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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)**

#### **CONNECTED TRANSACTIONS**

#### **EQUIPMENT SALES AND TECHNICAL SERVICES AGREEMENTS IN RELATION TO 900MW SILICON-BASED THIN FILM SOLAR ENERGY PANEL BIPV MODULES ASSEMBLY LINES**

The Board is pleased to announce that, on 4 May 2015 (after trading hours):

- (i) Fujian Apollo, a wholly-owned subsidiary of the Company, entered into the Equipment Sales Agreement with Hanergy Holding, pursuant to which Fujian Apollo (as vendor) agreed to sell and Hanergy Holding (as purchaser) agreed to purchase 6 sets of silicon-based thin-film solar BIPV panel module assembly line related equipment with total production capacity of 900MW; and
- (ii) Fujian Apollo entered into the Technical Services Agreement with Hanergy Holding, pursuant to which Fujian Apollo shall provide technical services in relation to the upgrading of some of Hanergy Holding's existing silicon-based thin-film solar module production lines, with the Equipment as specified under the Equipment Sales Agreement, such that the production lines will be capable of producing silicon-based thin-film BIPV panel modules.

#### **LISTING RULES IMPLICATION**

Hanergy Holding is a controlling shareholder of the Company and is therefore a connected person of the Company. The Transactions therefore constitute connected transactions on the part of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratio(s) (as defined in the Listing Rules) in respect of the Transactions contemplated under the Equipment Sales and Technical Services Agreements in aggregate is/are more than 5%, the Equipment Sales and Technical Services Agreements and the transactions contemplated thereunder are subject to reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **GENERAL**

The Independent Board Committee has been established to advise the Independent Shareholders in respect of the Equipment Sales and Technical Services Agreements and the transactions contemplated thereunder. The Company will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

An EGM will be convened at which the Independent Shareholders will consider and, where appropriate, approve the Equipment Sales and Technical Services Agreements and the transactions contemplated thereunder. A circular containing, among others: (i) further details of the Equipment Sales and Technical Services Agreements and the transactions contemplated thereunder; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the independent financial adviser in respect of the Equipment Sales and Technical Services Agreements to the Independent Board Committee and the Independent Shareholders; and (iv) a notice convening the EGM, will be despatched to the Shareholders on or before 12 June 2015.

On 4 May 2015 (after trading hours), Fujian Apollo, a wholly-owned subsidiary of the Company, entered into the Equipment Sales Agreement and the Technical Services Agreement with Hanergy Holding.

## **EQUIPMENT SALES AGREEMENT**

### **Date:**

4 May 2015 (after trading hours)

### **Parties:**

- (1) Fujian Apollo
- (2) Hanergy Holding

Fujian Apollo is a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company.

Hanergy Holding is a company established in the PRC with limited liability in 1997, which is a global clean energy multinational company committed to “changing the world with clean energy”. It operates a number of clean energy businesses in the PRC and the rest of the world, including thin-film solar, hydro and wind power projects.

## **Subject Matter**

Pursuant to the Equipment Sales Agreement, Fujian Apollo (as vendor) agreed to sell, and Hanergy Holding (as purchaser) agreed to purchase 6 sets of silicon-based thin-film solar energy panel Building Integrated Photovoltaics (BIPV) module assembly lines related equipment with total production capacity of 900MW (the “**Equipment**”).

The project is established on the foundation of the Hanergy Holding’s original silicon thin-film solar cell production lines. Through the addition of equipment including laser insulation scribing line machine, light transmittance laser scribing machine, laser perforation machine, heavy laminating machine, roller press machine, autoclave, insulating glass production line and photovoltaic curtain wall power analyzer, the production lines will be capable of producing BIPV curtain wall modules of different light transmittance rates, sizes and shapes. These modules are characterized by their unique features including energy efficient, aesthetic design, ease of installation and long usage life.

## **Consideration**

Based on the price of US\$29,250,000 per set of the Equipment, the total consideration of the Equipment is agreed to be US\$175,500,000. The consideration of each set of the Equipment will be payable by Hanergy Holding in the following manner:

- (i) US\$2,925,000 (representing 10% of the price of each set of the Equipment) as prepayment;
- (ii) US\$14,625,000 (representing 50% of the price of each set of the Equipment) shall be payable to Fujian Apollo within three working days after the issuance of a notice of the expected delivery date and shipment information in relation to such a set of Equipment by Fujian Apollo;
- (iii) US\$5,850,000 (representing 20% of the price of each set of the Equipment) shall be payable to Fujian Apollo within seventy working days from the date when Hanergy Holding signs and issues the equipment delivery receipt in relation to such a set of Equipment;
- (iv) US\$4,387,500 (representing 15% of the price of each set of the Equipment) shall be payable to Fujian Apollo within seventy working days from the date when Hanergy Holding signs and issues the equipment acceptance form for single-machine with respect to such a set of Equipment; and
- (v) the remaining balance of US\$1,462,500 (representing 5% of the price of each set of the Equipment) shall be payable to Fujian Apollo upon the expiry of the Warranty Period in relation to such Equipment.

The above consideration is determined on normal commercial terms and after arm’s length negotiations between Hanergy Holding and Fujian Apollo with reference to, among others, the market price, the procurement cost, import tariffs, transportation cost and transportation insurance cost in relation to each set of Equipment.

## **Conditions Precedent**

The Equipment Sales Agreement is conditional upon the approval from the Independent Shareholders at the EGM.

In the event that the Equipment Sales Agreement cannot become effective within 90 days upon the signing of the Equipment Sales Agreement (or such later date as agreed by the parties in writing), the Equipment Sales Agreement shall be terminated with immediate effect.

## **TECHNICAL SERVICES AGREEMENT**

### **Date:**

4 May 2015 (after trading hours)

### **Parties:**

- (1) Fujian Apollo
- (2) Hanergy Holding

### **Subject Matter**

Pursuant to the Technical Services Agreement, Fujian Apollo shall provide technical services in relation to the upgrading of some of Hanergy Holding's silicon-based thin-film solar module production lines with the Equipment as specified under the Equipment Sales Agreement, such that the production lines will be capable of producing silicon-based thin-film BIPV panel modules. The technical services provided for the entire process shall include but not limited to the integration of production lines, mass production and quality assurance, as well as the related factory design, layout design, technical testing and adjustment, operation, maintenance, quality assurance and after sales services.

The implementation shall be carried out in eight stages: layout design, factory operation planning, program installation, technical upgrade, technical testing and adjustment, technical training and quality assurance.

Pursuant to the Technical Services Agreement, during the warranty period of the Equipment Fujian Appolo shall provide Hanergy with newly acquired operational experience and information free of charge, and shall notify Hanergy Holding with respect to any confirmed improvements in technical and safety aspects if such improvements are applicable to the Equipment.

## Consideration

Based on the engineering and technical service fee of US\$68,250,000 for each production line, the total consideration of the Services is agreed to be US\$409,500,000. The service fee of each production line will be paid by Hanergy Holding in the following manner:

- (i) US\$6,825,000 (representing 10% of the service fee of each production line) , as prepayment for the Services, shall be payable by Hanergy Holding to the account designated by Fujian Apollo through wire transfer, after Hanergy Holding has obtained the approval documents in relation to the project from the relevant authorities in the PRC, and the demand guarantee for an equivalent amount of the prepayment provided by Fujian Apollo's bank;
- (ii) US\$6,825,000 (representing 10% of the technical service fee of each production line), as the service fee for the factory operation design and layout design for each production line, shall be payable by Hanergy Holding to Fujian Apollo within seventy working days from the date when Fujian Apollo submits the Site Inspection Report to Hanergy Holding or such other period as agreed by both parties;
- (iii) US\$13,650,000 (representing 20% of the technical service fee of each production line), as the service fee for the program installation for each production line, shall be payable by Hanergy Holding to Fujian Apollo within seventy working days from the date when Hanergy Holding confirms the completion of program installation or within such other period as agreed by both parties;
- (iv) US\$34,125,000 (representing 50% of the technical service fee of each production line) , as the service fee for the technical testing and adjustment for each production line, shall be payable by Hanergy Holding to Fujian Apollo within seventy working days from the date of issuance of the acceptance report or such other period as agreed by both parties;
- (v) the remaining balance of US\$6,825,000 (representing 10% of the technical service fee of each production line) shall be payable by Hanergy Holding to Fujian Apollo within seventy working days from the date of assessment of each production line (which is 9 months after the issuance of the acceptance report of the production line), or such other period as agreed by both parties.

The consideration for the Services is arrived at on normal commercial terms, upon arm's length negotiations between Hanergy Holding and Fujian Apollo.

Pursuant to the Technical Services Agreement, Fujian Apollo shall guarantee, after the Technical Services Agreement has become effective, that the unit prices for any technical services of the production lines shall not be higher than the unit prices that Fujian Apollo has charged or will charge to any third parties for the same technical services. On the condition that there is any breach of the above guarantee, Fujian Apollo shall agree to reduce the corresponding unit prices for the technical services to the same prices applicable to the third parties.

## **Conditions Precedent**

The Technical Services Agreement is conditional upon the approval from the Independent Shareholders at the EGM.

In the event that the Technical Services Agreement cannot become effective within 90 days upon the signing of the agreement (or such later date as agreed by the parties in writing), the Technical Service Agreements shall be terminated with immediate effect.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUIPMENT SALES AND TECHNICAL SERVICES AGREEMENTS**

The Group is a global, technologically advanced thin-film photovoltaics enterprise. With the most advanced technologies in thin-film photovoltaics, the Group provides diverse solutions for enterprises. In recent years, the Group is proactively developing the downstream solar power business sectors, and is developing photovoltaics power generation projects and application businesses in China and all over the world, especially in the market of household photovoltaic applications.

In 2014, new photovoltaic installations reached 10.6GW in the PRC, which has become the largest photovoltaic market in the world. In January 2015, the National Energy Administration of the PRC announced the plan of an additional 15GW of grid-connected photovoltaic capacity for 2015, out of which there will be 8GW of centralized power stations and 7GW of distributed power stations (with no less than 3.15GW from roof-top distributed power stations). In March 2015, the National Energy Administration issued the “Notice of Implementation Plan on Photovoltaic Power Generation Construction for 2015 by National Energy Administration”, further raising the construction target of new photovoltaic power stations in 2015 to 17.8GW.

The market anticipates that the demand for photovoltaic installations will maintain an upward trend in the next three years. It is expected that the PRC government will further promote distributed photovoltaic power generation, leading to the direct increase in demand for BIPV thin-film modules. To seize the market opportunity, Hanergy Holding expects to expand its production capacity for BIPV thin-film modules through upgrading of existing silicon-based production lines. The Group possesses the top professional technology and will be able to upgrade the existing silicon-based thin-film solar modules production lines of Hanergy Group for the production of BIPV thin-film modules.

The Equipment Sales and Technical Services Agreements represent a recognition to the Group’s thin-film technology. In addition to increasing the production capacity of Hanergy Holding for BIPV thin-film modules, which are of higher market values, the Equipment Sales and Technical Services Agreements also help increase the Group’s sources of income and bolster the Group’s development in the thin-film photovoltaic business, bringing all-round benefits to the Group.

The terms of the Equipment Sales and Technical Services Agreements are based upon arm's length negotiations between the Group and Hanergy Holding. The Directors (excluding independent non-executive Directors, whose views will be rendered after considering the recommendations from the independent financial adviser of the Company) consider that the Equipment Sales and Technical Services Agreements were entered into in the normal and ordinary course of business of the Group, the terms of the agreements are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Save for Mr. Li Hejun who is also a substantial shareholder of Hanergy Holding, no other Director has material interest in the Equipment Sales and Technical Services Agreements and the transactions contemplated thereunder, and as such, no other Director has abstained from voting on the Board resolution to approve the Equipment Sales and Technical Services Agreements and the transactions contemplated thereunder.

### **LISTING RULES IMPLICATION**

Hanergy Holding owns 30,505,962,510 Shares of the Company (representing approximately 73.19% of total capital of the Company) and is a controlling shareholder of the Company, it is therefore a connected person of the Company. The Transactions therefore constitute connected transactions on the part of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratio(s) (as defined in the Listing Rules) in respect of the Transactions contemplated under the Equipment Sales and Technical Services Agreements in aggregate is/are more than 5%, the Equipment Sales and Technical Services Agreements and the transactions contemplated thereunder are subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Hanergy Holding and its associates are required to abstain from voting on the resolution to approve Equipment Sales and Technical Services Agreements and the transactions contemplated thereunder at the EGM.

### **GENERAL**

The Independent Board Committee has been established to advise the Independent Shareholders in respect of the Equipment Sales and Technical Services Agreements and the transactions contemplated thereunder. The Company will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The Company will convene an EGM for the Independent Shareholders to consider and, if appropriate, approve the Equipment Sales and Technical Services Agreements and the transactions contemplated thereunder. A circular containing, among others: (i) details of the Equipment Sales and Technical Services Agreements and the transactions contemplated thereunder; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the independent financial adviser in respect of the Equipment Sales and Technical Services Agreements to the Independent Board Committee and the Independent Shareholders; and (iv) a notice convening the EGM, will be despatched to the Shareholders on or before 12 June 2015.

## Definitions

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“BIPV”	Building Integrated PV
“Board”	the board of directors of the Company
“Company”	Hanergy Thin Film Power Group Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules and the word “connected” shall be construed accordingly
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held to approve, among others, the Equipment Sales and Technical Services Agreements and the transactions contemplated thereunder
“Equipment Sales Agreement”	the sales agreement dated 4 May 2015 entered into between Fujian Apollo and Hanergy Holding in relation to the sale of equipment in respect of silicon-based thin-film solar energy panel BIPV module assembly lines
“Fujian Apollo”	福建鉅陽精工設備有限公司 (for identification purposes only, translated as “Apollo Precision (Fujian) Ltd.”), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Equipment Sales and Technical Services Agreements”	the Equipment Sales Agreement and the Technical Services Agreement
“GW”	Gigawatt



“Hanergy Group”	Hanergy Holding and its subsidiaries
“Hanergy Holding”	漢能控股集團有限公司 (for identification purposes only, translated as “Hanergy Holding Group Limited”), a company established under the laws of the PRC with limited liability
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company, which consists of Ms. Zhao Lan, Mr. Wang, Tongbo, Professor Xu, Zheng and Dr. Wang, Wenjing, all being independent non-executive Directors
“Independent Shareholder(s)”	Shareholder(s) of the Company other than Hanergy Holding and its associates
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“MW”	Megawatt
“percentage ratio(s)”	has the meaning ascribed thereto under Chapter 14 of the Listing Rules
“PRC”	the People’s Republic of China
“Services”	the relevant services provided by Fujian Apollo to Hanergy Holding for technical process and technical software upgrade in silicon-based thin-film solar module production lines under the Technical Services Agreement
“Shareholder(s)”	holder(s) of the issued shares of the Company
“Technical Services Agreement”	the service agreement dated 4 May 2015 entered into between Fujian Apollo and Hanergy Holding in relation to the Services
“Transactions”	the transactions contemplated under the Equipment Sales and Technical Services Agreements
“Warranty Period”	pursuant to the Equipment Sales Agreement, the warranty period for each set of the Equipment shall be the earlier of 12 months from the date of the equipment acceptance form for single-machine or 14 months from the date of the equipment receipt in relation to the Equipment
“working day(s)”	the days other than statutory holidays under the PRC laws

“US\$”	United States dollar, the lawful currency of the United States of America
“W”	watt, unit of power, equivalent to one joule per second and equal to the power in a circuit in which a current of one ampere flows across a potential difference of one volt
“%”	per cent

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

Hong Kong, 4 May 2015

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