The Group does not hold any collateral or other credit enhancements over its trade receivable balances.

Based on the invoice date, the ageing analysis of the Group's net trade receivables from Shandong Macrolink is as follows:

	30 June 2015	31 December 2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 3 months	**995,377**	—
3 to 6 months	**—**	—
	995,377	—

The ageing analysis of the trade receivables from Shandong Macrolink that are not individually nor collectively considered to be impaired is as follows:

	30 June 2015	31 December 2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Neither past due nor impaired	**332,578**	—
Less than 3 months past due	**662,799**	—
	995,377	—

b. ***Trade receivables from other third parties***

The balances as at 31 December 2014 are mainly related to the sales agreements with Beijing Hongsheng Photovoltaic Industry Investment Fund (Limited Partnership) ("Beijing Hongsheng") in respect of the photovoltaic power generation projects, settled in accordance with the terms of the agreements. On 23 December 2014, the Company, through its wholly-owned subsidiaries, sold five domestic photovoltaic power plants to Beijing Hongsheng, with a total cash consideration of HK$1,800,942,000. According to the terms of the agreements, 20% of the total cash consideration amounting to HK$360,188,000 have been paid by Beijing Hongsheng within ten working days upon signing of the sales agreements before 31 December 2014. The remaining 65% and 15% of the total cash consideration shall be paid by Beijing Hongsheng within three months and six months upon signing of the sales agreements respectively. As at 30 June 2015, all the remaining cash consideration of HK$1,440,754,000 have been paid by Beijing Hongsheng.

Based on the invoice date, the ageing analysis of the Group's net trade receivables from other third parties is as follows:

	30 June 2015	31 December 2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 3 months	**12,784**	1,731,126
3 to 6 months	**28,000**	2,338
6 months to 1 year	**183,850**	—
	224,634	1,733,464

The above trade receivables from the other third parties are normally settled within one year, so the directors of the Company considered the above balances are neither past due nor impaired as at 30 June 2015.

The financial assets included in the above balances are related to receivables for which there was no recent history of default.

The directors of the Company considered that the fair values of trade receivables are not materially different from their carrying amounts because these amounts have short maturity periods at their inception.

12. GROSS AMOUNT DUE FROM CONTRACT CUSTOMERS

The Group's gross amount due from customers for contract work was related to contracts with Hanergy Affiliates and Shandong Macrolink. The movement of gross amount due from contract customers is as follows:

	30 June 2015	31 December 2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
At 1 January	**3,278,508**	1,858,557
Contract costs incurred plus recognised profits less recognised losses	**2,255,855**	6,520,849
Progress billings	**(1,491,706)**	(5,104,520)
Exchange realignment	**(131,208)**	3,622
At 30 June 2015/31 December 2014	**3,911,449**	3,278,508

13. OTHER RECEIVABLES

	30 June 2015	31 December 2014
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited) (Restated)
Other receivables:		
— Due from the ultimate holding company	**194,858**	205,852
— Due from Hanergy Affiliates	**24,224**	25,336
— Due from third parties	**649,484**	168,446
	868,566	399,634

The financial assets included in the above balance are related to receivables for which there was no recent history of default.

The directors of the Company considered that the fair values of other receivables are not materially different from their carrying amounts because these amounts have short maturity periods at their inception.

14. DEPOSITS AND PREPAYMENTS

	Note	**30 June 2015 *HK$'000* (Unaudited)**	31 December 2014 *HK$'000* (Unaudited) (Restated)
Deposits		**62,506**	26,506
Prepayments paid to:			
— Hanergy Affiliates	*(i)*	**995,124**	1,206,250
— Third parties		**1,433,230**	412,007
		2,428,354	1,618,257
Less: impairment		**(6,403)**	(7,844)
		2,484,457	1,636,919

None of the above balances is past due. Included in the above balances, HK$7,355,000 of the prepayments has an ageing over one year, whereas all the remaining deposits and prepayment have an ageing less than one year.

Note:

(i) The balances mainly represented the prepayments for the purchase of photovoltaic ("PV") modules under the master agreement signed between the Company and Hanergy Holding on 11 April 2012. The master agreement is effective for three years from 1 January 2012 to 31 December 2014. During 2013, the Company's subsidiaries entered into several PV module purchase subcontracts ("Subcontracts") with Hanergy Affiliates, nominees of Hanergy Holding, to purchase PV modules with a total capacity of 677.9 MW for construction of the downstream photovoltaic power generation projects. According to the terms of the Subcontracts, approximately 50% of the total contract amounts have been paid by the Company's subsidiaries on the placement of the orders in 2013. As of 31 December 2013, a total of 58.5 MW photovoltaic modules have been delivered by Hanergy Affiliates.

The delay of delivery of the PV modules was mainly due to the production arrangement by Hanergy Affiliates, which has caused the delay in the construction of the photovoltaic power generation projects by the Group. Accordingly, the Group reached mutual agreement with Hanergy Affiliates to return the prepayments of HK$1,262,629,000 before 31 December 2014 in relation to a total capacity of 459.4 MW PV modules and terminate these purchase subcontracts simultaneously.

During 2014, the Company's subsidiaries also entered into several new PV module purchase subcontracts with Hanergy Affiliates to purchase PV modules with a total capacity of 558 MW for construction of the downstream photovoltaic power generation projects. According to the terms of the Subcontracts, approximately 50% of the total contract sum have been paid by the Company's subsidiaries on the placement of the orders in 2014.

A total of 28.8 MW PV modules have been delivered by Hanergy Affiliates in year 2014. As of 31 December 2014, there were a total capacity of 689.2 MW PV modules have not been delivered by Hanergy Affiliates.

The Company and Hanergy Holding entered into a solar panel supply agreement on 30 April 2015 for purchase of solar energy panels for the year ended 31 December 2015.

During 2015, the Company's subsidiaries aforementioned entered into several new PV module purchase subcontracts with Hanergy Affiliates under the solar panel supply agreement to purchase PV modules with a total capacity of 35.8MW for construction of the downstream photovoltaic power generation projects. According to the terms of the Subcontracts, approximately 50% of the total contract sum have been paid by the Company's subsidiaries on the placement of the orders in 2015.

A total of 222.9 MW PV modules have been delivered by Hanergy Affiliates in the first half of the year 2015. As of 30 June 2015, there are a total capacity of 502.1 MW PV modules have not been delivered by Hanergy Affiliates and these remaining PV modules will be delivered to the Group in accordance with the further construction plan of the Group.

15. TRADE AND BILLS PAYABLES

	30 June 2015	31 December 2014
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited) (Restated)
Trade and bills payables due to:		
— Related parties	**504,922**	138,486
— Third parties	**544,175**	297,331
	1,049,097	435,817

Based on the invoice date, the ageing analysis of the Group's trade and bills payables is as follows:

	30 June 2015	31 December 2014
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited) (Restated)
0 — 30 days	**421,108**	195,721
31 — 60 days	**91,151**	79,598
61 — 90 days	**27,394**	—
Over 90 days	**509,444**	160,498
	1,049,097	435,817

The trade payables are non-interest-bearing and are normally settled on 60-day terms.

16. OTHER PAYABLES AND ACCRUALS

	Note	**30 June 2015 *HK$'000* (Unaudited)**	31 December 2014 *HK$'000* (Unaudited) (Restated)
Deposits		**5,000**	7,027
Other payables due to:			
— The ultimate holding company	*(i)*	**2,866**	391,443
— The immediate holding company	*(ii)*	**16,863**	16,863
— Hanergy Affiliates	*(iii)*	**94,257**	73,632
— Third parties		**746,873**	663,346
Sub-total		**860,859**	1,145,284
Advances from customer	*(iv)*	**292,301**	41,200
Accruals		**394,357**	291,095
		1,552,517	1,484,606

Notes:

(i) Payables to the ultimate holding company represent the advances from Hanergy Holding to the Group for the daily operation purpose. The balances are unsecured, interest-free and repayable on demand.

(ii) Payables to the immediate holding company represent the advances from Hanergy Investment to the Group for the daily operation purpose. The balances are unsecured, interest-free and repayable on demand.

(iii) The balance included the advances of HK$93,565,000 (2014: HK$49,032,000) from Hanergy Affiliates to the Group for the daily operation purpose, and the balance of HK$692,000 (2014: HK$24,600,000) payable to Sichuan Hanergy Photovoltaic Limited ("Sichuan Hanergy"), Hanergy Holding's affiliate, relating to rental of a production line, office premises, factory premises and staff dormitory, and the usage of relevant equipment, material and facilities, etc. The above balances are unsecured, interest-free and repayable on demand.

(iv) The advances of HK$292,301,000 from agents to the Company to buy the PV application products (2014: Nil).

All amounts are short term and hence the carrying amounts of other payables and accruals are considered to be a reasonable approximation of their fair values. Save for those disclosed above, other payables and accruals are non-interest-bearing and are normally settled on 60-day terms.

17. SHARE CAPITAL

Shares

	Number of shares *'000*	**Nominal value** *HK$'000*
Authorised:		
At 1 January 2014, 31 December 2014 and 30 June 2015 (ordinary shares of HK$0.0025 each)	64,000,000	160,000
Issued and fully paid:		
At 1 January 2014 (ordinary shares of HK$0.0025 each)	28,587,819	71,470
Subscription of shares	9,000,000	22,500
Convertible Bonds conversion	3,800,598	9,501
Exercise of share options	245,192	613
At 31 December 2014 and 1 January 2015 (ordinary shares of HK$0.0025 each, audited)	41,633,609	104,084
Repurchase of own shares *(note (i))*	(33,724)	(84)
Exercise of share options	146,934	367
At 30 June 2015 (ordinary shares of HK$0.0025 each, unaudited)	41,746,819	104,367

A summary of the transactions during the period is as follows:

	Number of shares in issue	Issued capital	Share premium account	Total
	'000 shares	*HK$'000*	*HK$'000*	*HK$'000*
Unaudited:				
At 1 January 2015	41,633,609	104,084	11,417,583	11,521,667
Repurchase of own shares *(note (i))*	(33,724)	(84)	(243,063)	(243,147)
Exercise of share options	146,934	367	39,382	39,749
Transfer from share option reserve	—	—	722	722
Sub-total	146,934	367	40,104	40,471
At 30 June 2015	41,746,819	104,367	11,214,624	11,318,991
Audited:				
At 1 January 2014	28,587,819	71,470	8,963,135	9,034,605
Subscription of shares	9,000,000	22,500	877,500	900,000
Convertible Bonds conversion	3,800,598	9,501	1,733,064	1,742,565
Exercise of share options	245,192	613	40,729	41,342
Transfer from share option reserve	—	—	3,155	3,155
Sub-total	245,192	613	43,884	44,497
Cancellation of share premium and transfer to contributed surplus	—	—	(200,000)	(200,000)
At 31 December 2014	41,633,609	104,084	11,417,583	11,521,667

Note:

(i) The Company repurchased 33,724,000 of its own shares through purchase on the Stock Exchange during the six months ended 30 June 2015 at an aggregate consideration of HK$242,138,000. The share repurchase expense is HK$925,000. The shares have been cancelled on 11 June 2015.

18. ACQUISITIONS

(a) Business combination under common control

2015

Alta

On 27 November 2013, Hanergy Holding and Alta Devices, Inc. ("Old Alta") entered into an asset purchase agreement. According to the agreement, Hanergy Holding agrees to purchase and assume from Old Alta substantially all the assets and liabilities of Old Alta. Old Alta was founded in January 2008 and is based in Sunnyvale, California, U.S.A. Old Alta is engaged in the business of research and development, manufacturing, and marketing of thin, high efficiency solar cells, for use in mobile and other commercial applications. The total cash paid was US$29,491,000. The acquisition was completed on 7 July 2014. Upon completion of acquisition, Old Alta changed its company name to AWBSCQEMGK, Inc. with immediate effect on 7 July 2014.

Hanergy Holding subsequently injected all the purchased assets aforementioned to Hanergy Acquisition Sub, Inc., an indirect wholly-owned subsidiary incorporated in the state of Delaware, U.S.A. on 19 December 2013, in July 2014. Upon the injection, Hanergy Acquisition Sub, Inc. changed its company name to Alta Devices, Inc. ("New Alta").

The following table summarizes the fair values of assets and liabilities of Old Alta when they were incorporated in Hanergy Holding for the first time:

	HK$'000
Property, plant and equipment	97,414
Intangible assets	118,599
Cash and cash equivalents	26,084
Current liabilities	(13,496)
Fair value recognised by Hanergy Holding	228,601
Total cash paid to unrelated third party	(228,601)

The valuation is based on the valuation on the valuation results prepared by Hanergy Holding's directors using the income based approach by estimating the future economic benefits and discounting these benefits into present value using a discount rate appropriate for the risks associated with realizing those benefits.

On 27 January 2015, Hanergy Hi-Tech Power (HK) Limited ("Hanergy Hi-Tech"), an indirect wholly-owned subsidiary of the Company, and Hanergy Global Investment and Sales Pte. Ltd ("Hanergy Global Investment and Sales"), a wholly-owned subsidiary of Hanergy Holding, entered into a sales and purchase agreement. According to the agreement, Hanergy Hi-Tech agrees to purchase and Hanergy Global Investment and Sales agrees to sell the entire issued share capital of New Alta at the consideration of US$15,000,000 upon and subject to the terms and conditions of the agreement.

As the Group and New Alta were under common control of Hanergy Holding, the acquisition is considered as a combination of entities under common control. Accordingly, the assets and liabilities of Old Alta have been accounted for at the fair value recognised by Hanergy Holding when acquired from AWBSCQEMGK, Inc. and the consolidated financial statements of the Group prior to the acquisition have been restated to include the results of operations of New Alta commencing from the date when New Alta became under control of Hanergy Holding. The consideration paid by the Company for the acquisition has been accounted for as an equity transaction in the consolidated statement of changes in equity.

2014

Hanergy UK

On 9 February 2014, Hanergy Solar PV Application UK Limited ("Hanergy Application UK"), an indirect wholly-owned subsidiary of the Company, and Hanergy Global Investment and Sales, a direct wholly-owned subsidiary of Hanergy Holding entered into a sale and purchase agreement. According to the agreement, Hanergy Global Investment and Sales agrees to sell and Hanergy Application UK agrees to purchase (i) the entire issued share capital in Hanergy UK, an indirect wholly-owned subsidiary of Hanergy Holding; and (ii) the shareholder loan of Hanergy UK due to Hanergy Global Investment and Sales, at the consideration of HK$1 upon and subject to the terms and conditions of the agreement. The carrying amount of the shareholder loan as at 31 December 2013 was GBP1,716,824.

Hanergy UK is incorporated in June 2012 in the United Kingdom indirectly held by Hanergy Holding, and is principally engaged in the sale of thin-film solar photovoltaic equipment and the provision of the relevant installation services in the United Kingdom.

As the Group and Hanergy UK were under common control of Hanergy Holding prior to and after the acquisition, the acquisition is considered as a combination of entities under common control. Accordingly, the assets and liabilities of Hanergy UK have been accounted for at historical cost and the consolidated financial statements of the Group prior to the acquisition have been restated to include the results of operations of Hanergy UK on a combined basis. The consideration paid by the Company for the acquisition has been accounted for as an equity transaction in the consolidated statement of changes in equity. The acquisition of the shareholder loan amounting to HK$21,958,000 of Hanergy Global Investment and Sales was accounted for as a contribution from Hanergy Holding in the consolidated statement of changes in equity.

GSE

Global Solar Energy, Inc. ("GSE") is principally engaged in the manufacturing of photovoltaic products and equipment based in the United States.

GSE was originally 100% wholly-owned by SOLON SE and Lumenion AG before it was entirely acquired and controlled by Hanergy Holding. Hanergy Holding, through its subsidiary Hanergy Holding (Hong Kong) Limited ("Hanergy Holding HK"), acquired the entire capital stock of GSE on 22 July 2013. The acquisition consideration was US$12,588,000.

The following table summarises the fair values of assets and liabilities of GSE when Hanergy Holding first controlled GSE on 22 July 2013:

	HK$'000
Property, plant and equipment	115,313
Intangible assets	20,090
Inventory	25,287
Cash and cash equivalents	40
Trade and other receivables	258
Deposit and prepayments	639
Current liabilities	(5,022)
Other non-current liabilities	(57,765)
Fair value recognised by Hanergy Holding	98,840
Purchase price paid to an unrelated third party	(98,840)

The valuation is based on the valuation results prepared by Hanergy Holding's directors using the income based approach by estimating the future economic benefits and discounting these benefits into present value using a discount rate appropriate for the risks associated with realising those benefits.

On 9 December 2014, Hanergy Hi-Tech, an indirect wholly-owned subsidiary of the Company, and Hanergy Holding HK entered into a sale and purchase agreement. According to the agreement, Hanergy Holding HK agrees to sell and Hanergy Hi-Tech agrees to purchase all the ordinary share capital of GSE at the consideration of US$1 upon and subject to the terms and conditions of the agreement.

As the Group and GSE were under common control of Hanergy Holding, the acquisition is considered as a combination of entities under common control. Accordingly, the assets and liabilities of GSE have been accounted for at the fair value recognised by Hanergy Holding when acquired GSE and the consolidated financial statements of the Group prior to the acquisition have been restated to include the results of operations of GSE commencing from the date when GSE became under control of Hanergy Holding. The consideration paid by the Company for the acquisition has been accounted for as an equity transaction in the consolidated statement of changes in equity. The difference between net assets acquired of HK$98,840,000 and the consideration paid to Hanergy Holding HK was accounted for as a contribution from Hanergy Holding in the consolidated statement of changes in equity.

(b) Business combination

2015

Beijing Hanergy Thin Film Power Electrical Engineering Limited

On 16 January 2015, Beijing Hanergy Solar Investment Co., Ltd. ("Beijing Hanergy"), an indirect wholly-owned subsidiary of the Company, and two individuals Feng Jian Jun and Hao Xiang Hong (collectively as "Sellers") entered into a equity transfer agreement. According to the agreement, Beijing Hanergy agrees to purchase and the Sellers agrees to sell the entire equity shares of Beijing Hanergy Thin Film Power Electrical Engineering Limited (formerly known as Beijing Sanjin Electric Power Engineering Company Limited) ("Beijing Sanjin") at the consideration of RMB4,900,000. The Sellers hold the entire equity shares of Beijing Sanjin. Beijing Sanjin is mainly engaged in construction and engineering business. In May 2015, Beijing Hanergy and the Sellers entered into a supplemental agreement to amend the cash consideration from RMB4,900,000 to RMB5,700,000. According to the supplemental agreement, the cash consideration shall be paid in installments upon the specified payment terms of the supplemental agreement. The acquisition was completed on 9 June 2015. As at 30 June 2015, Beijing Hanergy has paid a total of RMB2,890,000 pursuant to the payment terms of the supplemental agreement.

The following table summarizes the fair values of assets and liabilities of Beijing Sanjin as at the date of acquisition:

	HK$'000
Intangible assets	3,437
Cash and cash equivalents	3,997
Trade receivables	838
Other receivables	948
Current liabilities	(2,025)
Total identifiable net assets at fair value	7,195
Purchase consideration shall be paid to unrelated third party	(7,195)

An analysis of the cash flows in respect of the acquisition of Beijing Sanjin is as follows:

	HK$'000
Cash consideration paid	3,661
Cash and bank balances acquired	3,997
Net inflow of cash and cash equivalents including in cash flows from investing activities	336

Since the acquisition, Beijing Sanjin contributed HK$1,148,000 to the Group's turnover and HK$2,763,000 to the consolidated loss for the six months ended 30 June 2015.

Had the combination taken place at the beginning of the year, the revenue from continuing operations of the Group and the loss of the Group for the six months ended 30 June 2015 would have been HK$2,120,458,000 and HK$63,189,000, respectively.

(c) Asset acquisition from a third party

2015

There is no asset acquisition for the six months ended 30 June 2015.

2014

On 30 March 2014, Hanergy Global Solar Power Group Limited ("Hanergy Power Group"), a wholly-owned subsidiary of the Company entered into an agreement with Savanna Pride Limited ("Savanna Pride"), an unrelated company incorporated in Ghana. Pursuant to the agreement, Hanergy Power Group purchased Savanna Pride's 70% equity in Savanna Solar Limited ("Savanna Solar"), a company incorporated in Ghana. After the completion of the acquisition, Hanergy Power Group and Savanna Pride own 70% and 30% of the equity interests of Savanna Solar, respectively. The acquisition has been completed on 31 March 2014.

On 11 June 2013, Savanna Solar entered into a power purchase agreement with the relevant authority in Ghana in relation to the sale of electricity to be generated under the 400MW solar power plant project (the "Ghana Project") in the Northern Region of Ghana by Savanna Solar with a term of 25 years. Savanna Solar has obtained the temporary electricity generation licence.

As of the acquisition date, Savanna Solar had no business operations and assets except the power purchase agreement signed. As such, pursuant to mutual negotiation, Hanergy Power Group paid US$1 in respect of the acquisition. The Company determined that the acquisition of Savanna Solar did not constitute a business combination for accounting purposes.

19. DISPOSAL OF A SUBSIDIARY

On 16 April 2015, HGSG-NA Land Power 1, LLC ("HGSG"), an indirect wholly-owned subsidiary of the Company, entered into a sales and purchase agreement with East to West Solar LLC ("ETWS"), to sell the 1MW AC ground solar plant in the form of sales of all the equity interests of the MLH Phase 3, LLC ("MLH") with a selling price of US$1.65 million.

The following table summarizes the carrying value of net assets of MLH as at the date of disposal:

	HK$'000
Net assets disposed of:	
Property, plant and equipment	24,289
Trade payables	(1)
Accruals and other payables	(2,493)
Interest bearing bank and other borrowings	(8,008)
	13,787
Loss on disposal of a subsidiary	(11,499)
Total identifiable net assets at fair value	2,288
Satisfied by cash	4,784
Waived other receivables from the disposed subsidiary	(2,496)
	2,288

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	HK$'000
Cash consideration	4,784
Cash and bank balances disposed of	—
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	4,784

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

During the six months ended 30 June 2015, the Group recorded an operating revenue of HK$2,118,186,000, representing a decrease of approximately 34% as compared with HK$3,213,185,000 in the corresponding period last year. Gross profit decreased from HK$2,717,877,000 in the corresponding period last year to HK$1,460,602,000 in the current period, representing a decrease of approximately 46%. Net profit decreased from HK$1,675,672,000 in the corresponding period last year to a loss of HK$59,323,000 in the current period.

As disclosed in the Company's announcement dated 14 August 2015, the Board is of the opinion that the decrease of revenue or the loss is mainly attributable to a number of reasons, including but not limited to:

1. As disclosed in the Company's announcement dated 16 July 2015, the Company has suspended or terminated the majority of connected transactions with the member companies and other affiliates of Hanergy Holding with the view to alleviate public concerns, which resulted in the substantial decline in the income arising from connected transactions in the first half of the year 2015 to less than HK$100 million, representing a substantial decrease of over 90% as compared with the first half of the year 2014.

2. As disclosed in the Company's announcement dated 15 June 2015, Apollo Precision (Fujian) Limited, a wholly-owned subsidiary of the Company, terminated the connected transactions with Hanergy Holding in relation to the equipment sale agreement of 900MW silicon-based thin film solar energy panel BIPV modules assembly lines and technical service agreements. The total production capacity set out in the equipment sales agreement and the technical service agreement was 900MW. The total consideration for the equipment sales agreement was USD176 million and the total consideration for the technical service agreement was USD410 million.

3. Although the projects in relation to the connected transactions have been suspended or terminated, the Company has already incurred certain amount of resources and costs. As these projects are unable to generate income for the Company, the suspension or termination of projects in relation to these connected transactions has resulted in a negative impact to the Company's net profit for the six months ended 30 June 2015.

Due to the reasons including the cancellation of connected transactions and that the trading halt in its share is still in progress, the Group's existing business partners, having their confidence damaged, may suspend or terminate their cooperation with the Group and may have a negative effect to the profit and revenue of the Group for the second half of 2015.

Overview

The overall development trend of the global new energy industry in recent years has been encouraging. According to the "Global New Energy Development Report 2015" issued by the Hanergy Holding Group Limited and the China New Energy Chamber of Commerce, during the year 2014, in terms of the scales of application in various new energies, China, Japan, and the U.S. were ranked among the top three in the global photovoltaic market, with newly installed capacities of 13GW, 10.5GW and 6.3GW respectively. The overall growth rate has been satisfactory.

With the continuous promotion by the PRC government, a number of state policies have been issued to support the PRC to become a giant in photovoltaic power generation. In March 2015, the "Notice from the National Energy Board regarding the 2015 implementation plan for the photovoltaic power generation construction" set the national construction target of new photovoltaic stations in 2015 to 17.8GW. According to the briefing regarding the photovoltaic plant construction in the first half of 2015 issued by the National Energy Board, the increase in capacity of nation-wide photovoltaic power station installation as at end of June 2015 was 6.69GW, while the increase in distributed photovoltaic installed capacity was 1.04GW. The capacity of nation-wide total photovoltaic installation reached 35.78GW, out of which photovoltaic power station contributed 30.07GW, and particularly distributed photovoltaic power station contributed 5.71GW.

The traditional mode of photovoltaic power generation systems can be categorized into two main streams: ground-mounted power stations and distributed power stations. Large scale ground-mounted power stations are considered mainstream photovoltaic power generation systems. However, the trend is changing in recent years. In terms of the capacity of newly installed power generation in many European countries, most of the installations are distributed roof-top power stations. The main reason for this is that ground-mounted power stations require large amount of land resources, which is not easily available in areas close to large cities. Therefore most of them are located in remote areas, resulting in energy wastage due to long distance transmission. Meanwhile, the voltage generated by photovoltaic modules is basically low and has to be submitted to multiple conversion process to convert to high-voltage before connecting to the grid. After transmission, the voltage also needs to be stepped down to fit for use in the cities. On the contrary, distributed rooftop power stations are normally installed on the rooftop and do not need additional land resources, and there is no such problems as to voltage conversion and power loss due to long distance transmission. This mode of power generation, operated by the owners of the buildings with excess power fed back to the grid, has effectively enhanced the overall capacity of power generation as compared with large-scale power stations.

While most of the PRC's photovoltaic power stations are large scale ground-mounted power stations, distributed power generation is getting more attention (whether in terms of public policies or enterprise business performance) when considering land resources, grid transmission capability, funding pressure of state subsidies and other restraining factors. In the first half of 2015, the local governments in Zhejiang, Jiangsu and other places have successively issued the document "Guidelines to Promoting the Implementation of Distributed Photovoltaic Projects Constructions", according to which subsidies for distributed photovoltaic power generation projects will be specifically enhanced to promote the actual implementation, and the PRC government will also shift the focal point of development from ground-mounted power stations in western districts of the PRC, to distributed power stations in central and eastern regions. The list of "Demonstration Projects for Distributed Photovoltaic Power Generation" released by National Energy Bureau includes 18 demonstration projects from 5 cities in 7 provinces.

With the advantageous characteristics such as light-weight, flexibility and translucence, thin film technology is comparatively more suitable for distributed power stations among various photovoltaic technologies. Nowadays, photovoltaic power generation is no longer dominated by large scale power stations, and distributed power generation is playing an evermore important role. In the future, micro power generation devices and mobile energy applications will meet the consumers' demand for clean and convenient energy. We are expecting an exponential growth in this market while distributed power generation is becoming more popular. With its advantage in thin film technology, the Company is ready to meet a phase of accelerated growth in the future.

Business Review

A. Organization structure

During the six months ended 30 June 2015, the Group's business includes upstream photovoltaic equipment production line and downstream sales of photovoltaic power plants, distributed power generation, and mobile photovoltaic products. After years of mergers and acquisitions in the photovoltaic production market, the Group has acquired a series of photovoltaic production companies in Europe and the U.S., including Solibro Hi-Tech, with its CIGS thin film technology; MiaSolé which possesses technology of sputtering; GSE which possesses such advantages as lightweight, high performance under super weak light conditions, and high flexibility; and Alta which possesses one of the highest power conversion efficiency world record in the global thin film solar panel technology at present. These acquisitions will achieve mass production in the PRC to lower cost and to strive for better profit.

To coordinate the Group's downstream business and product development, nine product business units have been set up, including (i) the Building Integrated Photovoltaic (BIPV) Business Unit; (ii) Household Power Generation Business Unit; (iii) Agricultural Applications Business Unit; (iv) Automobile Applications Business Unit; (v) Electronics Business Unit; (vi) Generic Products Business Unit; (vii) Specialty Products Business Unit; (viii) Commercial Unmanned Drones Business Unit and (ix) Ground and Distributed Power Station Business Unit, as well as the Product Development Center located in Beijing.

(i) The BIPV Business Unit: this unit relies heavily on integrating colored and light permeable thin film cell module technology into building materials; the major market will be commercial and large public buildings. The appearance and technological quality of this type of products can embellish the appearance of the building, enhance energy efficiencies, improve environmental protection, and save operational costs.

(ii) Household Power Generation Business Unit: this unit mainly constructs home distributed thin film power generation projects, and fully capitalizes on thin film module advantages, such as its superior performance under weak light environment and its unyielding power conversion efficiency under high temperature environments to achieve cost advantages for the power generation projects.

(iii) Agricultural Applications Business Unit: this unit applies thin film power generation technology to the fields of agricultural greenhouses, animal husbandry rooftops, integral land use for fisheries and photovoltaic power generation; and integral land use for animal husbandry and photovoltaic power generation. This unit utilizes thin film products' red and infra-red high transmittance and even light distribution characteristics to totally integrate the products with greenhouse canopies, which do not adversely impact on crop and animal growth. This achieves the goals of replacing part of the materials to provide appropriate shade and increasing income from power generation.

(iv) Automobile Applications Business Unit: this unit strives to integrate thin film power generation and flexible cell module technologies into automotive parts, and to apply thin film power generation technology to enhance automotive performance and comfort level, which can also reduce automotive exhaust emissions.

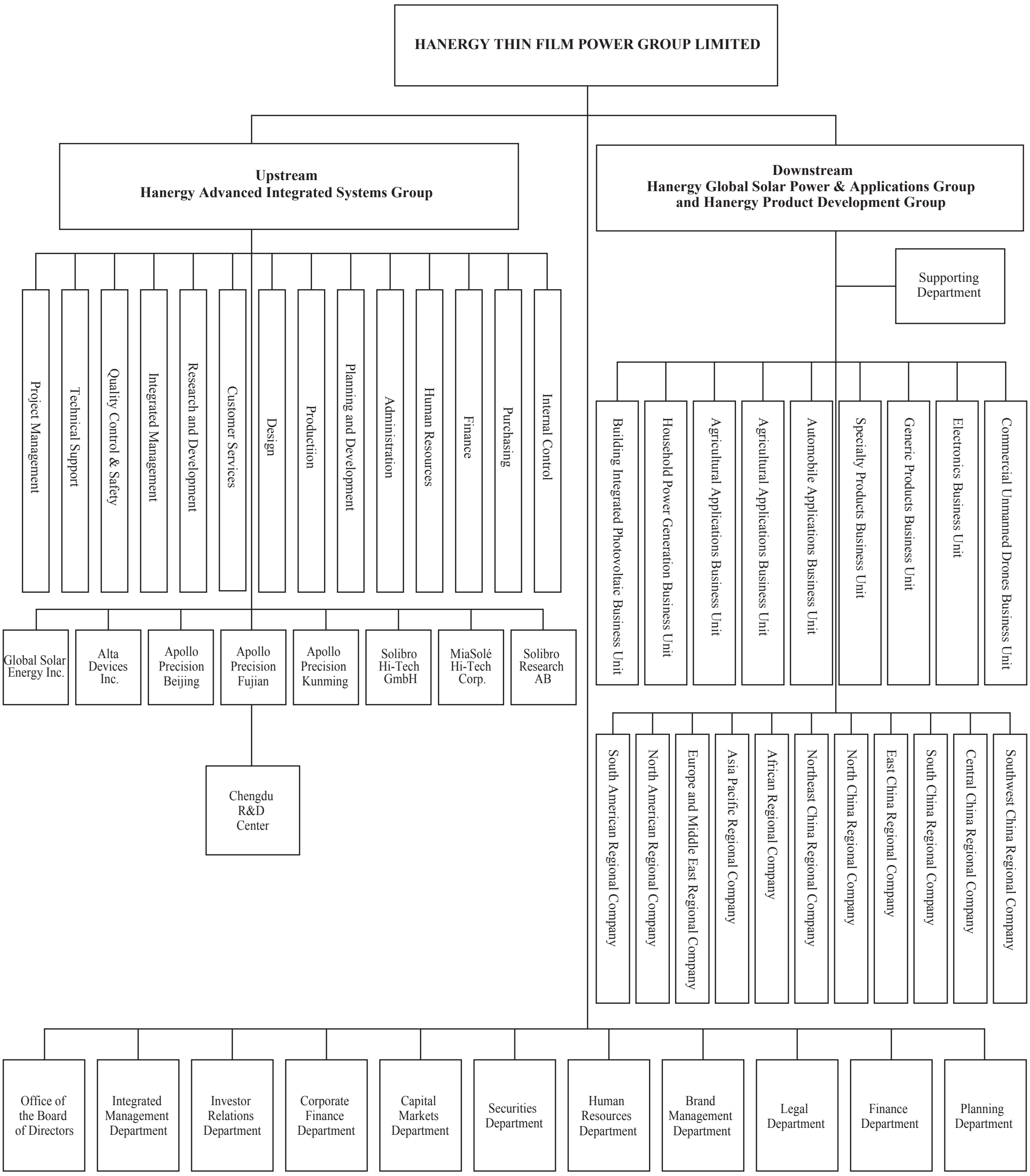
(v) Electronics Business Unit: this unit focusses on developing high efficiency thin film technology, allowing thin film power generation products to be mobile and wearable electronic equipment that supply stable electricity with high efficiency.

(vi) Generic Products Application Business Unit: this unit utilizes thin film power generation characteristics that allow more efficient energy production in weak light environments than other solar panels, and which allow thin film cell modules to be sewed onto apparels and embedded in backpacks and tents to bring green energy to consumers.

(vii) Specialty Products Business Unit: this unit utilizes the latest Gallium Arsenide (GaAs) technology to apply thin film power generation in such fields as satellites and remote explorations. Profit margin of these products are high, and is expected to bring substantial income to the Company.

(viii) Commercial Unmanned Drones Business Unit: this unit focusses on the commercial drone market, utilizing the latest thin film technology to generate solar power to propel drones. The Group believes that the need for commercial drones will be significantly increased in the next few years and there is great market potential.

(ix) Ground and Distributed Power Station Business Unit: the business unit focuses on building ground power stations in inhabitable areas such as mountains, scraped land, desert and shoals in order to provide more clean energy in remote areas. At the same time, with its flexibility, thin film power module can be installed on rooftop and other buildings as distributed devices, and effectively utilize idle land resources.



B. Entering into equipment sales and share subscription agreements with independent third parties

i. The Group entered into a 600MW BIPV production line equipment sales agreement with Shandong Macrolink New Resources Technology Limited, and a share subscription agreement with Macrolink New Resources Holding Company Limited.

As stated in the announcement of the Company dated 27 February 2015 and the 2014 annual report of the Company, the Group, through its wholly-owned subsidiary, Apollo

Precision (Fujian) Limited, entered into a sales contract and a service contract with Shandong Macrolink New Resources Technology Limited in relation to the sale and purchase of certain production line equipment for BIPV at a total capacity of 600MW for a total consideration of USD660 million.

In addition, in order to incentivize Shandong Macrolink New Resources Technology Limited to establish a long-term business relationship with the Group, on 26 February 2015, the Group entered into a subscription agreement with Macrolink New Resources Holding Company Limited, a shareholder of the Shandong Macrolink New Resources Technology Limited, pursuant to which 1,500,000,000 new Shares will be allotted and issued at the subscription price of HK$3.64 per new Share, representing approximately 3.60% of the existing issued share capital of the Company as at the date of the announcement, and approximately 3.48% of the enlarged issued share capital of the Company immediately after completion of the subscription. The subscription will expand our shareholder base and introduce new shareholders to the Group.

Macrolink New Resources Holding Company Limited is part of Macrolink Group, which is principally engaged in the business of properties, mining, petroleum, chemical industry and finance. The Macrolink Group comprises of over 60 subsidiaries and associates, including certain listed companies. Based on the information available to the Company, the Company understands that Macrolink Group's annual operating income amounted to approximately RMB55 billion, while its total asset value exceeded RMB50 billion.

As at 30 June 2015, the Company has received Shandong Macrolink New Resources Technology Limited written confirmation that the sales agreement will continue to be performed, and has received the part of deposit from the counterparty. The Group has delivered the equipment for 300MW to Shandong Macrolink New Resources Technology Limited.

ii. The Group entered into a 600MW BIPV product line equipment sales agreement with Beijing Manshi Investment Company Limited and a share subscription agreement with Inner Mongolia Manshi Investment Group Company Limited.

As mentioned in the announcement of the Company dated 30 March 2015, the Group entered into a 600 MW capacity sales and service contract through our wholly owned subsidiary Apollo Precision (Fujian) Limited with Beijing Manshi Investment Company Limited (equipment buyer), a wholly-owned subsidiary of Inner Mongolia Manshi Investment Group Company Limited; the total consideration was USD660 million.

At the same time, to encourage the equipment buyer and the Group to establish long term business relationship, the Group entered into a share subscription agreement with a shareholder of an equipment buyer, Inner Mongolia Manshi Investment Group Company Limited on 30 March 2015, pursuant to which the Company would allot and issue not less than 110,000,000 and not more than 1,100,000,000 new Shares at the subscription price of HK$5.38 per new Share. Assuming the Company would consider to allot and issue the maximum 1,100,000,000 new Shares to the subscriber, which would be equivalent to approximately 2.64% of the existing Shares in issue as at the date of the subscription agreement, and approximately 2.57% of the Company's enlarged issued share capital immediately after completion. The net proceeds of the subscription will be not less than approximately HK$591,800,000 (assuming subscription of 110,000,000 Shares) and not more than approximately HK$5,918,000,000 (assuming subscription of 1,100,000,000 Shares). The Company intends to use the net proceeds of the subscription for the general corporate and working capital of the Group and for future investment and development of the Company when opportunities arise.

Inner Mongolia Manshi Investment Group Company Limited is principally engaged in coal production, coal logistics, coal power generation and coal chemical processing, and has established a sales network of dozens of outlets in Beijing, Shanghai, Qinhuangdao, Tianjin, Wuhan and Guangzhou, forming a complete operating system of coal production, transportation and sales. According to information available to the Company, Inner Mongolia Manshi Investment Group Company Limited has over 30 subsidiaries and affiliated companies, with a total employment of approximately 3,000 staff which recorded a revenue of approximately RMB7 billion and total asset of approximately RMB12 billion in 2014.

As at 30 June 2015, the Group has received equipment buyer's written confirmation that the sales agreement will continue to be performed.

iii. *The Group entered into a 1200MW BIPV product line equipment sales agreement with Baota Investment Holding Company Limited and a share subscription agreement with Baota Petrochemical Group Co., Ltd.*

As mentioned in the announcement of the Company dated 30 March 2015, the Group entered into a 1200 MW capacity sales and service contract through our wholly owned subsidiary, Apollo Precision (Fujian) Limited with Baota Investment Holding Company Limited (equipment buyer); the total price was USD 1.32 billion.

At the same time, to encourage equipment buyer and the Group to establish long term business relationship, the Group entered into a Share subscription agreement with the equipment buyer's shareholder, Baota Petrochemical Group, on 30 March 2015, pursuant to which the Group would consider to allot and issue not less than 300,000,000 and not more than 3,000,000,000 new Shares at the subscription price of HK$5.38 per new Share. Assuming the Company would allot and issue the maximum 3,000,000,000 new Shares to the subscriber at its discretion, that would be equivalent to approximately 7.2% of the existing Shares in issue on the date of the subscription agreement, and equivalent to approximately 6.72% of the Company's enlarged issued share capital immediately after completion of the subscription. The net proceeds of the subscription will be not less than approximately HK$1,614,000,000 (assuming subscription of 300,000,000 Shares) and not more than approximately HK$16,140,000,000 (assuming subscription of 3,000,000,000 Shares). The Company intends to use the net proceeds of the subscription for the general corporate and working capital of the Group and for future investment and development of the Company when opportunities arise.

Baota Petrochemical Group which is principally engaged in the petroleum refinery and the petrochemical businesses, and have established petroleum refinery production bases in Ningxia, Zhuhai, Xinjiang, and Inner Mongolia. According to information available to the Group, we understand that the Baota Petrochemical Group has over 100 subsidiaries and affiliated companies which recorded a revenue of approximately RMB40 billion in 2014.

As at 30 June 2015, the Group has not received the Baota's equipment buyer's written confirmation that the sales agreement will continue to be performed. Therefore, the sales contract and share subscription agreement has been temporarily put on hold. The Company will progress on confirming with Baota's equipment buyer as soon as possible regarding the progress of the sales contract in this connection.

C. Restructuring proposal and termination of certain connected transactions with Hanergy Holding

As stated in the Company's announcement dated 16 July 2015, the Company, together with Hanergy Holding and its affiliates, are now negotiating on a possible proposal to implement restructuring of the Group which may be considered to materially reduce or terminate all or some of the existing continuing connected transactions of the Group with Hanergy Holding and its affiliates.

The board expects the implementation of such restructuring proposal will strengthen the Group's continuous expansion and development of its business with independent third parties. As at the date of this announcement, the restructuring proposal has already brought/or will bring the following impacts to the Group:

— As disclosed in the announcement of the Company dated 15 June 2015, Apollo Precision (Fujian) Limited, a wholly-owned subsidiaries of the Company, has terminated the Equipment Sales and the Technical Services Agreements with Hanergy Holding in relation to the sales of 6 sets of silicon-based thin film solar energy panel BIPV modules assembly lines with a total production capacity 900MW and technical service in the consideration of USD585 million.

— As disclosed in the announcement of the Company dated 20 July 2015, the Group and the Hanergy Group, after arm's length negotiation, have agreed to terminate the Master Supply Agreement and the Supplemental Agreement dated on 18 February 2015 and 6 March 2015 respectively. Such agreements were designated to allow the Group to procure solar power modules from Hanergy Group. The Board considers that the termination of the Master Supply Agreement and the Supplemental Agreement will allow the Group to have a wider choice in the selection of supplier of parts, and will enhance the flexibility of its downstream business.

— Due to the halt or termination of the majority of the connected transactions with Hanergy Holding and its other affiliates, the revenue from connected transactions in the first half of 2015 substantially reduced over 90% as compared with the first half of 2014 and negatively impacted the net profit of the Company for the 6 months ended 30 June 2015.

— Under the current restructuring proposal, the Group will considerably adjust its strategic arrangement, mode of sales and mode of management. The existing high-end equipment and product development group will be replaced by five new business groups including mobile energy, flexible industrial applications, flexible consumer applications, distributed energy, and Silicon-Germanium products. Under the new strategic arrangement, the Group will strengthen its business sense in operation and become more performance oriented, to further strengthen the performance management of the Company, and implement strict elimination mechanism in order to build an excellent team. It is expected that the headquarters, business units and regional companies will be downsized by approximately 2,000 positions.

— As disclosed in the announcement of the Company dated 14 August 2015, the Company received a letter from Hanergy Holding, which states that the restructuring proposal, which includes (but not limited to) a repayment schedule, according to which Hanergy Holding will make payments to the Group for the amounts receivable and the compensations as a result of the cancellation of orders, is under negotiation. However, as the restructuring proposal is still pending, Hanergy Holding cannot repay the relevant amounts payable and compensation as a result of the cancellation of orders, in accordance with the restructuring proposal. Hanergy Holding agrees that upon the approval of the restructuring proposal, Hanergy Holding will make the relevant payments to the Company for the amounts receivable and the compensation as a result of the cancellation of orders according to the restructuring proposal, and is willing to take up the interest and penalties in relation to the delay of repayment to the Company.

D. Production line delivery to Hanergy Holding Group Limited

The Group has entered into two master sales contracts in 2010 and 2011 respectively with Hanergy Holding Group Limited, pursuant to which the Group would sell the equipment and turnkey production lines for the manufacture of thin-film power generation modules to Hanergy Holding. The following table indicates Hanergy Holding's committed purchase of production capacity, and the contract income analysis as recognized in the Group's financial statements:

		2010 Sales Contract	**2011 Sales Contract**
1.	Total purchase capacity as stipulated in the sales contracts	3,000MW	7,000MW
2.	Purchase capacity of module equipment and production lines committed by Hanergy Holdings as 30 June 2015	1,300MW	7,000MW

		2010 Sales Contract	2011 Sales Contract
		HK$'million	*HK$'million*
3.	Total contract sum	25,800	61,270
4.	To the extent purchase capacity committed by Hanergy Holdings:		
	(i) Contract sum attributed to the purchase capacity committed	9,672	61,270
	(ii) Total cumulative down payment made by Hanergy Holding as at 30/6/2015 Holding	1,922	1,080
	(iii) Contract revenue (net of VAT and relevant taxation) recognized in:		
	Year ended 31/12/2010	2,310	0
	Year ended 31/12/2011	1,446	1,009
	Year ended 31/12/2012	0	2,756
	Year ended 31/12/2013	0	3,243
	Year ended 31/12/2014	3,102	2,853
	Six months ended 30/6/2015	134	(74)

E. Project of 10MW GaAs flexible solar cells R&D and manufacturing station in Huangpi District Wuhan City ("The Project")

On 16 April 2015, the Company and the Huangpi District People's Government in Wuhan City, the PRC, have entered into an investment cooperation agreement, pursuant to which the Company will invest in the Project to construct a GaAs thin film solar cell R&D and manufacturing station with a capacity of 10 MW in Huangpi Linkong Industrial Park in Wuhan, the PRC and a Huangpi project company will be established for the implementation of the Project in the Linkong Industrial Park.

The project company shall invest in the Project to construct a GaAs thin film solar cell R&D and manufacturing station with a capacity of 10MW on a piece of land with approximately 150 acres in Huangpi Linkong Industrial Park, to engage mainly in the research and development, production and sales of advanced GaAs solar cells. The Project receives strong support from the Wuhan Huangpi District Government in Wuhan City, whom assists the project in competing for the granting of special support funds from the national, provincial and municipal levels of governments, applying for tax incentives in form of export tax rebates under the state's regulation for high-tech enterprises with respect to the products of the project, to providing support to the project company in obtaining financing from local financial institutions.

The project will be implemented in two phases. The first phase will involve the construction of a production capacity of 3MW on a land with approximately 50 acres. The Wuhan Huangpi District Government will ensure that the construction of the production plant, warehouse and factory facilities, and power systems would be completed within 10 months after the date when the cooperation agreement becomes effective, and will lease the plant to the project company with rent payable once every year. Upon the completion of construction of the plant and the fulfilment of the Company's requirements for the moving in of equipment, the Company will start to move in the equipment and assemble the production lines for testing within 12 months, and production will start within 18 months

Upon the acquisition of Alta Devices, Inc. by the Group on 27 January 2015, the Group has mastered the world's most advanced flexible thin film GaAs technology. This project is the Group's first GaAs thin film solar panel research and development production base project built in the PRC. The GaAs solar panel technology can be extensively applied to many fields of mobile energy source to break free from restrictions of the power cable, including solar power automotive, mobile phones, unmanned systems, the internet of things, and many consumer electronic products. This also indicates that the Group's flexible thin film GaAs products will further expand their fields of application, and to open a new era of solar power mobile energy source.

F. Status of downstream project development

i. Hanergy online shopping platform and direct sales chain

During this period, the Group's online shopping platform (http://www.hanergyshop.com/) has been officially put into service to develop channels for downstream revenue. Within the website, products are divided into three major categories including commercial systems, user systems, and terminal products to ensure different customers' needs are attended to. Commercial systems include (i) solar skylight suitable for office buildings, hotels, and shopping malls; (ii) solar agricultural greenhouses; (iii) photovoltaic curtain walls suitable for use in office buildings, hotels and shopping malls and (iv) traffic facilities solar power systems for use in car parks, garages and bus station. Under user systems which are 4 different series of products (classic, elegant, flagship and sunshine house), which provide clients with thin film photovoltaic modules ranging from 1.5kW to 60kW, and allow the public to be able to enjoy self-generated power with excess energy fed back to the power-grid. On the other hand, application products focus on outdoor use by customers, and are easy to carry. The Group provides 3 types of foldable solar chargers ranging from 7W to 97W in capacity for customers' choice. In addition, the online shopping platform has implemented from time to time plans to allow customers to accumulate bonus points in exchange for prizes to encourage customers to buy products from this web-based shopping system.

As mentioned in the 2014 annual report, the Group has already commenced its full-channel strategy. As of today, the Group's flagship stores and direct-sales retail point, distributed in cities including Shanghai, Guangzhou, Chengdu and Tianjin.

According to latest sales figures, sales has been unsatisfactory in both online store and retail stores. For the sake of conserving daily expenses, some of the stores may be closed in the future.

ii. *IKEA shops in Europe offer household thin film power generation systems*

During the first half of 2015, the Group has sold over 800 sets residential thin film power systems in UK, Netherlands and Switzerland. It is the Group's intention to also expand into countries including Germany, Spain, Italy and France. Hanergy UK, a subsidiary of the Group, was awarded the grand prize in solar energy in the 2015 Rushlight Award. The prize is awarded to the participant who has outstanding contribution to make solar energy a viable and efficient energy source, and is a recognition of Hanergy UK's unique proposition in providing to the UK households with a simple and value-for-money solar energy solution. The Rushlight Award, sponsored by Eventure Media, is the most reputable green technology award in UK. Hanergy UK was able to receive this honour due to its commitment to bringing solar energy to more people, and its name has become popular among the consumers with its value-for-money photovoltaic power generation panels in UK, Netherlands and Switzerland through IKEA.

iii. *Power generation project in Xihaian Export Processing Zone, Qingdao*

In June 2015, the Group's photovoltaic generation project in Xihaian Export Processing Zone, Qingdao was connected to the grid in a plant of Qinfdao St. Meer Fiber Technology Co. Ltd. and a power generation pilot test was conducted. This agreement of this project was entered into between Qingdao Qiguang New Energy Power Generation Company Limited (青島啟光新能源發電有限公司) and St. Meer Power and Energy Investment Management Company Limited (聖美爾光電能源投資管理有限公司). The project commenced in March 2015 and was completed in two months with successful grid connection.

The installation construction was carried out on the roofs of 4 factory buildings in the processing zone. The objective of this project is to provide sufficient power for the installations' own use, and any extra power generated will be fed back to the grid. In the long run, the green and environmental friendly new energy will be built to fully capitalize on the abundant solar energy resources in Qingdao. The installed capacity for the project is 2.65MWp, after production, the annual power generated will be over 3 million kWh. When this is compared with the cost of current industrial electricity, the average cost is RMB0.5 lower, which will save for the enterprise RMB1.5 million in electricity bill, 1,175 tons of standard coal consumption, cut 2,143 tons of carbon dioxide emission and 23 tons of sulfur dioxide emission every year.

This is the first clean energy power generation project between the Group and St. Meer Group. It is expected that the Group and St. Meer Group will cooperate in different districts to effectively utilize the roof tops of factory buildings for solar power generation using thin film modules. While substantially lowering electricity costs for the enterprises, the industrial zone can also benefit from overall energy saving with lowered carbon emission, and become a new ecological and environmental friendly industrial district.

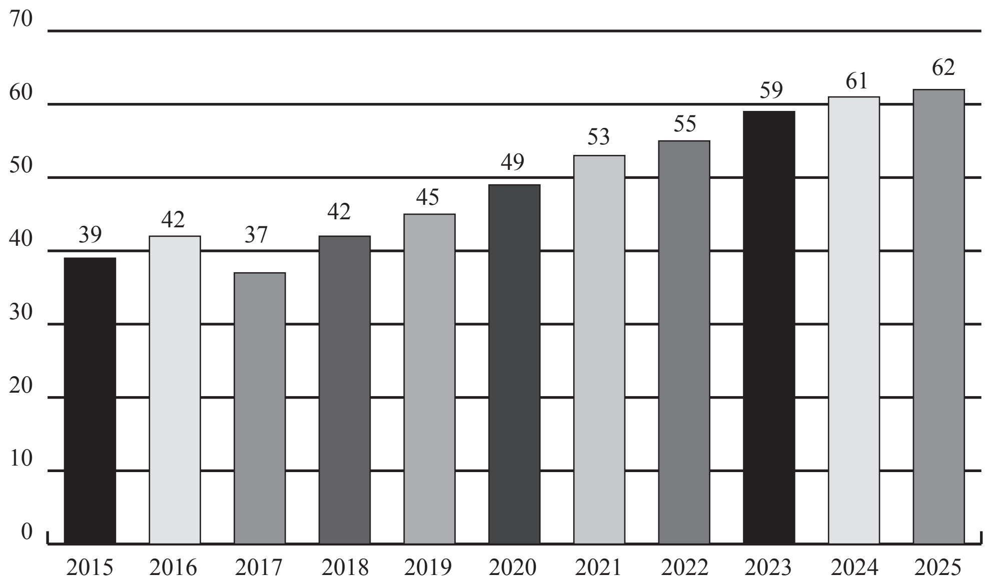
Apart from the above, in the first half of 2015, the Group and Imperial Pac (1076.HK) has entered into a memorandum of understanding in relation to the development of thin film power generation on pacific islands; entered into a cooperation agreement on vehicle application with Aston Martin; cooperated with Hongyi Group the yachts manufacturer to build energy saving and environmental friendly pleasure yacht for showcasing at the 20th China (Shanghai) International Boat Show; and cooperated with Yigao Company Limited （益高有限公司）in Suzhou to develop a tour cart fully powered by solar energy.

PROSPECTS

A. Global solar energy market forecast

The global photovoltaic industry opens up a new era of market robustness in 2014. Global increased capacity installations reached a 47GW record high, while accumulated installed capacity reached 188.8GW. According to data of an independent research institute, the trend in global new photovoltaic installed capacities will continue to rise each year in the 2015 – 2025 period.

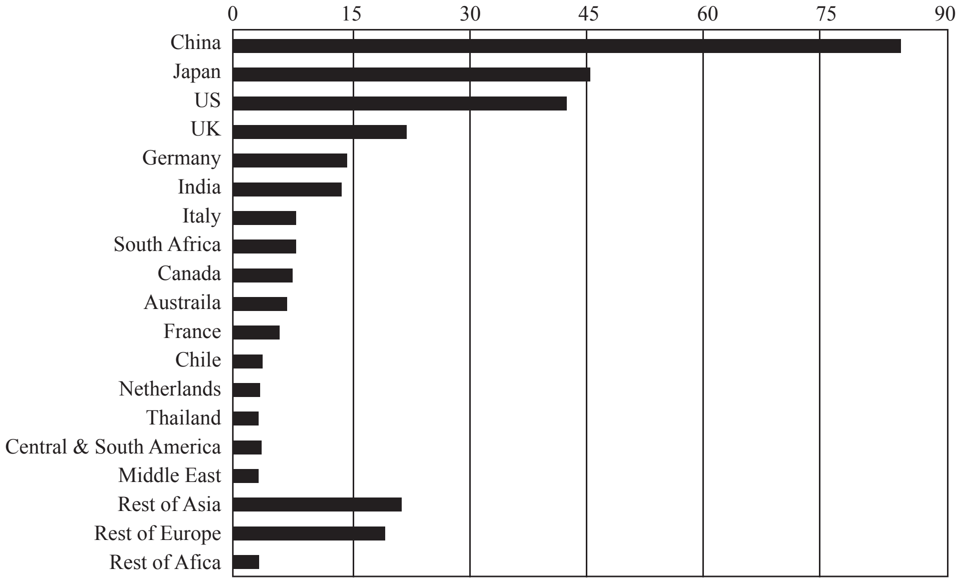
Global New Photovoltaic Installed Capacities for 2015 - 2025 (GW)



Source: Independent Research

China, on the rise in the past few years as a huge photovoltaic market, exhibits strong growth potential. According to data from an independent research institute, China's accumulated installed capacity will become the largest in the world, surpassing Japan, the U.S., Britain and Germany in the next 5 years. China's accumulated photovoltaic installed capacity will reach 78GW during the period 2015 to 2019.

Cumulative Demand by Geography for 2015-2019



Source: IHS Research

Photovoltaic technology continues to progress leading to greater and finer market segmentation. Apart from traditional surface and distributed power station applications, the amalgamation of the technology with general products begins to exhibit vigor. At the same time, to cope with the reforms on "mobile, real time, and intelligent" global technology and commercial patterns in mobile communications, such as big data, and smartphone and smart devices, global energy system is evolving in the direction of mobile energy systems, and history of energy use by humans will enter into a new chapter. That is, with mobile, distributed power generation technology as foundation, and through the dynamic amalgamation of energy storage, control and information communication technologies, we can achieve mobile, round-the-clock, and high efficiency energy supply.

B. PRC Government's policy of continuing support

Since the issuance early this year of the electric system reform no. 9 document on "Certain recommendations regarding further intensifying electric system reform", there has been a geyser type explosion of favorable policies. This indicates that the photovoltaic industry has entered a new cycle of market robustness, and has stepped into a fast track of development. Hanergy, representative of solar energy corporations in the PRC, will be the largest beneficiary of this development.

- ***Macro policies release development dividend***

  To stimulate the development of the scale of the photovoltaic industry, in March this year, the National Energy Board issued the "2015 photovoltaic construction implementation plan", which proposed a target of 17.8GW of increased photovoltaic construction for the year, a 68% increase over actual accomplishment of 2014. On the last day of June, Premier Li Jia Qiang announced that the government submitted to the secretariat of the "United Nations Framework Convention on Climate Change" the PRC's document of "intended nationally determined contribution" in addressing the problem of climate change, in which document the PRC delivered its 2020 to 2030 commitment on emission reduction, and proposed that the PRC's photovoltaic installed capacity would reach 100GW.

  At the same time in June, to promote progress and application of the photovoltaic industry, the Finance Ministry, the Publicity Department and the Education Ministry (the 3 ministries for short) jointly issued the "recommendation regarding the promotion of sophisticated photovoltaic product applications and industry upgrade", proposing to upgrade photovoltaic product market access standards, supporting market expansion of sophisticated products, and to fully implement the "front runner" plan; in July, The State Council issued the "guiding recommendation regarding the proactive promotion of the 'internet+' action", a document initialed by Premier Li Jiaqiang. In that document was especially listed the item "internet + smart energy", which proposed the promotion of the delayering of energy systems through the internet so as to push forward the revolution of energy production and consumption modes.

- ***Local policies push the market to action***

  Since the National Energy Board issued the "2015 photovoltaic construction implementation plan" in mid-March, many local support policies for the photovoltaic industry have emerged. In July, Beijing City National Development and Reform Commission and the Finance Bureau announced that within Beijing City, distributed photovoltaic power paralleled to grid projects would be entitled to RMB0.3 per kW.h municipal grade subsidy for a consecutive 5 years; Hubei Province announced an RMB0.25 per kW.h provincial grade subsidy to distributed projects for a 5 year period; Shanghai City also adopted the same subsidy scheme as Hubei; in addition, Jiangxi, Shandong, Anhui, Guangdong, Henan, Fujian, Shanxi, and Jiangsu provinces and their respective subordinate local governments adopted varying subsidies; local grade subsidies averaged about RMB 0.20 per kW.h.

  Hanergy, capitalizing on the sound local subsidy policies, proactively sought to cooperate with local governments to push and renew rural construction with thin film solar energy technology.

C. Localizing the world-leading thin film technology for large scale production

In the first half of 2015, the Group and Shandong Macrolink, Baota Investment and Beijing Manshi Investment signed equipment sales and technical service contract of a scale of 2.4GW thin film production line, total consideration of which was over RMB20 billion. Large scale production brings cost effectiveness, and is advantageous to large scale promotion and application of thin film power generation products in the PRC.

Apart from that, the Group has purchased world-leading CIGS and GaAs technologies, which have opened up many fields of solar application products with their high flexibility, superior weak light performance and attractive assembling capabilities, including BIPV, household power generation, flexible rooftop photovoltaic modules, automobile applications, electronics products, generic products and specialty products.

In the first half of 2015, the Group signed an investment cooperation agreement with the Huangpi District Government of Wuhan, Hubei, and will invest in Wuhan to build a 10MW GaAs flexible solar cells R&D and manufacturing station. Subsequent to the localization of CIGS and GaAs technologies, and to large scale production, thin film power generation costs will continue to significantly drop, opening a road of success for more extensive application markets.

D. Expansion in the downstream segment and focusing on mobile energy strategy

Mobile energy's foundation is mobile distributed power generation technology. Through a dynamic amalgamation with energy storage, control, and information communication technologies, supply of energy on a movable, round-the-clock and highly efficient basis can be achieved. Mobile energy is a revolution of the mode of energy utilization, because it overruns traditional modes of energy production and consumption: that is, electricity supply changes from the traditional centralized operation to every individual entity becoming a player in power generation, and ubiquity of energy is achieved.

In the first half of 2015, the Group held a mobile energy solution plan press release, and proposed "mobile energy + traditional industries" mode to rally support of the latter to push, globally, the first working solar energy electric food lorry, as well as solar energy tourist coaches, caravans, and environmentally friendly pleasure craft. Apart from cooperation with vehicle and marine vessel corporations, the Group also diversified into the mobile energy home user market in this release, and announced the easy to carry, mobile, and professional major series, with new products in thin film power generating and charging. These mobile chargers can be used as electricity is generated to satisfy the need for electricity in situations such as outdoor work and emergency rescue. Furthermore, "mobile energy source +" will stir up the commercial drone, the wearable equipment, the electronic product, and such other huge markets.

INTERIM DIVIDEND

The Board does not recommend the declaration of any interim dividend for the six months ended 30 June 2015 (2014: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2015, the Group have interest-bearing bank and other borrowings of HK$1,519,978,000 (31 December 2014 (restated): HK$1,355,445,000) while the cash and cash equivalents amounted to approximately HK$2,386,352,000 (31 December 2014 (restated): approximately HK$3,056,916,000).

Gearing ratio (total debt less cash and cash equivalent, tax payable and deferred tax liabilities ("Net Debt") over shareholders' equity) as at 30 June 2015 was 8.13% (31 December 2014 (restated): 1.29%).

TREASURY POLICIES AND EXCHANGE & OTHER EXPOSURES

The Group's monetary transactions and deposits continued to be in the form of US dollars, Renminbi and Hong Kong dollars. The Group expected that the exposure to exchange rates fluctuation was not significant and therefore had not engaged in any hedging activities.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 June 2015 (31 December 2014: Nil).

PERSONNEL

The number of employees of the Group as at 30 June 2015 was 5,458 (31 December 2014: 2,033) of whom 308 (31 December 2014: 395) were office administration staff.

Remuneration of employees and directors are determined according to individual performance and the prevailing trends in different areas and reviewed on an annual basis. The Group has also contributed mandatory provident fund, retirement funds and provided medical insurance to its employees.

Bonuses are awarded based on individual performance and overall Group performance, and are made to certain employees of the Group.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2015.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2015, the Company, through its wholly owned subsidiary, repurchased its own shares on the Stock Exchange, details of which are as follows:

Month of repurchase	Number of Shares repurchased	Price per share Highest	Lowest	Aggregate consideration
		HK$	*HK$*	*HK$'000*
May 2015	33,724,000	7.18	7.18	242,138

The 33,724,000 repurchased Shares were cancelled on 11 June 2015.

The repurchase of the Company's Shares during the reporting period was effected by the directors of the Company, pursuant to the mandate granted by the shareholders at the annual general meeting held on 15 May 2014, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Group.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the reporting period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all the Directors, all the Directors confirmed that they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by Directors adopted by the Company during the reporting period.

REVIEW OF INTERIM FINANCIAL STATEMENTS

The audit committee of the Company (the "Audit Committee") has reviewed the accounting principles and practices adopted by the Company and discussed internal control and financial reporting matters with senior management relating to the preparation of the unaudited consolidated financial statements of the Group for the six months ended 30 June 2015 (the "Interim Financial Report").

As at the date of this announcement, the Audit Committee comprises all independent non-executive directors of the Company, namely, Ms. Zhao Lan (Chairman of Committee), Mr. Wang Tongbo, Professor Xu Zheng and Dr. Wang Wenjing.

TRADING HALT

Trading in the Company's shares on The Stock Exchange of Hong Kong Limited has been halted with effect from 10:40 a.m. on 20 May 2015. The Company requested for a trading halt in its shares due to significant fluctuation in its share prices. The Company then had reasons to believe that the significant price fluctuation was caused by speculations of a possibility that one of the Equipment Purchasers may not proceed with the Sales Contract it had previously entered into with the Company for production line equipment for BIPV. Accordingly, the Company made reasonable enquiries with each of the Equipment Purchasers regarding the status of their respective Sales Contracts. As of the date of this announcement, the Company has received written confirmations from each of Macrolink Equipment Purchaser and Inner Mongolia Equipment Purchaser stating that each will proceed with their respective Sales Contracts. Until now, the Company has not received confirmation from Baota Equipment Purchaser that it will proceed with its Sales Contract.

On 9 June 2015, the Company received a letter from the SFC indicating the SFC was minded to exercise its power under Rule 8(1) of the Securities and Futures (Stock Market Listing) Rules. The Company understood the SFC was concerned about (i) the ongoing viability of the Group given its financial dependence on Hanergy Holding and its affiliates; and (ii) the ability of the Company to keep the market properly informed as required by the Part XIVA of the SFO. In the letter, the SFC has requested for documents which are outside the control of and do not belong to the Company. They include, amongst other things, audited financial statements of Hanergy Holding and audited consolidated financial statements of Hanergy Holding, for each of the financial years 2011 to 2014 and detailed terms of material outstanding loans of Mr. Li He Jun ("Documents not in the Company's Possession"). However, these are private financials relating to the internal affairs of Hanergy Holding, Hanergy Affiliates and personal affairs of Mr. Li He Jun. The Company has no control over Hanergy Holding, Hanergy Affiliates and/or Mr. Li He Jun and cannot compel them to produce such documents or information.

The SFC considers the submissions and explanations submitted by the Company do not/do not wholly and adequately address its concerns, and it served a letter dated 15 July 2015 in relation to the Rule 8(1) and directed the Stock Exchange to suspend trading in the securities of the Company. The Company has notified the SFC on 16 July 2015 that it will make representations to the board of directors of the SFC pursuant Rule 9 of the Stock Market Rules to cancel the Rule 8(1) direction and to seek to resume trading as soon as possible.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.hanergythinfilmpower.com). The interim report of the Company for the six months ended 30 June 2015 will be dispatched to the shareholders of the Company and will be available at the above websites in due course.

By order of the Board
Hanergy Thin Film Power Group Limited
Li Hejun
Chairman

Beijing, the PRC, 28 August 2015

As at the date of this announcement, the executive Directors are Mr. Li, Hejun (Chairman), Mr. Dai, Frank Mingfang (Deputy Chairman and Chief Executive Officer), Dr. Feng, Dianbo (Deputy Chairman), Mr. Liu, Min (Deputy Chairman), Mr. Chen, Li (Executive Vice-President), Dr. Lam, Yat Ming Eddie (Finance Director and Senior Vice-President), and Mr. Li, Guangmin (Financial Controller); and the independent non-executive Directors of the Company are Ms. Zhao, Lan, Mr. Wang, Tongbo, Professor Xu, Zheng and Dr. Wang, Wenjing.