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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)

CLARIFICATION ANNOUNCEMENT

Reference is made to the announcement of Hanergy Thin Film Power Group Limited (the “**Company**”) dated 31 March 2016 in relation to the results of the Company for the year ended 31 December 2015 (the “**Announcement**”). Unless otherwise stated, capitalised terms used herein shall bear the same meanings as defined in the Announcement.

The board of directors (the “**Board**”) of the Company would like to clarify the information in the following sections of the Announcement:

- (i) The term “Hanergy Affiliates” under note 1 “BASIS OF PREPARATION” on page 5 is defined as Hanergy Holding Group Limited and its affiliates.

- (ii) The Board of the Company discovered that the “OPERATING SEGMENT INFORMATION” under note 4 on page 11 should be set out as below:

Year Ended 31 December 2015

	Manufacturing <i>HK\$'000</i>	Downstream <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment Revenue			
Sales to external customers	1,977,691	836,977	2,814,668
Segment Results	(9,400,801)	(2,539,842)	(11,940,643)
Including:			
Research and development costs	(824,199)	(1,228)	(825,427)
<i>Reconciliation of segment results:</i>			
Segment results			(11,940,643)
Interest income			63,709
Finance costs			(72,063)
Unallocated other income and gains			94
Corporate and other unallocated expenses			<u>(138,510)</u>
Loss before tax			<u>(12,087,413)</u>
Segment Assets			
<i>Reconciliation:</i>	11,945,744	3,412,926	15,358,670
Elimination of intersegment receivables			(2,970,595)
Deferred tax assets			—
Corporate and other unallocated assets			<u>83,623</u>
Total assets			<u>12,471,698</u>
Segment Liabilities			
<i>Reconciliation:</i>	2,958,595	4,574,250	7,532,845
Elimination of intersegment receivables			(2,970,595)
Deferred tax assets			417,406
Corporate and other unallocated assets			<u>44,440</u>
Total liabilities			<u>5,024,096</u>

(iii) Information set out in “OPERATING SEGMENT INFORMATION” under note 4 on page 13 should be clarified as follow:

- In respect of “(a) Revenue from external customers” under “Geographical information”, revenue from Mainland China and United States in 2015 should be “**HK\$2,127,615,000**” and “**HK\$537,811,000**”.
- In respect of “(b) Non-current assets” under “Geographical information”, non-current asset from Mainland China, United States, United Kingdom and others should be “**HK\$331,431,000**”, “**HK\$259,955,000**”, “**HK\$4,430,000**” and “**HK\$10,631,000**”.
- In respect of “Information about major customers”, revenue derived from sales by the Manufacturing segment to Hanergy Affiliates should be “**HK\$73,098,000**” instead of “**HK\$65,769,000**”.
- In respect of “Information about major customers”, “...derived from sales of solar power stations by downstream” should be stated as “**...derived from sales of solar power stations by downstream to third parties customers**”, and the revenue generated in 2014 should be “**Nil**” instead of “HK\$3,378,250,000”.

(iv) Information set out in “(LOSS)/PROFIT BEFORE TAX” under note 6 on page 15 should be clarified as follows:

- In respect of “Audit service” and “Others” under “Auditors’ remuneration” for the year 2015 should be “**HK\$13,083,000**” and “**HK\$3,175,000**” instead of “HK\$14,883,000” and “HK\$1,375,000”.
- “Write-down of leasehold improvement to profit or loss included in administrative expenses” for the year 2015 should be “**HK\$115,506,000**” instead of “15,506,000”. No change to the English version of the Announcement is required.
- Delete the item “Impairment of deposit and prepayments”.
- “Minimum lease payments under operating leases of land and buildings and Equipment” should be “**HK\$320,747,000**” and “**HK\$29,431,000**” instead of “HK\$219,981,000” and “HK\$39,061,000”.

- (v) Information on “(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE PARENT” under note 8 on page 17 should be set out as below:

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i> (Restated)
(Loss)/earnings		
(Loss)/profit attributable to the owners of the parent, used in basic earnings per share calculation	(12,233,564)	3,203,696
Imputed interest expenses on the Convertible Bonds	<u>—</u>	<u>1,296</u>
(Loss)/profit for the purpose of diluted earnings per share calculation	<u>(12,233,564)</u>	<u>3,204,992</u>

- (vi) “TRADE RECEIVABLES” under note 9 on page 18 should be as follow:

	<i>Notes</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Trade receivables:			
— Due from Hanergy Affiliates	<i>(i)</i>	2,596,781	4,345,231
— Due from third parties	<i>(ii)</i>	<u>1,296,078</u>	<u>1,733,464</u>
		3,892,859	6,078,695
<i>Less:</i> Impairment amounts due from third parties		<u>(197,220)</u>	<u>—</u>
		<u>3,695,639</u>	<u>6,078,695</u>

Based on the invoice date, the ageing analysis of the Group’s net trade receivables from Hanergy Affiliates under note 9 “TRADE RECEIVABLES” on page 18 should be set out as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Within 3 months	247,705	2,823,545
3 to 6 months	236,740	1,521,686
6 months to 1 year	462,089	—
More than 1 year	<u>1,650,247</u>	<u>—</u>
	<u>2,596,781</u>	<u>4,345,231</u>

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

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

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

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 3 months	—	—
3 to 6 months	—	—
6 months to 1 year	995,194	—
	<u>995,194</u>	<u>—</u>

- (vii) In the paragraph "...Furthermore, pursuant to the relevant sales contracts, the Group is entitled to claim Hanergy Affiliates interest penalty on the overdue progress payments...in the other receivables due from Hanergy Holding Group Limited ("Hanergy Holding") as at 31 December 2015..." in "(i) Trade receivables from Hanergy Affiliates" under note 9 "TRADE RECEIVABLES" on page 19, it should be due from "**Hanergy Affiliates**" instead of "Hanergy Holding Group Limited ("Hanergy Holding")".

(viii) In respect of item (ii)b “Trade receivables from other third parties” under note 9 on pages 20 and 21, the ageing analysis of the Group’s trade receivables from third parties and the movements in provision for impairment of trade receivables should be as follows:

	2015 <i>HK\$’000</i>	2014 <i>HK\$’000</i>
Within 3 months	22,556	1,731,126
3 to 6 months	107,843	2,338
6 months to 1 year	36,070	—
More than 1 year	134,415	—
	300,884	1,733,464
Impairment	(197,220)	—
	103,664	1,733,464

In addition, the ageing analysis of the net trade receivables from other third parties that are not individually nor collectively considered to be impaired is as follows:

	2015 <i>HK\$’000</i>	2014 <i>HK\$’000</i>
Neither past due nor impaired	66,866	1,733,464
Less than 3 months past due	898	—
3 to 6 months past due	4,975	—
More than 6 months past due	30,925	—
	103,664	1,733,464

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

	2015 <i>HK\$’000</i>	2014 <i>HK\$’000</i>
At beginning of year	—	—
Impairment losses recognized (<i>note 6</i>)	202,817	—
Exchange realignment	(5,597)	—
At end of year	197,220	—

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of **HK\$197,220,000** (2014: Nil) with a carrying amount before provision of **HK\$197,220,000** (2014: Nil).

- (ix) The description of “GROSS AMOUNT DUE FROM CONTRACT CUSTOMERS” under note 10 on page 21 should be “The Group’s gross amount due from customers for contract work was related to contracts with Hanergy Affiliates **and Shandong Macrolink**” instead of “The Group’s gross amount due from customers for contract work was related to contracts with Hanergy Affiliates”.
- (x) “OTHER RECEIVABLES” under note 11 on page 22 should be set out as below:

	2015 <i>HK\$’000</i>	2014 <i>HK\$’000</i> (Restated)
Other receivables:		
— Due from Hanergy Affiliates	200,835	231,188
— Due from third parties	555,253	168,446
	<u>756,088</u>	399,634
<i>Less:</i> Impairment	<u>(237,099)</u>	<u>—</u>
	<u>518,989</u>	<u>399,634</u>

The balances of the other receivables due from **Hanergy Affiliates** represented the interest penalty on the overdue progress payments of the contract work. As disclosed in Note 9, 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 Affiliates** 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**.

(xi) The “DEPOSITS AND PREPAYMENTS” under note 12 on page 23 in the Announcement of Chinese version should be clarified as follows:

- The prepayments has an ageing over 1 year should be “**HK\$356,868,000**” instead of “HK\$415,000,000”. No change to the English version of the Announcement is required.
- “...the Company entered into a supplemental agreement to the 150 MW photovoltaic modules supply contract signed on 23 December 2015 with Hanergy Holding...” should be “...the Company entered into a supplemental agreement to the 150 MW photovoltaic modules supply contract signed on **23 December 2013** with Hanergy Holding...”. No change to the English version of the Announcement is required.
- 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 “**57.7 MW**” for construction of the downstream photovoltaic power generation projects, instead of “57.6MW” of PV modules.
- A total of “**315MW**” PV modules have been delivered by Hanergy Affiliates in the year 2015, instead of “314.9MW” of PV modules.

(xii) In “(a) Business combination under common control” under 14 “ACQUISITIONS” on page 25, the fair values of assets and liabilities of Old Alta when they were incorporated in Hanergy Holding for the first time summarized by Alta for the year 2015 is as follows:

	<i>HK\$’000</i>
Property, plant and equipment	97,414
Intangible assets	118,599
Deposits and prepayments	4,883
Restricted cash	8,527
Cash equivalents	12,674
Current liabilities	<u>(13,496)</u>
Fair value recognised by Hanergy Holding	<u><u>228,601</u></u>
Total cash paid to unrelated third party	<u><u>(228,601)</u></u>

(xiii) In “(b) Business combination” under note 14 “ACQUISITIONS” on page 28, Beijing Sanjin contributed “**HK\$361,000**” instead of “HK\$3,091,000” to the Group’s consolidated loss for the year ended 31 December 2015.

(xiv) “EVENTS AFTER THE REPORTING PERIOD” under note 18 on page 30 in the Chinese version of the Announcement, (i) “**漢能控股**” was inadvertently stated as “漢能股股”; and (ii) the date of provision of services should be “**1 January 2016**” instead of “7 March 2016”. No change to the English version of the Announcement is required.

(xv) It should be “**notes 9 and 10 to the Announcement**” instead of “notes 10 and 11 to the consolidated financial statements” that were referred to in the basis for qualified opinion in the “EXTRACT OF INDEPENDENT AUDITOR’S REPORT” on page 30.

“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\$200,835,000**,...” instead of “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**,...” that were referred to in the basis for qualified opinion in the “EXTRACT OF INDEPENDENT AUDITOR’S REPORT” on page 30.

(xvi) In relation to “...we draw attention to note 2.1 to the consolidated financial statements...”, “...This condition, along with other matters as set forth in note 2.1...” and “...As explained in note 2.1 to the consolidated financial statement...” under “Emphasis of matter” in the “EXTRACT OF INDEPENDENT AUDITOR’S REPORT” on page 31, the Board hereby clarifies that they should read as “...we draw attention to **note 1** to the announcement...”, “... This condition, along with other matters as set forth in **note 1**...” and “As explained in **note 1** to the announcement...”

(xvii) In item (2) of “FINANCIAL REVIEW” on page 33 of the Chinese version of the Announcement, the revenue arising from connected transactions between the Company and Hanergy Holdings and its affiliates should be “decrease... to **HK\$66,000,000**”. No change to the English version of the Announcement is required.

(xviii) In respect of item (4) of “FINANCIAL REVIEW” on page 33, “**Hanergy Holding and its affiliates**” was inadvertently stated as “Hanergy Holding and its subsidiaries” and the Group’s gross amount due from contract customers from **Hanergy Holding and its affiliates** should be “**HK\$2 billion**” instead of “HK\$2.3 billion”.

(xix) In item (i) of Share Subscription Agreement with Independent Third Party and Termination of Equipment Sales and Technical Services Contracts on page 42, the Sales and Service Contracts should be dated “**26 February 2015**” instead of “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.

(xx) In “Distributed Energy” under “Categorization of Downstream Applications” on page 45, revenue generated from IKEA sales in Europe for the year ended 31 December 2015 should be approximately “**HK\$115,000,000**”.

Save as disclosed above, all other information in the Announcement remains unchanged.

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

Hong Kong, 15 April 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.