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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)**

### **CONTINUING CONNECTED TRANSACTION ENTERING INTO OF SERVICES AGREEMENT BETWEEN MIASOLÉ AND MIASOLÉ HI-TECH**

The Board announces that on 29 January 2019, MiaSolé Hi-Tech, a wholly owned subsidiary of Company entered into the Services Agreement with MiaSolé, a subsidiary of Hanergy Hydroelectric Power Group, pursuant to which (i) MiaSolé Hi-Tech agrees to provide to MiaSolé certain consultation and services; (ii) MiaSolé Hi-Tech agrees to provide technical advice and production specifications in support of MiaSolé's production operations; and (iii) MiaSolé Hi-Tech will allow MiaSolé to use a portion of MiaSolé Hi-Tech's premises in California for MiaSolé's warehousing operations.

#### **Listing Rules Implication**

Hanergy Hydroelectric Power Group and its associates are substantial shareholders of the Company and is therefore a connected person of the Company under the Listing Rules. As MiaSolé is a subsidiary of Hanergy Hydroelectric Power Group, the entering into the Services Agreement and the transactions contemplated thereunder constitute continuing connected transaction on the part of the Company under Chapter 14A of the Listing Rules.

Given the relevant percentage ratios in respect of the Services Agreement are less than 5%, the Services 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.

#### **The Services Agreement**

Date:

29 January 2019

Parties:

(1) MiaSolé Hi-Tech; and

(2) MiaSolé.

MiaSolé Hi-Tech is a company incorporated in California, the United States of America and a wholly owned subsidiary of the Company.

MiaSolé is a company incorporated in California, the United States of America and a subsidiary of Hanergy Hydroelectric Power Group (formerly known as Hanergy Holding Group Limited), which is a company established in the PRC with limited liability in 1997.

Hanergy Hydroelectric Power Group is a substantial Shareholder of the Company and is therefore a connected person of the Company under the Listing Rules. As MiaSolé is a subsidiary of Hanergy Hydroelectric Power Group, MiaSolé is a connected person to the Company under Chapter 14A of the Listing Rules and the entering into the Services Agreement and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

### **Term of the Services Agreement**

The term of the Services Agreement will begin on the date of the Services Agreement and shall terminate on 31 December 2021 unless earlier terminated pursuant to the Services Agreement. Either party to the Services Agreement may terminate the Agreement at any time upon thirty days' prior written notice to the other party.

### **Subject matters of Services Agreement**

#### **(A) Services**

Pursuant to the Services Agreement, MiaSolé Hi-Tech agrees to provide to MiaSolé consultation and services in support of MiaSolé's:

- (1) procurement of materials, including raw materials, consumables, and spare parts;
- (2) logistical requirements; and
- (3) pricing, control, and optimization of production operations, with the intended goal of reducing production costs, maximizing production efficiency, and maintaining MiaSolé's market competitiveness.

The monthly fee for the services shall be fixed fee of US\$105,838 per month, payable by MiaSolé to MiaSolé Hi-Tech monthly.

## **(B) Technology Use and Target Manufacturing**

- (1) Pursuant to the Services Agreement, MiaSolé Hi-Tech agrees to provide technical advice and production specifications in support of MiaSolé's production operations, including but not limited to consultation relating to the impact of expected technical parameters on MiaSolé's component production.
- (2) For the term of the Services Agreement, and subject to the terms of the Services Agreement, MiaSolé Hi-Tech grants to MiaSolé a nonexclusive, nontransferable, limited license to use MiaSolé Hi-Tech's production technology and technical parameters, provided that such intellectual property shall be used by MiaSolé solely for the purposes of (i) front-to-back production testing to improve equipment efficiency and (ii) developing technologies relating to target production, which targets shall be supplied to third-party end users.
- (3) MiaSolé shall cooperate with MiaSolé Hi-Tech to facilitate MiaSolé Hi-Tech's acquisition of up-to-date technical parameters for MiaSolé's production operations, including by providing to MiaSolé Hi-Tech data and other information necessary for MiaSolé Hi-Tech's ongoing technical development.
- (4) MiaSolé shall use MiaSolé Hi-Tech's equipment to manufacture the targets for MiaSolé.

The monthly fee for the technology use shall be fixed fee of US\$55,748 per month, payable by MiaSolé to MiaSolé Hi-Tech monthly.

## **(C) Facilities**

MiaSolé Hi-Tech shall allow MiaSolé to use a portion of MiaSolé Hi-Tech's facilities in California for MiaSolé's warehousing operations, which portion shall total approximately 18,500 square feet.

The monthly fee for the facilities shall be fixed fee of US\$29,151 per month, payable by MiaSolé to MiaSolé Hi-Tech monthly.

## **Consideration**

The first payment under the Services Agreement shall be due on 1 February 2019 and shall pertain to the services rendered in the month of January 2019. The consideration under the Services Agreement is arrived at after arm's length negotiation between MiaSolé Hi-Tech and MiaSolé with referencing to the scope of services, technology use and facilities to be provided by MiaSolé Hi-Tech under the Services Agreement. The Directors (including the independent non-executive Directors) consider that the consideration is fair and reasonable and is on normal commercial terms.

## **Reasons for and benefits of entering into the Services Agreement**

The Group is principally engaged in electricity-related businesses. The Group operates through two segments. Upstream segment is principally engaged in the research and development, design, assembling, sales and delivery of thin film photovoltaic modules production equipment and turnkey production lines, as well as provision of relevant

technological services. Downstream segment is engaged in the construction of thin film photovoltaic power systems and research and development, design, sales and delivery of mobile energy application products, as well as the provision of the relevant technological services and supports, construction engineering and maintenance services etc.

Through the Services Agreement (including the relevant consultation and services and uses of target manufacturing and part of the facilities), MiaSolé Hi-Tech shall assist MiaSolé to procure raw materials and utilise MiaSolé Hi-Tech's experts, technologies and equipments to manufacture the targets for MiaSolé, and shall provide the manufactured targets to MiaSolé. This will allow MiaSolé Hi-Tech to have stable and considerable income and such income can be utilised to support MiaSolé Hi-Tech's research and development works and its production operations.

Research and development (R&D) works play a key role for the development of the Group. In order to keep its competitiveness, the Group has to maintain its R&D input such that there will be sufficient and adequate R&D facilities for the scientists and experts team of the Group to conduct R&D works efficiently. With the sharing of part of facilities and technology licenses with MiaSolé, this will allow the Group to lower its R&D expenditures and be better than investment on its own. Furthermore, the sharing of facilities will allow MiaSolé Hi-Tech's R&D results to be immediately tested during the actual production process of MiaSolé, which will speed up the R&D and improve the cost-effectiveness of the R&D works.

The terms of the Services Agreement were arrived at after arm's length negotiations between MiaSolé and MiaSolé Hi-Tech with reference to, among others, the needs of MiaSolé and the operational support level of MiaSolé and MiaSolé Hi-Tech.

The Directors, including the independent non-executive Directors, consider that the transactions contemplated under the Services Agreement are in the ordinary and usual course of business of the Group and the terms of the Services Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

### **Listing Rules Implication**

Hanergy Hydroelectric Power Group and its associates are substantial shareholders of the Company and is therefore a connected person of the Company under the Listing Rules. As MiaSolé is a subsidiary of Hanergy Hydroelectric Power Group, the entering into the Services Agreement and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Given the relevant percentage ratios in respect of the Services Agreement are less than 5%, the Services 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.

To the best of the Directors' knowledge and information, no Director has material interest in the Services Agreement and the transactions contemplated thereunder, and as such, no Director has abstained from voting on the Board resolution to approve the Services Agreement and the transactions contemplated thereunder.

## Definitions

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

“associates”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of directors of the Company
“Company”	Hanergy Thin Film Power Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“connected person”	has the meaning ascribed thereto under the Listing Rules and the word “connected” shall be construed accordingly
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hanergy Hydroelectric Power Group”	漢能水力發電集團有限公司 (for identification purposes only, translated as “Hanergy Hydroelectric Power Group Limited”) (formerly known as Hanergy Holding Group Limited), a company established under the laws of the PRC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	Shareholders of the Company other than Hanergy Hydroelectric Power Group and its associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MiaSolé”	MiaSolé, a California corporation and a subsidiary of Hanergy Hydroelectric Power Group
“MiaSolé Hi-Tech”	MiaSolé Hi-Tech, a California corporation and a wholly owned subsidiary of the Company
“percentage ratios”	has the meaning ascribed thereto under Chapter 14 of the Listing Rules
“PRC”	the People’s Republic of China
“Services Agreement”	the services agreement dated 29 January 2019 and entered into between MiaSolé and MiaSolé Hi-Tech

“substantial shareholder”	has the meaning ascribed to this term under the Listing Rules
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

By order of the Board  
**Hanergy Thin Film Power Group Limited**  
**Yuan Yabin**  
*Chairman*

Hong Kong, 30 January 2019

*As at the date of this announcement, the executive directors of the Company are Mr. Yuan Yabin (Chairman), Dr. Lam Yat Ming Eddie (Vice Chairman), Mr. Si Haijian (Chief Executive Officer), Mr. Huang Songchun (Financial Controller), Mr. Xu Xiaohua and Mr. Zhang Bin; and the independent non-executive directors of the Company are Mr. Lo Man Tuen, G.B.S., JP, Professor He Xiaofeng, Professor Zhang Qiusheng and Mr. Wang Dan.*