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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 2015 RESULTS

The board of directors (the "**Board**") of Hanergy Thin Film Power Group Limited (the "**Company**" or "HANERGY TFP") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2015 with comparative figures for the previous corresponding year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Notes	**2015** *HK$'000*	2014 *HK$'000* (Restated)
REVENUE	*5*	**2,814,668**	9,615,028
Cost of sales		**(1,441,439)**	(4,110,380)
Gross profit		**1,373,229**	5,504,648
Other income and gains		**362,675**	323,492
Selling and distribution expenses		**(629,129)**	(179,287)
Administrative expenses		**(1,843,873)**	(900,947)
Research and development costs	*6*	**(825,427)**	(513,966)
Loss on disposal of an available-for-sale investment	*6*	**—**	(12,274)
Impairment of goodwill	*6*	**(7,915,318)**	—
Impairment of property, plant and equipment	*6*	**(770,022)**	—
Impairment of intangible assets	*6*	**(969,727)**	—
Impairment of an available-for-sale investment	*6*	**—**	(23,610)
Loss on disposal of a subsidiary	*15*	**(11,499)**	—
Other expenses		**(786,259)**	(4,269)
Finance costs		**(72,063)**	(7,095)
(LOSS)/PROFIT BEFORE TAX	*6*	**(12,087,413)**	4,186,692
Income tax expense	*7*	**(146,129)**	(983,074)
(LOSS)/PROFIT FOR THE YEAR		**(12,233,542)**	3,203,618

	Notes	**2015**	2014
		HK$'000	*HK$'000*
			(Restated)
OTHER COMPREHENSIVE LOSS TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS:			
Exchange differences on translation of foreign operations		**(523,533)**	(18,299)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		**(523,533)**	(18,299)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		**(12,757,075)**	3,185,319
(Loss)/profit for the year attributable to:			
Owners of the parent		**(12,233,564)**	3,203,696
Non-controlling interests		**22**	(78)
		(12,233,542)	3,203,618
Total comprehensive (loss)/income for the year attributable to:			
Owners of the parent		**(12,757,097)**	3,185,397
Non-controlling interests		**22**	(78)
		(12,757,075)	3,185,319
		HK cents	*HK cents*
			(Restated)
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE PARENT	*8*		
Basic		**(29.3)**	9.7
Diluted		**(29.3)**	7.3

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment		**342,707**	766,781
Goodwill		**—**	7,915,318
Intangible assets		**16,597**	1,181,777
Deposits paid for acquisition of items of property, plant and equipment		**30**	32
Deferred tax assets		**—**	76,404
Restricted cash		**6,071**	4,072
Other non-current assets		**245,059**	—
Total non-current assets		**610,464**	9,944,384
CURRENT ASSETS			
Inventories		**2,358,290**	659,023
Trade receivables	*9*	**3,695,639**	6,078,695
Tax recoverable		**6,303**	—
Gross amount due from contract customers	*10*	**2,930,836**	3,278,508
Other receivables	*11*	**518,989**	399,634
Bills receivable		**2,805**	101,411
Deposits and prepayments	*12*	**1,688,108**	1,636,919
Restricted cash		**212,438**	76,689
Cash and cash equivalents		**447,826**	3,056,916
Total current assets		**11,861,234**	15,287,795

	Notes	**2015**	2014
		HK$'000	*HK$'000*
			(Restated)
CURRENT LIABILITIES			
Trade and bills payables	*13*	**1,110,827**	435,817
Other payables and accruals		**1,606,923**	1,484,606
Interest-bearing bank and other borrowings		**279,385**	484,190
Tax payable		**647,611**	860,908
Deferred income		**18,780**	—
Finance lease payables		**8,147**	7,875
Total current liabilities		**3,671,673**	3,273,396
NET CURRENT ASSETS		**8,189,561**	12,014,399
TOTAL ASSETS LESS CURRENT LIABILITIES		**8,800,025**	21,958,783
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**417,406**	561,995
Interest-bearing bank and other borrowings		**903,573**	871,255
Finance lease payables		**28,769**	37,015
Other non-current liabilities		**2,675**	2,880
Total non-current liabilities		**1,352,423**	1,473,145
Net assets		**7,447,602**	20,485,638
EQUITY			
Equity attributable to the owners of the parent			
Issued capital		**104,367**	104,084
Reserves		**7,342,626**	20,380,967
		7,446,993	20,485,051
Non-controlling interests		**609**	587
Total equity		**7,447,602**	20,485,638

NOTES:

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"), accounting principles generally accepted in Hong Kong and the applicable disclosure requirements of the Hong Kong Companies Ordinance.

The financial statements have been prepared under the historical cost convention. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

For the year ended 31 December 2015, the Group had a net loss of HK$12,233,542,000 and net cash outflows used in operating activities of HK$1,173,330,000 and the current assets were in excess of the current liabilities of HK$8,189,561,000. Included in Note 9, 10, 11 and 12, there were trade receivables, gross amount due from contract customers and other receivables due from Hanergy Affiliates and prepayments made to Hanergy Affiliates with a total amount of HK$5,493,461,000 and trade receivables and gross amount due from contract customers from a third-party customer with a total amount of HK$1,894,128,000.

The directors of the Company are considering on monitoring and improving the cash flows of the Group, which included but was not limited to the expansion to downstream business and the execution of other manufacturing business with individual customers. As at the date of approval of these financial statements, the Company has entered into a production line supply contract with an independent customer for sale of a production line with a production capacity of 150MW and a contract amount of US$125,500,000. Also the Group's downstream business undergoes substantial expansion. In addition to ongoing proactive development of ground-mounted power stations, as at the date of this announcement, orders for household systems exceeding 7,100 sets have been received, as well as numerous orders for rooftop and SME commercial systems etc.

In light of the measures of the Group described above and based on the cashflow forecast prepared by the Company's management for the coming 12 months, the directors of the Company are of the view that the Group is able to meet with its liabilities as and when they fall due in the foreseeable future. Accordingly, the directors of the Company consider that it is appropriate to prepare these 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 2015.

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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.

If the Group loses control over a subsidiary, it derecognizes (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognizes (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus of deficit in profit or loss. The Group's share of components previously recognized in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

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

2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

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

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to a number of HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
Amendments to a number of HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle

Other than as explained below regarding the impact of Annual Improvements to HKFRSs 2010-2012 Cycle and Annual Improvements to HKFRSs 2011-2013 Cycle, the adoption of the above revised standards has had no significant financial effect on these financial statements.

(a) *The Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- HKFRS 8 *Operating Segments*: Clarifies that an entity must disclose the judgments made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation is reported to the chief operating decision maker. The amendments have had no impact on the Group.

- HKAS 16 *Property, Plant and Equipment* and HKAS 38 *Intangible Assets*: Clarifies the treatment of gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets. The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measurement of these assets.

- HKAS 24 *Related Party Disclosures*: Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.

(b) The *Annual Improvements to HKFRSs 2011-2013 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- HKFRS 3 *Business Combinations*: Clarifies that joint arrangements but not joint ventures are outside the scope of HKFRS 3 and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively. The amendment has had no impact on the Group as the Company is not a joint arrangement and the Group did not form any joint arrangement during the year.

- HKFRS 13 *Fair Value Measurement*: Clarifies that the portfolio exception in HKFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of HKFRS 9 or HKAS 39 as applicable. The amendment is applied prospectively from the beginning of the annual period in which HKFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in HKFRS 13.

- HKAS 40 *Investment Property*: Clarifies that HKFRS 3, instead of the description of ancillary services in HKAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisitions of investment properties. The amendment has had no impact on the Group as there was no acquisition of investment properties during the year.

  In addition, the Company has adopted the amendments to the Listing Rules issued by the Hong Kong Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

3. RESTATEMENT

As a result of the acquisition of Alta Devices, Inc. ("Alta") (as detailed in note 14(a)) in 2015, the relevant line items in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2014, the consolidated statement of financial position as at 31 December 2014 and the consolidated statement of changes in equity for the year ended 31 December 2014 have been restated as follows:

	The Group (as previously reported) *HK$'000*	Alta *HK$'000*	The Group (as restated) *HK$'000*
Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2014:			
Revenue	9,615,028	—	9,615,028
Profit/(loss) for the year	3,307,670	(104,052)	3,203,618
Other comprehensive (loss)/income for the year, net of tax	(18,319)	20	(18,299)
Total comprehensive income/(loss) for the year	3,289,351	(104,032)	3,185,319
Consolidated statement of financial position as at 31 December 2014:			
Non-current assets	9,725,336	219,048	9,944,384
Current assets	15,250,097	37,698	15,287,795
Total assets	24,975,433	256,746	25,232,179
Current liabilities	3,225,486	47,910	3,273,396
Non-current liabilities	1,257,272	215,873	1,473,145
Total liabilities	4,482,758	263,783	4,746,541
Net assets/(liabilities)	20,492,675	(7,037)	20,485,638
Equity attributable to the owners of the parent	20,492,088	—	20,492,088
Deemed contribution	—	96,995	96,995
Total comprehensive loss for the year	—	(104,032)	(104,032)
Non-controlling interests	587	—	587
Total equity	20,492,675	(7,037)	20,485,638
Consolidated statement of changes in equity for the year ended 31 December 2014:			
Equity attributable to the owners of the parent	20,492,088	—	20,492,088
Deemed contribution	—	96,995	96,995
Total comprehensive loss for the period	—	(104,032)	(104,032)
Non-controlling interests	587	—	587
Total equity	20,492,675	(7,037)	20,485,638

The acquisition of Alta has no material impact on basic and diluted earnings per share for the year ended 31 December 2014.

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 and the technological development and production of GaAs thin-film power turnkey production lines ("Manufacturing");

— construction of solar farms, rooftop power stations, household systems, small to medium-sized enterprises ("SME") commercial systems etc., and sale of power stations, operation of rooftop power stations, sale of solar photovoltaic panels and application products ("Downstream")

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

Segment assets exclude deferred tax assets and other unallocated head office and corporate assets as these assets are managed on a group basis.

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

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

Year Ended 31 December 2015

	Manufacturing *HK$'000*	Downstream *HK$'000*	Total *HK$'000*
Segment Revenue			
Sales to external customers	**1,977,691**	**836,977**	**2,814,668**
Segment Results	**(9,639,807)**	**(2,608,995)**	**(12,248,802)**
Including:			
Research and development costs	**(824,199)**	**(1,228)**	**(825,427)**
Reconciliation of segment results:			
Segment results			**(12,248,802)**
Interest income			**63,709**
Finance costs			**(72,063)**
Unallocated other income and gains			**222,861**
Corporate and other unallocated expenses			**(53,118)**
Loss before tax			**(12,087,413)**
Segment Assets	**10,687,915**	**2,840,675**	**13,528,590**
Reconciliation:			
Elimination of intersegment receivables			**(2,970,595)**
Deferred tax assets			**—**
Corporate and other unallocated assets			**1,913,703**
Total assets			**12,471,698**
Segment Liabilities	**2,347,949**	**4,385,378**	**6,733,327**
Reconciliation:			
Elimination of intersegment payables			**(2,970,595)**
Deferred tax liabilities			**417,406**
Corporate and other unallocated liabilities			**843,958**
Total liabilities			**5,024,096**
Other Segment Information			
Impairment losses recognised in the statement of profit or loss	**9,602,009**	**53,058**	**9,655,067**
Depreciation and amortisation	**236,171**	**76,357**	**312,528**
Reconciliation:			
Corporate and other unallocated depreciation and amortisation			**3,295**
Total depreciation and amortisation			**315,823**
Capital expenditure*	**422,400**	**308,781**	**731,181**
Reconciliation:			
Corporate and other unallocated capital expenditure			**622**
Total capital expenditure			**731,803**

* Capital expenditure consists of additions to property, plant and equipment and intangible assets including assets from acquisition of a subsidiary.

Year Ended 31 December 2014

	Manufacturing *HK$'000* (Restated)	Downstream *HK$'000* (Restated)	Total *HK$'000* (Restated)
Segment Revenue			
Sales to external customers	5,983,873	3,631,155	9,615,028
Segment Results	3,850,382	470,956	4,321,338
Including:			
Research and development costs	(513,966)	—	(513,966)
Reconciliation of segment results:			
Segment results			4,321,338
Interest income			7,012
Finance costs			(7,095)
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			(100,015)
Profit before tax			4,186,692
Segment Assets	23,060,677	4,960,356	28,021,033
Reconciliation:			
Elimination of intersegment receivables			(3,562,540)
Deferred tax assets			76,404
Corporate and other unallocated assets			697,282
Total assets			25,232,179
Segment Liabilities	3,359,460	4,192,384	7,551,844
Reconciliation:			
Elimination of intersegment payables			(3,562,540)
Deferred tax liabilities			561,995
Corporate and other unallocated liabilities			195,242
Total liabilities			4,746,541
Other Segment Information			
Depreciation and amortisation	254,293	5,064	259,357
Reconciliation:			
Corporate and other unallocated depreciation and amortisation			3,727
Total depreciation and amortisation			263,084
Capital expenditure*	364,984	316,191	681,175
Reconciliation:			
Corporate and other unallocated capital expenditure			4,714
Total capital expenditure			685,889

* Capital expenditure consists of additions to property, plant and equipment and intangible assets including assets from acquisition of a subsidiary.

Geographical information

(a) Revenue from external customers

	2015	2014
	HK$'000	*HK$'000*
Mainland China	**2,515,550**	9,475,570
United Kingdom	**92,671**	97,936
United States	**149,876**	25,854
Singapore	**3,611**	16
Hong Kong	**2,425**	—
Europe	**47,405**	6,946
Others	**3,130**	8,706
	2,814,668	9,615,028

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

(b) Non-current assets

	2015	2014
	HK$'000	*HK$'000*
		(Restated)
Mainland China	**472,741**	1,486,544
United States	**124,354**	410,636
Germany	**—**	13,886
Sweden	**—**	23,553
Hong Kong	**4,017**	10,932
United Kingdom	**2,484**	4,155
Others	**6,868**	2,956
	610,464	1,952,662

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

Information about major customers

Revenue of HK$1,868,346,000 (2014: Nil) was derived from sales by the Manufacturing segment to Shandong Macrolink New Resources Technology Limited ("Shangdong Macrolink").

Revenue of HK$65,769,000 (2014: HK$5,957,936,000) was derived from sales by the Manufacturing segment to Hanergy Affiliates.

Revenue of HK$426,843,000 (2014: HK$3,378,250,000) was derived from sales of solar power stations by downstream.

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, photovoltaic application products, electricity and engineering service to customers.

An analysis of revenue is as follows:

	2015	2014
	HK$'000	*HK$'000*
Revenue		
Contract revenue	**1,934,115**	5,955,293
Sale of solar power stations	**458,385**	3,378,250
Sale of solar photovoltaic panels	**111,748**	169,693
Sales of rooftop power stations	**280,694**	111,792
Sales of photovoltaic application products	**5,866**	—
Sales of electricity	**12,161**	—
Sales of engineering service	**11,699**	—
	2,814,668	9,615,028

6. (LOSS)/PROFIT BEFORE TAX

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

	2015	2014
	HK$'000	*HK$'000*
		(Restated)
Crediting:		
Bank interest income	**12,022**	7,012
Interest income on overdue trade receivables from Hanergy Affiliates	**194,394**	205,852
Foreign exchange (loss)/gain, net	**(84,442)**	37,848
Charging:		
Auditors' remuneration		
— Audit service	**14,883**	10,844
— Others	**1,375**	1,037
Amortisation of intangible assets	**158,956**	151,148
Depreciation of property, plant and equipment	**156,867**	111,936
Employee benefit expenses:		
Salaries, allowances and benefits in kind	**977,364**	732,681
Employment termination benefits	**39,682**	—
Performance related and incentive payments	**—**	47,958
Contributions to retirement benefit schemes	**59,714**	32,599
Equity-settled share option expenses	**19,283**	2,431
Sub-total	**1,096,043**	815,669
Research and development costs	**825,427**	513,966
Impairment of goodwill	**7,915,318**	—
Impairment of property, plant and equipment	**770,022**	—
Impairment of intangible assets	**969,727**	—
Impairment of an available-for-sale investment	**—**	23,610
Impairment of trade receivables*	**202,817**	—
Impairment of deposit and prepayments	**—**	7,844
Impairment of other receivables*	**247,454**	—
Write-down of inventories to net realisable value	**218,265**	—
Write-down of leasehold improvement to profit or loss included in administrative expenses	**115,506**	—
Loss on disposal of an available-for-sale investment	**—**	12,274
Loss on disposal of items of property, plant and equipment	**6,837**	39
Loss on disposal of equity investment at fair value through profit or loss*	**—**	4,269
Loss on disposal of a subsidiary	**11,499**	—
Minimum lease payments under operating leases:		
Land and buildings	**219,981**	99,872
Equipment	**39,061**	29,442

* 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.

7. 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%. No provision for income tax was made for the overseas subsidiaries as there were no assessable profits during the current and prior periods.

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.

	2015	2014
	HK$'000	*HK$'000*
Current tax:		
— The PRC		
Income tax expense for the year	**217,717**	870,790
Under/(Over) provision in respect of prior years	**2,560**	(71,278)
	220,277	799,512
Deferred tax charge — The PRC	**(74,148)**	183,562
Total tax charge for the year	**146,129**	983,074

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

During the year ended 31 December 2014, the calculation of the (loss)/earnings per share attributable to the owners of the parent is based on the (loss)/profit for the year attributable to the owners of the parent, and the weighted average number of ordinary shares of 41,718,070,000 (2014: 32,969,132,000) in issue during the year. During the year ended 31 December 2015, the calculation of the diluted earnings/(loss) per share does not assume that there are any ordinary shares to be issued at no consideration on the deemed exercise or conversion of all potential dilutive ordinary shares.

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 (loss)/earnings per share are based on:

	2015	2014
	HK$'000	*HK$'000*
		(Restated)
(Loss)/earnings		
(Loss)/profit attributable to the owners of the parent, used in basic earnings per share calculation	**(12,233,542)**	3,203,696
Imputed interest expenses on the Convertible Bonds	—	1,296
(Loss)/profit for the purpose of diluted earnings per share calculation	**(12,233,542)**	3,204,992

	Number of shares	
	2015	2014
	'000	*'000*
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**41,718,070**	32,969,132
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
Deemed conversion of all Convertible Bonds	—	2,551,087
Deemed exercise by Hanergy Holding of all outstanding subscription rights	—	7,951,489
Weighted average number of ordinary shares in issue during the year used in diluted earnings per share calculation	**41,718,070**	44,039,229

9. TRADE RECEIVABLES

	Notes	2015 HK$'000	2014 HK$'000
Trade receivables:			
— Due from Hanergy Affiliates	*(i)*	**2,596,781**	4,345,231
— Due from third parties	*(ii)*	**1,309,124**	1,733,464
		3,905,905	6,078,695
Less: Impairment of third parties		**(210,266)**	—
		3,695,639	6,078,695

Notes:

(i) Trade receivables from Hanergy Affiliates

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

	2015 HK$'000	2014 HK$'000
Within 3 months	**647,285**	2,823,545
3 to 6 months	**239,954**	1,521,686
6 months to 1 year	**1,709,542**	—
	2,596,781	4,345,231

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

	2015 HK$'000	2014 HK$'000
Neither past due nor impaired	**7,751**	1,848,630
Less than 3 months past due	**639,534**	974,915
3-6 months past due	**239,954**	1,521,686
More than 6 months past due	**1,709,542**	—
	2,596,781	4,345,231

During this year, Hanergy Affiliates repaid a total of HK$2,684,501,000 to the Group. The Group issued certain payment request letters and legal letters to Hanergy Affiliates requiring repayment of the trade receivables and reserved rights to take further legal actions on Hanergy Affiliates. Up to the date when the financial statements were approved for issuance, Hanergy Affiliates did not repay any amount to the Group.

Trade receivables of HK$2,589,030,000 as at 31 December 2015 (2014: HK$2,496,601,000) were past due for less than 1 year. Subsequent to 31 December 2015 and up to 31 March 2016 (when the financial statements were approved for issuance), Hanergy Affiliates did not settle any of the trade receivables.

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$194,394,000 as 0.04% per day of the overdue trade receivables was included in the other receivables due from Hanergy Holding Group Limited ("Hanergy Holding") as at 31 December 2015 (2014: HK$205,852,000). Up to 31 March 2016 (when the financial statements were approved for issuance), Hanergy Affiliates did not settle any of the interest penalty of HK$194,394,000.

(ii) Trade receivables from third parties

a. Trade receivables from Shandong Macrolink

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

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

	2015	2014
	HK$'000	*HK$'000*
Within 3 months	**—**	—
3 to 6 months	**332,597**	—
More than 6 months	**662,597**	—
	995,194	—

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

	2015	2014
	HK$'000	*HK$'000*
Neither past due nor impaired	**—**	—
Overdue within 3 month	**—**	—
Overdue 3 to 6 months	**332,597**	—
Overdue more than 6 months	**662,597**	—
	995,194	—

During this year, Shandong Macrolink only paid HK$155,829,000 down payment of the construction contract to the Group. Up to the date when the financial statements were approved for issuance, Shandong Macrolink did not repay any amount to the Group.

The directors of the Company currently have good communication with Shandong Macrolink in respect of repayment of the debt overdue, and strive to hold discussions on Macrolink's arrangement for repayment of the debt overdue.

b. Trade receivables from other third parties

Included in the balances as of 31 December 2014, it were 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. In 2015, HK$1,440,754,000 represented the remaining cash consideration related to the sales agreement with Beijing Hongsheng have 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:

	2015	2014
	HK$'000	*HK$'000*
Within 3 months	**22,556**	1,731,126
3 to 6 months	**137,448**	2,338
More than 6 months	**153,926**	—
	313,930	1,733,464
Less: Impairment	**(210,266)**	—
	103,664	1,733,464

The movements in provision for impairment of trade receivables are as follows:

	2015	2014
	HK$'000	*HK$'000*
At beginning of year	**—**	—
Impairment losses recognized *(note 6)*	**202,817**	—
Exchange realignment	**7,449**	—
At end of year	**210,266**	—

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of HK$210,266,000 (2014: Nil) with a carrying amount before provision of HK$210,266,000 (2014: Nil).

The individually impaired trade receivables relate to customers that were in financial difficulties or were in default in principal payments and no any of the receivables is expected to be recovered.

Except for those trade receivables already impaired, the financial assets included in the above balance are related to receivables for which there was no recent history of default.

10. GROSS AMOUNT DUE FROM CONTRACT CUSTOMERS

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

	2015	2014
	HK$'000	*HK$'000*
At 1 January	**3,278,508**	1,858,557
Contract costs incurred plus recognised profits less recognised losses	**2,196,443**	6,520,849
Progress billings	**(2,092,041)**	(5,104,520)
Exchange realignment	**(452,074)**	3,622
At 31 December	**2,930,836**	3,278,508

11. OTHER RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
		(Restated)
Other receivables:		
— Due from the ultimate holding company	**194,820**	205,852
— Due from Hanergy Affiliates	**6,015**	25,336
— Due from third parties	**555,253**	168,446
	756,088	399,634
Less: Impairment	**(237,099)**	—
	518,989	399,634

The balances of the other receivables due from ultimate holding company represented the interest penalty on the overdue progress payments of the contract work. As disclosed in Note 10, pursuant to the relevant sales contracts, the Group is entitled to claim Hanergy Affiliates interest penalty on the overdue progress payments. Interest penalty of HK$194,820,000 as 0.04% per day of the overdue trade receivables was included in the other receivables due from Hanergy Holding as at 31 December 2015 (2014: HK$205,852,000). Up to 31 March 2016 (when the financial statements were approved for issuance), Hanergy Affiliates did not settle any of the interest penalty of HK$194,820,000.

Included in the above provision for impairment of receivables is a provision for individually impaired receivables of HK$237,099,000 (2014: Nil) with a carrying amount before provision of HK$237,099,000 (2014: Nil).

The individually impaired other receivables relate to customers that were in financial difficulties or were in default in principal payments and no any of the receivables is expected to be recovered.

Except for those other receivables already impaired and the interest penalty due from the ultimate holding company, the financial assets included in the above balance are related to receivables for which there was no recent history of default.

12. DEPOSITS AND PREPAYMENTS

	Notes	2015 HK$'000	2014 HK$'000 (Restated)
Deposits		**47,729**	26,506
Prepayments paid to:			
— Hanergy Affiliates	*(i)*	**663,943**	1,206,250
— Third parties		**982,661**	412,007
		1,646,604	1,618,257
Less: impairment		**(6,225)**	(7,844)
		1,688,108	1,636,919

Included in the above assets, HK$356,868,000 (2014: 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.

Except for those prepayments already impaired, the financial assets included in the above balance are related to prepayments for which there was no recent history of default.

Note:

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

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

During 2014, the Company's subsidiaries also entered into several new PV module purchase subcontracts with Hanergy Affiliates to purchase PV modules with a total capacity of 558 MW for construction of the downstream photovoltaic power generation projects. According to the terms of the Subcontracts, approximately 50% of the total contract 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 were a total capacity of 689.2 MW PV modules have not been delivered by Hanergy Affliates.

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

On 20 January 2015, the Company entered into a supplemental agreement to the 150 MW photovoltaic modules supply contract signed on 23 December 2013 with Haenrgy Holding to agree on the unsettled prepayments made in 2013 would be offset by the payables of delivered photovoltaic modules, thus the original total capacity of 150 MW was changed from 150 MW to 80.9WM.

During 2015, the Company's subsidiaries aforementioned entered into several new PV Subcontracts with Hanergy Affiliates under the solar panel supply agreement to purchase PV modules with a total capacity of 57.6 MW for construction of the downstream photovoltaic power generation projects. According to the terms of the Subcontracts, approximately 50% of the total contract sum have been paid by the Company's subsidiaries on the placement of the orders in 2015.

A total of 314.9 MW PV modules have been delivered by Hanergy Affiliates in the year 2015. As of 31 December 2015, there are a total capacity of 362.8 MW PV modules have not been delivered by Hanergy Affiliates.

13. TRADE AND BILLS PAYABLES

	2015 HK$'000	2014 HK$'000 (Restated)
Trade and bills payables due to:		
— Related parties	**235,223**	138,486
— Third parties	**875,604**	297,331
	1,110,827	435,817

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

	2015 HK$'000	2014 HK$'000 (Restated)
0 — 30 days	**222,423**	195,721
31 — 60 days	**94,328**	79,598
61 — 90 days	**177,637**	—
Over 90 days	**616,439**	160,498
	1,110,827	435,817

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

14. ACQUISITIONS

For the years ended 31 December 2014 and 2015, the Company completed the following acquisitions:

(a) Business combination under common control

2015

Alta

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

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

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

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

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

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

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

2014

Hanergy UK

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

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

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

GSE

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

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

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

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

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

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

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

(b) Business combination

2015

Beijing Hanergy Thin Film Power Electrical Engineering Limited

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

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

	HK$'000
Intangible assets	6,949
Cash and cash equivalents	420
Trade receivables	838
Other receivables	948
Current liabilities	(2,026)
Total identifiable net assets at fair value	7,129
Purchase consideration shall be paid to unrelated third party	(7,129)

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

	HK$'000
Cash consideration paid	3,661
Cash and bank balances acquired	420
Net outflow of cash and cash equivalents including in cash flows from investing activities	(3,241)

Since the acquisition, Beijing Sanjin contributed HK$11,699,000 to the Group's turnover and HK$3,091,000 to the consolidated loss for the year ended 31 December 2015.

Had the combination taken place at the beginning of the year, the revenue from continuing operations of the Group and the loss of the Group for the year ended 31 December 2015 would have been HK$2,815,775,000 and HK$12,234,629,000, respectively.

(c) Asset acquisition from a third party

2015

There is no asset acquisition for the year ended 31 December 2015.

2014

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

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

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

15. DISPOSAL OF A SUBSIDIARY

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

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

	HK$'000
Net assets disposed of:	
Property, plant and equipment	24,289
Accruals and other payables	(2,485)
Interest bearing bank and other borrowings	(8,006)
	13,798
Loss on disposal of a subsidiary	(11,499)
Total identifiable net assets at fair value	2,299
Satisfied by cash	4,784
Waived other receivables from the disposed subsidiary	(2,485)
	2,299

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

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

16. EVENTS AFTER THE REPORTING PERIOD

On 7 March 2016, MiaSolé Hi-Tech, a wholly-owned subsidiary of the Company, entered into an agreement with MiaSolé, a subsidiary of Hanergy Holding, pursuant to which MiaSolé Hi-Tech agreed to provide to MiaSolé general and administration and all support/office services for a monthly fixed fee of US$67,500 from 1 January 2016 to 31 December 2018.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The Company's independent auditor has expressed a qualified opinion in its auditor's report on the Group's consolidated financial statements for the year ended 31 December 2015, an extract of which is as follows:

Basis for qualified opinion

As disclosed in notes 10 and 11 to the consolidated financial statements, the Group's trade receivables and gross amount due from contract customers were mainly related to contracts with Hanergy Holding Group Limited ("Hanergy Holding") and its affiliates (collectively referred to as "Hanergy Affiliates") and a third-party customer. As at 31 December 2015, the Group's trade receivables from Hanergy Affiliates was HK$2,596,781,000, the Group's other receivable due from Hanergy Affiliates was HK$6,441,000, the Group's trade receivables from the third-party customer was HK$995,194,000 and the gross amount due from contract customers related to both of them was HK$2,930,836,000. As disclosed in note 12 to the consolidated financial statements, part of the Group's prepayments related to contracts with Hanergy Affiliates for purchase of photovoltaic modules. As at 31 December 2015, the Group's prepayments made to Hanergy Affiliates were HK$663,943,000. We were unable to obtain sufficient appropriate audit evidence about the recoverability of the Group's trade receivables and gross amount due from contract customers for contract works of Hanergy Affiliates and the aforesaid third-party customer of HK$4,926,759,000, the other receivables due from Hanergy Affiliates of HK$6,441,000 and prepayments made to Hanergy Affiliates of HK$663,943,000. Consequently, we were unable to determine whether any adjustments to these amounts were necessary. Any under-provision for the recoverability of these balances would reduce the net assets of the Group as at 31 December 2015 and increase the Group's net loss for the year ended 31 December 2015.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion paragraph, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 December 2015, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of matter

Without further qualifying our opinion, we draw attention to note 2.1 to the consolidated financial statements which indicates that the Group incurred a net loss of HK$12,233,542,000 during the year ended 31 December 2015. This condition, along with other matters as set forth in note 2.1 to the consolidated financial statements, indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. As explained ino note 2.1 to the consolidated financial statement, these consolidated financial statements have been prepared on a going concert basis, the validity of which is dependent on the Group's ability to monitor and improve the cash flows of the Group.

DIVIDEND

The Board does not recommend to declare a final dividend for the year ended 31 December 2015 (2014: Nil).

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

To ascertain the entitlement to attend and vote at the AGM to be held on Friday, 20 May 2016, the register of members of the Company will be closed from Wednesday, 18 May 2016 to Friday, 20 May 2016 (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, at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 17 May 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS MODEL:

The Group has been in the solar power industry since 2009. Its principal businesses include (i) the development and design of turnkey production lines for the production of thin film power generation, as well as (ii) the development and operation of downstream thin film power generation projects and application products.

In respect of the development and design of turnkey production lines for the production of thin film power generation, aimed at raising the functional performance of turnkey production lines for production of thin film power generation, shortening production time, and diminishing production cost, in recent years, the Group has carried out a number of overseas acquisitions on thin film power generation technologies, which include (i) Solibro's co-evaporation technology; (ii) MiaSolé's sputtering technology in the manufacturing of flexible thin film modules; (iii) Global Solar Energy's integrated battery interconnect and packaging technologies; and (iv) Alta Devices' high conversion rate GaAs technology. Meanwhile, the Group employed scientist teams from around the globe, including Beijing and Sichuan in China, Germany, Sweden and the United States. With the most advanced thin film power generation technologies in the world, the Group will sustain the development progress of scientific research, continue to improve the performance of thin film power generation technologies, and be committed to providing customers with the most advanced, cost-effective solutions in turnkey production lines.

In respect of the downstream thin film power generation projects and application products, Hanergy Global Solar Power Solutions Group was established by the Group in 2013 to advance into the downstream thin film power generation and application products market. Hanergy Product Development Group was established by the Group in 2014. And in 2015 reforms on the existing corporate organizational structure were carried out, establishing Mobile Energy Business Group, Flexible Consumer Business Group, Flexible Industrial Applications Business Group, Distributed Energy Business Group, Global Solar Power Solutions Group, and Product Incubator Center. In the past few years, the Group recorded satisfactory results in photovoltaic power stations, industrial/commercial distributed photovoltaic generation applications, residential photovoltaic power generation applications, photovoltaic applications on agriculture, as well as applications on automobiles and electronic products. In addition, owing to the functional advantages of the photovoltaic thin film technology such as ultra-lightness and flexibility, the technology owned by the Group has a bright prospect in state-of-the-art areas such as commercial drones and specialty products. In the future, the Group will put its focus on two aspects, namely distributed and mobile energy.

The Group implemented a three-in-one strategy with products, channels and branding as its key focus. Product positioning will be largely consumer-based, supplemented by industrial applications. By leveraging on existing resources and consolidating core technological advantages, the Group will strive to develop consumer application products through cooperation with other related industries along the industry chain, so as to push forward distributed energy development and achieve realization of the "mobile energy +" strategy.

FINANCIAL REVIEW

For the financial year ended 31 December 2015, the Group recorded revenue of HK$2,814,668,000, representing a decrease of about 70.7% as compared to HK$9,615,028,000 in 2014. Gross profit decreased to HK$1,373,229,000 for the year, representing a decrease of about 75.1% as compared to previous year's HK$5,504,648,000.

The Group recorded a net loss of HK$12,233,542,000, representing a substantial decrease as compared to a profit of HK$3,203,618,000 for the corresponding financial year ended 31 December 2014. The decrease in revenue and the loss is mainly attributable to, including but not limited to the following reasons:

(1) The continued halt of trading of the Company's shares had resulted in a material negative impact on the reputation of the Company. A number of existing and potential customers, business partners and suppliers of the Group have indicated to reduce/suspend/delay the cooperation with the Group due to the continued trading halt, which resulted in a decrease in the Company's revenue and profitability;

(2) the failure of the Group to deliver new production lines to Hanergy Holding Group Limited ("Hanergy Holding"), the controlling shareholder of the Company, in 2015, led to a substantial decrease of over 96% of the revenue arising from connected transactions between the Company and Hanergy Holdings and its affiliates in 2015 to HK$66 million, as compared with the revenue from connected transactions of approximately HK$5,960 million in 2014;

(3) while the Group did not deliver any production line to Hanergy Holding and its affiliates during the year, it has carried out an enormous amount of preparation and research effort in this respect, leading to a certain amount of expenditures which definitely affected the profit for 2015; and

(4) As at 31 December 2015, the Group's gross amount due from contract customers and trade receivables due from Hanergy Holding and its subsidiaries amounted to approximately HK$2.3 billion and HK$2.6 billion, respectively, among which approximately HK$2.6 billion was overdue. The Group reminded Hanergy Holding to repay all overdue amounts as soon as possible during the period. As disclosed in the Company's announcement dated 26 February 2016, the Group has issued to Hanergy Holding and its subsidiaries reminder letters requiring the immediate payment of all overdue amounts.

    With respect to Hanergy Holding's overdue amount due to the Group in relation to the continuing connected transactions, the Company received a letter from Hanergy Holding on 26 February 2016, according to which:

    - Hanergy Holding stated that the Company was ordered by the Securities and Futures Commission ("SFC") to suspend trading in its shares. The fact that no conclusion had been reached had significantly affected Hanergy Holding, causing deteriorating business environment, which had lead to a financial constrains in Hanergy Holding, hindering its ability to repay amounts due;

    - Hanergy Holding was carrying out a restructuring while at the same time actively liaising with various parties with the view to seek support from the state;

    - At the moment, the financial position of Hanergy Holding began to improve and it would arrange for the settlement of the amount due to the Company as soon as possible;

- Hanergy Holding urged the Company to strengthen its communication with the SFC and to resume trading as soon as possible.

The Group believed that Hanergy Holding shall repay all overdue amounts as soon as possible, or further action may be taken in relation to such overdue amounts.

(5) Macrolink

As disclosed in the Company's interim report 2015, as at 30 June 2015, the Group has delivered the equipment of 300MW to Shandong Macrolink New Resources Technology Limited ("Macrolink"), and Macrolink has paid the deposit to the Group. However, as at 31 December 2015, the Group has not yet received all of those trade receivables due from Macrolink.

(6) Impairment of goodwill

As new production line has not been delivered to the Company's controlling shareholder, Hanergy Holding Group Limited. The impairment of goodwill was also one of the reasons for the Group's significant loss. The net balance of goodwill decreased from HK$7,915,318,000 in 2014 to nil after impairments of goodwill. Along with the impairments of fixed assets and intangible assets, the total loss of three items of impairment recorded HK$9,655,067,000. Although impairment of goodwill, fixed assets and intangible assets led to significant loss and substantial decrease of the Group's assets, the relevant impairment was of non-cash nature and had no impact on the operating cash flows of the Company.

BUSINESS REVIEW:

A. Connected Transactions with Hanergy Holding Group

The Group has entered into connected transaction agreements with Hanergy Holding since 2010. All connected transactions are in compliance with the requirements under the Listing Rules, including making necessary disclosure in announcements, circulars and annual reports. As required under the Listing Rules, some of the connected transactions received relevant opinions from the independent financial advisor. The Independent Board Committee, after considering the report from the independent financial advisor, gave opinions to shareholders, subject to approval from shareholders in general meetings.

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

As disclosed in the Company's announcement dated 16 July 2015, upon receipt of the SFC letter dated 9 June 2015, the Company has immediately sought legal advice and has since proactively communicated with the SFC with the view to addressing and resolving their concerns, and presented to the SFC a viable proposal (the "Restructuring Proposal"), in which considerable restructuring of the Group is proposed, so as to materially reduce or terminate all or part of the existing continuing connected transactions of the Group with Hanergy Holding and its affiliates. Nevertheless, SFC considered that the Restructuring Proposal submitted by the Company was not able to/failed to adequately address its concerns, and issued Rule 8(1) directive to the Company.

The SFC considered that the Restructuring Proposal was not able to/failed to adequately address its concerns and accordingly, the Company did not implement the Restructuring Proposal eventually.

Except for the transactions as disclosed in the Company's announcements dated 15 June 2015 (Master Supply Agreement In Relation To Solar Energy Panel Modules from the Financial Year of 2015 to the Financial Year of 2017) and the transactions as disclosed in the Company's announcements dated 20 July 2015 (Equipment Sales and Technical Services Agreements In Relation To 900MW Silicon-based Thin Film Solar Energy Panel BIPV Modules Assembly Lines) which were cancelled, other connected transactions and continuing connected transactions between the Group and Hanergy Holding and its affiliates will remain in force.

B. 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 31/12/2015	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 31/12/2015	1,922	1,080
	(iii) Contract revenue (net of VAT and relevant taxation) recognized in:		
	Year ended 31/12/2010	2,310	0
	Year ended 31/12/2011	1,446	1,009
	Year ended 31/12/2012	0	2,756
	Year ended 31/12/2013	0	3,243
	Year ended 31/12/2014	3,102	2,853
	Year ended 31/12/2015	134	(68)

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 Group did not deliver any production lines to Hanergy Holding's manufacturing bases.

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

(i) Heyuan (Guangdong) Fab 2.0 Program and CIGS supplementary line.

Production lines have successfully undergone the SOP stage.

C. (I) New Connected Transactions — Solar Panel Master Supply Agreement

As disclosed in the Company's announcement dated 30 April 2015, in view of the business needs of the Group for solar energy panel to develop its businesses and the fact that additional time is required for preparing and finalizing the circular on continuing connected transactions as referred to by the announcement dated 18 February 2015:

On 30 April 2015, the Company and Hanergy Holding enter into the Solar Panel Supply Agreement in relation to the supply of solar panels by Hanergy Group to the Group, which was expired on 31 December 2015.

Pursuant to the Solar Panel Supply Agreement, the Hanergy Group has agreed to supply the relevant solar energy panels to the Group. Depending upon the business needs of the Group, the Group will enter into individual supply sub-contract(s) under the Supply Agreement with the Hanergy Group.

Based on the needs of the Group, it is expected that the Group will acquire the following quantities of solar panels for the financial year ending 31 December 2015:

(1) BIPV thin-film solar energy panels of 110,000 sq. m.;

(2) CIGS solar energy panels of 30MW; and

(3) CIGS flexible solar energy panels of 5MW.

The annual cap in relation to the Supply Agreement shall not exceed RMB357,700,000 for the year. The annual cap was arrived at after arm's length negotiations with reference to, among others, the Group's demand on solar energy panels, the business needs of the Group and the historical figures. Given the relevant percentage ratios in respect of the cap exceeds 0.1% but are less than 5%, the Solar Panel Supply Agreement and the transactions contemplated thereunder are subject to reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

(II) New Connected Transactions – Continuing Service Agreement

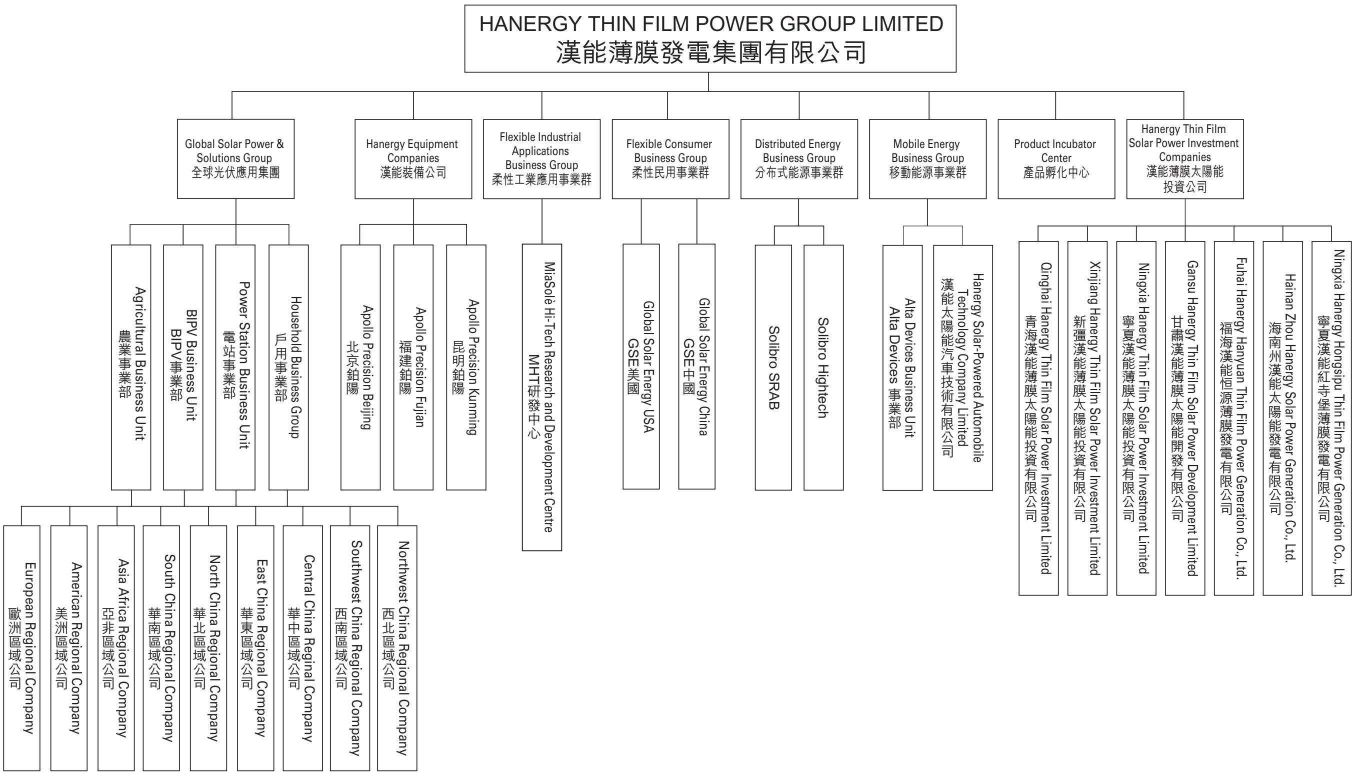
As disclosed in the Company's announcement dated 8 March 2016, MiaSolé Hi-Tech, a subsidiary of the Group entered into a service agreement for a term of three years expiring on 31 December 2018 with MiaSolé, a subsidiary of Hanergy Holding, pursuant to which MiaSolé Hi-Tech agreed to provide to MiaSolé general and administration and all support/office services for a monthly fixed fee of US$67,500.

The consideration was arrived at after arm's length negotiations between MiaSolé Hi-Tech and MiaSolé after taking into consideration of, among others, the services to be provided by MiaSolé HiTech under the Agreement.

Given the relevant percentage ratios in respect of such service agreement are less than 0.1%, the agreement and the transactions contemplated thereunder constitute exempted de minimis continuing connected transaction on the part of the Company and are exempt from the reporting, announcement and the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

D. Group Structure

During the year, the Group made adjustment to its structure. Business units were adjusted to be divided by technical pathways instead of being divided by upstream and downstream business in the past. The adjustment can streamline manpower duplication within the Group and enable investors better understand the Group's structure and operation. Upon adjustment, the current eight business units of the Group established are as follows: (1) Hanergy Thin Film Solar Power Investment Companies, (2) Product Incubator Center, (3) Mobile Energy Business Group, (4) Distributed Energy Business Group, (5) Flexible Consumer Business Group, (6) Flexible Industrial Applications Business Group, (7) Hanergy Equipment Companies, and (8) Global Solar Power Solutions Group.



1. Hanergy Thin Film Solar Power Investment Companies

This business unit is mainly in charge of companies engaged in investment in and operation of solar photovoltaic power stations under the Group. Its principal activities include the development, investment, construction, operational management of thin film solar photovoltaic power stations, and related consultation service business. The total installed capacity completed after construction amounted to approximately 300MW, mainly located in regions with abundant solar energy resources such as Xinjiang, Qinghai and Ningxia.

2. **Product Incubator Center**

During the year, the Group established the Hanergy Product Incubator Center, an internet company devoted to addressing users' needs with solar thin film technology. The core objective of this unit is to target at outdoor areas as application scenario and create the "Industry Ecosystem" based on internet technology to address users' needs. The corporate strategy is to leverage on "thin film wafers" as its core competitive advantage, and use innovative business model to build the world's leading trading platform on outdoor application products with solar thin film technology.

3. **Mobile Energy Business Group**

This business unit focuses on the mobile distributed generation technology, adopting Alta Devices' technology to supply energy on a mobile, round-the-clock, and highly efficient manner through the dynamic integration of energy storage, control, and information communication technologies. Alta Devices has achieved world records in both single-junction and double-junction cells. During the year, the Alta Devices' Pilot made substantial improvement in terms of cell efficiency, yield rate and output, thereby achieving steady and sustained bulk production, and successfully transforming into a small-scale mass production line. At present, factory affair reform, installation and testing for new equipment, and ramp-up of production capacity are still ongoing. The Group has completed the independent development and equipment design of core equipment, and started the procurement of key spare parts to prepare for further scale-up of the U.S. production line. In respect of the market side, the Group completed the orders from some of the major strategic customers, such as delivering the cell product order for high-altitude long-endurance (HALE) drones from a globally reputational enterprise.

4. **Distributed Energy Business Group**

This business unit focuses on Solibro's technology that converts solar energy directly into power by adoption of thin film power modules. Rooftop installation makes sufficient use of rooftop space to reduce land occupancy, symbolizing future trend for solar energy utilization.

5. **Flexible Consumer Business Group**

This business unit is engaged in product R&D, production, sale and delivery by use of the flexible co-evaporation CIGS technology from Global Solar Energy (GSE). During the year, GSE yielded considerable results in improvement of conversion efficiency and reduction of production costs. In respect of the automatic production line dedicated to the ICI technology, the Group completed the one-stop design and installation solutions with independent intellectual property rights, so as to get well-prepared for large-scale mass production in the future.

GSE, a subsidiary under the Group, which is located in Tucson, Arizona in the United States, is in charge of R&D and production of modules and wafers, as well as sales in Europe and the United States. Its China team is in charge of sale and market development in China and Asia Pacific markets. During the year, the Tucson plant has prepared for the sales of ICI Sub-module and standardized module, which are expected to enrich the source of income from the Group's third party sales in the future.

6. Flexible Industrial Applications Business Group

Flexible Industrial Applications Business Group is devoted to the development and production of CIGS flexible thin film solar panels using Miasolé's magnetron sputtering technology. It has a Miasolé Hi-Tec Technology R&D Center located in Silicon Valley, the United States, where over 170 licensed royalties have been applied around the world. Related products have obtained certifications from authentic institutions, e.g. TUV Rheinland and UL. The technologies reached world-class standard. Currently, the Company has delivered CIGS flexible thin film panel production lines of approximately 100MW to its customers.

7. Hanergy Equipment Companies

Hanergy Equipment Companies, consisting of Apollo Precision Beijing, Apollo Precision Fujian and Apollo Precision Kunming, is an equipment business platform integrating the development, manufacturing, sales and services of equipment. The equipment manufacturing encompasses chemical vapor deposition (CVD) equipment, physical vapor deposition (PVD) equipment, co-evaporation deposition equipment, roll-to-roll deposition equipment, and other customized equipment. These companies are also implementing the localization of equipment manufacturing for the Group.

8. Global Solar Power Solutions Group

Hanergy Global Solar Power Solutions Group has the four business units, for Residential, Agriculture, BIPV, Power Stations and the regional sales companies to promote residential photovoltaic power generation, BIPV applications, photovoltaic applications on agricultural greenhouses, and provision of one-stop services in consultation, design, construction, grid connection, operation and maintenance of photovoltaic power stations. A leading end-user sales channel in the photovoltaic industry was set up to make the Group's products and solutions accessible to real end users. The Group's sales results are expected to record sustained growth, enhancing its leading position in the photovoltaic retail business segment.

E. **Share Subscription Agreement with Independent Third Party and Termination of Equipment Sales and Technical Services Contracts**

(i) Extension of Macrolink Share Subscription Agreement

As disclosed in the Company's announcement dated 27 February 2015, in relation to, among other things, (i) the subscription agreement dated 27 February 2015 entered into between the Group and Macrolink New Resources Holding Company Limited, pursuant to which Macrolink New Resources Holding Limited agreed to subscribe for, and the Group agreed to allot and issue to Macrolink New Resources Holding Limited, 1,500,000,000 new shares of HK$0.0025 each in the share capital of the Group at a subscription price of HK$3.64 per subscription share; and (ii) the Sales and Service Contracts dated 30 March 2015 entered into between Apollo Precision (Fujian) Limited, an indirect wholly-owned subsidiary of the Group, and Shangdong Macrolink New Resources Technology Limited, in relation to the supply of BIPV production line equipment at a total capacity of 600 MW at a total consideration of US$660,000,000.

Reference is made to the Group's announcement dated 2 November 2015, after arm's length negotiations between the Group and Macrolink New Resources Holding Limited. Both parties entered into a supplemental agreement on 31 October 2015 to extend the long stop date to 30 April 2016.

(ii) Termination of Baota Share Subscription Agreement and Equipment Sales and Technical Services Contracts

As disclosed in the Company's announcement dated 30 March 2015, in relation to, among other things, (i) the subscription agreement dated 30 March 2015 entered into between the Group and Baota Petrochemical Group Co., Limited, pursuant to which Baota Petrochemical Group Co., Limited agreed to subscribe for, and the Group agreed to allot and issue to Baota Petrochemical Group Co., Ltd., not less than 300,000,000 new shares of HK$0.0025 each in the share capital of the Group and not more than 3,000,000,000 new shares at the subscription price of HK$5.38 per subscription share; and (ii) the Sales and Service Contracts dated 30 March 2015 entered into between Apollo Precision (Fujian) Limited, an indirect wholly-owned subsidiary of the Group, and Baota Investment Holding Company Limited, in relation to the supply of BIPV production line equipment at a total capacity of 1,200 MW at a total consideration of US$1,320,000,000.

Reference is made to the Group's announcement dated 2 December 2015, as certain of the conditions precedent to the Baota Subscription Agreement have not been satisfied (or waived) on or before the long stop date of the Baota subscription, and the parties to the Baota Subscription Agreement have not reached any agreement in relation to the extension of the long stop date, the Subscription Agreement has been terminated and be of no further effect, and that Baota Petrochemical Group Co., Limited would not be required to subscribe for shares from the Group, and neither party shall have any claim against the other.

On 30 March 2016, owing to changes in business arrangement, Fujian Apollo reached agreement with Baota Investment to terminate the Baota Equipment Sales Contract and Technical Services Contract, and enter into a termination agreement with immediate effect. As at the date of this announcement, Baota Investment has not made any payment to the Group in respect of the Equipment Sales Contract and Service Contract, and the Group has not delivered any production line equipment and/or provided any service in respect of production line equipment. Upon termination, neither party shall be liable to the other parties for any further obligation or responsibility in relation to the Baota Equipment Sales Contract and Technical Services Contract, nor could have any claim against the other party. Termination of the Equipment Sales Contract and Technical Services Contract would not result in other encumbrances on any of the parties.

(iii) Termination of Manshi Share Subscription Agreement and Equipment Sales and Technical Services Contracts

As disclosed in the Company's announcement dated 30 March 2015, in relation to, among other things, (i) the subscription agreement dated 30 March 2015 entered into between the Group and Inner Mongolia Manshi Investment Group Company Limited, pursuant to which Inner Mongolia Manshi Investment Group Company Limited agreed to subscribe for, and the Group agreed to allot and issue to Inner Mongolia Manshi Investment Group Company Limited, not less than 110,000,000 new shares and not more than 1,100,000,000 new shares at the subscription price of HK$5.38 per subscription share; and (ii) the Sales and Service Contracts dated 30 March 2015 entered into between Fujian Apollo and Beijing Manshi Investment Company Limited, in relation to the supply of BIPV production line equipment at a total capacity of 600 MW at a total consideration of US$660,000,000.

Reference is made to the Group's announcement dated 2 December 2015, as certain of the conditions precedent to the Beijing Manshi Subscription Agreement have not been satisfied (or waived) on or before the long stop date of the Beijing Manshi subscription, and the parties to the Beijing Manshi Subscription Agreement have not reached any agreement in relation to the extension of the long stop date, the Subscription Agreement has been terminated and be of no further effect, and that Inner Mongolia Manshi Investment Group Company Limited would not be required to subscribe for shares from the Group, and neither party shall have any claim against the other.

On 30 March 2016, owing to changes in business arrangement, Fujian Apollo reached agreement with Beijing Manshi to terminate the Manshi Equipment Sales Contract and Technical Services Contract, and enter into a termination agreement with immediate effect. As at the date of this announcement, Beijing Manshi has not made any payment to the Group in respect of the Equipment Sales Contract and Technical Services Contract, and the Group has not delivered any production line equipment and/or provided any service in respect of production line equipment. Upon termination, neither party shall be liable to the other parties for any further obligation or responsibility in relation to the Manshi Equipment Sales Contract and Technical Services Contract, nor could have any claim against the other party. Termination of the Equipment Sales Contract and Technical Services Contract would not result in other encumbrances on any of the parties.

The total subscription fee in respect of the Baota Subscription Agreement and the Beijing Manshi Subscription Agreement is around HK$22.058 billion. Termination of the Baota Subscription Agreeement and the Beijing Manshi Subscription Agreement could cause material impact on the cash flow plan of the Group. In addition, termination of the Baota Sales and Service Contracts, and the Beijing Manshi Sales and Service Contracts, would incur loss to the Group in potential revenue of around HK$10.3 billion and around HK$5.15 billion respectively.

F. Categorization of Downstream Applications

- ***Ground-mounted Power Stations***

  The Group has developed 6 power stations, capitalizing on the land resources from different mainland regions including Xinjiang, Yunnan, Henan and Shaanxi etc. and the Group's thin film solar energy panel products, with an estimated total installed capacity exceeding 170MW. In August 2015, the Group disposed of the entire equity interests in Columbia Solar Energy LLC to PSEG Solar California LLC. Such transaction generated a revenue of approximately HK$430,000,000 to the Group. Columbia Solar Energy LLC owned the 19MW Pittsburgh ground-mounted power station project in California, U.S. Being pollution-free, they have superior performance in power generation under weak light condition and favorable cost advantage, in line with the development trend of large-scale ground-mounted thin film power stations. The Group believes that more ground-mounted power stations will undergo grid connection in 2016, thereby raising the Group's tariff income.

- ***Distributed Energy***

  - *Green Construction*

    In respect of residential rooftop power stations, the Group employs photovoltaic modules with higher price-performance ratio, which have obtained certifications from international and mainland authentic institutions such as the China Quality Certification Centre, TUV Rheinland (TUV) and CE. High-performance solar energy panels are installed on rooftops with racks. Through series and parallel connection, square matrix of solar panels are formed, which absorb sun rays and generate direct current, which is converted into alternating current utilizable for home appliances after being submitted to inverters. Surplus energy power can be transmitted back to the grid. As of the date of this announcement, accumulated placement of orders for the Group's mainland residential systems exceed 7,100 sets, which contribute considerable revenue to the Group. During the year, the Group has adopted the distributor sales model. The Group has contracted with more than 1,300 distributors in total, of which core distributors accounted for more than 90%.

The Group entered into a cooperation agreement with IKEA on sale of residential solar systems in September 2012 in the United Kingdom. In 2014, the cooperation was extended to other European markets. Both parties decided to discontinue cooperation with effect from 1 November 2015. As at 31 December 2015, revenue generated from IKEA sales in Europe was approximately HK$117,000,000. The Group is expanding its overseas market actively to compensate for the impact of discontinuing cooperation with IKEA.

In respect of industrial/commercial rooftop power stations, by adoption of thin film power modules, the Group employs a distributed power generation system for application on industrial/commercial rooftops. It is a new and promising mode of integration of power generation and energy with strong development prospect. It upholds the principle of "close proximity": power generation in close proximity, grid connection in close proximity, and utilization in close proximity, thereby shortening the distance of power transmission, and solving the problem of power loss due to voltage conversion and long-distance transmission; it is characterized by making sufficient use of rooftops, and reducing land occupancy and traffic off-grid applications, superb performance under weak light condition, blockage of ultraviolet and infrared rays, as well as thermal insulation and heat-proof functions. In 2015, distributed power stations generated tariff income of approximately RMB9.3 million to the Group. Over the past few years, a number of commercial projects selected the Group's thin film solar modules for rooftop applications, including the 3.5MW distributed project of Guangdong CSR Rail Transport Company Limited ("廣東南車軌道交通車輛有限公司"), and the 9.07MW rooftop power station project of Anhui Leoch Power.

In respect of BIPV, the Group utilizes insulated glass made of photovoltaic modules in replacement of construction materials, providing multiple functions such as thermal insulation, heat-proof and noises reduction, catering to buildings' lighting need, and offering active energy saving and electricity supply. Based on different applications, functions and forms of installation, BIPV systems are mainly categorized into photovoltaic curtain walls, photovoltaic skylight ceilings, photovoltaic sunshades and so on. As at the date of this anouncement, the Group has entered into contracts with a total amount exceeding RMB15 million. It is expected that in 2016 the Group's sales figures in BIPV contracts will continue to increase rapidly.

- ***Agricultural Greenhouses***

By incorporating solar energy into modern agriculture, and installing power generation boards above greenhouse canopies, power can be generated by use of photovoltaic solar panels. It makes full use of the spare space on top of a farm shed, and provides necessary electric power for automatic watering, illumination, ventilation and heating within the shed. This new form of sunlight greenhouse is built in bilayer structure, integrating agricultural cultivation with photovoltaic power generation. Its high thermal insulation is suitable for growing crops in the northeastern region of China. It does not solely boost agricultural income, but also achieve a "win-win" situation for both economic and power generation benefits of agricultural crops plantation. Up to now, the Group has entered into agricultural project contracts with an aggregate amount of approximately RMB1 billion. It is expected that in 2016 the Group's new agricultural greenhouse sales contracts will rapidly increase and bring considerable revenue to the Group.

- ***Mobile Energy***

- *Rapid Deployment Solar System (RDSS)*

  In view of the experience gained from application of the rapid deployment solar system in the Beijing prix race of the FIA Formula E Championship, the Group plans to produce RDSS for purchase and use by the public in the future. Advantages of RDSS include high power generation efficiency, light in weight, coupled with safety, easy installation and mobility, thereby catering to power consumption needs in various off-grid circumstances, for instance, ad-hoc and urgent power consumption during major races, emergent disaster relief, mobile medical services, field exploration and outdoor events.

- *Portable Chargers*

  Intelligent products are increasingly becoming an indispensable part of urban life. In response to such trend, the Group introduced portable chargers with solar flexible thin film chips. Under adequate sunlight in outdoor areas, it can provide urgent power charging for most digital products such as smart watches, smart wristbands, mobile phones and electronic books. The Group has great concern about product safety. All of its portable power charging products have been certified by CE, the Federal Communications Commission in the United States, and abided by the European Union's directive on Restriction of Hazardous Substances applied on electrical and electronic equipment, so as to ensure that each customer can enjoy new energy products with safety.

The Group anticipates that the photovoltaic mobile energy market has huge market potential, and symbolizes human's ultimate mode of solar energy utilization. Given the avant-garde nature of the "mobile energy" concept, the product incubation is not adequately mature. Therefore it takes time for the market and public users to undergo certain cognitive and recognition process.

G. Photovoltaic Poverty Alleviation Program

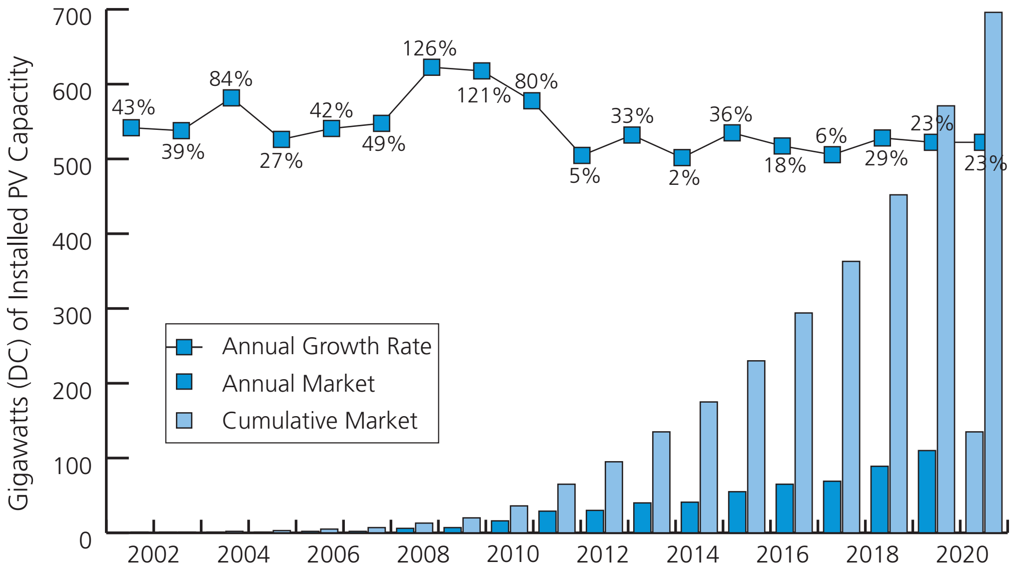
The Group took part in a range of photovoltaic poverty alleviation programs during the year. The Group provided modules (e.g. a-Si/ GSE/ Solibro) tailored to the local environment, sunlight conditions and buildings. The scope of programs covers Jiangsu, Yunnan, Guizhou, Shanxi, Gansu, Anhui, Hebei and Guangdong provinces, (e.g. the Sixian County Photovoltaic Poverty Alleviation Program in Anhui Province, the Linfen City Photovoltaic Poverty Alleviation Program in Shanxi Province, and the Photovoltaic Poverty Alleviation Program for the Shanxi Xunyi Secondary School).

FUTURE OUTLOOK

A. Current Condition of Global Solar Energy Market

The worldwide demand for photovoltaic installations rose from 1 GW in 2004 to 57GW in 2015, scoring a growth rate of over 20% every year. Such growth not only outperforms the development pattern of any other industry, but also outdoes the development of any other forms of new energy. According to the provisional data released by an the data analysis company GTM Research, the global solar energy deployed capacity has increased by 34% to 59GW in 2015 as compared with the annual total capacity in 2014, and is expected to reach 64GW in 2016, when the global installed capacity will reach 321GW.

Annual and cumulative PV Demand (GW), 2002-2020



Source: GTM Research

Contrary to the reduction and decline of production capacity in the other industrial and energy sectors, the newly installed capacity of the PV industry in China in 2015 still maintained a substantial growth, with accumulative installed capacity unprecedentedly surpassing that of Germany, and ranked No. 1 in the world. Looking ahead, China will remain as the major incremental market around the globe. According to the statistics from CPIA, China's newly installed PV capacity reached approximately 15GW in 2015, representing a year-on-year growth of more than 40%, ranked the first globally for three consecutive years; with accumulative installed capacity of approximately 43GW, China accounted for around 1/5 of the world total capacity. Jeremy Rifkin, an internationally renowned social critic and best-seller author, pointed out that the five pillars of the Third Industrial Revolution include clean energy, distributed energy structure, energy storage equipment, smart grid/smart traffic, and logistics network. The dynamic amalgamation between clean energy and the internet will give rise to sweeping reforms on the society as well as the economy.

The momentum of rebound since 2013, has been sustained in China's photovoltaic industry. Supported by the flourishing development in the international photovoltaic market, particularly in China, the utilization rates of photovoltaic enterprises' production capacity were effectively improved, the industry scale recorded steady growth, the technological level continued to improve and corporate profits were enhanced. Under the guidance of "the Belt and Road" initiative on the one hand, and driven by international trade protection on the other, China's photovoltaics enterprises has picked up their "going global" paces.

B. Policy Support from the Chinese Government

Looking ahead to the year of 2016, driven by policy guidance and market force, the development of China's photovoltaics industry is going to prosper. With the gradual saturation of ground-mounted power stations in the northwestern region of China, as well as the realization of grid parity for PV power, the mainland's distributed photovoltaic power generation will face a peak stage of rapid development. With the maturity of energy storage technology, it is expected that the construction of distributed solar power stations will become popular in the eastern and southern regions. However, problems such as financing, grid curtailment, land use and varying quality of photovoltaic power stations will also constrain the industry's development. To address these issues, the Chinese government released a series of policies in 2015 to regulate the development of the industry. Under the policy environment of promotion of distributed power generation by the Chinese government, the Group as part of the photovoltaic industry expects active involvement in the government's photovoltaic projects in the future.

Installation Targets for Photovoltaic Power in the "Thirteenth Five-Year Plan"

On 15 December 2015, the National Energy Administration published the "Invitation Letter for Opinions on Solar Energy Development According to the 13th Five-Year Plan" (《關於徵求太陽能利用「十三五」發展規劃意見的函》). According to the Plan, installed capacity of solar power generation will reach 160GW and the annual power generation capacity will reach 170 billion kWh by the end of 2020. Annual total investment amount will be approximately RMB200 billion. Among which, installed capacity will be 80GW for ground-mounted power stations, 70GW for distributed power stations, and 10GW for solar energy thermal power. The solar power generation industry will contribute RMB1,000 billion to China's GDP, with employments of over 2 million people.

Continuous Launch of the Poverty Alleviation Photovoltaic Program

On 9 March 2015, the Division of New Energy under the National Energy Administration issued the "Letter Disseminating the Outline for the Implementation Plan on Poverty Alleviation Photovoltaic Pilot Project" (《關於轉發光伏扶貧試點實施方案編制大綱的函》), which requested for opinions on the implementation plan of poverty alleviation photovoltaic pilot tests in the region. Relevant opinions or recommendations will be forwarded to the Institute of Water Resources and Hydropower Planning and Design. Currently, poverty alleviation photovoltaic program has already been included in the national strategies. In 2020, poverty alleviation photovoltaic projects of total 3 GW will be set up to lift millions of people from poverty.

Intensification of Electricity Reform, Upgrade and Standardization of Photovoltaic Industry

On 15 March 2015, The Central Committee of Chinese Communist Party ("CCCP") and the State Council published the "Opinions on Further Deepening the Reform of Electricity System" (《關於進一步深化電力體制改革的若干意見》) (No. 9 [2015] of the CPC Central Committee). The Opinions specified that there were difficulties in the development and use of new energy and renewable energy due to unsound development mechanism. The new electricity reform will provide open access for fair connection to power grid, establish new mechanism for distributed power supply, while fostering the positive and rapid growth of the electricity industry and promoting structural transformation and industrial upgrading.

On 1 June 2015, the National Energy Administration, the Ministry of Industry and Information Technology and the Certification and Accreditation Administration published the "Opinions on Promoting the Application and Industrial Upgrading of Advanced Photovoltaic Products" (《關於促進先進光伏技術產品應用和產業升級的意見》), which proposed to promote the role of market in resources allocation, raise the market admission standards for photovoltaic products, take the lead in photovoltaic technological progress and industrial upgrading, support the development of advanced technical products for market expansion and accelerate the elimination inferior products.

On 2 December 2015, the Ministry of Land and Resources promulgated the "Standard on Monitoring Land Use for Construction Projects of Photovoltaic Power Stations" (《光伏發電站工程項目用地控制指標》), with effect from 1 January 2016. The overall framework of the Standard was divided into four sections, namely basic rules, general standard on monitoring land use for construction projects of photovoltaic power stations, individual indicators and appendices. The Standard specified that land use inspection, supply and usage in relation to photovoltaic power projects should be in compliance with the land use indicators and relevant policy on land supply.

Quality Check on Photovoltaic Power Stations

On 7 April 2015, the National Energy Administration issued the "Notice for Commencement of Quality Inspection on Photovoltaic Power Generation Works Nationwide" (《於開展全國光伏發電工程質量檢查的通知》). This is China's first large-scale quality inspection on photovoltaic power stations, involving ground-mounted photovoltaic power stations and distributed photovoltaic projects which have been put into operation. The inspection was focused on two aspects including the quality in respect of project construction and operation, and the quality in respect of major equipment and components.

No Restriction on the Scale of Distributed Photovoltaic Power Generation

On 20 December 2015, the National Energy Administration issued the "Guiding Opinion on Optimizing the Production Scale of Solar Energy Power Generation and Allocating Projects by Way of Competition" (Proposed Draft). The Draft pointed out that rooftop distributed photovoltaic and ground-mounted distributed photovoltaic power stations which generated power for own use, would adopt the previous standard and would not be subject to the annual construction scale limit. For other projects of photovoltaic power stations, the National Energy Administration would issue an annual construction scale limit for photovoltaic power stations to various provinces (regions and municipalities) in the beginning of each year. The Development and Reform Commission in various provinces (regions and municipalities) would determine the proportion between centralized and distributed power generation, and adopt competitive allocation of targets by way of open evaluation and bidding.

Further Strengthening of Financing Support

On 22 December 2015, the People's Bank of China (PBOC) promulgated the Announcement No. 39, "List of Projects Supported by Green Bonds". The Announcement stated that with an aim to accelerate the construction of ecological civilization, introduce green development to financial institutions, and promote the economy's structural transformation and upgrade as well as change in economic development pattern, support would be provided to financial institutions in issuance of green financial bonds, and the fund raised would be used to sustain the growth of green industries. Wind power generation, photovoltaic power generation, smart power grid and energy internet, distributed energy, utilization of solar thermal power, hydropower generation and utilization of other new energies were included in the document.

Latest Benchmark Tariff for Photovoltaic Power Generation

On 24 December 2015, the National Development and Reform Commission promulgated the "Notice on Optimizing the Policy for the Benchmark On-grid Tariff of Onshore Wind Power and Photovoltaic Power Generation" (《關於完善陸上風電、光伏發電上網標杆電價政策的通知》) (No. 3044 [2015] of the National Development and Reform Commission). According to the new policy, benchmark on-grid tariffs of RMB0.8 for Category I, RMB0.88 for Category II and RMB0.98 for Category III would be implemented for newly registered photovoltaic power station projects starting from 1 January 2016.

C. Adjusting Production Capacity Planning and Accelerating the Construction of New Production Base

Adjustments will be made to the planning of production capacity. The emphasis will be put on the construction of a new production base for Copper Indium Gallium Selenide ("CIGS") technology and thin film GaAs technology as early as possible, to bring out large-scale production capacity of flexible, high-efficiency thin film solar cells. With the development of the market in the future, demand for mobile and wearable photovoltaic applications will be surging. Consequently, the Group will regard Alta Devices, GSE and Miasolé as the focal point of development in coming years to quickly advance implementation work of sophisticated technologies and construction of the production base.

D. Diversification of Sales Model and Full Implementation of "Double Drives" Strategic Model

From the adoption of direct sales and self-established channel such as direct-sale stores for product sales in the past, now to the form of distributor franchise cooperation, the Group has established sales channels jointly with distributors and achieved profit sharing. In the future, the Group will implement the "double drives" strategic model: firstly, the Group will, relied on the foundation laid in 2015, continue to develop the residential business based on distributors network; secondly, the Group will develop commercial business targeted at major customers, with a focus on BIPV/agricultural/industrial/commercial rooftop power stations. Moreover, Hanergy has cooperated with third party sales platforms, and started up electronic businesses in Tmall and JD by establishing the "Hanergy Shop", which is an official e-commerce and customer management services platform. In addition, a mobile consumer-end App has been developed to deliver the best user experience through big data management in the era of mobile internet.

In advocating residential photovoltaic power generation system and distributed power generation, the Group will endeavor to develop new application products, initiate full range of cooperation with other industries through the "industry+" model, establish an open innovative platform for applications development, speed up new product development and nurture new businesses.

E. Implementation of Organizational Reform for Prompt Response to Market

In order to enable the Group's organization to become more focused and efficient, the Group will revolutionize the original organizational structure which consists of the upstream, mid-stream and down-stream silos, and establish the mobile energy business group, flexible industrial application business group, flexible household business group, distributed energy business group, Hanergy Global Solar Power & Applications Group, and product incubator center. Being market-oriented, the three-dimensional organizational structure can lay solid organization foundation for the organization to maintain close relationship with customers, give prompt response and enhance sales.

2015 is a year full of twists and turns to the Group. As affected by trading halt, the Group recorded a substantial decrease in profit, while many of its operations were forced to suspend, resulting in a pinch of the Group's reputation. In face of the temporary plight, the Group, after learning a lesson from such experience, will spare no effort in adhering to the conviction of "using clean energy to change the world", leveraging on the technologies and advantages in the field of thin film solar power, and expanding its market share.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2015, the Group have interest-bearing bank and other borrowings of HK$1,182,958,000 (31 December 2014 (restated): HK$1,355,445,000) while the cash and cash equivalents amounted to approximately HK$447,826,000 (31 December 2014 (restated): approximately HK$3,056,916,000).

Gearing ratio (total debt less cash and cash equivalent, tax payable and deferred tax liabilities ("**Net Debt**") over shareholders' equity) as at 31 December 2015 was 31.91% (31 December 2014 (restated): 1.27%).

TREASURY POLICIES AND EXCHANGE & OTHER EXPOSURES

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

CONTINGENT LIABILITIES

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

PERSONNEL

The number of employees of the Group as at 31 December 2015 was 2,881 (31 December 2014: 2,033) of whom 300 (31 December 2014: 395) were office administration staff.

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

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, the Company, through its wholly owned subsidiary, repurchased its own shares on the Stock Exchange, details of which are as follows:

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

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

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

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

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 complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by Directors adopted by the Company.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the year, the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules, save for the followings:

The chairman of the Board was unable to attend the annual general meeting of the Company held on 20 May 2015. However, most executive Directors, the chairpersons of the audit, remuneration, and nomination committees, and the external auditor of the Company were present to be available to answer any question to ensure effective communication with shareholders of the Company.

REVIEW OF FINANCIAL STATEMENTS

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 audited consolidated financial statements for the year ended 31 December 2015.

SUSPENSION OF TRADING

Trading in the Company's shares has been halted with effect from 10:40 a.m. on 20 May 2015.

The Company received a letter from the SFC dated 15 July 2015 in relation to the Rule 8(1) directive of Stock Market Rules, in which SFC directed the Stock Exchange to suspend trading in the securities of the Company.

The Board of the Company is currently seeking legal advice to continue to address the concerns of the SFC, and will seek to resume trading as soon as possible.

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

Beijing, the PRC, 31 March 2016

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. Chen, Li (Executive Vice-President), Dr. Lam, Yat Ming Eddie, Mr. Huang Songchun (Financial Controller), Mr. Si Haijian and Mr. Zhang, Bo; and the independent non-executive Directors of the Company are Ms. Zhao, Lan, Mr. Wang, Tongbo, Professor Xu, Zheng and Dr. Wang, Wenjing.