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)

ANNOUNCEMENT OF 2014 RESULTS AND RESTATEMENT OF EARNINGS PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE PARENT IN 2014 INTERIM REPORT

The board of directors (the "**Board**") of Hanergy Thin Film Power Group Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2014 with comparative figures for the previous corresponding year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	**2014** **HK$'000**	2013 HK$'000 (Restated)
REVENUE	5	**9,615,028**	3,283,791
Cost of sales		**(4,110,380)**	(647,779)
Gross profit		**5,504,648**	2,636,012
Other income and gains		**323,492**	134,512
Selling and distribution expenses		**(173,000)**	(4,588)
Administrative expenses		**(807,280)**	(236,495)
Research and development costs		**(513,966)**	(195,063)
Loss on disposal of an available-for-sale investment		**(12,274)**	—
Impairment of an available-for-sale investment		**(23,610)**	—
Other expenses		**(4,269)**	(39)
Finance costs	6	**(2,997)**	(57,026)
PROFIT BEFORE TAX	7	**4,290,744**	2,277,313
Income tax expense	8	**(983,074)**	(259,289)
PROFIT FOR THE YEAR		**3,307,670**	2,018,024

	Notes	**2014**	2013
		HK$'000	*HK$'000*
			(Restated)
OTHER COMPREHENSIVE (LOSS)/INCOME TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS:			
Exchange differences on translation of foreign operations		**(18,319)**	176,338
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX		**(18,319)**	176,338
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**3,289,351**	2,194,362
Profit for the year attributable to:			
Owners of the parent		**3,307,748**	2,018,024
Non-controlling interests		**(78)**	—
		3,307,670	2,018,024
Total comprehensive income attributable to:			
Owners of the parent		**3,289,429**	2,194,362
Non-controlling interests		**(78)**	—
		3,289,351	2,194,362
		HK cents	*HK cents*
EARNINGS PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE PARENT	*9*		
Basic		**10.0**	9.1
Diluted		**7.5**	5.1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	2014 HK$'000	2013 HK$'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment		**663,497**	320,054
Goodwill		**7,915,318**	7,915,318
Intangible assets		**1,070,085**	1,211,056
Available-for-sale investment		**—**	85,800
Deposits paid for acquisition of items of property, plant and equipment		**32**	493
Deferred tax assets		**76,404**	23,420
Total non-current assets		**9,725,336**	9,556,141
CURRENT ASSETS			
Inventories		**659,023**	1,649,598
Trade receivables	*10*	**6,078,695**	2,307,349
Gross amount due from contract customers	*11*	**3,278,508**	1,858,557
Other receivables	*12*	**391,748**	59,672
Bills receivable		**101,411**	—
Deposits and prepayments	*13*	**1,630,204**	2,000,938
Equity investment at fair value through profit or loss		**—**	11,698
Restricted cash		**76,689**	—
Cash and cash equivalents		**3,033,819**	1,367,836
Total current assets		**15,250,097**	9,255,648
CURRENT LIABILITIES			
Trade and bills payables	*14*	**429,773**	620,065
Other payables and accruals	*15*	**1,464,329**	621,599
Interest-bearing bank and other borrowings	*16*	**462,601**	179,579
Convertible Bonds		**—**	845,584
Tax payable		**860,908**	281,969
Finance lease payables		**7,875**	7,604
Total current liabilities		**3,225,486**	2,556,400
NET CURRENT ASSETS		**12,024,611**	6,699,248
TOTAL ASSETS LESS CURRENT LIABILITIES		**21,749,947**	16,255,389
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**561,995**	324,501
Interest-bearing bank and other borrowings	*16*	**656,258**	42,417
Finance lease payables		**37,015**	44,805
Other non-current liabilities		**2,004**	2,360
Total non-current liabilities		**1,257,272**	414,083
Net assets		**20,492,675**	15,841,306
EQUITY			
Equity attributable to the owners of the parent			
Issued capital		**104,084**	71,470
Reserves		**20,388,004**	15,769,836
		20,492,088	15,841,306
Non-controlling interests		**587**	—
Total equity		**20,492,675**	15,841,306

Note:

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance which concern the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance.

The financial statements have been prepared under the historical cost convention, except for equity investment at fair value through profit or loss, which has been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

As at 31 December 2014, the Group had net current assets of HK$12,024,611,000. Included in the Group's current assets as at 31 December 2014 were the gross amount due from and trade receivables from Hanergy Holding and its affiliates (collectively "Hanergy Affiliates") for contract work of HK$7,623,739,000 and other receivables due from and prepayments made to Hanergy Affiliates of HK$1,437,438,000 (details of which are set out in notes 10, 11, 12 and 13 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 Group also has bank facilities amounting to HK$2,535,000 as at 31 December 2014.

The directors of the Company, after due and careful enquiries and by performing the necessary due diligence work 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. Subsequent to 31 December 2014 and up to the date when these financial statements were approved for issuance , the Group have collected HK$2,865,666,000 from Hanergy Affiliates. 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 consolidated financial statements on a going concern basis.

Comparative information

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2014. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Business combinations under common control are accounted for using the merger accounting method.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards and new interpretation for the first time for the current year's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	*Investment Entities*
Amendments to HKAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to HKAS 36	*Recoverable Amount Disclosures for Non-Financial Assets*
Amendments to HKAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC)-Int 21	*Levies*
Amendment to HKFRS 2 included in Annual Improvements 2010-2012 Cycle	*Definition of Vesting Condition*[1]
Amendment to HKFRS 3 included in Annual Improvements 2010-2012 Cycle	*Accounting for Contingent Consideration in a Business Combination*[1]
Amendment to HKFRS 13 included in Annual Improvements 2010-2012 Cycle	*Short-term Receivables and Payables*
Amendment to HKFRS 1 included in Annual Improvements 2011-2013 Cycle	*Meaning of Effective HKFRSs*

[1] Effective from 1 July 2014

Other than explained below regarding the impact of HKAS 32 amendments, HKAS 36 amendments and HKFRS 2 and HKFRS 13 amendments included in Annual Improvements 2010-2012 Cycle, the adoption of the above revised standards and interpretation has had no significant financial effect on these financial statements.

(a) The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments have had no impact on the Group as the Group does not have any offsetting arrangement.

(b) The HKAS 36 Amendments remove the unintended disclosure requirement made by HKFRS 13 on the recoverable amount of a cash-generating unit which is not impaired. In addition, the amendments require the disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognised or reversed during the reporting period, and expand the disclosure requirements regarding the fair value measurement for these assets or units if their recoverable amounts are based on fair value less costs of disposal. The amendments have had no impact on the financial position or performance of the Group.

(c) The HKFRS 2 Amendment clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including (i) a performance condition must contain a service condition; (ii) a performance target must be met while the counterparty is rendering service; (iii) a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group; (iv) a performance condition may be a market or non-market condition; and (v) if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. The amendment has had no impact on the Group.

(d) The HKFRS 13 Amendment clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has had no impact on the Group.

3. RESTATEMENT

As a result of the acquisition of Hanergy Solar UK Limited ("Hanergy UK") and Global Solar Energy, Inc. ("GSE") in 2014, the relevant line items in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2013, the consolidated statement of financial position as at 31 December 2013 and the consolidated statement of changes in equity as at 31 December 2013 have been restated as follows:

	The Group (as previously reported) *HK$'000*	Hanergy UK *HK$'000*	GSE *HK$'000*	Deemed contribution from the then shareholder of Hanergy UK *HK$'000*	Elimination *HK$'000*	The Group (as restated) *HK$'000*
Consolidated statement of profit or loss and other comprehensive income for 2013:						
Revenue	3,274,425	6,781	2,585	—	—	3,283,791
Profit/(loss) for the year	2,069,010	(13,231)	(37,755)	—	—	2,018,024
Other comprehensive income for the year, net of tax	177,071	(703)	(30)	—	—	176,338
Total comprehensive income for the year	2,246,081	(13,934)	(37,785)	—	—	2,194,362
Consolidated statement of financial position as at 31 December 2013:						
Non-current assets	9,423,451	4,746	127,944	—	—	9,556,141
Current assets	9,197,288	18,291	40,069	21,958	(21,958)	9,255,648
Total assets	18,620,739	23,037	168,013	21,958	(21,958)	18,811,789
Current liabilities	2,524,011	36,971	17,376	—	(21,958)	2,556,400
Non-current liabilities	324,501	—	89,582	—	—	414,083
Total liabilities	2,848,512	36,971	106,958	—	(21,958)	2,970,483
Net assets/(liabilities)	15,772,227	(13,934)	61,055	21,958	—	15,841,306
Equity attributable to the owners of the parent	15,772,227	—	—	—	—	15,772,227
Deemed contribution	—	—	98,840	21,958	—	120,798
Total comprehensive income for the year	—	(13,934)	(37,785)	—	—	(51,719)
Total equity	15,772,227	(13,934)	61,055	21,958	—	15,841,306
Consolidated statement of changes in equity as at 31 December 2013:						
Equity attributable to the owners of the parent	15,772,227	(13,934)	61,055	21,958	—	15,841,306
Total equity	15,772,227	(13,934)	61,055	21,958	—	15,841,306

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 products 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 ("Manufacturing");

— building solar farms or rooftop power stations and the sale of the power stations once connected to the electricity grid ("Build and Sell")

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 investments at fair value through profit or loss, available-for-sale investment and 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.

Year Ended 31 December 2014	Manufacturing *HK$'000*	Build and Sell *HK$'000*	Total *HK$'000*
Segment Revenue			
Sales to external customers	**5,983,873**	**3,631,155**	**9,615,028**
Segment Results	**3,954,434**	**470,956**	**4,425,390**
Including:			
Research and development costs	**(513,966)**	**—**	**(513,966)**
Reconciliation of segment results:			
Segment results			**4,425,390**
Interest income			**6,976**
Finance costs			**(2,997)**
Impairment of an available-for-sale investment			**(23,610)**
Loss on disposal of an available-for-sale investment			**(12,274)**
Unallocated other income and gains			**1,336**
Corporate and other unallocated expenses			**(104,077)**
Profit before tax			**4,290,744**
Segment Assets	**22,803,931**	**4,682,877**	**27,486,808**
Reconciliation:			
Elimination of intersegment receivables			**(3,418,083)**
Deferred tax assets			**76,404**
Corporate and other unallocated assets			**830,304**
Total assets			**24,975,433**
Segment Liabilities	**3,103,433**	**4,040,171**	**7,143,604**
Reconciliation:			
Elimination of intersegment payables			**(3,418,083)**
Deferred tax liabilities			**561,995**
Corporate and other unallocated liabilities			**195,242**
Total liabilities			**4,482,758**
Other Segment Information			
Depreciation and amortisation	**233,002**	**5,057**	**238,059**
Reconciliation:			
Corporate and other unallocated depreciation and amortisation			**3,727**
Total depreciation and amortisation			**241,786**
Capital expenditure *	**128,809**	**117,339**	**246,148**
Reconciliation:			
Corporate and other unallocated capital expenditure			**203,566**
Total capital expenditure			**449,714**

* Capital expenditure consists of additions to property, plant and equipment and intangible assets.

Year Ended 31 December 2013	Manufacturing *HK$'000* (Restated)	Build and Sell *HK$'000* (Restated)	Total *HK$'000* (Restated)
Segment Revenue			
Sales to external customers	3,277,010	6,781	3,283,791
Segment Results	2,362,584	(28,055)	2,334,529
Including:			
Research and development costs	(194,273)	(790)	(195,063)
Reconciliation of segment results:			
Segment results			2,334,529
Interest income			4,342
Finance costs			(57,026)
Unallocated other income and gains			45,726
Corporate and other unallocated expenses			(50,258)
Profit before tax			2,277,313
Segment Assets	17,608,082	3,314,890	20,922,972
Reconciliation:			
Elimination of intersegment receivables			(2,298,666)
Available-for-sale investment			85,800
Deferred tax assets			23,420
Equity investment at fair value through profit or loss			11,698
Corporate and other unallocated assets			66,565
Total assets			18,811,789
Segment Liabilities	1,142,691	2,914,982	4,057,673
Reconciliation:			
Elimination of intersegment payables			(2,298,666)
Convertible Bonds			845,584
Deferred tax liabilities			324,501
Corporate and other unallocated liabilities			41,391
Total liabilities			2,970,483
Other Segment Information			
Depreciation and amortisation	129,611	520	130,131
Reconciliation:			
Corporate and other unallocated depreciation and amortisation			1,769
Total depreciation and amortisation			131,900
Capital expenditure *	775,903	5,284	781,187
Reconciliation:			
Corporate and other unallocated capital expenditure			4,183
Total capital expenditure			785,370

* Capital expenditure consists of additions to property, plant and equipment and intangible assets.

Geographical information

(a) ***Revenue from external customers***

	Group	
	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Mainland China	**9,475,570**	3,243,704
United Kingdom	**97,936**	6,781
United States	**25,854**	2,585
Sweden	**—**	30,721
Others	**15,668**	—
	9,615,028	3,283,791

The revenue information above is based on the locations of the customers.

(b) ***Non-current assets***

	Group	
	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Mainland China	**1,486,544**	1,387,569
United States	**191,588**	127,944
Germany	**13,886**	—
Sweden	**23,553**	4,858
Hong Kong	**10,932**	6,486
United Kingdom	**4,155**	4,746
Others	**2,956**	—
	1,733,614	1,531,603

The non-current asset information above is based on the locations of the assets and excludes goodwill, available-for-sale investment and deferred tax assets.

Information about a major customer

Revenue of HK$5,957,936,000 (2013: HK$3,274,425,000) was derived from sales by the Manufacturing segment to Hanergy Affiliates.

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 solar power stations, rooftop power stations and solar photovoltaic panels to customers.

An analysis of revenue is as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Revenue		
Contract revenue	**5,955,293**	3,243,704
Sale of solar power stations	**3,378,250**	—
Sale of solar photovoltaic panels	**169,693**	2,585
Sales of rooftop power station	**111,792**	6,781
Research and development revenue	**—**	30,721
	9,615,028	3,283,791

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Imputed interest expenses on the Convertible Bonds	**1,296**	56,025
Interest on other borrowings from a related company	**2,457**	322
Interest on other borrowings from unrelated third parties	**16,625**	25
Interest on bank borrowings	**10,511**	—
Interest on finance lease	**1,701**	679
Total interest expenses	**32,590**	57,051
Less: capitalised interest	**(29,593)**	(25)
	2,997	57,026

7. PROFIT BEFORE TAX

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

	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Crediting:		
Bank interest income	**6,976**	4,342
Interest income of overdue trade receivable	**205,852**	—
Fair value gain on an equity investment at fair value through profit or loss	**—**	4,766
Foreign exchange differences, net	**37,848**	34,968
Charging:		
Auditors' remuneration		
— Audit service	**10,844**	5,057
— Others	**1,037**	450
Amortisation of intangible assets	**144,168**	95,570
Depreciation of property, plant and equipment	**97,618**	36,330
Employee benefit expenses:		
Salaries, allowances and benefits in kind	**691,486**	226,198
Performance related and incentive payments	**47,958**	8,618
Contributions to retirement benefit schemes	**32,599**	6,282
Equity-settled share option expenses	**2,431**	—
Sub-total	**774,474**	241,098
Research and development costs	**513,966**	195,063
Impairment of an available-for-sale investment	**23,610**	—
Impairment of trade receivables*	**—**	39
Write-down of inventories to net realisable value	**—**	277
Loss on disposal of an available-for-sale investment	**12,274**	—
Loss on disposal of items of property, plant and equipment	**39**	152
Loss on disposal of equity investment at fair value through profit or loss*	**4,269**	—
Minimum lease payments under operating leases:		
Land and buildings	**99,687**	39,637
Equipment	**20,952**	20,682

* These items are included in 'other expenses' on the face of the consolidated statement of profit or loss and other comprehensive income of the Group.

8. INCOME TAX

The Company is incorporated in the Bermuda and conduct its primary business through its subsidiaries in the PRC and other countries. Under the current laws of the Bermuda, the Company incorporated in Bermuda is not subject to tax on income or capital gains. Hong Kong Profits Tax rate was 16.5% during the years reported. The Company's Hong Kong subsidiary has both Hong Kong-sourced and non-Hong Kong-sourced income. The latter is not subject to Hong Kong Profits Tax and the related expenses are non-tax-deductible. For the Hong Kong-sourced income, no provision for Hong Kong Profits Tax was made as such operations did not generate any assessable profits arising from Hong Kong during the year. Furthermore, there are no withholding taxes in Hong Kong on the remittance of dividends.

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%. 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. 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%.

Under the prevailing CIT Law and its relevant regulations, any dividends paid by the Company's PRC subsidiaries from their earnings derived after 1 January 2008 to the Company's Hong Kong subsidiary are subject to a 5% or 10%, depending on the applicability of the Sino-Hong Kong tax treaty, PRC dividend withholding tax. For the Group, the historical applicable rate is 5%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in the PRC in respect of earnings generated from 1 January 2008.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates. No provision for income tax was made for the overseas subsidiaries as there were no assessable profits during the current and prior years.

Group

	2014	2013
	HK$'000	*HK$'000*
Current tax:		
— The PRC		
Income tax expense for the year	**870,790**	178,225
Overprovision in respect of prior years	**(71,278)**	(8,471)
	799,512	169,754
Deferred tax charge — The PRC	**183,562**	89,535
Total tax charge for the year	**983,074**	259,289

9. EARNINGS PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE PARENT

The calculation of basic earnings per share amounts is based on the profit for the year attributable to the owners of the parent, and the weighted average number of ordinary shares of 32,969,132,000 (2013: 22,168,542,000) in issue during the year.

The calculation of diluted earnings per share amounts is based on the profit for the year attributable to the owners of the parent, adjusted to reflect the interest on the Convertible Bonds, where applicable (see below). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	Group	
	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Earnings		
Profit attributable to the owners of the parent, used in basic earnings per share calculation	**3,307,748**	2,018,024
Imputed interest expenses on the Convertible Bonds *(Note 6)*	**1,296**	56,025
Profit for the purpose of diluted earnings per share calculation	**3,309,044**	2,074,049

	Number of shares 2014	2013
	'000	*'000*
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**32,969,132**	22,168,542
Effect of dilution — weighted average number of ordinary shares:		
Assumed issue at no consideration on deemed exercise of all share options outstanding during the year	**567,521**	1,163,070
Deemed conversion of all Convertible Bonds	**2,551,087**	3,403,749
Deemed exercise by Hanergy Holding of all outstanding subscription rights	**7,951,489**	14,248,792
Weighted average number of ordinary shares in issue during the year used in diluted earnings per share calculation	**44,039,229**	40,984,153

10. TRADE RECEIVABLES

		Group 2014	2013
	Notes	***HK$'000***	*HK$'000* (Restated)
Trade receivables:			
— Due from Hanergy Affiliates	*(i)*	**4,345,231**	2,303,734
— Due from third parties	*(ii)*	**1,733,464**	3,615
		6,078,695	2,307,349

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 receivables balances. Based on the invoice date, the ageing analysis of the Group's net trade receivables from Hanergy Affiliates is as follows:

	2014	2013
	HK$'000	*HK$'000*
Within 3 months	**2,823,545**	1,235,844
3 to 6 months	**1,521,686**	—
6 months to 1 year	**—**	1,067,890
	4,345,231	2,303,734

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

	2014	2013
	HK$'000	*HK$'000*
Neither past due nor impaired	**1,848,630**	221,214
Less than 3 months past due	**974,915**	1,014,630
3-6 months past due	**1,521,686**	—
More than 6 months past due	**—**	1,067,890
	4,345,231	2,303,734

Trade receivables of HK$2,496,601,000 as at 31 December 2014 (31 December 2013: HK$2,082,520,000) were past due for less than 1 year. Subsequent to 31 December 2014 and up to 30 March 2015 (when the financial statements were approved for issuance), Hanergy Affiliates have settled HK$2,659,814,000 of the trade receivables.

The directors of the Company have conducted a financial due diligence to assess the credibility and the capacity of Hanergy Affiliates and are of the view that Hanergy Affiliates would be able to settle all progress payments on a timely basis.

Furthermore, 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$205,852,000 as 0.04% per day of the overdue trade receivables was included in the other receivables due from Hanergy Holding as at 31 December 2014. Up to 30 March 2015 (when the financial statements were approved for issuance). Hanergy Affiliates have settled all the interest penalty of HK$205,852,000.

(ii) Trade receivables from third parties

The balances 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. Subsequent to 31 December 2014 and up to 30 March 2015 (when the financial statements were approved for issuance), 65% of the total cash consideration amounting to HK$1,170,612,000 has been paid by Beijing Hongsheng.

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

	2014 *HK$'000*	2013 *HK$'000* (Restated)
Within 3 months	**1,731,126**	3,615
3 to 6 months	**2,338**	—
	1,733,464	3,615

The above trade receivables from third parties are neither past due nor impaired as at 31 December 2014.

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 trade receivables are not materially different from their carrying amounts because these amounts have short maturity periods at their inception.

11. GROSS AMOUNT DUE FROM CONTRACT CUSTOMERS

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

	Group	
	2014 ***HK$'000***	2013 *HK$'000*
At 1 January	**1,858,557**	2,981,937
Contract costs incurred plus recognised profits less recognised losses	**6,520,849**	3,631,308
Progress billings	**(5,104,520)**	(4,658,702)
Exchange realignment	**3,622**	(95,986)
At 31 December	**3,278,508**	1,858,557

12. OTHER RECEIVABLES

	Group	
	2014 ***HK$'000***	2013 *HK$'000* (Restated)
Other receivables:		
— Due from the ultimate holding company	**205,852**	458
— Due from Hanergy Affiliates	**25,336**	190
— Due from third parties	**160,560**	59,024
	391,748	59,672

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.

13. DEPOSITS AND PREPAYMENTS

	Group	
	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Deposits	**26,506**	70,614
Prepayments paid to:		
— Hanergy Affiliates *(i)*	**1,206,250**	1,571,128
— Unrelated third parties	**405,292**	366,972
	1,611,542	1,938,100
Less: impairment	**(7,844)**	(7,776)
	1,630,204	2,000,938

None of the above assets is past due. Included in the above assets, HK$291,039,000 of the prepayments has an ageing over 1 year, whereas all the remaining deposits and prepayment have an ageing less than 1 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. 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 PV modules have been delivered by Hanergy Affiliates. The delay of delivery of the PV modules was mainly due to the production arrangement by the 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 amounts 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 2014. As of 31 December 2014, there are a total capacity of 689.2 MW PV modules have not been delivered by Hanergy Affliates and these remaining PV modules will be delivered to the Group in accordance with the further construction plan of the Group.

14. TRADE AND BILLS PAYABLES

	Group	
	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Trade and bills payables due to:		
— Related parties	**138,486**	11,263
— Third parties	**291,287**	608,802
	429,773	620,065

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

	Group	
	2014	2013
	HK$'000	*HK$'000*
		(Restated)
0 — 30 days	**190,075**	448,200
31 — 60 days	**79,200**	6,226
61 — 90 days	**—**	7,367
Over 90 days	**160,498**	158,272
	429,773	620,065

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

15. OTHER PAYABLES AND ACCRUALS

		Group	
		2014	2013
		HK$'000	*HK$'000*
			(Restated)
Deposits		**7,027**	5,000
Other payables due to:			
— The ultimate holding company	*(i)*	**391,443**	—
— The immediate holding company	*(ii)*	**16,863**	16,863
— Related parties	*(iii)*	**73,632**	71,308
— Third parties		**686,113**	364,257
Sub-total		**1,168,051**	452,428
Accruals		**289,251**	164,171
		1,464,329	621,599

Notes:

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

(iii) The balance included the advances of HK$49,032,000 (2013 restated: HK$15,504,000) from Hanergy Affiliates to the Company for the daily operation purpose, and the balance of HK$24,600,000 (2013: HK$55,804,000) 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.

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.

16. INTEREST-BEARING BANK AND OTHER BORROWINGS

		31 December 2014			31 December 2013		
Group	*Notes*	**Effective interest rate (%)**	**Maturity**	***HK$'000***	Effective interest rate (%)	Maturity	*HK$'000* (Restated)
Current:							
Bank overdrafts — unsecured		**0-5**	**On demand**	**134**	—	—	—
Bank loans — guaranteed	*(a)*	**7.8**	**2015**	**63,382**	—	—	—
Bank loans — guaranteed and secured	*(b)*	**Prime rate+1.75, not less than 6**	**2015**	**36,075**	—	—	—
Bank loans — unsecured		**6 month US dollar LIBOR+3.5**	**2015**	**140,786**	—	—	—
Interest-bearing other borrowings							
Related parties — unsecured		**0-3**	**2015**	**2,233**	3	2014	242
Third parties — guaranteed	*(c)*	**—**	**—**	**—**	5.6	2014	76,314
Third parties — unsecured		**5.6-10**	**2015**	**213,597**	6.6	2014	103,023
Current portion of long-term borrowings							
Bank loans — guaranteed	*(a)*	**5% above PBOC benchmark lending rate**	**2015**	**5,704**	—	—	—
Bank loans — guaranteed and secured	*(d)*	**5.5**	**2015**	**690**	—	—	—
Total				**462,601**			179,579
Non-current:							
Bank loans — guaranteed	*(a)*	**5% above PBOC benchmark lending rate**	**2016-2029**	**130,516**	—	—	—
Bank loans — guaranteed and secured	*(d)*	**5.5**	**2016-2024**	**7,461**	—	—	—
Interest-bearing other borrowings							
Related parties — unsecured		**3**	**2018**	**137,990**	3	2018	42,417
Third parties — guaranteed	*(a)*	**PBOC benchmark lending rate**	**2016-2022**	**380,291**	—	—	—
Total				**656,258**			42,417

	Group	
	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Analysed into:		
Bank loans and overdrafts repayable:		
Within one year or on demand	**246,772**	—
In the second year	**12,123**	—
In the third to fifth years, inclusive	**36,626**	—
Beyond five years	**89,228**	—
	384,749	—
Other borrowings repayable:		
Within one year	**215,829**	179,579
In the second year	**—**	—
In the third to fifth years, inclusive	**137,990**	42,417
Beyond five years	**382,290**	—
	734,110	221,996
Total	**1,118,859**	221,996

Notes:

(a) These borrowings are guaranteed by Hanergy Holding.

(b) The bank borrowings are guaranteed by Hanergy Holding and two subsidiaries of the Company and secured by the lien on the rights held by the Group upon the photovoltaic power generation project located in the United States, including the Group's security interest in such photovoltaic power generation project, the power purchase agreement, the engineering, construction and procurement ("EPC") contract, the operation and maintenance ("O&M") agreement, security agreement in membership interest, the fee title of the leasehold estate to be acquired upon which the photovoltaic power generation project locates as well as the security interest in the funds of such photovoltaic power generation project.

(c) The bank borrowings are guaranteed by a subsidiary of the Company.

(d) The bank borrowings are guaranteed by a subsidiary of the Company and secured by the lien on the rights held by the Group upon the photovoltaic power generation project located in the United States, including the Group's security interest in such photovoltaic power generation project, the power purchase agreement, the engineering, construction and procurement ("EPC") contract, the operation and maintenance ("O&M") agreement, security agreement in membership interest, the fee title of the leasehold estate to be acquired upon which the photovoltaic power generation project locates as well as the security interest in the funds of such photovoltaic power generation project.

17. EVENTS AFTER THE REPORTING PERIOD

(1) On 27 January 2015, Hanergy Hi-Tech (HK), as purchaser entered into an agreement with Hanergy Global Investment, a subsidiary of Hanergy Holding, as vendor for the sale and purchase of the entire issued capital of Alta Devices, Inc., for an aggregate consideration of US$15,000,000, which will be payable by Hanergy Hi-Tech (HK) in cash within seven days after the completion.

Details of the acquisition have been set out in the Company's announcement dated 27 January 2015. The acquisition of Alta Devices, Inc., was subsequently completed on 15 February 2015. Due to the timing of the transaction, the Group is still assessing the allocation of fair values of the assets acquired and liabilities assumed. The Group has not yet been able to analyse all books and records of Alta Devices, Inc., and therefore the initial accounting for the business combination is still incomplete. Accordingly, certain disclosures in relation to the business combination as at the date of the acquisition, such as fair values of assets acquired and liabilities assumed, goodwill recognised (if any) and acquisition-related costs, have not been presented.

(2) On 30 January 2015, the Company granted 19,300,000 share options to its 15 employees ("Grantees") with an exercise price of HK$3.61 per share and an exercise period of 5 years. Each of the employees needs to pay HK$1.00 upon acceptance of the share options.

(3) On 18 February 2015, the Company and Hanergy Holding entered into a master supply agreement for the continuing supply of solar panel by Hanergy Affiliates to the Company in the consecutive three years from 2015 to 2017. On 6 March 2015, a supplemental agreement has been entered into by the two parties whereby the Company will purchase 70MW non-customised CIGS flexible chips and flexible functional modules of 70MW using CIGS flexible chips absorption layer.

(4) On 26 February 2015, Fujian Apollo, an indirect wholly-owned subsidiary of the Company, entered into a sales contract and a service contract with Shandong Macrolink New Resources Technology Limited (the "Equipment Purchaser"), whereby Fujian Apollo agrees to sell and the Equipment Purchaser agrees to purchase certain production line equipment for Business Integrated Photovoltaic Business (BIPV) at a total capacity of 600MW at a total price of US$198,000,000, and to provide technical services with respect to this production line equipment at total service fee of US$462,000,000. The aggregate consideration payable by the Equipment Purchaser under the above mentioned contracts will be US$660,000,000 in total.

(5) On 26 February 2015, the Company and Macrolink New Resources Holding Company Limited (the "Subscriber") entered into a subscription agreement pursuant to which the Subscriber will subscribe for, and the Company will allot and issue to the Subscriber 1,500,000,000 new shares ("Subscription Shares") at the subscription price of HK$3.64 per subscription share. The Subscription Shares will be issued under the general mandate and will rank pari passu among themselves and with all of the shares in issue at the date of the completion. The Subscription Shares represent approximately 3.60% of the existing issued share capital of the Company as at 26 February 2015 and approximately 3.48% of the enlarged issued share capital of the Company immediately after the completion. The completion is subject to fulfillment of the conditions precedent. Accordingly, the subscription may or may not proceed. The subscription price was arrived at after arm's length negotiations between the Company and the Subscriber with reference to the latest market price of the shares of the Company. The aggregate subscription price of

HK$5,460,000,000 shall be payable in cash by the subscriber by way of bank transfer or cashier order(s) on or before the date of the completion. The Subscriber holds 40% interest in the Equipment Purchaser, while the remaining 60% interest is held by several independent third party investors. The Subscriber and the Equipment Purchaser are both independent of and not connected with the Company and its connected persons.

(6) On 6 March 2015, the Company further entered into a long-term strategic cooperative framework agreement with TIEN New Energy Group Limited ("TIEN New Energy") over the development and construction of distributed photovoltaic power stations projects and the acquisition and transfer of equity interests in such projects with a total capacity of over 200MW. On 6 March 2015, meanwhile, the two parties also signed an equity interests transfer agreement, whereby the Group agrees to sell its equity interest in a distributed photovoltaic power station project to TIEN New Energy.

DIVIDEND

The Board does not recommend to declare a final dividend for the year ended 31 December 2014 (2013: HK$0.015).

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

To ascertain the entitlement to attend and vote at the AGM to be held on Wednesday, 20 May 2015, the register of members of the Company will be closed from Monday, 18 May 2015 to Wednesday, 20 May 2015 (both dates inclusive) during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 15 May 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group recorded revenue of HK$9,615,028,000, representing an increase of about 193% as compared to HK$3,283,791,000 in 2013. Gross profit increased to HK$5,504,648,000 for the year, representing an increase of about 109% as compared to previous year's HK$2,636,012,000.

The Group recorded a net profit of HK$3,307,670,000, representing an increase of about 64% as compared to HK$2,018,024,000 for the corresponding financial year ended 31 December 2013. This increase is primarily resulting from the breakthrough of downstream business that generated from non-connected transactions and the disposals of five subsidiaries of PV stations in 2014.

BUSINESS REVIEW

A. Change of Company Name

In order to better reflect the thin film power generation technology that the Group specialises in and to better reflect the current and future business development direction of the Group more accurately, the Company formally changed its Chinese name from "漢能太陽能集團有限公司" to "漢能薄膜發電集團有限公司" and its English name from "Hanergy Solar Group Limited" to "Hanergy Thin Film Power Group Limited" on 9 October 2014 , and its shares will be traded on the Hong Kong Stock Exchange under the new stock short name of "HANERGY TFP" in English and "漢能薄膜發電" in Chinese.

The addition of the words "Thin Film Power" to the new company name not only represent a new corporate image for the Group, but also enables the market to better understand the Company's operations and to distinguish the Company from other solar crystalline silicon companies. The change of the Company's name will achieve a more extensive market recognition for the future development and strategic direction of the Company.

B. Increase in Shareholdings by the Controlling Shareholder of the Company

On 2 September 2014, Hanergy Holding subscribed for 9,000,000,000 shares pursuant to the terms of 2011 Third Subscription and Incentive Subscription.

In addition, pursuant to the terms and conditions of convertible bonds, on 2 September 2014, 3,800,598,000 shares were issued and allotted to GL Wind Farm Investment Limited and China Genco Investment Limited, both of which are wholly owned subsidiaries of Hanergy Holding, upon full conversion of the convertible bonds. The increase in shareholdings by Hanergy Holding further highlights the confidence and support that the largest shareholder recognises in the future prospects of the Company.

C. Delivery of Production Lines to Hanergy Holding Group

The Group entered into two master sales contracts with Hanergy Holding for the sale of equipment and turnkey production lines for the manufacture of thin film power generation modules to Hanergy Holding in 2010 and 2011, respectively. The table below shows an analysis of the related purchase capacity committed by Hanergy Holding and contract revenue recognized in the Group's financial statements:

	2010 Sales Contracts	**2011 Sales Contracts**
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 Holding as at 31/12/2014	1,300MW	7,000MW
	HK$'mil	*HK$'mil*
3. Total contract sum	25,800	61,270
4. To the extent purchase capacity committed by Hanergy Holding:		
(i) Contract sum attributed to the purchase capacity committed	9,672	61,270
(ii) Total cumulative down payment made by Hanergy Holding as at 31/12/2014	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	3,088	2,816

Pursuant to the two master sales contracts, production lines delivered by the Group to Hanergy Holding will undergo several phases from move-in and installation, followed by Start of Production ("SOP") and then End of Ramping ("EOR"), before the production lines can begin mass production.

During the year under review, the progress of the Group's production lines delivered to Hanergy Holding's manufacturing bases is summarized as follows:

(i) Shuangliu Base (Sichuan) Silicon-based supplementary line and Fab 2.0 program, Heyuan (Guangdong) Fab 2.0 Program and CIGS supplementary line, Yucheng (Shandong) Silicon-based supplementary line and Fab 2.0 Program, and Shuangyashan (Heilongjiang) Silicon-based supplementary line and Fab 2.0 Program.

Production lines were delivered and installed to the above Hanergy Holding's manufacturing bases. The Group is now expeditiously finetuning the manufacturing lines.

Shuangliu Base (Sichuan) Silicon-based supplementary line and Fab 2.0 Program, Wujin (Jiangsu) Silicon-based supplementary line and Fab 2.0 Program, Heyuan (Guangdong) Silicon-based and CIGS supplementary line, and Shuangyashan (Heilongjiang)Silicon-based supplementary line and Fab 2.0 Program.

Production lines have successfully undergone the SOP stage.

D. Entering into a 600MW BIPV Production Line Equipment Sales Contract and a Share Subscription Agreement with 山東新華聯新能源科技有限公司 (Shangdong Macrolink New Resources Technology Limited)

As stated in the announcement dated 27 February 2015, the Group, through its wholly-owned subsidiary, 福建鉑陽精工設備有限公司 (Apollo Precision (Fujian) Limited), entered into a sales contract and a service contract with 山東新華聯新能源科技有限公司 (Shangdong Macrolink New Resources Technology Limited) of a total capacity of 600MW for a total consideration of USD660,000,000. This transaction expanded the Group's client base, and demonstrated higher recognition of thin film production lines by the market and increased awareness in the Group's products. The net proceeds from the transaction will be used for general corporate and working capital purposes by the Group.

In addition, in order to incentivize 山東新華聯新能源科技有限公司 (Shangdong Macrolink New Resources Technology Limited) to establish a long-term business relationship with the Group, on 26 February 2015, the Group entered into the subscription agreement with 新華聯控股有限公司 (Macrolink New Resources Holding Company Limited), a shareholder of the 山東新華聯新能源科技有限公司 (Shangdong 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 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 the completion. The subscription will expand our shareholder base and introduce new shareholders to the Group.

新華聯控股有限公司 (Macrolink New Resources Holding Company Limited) is part of 新華聯集團 (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.

E. Progress of the Caofeidian Project

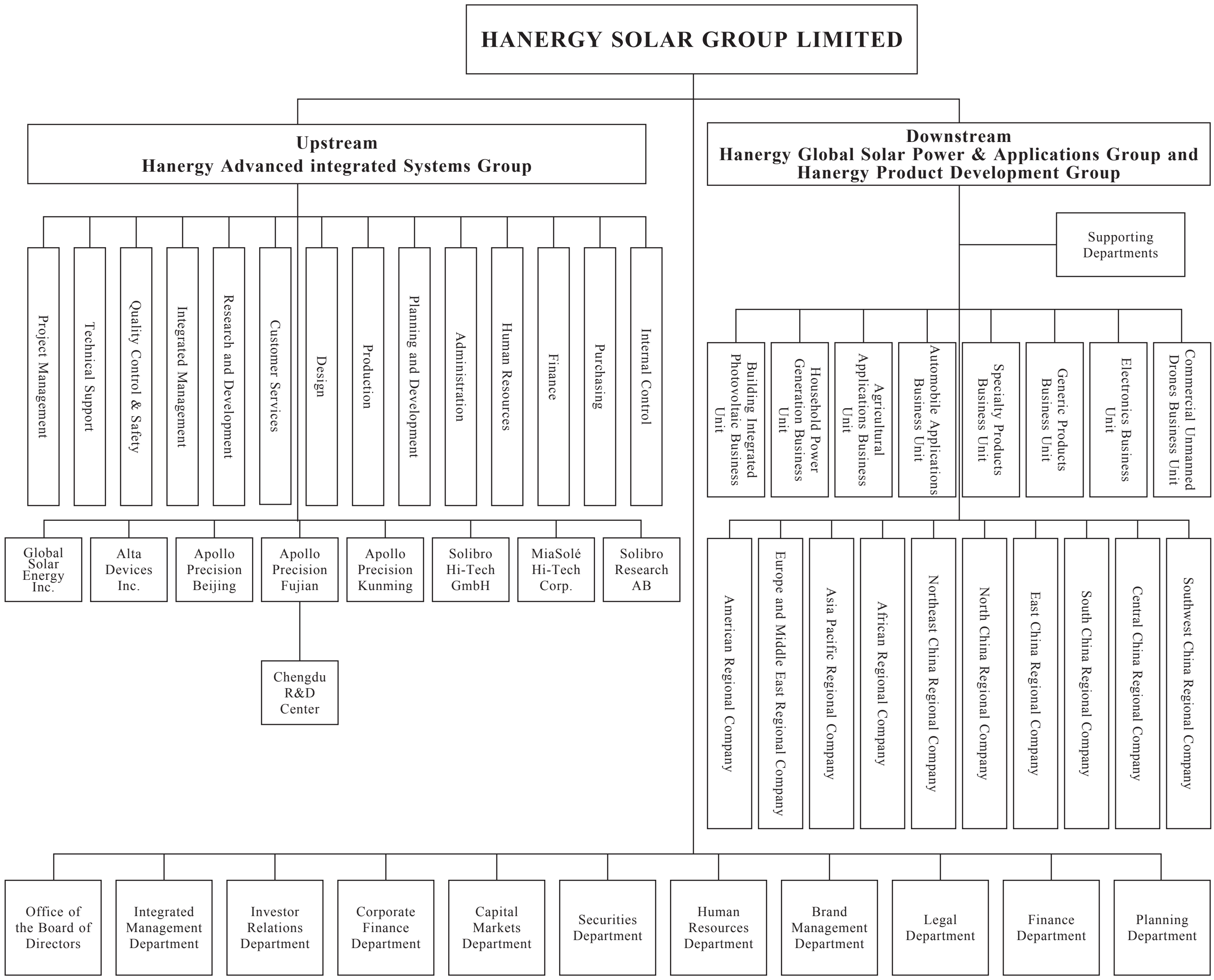
As stated in the announcement dated 27 January 2014, the Group and Hebei Caofeidian Hanergy PV Co. Ltd., which is wholly owned by Hanergy Holding, has entered into two equipment sales contracts and two service contracts, in relation to the provision of a CIGS thin film solar turnkey production line of 600MW. Up to date, substantial progress has been made in the overall construction of the plant, with majority of the equipment ordered and prepaid. Phase one of the employees' training has been completed, in which the assembly team has returned from USA's MiaSolé after completing the training.

F. Establishment of Product Development Group, Eight Business Units and the Beijing Product Development Center

In October 2014, Hanergy Product Development Group ("PDG"), of which Mr. Li Hejun, the Chairman of the Company, acted as the chairman and CEO, was established to accelerate the launch of the three-in-one strategic capabilities in respect of Hanergy's products, brands and channels. Focusing on product development, PDG is positioned at high-quality and high-end products, to build up a sales channel focusing on direct sales and supplemented by partnership cooperation.

The PDG is headquartered in the Silicon Valley, in the USA, where some of the world's top engineers, scientists and technical professionals utilizing state-of-the-art technologies and innovative ideas converge, with abundant research resources. The Group has already set up production lines and a technology research center at the PDG Centre. It is currently establishing the Product Development Group, which should give rise to synergies, to develop more products suitable for public use by leveraging on the Group's resources there, thus bringing its products to the world by exploring the global market.

The PDG will set up eight Business Units ("BUs"), i.e. (i) Building Integrated Photovoltaic (BIPV) BU, (ii) Household Power Generation BU, (iii) Agricultural Applications BU, (iv) Automobile Applications BU, (v) Electronics BU, (vi) Generic Products BU, (vii) Specialty Products BU, and (viii) Commercial Unmanned Drones BU, as well as a product development center in Beijing, China. The PDG is mainly responsible for, among others, the research of the market needs of consumers and end users, the analysis of total demand in the markets to be developed and prospective market share of the Company, the identification of product development projects and the determination of product functions, standards, pricing, costs and gross profit indicators, as well as responsible for the management and implementation of product development projects, and establishment and development of a world-class product development team.



G. Acquisition of Alta Devices Inc.

As stated in the announcement dated 27 January 2015, the Group, through its wholly-owned subsidiary, Hanergy Hi-Tech Power (HK) Limited, acquired the entire issued share capital of Alta Devices Inc. from Hanergy Holding for a total consideration of US$15,000,000.

Alta Devices' Gallium Arsenide (GaAs) flexible thin film solar cells technology is one of the most advanced thin film solar cell technologies in the world. Its power generation efficiency is approximately 8% higher than that of most mono-crystalline silicon and approximately 10% higher than that of polysilicon. By comparing solar cells of the same size, the power generation efficiency of a GaAs thin film solar cell is much higher than that of a traditional flexible thin film solar cell and is even higher under weak sunlight condition. As certified by the U.S. National Renewable Energy Laboratory, Alta Devices' single-junction cell has a power generation efficiency of 28.8%, and double-junction cell has a power generation efficiency of 30.8%, which are amongst the highest recorded of power generation efficiencies for thin film solar cells in the world.

Hanergy Holding injected a number of tangible assets relating to the projection of GaAs thin film cells and the intangible assets related to the relevant patents into Alta Devices (formaly known as Hanergy Acquisition Sub Inc.) in 2014. Such tangible and intangible assets were acquired by Hanergy Holding from an independent third party, which, to the knowledge of Hanergy Holding, relying on the relevant technology, was awarded as one of the "50 Disruptive Companies" in the world consecutively in 2012 and 2013. This award was granted by MIT Technology Review. All the existing assets, both tangible and intangible, were fully injected into Alta Devices by Hanergy Holding.

The flexible thin film solar cells technology owned by Alta Devices possesses significantly higher energy production efficiency than polysilicon. Such acquisition has laid a solid technical foundation for the Group's development of solar-powered automobiles and commercial unmanned aircraft systems, and the production of mobile energy products application development. In addition, the technology has a much lower production cost compared to previous similar technologies and is therefore applicable to extensive production and applications, and due to its superior lightness, thinness, flexibility, elasticity, high conversion efficiency and its excellent performance under high temperature and weak light conditions, it can be used in any mobile, portable or wearable products, including smart phones, electric cars and other consumer related products. The integration of Alta Devices' technology with the most advanced thin film power generation technology owned by the Group will enable the innovative ability of the Group to advance significantly, achieving a consumer product led focus strategy while capturing new opportunities in the new mobile energy era in the near future.

H. Acquisition of Global Solar

As stated in the announcement dated 9 December 2014, the Group, through its wholly owned subsidiary, Hanergy Hi-Tech (HK) Limited, acquired the entire issued capital of Global Solar Energy, Inc. from Hanergy Holding for an aggregate consideration of US$1.

Global Solar specializes in the production of flexible CIGS thin film cells, and adopts the co-evaporation technology which allows the deposition of thin film cell layers over a 30-micron thick stainless steel substrate with a cell conversion efficiency of up to 15%. Global Solar also accumulated extensive experience in the production of flexible components, testing, the automation of production lines, the selection of key raw materials, reliability testing and product certification. In addition, Global Solar has developed independently the unique integrated cell interconnection (ICI) technology, which simplifies the manufacturing process of the flexible component products. Meanwhile, the ICI technology also improves the shaping capacity of the thin film modules for complex curved surfaces, which further strengthens the advantages of the flexible thin film technology of the Company in specific areas.

The technology of Global Solar significantly enhances the competitive advantage of the Group in the application of flexible thin film products, which will help the Group to seize the market opportunities of distributed power generation, in particular the emerging markets of rooftop solar and other portable application devices. Given that the CIGS flexible thin film technologies of the Group are leading the future development of advanced photovoltaic market, the acquisition could facilitate the Group's application of the advanced flexible thin film solar technologies of Global Solar to capture the fast growing domestic and global thin film solar power market.

I. Investment in relation to Construction of a 300MW Flexible CIGS Thin Film Production Line In Changde, Hunan

As stated in the announcement dated 12 December 2014, 北京精誠鉑陽光電設備有限公司 (Beijing Jing Cheng Platinum Solar Power Equipment Company Limited), a wholly-owned subsidiary of the Group ("Beijing Jing Cheng"), entered into an agreement and a supplemental agreement with the People's Government of Changde City, Hunan Province (the "Changde Government") and The Council of Changde Economic and Technological Development Area (the "ETD Council") on 8 December 2014, pursuant to which, Beijing Jing Cheng will invest in the construction of a 300 mega-watt ("MW") flexible CIGS thin film production line in the Economic Development Zone of Changde City, Hunan Province, the PRC.

Beijing Jing Cheng and the Changde Government entered into formal project agreement(s) with respect to the construction, management, leasing and buyback of the factories for the project. It is expected that the relevant construction work will be completed by June 2016. The project is an important milestone of the Group, marking that the Group has a capability in producing thin film photovoltaic modules on its own. With the newly established CIGS thin film production line, the Group will achieve the full integration of the company's industry value chain and give rise to synergies among the businesses of the Group, enhancing its cost competitiveness. In addition, producing thin film photovoltaic modules on its own will not only reduce the overall cost structure, but will also help the Group exercise more effective management and control in different areas such as research and development, production and application, thus achieving further strategic synergies.

J. Development in the Downstream Segment

In 2014, the Group has focused on exploring the global down-stream thin film power market. Number of ground-mounted power stations and distributed power generation project has been steadily increasing, and application products have been rolled out continuously. For ground-mounted power stations, the Group has successfully sold 180MW of such projects, approximately 420MW of filed projects and 300MW of proposed projects in China in 2014. For distributed generation projects, the Group has number of projects which are under construction or filed. IKEA in Europe has successfully sold 2,000 household power generation systems.

Apart from the above projects, the Group completed its supply chain integration strategy. The Group has been gradually developing residential product flagship stores and direct-sales retail points in China. The online shopping platform, hanergyshop.com has been launched and started its operations in 2015. Moreover, the Group aims to launch its inaugural solar-powered vehicles in 2015. The focus on downstream thin film power application products further promotes the Group's thin film power technologies, diversifies its customer base and sources of income, and sets up a growth target of great potential that shall benefit the Group's long term development.

i. Residential Thin Film Power System in Europe's Ikea Stores

The Group has launched the sale of the Hanergy residential thin film power system in Ikea stores in Britain, Netherland and Switzerland in 2014. The group is the first third party agent supplying its own branded goods within IKEA shares. Currently, 2,000 sets of residential thin film power systems have been sold in Europe's Ikea stores. The Group plans to enter other EU countries including Germany, Spain, Italy and France.

ii. 17MW PV Energy Management Contract with Guangqi Honda – Distributed Project

The 17MW distributed PV generation project with Guangqi Honda as mentioned in the interim results, which is located at Guangqi Honda's existing factory in Zengcheng District, Guangzhou City, Guangdong Province, the PRC, was duly connected to the grid on 29 January 2015. This project is currently the largest distributed PV power generation project in the automobile industry in China. The Group solved the difficulty in installing and fixing PV modules on PVC flexible roofs by applying its advanced thin film technology, which occupies about 240,000 square meters and generates an average of 19 million kWH of electricity per annum, equivalent to that generated from about 6,200 tons of standard coal (equivalent calorific value), as a result of which, approximately 2,300 tons of standard coal are saved (equivalent calorific value) and carbon dioxide emissions are reduced by about 17,500 tons, equivalent to planting 950,000 trees. In addition, this project can effectively block UV, extending the life of PVC coils on the roof, and the plant temperature can be reduced by about 3°C due to solar panels shuttering the roof, so that air conditioning usage is lower to further save energy indirectly. The success of this project is believed to be a leading model for the PV business of the Group.

iii. Cooperation with Tesla — Applications in Automotive Segment

In April 2014, the Group custom-designed and manufactured PV supercharger stations for electric vehicles in Beijing, Shanghai and Nanjing based on the requirements of Tesla, an electric vehicle manufacturer in the United States. The advanced CIGS thin film power technology used in the stations can make the best use of limited space to convert sunlight over a large area into clean energy and charge electric vehicles through the energy storage systems in the stations.

iv. ***FIA Formula E Championship — Applications in Automotive Segment***

The first grand prix race of the 2014 season of the FIA Formula E Championship officially commenced in Beijing Olympic Park on 13 September 2014. The Group was the "Exclusive Solar Energy Partner of Beijing ePrix for FIA Formula E (FIA Formula E 北京站唯一太陽能合作夥伴)", providing clean energy for the race. During the period of the Beijing race, the Group provided rapid deployment solar power station systems, each of which was able to charge seven racing cars under normal sunlight. Therefore, only three systems were required to provide clean energy for all 20 racing cars. This project was a huge success. It is believed that the Group will be able to take the opportunities arising from the off-grid electricity market by leveraging on the innovation in this product.

v. ***Partnership Agreement with Aston Martin Racing — Applications in Automotive Segment***

During the year, Aston Martin Racing supported by the Group won the first and second places of the GTE Amateurs in the FIA World Endurance Championship (WEC) Shanghai Station. As the solar technology partner of Aston Martin's racing cars, the Group, by applying its globally, leading solar flexible thin film technologies, implemented the highly-efficient solar wafers with an independent intellectual property right into Aston Martin's racing cars, which provided part of the power, improved the performance of racing cars, as well as incorporated green elements into the vehicles.

vi. ***Jiangsu Wujin 3MW PEMC and Zhejiang Changxing 3MW PEMC***

During the year, 漢能華宇新能源投資發展有限公司 (Hanergy Huayu New Energy Investment Development Co. Ltd.) ("Hanergy Huayu"), a wholly owned subsidiary of the Group, entered into the 3MW PV Energy Management Contract ("PEMC") with 江蘇武進漢能光伏有限公司 (Jiangsu Wujin Hanergy Photovoltaic Co. Ltd) ("Jiangsu Wujin Hanergy"), and長興清源新能源開發有限公司 (Changxing Qingyuan New Energy Development Co. Ltd.) ("Changxing New Energy"), a wholly owned subsidiary of the Group, entered into the 3MW PEMC with浙江長興漢能光伏有限公司 (Zhejiang Changxing Hanergy Photovoltaic Co. Ltd) ("Zhejiang Changxing Hanergy").

Pursuant to the terms of these two PEMCs, an approximately 3MW grid-connected photovoltaic generation station shall be constructed by Hanergy Huayu on the rooftops of the existing buildings of Jiangsu Wujin Hanergy located in Wujin District, Changzhou City, Jiangsu Province, the PRC, and an approximately 3MW grid-connected photovoltaic generation station shall be constructed by Changxing New Energy on the rooftops of the existing buildings of Zhejiang Changxing Hanergy located in Changxing County, Huzhou City, Jiangsu Province, the PRC for energy saving. During the 25-year cooperation period, Jiangsu Wujin Hanergy and Zhejiang Changxing Hanergy shall have the priority in consumption of the electricity generated by these projects, and the tariff payable to the wholly-owned subsidiaries of the Group shall be determined with reference to the average electricity tariff chargeable by local grid company. In addition, the ownership of these projects, including photovoltaic generation subsidies and incentives granted by the State and local governments, shall belong to the wholly-owned subsidiaries of the Group during the cooperation period. These two PEMCs will become demonstration projects of the Group's distributed photovoltaic generation system constructed in the PRC, taking good use of its advance thin film photovoltaic technology and creating greater room for the development of its downstream power generation business, and will also be a stable revenue stream for the Group.

vii. 400MW Solar Power Plant Project in Ghana – Ground-Mounted Power Station

For the 400MW Solar Power Plant Project in Ghana as mentioned in the interim results, the land use right has been granted. The first phase of this project, 100 MW ground-mounted power station, is currently under financing and in discussion with the Ghanaian authorities regarding the purchase of electricity and construction permit.

viii. 50MW Solar Power Plant Project in Henan – Ground-Mounted Power Station

The 50MW Solar Power Plant Project in Henan as referred to in the interim results. This project is the Group's third solar ground-mounted power plant project in the PRC after the projects in Qinghai and Xinjiang. The project's company registration, project filing and environmental impact assessment program has been completed. The project's integration into the system solution has been reported to the provincial power supply bureau and is listed in the key projects list of the province.

ix. 10MW PV Energy Management Contract with FAW-Volkswagen – Distributed project

The 10MW PV Energy Management Contract with FAW-Volkswagen – Distributed Project as referred to in the interim results. The component assembling procedure has begun, and the framework construction is currently in progress in one of the FAW Volkswagen plants. With the success in the Guangzhou Honda 17MW PV Power Generation Distributed Project, the Group is confident that this project will be successfully accomplished.

x. Disposal of Five Power Plants with 180MW in Aggregate

As stated in the announcement dated 24 December 2014, the Group disposed of five wholly-owned subsidiaries to 北京弘晟光伏產業投資基金(有限合夥) (Beijing Hongsheng Photovoltaic Industry Investment Fund (Limited Partnership)) ("Beijing Hongsheng"), an independent third party, for a total consideration of RMB1,420,709,500. These five subsidiaries are: (i) 福海漢能光伏發電有限公司 (Fuhai Hanergy Photovoltaic Power Generation Co., Ltd.), (ii) 哈密漢能太陽能發電有限公司 (Hami Hanergy Solar Power Generation Co., Ltd.), (iii) 吉木薩爾縣漢能太陽能發電有限公司 (Jimsar County Hanergy Solar Power Generation Co., Ltd.), (iv) 庫爾勒漢能太陽能發電有限公司 (Korla Hanergy

Solar Power Generation Co., Ltd.), and (v) 青海漢能薄膜太陽能發電有限公司(Qinghai Hanergy Thin Film Solar Power Generation Co., Ltd.). Together, they hold 180MW of grid-connected photovoltaic power station projects, including (i) Hanergy Fuhai Phase One, (ii) Hanergy Hami Shichengzi, (iii) Hanergy Jimsar Phase One, (iv) Hanergy Korla, and (v) Hanergy Hainan Zhou Gonghe County Phases Two and Three.

As a result of the disposals, which represents a new revenue stream for the Group, the net proceeds from the disposals shall be used as the Group's general working capital for the development of thin film photovoltaic businesses in the future and to accelerate the development of Group's down-stream businesses, in order to expand further into the PRC and overseas markets within thin film power generation projects. With large-scale production and technology development in the business of thin film power generation, and expansion into thin film power generation projects and applications integrating a complete industry value chain, the Group is confident to achieve its objective in becoming a global leader in the supply of clean energy using its "mobile energy" strategy.

xi. Hanergy Applications Full-Channel Strategies

In March 2015, Hanergy completed its supply chain integration strategy through operating more than 30 flagship stores and direct-sales retail points for household solar products. Customers can enjoy easy access of online and offline experience, purchasing and service channels from Hanergy stores and online shopping platforms such as hanergyshop.com. Meanwhile, Hanergy released over 20 residential products including the representative thin film solar power rooftop (i.e. rooftop thin film solar power station), offering customers diversified clean energy solutions and illustrating the full range of Hanergy's technologies, products and sales channels. With thin film solar technology, Hanergy has brought the power of the sun to thousands of households, creating a new-energy lifestyle.

OUTLOOK

A. Global Solar Energy Market Condition

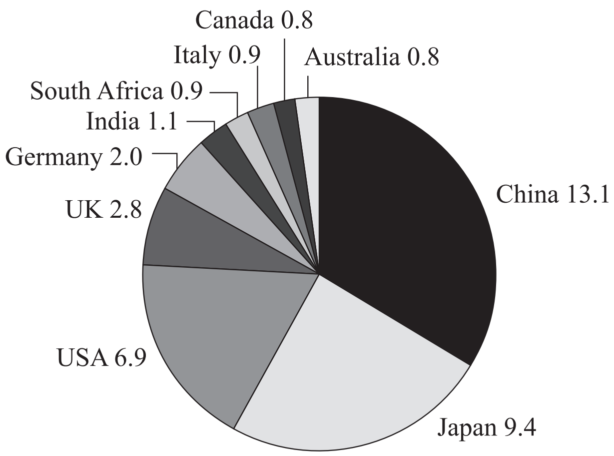
Since the nineteenth century, humans have consistently turned to the use of coal and oil as a major energy source of industrial development. During the past two centuries of exploration and mining, rapid economic development has been accompanied by the fast growth of fossil fuelled energy consumption. At present, given that it is impossible to continue the consumption pattern mainly relying on fossil fuelled energy, the countries around the world have formed the consensus of developing clean energy. In particular, China, which is fighting against environmental pollution, is actively attempting to reduce its dependence on fossil fuels and carbon dioxide emissions. According to the statistics, there are more than 100 trillion kilowatts of solar energy resources in the world, even if 5% of which is developed, it would satisfy the demand of mankind for energy. In 2014, the Institute of Industrial Economics of Chinese Academy of Social Sciences and Social Sciences Documentation Publishing House jointly issued the "Industry Blue Book: Competitiveness Report for Chinese Industries (2014) No.4", which states that, the new energy industry has become one of the fastest growing emerging industries, of which the PV industry will continue to outperform.

After a rapid growth of global PV markets and the rise in the emerging PV markets dominated by China in 2013, 2014 remained a crucial year as far as the PV market as a whole is concerned. In 2014, the worldwide PV installations maintained a double-digit growth, as the policy support from China and Japan was a strong driver for the PV markets. It is worth mentioning that a significant change took place in the PV market territory in the world in 2014. In particular, PV installations in China were more than those of European countries in aggregate.

According to IHS Research, a well-known research company, in 2015, the worldwide PV installations will continue to develop rapidly at a growth rate of 16 — 25% and the total global PV installations are expected to be 53-57GW. China, Japan and the US will remain the top three markets in terms of a single country in the world.

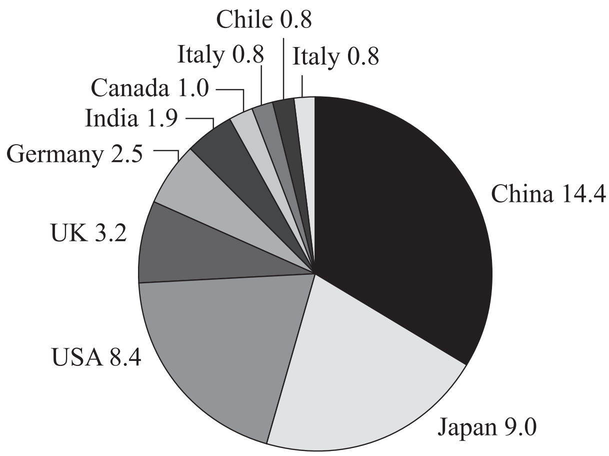
Figure 1: The World PV Installation

PV Installations — 2014 (GW)



Source: IHS Research

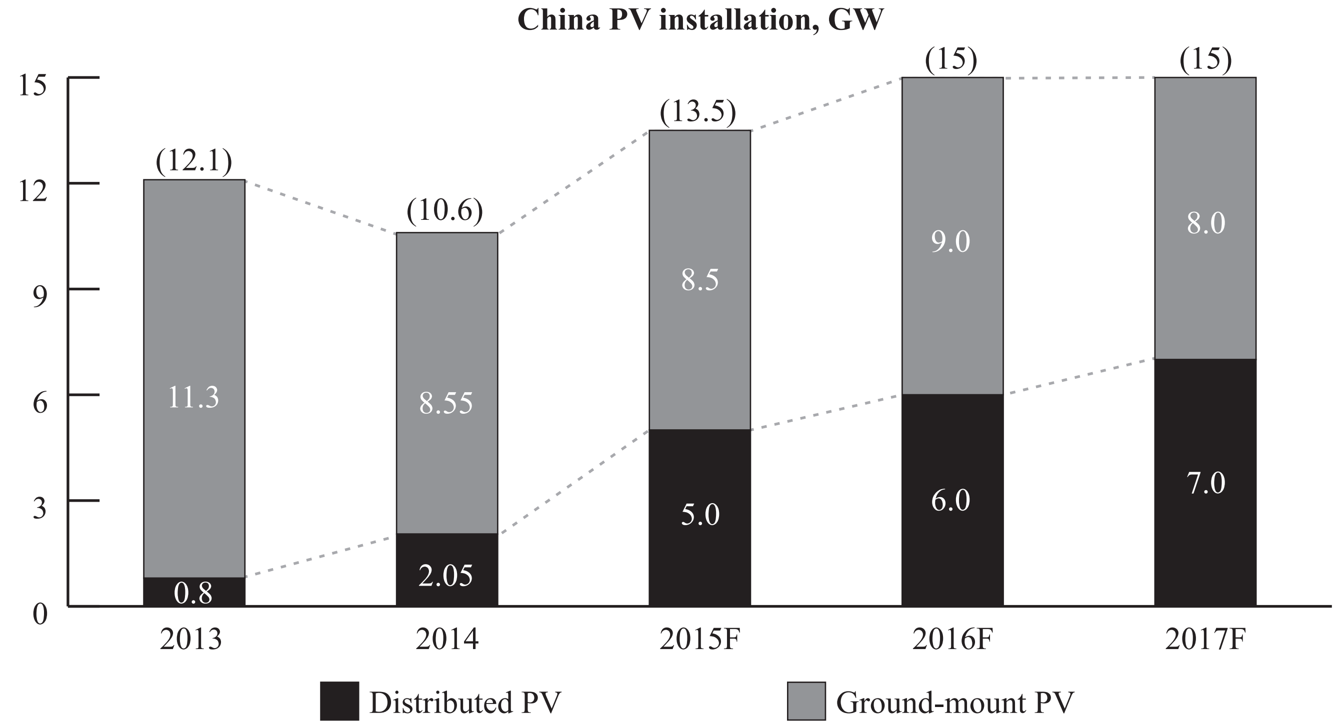
PV Installations — Forecast 2015 (GW)



Source: IHS Research

For the downstream solar sector, as the market potential has been gradually reflected in distributed PV generation segment, the Chinese government has been more inclined to encourage distributed PV generation in terms of its policy. In 2014, PV grid connection capacity in China was 10.3GW, far lower than the target of 14GW set at the beginning of that year, mainly due to a number of obstacles in the development of distributed PV projects. With the improvement of the policy environment, a possible dramatic growth in the distributed PV market is expected in 2015. According to independent research and National Energy Adminstration, China's distributed PV installations reached 2.05GW in 2014, and were expected to grow over 140% to 5GW in 2015, and further to 7GW or above in 2017. The Group's thin film solar modules are considered to be the best application technology for distributed PV projects due to their light weight, flexibility, superior light transmission and other performance advantages, by which the Group has been well positioned to seek a favorable market position in the distributed PV sector.

Figure 2: China PV Installation



Source: Independent Research and National energy Administrations

However, 2014 remained to be a turbulent year for most of PV module suppliers in the world. With the support of government policies, the acquisitions and mergers became an important part of PV industry for the year. In particular, as the US launched the second round of countervailing and anti-dumping investigation against China, some export-dependent crystalline silicon PV enterprises in the country are facing the challenges of a new round of trade barriers, and the general state of loss is difficult to change in the near further. To address this, the Chinese government has introduced a series of policies to promote mergers and acquisitions in PV industry, with an aim to cut costs by restructuring and to improve the production efficiency and capacity, so as to compete in the worldwide PV revolution.

B. Policy Support from the Chinese Government

Since 2013, the Chinese government has introduced a number of policies in respect of the PV market. Upon the introduction of a series of supportive policies such as granting of subsidies for PV generation, project filing system, benchmark on-grid tariff and reduction of 50% VAT, the PV industry in China experienced an unprecedented development growth in 2014. Meanwhile, in the course of implementation of centralized and distributed PV projects, a number of difficulties in respect of grid connection, financing, subsidies and quality control remained to be addressed. In order to improve the implementation environment of PV projects, the Chinese government focused on optimizing the industry environment and rationalized the issues in advancing the progress of distributed PV projects, which has paved the way for the development of the distributed PV industry in China in the future.

(i) "Fifteen New Policies" Issued by the National Energy Administration Boosted Distributed PV Generation

On 2 September 2014, the National Energy Administration issued the *Circular on the Policy in relation to Further Implementation of Distributed PV Generation* (《關於進一步落實分佈式光伏發電有關政策的通知》), which contained Fifteen New Policies specifying the government's long-term support towards the distributed PV industry. The Fifteen New Policies improved the development model of distributed PV generation by proposing an on-grid option on a full basis and to apply the benchmark tariff for distributed PV generation; increase power quotas and improve the operation services of distributed PV generation grid connection; clarify how to settle the tariffs and pay subsidies for the distributed PV generation and ensure timely payment in full of the subsidies from the government; provide innovative financing services for distributed PV generation by encouraging financial institutions including banks to provide preferential loan facilities for distributed PV projects; improve the engineering standards and quality management level of distributed PV generation; and also lift distributed PV generation up to the national strategic level, providing the strongest support to break the key constraints on distributed PV generation applications.

(ii) Further Promotion to Establish Demonstration Areas of Distributed PV Generation

To bring the distributed PV generation into full view of the market in guiding social investment, especially private capital investment, according to relevant requirements of the *Notice on the Release of the First Batch of Infrastructure and etc. to Encourage Social Investments* (《關於發佈首批基礎設施等領域鼓勵社會投資項目的通知》) issued by the National Development and Reform Commission, the National Energy Administration announced on 21 November 2014 the list of 30 demonstration areas of distributed PV generation application to be included in the first batch of national infrastructure to encourage social investments, and made detailed guidelines regarding the scale of generation construction standards, supporting policies and measures, grid connection and investment and financing methods for distributed PV generation demonstration areas.

(iii) Carry out the Poverty PV Program

In October 2014, the National Energy Administration and the Poverty Alleviation Office jointly issued the *Program on the Implementation of Poverty PV Project* (《關於實施光伏扶貧工程工作方案》), pursuant to which, it is planned to carry out help-the-poor project in PV generation industry within six years until 2020. This help-the-poor project will address the difficulties of absence of electricity in poor districts and the unaffordability of low-income families in poverty. The development method combining the poverty PV project with household solar power generation is expected to be a success.

(iv) Improvement of the Market Environment in which Mergers and Acquisitions of PV Companies Take Place

On 30 December 2014, the Ministry of Industry and Information Technology issued the *Opinions on Further Improvement of the Market Environment in which Mergers and Acquisitions of PV Companies Take Place* (《關於進一步優化光伏企業兼並重組市場環境的意見》), which provided that the restructuring of PV industry would be accelerated to facilitate the healthy development of the industry, and that it was expected to develop a group of key PV companies with strong international competitiveness by the end of 2017, which would facilitate the formation of 15 PV business giants.

(v) Formulation of 2015 PV Installation Target

In January 2015, the Energy Administration issued the draft Form of 2015 Annual Planned Addition of Grid-connection PV Power in China (《2015年度全國光伏年度計劃新增並網規模表》) for open comments. The nationwide grid-connection power is planned to increase 15GW in 2015, which will include 8GW centralized and 7GW distributed power plants with roof distributed plants of not less than 3.15GW. Roof distributed PV power generation is implemented in two modes, i.e. all power on grid and self-sufficient power on grid. In March 2015, the Energy Administration issued the Notification of Energy Administration's Implementation planning of PV Power 2015《國家能源局關於下達2015年光伏發電建設實施方案的通知》, which lifted the annual nationwide target of additional PV power to 17.85GW. This not only reflects the the Energy Administration's confidence in the PV industry, but also demonstrate the determination and courage of the Chinese government in energy saving and emission reduction.

The Group's thin film PV modules features light weight, flexibility, superior light transmission and other performance advantages which crystalline silicon modules do not have, and is considered to be the best technology roadmap for the implementation of distributed PV generation. With strong policy support from the Chinese government to promote distributed PV generation, the Group believes that it will occupy a favorable position in the market.

C. Maintaining Leading Technology

(i) In order to further advance PV technologies and the application thereof in the market, the Ministry of Industry and Information Technology announced the *PV Manufacturing Specifications* (2015 version) (《光伏製造行業規範條件(2015年本)》) (draft) on 12 January 2015, which requires that the conversion efficiency of polycrystalline silicon modules, monocrystalline silicon modules and thin film cell modules shall not be less than 16.5%, 17.5% and 12%, respectively. The introduction of these industry specifications will continue to improve the industrial structure and eliminate those PV companies with low efficiency and technological disadvantages;

(ii) The Group believes that possessing leading technologies is the way of survival for a company. Since the date of its establishment, the Group has attached a significant level of importance to R&D in technology in company development. In recent years, the Group has acquired state-of-the-art thin film generation technologies all over the world, and conducted technology integration globally. Currently, the Group has eight R&D centers in the USA, Sweden, Germany and China, and has established the Product Development Group in Silicon Valley, USA. Under the Group's strategy to integrate global technologies and with strong financial support, a number of top international thin film generation scientists have broken the limitations and exchanged with each other within the Group, so as to develop thin film power generation technologies with high conversion efficiency and excellent performance on a combined basis;

(iii) In response to huge market demand for distributed power generation products, the Company has successfully developed and produced flexible thin film power generation modules as well a curved surfaces and light-weight modules for roof-tops with an attractive load-bearing capacity, which are breakthroughs in the application of distributed power generation modules and solutions to the problems faced by traditional photovoltaic applications. In addition, manufacturing customized modules with different colours, sizes, degrees of light-transmission represents one of our core technologies in distributed power generation solutions. Leveraging on our advantage in thin film technology, we can make best efforts to provide tailor made services to the customers.

In addition, there is great potential in the distributed photovoltaic power generation within the agricultural industry, and the translucent thin film back electrode module is the only photovoltaic module product that can satisfy the light requirements of agricultural crops. It has the ability to absorb only visible lights in violet, blue and green allowing red and infrared lights to be absorbed, which are essential components for plant growth and satisfies the needs of plant photosynthesis.

Looking ahead, the Company will continue to identify advanced thin film generation technologies and seek to add thin film power generation experts across the world. Leveraging on its cutting-edge thin film generation technology, the Group will explore the home applications market in an innovative manner. It will also develop a series of personal thin film PV products by taking full use of thin film PV modules' performance advantages such as light weight, light transmission and flexibility, and apply them in daily necessities of different areas, research and design a series of personalized thin film products so that clean energy really can be beneficial to people, and thin film technology goes into the daily lives of millions of households.

D. Diversification of Income Stream

With the widely recognized thin film power generation technology and the continuous development of all business units of the Company such as downstream products, power, energy saving and emission control, the Group will have further diversified its sources of income in the future.

(i) For high-end equipment manufacturing, the Group will continue to deliver the turnkey production line to its customers using the thin film generation technologies that are acquired. In February 2015, the Group entered into a 600MW BIPV production line equipment sales and service contract with 山東新華聯新能源科技有限公司 (Shangdong Macrolink New Resources Technology Limited), an independent third party, for the consideration of USD660,000,000. It aims to deliver production lines to other independent third party customers in the near future to promote thin film generation technology applications around the world;

(ii) Regarding distributed PV generation and building integrated PV (BIPV), the Chinese government adopted the policy to subsidize PV generation projects with all power and self-sufficient power on grid. In the next few years, following the market and in compliance with the policies, the Group will accelerate penetrating the Chinese market to provide customized thin film generation building-integrated system solutions for, among others, modern urban buildings, agricultural and animal husbandry industry and municipal transport infrastructure, which will become an additional major driver for the Group's revenue;

(iii) In respect of PV power plants, the Group disposed of five PV power plants in China for a consideration of RMB1.42 billion in 2014, producing a net gain of approximately RMB777,600,000. In 2014, the Group has commenced the pre-constriction of 400MW solar power plant in Ghana, Africa, and 50MW in Henan successively. In the next few years, a number of power plant projects will be completed and connected to the grid, upon which the Group will have diversified and acquired stable sources of income either as a power plant operator, or realise its gains via disposals thereof;

(iv) In addition, the Group will vigorously develop and expand in the PV home applications market using the state-of-the-art thin film generation technologies, and market a series of consumer related PV products to expand its product lines and sources of income. On 29 October 2014, the Group established the Product Development Group, which is headquartered in Silicon Valley, and its eight Business Units have committed to applying the flexible thin film generation technology in, among others, automobiles, electronic products, outdoor products, clothing and backpacks, unmanned aircrafts and specialty products, forming the concept of mobile energy. The proportion of PV applications business is expected to reach over 50% in 3 to 5 years;

E. Promoting the Implementation of the Mobile Energy Strategy

The Group will vigorously promote the implementation of the strategy of “mobile energy” in the future. “Mobile energy” is a concept first raised by the Group with respect to global coverage, and is a strategic acknowledgment of the global energy trend. It is based on the mobile distributed generation technology to supply energy on a removable, round-the-clock and a highly efficient basis by the combination of storage, control, information and communication technologies. With the popularity of mobile Internet, mobile electronic devices have become an essential part of people’s lives. In addition, with the decreasing reliance on traditional fossil fuelled energy reserves and increasing environmental pressures, long-term development will arise in the electric vehicle industry, resulting in huge demand for mobile energy supplies. The solar thin film generation technology with mobile, intelligent and networked features will provide the best solutions in the mobile energy era, and will facilitate an advance in the strategic emerging industries, including new energy, new energy vehicles, new materials, high-end equipment manufacturing and energy conservation, generating a new growth point of the Chinese economy under the “new normal conditions”.

The thin film generation technology brings mankind into an era of mobile energy in the not too distant future. Featuring with flexibility, light weight, superior light transmission, color adjustability and elasticity, the thin film power generation technology can be widely used in various areas, including distributed generation, mobile electronic products, wearable devices, solar powered vehicles, solar unmanned drones and satellites. Among which, fully solar powered vehicles will become popular in the market, and becoming one of the major drivers to advance the mobile energy strategy. Currently, the Group has been cooperating with three foreign and two domestic automobile design entities in relation to the joint development of solar powered vehicles, aiming to introduce the products during 2015. Moreover, due to the continuously improving conversion efficiency of thin film PV modules and the further development of flexible thin film products, the demand of portable and wearable solar retail products will see a revolutionary surge in the new future.

Since 2013, Hanergy has consistently integrated thin film generation technologies globally, by acquiring Solibro in Germany, MiaSole, Global Solar Energy and Alta Devices in the USA, it has gradually acquired the world’s top CIGS and GaAs thin film generation technologies, which has paved the way for Hanergy to fully step into the development of mobile energy product applications.

The mobile energy is a revolution in respect of energy utilization, by which the energy is to be supplied anytime anywhere through thin film solar products, achieving a supply of energy anywhere. The concept of “mobile energy” promoted by Hanergy is more than a concept and idea, it is a strategy that is currently being implemented.

F. Globalization

In the recent two years, the rapid development of renewable energy challenges the traditional energy businesses as well as the entire energy industry. With its innovative and cross-boundary characteristics, renewable energy radically transforms the utilization of traditional energy in mankind, changing the concept of energy utilization. With the continued shifting of the global photovoltaics industry to the emerging countries in Asia with China as the center, it has become a trend that leading photovoltaics enterprises in China will promote quality technologies and products to places around the world.

As a leader in the arena of thin film photovoltaics with its advanced technology and dominating scale, the Group has been implementing its globalized development strategies. With its eight regional companies around the globe, the Group will fully explore the opportunities in photovoltaics in the world. Leverage on the Group's leading thin film technologies, the Group is committed to leading the global thin film power generation industry in contributing to the popularity of mobile energy in the coming future.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2014, the Group have interest-bearing bank and other borrowings of HK$1,118,859,000 (2013 restated: HK$221,996,000) while the cash and cash equivalents amounted to approximately HK$3,033,819,000 (2013 restated: approximately HK$1,367,836,000).

Gearing ratio (total debts (exclude convertible bonds, tax payables and deferred tax liabilities) over shareholders' equity as at 31 December 2014 was 0.1% (2013: 1%).

TREASURY POLICIES AND EXCHANGE & OTHER EXPOSURES

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

CHARGES ON ASSETS

As at 31 December 2014, the Group's subsidiary has charged assets as security for the bank borrowings. The detials is set out in note 16 Interesting-bearing bank and other borrowings.

PERSONNEL

The number of employees of the Group as at 31 December 2014 was approximately 2,033 (2013: 785) of whom 395 (2013: 201) 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 and options are awarded based on individual performance and overall Group performance, and are made to certain core employees at key positions with contribution to the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities for the year ended 31 December 2014.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY

The Company has adopted a code of conduct (the "Model Code") regarding securities transactions by the Directors on terms no less exacting than the required standard set out in Appendix 10 to the Listing Rules. Having made specific enquiry to all Directors, the Directors confirmed that they had compiled with the required standard set out in the Model Code and the code of conduct regarding securities transactions by Directors adopted by the Company.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the year ended 31 December 2014.

REVIEW OF ACCOUNTS

The audit committee of the Company, which is chaired by an independent non-executive director and currently has a membership comprising four independent non-executive directors, has reviewed with management and approved the consolidated financial statements for the year ended 31 December 2014.

RESTATEMENT OF EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT IN 2014 INTERIM REPORT

Reference is made to the interim report (the "Interim Report") of the Company on its interim results for the period ended 30 June 2014 posted on the websites of The Stock Exchange of Hong Kong Limited and the Company and despatched to the Shareholders on 29 August 2014. Terms used herein shall have the same meanings as defined in the Interim Report, unless the context requires otherwise.

The Company would like to clarify the calculation of the basic earnings per share in the 2014 Interim Report 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 2014 half-yearly period should be adjusted to approximately 28,632,431,000 shares. After adjustment, the earnings per share attributable to owners of parent company for the first half of the year was adjusted from approximately HK cents 7.78 to HK cents 6.04. The diluted earnings per share will be adjusted from approximately HK cents 4.7 to HK cents 4.0.

Earnings per share attributable to the owners of the parent company after adjustment are as follows:

	Number of shares after adjustment	**Number of shares disclosed in 2014 Interim Report**
Weighted average number of ordinary shares in issue during the period used in basic earnings per share calculation	28,632,431	22,213,155
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	630,502	630,502
Deemed conversion of all Convertible Bonds	3,403,749	3,403,749
Deemed exercise by Hanergy Holding of all outstanding subscription rights	10,538,228	10,538,228
Weighted average number of ordinary shares in issue during the period used in diluted earnings per share calculation	43,204,910	36,785,634

Saved as disclosed above, all information in the Interim Report shall remain unchanged.

On behalf of the Board
Hanergy Thin Film Power Group Limited
Li Hejun
Chairman

Hong Kong, 30 March 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.