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If you are in any doubt as to any aspect of this Scheme Document or as to the action to be taken, you should consult a licensed securities dealer, or other registered institution in securities, a bank manager, solicitor, professional accountant, or other professional adviser.

If you have sold or transferred all your shares in Hanergy Thin Film Power Group Limited, you should at once hand this Scheme Document and the accompanying forms of proxy to the purchaser or the transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

This Scheme Document does not constitute an offer or invitation to, nor is it intended to invite offers by, the public to subscribe for or to purchase shares or other securities of Hanergy Thin Film Power Group Limited and it must not be used for the purpose of offering or inviting offers for any securities.

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漢能移動能源控股集團有限公司
HANERGY MOBILE ENERGY
HOLDING GROUP CO., LTD*
*(Incorporated in the People's Republic of China
with limited liability)*


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)

(1) PROPOSAL ON
HANERGY THIN FILM POWER GROUP LIMITED BY
HANERGY MOBILE ENERGY HOLDING GROUP CO., LTD*
BY WAY OF A SCHEME OF ARRANGEMENT
(UNDER SECTION 99 OF THE BERMUDA COMPANIES ACT)
AND
(2) PROPOSED WITHDRAWAL OF LISTING OF
HANERGY THIN FILM POWER GROUP LIMITED

Financial Adviser to the Offeror

 BAOQIAO PARTNERS

BAOQIAO PARTNERS CAPITAL LIMITED

Independent Financial Adviser to the Independent Board Committee

 TC CAPITAL

Unless the context requires otherwise, capitalized terms used in this Scheme Document are defined in “Part I – Definitions” of this Scheme Document.

A letter from the Board is set out in Part IV of this Scheme Document. A letter from the Independent Board Committee, containing its advice to the Independent Shareholders and the Optionholders in connection with the Proposal is set out in Part V of this Scheme Document. A letter from TC Capital, being the Independent Financial Adviser to the Independent Board Committee, containing its advice to the Independent Board Committee in connection with the Proposal is set out in Part VI of this Scheme Document. An Explanatory Statement regarding the Scheme is set out in Part VII of this Scheme Document.

The actions to be taken by the Shareholders and the Optionholders are set out in Part II of this Scheme Document.

Notices convening the Court Meeting to be held at 10:00 a.m. on Saturday, 18 May 2019 and the SGM to be held at 10:30 a.m. on Saturday, 18 May 2019 (or as soon thereafter as the Court Meeting shall have been concluded or adjourned) are set out in Appendix VIII and Appendix IX to this Scheme Document respectively. Whether or not you are able to attend the Court Meeting and/or the SGM or any adjournment thereof, you are strongly urged to complete and sign the enclosed **pink** form of proxy in respect of the Court Meeting and the enclosed **white** form of proxy in respect of the SGM, in accordance with the instructions printed thereon, and return it to the Company’s branch share registrar in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible but in any event not later than the respective times and dates as stated in Part II of this Scheme Document. If the **pink** form of proxy is not so lodged, it may also be handed to the Chairman of the Court Meeting at the Court Meeting.

Completion and return of a form of proxy in respect of the Court Meeting or the SGM will not preclude you from attending and voting in person at the Court Meeting or the SGM (as the case may be), or any adjournment of it, should you so wish.

This Scheme Document is issued jointly by Hanergy Mobile Energy Holding Group Co., Ltd* and Hanergy Thin Film Power Group Limited.

The English language texts of this Scheme Document, the Option Offer Letter and the Form of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation.

* For identification purpose only

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In this Scheme Document, unless the context otherwise requires, the following expressions have the following meanings:

“acting in concert”	has the meaning ascribed thereto in the Takeovers Code
“Announcement”	the announcement dated 26 February 2019 jointly issued by the Offeror and the Company in relation to the Proposal
“A-Share Listco”	has the meaning ascribed thereto under the section headed “9. PROPOSED A-SHARE LISTING – Streamlining Step” in “Part VII – Explanatory Statement” of this Scheme Document
“A-Share Listco Shares”	has the meaning ascribed thereto under the section headed “9. PROPOSED A-SHARE LISTING – Streamlining Step” in “Part VII – Explanatory Statement” of this Scheme Document
“A-Share Listing”	has the meaning ascribed thereto under the section headed “9. PROPOSED A-SHARE LISTING – Streamlining Step” in “Part VII – Explanatory Statement” of this Scheme Document
“A-Share Listing Step”	the steps as described in the section headed “9. PROPOSED A-SHARE LISTING – A-Share Listing Step” in “Part VII – Explanatory Statement” of this Scheme Document
“associate(s)”	has the meaning ascribed thereto in the Takeovers Code
“authorisations”	all the necessary authorisations, registrations, filings, rulings, consents, permissions and approvals in connection with the Proposal
“BaoQiao Partners”	BaoQiao Partners Capital Limited, a licensed corporation registered under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined in the SFO, which has been appointed as the financial adviser to the Offeror in respect of the Proposal
“Beneficial Owner”	any beneficial owner of the Shares
“Bermuda Companies Act”	the Companies Act 1981 of Bermuda, as amended from time to time
“Board”	the board of Directors
“Bought Back Shares”	has the meaning ascribed thereto under the section headed “9. PROPOSED A-SHARE LISTING – A-Share Listing Step” in “Part VII – Explanatory Statement” of this Scheme Document

“Business Day(s)”	a day on which banks are generally open for business in Hong Kong and the PRC (other than a Saturday, Sunday or a public holiday or a day on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.)
“Cancellation Consideration”	the consideration under the Proposal, being one SPV Share for each Scheme Share for cancellation of the relevant Scheme Share(s)
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Participant(s)”	person(s) admitted to participate in CCASS as a direct clearing participant or general clearing participant, a custodian participant or an Investor Participant who may be an individual or joint individuals or a corporation
“Company”	Hanergy Thin Film Power Group Limited (漢能薄膜發電集團有限公司), a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of the Stock Exchange with Stock Code 566
“Condition(s)”	the condition(s) of the Proposal, as set out in the section headed “2. TERMS OF THE PROPOSAL – (3) Conditions of the Proposal” in “Part VII – Explanatory Statement” of this Scheme Document
“connected person”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Court”	the Supreme Court of Bermuda
“Court Hearing”	the hearing of the petition by the Bermuda Court for the sanction of the Scheme
“Court Meeting”	a meeting of the Scheme Shareholders to be convened at the direction of the Court, at which the Scheme (with or without modification) will be voted upon, which is to be held at 10:00 a.m. on Saturday, 18 May 2019, notice of which is set out in Appendix VIII to this Scheme Document, or any adjournment thereof
“Court Order”	the order of the Court confirming the sanction of the Scheme as required by Section 99 of the Bermuda Companies Act
“CSRC”	the China Securities Regulatory Commission

“Director(s)”	the director(s) of the Company
“Effective Date”	the date on which the Court Order has been delivered to the Registrar of Companies in Bermuda for registration (as required by Section 99(3) of the Bermuda Companies Act), and which is expected to be Thursday, 6 June 2019 (Bermuda time)
“Executive”	the Executive Director of the Corporate Finance Division of the SFC, or any delegate of the Executive Director
“Form of Acceptance”	the form of acceptance to the Optionholders in connection with the Option Offer
“Group”	the Company and its subsidiaries
“Hanergy Holding”	漢能水力發電集團有限公司 (previously known as 漢能控股集團有限公司), a shareholder of the Company and party acting in concert with the Offeror
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent committee of the Board (comprising Mr. Lo Man Tuen, Professor He Xiaofeng, Professor Zhang Qiusheng and Mr. Wang Dan, being all the independent non-executive Directors), formed for the purpose of advising the Independent Shareholders in respect of the Proposal
“Independent Financial Adviser” or “TC Capital”	TC Capital International Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, which has been appointed as the independent financial adviser to the Independent Board Committee in respect of the Proposal
“Independent Shareholder(s)”	the Shareholders(s) other than the Offeror and any persons acting in concert with the Offeror
“Investor Participant”	a person admitted to participate in CCASS as an investor participant
“IPO”	initial public offering

“Last Trading Day”	20 May 2015, being the last trading day prior to the suspension of trading in the Shares on the Stock Exchange
“Latest Option Exercise Date”	3:30 p.m. on Monday, 21 May 2019, being the expected latest time and date upon which the Optionholders must lodge notices of exercise (accompanied by full payment) of the Share Options in order for the Optionholders to qualify for entitlements under the Scheme
“Latest Practicable Date”	23 April 2019, being the latest practicable date for the purposes of ascertaining certain information for inclusion in this Scheme Document
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 September 2019 or such later date as the Offeror and the Company may agree or, to the extent applicable, as the Court may direct
“News Release”	the news release of the Offeror dated 23 October 2018 in relation to, among other things, a proposal from the Offeror in relation to the shares of the Company
“Offer Period”	the period commencing on 23 October 2018 and as defined in the Takeovers Code
“Offeror”	漢能移動能源控股集團有限公司 (Hanergy Mobile Energy Holding Group Co., Ltd*) (previously known as 漢能移動能源控股有限公司 Hanergy Mobile Energy Holding Co., Ltd.*), a company incorporated in the PRC with limited liability which is controlled by Mr. Li Hejun (李河君), the shareholding structure of which is set out in the section headed “10. INFORMATION ON THE OFFEROR AND THE GROUP” in Part “VII – Explanatory Statement” of this Scheme Document
“Offeror Board”	the board of directors of the Offeror
“Optionholder(s)”	holder(s) of the Share Options
“Option Offer”	the offer to be made by or on behalf of the Offeror to the holders of the Outstanding Share Options
“Option Offer Letter”	a letter dated 25 April 2019 setting out the terms and conditions of the Option Offer and being sent together with this Scheme Document to all Optionholders, a sample of which is set out in “Appendix X – Sample Option Offer Letter” to this Scheme Document

“Option Offer Record Date”	6 June 2019, or such other time and date as shall have been announced by the Company, being the record date for the purpose of determining the entitlements of the Optionholders under the Option Offer
“Outstanding Share Option(s)”	the outstanding, vested and unvested, Share Option(s) granted under the Share Option Scheme from time to time
“Overseas Shareholders(s)”	the Shareholder(s) whose name(s) appear(s) on the register of members of the Company as at the close of business on the Record Date (or other relevant date(s)) with registered address(es) outside of Hong Kong
“PRC”	the People’s Republic of China, and for the purpose of this Scheme Document, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Proposal”	the Offeror’s proposal in respect of the Company by way of (i) the Scheme, (ii) the Option Offer, (iii) the restoration of the share capital of the Company to the amount immediately before the cancellation of the Scheme Shares by the issue to the SPV of such number of new Shares as is equal to the number of Scheme Shares cancelled, and (iv) the withdrawal of the listing of the Shares from the Stock Exchange, on the terms and subject to the conditions as set out in this Scheme Document
“Record Date”	6 June 2019, or such other time and date as shall have been announced to the Shareholders, being the record date for the purpose of determining the entitlements of the Scheme Shareholders under the Scheme
“Record Time”	4:00 p.m. (Hong Kong time) on the Record Date
“Registered Owner”	any owner of Shares (including without limitation a nominee, trustee, depositary or any other authorized custodian or third party) entered in the register of members of the Company
“Relevant Authorities”	appropriate governments and/or governmental bodies, regulatory bodies, courts or institutions
“Relevant Period”	the period commencing on 23 April 2018 (being the date falling six months prior to the commencement of the Offer Period) and ending on the Latest Practicable Date, both dates inclusive

“Resolutions”	(i) the resolution to approve the Scheme to be considered at the Court Meeting; and (ii) the resolutions to approve and give effect to, among other things, the reduction of the share capital of the Company by cancelling and extinguishing the Scheme Shares and to immediately restore the issued share capital of the Company to its former amount by the issue of the same number of Shares as the number of Scheme Shares cancelled and extinguished, credited as fully paid, for issuance to the SPV to be considered at the SGM
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	has the meaning ascribed thereto under the section headed “9. PROPOSED A-SHARE LISTING – A-Share Listing Step” in “Part VII – Explanatory Statement” of this Scheme Document
“Scheme”	a scheme of arrangement under Section 99 of the Bermuda Companies Act involving the cancellation of all the Scheme Shares and the restoration of the share capital of the Company to the amount immediately before the cancellation of the Scheme Shares by the issue to the SPV of such number of new Shares as is equal to the number of Scheme Shares cancelled
“Scheme Document”	this composite document, including each of the letters, statements, appendices and notices in it
“Scheme Share(s)”	Share(s) other than those directly or indirectly held by the Offeror and any of the parties acting in concert with it
“Scheme Shareholder(s)”	holder(s) of the Scheme Share(s) as at the Record Time
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be held at Conference Room, No. 0-A, Anli Road, Chaoyang District, Beijing, the PRC (East Gate, North Park, Olympic Forest Park), at 10:30 a.m. on Saturday, 18 May 2019 (or as soon thereafter as the Court Meeting shall have been concluded or adjourned) for the purpose of passing all relevant Resolutions for the implementation of the Proposal, notice of which is set out in Appendix IX to this Scheme Document, or any adjournment thereof
“Share(s)”	the ordinary share(s) of HK\$0.0025 each in the capital of the Company

“Share Option(s)”	the share option(s) granted by the Company under the Share Option Scheme from time to time
“Share Option Scheme”	the share option scheme of the Company approved by the Shareholders on 28 August 2007
“Shareholder(s)”	the holder(s) of the Share(s)
“Share Registrar”	Tricor Tengis Limited, Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, being the Company’s branch share registrar and transfer office in Hong Kong
“SPV”	China Common Rich Renewable Energy Investments Limited (中國同富新能源投資有限公司), a special purpose vehicle company incorporated in the British Virgin Islands for the purpose of the Scheme
“SPV Share(s)”	the ordinary share(s) in the capital of the SPV
“SPV Share Option(s)”	the share option(s) to be issued by the SPV under the Option Offer
“SPV Share Option Scheme”	the share option scheme adopted by the SPV on 16 April 2019, the rules of which are set out in Appendix IV to this Scheme Document
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Streamlining Step”	the steps as described in the section headed “9. PROPOSED A-SHARE LISTING – Streamlining Step” in “Part VII – Explanatory Statement” of this Scheme Document
“subsidiaries”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Transfer Shares”	has the meaning ascribed thereto under the section headed “9. PROPOSED A-SHARE LISTING – A-Share Listing Step” in “Part VII – Explanatory Statement” of this Scheme Document
“%”	per cent.

All references in this Scheme Document to times and dates are references to Hong Kong times and dates, except as otherwise specified and other than references to the expected date of the Court Hearing and the Effective Date, which are the relevant dates in Bermuda. For reference only, Bermuda time is 11 hours behind Hong Kong time as at the Latest Practicable Date.

ACTIONS TO BE TAKEN

Please refer to the section headed “19. ACTIONS TO BE TAKEN” in “Part VII – Explanatory Statement” of this Scheme Document for further information regarding the matters set out below.

Actions to be taken by Registered Owners

A **pink** form of proxy for use at the Court Meeting and a **white** form of proxy for use at the SGM are enclosed with copies of this Scheme Document sent to the Registered Owners. Any subsequent purchasers of the Shares will need to obtain the relevant form(s) of proxy from the transferors. Alternatively, copies of the forms of proxy can be (a) obtained from the Share Registrar at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong; or (b) downloaded from the websites of the Stock Exchange at www.hkexnews.hk or the Company at www.hanergythinfilmpower.com.

Whether or not you are able to attend the Court Meeting and/or the SGM, you are strongly encouraged to complete and sign the enclosed pink form of proxy in respect of the Court Meeting and the enclosed white form of proxy in respect of the SGM, in accordance with the respective instructions printed thereon, and to lodge them at the office of the Share Registrar at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong.

In order to be valid, the **pink** form of proxy for use at the Court Meeting should be lodged not later than 10:00 a.m. on Thursday, 16 May 2019. The **pink** form of proxy may alternatively be handed to the Chairman of the Court Meeting at the Court Meeting. The **white** form of proxy for use at the SGM should be lodged not later than 10:30 a.m. on Thursday, 16 May 2019. The completion and return of the relevant form of proxy will not preclude you from attending and voting in person at the relevant meeting should you so wish. In such event, the returned form of proxy for that meeting will be deemed to have been revoked.

Even if you do not appoint a proxy and you do not attend and vote at the Court Meeting and/or the SGM, you will still be bound by the outcome of the Court Meeting and/or the SGM (as applicable). You are therefore strongly encouraged to attend and vote at the Court Meeting and the SGM in person or by proxy.

Voting at the Court Meeting and the SGM will be taken by poll.

An announcement will be made by the Company in relation to the results of the Court Meeting and the SGM. If all of the requisite Resolutions to approve the Scheme are passed at those meetings, further announcement(s) will be made in relation to, among other things, the results of the Court Hearing, the Effective Date and the date of withdrawal of the listing of the Shares on the Stock Exchange.

Actions to be taken by Beneficial Owners whose Shares are held by a Registered Owner

Except as required by law, no person shall be recognised by the Company as holding any Shares on trust.

If you are a Beneficial Owner whose Shares are registered in the name of a nominee, trustee, depositary or any other authorised custodian or third party, you should contact such Registered Owner to give instructions to and/or to make arrangements with such Registered Owner as to the manner in which the Shares beneficially owned by you should be voted at the Court Meeting and/or the SGM.

If you are a Beneficial Owner who wishes to attend the Court Meeting and/or the SGM personally, you should:

- (i) contact the Registered Owner directly to make the appropriate arrangements with the Registered Owner to enable you to attend and vote at the Court Meeting and/or the SGM and, for such purpose, the Registered Owner may appoint you as his/her/its proxy; or
- (ii) arrange for some or all of the Shares registered in the name of the Registered Owner to be transferred into your own name, if you wish to vote (in person or by proxy) at the Court Meeting and/or the SGM.

Instructions to and/or arrangements with the Registered Owner should be given or made in advance of the relevant latest time for the lodgement of forms of proxy in respect of the Court Meeting and the SGM in order to provide the Registered Owner with sufficient time to complete his/her/its forms of proxy accurately and to submit them by the deadline. To the extent that any Registered Owner requires instructions from or arrangements to be made with any Beneficial Owner at a particular date or time in advance of the relevant latest time for the lodgement of forms of proxy in respect of the Court Meeting and the SGM, any such Beneficial Owner should comply with the requirements of such Registered Owner.

Actions to be taken by Beneficial Owners whose shares are deposited in CCASS

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered under the name of HKSCC Nominees Limited, you should, unless you are admitted to participate in CCASS as an Investor Participant:

- (i) contact your broker, custodian, nominee or other relevant person who is, or has in turn deposited such Shares with, a CCASS Participant regarding voting instructions to be given to such persons; or
- (ii) arrange for some or all of such Shares to be withdrawn from CCASS and transferred into your own name, if you wish to vote (in person or by proxy) at the Court Meeting and/or the SGM.

You can become a Shareholder in your own name and become a Registered Owner of such Shares. For the withdrawal of your Shares from CCASS and registration thereof, you will be required to pay to CCASS, among other things, stamp duty on each transfer instrument and, if your Shares are held through a financial intermediary, any other relevant fees charged by your financial intermediary.

You should contact your broker, custodian, nominee or other relevant person in advance on the detailed procedures and in advance of the latest time for lodging transfers of the Shares into your name so as to qualify to attend and vote at the Court Meeting and/or the SGM. This is in order to provide such broker, custodian, nominee or other relevant person with sufficient time to withdraw the Shares from CCASS and registration thereof.

HKSCC Nominees Limited will be counted as one person or member of the Company (regardless of the number of representatives and proxies appointed by HKSCC Nominees Limited) at the Court Meeting for the purposes of ascertaining whether or not the requirement that a “majority in number” of the Scheme Shareholders approving the Scheme under section 99(2) of the Companies Act has been satisfied. For the purposes of calculating the “majority in number” of the Scheme Shareholders, the Company will count HKSCC Nominees Limited and will determine its vote in favour of or against the Scheme in accordance with the voting instructions given by HKSCC Nominees Limited on behalf of the CCASS Participants.

For the purpose of ascertaining whether or not shares representing three-fourths in value of the Scheme Shareholders approving the Scheme as required under section 99(2) of the Bermuda Companies Act has been satisfied, each Share voted by HKSCC Nominees Limited will count either in favour of or against the Scheme in accordance with the instructions received from CCASS Participants.

The procedure for voting by the Investor Participants and the other CCASS Participants with respect to Shares registered under the name of HKSCC Nominees Limited shall be in accordance with the “An Operating Guide for Investor Participants”, the “General Rules of CCASS” and the “CCASS Operational Procedures” in effect from time to time.

Actions to be taken by Optionholders

The Option Offer Letter and the Form of Acceptance in relation to the Option Offer are being sent to all Optionholders separately. Optionholders should refer to the Option Offer Letter, the form of which is set out in “Appendix X – Sample Option Offer Letter” to this Scheme Document. Optionholders should note the instructions and conditions of the Option Offer printed on the Option Offer Letter.

If you are an Optionholder and you wish to participate in the Scheme, you may exercise your Share Options at any time up to the expiry of the period commencing on the date of the Option Offer Letter and ending on the Latest Option Exercise Date by giving written notice of exercise to the company secretary of the Company at Room 2204-06, 22/F, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong and together with payment for the aggregate amount of the exercise price of such Share Options.

In order to accept the Option Offer, you must complete and return the duly completed and executed Form of Acceptance so as to reach the Offeror, care of the Company at Room 2204-06, 22/F, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong, for the attention of board of directors of the Offeror and marked “Hanergy Thin Film Power Group Limited – Option Offer” from the date of dispatch of this Scheme Document, the Option Offer Letter and the Form of Acceptance (i.e. Thursday, 25 April 2019), to 4:30 p.m. on Thursday, 6 June 2019 (or such later time and/or date as may be notified to you by the Offeror, BaoQiao Partners and the Company or by way of joint announcement(s) to be made by the Offeror and the Company on the website of the Stock Exchange. No acknowledgement of receipt of any Form of Acceptance, the relevant certificate(s) (if any) or any other document(s) evidencing the grant of the Outstanding Share Option(s) or other document(s) of title or entitlement (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

You are urged to read the instructions and other terms and conditions of the Option Offer in the Option Offer Letter, substantially in the form set out in “Appendix X – Sample Option Offer Letter” to this Scheme Document.

EXERCISE YOUR RIGHT TO VOTE

If you are a Shareholder or a Beneficial Owner whose Shares are held by a Registered Owner, you are strongly encouraged to exercise your right to vote (in the case of a Shareholder) or to give instructions to the relevant Registered Owner (in the case of a Beneficial Owner) to vote in person or by proxy at the Court Meeting and/or the SGM. If you keep any Shares in a share lending programme, you are encouraged to recall any outstanding Shares on loan to avoid market participants using borrowed stock to vote.

If you are a Beneficial Owner whose Shares are deposited in CCASS, you are strongly encouraged to withdraw at least some of your Shares from CCASS and become a registered holder of such Shares and exercise your right to vote, in person or by proxy, at the Court Meeting and/or the SGM. In respect of any Shares of which you are the Beneficial Owner and which remain in CCASS, you are encouraged to contact your broker, custodian, nominee or other relevant person regarding voting instructions in relation to the manner in which those Shares should be voted at the Court Meeting and/or the SGM without delay.

If you are a Registered Owner holding Shares on behalf of one or more Beneficial Owners, you should inform the relevant Beneficial Owner(s) about the importance of exercising their right to vote.

NOTICE TO OVERSEAS SHAREHOLDERS

The making of the Proposal to certain Shareholders may be subject to the laws of jurisdictions other than Hong Kong. Overseas Shareholders and Beneficial Owners residing in jurisdictions other than Hong Kong should inform themselves about and observe all legal and regulatory requirements applicable to them. It is the responsibility of Shareholders and Beneficial Owners to satisfy themselves as to the full observance of the laws of the relevant jurisdictions applicable to them in connection with the Proposal, as the case may be, including obtaining any governmental, exchange control or other consents which may be required, and compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdictions. Any action taken by such Shareholders or Beneficial Owners in respect of the Proposal will be deemed to constitute a representation and warranty from such persons to the Company and the Offeror that those local laws and requirements have been complied with.

Shareholders and Beneficial Owners residing in jurisdictions other than Hong Kong should consult their professional advisers if they are in any doubt as to the potential applicability of, or consequence under, any provision of law or regulation or judicial or regulatory decisions or interpretations in any jurisdictions, territory or locality therein or thereof and, in particular, whether there will be any restriction or prohibition on the acquisition, retention, disposal or otherwise with respect to the Shares, as the case may be.

Overseas Shareholders and Beneficial Owners are advised to read the section headed “15. OVERSEAS SHAREHOLDERS AND OPTIONHOLDERS” in “PART VII – Explanatory Statement” of this Scheme Document for further information.

The following timetable takes into account the procedures of the Court for the Scheme. The expected timetable is indicative only and is subject to change. Further announcement(s) will be made if there is any change to the following expected timetable.

All references to times and dates are references to Hong Kong times and dates, except as otherwise specified. For reference only, Bermuda time is 11 hours behind Hong Kong time as at the Latest Practicable Date.

Hong Kong time

Date of dispatch of this Scheme Document, the Option Offer Letter and the Form of Acceptance	Thursday, 25 April 2019
Option Offer opens for acceptance	Thursday, 25 April 2019
Latest time for Optionholders to exercise their Share Options in order to become entitled to vote at the Court Meeting and the SGM.	before 3:30 p.m. on Friday, 10 May 2019
Latest time for lodging transfers of Shares to qualify for the entitlement to attend and vote at the Court Meeting and the SGM.	4:30 p.m. on Friday, 10 May 2019
Closure of the register of members of the Company for determining the entitlement to attend and vote at the Court Meeting and the SGM ⁽¹⁾	from Tuesday, 14 May 2019 to Saturday, 18 May 2019 (both days inclusive)
Latest time for lodging forms of proxy in respect of:	
Court Meeting ⁽²⁾	10:00 a.m. on Thursday, 16 May 2019 (or alternatively may be handed to the Chairman of the Court Meeting at the Court Meeting)
SGM ⁽²⁾	10:30 a.m. on Thursday, 16 May 2019
Record date for determining the entitlement to attend and vote at the Court Meeting and the SGM	Saturday, 18 May 2019
Court Meeting ⁽³⁾	10:00 a.m. on Saturday, 18 May 2019

Hong Kong time

SGM ⁽³⁾	10:30 a.m. on Saturday, 18 May 2019 (or as soon thereafter as the Court Meeting shall have been concluded or adjourned)
Announcement of the results of the Court Meeting and the SGM, published on the Stock Exchange's website ⁽⁴⁾	no later than 8:00 p.m. on Sunday, 19 May 2019
Latest time for Optionholders to exercise their Share Options in order to qualify for entitlements under the Scheme	3:30 p.m. on Tuesday, 21 May 2019
Latest time for lodging transfers of Shares to qualify for the entitlement to the Cancellation Consideration under the Scheme	4:30 p.m. on Friday, 24 May 2019
Closure of the register of members of the Company for determining the entitlement of the Scheme Shareholders under the Scheme ⁽⁵⁾	from Monday, 27 May 2019 onwards
Court Hearing	Tuesday, 4 June 2019 (Bermuda time)
Announcement of (1) the results of the Court Hearing, (2) the expected Effective Date and (3) the expected date of withdrawal of the listing of the Shares on the Stock Exchange, published on the Stock Exchange's website	Wednesday, 5 June 2019
Latest time to accept the Option Offer and closing date of the Option Offer ⁽⁶⁾	4:30 p.m. on Thursday, 6 June, 2019
Record Date for determining the entitlement of the Scheme Shareholders under the Scheme	Thursday, 6 June 2019
Option Offer Record Date	Thursday, 6 June 2019

Hong Kong time

Effective Date ⁽⁷⁾	Thursday, 6 June 2019 (Bermuda time)
Lapse of unexercised outstanding Share Options	Thursday, 6 June 2019
Announcement of (1) the Effective Date, and (2) the withdrawal of the listing of the Shares on the Stock Exchange, published on the Stock Exchange's website	Thursday, 6 June 2019
Withdrawal of the listing of the Shares on the Stock Exchange ⁽⁸⁾	Tuesday, 11 June 2019
Latest time to dispatch of new SPV Shares certificates ⁽⁹⁾	Tuesday, 18 June 2019
Latest time to dispatch of new SPV Share Option certificates ⁽¹⁰⁾	Tuesday, 18 June 2019

Shareholders and Optionholders should note that the above timetable is subject to change. Further announcement(s) will be made in the event that there is any change.

Notes:

- The register of members of the Company will be closed during such period for the purposes of determining the entitlement of the Scheme Shareholders to attend and vote at the Court Meeting and the entitlement of the Shareholders to attend and vote at the SGM. This book close period is not for determining entitlements under the Scheme.*
- Forms of proxy should be lodged with the Share Registrar, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible but in any event not later than the respective times and dates stated above or, in the case of the pink forms of proxy for use at the Court Meeting, they may be handed to the chairman of the Court Meeting at the Court Meeting. Completion and return of the relevant form of proxy for the Court Meeting or the SGM will not preclude a Scheme Shareholder or a Shareholder, respectively, from attending the relevant meeting and voting in person. In such event, the relevant form of proxy returned will be deemed to have been revoked.*
- The Court Meeting and the SGM will be held at Conference Room, No. 0-A, Anli Road, Chaoyang District, Beijing, the PRC (East Gate, North Park, Olympic Forest Park), at the times and dates specified above. Please see the notice of the Court Meeting set out in "Appendix VIII – Notice of Court Meeting" to this Scheme Document and the notice of the SGM set out in "Appendix IX – Notice of SGM" to this Scheme Document.*
- As there is no publication window for publication of announcements on the Stock Exchange's website on Saturday, 18 May 2019, the Company will have to publish its announcement on the results of the Court Meeting and the SGM between 6:00 p.m. and 8:00 p.m. on Sunday, 19 May 2019, which is the first available publication window for publications on the Stock Exchange's website following the Court Meeting and the SGM.*
- The register of members of the Company will be closed during such period for the purposes of determining the entitlements under the Scheme.*

6. *The Form of Acceptance, duly completed and executed in accordance with the instructions thereon, must be lodged with the Offeror, care of the Company at Room 2204-06, 22/F, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong, for the attention of the board of directors of the Offeror and marked "Hanergy Thin Film Power Group Limited – Option Offer" not later than 4:30 p.m. on Thursday, 6 June 2019 (or such later date and time as may be notified by the Offeror, BaoQiao Partners and the Company).*
7. *The Scheme will become effective upon all the Conditions set out in the section headed "2. TERMS OF THE PROPOSAL – (3) Conditions of the Proposal" in "PART VII – Explanatory Statement" of this Scheme Document having been satisfied or validly waived (as applicable). Shareholders will be advised by an announcement of the exact date upon which the Scheme becomes effective.*
8. *If the Scheme becomes effective, it is expected that the listing of the Shares on the Stock Exchange will be withdrawn at or before 4:00 p.m. on Tuesday, 11 June 2019.*
9. *SPV Share certificates will be dispatched by ordinary post at the risk of the recipients to their registered addresses shown in the register of members of the Company on or before Tuesday, 18 June 2019.*
10. *SPV Share Option certificates to the Optionholders under the Option Offer will be dispatched by ordinary post at the risk of the recipients on or before on or before Tuesday, 18 June 2019.*



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)

Executive Directors:

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
Mr. Zhang Bin

Head office and principal

place of business in Hong Kong:
Room 2204-06
22/F, World Trade Centre
280 Gloucester Road
Causeway Bay
Hong Kong

Independent non-executive Directors:

Mr. Lo Man Tuen, *G.B.S., JP*
Professor He Xiaofeng
Professor Zhang Qiusheng
Mr. Wang Dan

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

25 April 2019

To the Shareholders

Dear Sir or Madam,

(1) PROPOSAL ON
HANERGY THIN FILM POWER GROUP LIMITED BY
HANERGY MOBILE ENERGY HOLDING GROUP CO., LTD*
BY WAY OF A SCHEME OF ARRANGEMENT
(UNDER SECTION 99 OF THE BERMUDA COMPANIES ACT)

AND

(2) PROPOSED WITHDRAWAL OF LISTING OF
HANERGY THIN FILM POWER GROUP LIMITED

1. INTRODUCTION

The Offeror Board and the Board jointly announced on 26 February 2019 that, on 21 December 2018, the Offeror requested the Board to put forward to the Scheme Shareholders a proposal in respect of the securities of the Company by way of a scheme of arrangement under Section 99 of the Bermuda Companies Act and an offer to be made to the Optionholders. The Offeror is the controlling shareholder of the Company, indirectly holding 16,916,845,121 Shares which represent approximately 40.14% of the issued share capital of the Company as at the Latest Practicable Date.

The purpose of this Scheme Document is to provide you with further information regarding the Proposal and the expected timetable for implementation of the Proposal, and to give you notices of the Court Meeting and the SGM (together with proxy forms in relation thereto). Your attention is also drawn to the letter from the Independent Board Committee set out in Part V of this Scheme Document, the letter from TC Capital set out in Part VI of this Scheme Document, the Explanatory Statement set out in Part VII of this Scheme Document and the terms of the Scheme set out in Appendix III to this Scheme Document.

The ultimate objective of the Proposal is to pave the way for the businesses of the Company to be put under a company to be listed on a stock exchange in the PRC, as described in the section headed “9. PROPOSED A-SHARE LISTING” in “Part VII – Explanatory Statement” of this Scheme Document.

However, it is not certain whether the A-Share Listing can be achieved. If the A-Share Listing cannot be completed, the Independent Shareholders will be holding on to unlisted SPV Shares for which there is no exchange platform for transfers. Even if the A-Share Listing is completed, there is no certainty as to (a) when and how the SPV will be able to dispose of the A-Share Listco Shares; (b) at what price the A-Share Listco Shares can be sold; (c) when the cash exit can be available to the Independent Shareholders, via the proposed A-Share Listing; and (d) whether the SPV will be able to establish a mechanism that will, after the completion of the A-Share Listing, allow the Independent Shareholders to have direct say on the disposal of their proportional amounts of A-Share Listco Shares held by the SPV or its subsidiary. Upon consultation with the Executive and given the above uncertainties, the Offeror is required not to attribute any monetary value to (i) the Proposal and (ii) any potential cash exit for the Independent Shareholders.

2. TERMS OF THE PROPOSAL

(1) Scheme

Cancellation Consideration

The Proposal provides that all the Scheme Shares be cancelled and, in consideration thereof, the Scheme Shareholders will be entitled to receive the Cancellation Consideration on the following basis:

for each Scheme Share. one SPV Share

Under the Scheme, the Cancellation Consideration will be satisfied by way of SPV Shares.

The Scheme will not involve any cash payment to the Scheme Shareholders by the Offeror and/or parties acting in concert with it.

As at the Latest Practicable Date, the Company has 42,145,676,048 Shares in issue and 7,380,000 Outstanding Share Options. The Independent Shareholders were interested in 17,074,623,027 Shares, representing approximately 40.51% of the issued share capital of the Company, and the Offeror and persons acting in concert with the Offeror were interested in 25,071,053,021 Shares, representing approximately 59.49% of the issued share capital of the Company as at the Latest Practicable Date.

On 20 May 2010, Hanergy Holding and the Company (formerly known as Apollo Solar Energy Technology Holdings Limited) entered into a subscription agreement (the “**Subscription Agreement**”), pursuant to which Hanergy Holding will subscribe for an aggregate of 4,911,528,960 Shares (the “**Subscription Shares**”) at the subscription price of HK\$0.239 per Subscription Share. The Subscription Shares would be issued in three tranches subject to fulfillment (or waiver) of the conditions set out in the Subscription Agreement. The first tranche of 1,964,611,584 Subscription Shares at the subscription price of HK\$0.239 per Subscription Share was issued on 27 February 2013. As the conditions of issuance of the second and third tranches of Subscription Shares have not been fulfilled (or waived) in accordance with the Subscription Agreement and its supplementary agreements as at the Latest Practicable Date, the second tranche of 1,473,458,688 Subscription Shares and the third tranche of 1,473,458,688 Subscription Shares will not be issued to Hanergy Holding.

Save as disclosed above and in the section headed “2. TERMS OF THE PROPOSAL – (2) Option Offer” in this Part IV below, the Company has no other outstanding Shares, options, warrants, derivatives or other securities that are convertible or exchangeable into Shares or other types of securities in the Company as at the Latest Practicable Date.

The SPV

For the purpose of the Scheme and in order to facilitate the future A-Share Listing according to relevant PRC securities regulations, the SPV has been established in the British Virgin Islands with one class of shares, the SPV Shares. The Offeror (through an indirect wholly-owned subsidiary) has obtained all issued SPV Share(s) and has appointed Mr. Lo Man Tuen, Professor He Xiaofeng and Mr. Wang Dan, being independent non-executive Directors, as directors of the SPV.

When the total number of Shares held by the Scheme Shareholders is ascertained on the Record Date, the Offeror will subscribe for further SPV Shares at par value (if there is a par value) and fully pay for such shares. It is to ensure that the number of SPV Shares will be the same as the number of Shares held by the Scheme Shareholders when the Scheme becomes effective.

Upon the Scheme becoming effective, the Offeror will transfer all such fully paid-up SPV Shares to the Independent Shareholders. Thereafter, the SPV will be wholly-owned by the Independent Shareholders.

Upon receiving the SPV Shares, there are no restrictions for the Independent Shareholders to sell or transfer their SPV Shares in private through over-the-counter trading.

The Offeror has engaged Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong as the Hong Kong branch share registrar of the SPV. Tricor Investor Services Limited will issue and distribute share certificates of the SPV Shares to the Scheme Shareholders upon the Scheme becoming effective pursuant to the terms of this Scheme Document, and will also act as transfer agent of the SPV Shares by processing any transfer of SPV Shares.

The constitutional document of the SPV is set out in “Appendix VI – Constitutional Document of SPV” to this Scheme Document.

As set out in the memorandum and articles of association of the SPV, the objects for which the SPV is established are:

- (a) to directly or indirectly hold the Shares and the A-Share Listco Shares;
- (b) to conduct all such acts pertaining to the implementation of the A-Share Listing;
- (c) to transfer, sell or otherwise dispose of the Shares and the A-Share Listco Shares, and to distribute the proceeds of disposal and the SPV’s assets to the Independent Shareholders; and
- (d) to do all such acts which are incidental to, or the board may think conducive to, the attainment of all or any of the objects set out in (a) to (c) above (including without limitation to setting up of a Hong Kong subsidiary to hold the A-Share Listco Shares, and engaging auditors, advisers, trustees and agents and fixing their remuneration in relation to (a) to (c) above).

The SPV shall not do any act which is not for the attainment of the above objects.

Mr. Lo Man Tuen, Professor He Xiaofeng and Mr. Wang Dan, all being independent non-executive Directors of the Company, have agreed to be the directors of the SPV. Each of them has given a formal undertaking in favour of the shareholders of the SPV as a whole that, upon his directorship taking effect, he will comply with the constitutional document of the SPV and will not do any act or omit to do any act that will have a material adverse effect on the SPV to achieve its objects as set out in its constitutional document. The purpose of having independent non-executive Directors being directors of the SPV is to protect the interests of the Independent Shareholders in the SPV due to the independence of such Directors from the Offeror and the parties acting in concert with it.

At any meeting of members of the SPV, a resolution put to the vote of the meeting (save for the situation where the resolution relates to any Designated Matter (as defined in the constitutional document of the SPV)) shall be decided by members of the SPV holding not less than ninety (90) percent of voting rights of the shares entitled to vote on such resolution. For further details on voting, please refer to the constitutional document of the SPV in Appendix VI to this Scheme Document.

For your reference, the constitutional document of the Company is set out in “Appendix VII – Constitutional Document of the Company” to this Scheme Document and both English and Chinese versions can also be downloaded from the official website of Hong Kong Exchanges and Clearing Limited under the following webpages:

<http://www3.hkexnews.hk/listedco/listconews/SEHK/2017/0608/LTN20170608350.pdf> and
http://www3.hkexnews.hk/listedco/listconews/SEHK/2017/0608/LTN20170608351_C.pdf.

Dividends

Shareholders whose names appear on the register of members of the Company as at the record date for determining the entitlement to dividend (if any) declared by the Company on or before the Effective Date will be entitled to receive such dividend (if any). The Company does not expect to declare any dividend on or before the Effective Date.

(2) Option Offer

As at the Latest Practicable Date, there were 7,380,000 Outstanding Share Options granted under the Share Option Scheme, of which 1,200,000 Share Options were held by Dr. Lam Yat Ming Eddie (being an executive Director) and the remaining 6,180,000 Share Options were held by other employees of the Group. As at the Latest Practicable Date, the Offeror and the parties acting in concert with it did not hold any Share Options.

The Offeror is required to make (or procure to be made on its behalf) an appropriate offer to all the holders of the Outstanding Share Options in accordance with Rule 13 of the Takeovers Code. The Option Offer will be conditional upon the Scheme becoming effective and will take effect on the Effective Date.

Under the Option Offer, the SPV will issue SPV Share Options on a one-to-one basis to actualize the “see-through” price for each Outstanding Share Option they hold for the cancellation of every vested and unvested Share Option in accordance with Rule 13 of the Takeovers Code. The exercise price for each SPV Share Option is exactly the same as the exercise price of the Share Option.

For such purpose, the SPV has adopted the SPV Share Option Scheme, the rules of which are set out in “Appendix IV – SPV Share Option Scheme Rules” to this Scheme Document.

Outstanding Share Options			SPV Share Options		
Exercise price (HK\$)	Total number (vested and unvested)	Exercise period	Exercise price (HK\$ or equivalent)	Total number	Exercise period
1.716	7,080,000	27/10/2014- 31/10/2019	1.716	7,080,000	From Effective Date to 31/10/2019
6.91	300,000	16/4/2015- 15/4/2020	6.91	300,000	From Effective Date to 15/4/2020

Under the Option Offer, the SPV Share Options certificates are expected to be dispatched on Tuesday, 18 June 2019.

The Option Offer Letter setting out the terms and conditions of the Option Offer is being dispatched separately to Optionholders and is substantially in the form set out in “Appendix X — Sample Option Offer Letter” to this Scheme Document.

If any of the Outstanding Share Options is exercised in accordance with the terms of the Share Option Scheme on or before the Latest Option Exercise Date, any Shares so issued will be subject to and eligible to participate in the Scheme.

The Option Offer will be extended to all Outstanding Share Options in issue, whether or not such Outstanding Share Options have been vested, on the date on which the Option Offer is made.

The Option Offer will not involve any cash payment to the Optionholders by the Offeror and/or parties acting in concert with it.

All Share Options will lapse automatically on the Effective Date. Optionholders who do not (i) exercise their Share Options on or before the Latest Option Exercise Date; or (ii) accept the Option Offer in respect of their Share Options on or before 4:30 p.m. on Thursday, 6 June 2019 will receive neither the Cancellation Consideration nor the SPV Share Options.

(3) Conditions of the Proposal

All of the Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date (or such later date as the Offeror and the Company may agree or, to the extent applicable, as the Court may direct and in all cases, as permitted by the Executive), failing which the Proposal and the Scheme will lapse. The Company has no right to waive any of the Conditions.

(4) Restoration of the share capital of the Company

Under the Scheme, the share capital of the Company will, on the Effective Date, be reduced by the cancellation and extinguishment of the Scheme Shares, and immediately upon such reduction of capital taking effect, the share capital of the Company will be restored to the amount immediately before the cancellation of the Scheme Shares by the issue to the SPV of such number of new Shares as is equal to the number of Scheme Shares cancelled. This will be conducted by the Company applying the credit amount arising in its books of account as a result of the capital reduction brought about by the cancellation of the Scheme Shares in paying up in full at par the new Shares to be allotted and issued, credited as fully paid, to the SPV.

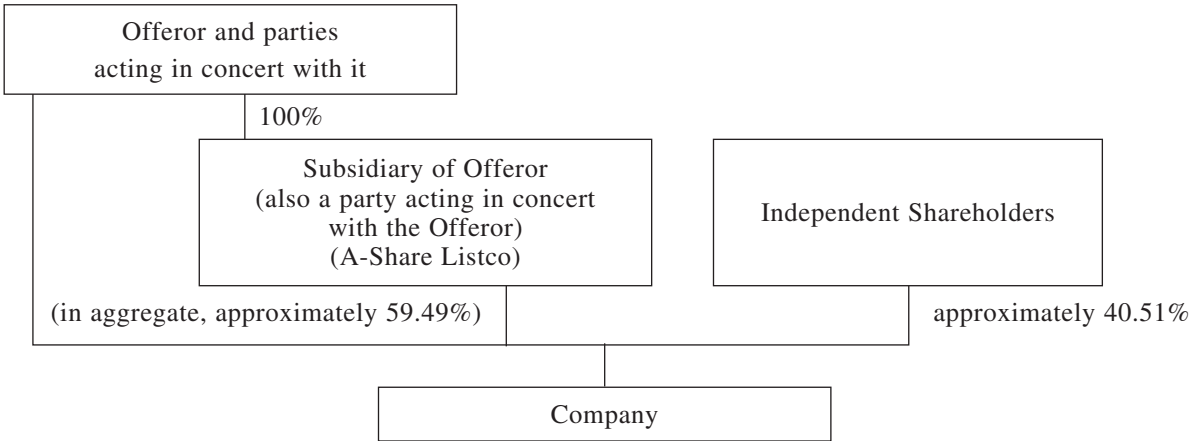
WARNINGS:

Shareholders and potential investors should be aware that the implementation of the Proposal and the Scheme are subject to conditions being fulfilled or waived, as applicable, and thus the Proposal may or may not be implemented and the Scheme may or may not become effective. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

3. SHAREHOLDING STRUCTURE OF THE COMPANY

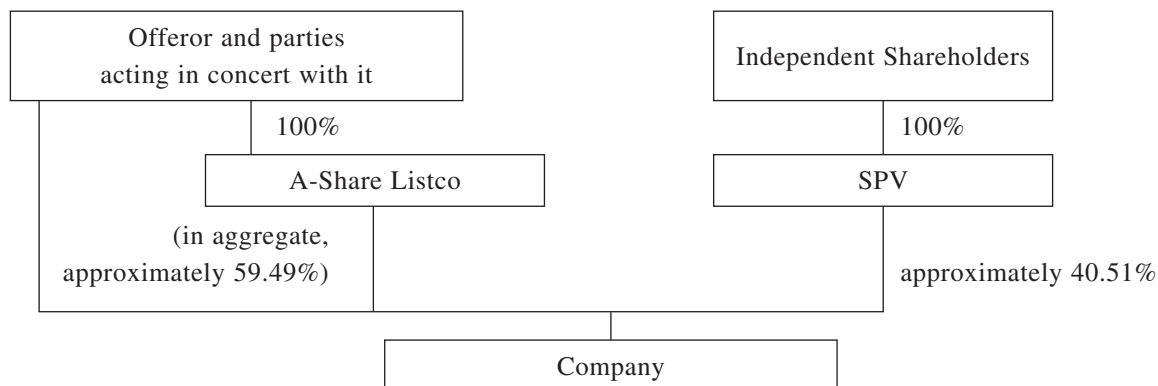
As at the Latest Practicable Date, the existing shareholding structure of the Company is summarized in Diagram 1 as follows:

Diagram 1



When the Scheme becomes effective, the SPV will be owned 100% by the Scheme Shareholders and has only one piece of assets – the Shares, as depicted in Diagram 2 below.

Diagram 2



Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date and (ii) immediately upon completion of the Proposal, assuming that there are no changes to the issued share capital of the Company after the Latest Practicable Date:

Shareholders	As at the Latest Practicable Date		Immediately upon completion of the Proposal	
	Number of Shares	Approx.%	Number of Shares	Approx.%
<i>Offeror and parties acting in concert with it</i>				
Subsidiaries of the Offeror (see Note 1)	16,916,845,121	40.14	16,916,845,121	40.14
漢能光伏科技有限公司 (see Note 1)	700,000,000	1.66	700,000,000	1.66
Hanergy Holding and Others (see Note 2)	7,433,987,900	17.64	7,433,987,900	17.64
Mr. YUAN Yabin (see Note 3)	20,220,000	0.05	20,220,000	0.05
SPV	–	–	17,074,623,027	40.51
<i>Independent Shareholders</i>				
Independent Shareholders	17,074,623,027	40.51	–	–
Total	42,145,676,048	100.00	42,145,676,048	100.00

Note:

- (1) The Offeror is beneficially owned as to 99.75% by 漢能光伏科技有限公司. 漢能光伏科技有限公司 was beneficially owned as to 48.08% and 51.92% by 麗江博雅太和新能源投資顧問有限公司 and 河源漢鼎能源科技有限公司 respectively until 27 March 2019 when 麗江博雅太和新能源投資顧問有限公司 and 河源漢鼎能源科技有限公司 transferred their entire equity interests in 漢能光伏科技有限公司 to 廣東河遠乘達能源技術研發有限公司. As at the Latest Practicable Date, 漢能光伏科技有限公司 is wholly owned by 廣東河遠乘達能源技術研發有限公司 which is in turn wholly owned by 北京匯點智盛新能源技術有限公司. The equity interests in 北京匯點智盛新能源技術有限公司 are legally held as to 70% and 30% by Ms. Li Xue (李雪) and Ms. Li Xia (李霞) respectively.

The remaining 0.25% equity interest in the Offeror was beneficially owned by 河源漢鼎能源科技有限公司 until 27 March 2019 when 河源漢鼎能源科技有限公司 transferred such 0.25% equity interest in the Offeror to 北京謙東科技有限公司. The equity interests in 北京謙東科技有限公司 are legally held as to 70% and 30% by Ms. Li Xue and Ms. Li Xia respectively.

Ms. Li Xue and Ms. Li Xia are Mr. Li Hejun's sisters.

Mr. Li Hejun as the appointor and Ms. Li Xue and Ms. Li Xia as the appointees entered into a shareholding entrustment arrangement whereby Mr. Li Hejun entrusts Ms. Li Xue and Ms. Li Xia to hold the Shares held by the Offeror's subsidiaries and 漢能光伏科技有限公司 and all rights related to those Shares for the benefit, and on behalf, of Mr. Li Hejun via the Offeror and 漢能光伏科技有限公司. Such rights include but are not limited to the voting rights attached to those Shares. Accordingly, the control over those Shares has remained with Mr. Li Hejun. The Offeror has made an application to the Executive for a waiver (the "Waiver") pursuant to Note 6 of Rule 26.1 of the Takeovers Code from an obligation on the part of each of Ms. Li Xue, Ms. Li Xia and their respective concert parties to make a general offer for the securities of the Company pursuant to Rule 26.1 of the Takeovers Code as a result of the above transfers and the Executive has granted the Waiver. Please refer to the joint announcement made by the Offeror and the Company on 23 April 2019.

- (2) "Others" refers to 江蘇武進漢能薄膜太陽能有限公司 (Hanergy Holding's wholly-owned subsidiary) and Li Weijun (李偉均), a shareholder of Hanergy Holding and Mr. Li Hejun's brother.
- (3) Mr. Yuan Yabin is a director of the Offeror and is therefore presumed to be a party acting in concert with the Offeror, and the Shares he holds are not part of the Scheme Shares.

4. OVERSEAS SHAREHOLDERS AND OPTIONHOLDERS

Your attention is drawn to the section headed "15. OVERSEAS SHAREHOLDERS AND OPTIONHOLDERS" in "Part VII - Explanatory Statement" of this Scheme Document.

5. REASONS AND BENEFITS OF THE PROPOSAL

You are urged to read carefully the section headed "8. REASONS AND BENEFITS OF THE PROPOSAL" in "Part VII - Explanatory Statement" of this Scheme Document.

6. IRREVOCABLE UNDERTAKINGS TO ACCEPT THE PROPOSAL

As at the Latest Practicable Date, none of the Offeror, the SPV and persons acting in concert with any of them has received any irrevocable commitment from any Shareholders in respect of voting at the Court Meeting and/or the SGM.

7. INFORMATION ON THE OFFEROR AND THE GROUP

The Offeror is a company incorporated in the PRC with limited liability and principally engages in investment management and asset management. As at the Latest Practicable Date, the Offeror is the controlling shareholder of the Company interested in 16,916,845,121 Shares which represent approximately 40.14% of the issued share capital of the Company.

Set out below is the shareholding structure of the Offeror (i) as at the Latest Practicable Date and (ii) immediately upon completion of the Proposal, assuming that there are no changes to the issued share capital of the Offeror after the Latest Practicable Date:

Shareholders of the Offeror	As at the Latest Practicable Date		Upon completion of the Proposal	
	Amount of contribution to the Offeror's registered capital (in RMB'million)	Approx. %	Amount of contribution to the Offeror's registered capital (in RMB'million)	Approx. %
漢能光伏科技有限公司 ^{Note}	69,828	99.75	69,828	99.75
北京謙東科技有限公司 ^{Note}	172	0.25	172	0.25
Total	70,000	100.00	70,000	100.00

Note:

漢能光伏科技有限公司 is wholly owned by 廣東河遠秉達能源技術研發有限公司 which is in turn wholly owned by 北京匯點智盛新能源技術有限公司. The equity interests in 北京匯點智盛新能源技術有限公司 are held as to 70% and 30% by Ms. Li Xue and Ms. Li Xia respectively.

The equity interests in 北京謙東科技有限公司 are held as to 70% and 30% by Ms. Li Xue and Ms. Li Xia respectively.

Ms. Li Xue and Ms. Li Xia are Mr. Li Hejun's sisters.

The Group is a high-tech new energy enterprise listed on the Stock Exchange engaging in the thin-film solar energy industry since 2009. The Group's principal businesses include (i) research and development, design, assembling, sales and delivery of thin-film solar energy cells/modules production equipment and turnkey production lines, as well as the provision of supporting technical services; (ii) the research and development, design, sales and delivery of thin-film solar energy generation systems and mobile energy application products; and (iii) provision of technical services and support, construction and maintenance services to the upstream production lines and downstream applications and products.

8. PROPOSED A-SHARE LISTING

You are urged to read carefully the section headed "9. PROPOSED A-SHARE LISTING" in "Part VII - Explanatory Statement" of this Scheme Document for the steps which are to be conducted after the completion of the Proposal but which are not part of the Proposal.

9. INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, which comprises the following independent non-executive Directors, Mr. Lo Man Tuen, Professor He Xiaofeng, Professor Zhang Qiusheng and Mr. Wang Dan, has been established for the purpose of making a recommendation to (i) the Independent Shareholders as to (a) whether the terms of the Proposal and the Scheme are, or are not, fair and reasonable and whether to vote in favour of the Scheme/Proposal (as applicable) at the Court Meeting and the SGM; and (ii) to the Optionholders as to whether the terms of the Option Offer are, or are not, fair and reasonable and whether to accept the Option Offer.

10. INDEPENDENT FINANCIAL ADVISER

TC Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Proposal. Such appointment has been approved by the Independent Board Committee.

The full text of the letter from TC Capital is set out in “Part VI – Letter from TC Capital” of this Scheme Document.

11. WITHDRAWAL OF LISTING OF THE SHARES

Upon the Scheme becoming effective, all Scheme Shares will be cancelled and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title.

The Board will apply to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange as soon as practicable following the Effective Date in accordance with Rule 6.15 of the Listing Rules.

12. IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES

The Scheme will lapse if any of the Conditions has not been fulfilled or waived, as applicable, on or before the Long Stop Date. The Company will not take the initiative to withdraw the listing of the Shares on the Stock Exchange if the Scheme is not approved or the Proposal otherwise lapses.

Nevertheless, the Board would like to point out that trading in the Shares on the Stock Exchange has been suspended since 20 May 2015. If trading in the Shares cannot be resumed before the end of July 2019 which is the deadline applicable to the Company under Rule 6.01A(2)(b) of the Listing Rules, the delisting procedure under that Rule may commence.

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with it) may within 12 months from the date on which the Proposal is withdrawn or lapses announce an offer or possible offer for the Company, except with the consent of the Executive.

If the Independent Board Committee or the Independent Financial Adviser does not recommend the Proposal, and the Scheme is not approved, all expenses incurred by the Company in connection therewith shall be borne by the Offeror in accordance with Rule 2.3 of the Takeovers Code.

13. COURT MEETING AND SGM

A notice convening the Court Meeting to be held at Conference Room, No. 0-A, Anli Road, Chaoyang District, Beijing, the PRC (East Gate, North Park, Olympic Forest Park) on Saturday, 18 May 2019 at 10:00 a.m. is set out in Appendix VIII to this Scheme Document. A notice convening the SGM to be held at the same venue on the same date at 10:30 a.m. (or as soon thereafter as the Court Meeting shall have been concluded or adjourned) is set out in Appendix IX to this Scheme Document.

The Court has directed that the Court Meeting be held for the purpose of considering and, if thought fit, passing a resolution to approve the Scheme, with or without modification. The Scheme is subject to the approval by the Scheme Shareholders at the Court Meeting in the manner referred to in the section headed “2. TERMS OF THE PROPOSAL – (3) Conditions of the Proposal” in “Part VII – Explanatory Statement” of this Scheme Document.

Following the conclusion or adjournment of the Court Meeting, the SGM will be held for the purpose of considering and, if thought fit, passing a special resolution for the implementation of the Scheme.

An announcement will be made by the Company in relation to the results of the Court Meeting and the SGM. Such announcement will contain the information as required by Rule 19.1 of the Takeovers Code and will include (a) the number of votes cast in favour of the Scheme at the Court Meeting and the number of CCASS Participants on whose instructions they are cast and (b) the number of votes cast against the Scheme at the Court Meeting and the number of CCASS Participants on whose instructions they are cast.

14. ACTIONS TO BE TAKEN BY SHAREHOLDERS AND OPTIONHOLDERS

Your attention is drawn to the section headed “19. ACTIONS TO BE TAKEN” in “Part VII – Explanatory Statement” of this Scheme Document.

15. RECOMMENDATIONS

Your attention is drawn to the recommendations of the Independent Financial Adviser to the Independent Board Committee, in respect of the Proposal and the Scheme as set out in the letter from TC Capital in Part VI of this Scheme Document. Your attention is also drawn to the recommendation of the Independent Board Committee in respect of the Proposal and the Scheme as set out in the letter from the Independent Board Committee in Part V of this Scheme Document.

16. TAXATION

Your attention is drawn to the section headed “16. TAXATION” in “Part VII – Explanatory Statement” of this Scheme Document.

It is emphasised that none of the Company, the Offeror, BaoQiao Partners and their respective professional advisers or any of their respective directors or associates or any other person involved in the Proposal accepts responsibility for any tax or other effects on, or liabilities of, any person or persons as a result of the implementation or otherwise of the Proposal.

17. FURTHER INFORMATION

You are urged to read carefully the letter from the Independent Board Committee, the letter from TC Capital, the Explanatory Statement, the Scheme of Arrangement and the notices of the Court Meeting and the SGM contained in this Scheme Document and the other appendices to this Scheme Document. Optionholders are urged to read carefully the Option Offer Letter which are being sent together with this Scheme Document to all Optionholders.

Yours faithfully,
By order of the Board
Hanergy Thin Film Power Group Limited
Yuan Yabin
Chairman



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)

25 April 2019

To the Independent Shareholders and the Optionholders

Dear Sirs and Madam,

(1) PROPOSAL ON
HANERGY THIN FILM POWER GROUP LIMITED BY
HANERGY MOBILE ENERGY HOLDING GROUP CO., LTD*
BY WAY OF A SCHEME OF ARRANGEMENT
(UNDER SECTION 99 OF THE BERMUDA COMPANIES ACT)

AND

(2) PROPOSED WITHDRAWAL OF LISTING OF
HANERGY THIN FILM POWER GROUP LIMITED

We refer to the scheme document (the “**Scheme Document**”) dated 25 April 2019 jointly issued by the Company and the Offeror in relation to the Proposal, of which this letter forms part. Unless the context requires otherwise, terms used in this letter shall have the same meaning as given to them in the Scheme Document.

We have been appointed by the Board as the Independent Board Committee to advise the Scheme Shareholders and the Optionholders in respect of the Proposal.

TC Capital has been appointed, with our approval, as the Independent Financial Adviser in respect of the Proposal.

We wish to draw your attention to (a) the letter from the Board as set out in Part IV of the Scheme Document; (b) the letter from TC Capital as set out in Part VI of the Scheme Document which sets out the factors and reasons taken into account by the Independent Financial Adviser in arriving at its recommendations; and (c) the Explanatory Statement as set out in Part VII of the Scheme Document.

PART V LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the terms of the Proposal and having taken into account the advice of the Independent Financial Adviser, in particular the factors, reasons and recommendations as set out in the letter from TC Capital, we consider the terms of the Proposal are fair and reasonable so far as the Independent Shareholders and the Optionholders are concerned.

Accordingly, we recommend:

- (1) the Independent Shareholders to vote in favour of the resolution to approve the Scheme at the Court Meeting;
- (2) the Shareholders to vote in favour of the special resolution and the ordinary resolution in connection with the Proposal at the SGM; and
- (3) the Optionholders to accept the Option Offer.

Yours faithfully,
Independent Board Committee
Lo Man Tuen
He Xiaofeng
Zhang Qiusheng
Wang Dan
Independent Non-executive Directors

The following is the text of the letter from the Independent Financial Adviser to the Independent Board Committee prepared for the purpose of inclusion in this Scheme Document.



25 April 2019

The Independent Board Committee
Hanergy Thin Film Power Group Limited

Dear Sirs,

**(1) PROPOSAL ON
HANERGY THIN FILM POWER GROUP LIMITED BY
HANERGY MOBILE ENERGY HOLDING GROUP CO., LTD*
BY WAY OF A SCHEME OF ARRANGEMENT
(UNDER SECTION 99 OF THE BERMUDA COMPANIES ACT)**

AND

**(2) PROPOSED WITHDRAWAL OF LISTING OF
HANERGY THIN FILM POWER GROUP LIMITED**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Proposal, details of which are set out in the Scheme Document dated 25 April 2019 jointly issued by Hanergy Thin Film Power Group Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) and the Offeror to the Independent Shareholders and the Optionholders, of which this letter forms part. Capitalized terms used in this letter have the same meanings as those defined in the Scheme Document unless the context otherwise requires.

On 26 February 2019, the Offeror Board and the Board jointly announced that, on 21 December 2018, the Offeror requested the Board to put forward to the Scheme Shareholders a proposal in respect of the securities of the Company by way of a scheme of arrangement under Section 99 of the Bermuda Companies Act and an offer to be made to the Optionholders.

Under the Scheme, the Scheme Shareholders will be entitled to receive the Cancellation Consideration on the basis of one SPV Share for each Scheme Share. The Scheme will not involve any cash payment by the Offeror and/or parties acting in concert with it to the Scheme Shareholders.

In addition, conditional upon the Scheme becoming effective, the Offeror is required to make (or procure to be made on its behalf) an appropriate offer to all the holders of the Outstanding Share Options in accordance with Rule 13 of the Takeovers Code. The Option Offer will not involve any cash payment by the Offeror and/or parties acting in concert with it to the Optionholders.

The Independent Board Committee, comprising Mr. Lo Man Tuen, Professor He Xiaofeng, Professor Zhang Qiusheng and Mr. Wang Dan (each being an independent non-executive Director), has been established by the Company to make a recommendation to (i) the Independent Shareholders as to whether the terms of the Proposal are, or are not, fair and reasonable and whether to vote in favour of the Scheme/Proposal (as applicable) at the Court Meeting and the SGM; and (ii) the Optionholders as to whether the terms of the Option Offer are fair and reasonable and whether to accept the Option Offer. The Independent Board Committee has approved our appointment as the Independent Financial Adviser to advise them in this regard.

OUR INDEPENDENCE

We are not associated with the Company, the Offeror or any party acting, or presumed to be acting, in concert with any of them and, accordingly, are considered eligible to give independent advice on the Proposal. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, the Offeror or any party acting, or presumed to be acting, in concert with any of them.

BASIS OF OPINION

In putting forth our recommendation, we have relied on the information, opinions, facts and representations supplied to us by the Directors and/or the representatives of the Company. We have reviewed, amongst other things, (i) the annual report of the Company for the year ended 31 December 2017 (the “**2017 Annual Report**”) and the annual report of the Company for the year ended 31 December 2018 (the “**2018 Annual Report**”); and (ii) other information as set out in the Scheme Document.

We have assumed that all such information, opinions, facts and representations, which have been provided to us by the Directors and/or the representatives of the Company, for which they are fully responsible, are true, accurate and complete in all respects. We have no reason to doubt the truth, accuracy and completeness of the information, opinions, facts and representations provided to us by the Directors and/or the representatives of the Company. The Company has also confirmed to us that no material facts have been omitted from the information supplied and we have no reason to suspect that any material information has been withheld by the Company which would make any information supplied or any statement in the Scheme Document misleading. We have also assumed that all representations contained or referred to in the Scheme Document were true as at the Latest Practicable Date, and that the Independent Shareholders will be notified of any material changes to such representations as soon as reasonably practicable in accordance with Rule 9.1 of the Takeovers Code.

We consider that we have sufficient information currently available to reach an informed view and to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided by the Directors and the representatives of the Company, nor have we conducted any independent investigation into the business, affairs, operations, financial position or future prospects of each of the Company, the Offeror and any of their respective subsidiaries, associates or any party acting, or presumed to be acting, in concert with any of them, nor have we carried out any independent verification of the information supplied.

We have not considered the tax and regulatory implications on the Independent Shareholders and the Optionholders of acceptance or non-acceptance of the Proposal, as the case may be, since these are particular to their individual circumstances. In particular, the Independent Shareholders and the Optionholders who are residents outside Hong Kong or subject to taxation outside Hong Kong or Hong Kong taxation on securities dealings should consider their own tax position and, if in any doubt, should consult their own professional advisers.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation with regard to the Proposal, we have taken into account the following principal factors and reasons:

1. Information on the Offeror

As stated in the section headed “7. INFORMATION ON THE OFFEROR AND THE GROUP” in “Part IV - Letter from the Board” of the Scheme Document, the Offeror is a company incorporated in the PRC with limited liability and principally engages in investment management and asset management. As at the Latest Practicable Date, the Offeror was the controlling shareholder of the Company interested in 16,916,845,121 Shares which represent approximately 40.14% of the issued share capital of the Company.

As stated in the section headed “11. THE OFFEROR’S INTENTION REGARDING THE GROUP” in “Part VII - Explanatory Statement” of the Scheme Document, it is the intention of the Offeror for the Group to maintain its existing business upon the successful withdrawal of listing of the Shares on the Stock Exchange. However, the Offeror reserves the right to make any changes that it deems necessary or appropriate to the Group’s business and operations, to explore opportunities arising from time to time for acquisitions, disposals and other structuring possibilities, and that the Company will continue to explore such opportunities as they arise from time to time, subject to compliance with any relevant rules and regulations. The Offeror has no intention to make substantial changes to the employment matters or to redeploy assets of the Group other than those in its ordinary and usual course of business. The Offeror has an intention to seek for the A-Share Listing in the foreseeable future.

As stated in the section headed “3. DISCLOSURE OF INTERESTS – (b) Interests and short positions of the Offeror and other substantial Shareholders in Shares and underlying Shares” in “Appendix II – General Information of the Group and the Offeror” of the Scheme Document, as at the Latest Practicable Date, the number of Shares charged by certain entities in the Offeror concert party group, namely China Genco Investment Limited, GL Wind Farm Investment Limited, 漢能光伏科技有限公司 (Hanergy Photovoltaic Technology Limited*), Hanergy Investment Limited, Hanergy Option Limited, 黑龍江漢能薄膜太陽能有限公司 (Heilongjiang Hanergy Thin Film Solar Energy Limited*), 江蘇武進漢能薄膜太陽能有限公司 (Jiangsu Wujin Hanergy Thin Film Solar Energy Limited*), 四川漢能光伏有限公司 (Sichuan Hanergy Photovoltaic Limited*) in favour of the financial institutions and other independent third parties (collectively, the “**Chargees**” and individually, a “**Chargee**”) are 982,000,000 Shares, 1,853,333,334 Shares, 700,000,000 Shares, 6,015,576,000 Shares, 1,100,000,000 Shares, 19,240,000 Shares, 117,320,000 Shares, 147,870,000 Shares respectively or in aggregate 10,935,339,334 Shares, representing approximately 25.95% of the issued share capital of the Company. Under the terms

of respective loan agreement of the total 10,935,339,334 Shares, the underlying loans in respect of 4,206,430,000 charged Shares were in default and the respective Chargees may exercise any voting rights and any powers or rights which may be executed by the legal and beneficial owner of the charged Shares. To the best of the knowledge, information and belief of the Offeror and the relevant charger entity having made all reasonable enquires, no action has been taken by the respective Chargees in respect of the charged Shares as at the Latest Practicable Date. The above may affect the shareholding of the Offeror concert party individually or collectively in the Company. **The Independent Shareholders and the Optionholders should note that shareholding and/or voting right in the Company of the Offeror concert party may be changed in the future resulting from any events and thus there is no guarantee as to whether the Proposal and the A-Share Listing will be achieved.**

2. Information on the Group

Business of the Group

As stated in the section headed “7. INFORMATION ON THE OFFEROR AND THE GROUP” in “Part IV - Letter from the Board” of the Scheme Document, the Group is a high-tech new energy enterprise listed on the Stock Exchange engaging in the thin-film solar energy industry since 2009. The Group’s principal businesses include (i) research and development, design, assembling, sales and delivery of thin-film solar energy cells/modules production equipment and turnkey production lines, as well as the provision of supporting technical services; (ii) the research and development, design, sales and delivery of thin-film solar energy generation systems and mobile energy application products; and (iii) provision of technical services and support, construction and maintenance services to the upstream production lines and downstream applications and products.

Suspension of trading of Shares

As stated in the section headed “8. REASONS AND BENEFITS OF THE PROPOSAL” in “Part VII - Explanatory Statement” of the Scheme Document, trading in the Shares on the Stock Exchange has been suspended since 20 May 2015. It is highly uncertain whether trading in the Shares can be resumed before the end of July 2019 which is the deadline applicable to the Company under Rule 6.01A(2)(b) of the Listing Rules.

As stated in the 2018 Annual Report, after the Company fulfilled the SFC’s first resumption requirement on 4 September 2017, according to the SFC’s second resumption requirement, the Company engaged a financial adviser to conduct due diligence on the Group, and completed a disclosure document and submitted to the SFC for approval, for the consideration of the SFC in regards to the Company’s application for the resumption pursuant to Rule 9 of the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong).

As the Shares have been suspended from trading for more than 12 months as at 1 August 2018, which is the effective date of the amendments to the delisting framework under the Listing Rules (the “**Commencement Date**”), in accordance with Rule 6.01A(2)(b) of the Listing Rules, the Stock Exchange may cancel the Company’s listing if trading in the Shares has remained suspended for 12 continuous months from the Commencement Date. The 12-month period will expire on 31 July 2019. If the Company fails to resume trading in the Shares by 31 July 2019, the Listing Department of the Stock Exchange may

recommend the Listing Committee of the Stock Exchange to proceed with the cancellation of the Company's listing. This is subject to the Stock Exchange's right to impose a shorter specific remedial period under Rule 6.10 of the Listing Rules where appropriate.

Financial information

Set forth below is certain financial information of the Group, with qualified opinions issued by the Group's independent auditor, for the three years ended 31 December 2016, 2017 and 2018 as extracted from the 2017 Annual Report and the 2018 Annual Report. Please refer to the sections headed "2. INDEPENDENT AUDITOR'S REPORT EXTRACTED FROM THE ANNUAL REPORT OF THE COMPANY FOR THE YEAR ENDED 31 DECEMBER 2016", "3. INDEPENDENT AUDITOR'S REPORT EXTRACTED FROM THE ANNUAL REPORT OF THE COMPANY FOR THE YEAR ENDED 31 DECEMBER 2017" and "4. INDEPENDENT AUDITOR'S REPORT EXTRACTED FROM THE ANNUAL REPORT OF THE COMPANY FOR THE YEAR ENDED 31 DECEMBER 2018" in "Appendix I – Financial Information of the Group" to the Scheme Document for the details of the qualified opinions (the "Qualified Opinions") issued by the Group's independent auditor for the three years ended 31 December 2018.

	For the year ended 31 December		
	2018	2017	2016
	HK\$'000	HK\$'000	HK\$'000
	(Audited)	(Audited)	(Audited)
Revenue	21,251,772	6,147,385	4,483,130
Gross profit	12,122,362	2,675,241	2,597,772
Profit for the year	5,193,068	261,032	251,614
Profit attributable to owners of the parent	5,193,017	261,099	251,620

As shown in the above table, the Group's audited revenue amounted to approximately HK\$21,251.8 million for the year ended 31 December 2018, representing a strong increase of approximately 245.7% as compared with the revenue for the year ended 31 December 2017. As introduced by the representative of the Company, such increase in revenue was mainly due to (i) active promotion of strategic development of industrial parks projects, such as in Mianyang City, Sichuan Province, Datong City, Shanxi Province and Zibo City, Shandong Province; (ii) proactive exploration other new significant customers such as Huafengyuan (Chengdu) New Energy Technology Co., Ltd., Heilongjiang Huaxia Yineng New Energy Technology Limited and Huaxia Yineng (Nanjing) New Energy Co., Ltd; and (iii) competitive strengthen of thin film solar energy products. The Group's audited revenue amounted to approximately HK\$6,147.4 million for the year ended 31 December 2017, representing an increase of approximately 37.1% respectively as compared with the revenue for the year ended 31 December 2016. Such increase was mainly due to major breakthrough in the sales of thin film solar production lines, development in the businesses including industrial and commercial distributed photovoltaic, building-integrated photovoltaic, targeted photovoltaic poverty alleviation and application of mobile energy through various means including sales to key customers and cooperation with partners in sales channels.

The gross profit of the Group amounted to approximately HK\$12,122.4 million for the year ended 31 December 2018, representing a strong increase of approximately 353.1% as compared with the revenue for the year ended 31 December 2017, which was mainly due to sharply increase in contract revenue from construction contracts of manufacturing section and decrease in production costs and the delivery times of production lines because of increase in proportion of localized equipment of the Group. The audited gross profit of the Group accounted approximately HK\$2,675.2 million for the year ended 31 December 2017, representing a slight increase of approximately 3.0% as compared with the revenue for the year ended 31 December 2016.

The net profit of the Group amounted to approximately HK\$5,193.1 million for the year ended 31 December 2018, representing a strong increase of approximately 1,889.4% as compared with the revenue for the year ended 31 December 2017, which was mainly due to a number of factors including major technological breakthrough of the Group, the great support of state policies for industries in thin-film power generation, mobile energy, high-end equipment production, new energies and new materials, as well as the excellent development in industrial parks, which helped the Company achieve relatively great progress in the upstream business during the year. The audited profit of the Group amounted to approximately HK\$261.0 million for the year ended 31 December 2017, representing a slight increase of approximately 3.7% as compared with the revenue for the year ended 31 December 2016.

Set forth below is certain financial information of the Group, with Qualified Opinions issued by the Group's independent auditor, as at 31 December 2016, 2017 and 2018, as extracted from the 2017 Annual Report and the 2018 Annual Report. Please refer to the sections headed "2. INDEPENDENT AUDITOR'S REPORT EXTRACTED FROM THE ANNUAL REPORT OF THE COMPANY FOR THE YEAR ENDED 31 DECEMBER 2016", "3. INDEPENDENT AUDITOR'S REPORT EXTRACTED FROM THE ANNUAL REPORT OF THE COMPANY FOR THE YEAR ENDED 31 DECEMBER 2017" and "4. INDEPENDENT AUDITOR'S REPORT EXTRACTED FROM THE ANNUAL REPORT OF THE COMPANY FOR THE YEAR ENDED 31 DECEMBER 2018" in "Appendix I – Financial Information of the Group" to the Scheme Document for the details of the Qualified Opinions.

	As at 31 December		
	2018	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Audited)	(Audited)	(Audited)
Current assets	28,946,121	18,796,725	12,435,938
Total asset	30,094,707	19,569,166	13,194,325
Current liabilities	14,447,672	10,434,869	4,863,066
Total liabilities	16,923,330	11,461,364	5,853,303
Net assets	13,171,377	8,107,802	7,341,022

The total asset of the Group as at 31 December 2017 was approximately HK\$19,569.2 million, representing an increase of approximately 48.3% as compared to that as at 31 December 2016, and further increase to approximately HK\$30,094.7 million as at 31 December 2018, representing an increase of approximately 53.8% as compared to that as at 31 December 2017. Such increases were mainly due to the increase in contract assets in 2018 and increase in deposits and prepayments and cash and cash equivalents in 2017. The total liabilities of the Group as at 31 December 2017 was approximately

HK\$11,461.4 million, representing an increase of approximately 95.8% as compared to that as at 31 December 2016. Such increase was mainly due to increase in other payables and accruals caused by advances from turnkey production line construction contract customers and downstream distributors. The total liabilities then further increase to approximately HK\$16,923.3 million as at 31 December 2018, representing an increase of approximately 47.7% as compared to that as at 31 December 2017. Such increase was mainly due to the increase in trade and bills payables in 2018 and deferred tax liabilities. The net assets of the Group as at 31 December 2017 were approximately HK\$8,107.8 million, representing an increase of approximately 10.4% as compared to that as at 31 December 2016, and further increase to approximately HK\$13,171.4 million as at 31 December 2018, representing an increase of approximately 62.5% as compared to that as at 31 December 2017 which was mainly due to increase in profit attributable to owners of the parent.

The Independent Shareholders and the Optionholders should note that there is uncertainty on the financial position and results of the Group according to the Qualified Opinions which may affect the disposal of the Shares or the A-Share Listco Shares (including but not limited to the A-Share Listing). As the Proposal is related to the restructuring of shareholding structure in the Company for the purpose of the Objective (as defined below) and the restructuring of shareholding structure is not directly related to the financial position and results of the Group, we concur with the Directors' view that the Proposal should not be affected by the Qualified Opinions.

3. Reasons for and benefits of the Proposal

High uncertainty of resumption of trading in the Shares

As stated in the paragraph headed "Information on the Group" above, as the Shares have been suspended from trading for more than 12 months as at the Commencement Date, in accordance with Rule 6.01A(2)(b) of the Listing Rules, the Stock Exchange may cancel the Company's listing if trading in the Shares has remained suspended for 12 continuous months from the Commencement Date. The 12-month period will expire on 31 July 2019. If the Company fails to resume trading in the Shares by 31 July 2019, the Listing Department of the Stock Exchange may recommend the Listing Committee of the Stock Exchange to proceed with the cancellation of the Company's listing. This is subject to the Stock Exchange's right to impose a shorter specific remedial period under Rule 6.10 of the Listing Rules where appropriate.

As introduced by the representative of the Company, although the Company has used its best endeavour in responding to and addressing the issues and concerns raised by the SFC in respect of the disclosure document, the Directors do not foresee any significant development on the discussion and the timing for the resumption of trading in the Shares is uncertain. Taking into consideration of the uncertainty on fully satisfying the requirements imposed by the SFC on the Company for the resumption of trading in the Shares on the Stock Exchange, the Company decided to allocate most of the resources to the Proposal.

Taking into account the uncertainty of whether trading in the Shares can be resumed before the end of July 2019 which is the deadline applicable to the Company under Rule 6.01A(2)(b) of the Listing Rules, the Independent Shareholders may not be able to realize the value in the Shares in lack of a public trading platform for the Shares thereafter.

An opportunity for the Independent Shareholders to unlock the value in the Shares and the Independent Shareholders may eventually obtain cash from the SPV disposing of the A-Share Listco Shares after the completion of the Proposal

Because of suspension of trading in the Shares, the Independent Shareholders will find it extremely hard to dispose of the Shares or realize any value in the Shares in lack of a stock exchange or a public trading platform for the Shares. As stated in the paragraph headed “8. REASONS AND BENEFITS OF THE PROPOSAL” in “Part VII - Explanatory Statement” of the Scheme Document, the ultimate objective of the Proposal is to pave the way for the businesses of the Company to be put under a company to be listed on a stock exchange in the PRC, and therefore it is expected that the Independent Shareholders may eventually obtain cash from the SPV disposing of A-Share Listco Shares after the completion of the Proposal.

The Offeror has sought advice from its PRC legal advisers and according to the advice of the Offeror’s PRC legal advisers, it is not feasible to achieve the A-Share Listing if the Company has a large number of non-PRC Independent Shareholders as it is the case currently. Further, the Offeror’s PRC legal advisers confirmed that it is feasible under the PRC laws and regulations for the A-Share Listco to make application for A-Share Listing if the Independent Shareholders hold the entire share capital of the SPV and the SPV is one of the shareholders of the A-Share Listco.

After considering the status of the suspension of trading in the Shares, uncertainty of whether trading in the Shares can be resumed and the above advice from the Offeror’s PRC legal advisers, we are of the view that the Proposal provides an opportunity to the Independent Shareholders to obtain cash from the SPV disposing of the A-Share Listco Shares after the completion of the Proposal. However, **the Shareholders and potential investors should be aware that none of the Offeror or parties acting in concert with it, the SPV, the Company and BaoQiao Partners will give any guarantee of whether, when and how the A-Share Listing can be achieved, including but not limited to the A-Share listing group structure, size and methods of Pre-IPO and IPO fund raisings, etc. Further, none of them will provide any compensation (in cash or in any other form) to the Independent Shareholders if A-Share Listing cannot be achieved after a certain period of time. It is not certain whether the A-Share Listing can be achieved. If the A-Share Listing cannot be completed, the Independent Shareholders will be holding on to unlisted SPV Shares for which there is no exchange platform for transfers. Even if the A-Share Listing is completed, there is no certainty as to (a) when and how the SPV will be able to dispose of the A-Share Listco Shares; (b) at what price the A-Share Listco Shares can be sold; (c) when the cash exit can be available to the Independent Shareholders, via the proposed A-Share Listing; and (d) whether the SPV will be able to establish a mechanism that will, after the completion of the A-Share Listing, allow the Independent Shareholders to have direct say on the disposal of their proportional amounts of A-Share Listco Shares held by the SPV or its subsidiary. Therefore, it is highly uncertain that the value of the Shares can be unlocked or realized, and that any cash exit can be available, which is subject to the applicable PRC rules and regulations as well as approval(s) from the relevant PRC government authorities, to the Independent Shareholders, via the proposed A-Share Listing.**

The Independent Shareholders and the Optionholders should also note that there is no certainty as to (i) whether the Proposal can be executed by the Offeror; (ii) whether the Objective (as defined below) can be fully achieved by the SPV and whether the Objective can serve the purpose to realize the value in the Shares as intended; (iii) whether, when and how the dividend and the cash exit from the disposal of the Shares and the A-Share Listco Shares can be available to them; and (iv) when neither the Offeror nor the A-Share Listco willing to take up any expenses falling outside the categories as stated in point (h) of the section headed “9. PROPOSED A-SHARE LISTING – A-Share Listing Step” in “Part VII - Explanatory Statement” of the Scheme Document, the SPV may be liable of such expenses. The shareholders of the SPV should note that they bear all the liability of the SPV as shareholders. The Shareholders and potential investors should also be aware that the group and shareholding structure of the Company may be changed during the process of the A-Share Listing. Such change may affect the value of the Shares and it is uncertain that the actual value of the Shares will be realized.

4. Principal terms of the Proposal

As stated in “Part I – Definitions” of the Scheme Document, the Proposal is the Offeror’s proposal in respect of the Company by way of (i) the Scheme; (ii) the Option Offer; (iii) the restoration of the share capital of the Company to the amount immediately before the cancellation of the Scheme Shares by the issue to the SPV of such number of new Shares as is equal to the number of Scheme Shares cancelled; and (iv) the withdrawal of the listing of the Shares from the Stock Exchange, on the terms and subject to the conditions as set out in the Scheme Document. Please refer to the section headed “2. TERMS OF THE PROPOSAL” in “Part VII - Explanatory Statement” of the Scheme Document for the details of the terms of the Proposal.

Conditions of the Proposal

The implementation of the Proposal is, and the Scheme will become effective and binding on the Company and all Shareholders, subject to fulfillment (or where applicable, waiver) of the Conditions as set out in the section headed “2. TERMS OF THE PROPOSAL – (3) Conditions of the Proposal” in “Part VII - Explanatory Statement” of the Scheme Document.

All of the Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date (or such later date as the Offeror and the Company may agree or, to the extent applicable, as the Court may direct and in all cases, as permitted by the Executive), failing which the Proposal and the Scheme will lapse. The Company has no right to waive any of the Conditions. **The Independent Shareholders and the Optionholders should be aware that the implementation of the Proposal and the Scheme is subject to the Conditions being fulfilled or waived, as applicable, and thus the Proposal may or may not be implemented and the Scheme may or may not become effective.**

(1) The Scheme

Cancellation Consideration

The Proposal provides that all the Scheme Shares be cancelled and, in consideration thereof, the Scheme Shareholders will be entitled to receive the Cancellation Consideration on the following basis:

for each Scheme Share one SPV Share

Under the Scheme, the Cancellation Consideration will be satisfied by way of SPV Shares.

The Scheme will not involve any cash payment to the Scheme Shareholders by the Offeror and/or parties acting in concert with it.

The SPV

For the purpose of the Scheme and in order to facilitate the future A-Share Listing according to relevant PRC securities regulations, the SPV has been established in the British Virgin Islands with one class of shares, the SPV Shares. The Offeror (through an indirect wholly-owned subsidiary) has obtained all issued SPV Share(s) and has appointed Mr. Lo Man Tuen, Professor He Xiaofeng and Mr. Wang Dan, being the independent non-executive Directors, as directors of the SPV. When the total number of Shares held by the Scheme Shareholders is ascertained on the Record Date, the Offeror will subscribe for further SPV Shares at par value (if there is a par value) and fully pay for such shares. It is to ensure that the number of SPV Shares will be the same as the Shares held by the Scheme Shareholders when the Scheme becomes effective. Upon the Scheme becoming effective, the Offeror will transfer all such fully paid-up SPV Shares to the Independent Shareholders. Thereafter, the SPV will be wholly-owned by the Independent Shareholders.

Upon the Scheme becoming effective, the Independent Shareholders will hold the SPV Shares. The rights of the Independent Shareholders in the SPV will be governed by the Amended and Restated Memorandum of Association and Amended and Restated Articles of Association of the SPV (the “**Memorandum and Articles**”), which is included in Appendix VI to the Scheme Document. Shareholders should read the Memorandum and Articles as set out in Appendix VI to the Scheme Document and the Bye-Laws of the Company as set out in Appendix VII to the Scheme Document carefully to understand their different rights in the SPV and the Company before making their decision regarding the Proposal.

As stated in the Memorandum and Articles, the objects (the “**Objective**”) for which the SPV is established are:

- (a) to directly or indirectly hold the Shares and the A-Share Listco Shares;
- (b) to conduct all such acts pertaining to the implementation of the A-Share Listing;

- (c) to transfer, sell or otherwise dispose of the Shares and the A-Share Listco Shares, and to distribute the proceeds of disposal and the SPV's assets to the Independent Shareholders; and
- (d) to do all such acts which are incidental to, or the board may think conducive to, the attainment of all or any of the objects set out in (a) to (c) above (including without limitation to setting up of a Hong Kong subsidiary to hold the A-Share Listco Shares, and engaging auditors, advisers, trustees and agents and fixing their remuneration in relation to (a) to (c) above).

The SPV shall not do any act which is not for the attainment of the above objects.

As informed by the representative of the Offeror, in order to ensure that the SPV can execute the Objective without interruption by any frustrated action by the shareholders of the SPV, the members of the SPV authorize the directors to do all such acts which are incidental to, or the board may think conducive to, the attainment of all or any of the objects set out in (a) to (c) above (including but not limited to the disposal of any Shares or any A-Share Listco Shares before the completion of the A-Share Listing), except the following matters will require a quorum of shareholders holding at least five percent of the voting rights of the shares entitled to vote thereon and shall be decided on a poll by a simple majority of the voting rights held by the members of the SPV present in person or by proxy at the meeting and entitled to vote thereon:

- (a) after the A-Share Listing is completed, as long as the SPV holds any A-Share Listco Shares (directly or via its subsidiary), whenever the A-Share Listco convenes any shareholders' meeting where the SPV (or its relevant subsidiary) is entitled to exercise its voting rights in any matter to be considered at such shareholders' meeting;
- (b) in considering any disposal of the Shares or A-Share Listco Shares before or after the completion of the A-Share Listing (apart from the disposal of any Shares to the Company itself or the A-Share Listco as part of the procedures to achieve A-Share Listing), the SPV shall seek advice from financial advisers in the PRC who are independent from the Offeror, its majority shareholder and its subsidiaries, the Company and the A-Share Listco. The directors shall identify one or more independent financial adviser candidate(s) and then convene a meeting of the members of the SPV to seek the members' consent on the appointment of such financial adviser candidate(s) and their engagement terms;
- (c) before the A-Share Listing is completed, in considering any offer or proposal for disposal of the Shares or A-Share Listco Shares (apart from the disposal of the Shares to the Company itself or the A-Share Listco as part of the procedures to achieve A-Share Listing), the directors shall convene a meeting of the members of the SPV to seek the members' consent on the share disposal; and

- (d) the SPV may only be voluntarily liquidated under Part XII of the BVI Business Companies Act, 2004 if it holds no Shares and no A-Share Listco Shares, it has distributed all its assets to its members, it has no liabilities and it is able to pay its debts as they become due and the value of its assets equals or exceeds its liability, provided (i) a majority of directors, and (ii) members of the SPV, have voted (in accordance with the relevant provisions of the Memorandum and Articles) in favour of the SPV being wound up.

Any other resolutions (including but not limited to amendments to the Memorandum and Articles) at the meeting of members of the SPV will require a quorum of holders holding at least 80% of the voting rights of the shares entitled to vote thereon and shall be decided on a poll of not less than 90% of the voting rights of the SPV Shares entitled to vote thereon. The Independent Shareholders and the Optionholders should note that the rights as a shareholder in the Company and in the SPV are different, especially certain of their individual rights (including but not limited to the management, operation, and winding up of the SPV) will be restricted after accepting the Proposal. We consider the limitation to be acceptable as the establishment of the SPV is to serve the purpose of the Objective in the collective interests of all Independent Shareholders and Optionholders. The Independent Shareholders and the Optionholders should read the section headed “9. PROPOSED A-SHARE LISTING” in “Part VII – Explanatory Statement” of the Scheme Document carefully for the Streamlining Step and the A-Share Listing Step, which are proposed to be conducted after the completion of the Proposal and are not part of the Proposal.

Mr. Lo Man Tuen, Professor He Xiaofeng and Mr. Wang Dan, all being independent non-executive Directors of the Company, have agreed to be the directors of the SPV. Each of them has given a formal undertaking in favour of the shareholders of the SPV as a whole that, upon his directorship taking effect, he will comply with the constitutional document of the SPV and will not do any act or omit to do any act that will have a material adverse effect on the SPV to achieve its objects as set out in its constitutional document. The purpose of having independent non-executive Directors being directors of the SPV is to protect the interests of the Independent Shareholders in the SPV due to the independence of such Directors from the Offeror and the parties acting in concert with it. **The Independent Shareholders and the Optionholders should note that there is no certainty as to whether the Objective can be fully achieved by the SPV and whether the Objective can serve the purpose to realize the value in the Shares as intended.**

As stated in the section headed “9. PROPOSED A-SHARE LISTING – A-Share Listing Step” in “Part VII - Explanatory Statement” of the Scheme Document, the SPV will also explore a mechanism (via financial institutions or otherwise) that will, after the completion of the A-Share Listing, allow each Independent Shareholder to have a choice to decide directly on the disposal of such amount of A-Share Listco Shares held by the SPV (or its subsidiary) that is proportional to such Independent Shareholder’s shareholding in the SPV, subject to the relevant laws and regulations and practical feasibility. **The Independent Shareholders and the Optionholders should note that there is no certainty as to whether the SPV will be able to establish a mechanism that will, after the completion of the A-Share Listing, allow the Independent Shareholders to have direct say on the disposal of their proportional amounts of A-Share Listco Shares held by the SPV or its subsidiary. If the SPV failed to establish such mechanism, the SPV will engage PRC financial advisers which are independent of the Offeror**

and its concert parties to provide advice to the directors of the SPV on the disposals of A-Share Listco Shares and the directors of the SPV will make decision on behalf of the SPV shareholders.

As stated in the section headed “9. PROPOSED A-SHARE LISTING – A-Share Listing Step” in “Part VII - Explanatory Statement” of the Scheme Document, it is intended that (i) all operating expenses of the SPV and the expenses incurred by the SPV to establish a mechanism that will, after the completion of the A-Share Listing, allow the SPV shareholders to have direct say on the disposal of their proportional amounts of A-Share Listco Shares held by the SPV or its subsidiary will be borne by the Offeror; (ii) the expenses to be incurred by the SPV to facilitate A-Share Listing and the fees payable to PRC financial advisers will be borne by the A-Share Listco; and (iii) the administrative expenses for transfer (if any) of SPV Share(s) by any SPV shareholder and the fees payable for using the above-mentioned mechanism will be borne by such SPV shareholder. The Independent Shareholders and the Optionholders should note that the SPV may incur other expenses falling outside the above-mentioned categories, and the Offeror will further discuss with the A-Share Listco and the SPV as to which party shall bear these expenses. An individual shareholder of the SPV may bear expenses incurred by the SPV other than those identified above, but he/she/it shall only be required to do so if the incurrence of such expenses may provide a benefit or service to such shareholder but not the other shareholders of the SPV. **The Independent Shareholders and the Optionholders should note that when neither the Offeror nor the A-Share Listco willing to take up any expenses falling outside the above-mentioned categories, the SPV may be liable of such expenses. The shareholders of the SPV should bear all the liability of the SPV as its shareholders.**

As stated in the section headed “9. PROPOSED A-SHARE LISTING – A-Share Listing Step” in “Part VII - Explanatory Statement” of the Scheme Document, after the SPV has received the sale proceeds of any batch of Sale Shares, Bought Back Shares and/or Transfer Shares, it will arrange to distribute the entire cash sale proceeds to all Independent Shareholders in proportion to their respective holdings of SPV Shares as soon as practicable subject to the applicable PRC rules and regulations as well as approval(s) from the relevant PRC government authorities. When the SPV has disposed of all A-Share Listco Shares held by it and made all cash distributions of the sale proceeds to the Independent Shareholders, the board of directors of the SPV will proceed to liquidate the SPV.

The Offeror’s PRC legal advisers advised that there is no legal obstacle on the receipt of the dividend and sale proceeds of disposal of the A-Share Listco Shares by the SPV in the existing applicable PRC rules and regulations, but subject to the completion of the relevant procedures and/or approval(s) from the relevant PRC government authorities after the SPV becomes the shareholder of the A-Share Listco, i.e. upon completion of the streamlining steps to be conducted after the Scheme becoming effective as stated in the section headed “9. PROPOSED A-SHARE LISTING” in “Part VII – Explanatory Statement” of the Scheme Document. **The Independent Shareholders and the Optionholders should note that there is no certainty as to whether, when and how the dividend and cash exit can be available to them, which is subject to the then applicable PRC rules and regulations, approval(s) from the relevant PRC government authorities and how the shareholders of the SPV can obtain cash from the SPV. Attention is also drawn that as the Company, the SPV and the A-Share Listco are incorporated in**

different jurisdictions and their respective status are not exactly the same, each of the Company, the SPV and the A-Share Listco are subject to different rules, regulations and governing bodies.

As stated in the section headed “2. TERMS OF THE PROPOSAL – (1) Scheme” in “Part IV - Letter from the Board” of the Scheme Document, upon receiving the SPV Shares, there are no restrictions for the Independent Shareholders to sell or transfer their SPV Shares in private through over-the-counter trading.

As at the Latest Practicable Date, (i) Mr. Yuan Yabin is a director of the Offeror and is therefore presumed to be a party acting in concert with the Offeror, and the Shares he holds are not part of the Scheme Shares; and (ii) Mr. Huang Songchun and Mr. Xu Xiaohua, being executive Directors, intend to vote in favour of the Scheme and the Proposal at the Court Meeting and the SGM.

(2) The Option Offer

As stated in the section headed “2. TERMS OF THE PROPOSAL – (2) Option Offer” in “Part IV - Letter from the Board” of the Scheme Document, as at the Latest Practicable Date, there were 7,380,000 Outstanding Share Options granted under the Share Option Scheme, of which 1,200,000 Share Options were held by Dr. Lam Yat Ming Eddie (being an executive Director) and the remaining 6,180,000 Share Options were held by other employees of the Group.

Under the Option Offer, the SPV will issue SPV Share Options on a one-to-one basis to actualize the “see-through” price for each Outstanding Share Option the Optionholders hold for the cancellation of every vested and unvested Share Option in accordance with Rule 13 of the Takeovers Code. The exercise price for each SPV Share Option is the same as the exercise price of the Share Option. The Option Offer will not involve any cash payment to the Optionholders by the Offeror and/or parties acting in concert with it. As at the Latest Practicable Date, Dr. Lam Yat Ming Eddie, being an executive Director, intends to accept the Option Offer in respect of his Share Options not exercised before the Latest Option Exercise Date.

Set out below is the summary of the Outstanding Share Options and the SPV Share Options to be issued by the SPV upon the Effective Date.

Outstanding Share Options			SPV Share Options		
Exercise price (HK\$)	Total number (vested and unvested)	Exercise period	Exercise price (HK\$ or equivalent)	Total number	Exercise period
1.716	7,080,000	27/10/2014- 31/10/2019	1.716	7,080,000	From Effective Date to 31/10/2019
6.91	300,000	16/4/2015- 15/4/2020	6.91	300,000	From Effective Date to 15/4/2020

If any of the Outstanding Share Options is exercised in accordance with the terms of the Share Option Scheme on or before the Latest Option Exercise Date, any Shares issued will be subject to and eligible to participate in the Scheme. All Share Options will lapse automatically on the Effective Date. The Optionholders who do not (i) exercise their Share Options on or before the Latest Option Exercise Date; or (ii) accept the Option Offer in respect of their Share Options on or before 4:30 p.m. on Thursday, 6 June 2019 will receive neither the Cancellation Consideration nor the SPV Share Options.

The rights of the Optionholders in the SPV and the Company are governed by the SPV Share Option Scheme rules and the Share Option Scheme rules respectively. The representative of the Offeror advised that the purpose of the SPV Share Option Scheme is to facilitate the Option Offer for the compliance of Rule 13 of the Takeovers Code and thus regarding the material terms of the SPV Share Option Scheme rules, there is

- (i) no change in rights of exercise, effect of takeover offers, liquidation and reconstruction on the Optionholders, and administration;
- (ii) a change in purpose of the option scheme, terms relating to the grant of options (including but not limited to the date of grant of options), eligible person, exercise of options, adjustments to the number of shares and/or exercise price, variations and termination of options, issue of new options in the event of cancellation of unexercised option to the same optionholder and governing law which are mainly due to the change in purpose of scheme; and
- (iii) a deletion of number of shares for which options may be granted, the listing of shares to be issued upon the exercise of options and acceptance of offers of options in the SPV Share Option Scheme which are mainly due to the change in purpose of scheme.

The Optionholders should read the SPV Share Option Scheme rules and the Share Option Scheme rules as contained in Appendix IV and Appendix V to the Scheme Document carefully.

The Independent Shareholders and the Optionholders should note that upon exercise of the SPV Share Options, new SPV Shares would be issued to the relevant Optionholders while no new A-Share Listco Shares would be issued to the SPV. The Optionholders should pay attention that if they accept the Option Offer, their indirect shareholding in the Company after the Proposal will be lesser because the execution of the SPV Share Option will increase the share capital of the SPV but the shareholding of the SPV in the Company will remain unchanged. Their aggregate indirect shareholding in the Company will be approximately 0.017503% upon full exercise of the SPV Share Options while their aggregate shareholding in the Company will be approximately 0.017508% upon full exercise of the Outstanding Share Options. Thus, the dilution effect on the Optionholders will be approximately 0.000005% upon full exercise of the SPV Share Options. On the other hand, the indirect shareholding of the Independent Shareholders in the Company will be diluted upon exercise of the SPV Share Options as well due to the same reason. Their aggregate indirect shareholding in the Company will be decreased to approximately 40.495842% upon full exercise of the SPV Share Options, while their aggregate shareholding in the Company will be decreased to approximately 40.506252% upon full exercise of the Outstanding Share Options. Thus, the dilution effect on the Independent Shareholders will be approximately 0.010410% upon full exercise of the SPV Share Options. In light of that the dilution effect on the Optionholders and the Independent Shareholders will be merely approximately 0.000005% and 0.010410% respectively, we consider the dilution effect to be acceptable as the Proposal provides an opportunity for the Independent Shareholders to unlock the value in the Shares. **The Optionholders should note the risks and uncertainties relating to the Proposal as mentioned in this letter when they accept the Option Offer.**

(3) The restoration of the share capital of the Company

Under the Scheme, the share capital of the Company will, on the Effective Date, be reduced by the cancellation and extinguishment of the Scheme Shares, and immediately upon such reduction of capital taking effect, the share capital of the Company will be restored to the amount immediately before the cancellation of the Scheme Shares by the issue to the SPV of such number of new Shares as is equal to the number of Scheme Shares cancelled. This will be conducted by the Company applying the credit amount arising in its books of account as a result of the capital reduction brought about by the cancellation of the Scheme Shares in paying up in full at par the new Shares to be allotted and issued, credited as fully paid, to the SPV.

(4) The withdrawal of the listing of the Shares from the Stock Exchange

Upon the Scheme becoming effective, all Scheme Shares will be cancelled and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. The Board will apply to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange in accordance with Rule 6.15 of the Listing Rules.

Although there are risks and uncertainties relating to the Proposal as stated in this letter, including but not limited to (i) certain individual rights of the Independent Shareholders (including but not limited to the management, operation and winding up of the SPV) will be restricted after accepting the Proposal; (ii) the SPV may be liable to any expenses of the SPV which the Offeror

and the A-Share Listco are not willing to take up; (iii) there is no guarantee of whether, when and how the A-Share Listing can be achieved, the value of the Shares can be unlocked or realized, and cash exit can be available; (iv) there is no guarantee of whether the Objective can be fully achieved by the SPV and whether the Objective can serve the purpose to realize the value in the Shares as indicated; (v) each of the Company, the SPV and the A-Share Listco are subject to different rules, regulations and governing bodies; and (vi) there is a dilution on indirect shareholding in the Shares of the Independent Shareholders and the Optionholders after the exercise of the SPV Share Options, we consider that the principal terms of the Proposal are acceptable as (a) the effective interest of the Independent Shareholders in the Company would remain unchanged upon the completion of the Proposal and with a potential minimal dilution effect upon exercise of the SPV Share Options; (b) the Proposal provides an opportunity for the Independent Shareholders and the Optionholders to unlock the value in the Shares and the Outstanding Share Options respectively; and (c) the establishment of the SPV is to serve the purpose of the Objective in the collective interests of all Independent Shareholders and Optionholders.

RECOMMENDATION

Although there are risks and uncertainties relating to the Proposal as stated in this letter, including but not limited to that (i) there is no guarantee of whether, when and how (a) the Proposal and the A-Share Listing can be achieved; (b) the SPV will be able to dispose of the A-Share Listco Shares; (c) the value of the Shares can be unlocked or realized and the dividend and cash exit can be available; (d) the Objective can be fully achieved by the SPV; (e) the Objective can serve the purpose to realize the value in the Shares as intended; and (f) the SPV will be able to establish a mechanism that will, after the completion of the A-Share Listing, allow the Independent Shareholders to have direct say on the disposal of their proportional amounts of A-Share Listco Shares held by the SPV or its subsidiary; (ii) the SPV may be liable to any expenses of the SPV which the Offeror and the A-Share Listco are not willing to take up; and (iii) each of the Company, the SPV and the A-Share Listco are subject to different rules, regulations and governing bodies, after taking into account of

- whether trading in the Shares can be resumed before the end of July 2019 is uncertain. The Stock Exchange may cancel the Company’s listing if trading in the Shares has remained suspended for 12 continuous months from the Commencement Date pursuant to Rule 6.01A(2)(b) of the Listing Rules. The Independent Shareholders may not be able to realize the value in the Shares in lack of a public trading platform for the Shares thereafter;
- according to the advice of the Offeror’s PRC legal advisers, it is not feasible to achieve the A-Share Listing if the Company has a large number of non-PRC Independent Shareholders as it is the case currently and it is feasible under the PRC laws and regulations for the A-Share Listco to make application for A-Share Listing if the Independent Shareholders hold the entire share capital of the SPV and the SPV is one of the shareholders of the A-Share Listco;
- the Proposal provides an opportunity to the Independent Shareholders to obtain cash from the SPV disposing of A-Share Listco Shares; and
- the principal terms of the Proposal are acceptable as stated in the paragraph headed “4. Principal terms of the Proposal” above,

we consider that the Proposal provides an opportunity for the Independent Shareholders and the Optionholders to unlock the value in the Shares and the Outstanding Share Options respectively and the terms of the Proposal are fair and reasonable so far as the Independent Shareholders and the Optionholders are concerned. Accordingly, we advise the Independent Board Committee to advise (i) the Independent Shareholders to vote in favour of the resolution(s) to approve the Scheme/Proposal (as applicable) at the Court Meeting and at the SGM; and (ii) the Optionholders to accept the Option Offer.

By accepting the Proposal, whether the A-Share Listing can be achieved or not, the rights and position of the Independent Shareholders as SPV shareholders would be different to their existing rights and position as the Shareholders of the Company. As different Shareholders or Optionholders would have different levels of risk tolerance, investment objectives and/or circumstances, notwithstanding our recommendations, the Independent Shareholders and the Optionholders should (i) carefully consider the information, risks and uncertainties relating to the Proposal as stated in this letter, the Scheme Document and the appendices to the Scheme Document; and (ii) consult their own professional advisers (including but not limited to securities dealer, bank manager, solicitor, or other professional advisers) before making the decision regarding the Proposal.

The Independent Shareholders and the Optionholders should read carefully the procedures for accepting the Proposal with details set out in the Scheme Document, the appendices to the Scheme Document and the Form of Acceptance.

Yours faithfully,
For and on behalf of
TC Capital International Limited
Edward Wu
Chairman

Note: Mr. Edward Wu has been a responsible officer of Type 6 (advising on corporate finance) regulated activities under the SFO since 2005. He has participated in and completed various advisory transactions of listed companies in Hong Kong.

The English translation of the Chinese name(s) in this letter, where indicated with is included for information purpose only and should not be regarded as the official English name(s) of such Chinese names.*

This Explanatory Statement constitutes the statement required under Section 100 of the Bermuda Companies Act.

1. INTRODUCTION

The Offeror Board and the Board jointly announced on 26 February 2019 that, on 21 December 2018, the Offeror requested the Board to put forward to the Scheme Shareholders a proposal in respect of the securities of the Company by way of a scheme of arrangement under Section 99 of the Bermuda Companies Act and an offer to be made to the Optionholders. The Offeror is the controlling shareholder of the Company, indirectly holding 16,916,845,121 Shares which represent approximately 40.14% of the issued share capital of the Company as at the Latest Practicable Date.

The purpose of this Explanatory Statement is to set out the terms and effects of the Proposal and to give the Scheme Shareholders and the Optionholders other relevant information in relation to the Proposal and the Scheme in particular, to provide the intentions of the Offeror with regard to the Company.

Particular attention of the Scheme Shareholders and the Optionholders is drawn to: (a) a letter from the Board set out in “Part IV – Letter from the Board” of this Scheme Document; (b) a letter of recommendation from the Independent Board Committee set out in “Part V – Letter from the Independent Board Committee” of this Scheme Document; (c) a letter of advice from the Independent Financial Adviser set out in “Part VI – Letter from TC Capital” of this Scheme Document; (d) the Scheme set out in “Appendix III – Scheme of Arrangement” to this Scheme Document; and (e) the letter being sent to all Optionholders in respect of the Option Offer together with this Scheme Document, a sample of which is set out in “Appendix X – Sample Option Offer Letter” to this Scheme Document.

2. TERMS OF THE PROPOSAL

(1) The Scheme

Cancellation Consideration

The Proposal provides that all the Scheme Shares be cancelled and, in consideration thereof, the Scheme Shareholders will be entitled to receive the Cancellation Consideration on the following basis:

for each Scheme Share one SPV Share

Under the Scheme, the Cancellation Consideration will be satisfied by way of SPV Shares.

The Scheme will not involve any cash payment to the Scheme Shareholders by the Offeror and/or parties acting in concert with it.

As at the Latest Practicable Date, the Company has 42,145,676,048 Shares in issue and 7,380,000 Share Options. The Independent Shareholders were interested in 17,074,623,027 Shares, representing approximately 40.51% of the issued share capital of the Company, and the Offeror and persons acting in concert with the Offeror were interested in 25,071,053,021 Shares, representing approximately 59.49% of the issued share capital of the Company as at the Latest Practicable Date.

On 20 May 2010, Hanergy Holding and the Company (formerly known as Apollo Solar Energy Technology Holdings Limited) entered into a subscription agreement (the “**Subscription Agreement**”), pursuant to which Hanergy Holding will subscribe for an aggregate of 4,911,528,960 Shares (the “**Subscription Shares**”) at the subscription price of HK\$0.239 per Subscription Share. The Subscription Shares would be issued in three tranches subject to fulfillment (or waiver) of the conditions set out in the Subscription Agreement. The first tranche of 1,964,611,584 Subscription Shares at the subscription price of HK\$0.239 per Subscription Share were issued on 27 February 2013. Due to the conditions of issuance of the second and third tranches of Subscription Shares have not been fulfilled (or waived) in accordance with the Subscription Agreement and its supplementary agreements as at the Latest Practicable Date, the second tranche of 1,473,458,688 Subscription Shares and the third tranche of 1,473,458,688 Subscription Shares will not be issued to Hanergy Holding.

Save as disclosed above and in the section headed “2. TERMS OF THE PROPOSAL (2) Option Offer” in this Part VII below, the Company has no other outstanding Shares, options, warrants, derivatives or other securities that are convertible or exchangeable into Shares or other types of securities in the Company as at the Latest Practicable Date.

Shareholders whose names appear on the register of members of the Company as at the record date for entitlement to a dividend (if any) declared by the Company on or before the Effective Date will be entitled to receive such dividend (if any). The Company does not expect to declare any further dividend on or before the Effective Date.

The SPV

For the purpose of the Scheme and in order to facilitate the future A-Share Listing according to relevant PRC securities regulations, the SPV has been established in the British Virgin Islands with one class of shares, the SPV Shares. The Offeror (through an indirect wholly-owned subsidiary) has obtained all issued SPV Share(s) and has appointed Mr. Lo Man Tuen, Professor He Xiaofeng and Mr. Wang Dan, being independent non-executive Directors, as directors of the SPV.

When the total number of Shares held by the Scheme Shareholders is ascertained on the Record Date, the Offeror will subscribe for further SPV Shares at par value (if there is a par value) and fully pay for such shares. It is to ensure that the number of SPV Shares will be the same as the Shares held by the Scheme Shareholders when the Scheme becomes effective.

Upon the Scheme becoming effective, the Offeror will transfer all such fully paid-up SPV Shares to the Independent Shareholders. Thereafter, the SPV will be wholly-owned by the Independent Shareholders.

Upon receiving the SPV Shares, there are no restrictions for the Independent Shareholders to sell or transfer their SPV Shares in private through over-the-counter trading.

The Offeror has engaged Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong as the Hong Kong branch share registrar of the SPV. Tricor Investor Services Limited will issue and distribute share certificates of the SPV Shares to the Scheme Shareholders upon the Scheme becoming effective pursuant to the terms of this Scheme Document, and will also act as transfer agent of the SPV Shares by processing any transfer of SPV Shares.

The constitutional document of SPV is set out in “Appendix VI – Constitutional Document of SPV” to this Scheme Document.

As set out in the memorandum and articles of association of the SPV, the objects for which the SPV is established are:

- (a) to directly or indirectly hold the Shares and the A-Share Listco Shares;
- (b) to conduct all such acts pertaining to the implementation of the A-Share Listing;

- (c) to transfer, sell or otherwise dispose of the Shares and the A-Share Listco Shares, and to distribute the proceeds of disposal and the SPV's assets to the Independent Shareholders; and
- (d) to do all such acts which are incidental to, or the board may think conducive to, the attainment of all or any of the objects set out in (a) to (c) above (including without limitation to setting up of a Hong Kong subsidiary to hold the A-Share Listco Shares, and engaging auditors, advisers, trustees and agents and fixing their remuneration in relation to (a) to (c) above).

The SPV shall not do any act which is not for the attainment of the above objects.

Mr. Lo Man Tuen, Professor He Xiaofeng and Mr. Wang Dan, all being independent non-executive Directors of the Company, have agreed to be the directors of the SPV. Each of them has given a formal undertaking in favour of the shareholders of the SPV as a whole that, upon his directorship taking effect, he will comply with the constitutional document of the SPV and will not do any act or omit to do any act that will have a material adverse effect on the SPV to achieve its objects as set out in its constitutional document. The purpose of having independent non-executive Directors being directors of the SPV is to protect the interests of the Independent Shareholders in the SPV due to the independence of such Directors from the Offeror and the parties acting in concert with it.

At any meeting of members of the SPV, a resolution put to the vote of the meeting (save for the situation where the resolution relates to any Designated Matter (as defined in the constitutional document of the SPV)) shall be decided by members of the SPV holding not less than ninety (90) percent of voting rights of the shares entitled to vote on such resolution. For further details on voting, please refer to the constitutional document of the SPV in Appendix VI to this Scheme Document.

For your reference, the constitutional document of the Company is set out in "Appendix VII – Constitutional Document of the Company" to this Scheme Document and both English and Chinese versions can also be downloaded from the official website of Hong Kong Exchanges and Clearing Limited under the following webpages:

<http://www3.hkexnews.hk/listedco/listconews/SEHK/2017/0608/LTN20170608350.pdf> and
http://www3.hkexnews.hk/listedco/listconews/SEHK/2017/0608/LTN20170608351_C.pdf.

(2) Option Offer

As at the Latest Practicable Date, there were 7,380,000 Outstanding Share Options granted under the Share Option Scheme, of which 1,200,000 Share Options were held by Mr. Lam Yat Ming Eddie (being an executive Director) and the remaining 6,180,000 Share Options were held by other employees of the Group. As at the Latest Practicable Date, the Offeror and the parties acting in concert with the Offeror did not hold any Share Options.

The Offeror is required to make (or procure to be made on its behalf) an appropriate offer to all the holders of the Outstanding Share Options in accordance with Rule 13 of the Takeovers Code. The Option Offer will be conditional upon the Scheme becoming effective and will take effect on the Effective Date.

Under the Option Offer, the SPV will issue SPV Share Options on a one-to-one basis to actualize the "see-through" price for each Outstanding Share Option they hold for the cancellation of every vested and unvested Share Option in accordance with Rule 13 of the Takeovers Code. The exercise price for each SPV Share Option is exactly the same as the exercise price of the Share Option.

For such purpose the SPV has adopted the SPV Share Option Scheme, the rules of which are set out in “Appendix IV – SPV Share Option Scheme Rules” to this Scheme Document.

Outstanding Share Options			SPV Share Options		
Exercise price (HK\$)	Total number (vested and unvested)	Exercise period	Exercise price (HK\$ or equivalent)	Total number	Exercise period
1.716	7,080,000	27/10/2014-31/10/2019	1.716	7,080,000	From Effective Date to 31/10/2019
6.91	300,000	16/4/2015-15/4/2020	6.91	300,000	From Effective Date to 15/4/2020

Under the Option Offer, the SPV Share Options certificates are expected to be dispatched on Tuesday, 18 June 2019.

The Option Offer Letter setting out the terms and conditions of the Option Offer is being dispatched separately to Optionholders and is substantially in the form set out in “Appendix X – Sample Option Offer Letter” to this Scheme Document.

If any of the Outstanding Share Options is exercised in accordance with the terms of the Share Option Scheme on or before the Latest Option Exercise Date, any Shares so issued will be subject to and eligible to participate in the Scheme.

The Option Offer will be extended to all Outstanding Share Options in issue, whether or not such Outstanding Share Options have been vested, on the date on which the Option Offer is made.

The Option Offer will not involve any cash payment to the Optionholders by the Offeror and/or parties acting in concert with it.

All Share Options will lapse automatically on the Effective Date. Optionholders who do not (i) exercise their Share Options on or before the Latest Option Exercise Date; or (ii) accept the Option Offer in respect of their Share Options on or before 4:30 p.m. on Thursday, 6 June 2019 will receive neither the Cancellation Consideration nor the SPV Share Options.

(3) Conditions of the Proposal

The implementation of the Proposal is, and the Scheme will become effective and binding on the Company and all Shareholders, subject to fulfillment (or where applicable, waiver) of the following Conditions:

- (a) the approval of the Scheme (by way of poll) by a majority in number of the Scheme Shareholders representing not less than three-fourths in value of the Scheme Shares held by the Scheme Shareholders, present and voting either in person or by proxy at the Court Meeting;

- (b) the approval of the Scheme (by way of poll) by at least 75% of the votes attaching to the Scheme Shares held by Independent Shareholders that are voted either in person or by proxy at the Court Meeting, provided that the number of votes cast (by way of poll) against the resolution to approve the Scheme is not more than 10% of the votes attaching to all the Scheme Shares held by the Independent Shareholders;
- (c) the passing of a special resolution by the Shareholders (other than those who are prohibited from voting under relevant laws, rules or regulations) present and voting in person or by proxy at the SGM to approve and give effect to (i) the reduction of the issued share capital of the Company by cancelling and extinguishing the Scheme Shares; and (ii) the issue and allotment of new Shares of such number as is equal to the number of Scheme Shares cancelled immediately thereafter to the SPV;
- (d) the sanction of the Scheme (with or without modifications) by the Court and the delivery to the Registrar of Companies in Bermuda of a copy of the Court Order for registration;
- (e) the necessary compliance with the procedural requirements and conditions (if any) of the Bermuda Companies Act in relation to the Scheme and the reduction of the issued share capital of the Company under section 46(2) of the Bermuda Companies Act respectively;
- (f) all authorisations (if any) in connection with the Proposal from or with (as the case may be) the Relevant Authorities in the PRC, Hong Kong, Bermuda and/or any other relevant jurisdictions having been obtained and, if applicable, any waiting periods having expired or terminated (in each case where such authorisation is material in the context of the Group as a whole and in the context of the Proposal);
- (g) all authorisations (if any) remaining in full force and effect without verification, and all necessary statutory or regulatory obligations in all relevant jurisdictions having been complied with and no requirement having been imposed by any Relevant Authorities in relevant laws, rules, regulations or codes in connection with the Proposal or any matters, documents (including circulars) or things relating thereto, in each aforesaid case up to and at the time when the Scheme becomes effective (in each case where such authorisation is material in the context of the Group as a whole and in the context of the Proposal);
- (h) no government, governmental, quasi-governmental, statutory or regulatory body, court or agency in any jurisdiction having taken or instituted any action, proceeding or suit (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) that would make the Proposal or the Scheme or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Proposal or the Scheme or its implementation in accordance with its terms), other than such actions, proceedings or suits as would not have a material adverse effect on the legal ability of the Offeror to proceed with the Proposal or the Scheme;
- (i) since the date of the Announcement, there having been no adverse change in the business, assets, financial or trading positions, profits or prospects of any member of the Group (to an extent which is material in the context of the Company and its subsidiaries taken as a whole or in the context of the Proposal); and
- (j) since the date of the Announcement, no litigation, arbitration proceedings, prosecution or other legal proceedings being instituted against any member of the Group and no such proceedings being threatened in writing against any such member (and no investigation by any government or quasi-governmental, supranational, regulatory or investigative body or court in respect of any such member or the business carried on by any such member having been threatened in writing, announced or instituted), in each case which is material and adverse in the context of the Group taken as a whole and in the context of the Proposal.

Conditions (a) to (e) cannot be waived in any event.

The Offeror reserves the right to waive Conditions (f) to (j) either in whole or in part, either generally or in respect of any particular matter. The Offeror may not invoke Conditions (f) or (g) unless any of the authorisations or actions referred in those Conditions are either not obtained or are obtained subject to conditions imposed by the Relevant Authorities and any of those conditions cannot reasonably be satisfied by the Offeror or is otherwise unduly burdensome or onerous to the Offeror or any person acting in concert with the Offeror. The Company has no right to waive any of the Conditions.

Assuming that all the Conditions are satisfied or validly waived (if applicable) on or before the Long Stop Date, it is expected that the Scheme will become binding and effective on or before Thursday, 6 June 2019. A further announcement would be made in the event of a material change to the expected Effective Date of the Scheme.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions as a basis for not proceeding with the Scheme if the circumstances which give rise to a right to invoke any such Condition are of material significance to the Offeror in the context of the Proposal.

All of the Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date (or such later date as the Offeror and the Company may agree or, to the extent applicable, as the Court may direct and in all cases, as permitted by the Executive), failing which the Proposal and the Scheme will lapse. An announcement would be made by the Offer and the Company if the Scheme were to lapse.

(4) Restoration of the share capital of the Company

Under the Scheme, the share capital of the Company will, on the Effective Date, be reduced by the cancellation and extinguishment of the Scheme Shares, and immediately upon such reduction of capital taking effect, the share capital of the Company will be restored to the amount immediately before the cancellation of the Scheme Shares by the issue to the SPV of such number of new Shares as is equal to the number of Scheme Shares cancelled. This will be conducted by the Company applying the credit amount arising in its books of account as a result of the capital reduction brought about by the cancellation of the Scheme Shares in paying up in full at par the new Shares to be allotted and issued, credited as fully paid, to the SPV.

Warnings:

Shareholders and/or potential investors should be aware that the implementation of the Proposal and the Scheme is subject to the Conditions being fulfilled or waived, as applicable, and thus the Proposal may or may not be implemented and the Scheme may or may not become effective. Shareholders and potential investors should therefore exercise caution when dealing in securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

3. THE SCHEME AND THE COURT MEETING

According to Section 99 of the Bermuda Companies Act where an arrangement is proposed between a company and its members or any class of them, the Court may, on the application of the company or any member of the company, order a meeting of the members of the company or class of members, as the case may be, to be summoned in such manner as the Court directs.

It is expressly provided in Section 99 of the Bermuda Companies Act that if a majority in number representing three-fourths in nominal value of the members or class of members, as the case may be, present and voting either in person or by proxy at the meeting or meetings, as the case may be, summoned as directed by the Court as aforesaid, agree to any arrangement, the arrangement shall, if sanctioned by the Court, be binding on all members or class of members, as the case may be, and also on the company.

4. ADDITIONAL REQUIREMENTS AS IMPOSED BY RULE 2.10 OF THE TAKEOVERS CODE

In addition to satisfying any requirements imposed by law as summarized above, other than with the consent of the Executive to dispense with compliance or strict compliance therewith, Rule 2.10 of the Takeovers Code requires that the Scheme may only be implemented if:

- (a) the Scheme is approved by Independent Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by Independent Shareholders that are voted either in person or by proxy at the Court Meeting; and
- (b) the number of votes cast by Independent Shareholders present and voting either in person or by way of proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all Scheme Shares held by all the Independent Shareholders.

5. BINDING EFFECT OF THE SCHEME

Notwithstanding the fact that there may be a dissenting minority, if the Scheme is approved at the Court Meeting in accordance with the requirements of Section 99 of the Bermuda Companies Act and Rule 2.10 of the Takeovers Code, as described above, and is sanctioned by the Court and the other Conditions are either fulfilled or (to the extent permitted) waived, the Scheme will become binding on the Company and all Scheme Shareholders, regardless of how they voted (or whether they voted) at the Court Meeting and the SGM.

The Offeror has agreed to appear by counsel on the hearing of the petition to sanction the Scheme and to undertake to the Court to be bound thereby and to execute and do, and procure to be executed and done, all such documents, acts and things as may be necessary or desirable to be executed or done by the Offeror for the purpose of giving effect to the Scheme.

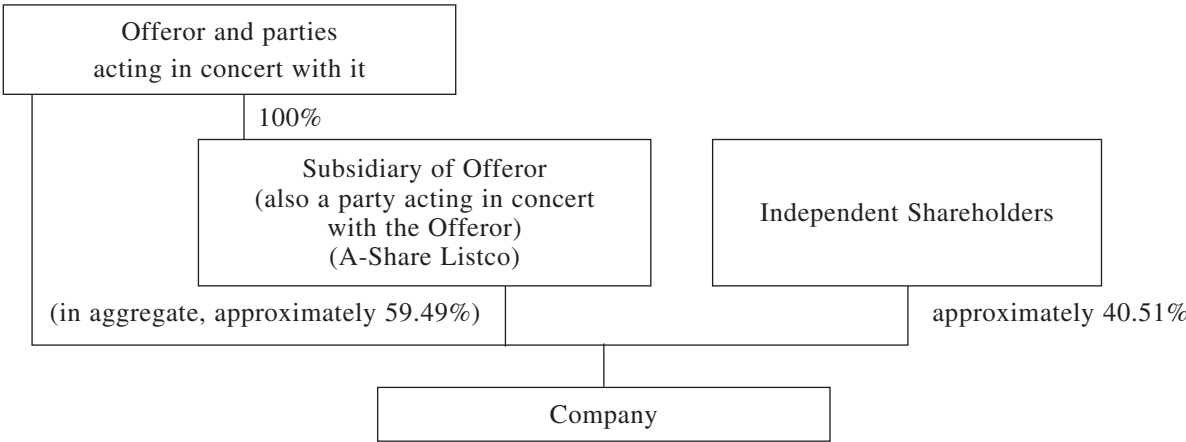
6. IRREVOCABLE UNDERTAKINGS TO ACCEPT THE PROPOSAL

As at the Latest Practicable Date, none of the Offeror, the SPV and persons acting in concert with any of them has received any irrevocable commitment from any Shareholders in respect of voting at the Court Meeting and/or the SGM.

7. SHAREHOLDING STRUCTURE OF THE COMPANY

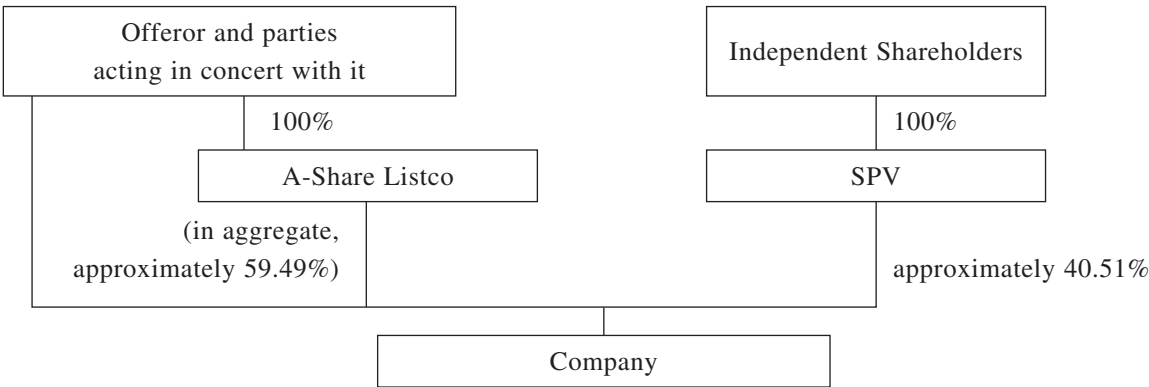
As at the Latest Practicable Date, the existing shareholding structure of the Company is summarised in Diagram 1 as follows:

Diagram 1



When the Scheme becomes effective, the SPV will be owned 100% by the Scheme Shareholders and has only one piece of assets – the Shares, as depicted in Diagram 2 below.

Diagram 2



Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date and (ii) immediately upon completion of the Proposal, assuming that there are no changes to the issued share capital of the Company from the Latest Practicable Date:

Shareholders	As at the Latest Practicable Date		Immediately upon completion of the Proposal	
	Number of Shares	Approx. %	Number of Shares	Approx. %
Offeror and parties acting in concert with it				
Subsidiaries of the Offeror				
(see Note 1)	16,916,845,121	40.14	16,916,845,121	40.14
漢能光伏科技有限公司 (see Note 1)	700,000,000	1.66	700,000,000	1.66
Hanergy Holding and others				
(see Note 2)	7,433,987,900	17.64	7,433,987,900	17.64
Mr. YUAN Yabin (see Note 3)	20,220,000	0.05	20,220,000	0.05
SPV	–	–	17,074,623,027	40.51
Independent Shareholders				
Independent Shareholders	17,074,623,027	40.51	–	–
Total	42,145,676,048	100.00	42,145,676,048	100.00

Note:

- (1) The Offeror is beneficially owned as to 99.75% by 漢能光伏科技有限公司. 漢能光伏科技有限公司 was beneficially owned as to 48.08% and 51.92% by 麗江博雅太和新能源投資顧問有限公司 and 河源漢鼎能源科技有限公司 respectively until 27 March 2019 when 麗江博雅太和新能源投資顧問有限公司 and 河源漢鼎能源科技有限公司 transferred their entire equity interests in 漢能光伏科技有限公司 to 廣東河遠乘達能源技術研發有限公司. As at the Latest Practicable Date, 漢能光伏科技有限公司 is wholly owned by 廣東河遠乘達能源技術研發有限公司 which is in turn wholly owned by 北京匯點智盛新能源技術有限公司. The equity interests in 北京匯點智盛新能源技術有限公司 are held as to 70% and 30% by Ms. Li Xue (李雪) and Ms. Li Xia (李霞) respectively.

The remaining 0.25% equity interest in the Offeror was beneficially owned by 河源漢鼎能源科技有限公司 until 27 March 2019 when 河源漢鼎能源科技有限公司 transferred such 0.25% equity interest in the Offeror to 北京謙東科技有限公司. The equity interests in 北京謙東科技有限公司 are held as to 70% and 30% by Ms. Li Xue and Ms. Li Xia respectively.

Ms. Li Xue and Ms. Li Xia are Mr. Li Hejun's sisters.

Mr. Li Hejun as the appointor and Ms. Li Xue and Ms. Li Xia as the appointees entered into a shareholding entrustment arrangement whereby Mr. Li Hejun entrusts Ms. Li Xue and Ms. Li Xia to hold the Shares held by the Offeror's subsidiaries and 漢能光伏科技有限公司 and all rights related to those Shares for the benefit, and on behalf, of Mr. Li Hejun via the Offeror and 漢能光伏科技有限公司. Such rights include but are not limited to the voting rights attached to those Shares. Accordingly, the control over those Shares has remained with Mr. Li Hejun. The Offeror has made an application to the Executive for a waiver (the "Waiver") pursuant to Note 6 of Rule 26.1 of the Takeovers Code from an obligation on the part of each of Ms. Li Xue, Ms. Li Xia and their respective concert parties to make a general offer for the securities of the Company pursuant to Rule 26.1 of the Takeovers Code as a result of the above transfers and the Executive has granted the Waiver. Please refer to the joint announcement made by the Offeror and the Company on 23 April 2019.

- (2) "Others" refers to 江蘇武進漢能薄膜太陽能有限公司 (Hanergy Holding's wholly-owned subsidiary) and Li Weijun (李偉均), a shareholder of Hanergy Holding and Mr. Li Hejun's brother.
- (3) Mr. Yuan Yabin is a director of the Offeror and is therefore presumed to be a party acting in concert with the Offeror, and the Shares he holds are not part of the Scheme Shares.

8. REASONS AND BENEFITS OF THE PROPOSAL

Trading in the Shares has been suspended on the Stock Exchange since 20 May 2015. It is highly uncertain whether trading in the Shares can be resumed before the end of July 2019 which is the deadline applicable to the Company under Rule 6.01A(2)(b) of the Listing Rules. The Independent Shareholders will find it extremely hard to dispose of the Shares or realize any value in the Shares in lack of a stock exchange or a public trading platform for the Shares.

The Proposal provides a possible way for the Independent Shareholders to unlock the value in the Shares. The ultimate objective of the Proposal is to pave the way for the businesses of the Company to be put under a company to be listed on a stock exchange in the PRC, and therefore it is expected that the Independent Shareholders may eventually obtain cash from the SPV disposing of A-Share Listco Shares after the completion of the Proposal.

The Offeror has sought advice from its PRC legal advisers and according to the advice of the PRC legal advisers, it is not feasible to achieve the A-Share Listing if the Company has a large number of non-PRC Independent Shareholders as it is the case currently. Further, the Offeror's PRC legal advisers confirmed that it is feasible under the PRC laws and regulations for the A-Share Listco to make application for A-Share Listing if the Independent Shareholders hold the entire share capital of the SPV and the SPV is one of the shareholders of the A-Share Listco as depicted in Diagram 3 below.

The Offeror Board believes that the Proposal offers the Independent Shareholders an opportunity to swap their Shares for SPV Shares in connection with the proposed A-Share Listing.

Your attention is drawn to the section headed "9. PROPOSED A-SHARE LISTING" in this Explanatory Statement for details.

9. PROPOSED A-SHARE LISTING

The following steps are proposed to be conducted after the completion of the Proposal but are not part of the Proposal.

Streamlining Step

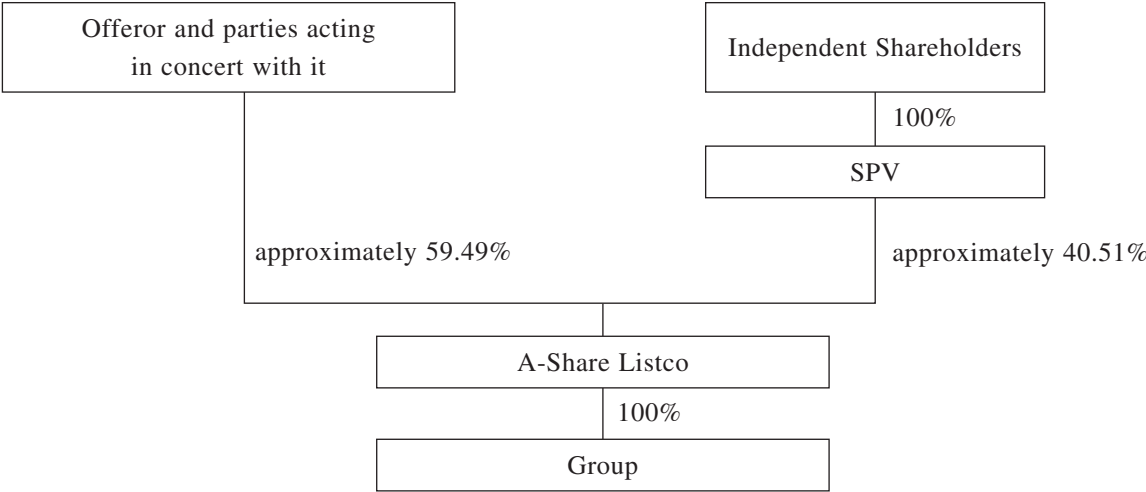
- (a) After further due diligence conducted by the Offeror, the Offeror will identify a subsidiary (the "**A-Share Listco**") as the company which fulfils the relevant listing requirements in the PRC and is proposed to apply for listing on a stock exchange in the PRC (the "**A-Share Listing**").
- (b) Subject to applicable laws, the Company will buy-back all Shares from SPV by cash, and the SPV will use the same amount of cash to subscribe for new shares in the A-Share Listco (the "**A-Share Listco Shares**"). After such subscription, SPV's shareholding in A-Share Listco will be the same percentage as its shareholding in the Company immediately before such Shares buy-back.

- (c) Also, the shareholding structure in the Company will be streamlined so that A-Share Listco will be the only shareholder of the Company. Such streamlining procedures are being ascertained and this step will not involve any cash payment by the Offeror and/or parties acting in concert with it to the Independent Shareholders.
- (d) The Streamlining Step will not bring about a reduction in net assets within the group of A-Share Listco and the Company. The shareholding interest to be held by the Independent Shareholders in the SPV will remain the same throughout the Streamlining Step.

The Offeror and its PRC advisers have commenced due diligence as described in paragraph (a) above. The Offeror anticipates that the Streamlining Step will be completed within 6 months from the completion of the Proposal. However, the Streamlining Step will also be subject to completion of the procedures required under the PRC laws and regulations and approvals of the relevant PRC authorities. Thus, the Offeror is not able to give a commitment on when the Streamlining Step will be completed although it will use its best endeavours to facilitate the Streamlining Step.

When the Streamlining Step is completed, the shareholding structure of A-Share Listco and the Company will be streamlined, as depicted in Diagram 3 below.

Diagram 3



A-Share Listing Step

- (a) A-Share Listco will apply for A-Share Listing as stated in above Streamlining Step.
- (b) In order to allow the Independent Shareholders to benefit from the A-Share Listing, A-Share Listco will apply to the CSRC for the SPV to dispose of a certain percentage of A-Share Listco Shares held by the SPV as part of the offer shares in the A-Share Listing, subject to the approval from CSRC (the “Sale Shares”). The purpose is to allow the Independent Shareholders to obtain cash from the disposal of the Sale Shares without being subject to the post-IPO lock-up period ordinarily applied to existing shareholders of a listing applicant. The other part of the offer shares will be new shares to be issued by A-Share Listco at the same offer price of the Sale Shares.

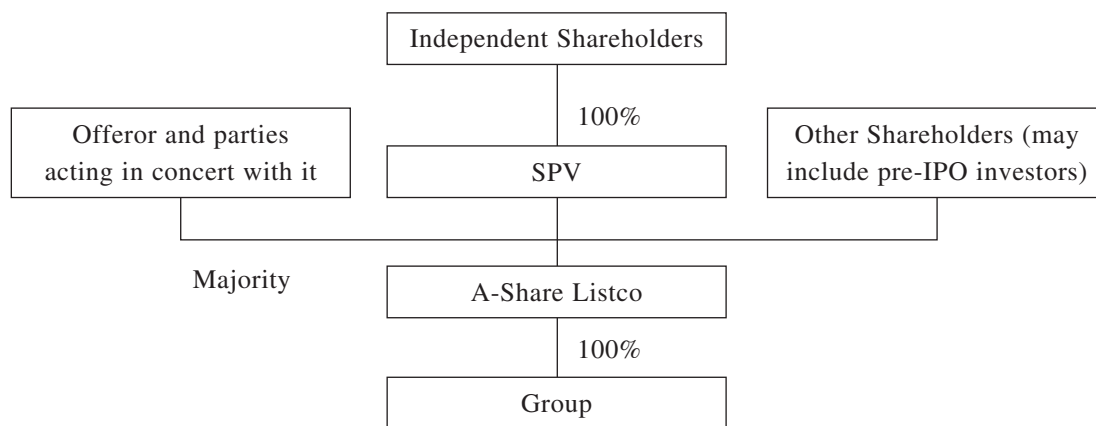
The remaining A-Share Listco Shares held by the SPV will be disposed of after the lock-up period applicable to the SPV as a shareholder of A-Share Listco and in accordance with the applicable laws and regulations in the PRC.

The Offeror's PRC legal adviser has advised that under the usual circumstances, the lock-up period is one year or three years from the listing date depending on the restructuring method leading to the A-Share Listing.

- (c) The Offeror will also explore the possibility of requiring A-Share Listco to buy back certain amount of A-Share Listco Shares held by the SPV (the "**Bought Back Shares**") after the A-Share Listing is completed.
- (d) If any entity/person is interested to invest in A-Share Listco as a pre-IPO investor, the Offeror and/or parties acting in concert with it will discuss with the investor as to whether it will consider acquiring wholly or partially the A-Share Listco Shares held by the SPV (the "**Transfer Shares**").
- (e) The SPV will engage PRC financial advisers which are independent of the Offeror and its concert parties to provide advice to the SPV on the disposals of A-Share Listco Shares before the A-Share Listing, as part of the A-Share Listing and after the A-Share Listing, in order to safeguard the interests of the Independent Shareholders.
- (f) After the SPV has received the sale proceeds of any batch of Sale Shares, Bought Back Shares and/or Transfer Shares, it will arrange to distribute the entire cash sale proceeds to all Independent Shareholders in proportion to their respective holdings of SPV Shares as soon as practicable subject to the applicable PRC rules and regulations as well as approval(s) from the relevant PRC government authorities.
- (g) The SPV will also explore a mechanism (via financial institutions or otherwise) that will, after the completion of the A-Share Listing, allow each Independent Shareholder to have a choice to decide directly on the disposal of such amount of A-Share Listco Shares held by the SPV (or its subsidiary) that is proportional to such Independent Shareholder's shareholding in the SPV, subject to the relevant laws and regulations and practical feasibility.
- (h) It is intended that (i) all operating expenses of the SPV and the expenses incurred by the SPV to establish a mechanism that will, after the completion of the A-Share Listing, allow the SPV shareholders to have direct say on the disposal of their proportional amounts of A-Share Listco Shares held by the SPV or its subsidiary will be borne by the Offeror; (ii) the expenses to be incurred by the SPV to facilitate A-Share Listing and the fees payable to PRC financial advisers will be borne by the A-Share Listco; and (iii) the administrative expenses for transfer (if any) of SPV Share(s) by any SPV shareholder and the fees payable for using the above-mentioned mechanism will be borne by such SPV shareholder. The Independent Shareholders and Optionholders should note that the SPV may incur other expenses falling outside the above-mentioned categories, and the Offeror will further discuss with the A-Share Listco and the SPV as to which party shall bear these expenses. An individual shareholder of the SPV may bear expenses to be incurred by the SPV other than those identified above, but he/she/it shall only be required to do so if the incurrence of such expenses may provide a benefit or service to such shareholder but not the other shareholders of the SPV.
- (i) When the SPV has disposed of all A-Share Listco Shares held by it and made all cash distributions of the sale proceeds to the Independent Shareholders, the board of directors of the SPV will proceed to liquidate the SPV.

After a successful A-Share Listing and as long as the SPV holds any A-Share Listco Share, the shareholding structure of A-Share Listco and the Company will be as depicted in Diagram 4 below.

Diagram 4



Warnings:

Shareholders and potential investors should be aware that none of the Offeror or parties acting in concert with it, the SPV, the Company and BaoQiao Partners will give any guarantee of whether, when and how the A-Share Listing can be achieved, including but not limited to the A-Share listing group structure, size and methods of Pre-IPO and IPO fund raisings, etc. Further, none of them will provide any compensation (in cash or in any other form) to the Independent Shareholders if A-Share Listing cannot be achieved after a certain period of time.

If the A-Share Listing cannot be completed, the Independent Shareholders will be holding on to unlisted SPV Shares for which there is no exchange platform for transfers.

Even if the A-Share Listing is completed, there is no certainty as to (a) when and how the SPV will be able to dispose of the A-Share Listco Shares; (b) at what price the A-Share Listco Shares can be sold; (c) when the cash exit can be available to the Independent Shareholders, via the proposed A-Share Listing; and (d) whether the SPV will be able to establish a mechanism that will, after the completion of the A-Share Listing, allow the Independent Shareholders to have direct say on the disposal of their proportional amounts of A-Share Listco Shares held by the SPV or its subsidiary. If the SPV failed to establish such mechanism, the SPV will engage PRC financial advisers which are independent of the Offeror and its concert parties to provide advice to the directors of the SPV on the disposals of A-Share Listco Shares and the directors of the SPV will make decision on behalf of the SPV shareholders. Therefore, it is highly uncertain that the value of the Shares can be unlocked or realized, and that any cash exit can be available, which is subject to the applicable PRC rules and regulations as well as approval(s) from the relevant PRC government authorities, to the Independent Shareholders, via the proposed A-Share Listing.

10. INFORMATION ON THE OFFEROR AND THE GROUP

The Offeror is a company incorporated in the PRC with limited liability and principally engages in investment management and asset management. As at the Latest Practicable Date, the Offeror is the controlling shareholder of the Company and was interested in 16,916,845,121 Shares which represent approximately 40.14% of the issued share capital of the Company.

Set out below is the shareholding structure of the Offeror (i) as at the Latest Practicable Date and (ii) immediately upon completion of the Proposal, assuming that there are no changes to the issued share capital of the Offeror after the Latest Practicable Date:

Shareholders of the Offeror	As at the Latest Practicable Date		Immediately upon completion of the Proposal	
	Amount of contribution to the Offeror's registered capital (in RMB 'million)	Approx. %	Amount of contribution to the Offeror's registered capital (in RMB 'million)	Approx. %
漢能光伏科技有限公司 ^{Note}	69,828	99.75	69,828	99.75
北京謙東科技有限公司 ^{Note}	172	0.25	172	0.25
Total	70,000	100.00	70,000	100.00

Note:

漢能光伏科技有限公司 is wholly owned by 廣東河遠秉達能源技術研發有限公司 which is in turn wholly owned by 北京匯點智盛新能源技術有限公司. The equity interests in 北京匯點智盛新能源技術有限公司 are held as to 70% and 30% by Ms. Li Xue and Ms. Li Xia respectively.

The equity interests in 北京謙東科技有限公司 are held as to 70% and 30% by Ms. Li Xue and Ms. Li Xia respectively.

Ms. Li Xue and Ms. Li Xia are Mr. Li Hejun's sisters.

The Group is a high-tech new energy enterprise listed on the Stock Exchange engaging in the thin-film solar energy industry since 2009. The Group's principal businesses include (i) research and development, design, assembling, sales and delivery of thin-film solar energy cells/modules production equipment and turnkey production lines, as well as the provision of supporting technical services; (ii) the research and development, design, sales and delivery of thin-film solar energy generation systems and mobile energy application products; and (iii) provision of technical services and support, construction and maintenance services to the upstream production lines and downstream applications and products.

11. THE OFFEROR'S INTENTION REGARDING THE GROUP

It is the intention of the Offeror for the Group to maintain its existing business upon the successful withdrawal of listing of the Shares on the Stock Exchange. However, the Offeror reserves the right to make any changes that it deems necessary or appropriate to the Group's business and operations, to explore opportunities arising from time to time for acquisitions, disposals and other structuring possibilities, and that the Company will continue to explore such opportunities as they arise from time to time, subject to compliance with any relevant rules and regulations. The Offeror has no intention to make substantial changes to the employment matters or to redeploy assets of the Group other than those in its ordinary and usual course of business. The Offeror has an intention to seek for the A-Share Listing in the foreseeable future.

The Board will cooperate with and provide support to the Offeror as regards the Offeror's intention regarding the Group and will continue to act in the best interests of the Group and the Shareholders as a whole.

12. SHARE CERTIFICATES, DEALINGS AND WITHDRAWAL OF LISTING OF THE SHARES

Upon the Scheme becoming effective, all Scheme Shares will be cancelled and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. The Board will apply to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange immediately following the Scheme becoming effective. The Scheme Shareholders will be notified by way of an announcement of the exact dates of the last day of dealing in the Shares and on which the Scheme and the withdrawal of the listing of the Shares will become effective. A detailed expected timetable of the Scheme has been included in “Part III – Expected Timetable” of this Scheme Document.

13. IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES

The Scheme will lapse if any of the Conditions is not fulfilled or waived, as applicable, on or before the Long Stop Date. The Company will not take the initiative to withdraw the listing of the Shares on the Stock Exchange if the Scheme is not approved or the Proposal otherwise lapses. Trading in the Shares on the Stock Exchange has been suspended since 20 May 2015. If trading in the Shares cannot be resumed before the end of July 2019 which is the deadline applicable to the Company under Rule 6.01A(2)(b) of the Listing Rules, the delisting procedure under that Rule may commence.

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person acting in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may within 12 months from the date on which the Proposal is withdrawn or lapses announce an offer or possible offer for the Company, or acquire any voting rights of the Company if the Offeror or persons acting in concert with it would become obliged under Rule 26 of the Takeovers Code to make an offer, except with the consent of the Executive.

14. REGISTRATION AND DISPATCH OF NEW SPV SHARE AND OPTION CERTIFICATES

Assuming that the Record Date falls on Thursday, 6 June 2019, it is proposed that the register of members of the Company will be closed from Monday, 27 May 2019 (or such other date as Shareholders may be notified by announcement) onwards in order to establish entitlements under the Scheme. In order to qualify for entitlements under the Scheme, Scheme Shareholders should ensure that their Shares are lodged with the Share Registrar for registration in their names or in the names of their nominees before the closure of the register of members of the Company and in any event, no later than 4:30 p.m. Friday, 24 May 2019. The Share Registrar of the Company is Tricor Tengis Limited, which is located at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong.

Dispatch of new SPV Share certificates

In respect of the SPV Shares which the Scheme Shareholders are entitled to receive as the Cancellation Consideration under the Scheme, each Scheme Shareholder will be sent one SPV Share certificate representing her/his/its entitled SPV Shares, except for HKSCC Nominees Limited which may request for share certificates to be issued in such denominations as it may specify.

Assuming that the Scheme becomes effective, all existing certificates representing the Scheme Shares will cease to have effect as documents or evidence of title as from the Effective Date, which is expected to be on or about Thursday, 6 June 2019 (Bermuda time). The share certificates for the new SPV Shares are expected to be dispatched to the Scheme Shareholders on Tuesday, 18 June 2019.

In the absence of any specific instructions to the contrary received in writing by the Hong Kong share registrar of the SPV before the Effective Date, the share certificates for the new SPV Shares representing the Cancellation Consideration under the Scheme will be sent to the Scheme Shareholders whose names appear on the register of members of the Company as at the Record Time at their respective registered addresses or, in the case of joint holders, to the registered address of that joint holder whose name stands first on the register of members of the Company in respect of the joint holding.

Dispatch of new SPV Share Option certificates

In respect of the SPV Share Options which the Optionholders are entitled to receive as to their acceptance of the Option Offer, each Optionholder will be sent one SPV Share Option certificate representing her/his/its entitled SPV Shares Options.

Assuming that the Scheme becomes effective, all existing certificates representing the Share Options (if any) will cease to have effect as documents or evidence of title as from the Effective Date, which is expected to be on or about Thursday, 6 June 2019 (Bermuda time). The option certificates for the new SPV Share Options are expected to be dispatched to the Optionholders on Tuesday, 18 June 2019.

In the absence of any specific instructions to the contrary received in writing by the Hong Kong share registrar of the SPV before the Effective Date, the option certificates for the new SPV Share Options under the Option Offer will be sent to the Optionholders whose names appear on the register of Optionholders of the Company as at the Option Offer Record Date at their respective registered addresses.

All such share and option certificates will be sent at the risk of the persons entitled thereto and none of SPV, the Offeror and the Company, BaoQiao Partners or any of their respective directors, officers or associates or any other person will be liable for any loss or delay in transmission.

Settlement of the Cancellation Consideration to which the Scheme Shareholders are entitled under the Scheme or the consideration to which the Optionholders are entitled under the Option Offer will be implemented in full in accordance with the terms of the Scheme or the Option Offer, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against any such Scheme Shareholder or such Optionholder.

15. OVERSEAS SHAREHOLDERS AND OPTIONHOLDERS

The making of the Proposal to the Scheme Shareholders and the Optionholders who are not resident in Hong Kong may be subject to the laws of the relevant jurisdictions in which such Scheme Shareholders and Optionholders are located.

As at the Latest Practicable Date, the Company has: (i) overseas Shareholders with addresses shown on the Company's register of members in the PRC, Macau, Japan, New Zealand, the British Virgin Islands and the United Kingdom and (ii) overseas Optionholders with addresses in Germany and Sweden. The Company has sought the advice of its legal advisers in such jurisdictions regarding the feasibility of extending the Proposal to these overseas Shareholders/Optionholders. In respect of the PRC, Macau, Japan, the British Virgin Islands, the United Kingdom, Germany and Sweden, the Company has been advised by its legal advisers in these jurisdictions that under the applicable legislations and regulations in these jurisdictions, either that: (a) there is no legal or regulatory requirement or restriction with respect to extending the Proposal to these overseas Shareholders; or (b) there is relevant exemption applicable to the extension of the Proposal to these overseas Shareholders / Optionholders (as applicable) in the relevant jurisdictions. Accordingly, the Proposal will be extended to the overseas Shareholders with registered addresses in the PRC, Macau, Japan, the British Virgin Islands, and the United Kingdom, and the overseas Optionholders with addresses in Germany and Sweden.

As regards the case for New Zealand, the Company has one Shareholder with registered address in New Zealand as at the Latest Practicable Date. With the consent of the Executive, this document will be dispatched for information only and without the accompanying proxy forms to the Shareholder in New Zealand and any other person whose name appears on the register of members of the Company and whose address shown on the register of members of the Company is in New Zealand as at the Latest Practicable Date (if any)

Notwithstanding the legal advice taken by the Company, overseas Scheme Shareholders and Optionholders should inform themselves about and observe any applicable legal, tax or regulatory requirements. It is the responsibility of any overseas Scheme Shareholders and overseas Optionholders wishing to take any action in relation to the Proposal to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with any other necessary formalities and the payment of any issue, transfer or other taxes in such jurisdiction.

Any acceptance by such Scheme Shareholders and Optionholders will be deemed to constitute a representation and warranty from such persons to the Company, the Offeror and their respective advisers, that those laws and regulatory requirements have been complied with. If you are in doubt as to your position, you should consult your professional advisers.

Scheme Shareholders and Optionholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting the Proposal or any part thereof (as applicable). It is emphasised that none of the Offeror, the Company, the SPV and BaoQiao Partners or any of their respective directors, officers or associates or any other person involved in the Proposal accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Proposal or any part thereof (as applicable).

16. TAXATION

As the Scheme does not involve the sale and purchase of Hong Kong stock, no stamp duty will be payable pursuant to the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong) on the cancellation of the Scheme Shares upon the Scheme becoming effective. No stamp duty is payable in relation to the Option Offer. The Scheme Shareholders and the Optionholders, whether in Hong Kong or in other jurisdictions, are recommended to consult their own professional advisers if they are in doubt as to the taxation implications of accepting the Proposal or any part thereof (as applicable). It is emphasized that none of the Offeror, the Company, the SPV, BaoQiao Partners and their respective advisers or any of their respective directors, officers or associates or any other person involved in the Proposal accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Proposal or any part thereof (as applicable).

17. COURT MEETING AND SGM

In accordance with the direction of the Court, the Court Meeting will be convened for the purpose of considering and, if thought fit, passing an appropriate resolution to approve the Scheme (with or without modifications). Insofar as the sanction of the Scheme by the Court is concerned, such a resolution will be passed if a majority in number representing not less than three-fourths in value of the Shares held by the Scheme Shareholders present and voting either in person or by proxy at the Court Meeting vote in favour of the Scheme. However, the Scheme will only be considered to have been approved under the Takeovers Code if (i) the Scheme is approved by at least 75% of the votes attaching to the Shares of the Independent Shareholders that are cast either in person or by proxy at the Court Meeting; and (ii) the number of votes cast against the resolution at the Court Meeting is not more than 10% of all the Shares held by all of the Independent Shareholders. Based on 17,074,623,027 Shares held by the Independent Shareholders as at the Latest Practicable Date, 10% of such Shares would be 1,707,462,302 Shares.

At the Court Meeting, each holder of Scheme Shares (other than HKSCC Nominees Limited), present and voting either in person or by proxy, is entitled to vote all of the Scheme Shares registered in its/his/her name(s) either FOR the Scheme or AGAINST the Scheme, but not some FOR the Scheme and some AGAINST the Scheme.

Each holder of Scheme Shares is only entitled to submit one proxy form for the Court Meeting. If more than one proxy form for the Court Meeting is submitted by a holder of Scheme Shares and the voting instructions require the proxies to vote both FOR and AGAINST the Scheme, the proxy forms will not be accepted. If more than one proxy form for the Court Meeting is submitted by a holder of Scheme Shares and the voting instructions require the proxies to vote either FOR or AGAINST the Scheme but not FOR and AGAINST the Scheme, the Chairman of the Court Meeting shall have absolute discretion as to whether or not to accept those proxy forms.

HKSCC Nominees Limited will be counted as one person or member of the Company (regardless of the number of representatives and proxies appointed by HKSCC Nominees Limited) at the Court Meeting for the purposes of ascertaining whether or not the requirement that a “majority in number” of the Scheme Shareholders approving the Scheme under section 99(2) of the Companies Act has been satisfied. For the purposes of calculating the “majority in number” of the Scheme Shareholders, the Company will count HKSCC Nominees Limited and will determine its vote in favour of or against the Scheme in accordance with the voting instructions given by HKSCC Nominees Limited on behalf of the CCASS Participants.

For the purpose of ascertaining whether or not Shares representing three-fourths in value of the Scheme Shareholders approving the Scheme as required under section 99(2) of the Bermuda Companies Act has been satisfied, each Share voted by HKSCC Nominees Limited will count either in favour of or against the Scheme in accordance with the instructions received from CCASS Participants.

In addition to the resolution required to sanction the Scheme at the Court Meeting, the Scheme also involves a reduction of issued share capital as one of its terms. Under the Bermuda Companies Act and the bye-laws of the Company, the reduction of issued share capital is required to be approved by a special resolution of Shareholders. Such special resolution will be proposed at the SGM, which will be convened to be held immediately following the Court Meeting for the purpose of considering and, if thought fit, passing the special resolution to approve the reduction of issued share capital and the cancellation of the Scheme Shares and to approve and give effect to the Scheme. The special resolution will be passed provided that it is approved by a majority of not less than three-fourths of the votes cast by the Shareholders present and voting, in person or by proxy, at the SGM. All Independent Shareholders (save for any Shareholder with a registered address in New Zealand) will be entitled to attend and vote at the SGM.

As at the Latest Practicable Date, the Scheme Shareholders were interested in 17,074,623,027 Shares (representing approximately 40.51% of the issued share capital of the Company) and the Offeror and parties acting in concert with the Offeror were interested in 25,071,053,021 Shares (representing approximately 59.49% of the issued share capital of the Company).

The 25,071,053,021 Shares held as at the Latest Practicable Date by the Offeror and parties acting in concert with it (being the Shares held by the subsidiaries of the Offeror, 漢能光伏科技有限公司, Hanergy Holdings, its subsidiary and Mr. Li Weijun, and Mr. Yuan Yabin), representing approximately 59.49% of the issued share capital of the Company, do not form part of the Scheme Shares, will not be cancelled under the Scheme and are not eligible to vote at the Court Meeting.

Only Independent Shareholders may vote at the Court Meeting. In view of the interests of the Offeror and parties acting in concert with it in the Proposal, any and all holders of Shares who are acting in concert with the Offeror are not entitled to, and will not, vote at the Court Meeting in respect of the resolution to approve the Scheme to be proposed at the Court Meeting.

Shareholders are urged to have their names entered in the Register as soon as possible for, among others, the following reasons:

- (a) to enable Shareholders (being Independent Shareholders) to attend the meeting as required under Section 99 of the Bermuda Companies Act in the capacity as members of the Company or to be represented by proxies to be appointed by them;
- (b) to enable the Company to properly classify members of the Company for the purposes of Section 99 of the Bermuda Companies Act; and
- (c) to enable the Company and the Offeror to make arrangements to effect the delivery of new SPV Shares certificates to the most appropriate person when the Scheme becomes effective.

Please refer to the section headed “19. ACTIONS TO BE TAKEN” in this Explanatory Statement in relation to the actions to be taken by Beneficial Owners whose Shares are held by a Registered Owner and Beneficial Owners whose Shares are deposited in CCASS if they wish to vote in respect of the Scheme.

Notice of the Court Meeting is set out in Appendix VIII to this Scheme Document. The Court Meeting will be held at 10:00 a.m. on Saturday, 18 May 2019 at Conference Room, No. 0-A, Anli Road, Chaoyang District, Beijing, the PRC (East Gate, North Park, Olympic Forest Park).

Notice of the SGM is set out in Appendix IX to this Scheme Document. The SGM will be held at 10:30 a.m. (or immediately after the conclusion or adjournment of the Court Meeting, whichever is later) on Saturday, 18 May 2019 at Conference Room, No. 0-A, Anli Road, Chaoyang District, Beijing, the PRC (East Gate, North Park, Olympic Forest Park).

An announcement will be made by the Company in relation to the results of the Court Meeting and the SGM. Such announcement will contain the information as required by Rule 19.1 of the Takeovers Code and will include (a) the number of votes cast in favour of the Scheme at the Court Meeting and the number of CCASS Participants on whose instructions they are cast and (b) the number of votes cast against the Scheme at the Court Meeting and the number of CCASS Participants on whose instructions they are cast.

18. DIRECTOR'S INTERESTS

Mr. Yuan Yabin is an executive Director of the Company. As at the Latest Practicable Date, Mr. Yuan held 20,220,000 Shares (representing approximately 0.048% of the total issued share capital of the Company).

Dr. Lam Yat Ming Eddie is an executive Director of the Company. As at the Latest Practicable Date, Dr. Lam had been awarded 1,200,000 Share Options.

Mr. Huang Songchun is an executive Director of the Company. As at the Latest Practicable Date, Mr. Huang (i) held 1,248,500 Shares (representing approximately 0.003% of the total issued share capital of the Company) and (ii) had an interest in 1,657,500 Shares (representing approximately 0.004% of the total issued share capital of the Company) through his spouse.

Mr. Xu Xiaohua is an executive Director of the Company. As at the Latest Practicable Date, Mr. Xu held 6,000,000 Shares (representing approximately 0.014% of the total issued share capital of the Company).

Save as disclosed above, none of the Directors have any direct or indirect interest in the Proposal.

19. ACTIONS TO BE TAKEN

Actions to be taken by Registered Owners

A **pink** form of proxy for use at the Court Meeting and a **white** form of proxy for use at the SGM are enclosed with copies of this Scheme Document sent to the Registered Owners. Any subsequent purchasers of the Shares will need to obtain the relevant form(s) of proxy from the transferors. Alternatively, copies of the forms of proxy can be: (a) obtained from the Share Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong; or (b) downloaded from the websites of the Stock Exchange at www.hkexnews.hk or the Company at www.hanergythinfilmpower.com.

Whether or not you are able to attend the Court Meeting and/or the SGM, you are strongly encouraged to complete and sign the enclosed pink form of proxy in respect of the Court Meeting and also enclosed white form of proxy in respect of the SGM, in accordance with the respective instructions printed thereon, and to lodge them no later than: (i) 10:00 a.m. on Thursday, 16 May 2019 in respect of the pink form of proxy; and (ii) 10:30 a.m. on Thursday, 16 May 2019 in respect of the white form of proxy at the office of the Share Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

In order to be valid, the **pink** form of proxy for use at the Court Meeting should be lodged not later than 10:00 a.m. on Thursday, 16 May 2019. The **pink** form of proxy may alternatively be handed to the Chairman of the Court Meeting at the Court Meeting. The **white** form of proxy for use at the SGM should be lodged not later than 10:30 a.m. on Thursday, 16 May 2019. The completion and return of the relevant form(s) of proxy will not preclude you from attending and voting in person at the relevant meeting should you so wish. In such event, the returned form of proxy for that meeting will be deemed to have been revoked.

Even if you do not appoint a proxy and you do not attend and vote at the Court Meeting and/or the SGM, you will still be bound by the outcome of the Court Meeting and/or the SGM. You are therefore strongly encouraged to attend and vote at the Court Meeting and/or the SGM in person or by proxy.

Voting at the Court Meeting and the SGM will be taken by poll.

An announcement will be made by the Company in relation to the results of the Court Meeting and the SGM. If all of the requisite Resolutions to approve the Scheme are passed at those meetings, further announcement(s) will be made in relation to, among other things, the results of the Court Hearing, the Effective Date and the date of withdrawal of the listing of the Shares on the Stock Exchange.

Actions to be taken by Beneficial Owners whose Shares are held by a Registered Owner

Except as required by law, no person shall be recognised by the Company as holding any Shares on trust.

If you are a Beneficial Owner whose Shares are registered in the name of a nominee, trustee, depositary or any other authorised custodian or third party, you should contact such Registered Owner to give instructions to and/or to make arrangements with such Registered Owner as to the manner in which the Shares beneficially owned by you should be voted at the Court Meeting and/or the SGM.

If you are a Beneficial Owner who wishes to attend the Court Meeting and/or the SGM personally, you should:

- (i) contact the Registered Owner directly to make the appropriate arrangements with the Registered Owner to enable you to attend and vote at the Court Meeting and/or the SGM and, for such purpose, the Registered Owner may appoint you as his/her/its proxy; or
- (ii) arrange for some or all of the Shares registered in the name of the Registered Owner to be transferred into your own name, if you wish to vote (in person or by proxy) at the Court Meeting and/or the SGM.

Instructions to and/or arrangements with the Registered Owner should be given or made in advance of the relevant latest time for the lodgement of forms of proxy in respect of the Court Meeting and the SGM in order to provide the Registered Owner with sufficient time to complete his/her/its forms of proxy accurately and to submit them by the deadline. To the extent that any Registered Owner requires instructions from or arrangements to be made with any Beneficial Owner at a particular date or time in advance of the relevant latest time for the lodgement of forms of proxy in respect of the Court Meeting and the SGM, any such Beneficial Owner should comply with the requirements of such Registered Owner.

Actions to be taken by Beneficial Owners whose Shares are deposited in CCASS

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered under the name of HKSCC Nominees Limited, you should, unless you are admitted to participate in CCASS as an Investor Participant:

- (i) contact your broker, custodian, nominee or other relevant person who is, or has in turn deposited such Shares with, a CCASS participant regarding voting instructions to be given to such persons; or
- (ii) arrange for some or all of such Shares to be withdrawn from CCASS and transferred into your own name, if you wish to vote (in person or by proxy) at the Court Meeting and/or the SGM.

You can become a Shareholder in your own name and become a Registered Owner of such Shares. For the withdrawal of your Shares from CCASS and registration thereof, you will be required to pay to CCASS, among other things, stamp duty on each transfer instrument and, if your Shares are held through a financial intermediary, any other relevant fees charged by your financial intermediary.

You should contact your broker, custodian, nominee or other relevant person in advance on the detailed procedures and in advance of the latest time for lodging transfers of the Shares into your name so as to qualify to attend and vote at the Court Meeting and/or the SGM. This is in order to provide such broker, custodian, nominee or other relevant person with sufficient time to withdraw the Shares from CCASS and registration thereof.

HKSCC Nominees Limited will be counted as one person or member of the Company (regardless of the number of representatives and proxies appointed by HKSCC Nominees Limited) at the Court Meeting for the purposes of ascertaining whether or not the requirement that a “majority in number” of the Scheme Shareholders approving the Scheme under section 99(2) of the Companies Act has been satisfied. For the purposes of calculating the “majority in number” of the Scheme Shareholders, the Company will count HKSCC Nominees Limited and will determine its vote in favour of or against the Scheme in accordance with the voting instructions given by HKSCC Nominees Limited on behalf of the CCASS Participants.

For the purpose of ascertaining whether or not shares representing three-fourths in value of the Scheme Shareholders approving the Scheme as required under section 99(2) of the Bermuda Companies Act has been satisfied, each Share voted by HKSCC Nominees Limited will count either in favour of or against the Scheme in accordance with the instructions received from CCASS Participants.

The procedure for voting by the Investor Participants and the other CCASS Participants with respect to Shares registered under the name of HKSCC Nominees Limited shall be in accordance with the “An Operating Guide for Investor Participants”, the “General Rules of CCASS” and the “CCASS Operational Procedures” in effect from time to time.

Actions to be taken by Optionholders

The Option Offer Letter and the Form of Acceptance in relation to the Option Offer are being sent to all Optionholders separately. Optionholders should refer to the Option Offer Letter, the form of which is set out in “Appendix X – Sample Option Offer Letter” to this Scheme Document. Optionholders should note the instructions and conditions of the Option Offer printed on the Option Offer Letter.

If you are an Optionholder and you wish to participate in the Scheme, you may exercise your Share Options at any time up to the expiry of the period commencing on the date of the Option Offer Letter and ending on the Latest Option Exercise Date by giving notice of exercise to the company secretary of the Company at Room 2204-06, 22/F, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong and together with payment for the aggregate amount of the exercise price of such Share Options.

In order to accept the Option Offer, you must complete and return the duly completed and executed Form of Acceptance so as to reach the Offeror, care of the Company at Room 2204-06, 22/F, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong, for the attention of board of directors of the Offeror and marked “Hanergy Thin Film Power Group Limited – Option Offer” from the date of dispatch of this Scheme Document, the Option Offer Letter and the Form of Acceptance (i.e. Thursday, 25 April 2019), to 4:30 p.m. on Thursday, 6 June 2019 (or such later time and/or date as may be notified to you by the Offeror, BaoQiao Partners and the Company by way of joint announcement(s) to be made by the Offeror and the Company on the website of the Stock Exchange). No acknowledgement of receipt of any Form of Acceptance, the relevant certificate(s) (if any) or any other document(s) evidencing the grant of the Outstanding Share Option(s) or other document(s) of title or entitlement (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

Court Hearing to sanction the Scheme

In accordance with the Bermuda Companies Act, if the Resolutions are approved at the Court Meeting and the SGM, the Company must then make a further application to the Court to sanction the Scheme. The Offeror and the Company cannot complete the Proposal and the Scheme without obtaining this approval from the Court.

The Court Hearing is expected to take place at 9:30 a.m. on Tuesday, 4 June 2019 (Bermuda time). In determining whether to exercise its discretion to sanction the Scheme, the Court will determine, among other things, whether the Scheme is fair to the Scheme Shareholders. At the Court Hearing, the Court may impose such conditions as it deems appropriate in relation to the Scheme, but may not impose any material changes without the joint consent of the Offeror and the Company. The Company may consent on behalf of the Shareholders to any modification of the Scheme which the Court may think fit to approve or impose.

If the Court sanctions the Scheme and if all the other conditions of the Proposal are satisfied or validly waived (as applicable), the Company intends to file the Court order sanctioning the Scheme with the Registrar of Companies in Bermuda on or by Wednesday, 5 June 2019 (Bermuda time) in order for the Scheme to be effective. The Scheme will take effect on the Effective Date.

Scheme Shareholders (including any Beneficial Owners of such Shares that give voting instructions to a custodian or clearing house that subsequently votes at the Court Meeting) should note that they will be entitled to appear at the Court Hearing expected to take place at 9:30 a.m. on Tuesday, 4 June 2019 (Bermuda time), at which the Company will seek, among other things, the sanction of the Scheme.

20. COSTS OF THE SCHEME

If the Scheme is not approved and the Proposal is either not recommended by the Independent Board Committee, or is not recommended as fair and reasonable by the Independent Financial Adviser, all costs and expenses incurred by the Company in connection with the Scheme will be borne by the Offeror. Otherwise, the costs and expenses incurred by the Company in connection with the Scheme will be borne by the Company.

In any event, all costs and expenses incurred by the Offeror in connection with the Scheme will be borne by the Offeror itself.

21. RECOMMENDATION

Your attention is drawn to the following in this Scheme Document:

- (a) the paragraph headed “Recommendation” in “Part IV – Letter from the Board” of this Scheme Document;
- (b) the letter from the Independent Board Committee set out in “Part V – Letter from the Independent Board Committee” of this Scheme Document; and
- (c) the letter from TC Capital set out in “Part VI – Letter from TC Capital” of this Scheme Document.

22. FURTHER INFORMATION

Further information is set out in the Appendices to, and elsewhere in, this Scheme Document, all of which form part of this Explanatory Statement.

Shareholders and Scheme Shareholders and Optionholders should rely only on the information contained in this Scheme Document. None of the Company, the Offeror, the SPV, BaoQiao Partners or any of their respective affiliates has authorised anyone to provide you with information that is different from what is contained in this Scheme Document.

1. FINANCIAL SUMMARY

The following summary of financial information of the Group for the three years ended 31 December 2016, 31 December 2017 and 31 December 2018 has been extracted from the published financial statements of the Company for the years ended 31 December 2016, 2017 and 2018.

	For the year ended 31 December 2018	For the year ended 31 December 2017	For the year ended 31 December 2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)	(audited)
Revenue	21,251,772	6,147,385	4,483,130
Cost of sales	<u>(9,129,410)</u>	<u>(3,472,144)</u>	<u>(1,885,358)</u>
Gross profit	<u>12,122,362</u>	<u>2,675,241</u>	<u>2,597,772</u>
Other income and gains	224,130	76,470	77,204
Selling and distribution expenses	(854,160)	(414,463)	(404,769)
Administrative expenses	(2,250,896)	(990,090)	(882,280)
Research and development costs	(1,050,418)	(621,678)	(567,165)
(Loss)/gain on disposal of subsidiaries, net	–	(5,568)	62,623
Other expenses	(578,673)	(214,449)	(175,123)
Finance costs	<u>(41,849)</u>	<u>(59,339)</u>	<u>(49,867)</u>
Profit before tax	7,570,496	446,124	658,395
Income tax expense	<u>(2,377,428)</u>	<u>(185,092)</u>	<u>(406,781)</u>
Profit for the year	<u><u>5,193,068</u></u>	<u><u>261,032</u></u>	<u><u>251,614</u></u>

	For the year ended 31 December 2018 HK\$'000 (audited)	For the year ended 31 December 2017 HK\$'000 (audited)	For the year ended 31 December 2016 HK\$'000 (audited)
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	(532,085)	414,616	(408,183)
Other comprehensive (loss)/income for the period/year, net of tax	(532,085)	414,616	(408,183)
Total comprehensive income/(loss) for the period/year	<u>4,660,983</u>	<u>675,648</u>	<u>(156,569)</u>
Profit/(loss) for the year attributable to:			
Owners of the parent	5,193,017	261,099	251,620
Non-controlling interests	51	(67)	(6)
	<u>5,193,068</u>	<u>261,032</u>	<u>251,614</u>
Total comprehensive income/(loss) for the year attributable to:			
Owners of the parent	4,660,932	675,715	(156,563)
Non-controlling interests	51	(67)	(6)
	<u>4,660,983</u>	<u>675,648</u>	<u>(156,569)</u>
Earnings per share (HK cents) attributable to owners of the parent			
Basic	<u>12.32</u>	<u>0.62</u>	<u>0.60</u>
Diluted	<u>11.62</u>	<u>0.60</u>	<u>0.59</u>

For the three years ended 31 December 2016, 2017 and 2018, the Board resolved not to declare dividends.

The auditors of the Company issued qualified opinions and/or emphasis on matter in relation to the consolidated financial statements of the Group for the three years ended 31 December 2016, 2017 and 2018. The followings are the reproduction of the qualified opinion and/or emphasis on matter issued by the auditors of the Company on the consolidated financial statements of the Group for the three years ended 31 December 2016, 2017 and 2018 extracted from the respective financial statements of the Company.

2. INDEPENDENT AUDITOR'S REPORT EXTRACTED FROM THE ANNUAL REPORT OF THE COMPANY FOR THE YEAR ENDED 31 DECEMBER 2016:

QUALIFIED OPINION

We have audited the consolidated financial statements of Hanergy Thin Film Power Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 113 to 278, which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for qualified opinion* section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR QUALIFIED OPINION

As at 31 December 2016, the amounts due from Hanergy Holding Group Limited ("Hanergy Holding") and its affiliates (collectively referred to as "Hanergy Affiliates") included in trade receivables, other receivables and gross amount due from contract customers amounted to HK\$3,913,807,000 (2015: HK\$2,596,781,000), HK\$197,441,000 (2015: HK\$200,835,000) and HK\$745,928,000 (2015: HK\$2,031,902,000) respectively. The Group also made prepayments to Hanergy Affiliates for the purchase of photovoltaic modules and the prepayments made to Hanergy Affiliates outstanding as at 31 December 2016 were HK\$405,991,000 (2015: HK\$663,943,000). Also included in the Group's trade receivables and the gross amount due from contract customers as at 31 December 2016 were amounts due from a third-party customer amounting to HK\$2,536,745,000 (2015: HK\$995,194,000) and HK\$796,204,000 (2015: HK\$898,934,000) respectively. Subsequent to 31 December 2016, the Group received HK\$1,692,449,000 and HK\$734,685,000 from Hanergy Affiliates and the aforesaid third-party

customer, respectively. We were unable to obtain sufficient appropriate audit evidence about the recoverability of the Group's remaining trade receivables and gross amount due from contract customers for contract works due from Hanergy Affiliates and the aforesaid third-party customer of HK\$5,565,550,000, the other receivables due from Hanergy Affiliates of HK\$197,441,000 and prepayments made to Hanergy Affiliates of HK\$405,991,000. Consequently, we were unable to determine whether any provisions are required for these amounts. Any provision for recoverability of these balances would reduce the net assets of the Group as at 31 December 2016 and decrease the Group's net profit for the year ended 31 December 2016.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. In addition to the matters described in the *Basis for qualified opinion* section of our report, we have determined the matters described below to be the key audit matters to be communicated in our report. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter**How our audit addressed the key audit matter*****Impairment of property, plant and equipment***

As at 31 December 2016, property, plant and equipment (“PP&E”) of HK\$606 million contributed a significant portion (80.0%) of the Group’s total non-current assets. During the year, certain entities in the Group that have large amount of PP&E were in loss positions.

Management identified these entities as different cash generating units (“CGUs”) and performed impairment assessment on their PP&E. Determining whether an impairment indicator exists and estimating the recoverable amount requires management’s significant judgements and estimates including estimation of sales volume, selling prices, manufacturing and other operating costs, terminal value and the discount rate. Actual cash flows are likely to be different from those estimated or forecast since anticipated events sometimes do not occur as expected and unforeseen events may arise, and their impact on estimates and forecasts may be material.

The accounting policy, significant accounting judgements and estimates and disclosures about the balance of PP&E are included in notes 2.4, 3 and 14 to the consolidated financial statements.

We discussed with management about the business situation and business plan of each CGU, including reading of current sales agreements or sales orders of such CGUs, to assess management’s identification of impairment indicators. We assessed the key assumptions adopted in the impairment assessment, such as the sales volume, selling prices and manufacturing and other operating costs by comparing with historical trends and referencing to the signed sales contracts and evaluating management’s adjustments in the future by referencing to available market information. We also involved our internal valuation specialist to assess the methodology and discount rate applied in the model. We reviewed the adequacy of disclosure made in the Group’s consolidated financial statements in respect of the impairment of PP&E.

Key audit matter**How our audit addressed the key audit matter*****Impairment of inventories***

Inventories of the Group are classified into raw materials, photovoltaic (“PV”) power generation projects to be sold, PV modules and PV application products. The total amount of inventories (before any inventory provision) as at 31 December 2016 was HK\$1,888 million and the inventory provision provided was HK\$240 million (12.7% of inventory balance before any inventory provision). The carrying amount of inventories contributed a significant part (13.3%) of the Group’s total current assets as at 31 December 2016.

The estimation of the net realisable value (“NRV”) of these inventories requires management to make judgements based on these inventories’ ages, obsolescence, future usage plan, estimated net selling prices as well as inventory disposal plans and other economic conditions including selling prices of similar products with appropriate adjustments. Actual sales or usages are likely to be different from those estimated or forecast since anticipated events sometimes do not occur as expected and unforeseen events may arise, and their impact on estimates and forecasts may be material.

The accounting policy, significant accounting judgements and estimates and disclosures about the amount of provision and the balance of inventories are included in notes 2.4, 3, 8 and 17 to the consolidated financial statements.

We obtained and understood the progress of new projects implemented in 2017 and reviewed the subsequent usage and sales of inventories in 2017 together with management’s plan for the years after. We reviewed the NRV calculation provided by management and involved our internal valuation specialist to review the methodology, key assumptions and parameters used. We compared the price estimated in the future sales with the Group’s historical data, subsequent sales contracts and also that of its industry peers. We also reviewed the adequacy of disclosure made in the Group’s consolidated financial statements in respect of the impairment of inventories.

Key audit matter**How our audit addressed the key audit matter*****Revenue recognition on contract work using percentage of completion method (the “POC” method)***

The Group conducted several construction contracts both in Manufacturing segment to deliver turnkey production lines for the manufacturing of amorphous silicon based and CIGS thin-film solar photovoltaic modules and Downstream segment to construct a series of house- hold rooftop solar systems to certain small to medium-sized enterprises. Revenue from these fixed price construction contracts was recognised using the POC method, measured by reference to the proportion of costs incurred to date of the estimated total cost of the relevant contract. Revenue recognised using the POC method during the year amounted to HK\$3,025 million, which contributed a significant part (67.5%) of the total revenue of the Group for the year ended 31 December 2016.

Revenue recognition on contract work is dependent on the estimation of the total outcome of the construction contract, as well as the work performed to date. Significant judgements are required to estimate the total contract costs, comprising direct materials, the costs of subcontracting, direct labour and an appropriate proportion of variable and fixed construction overheads. Actual outcomes in terms of total contract costs may be higher or lower than those estimated at the end of the reporting period, which would affect the revenue recognised in the current period and in the future periods.

The accounting policy and significant accounting judgements and estimates related to construction contracts and disclosures of contract revenue are included in notes 2.4, 3, and 5 to the consolidated financial statements.

We obtained and understood the terms of the construction contracts that the Group entered with its customers. We assessed the POC calculated by management, including assessing the total cost budgeted by comparing with its historical data for similar contracts and test checked the actual cost incurred to date to relevant equipment purchase contracts, goods delivery notes and allocated labour costs for service rendered. We performed physical stocktaking to a selected samples of production lines and household rooftop solar systems. We also assessed the adequacy of disclosure made in the Group’s consolidated financial statements about the revenue recognition on contract work using the POC method.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the Management Discussion and Analysis in pages 13 to 53, the Report of the Directors in pages 54 to 80, the Corporate Governance Report in pages 81 to 94 and the Biographical Details of Directors in pages 95 to 99, which we obtained prior to the date of this auditor's report, and the other sections of the Annual Report, not including the consolidated financial statements and our auditor's report thereon, ("the Other Sections"), which are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Other Sections of the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Audit Committee.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Cheong Ming Yik.

Ernst & Young
Certified Public Accountants
Hong Kong

30 March 2017

3. INDEPENDENT AUDITOR'S REPORT EXTRACTED FROM THE ANNUAL REPORT OF THE COMPANY FOR THE YEAR ENDED 31 DECEMBER 2017:

QUALIFIED OPINION

We have audited the consolidated financial statements of Hanergy Thin Film Power Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 131 to 298, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for qualified opinion* section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR QUALIFIED OPINION

As at 31 December 2017, included in the Group's trade receivables and the gross amount due from contract customers were amounts due from a third-party customer amounting to HK\$1,816,927,000 (2016: HK\$2,536,745,000) and HK\$865,448,000 (2016: HK\$796,204,000) respectively. Subsequent to 31 December 2017, the Group received HK\$248,230,000 from the aforesaid third-party customer. We were unable to obtain sufficient appropriate audit evidence about the recoverability of the Group's remaining trade receivables and gross amount due from contract customers for contract works due from the aforesaid third-party customer of HK\$2,434,145,000. Consequently, we were unable to determine whether any provisions are required for these amounts. Any provision for recoverability of these balances would reduce the net assets of the Group as at 31 December 2017 and decrease the Group's net profit for the year ended 31 December 2017.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. In addition to the matters described in the *Basis for qualified opinion* section of our report, we have determined the matters described below to be the key audit matters to be communicated in our report. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter**How our audit addressed the key audit matter*****Impairment of property, plant and equipment***

As at 31 December 2017, property, plant and equipment (“PP&E”) of HK\$581 million contributed a significant portion (75.3%) of the Group’s total non-current assets. During the year, certain entities in the Group that have large amount of PP&E were in loss positions.

Management identified these entities as different cash generating units (“CGUs”) and performed impairment assessment on their PP&E. Determining whether an impairment indicator exists and estimating the recoverable amount requires management’s significant judgements and estimates including estimation of sales volume, selling prices, manufacturing and other operating costs, terminal value and the discount rate. Actual cash flows are likely to be different from those estimated or forecast since anticipated events sometimes do not occur as expected and unforeseen events may arise, and their impact on estimates and forecasts may be material.

The accounting policy, significant accounting judgements and estimates and disclosures about the amount of provision and the balance of PP&E are included in notes 2.4, 3, 8 and 13 to the consolidated financial statements.

We discussed with management about the business situation and business plan of each CGU, including reading of current sales agreements or sales orders of such CGUs, to assess management’s identification of impairment indicators. We assessed the key assumptions adopted in the impairment assessment, such as the sales volume, selling prices and manufacturing and other operating costs by comparing with historical trends and referencing to the signed sales contracts and evaluating management’s adjustments in the future by referencing to available market information. We also involved our internal valuation specialist to assess the methodology and discount rate applied in the model. We reviewed the adequacy of disclosure made in the Group’s consolidated financial statements in respect of the impairment of PP&E.

Key audit matter**How our audit addressed the key audit matter*****Impairment of inventories***

Inventories of the Group are classified into raw materials, photovoltaic (“PV”) power generation projects to be sold, PV modules and PV application products. The total amount of inventories (before any inventory provision) as at 31 December 2017 was HK\$2,007 million and the inventory provision provided was HK\$317 million (15.8% of inventory balance before any inventory provision). The carrying amount of inventories contributed a significant part (9.0%) of the Group’s total current assets as at 31 December 2017.

The estimation of the net realisable value (“NRV”) of these inventories requires management to make judgements based on these inventories’ ages, obsolescence, future usage plan, estimated net selling prices as well as inventory disposal plans. Actual sales or usages are likely to be different from those estimated or forecast since anticipated events sometimes do not occur as expected and unforeseen events may arise, and their impact on estimates and forecasts may be material.

The accounting policy, significant accounting judgements and estimates and the disclosures about the amount of provision and the balance of inventories are included in notes 2.4, 3, 8 and 16 to the consolidated financial statements.

Impairment assessment of trade receivables

As at 31 December 2017, trade receivables of HK\$7,233 million contributed a significant portion (38.5%) of the Group’s total current assets.

Management regularly conducts assessments on possible losses resulting from the inability of debtors to settle the amounts due to the Group. The assessment is based, inter alia, on the age of the debt and the creditworthiness of the debtors, which involved significant management’s judgement and estimation uncertainty.

The accounting policy, significant accounting judgements and estimates, and the disclosures about the amount of provision and the balance of trade receivables are included in notes 2.4, 3, 8 and 17 to the consolidated financial statements.

We obtained and understood the progress of new projects implemented in 2018 and reviewed the subsequent usage and sales of inventories in 2018 together with the management’s plan for the years after. We reviewed the NRV calculation provided by management to assess the methodology, key assumptions and parameters used. We compared the price estimated in the future sales with the Group’s historical data and subsequent sales contracts. We also reviewed the adequacy of disclosure made in the Group’s consolidated financial statements in respect of the impairment of inventories.

We obtained and evaluated management’s impairment assessment of debtors by testing the debtors’ ageing analysis, discussing with management about the status of significant overdue individual debtor balances, and reviewing the historical settlement pattern and subsequent settlement of individual debtors.

We also reviewed the adequacy of disclosure made in the Group’s consolidated financial statements in respect of the impairment of trade receivables.

Key audit matter**How our audit addressed the key audit matter*****Revenue recognition on contract work using percentage of completion method (the “POC” method)***

The Group conducted several construction contracts both in Manufacturing segment to deliver turnkey production lines for the manufacturing of amorphous silicon based and CIGS thin-film solar photovoltaic modules and Downstream segment to construct a series of solar power stations for certain small to medium-sized enterprises and poverty alleviation projects. Revenue from these fixed price construction contracts was recognised using the POC method, measured by reference to the proportion of costs incurred to date of the estimated total cost of the relevant contract. Revenue recognised using the POC method during the year amounted to HK\$4,846 million, which contributed a significant part (78.8%) of the total revenue of the Group for the year ended 31 December 2017.

Revenue recognition on contract work is dependent on the estimation of the total outcome of the construction contract, as well as the work performed to date. Significant judgements are required to estimate the total contract costs, comprising direct materials, the costs of subcontracting, direct labour and an appropriate proportion of variable and fixed construction overheads. Actual outcomes in terms of total contract costs may be higher or lower than those estimated at the end of the reporting period, which would affect the revenue recognised in the current period and in the future periods.

The accounting policy and significant accounting judgements and estimates related to construction contracts and disclosures of contract revenue are included in notes 2.4, 3, and 5 to the consolidated financial statements.

We obtained and understood the terms of the construction contracts the Group entered with its customers. We assessed the POC calculated by management, including assessing the total cost budgeted by comparing with its historical data for similar contracts and test checked the actual cost incurred to date to relevant equipment purchase contracts, goods delivery notes and allocated labour costs for service rendered. We performed physical stocktaking to a selected samples of production lines and house-hold rooftop solar systems. We also assessed the adequacy of disclosure made in the Group’s consolidated financial statements about the revenue recognition on contract work using the POC method.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than consolidated financial statements and our auditor’s report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Cheong Ming Yik.

Ernst & Young
Certified Public Accountants
Hong Kong

27 March 2018

4. INDEPENDENT AUDITOR'S REPORT EXTRACTED FROM THE ANNUAL REPORT OF THE COMPANY FOR THE YEAR ENDED 31 DECEMBER 2018:**QUALIFIED OPINION**

We have audited the consolidated financial statements of Hanergy Thin Film Power Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 126 to 318, which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for qualified opinion* section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR QUALIFIED OPINION

As at 31 December 2018, included in the Group's trade receivables and contract assets (previously known as gross amount due from contract customers as at 31 December 2017) were amounts due from a third-party customer amounting to HK\$1,084,607,000 (2017: HK\$1,816,927,000) and HK\$1,218,724,000 (2017: HK\$865,448,000) respectively. We were unable to obtain sufficient appropriate audit evidence about the recoverability of the Group's trade receivables and contract assets due from the aforesaid third-party customer of HK\$2,303,331,000. Consequently, we were unable to determine whether any provisions are required for these amounts. Any provision for the expected credit loss of these balances would reduce the net assets of the Group as at 31 December 2018 and decrease the Group's net profit for the year ended 31 December 2018.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. In addition to the matters described in the *Basis for qualified opinion* section of our report, we have determined the matters described below to be the key audit matters to be communicated in our report. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter**How our audit addressed the key audit matter*****Impairment of property, plant and equipment***

As at 31 December 2018, property, plant and equipment (“PP&E”) of HK\$905 million contributed a significant portion (79%) of the Group’s total non-current assets. During the year, certain entities in the Group that have large amount of PP&E were in loss positions.

Management identified these entities as different cash generating units (“CGUs”) and performed impairment assessment on their PP&E. Determining whether an impairment indicator exists and estimating the recoverable amount requires management’s significant judgements and estimates including estimation of sales volume, selling prices, manufacturing and other operating costs, terminal value and the discount rate. Actual cash flows are likely to be different from those estimated or forecast since anticipated events sometimes do not occur as expected and unforeseen events may arise, and their impact on estimates and forecasts may be material.

The accounting policy, significant accounting judgements and estimates and disclosures about the amount of provision and the balance of PP&E are included in notes 2.4, 3, 8 and 13 to the consolidated financial statements.

We discussed with management about the business situation and business plan of each CGU, including reading of current sales agreements or sales orders of such CGUs, to assess management’s identification of impairment indicators. We assessed the key assumptions adopted in the impairment assessment, such as the sales volume, selling prices and manufacturing and other operating costs by comparing with historical trends and referencing to the signed sales contracts and evaluating management’s adjustments in the future by referencing to available market information. We also involved our internal valuation specialist to assess the methodology and discount rate applied in the model. We reviewed the adequacy of disclosure made in the Group’s consolidated financial statements in respect of the impairment of PP&E.

Key audit matter**How our audit addressed the key audit matter*****Impairment of inventories***

Inventories of the Group are classified into raw materials, photovoltaic (“PV”) power generation projects to be sold, PV modules and PV application products. The total amount of inventories (before any inventory provision) as at 31 December 2018 was HK\$3,121 million and the inventory provision provided was HK\$362 million (12% of inventory balance before any inventory provision). The carrying amount of inventories contributed a significant part (10%) of the Group’s total current assets as at 31 December 2018.

The estimation of the net realisable value (“NRV”) of these inventories requires management to make judgements based on these inventories’ ages, obsolescence, future usage plan, estimated net selling prices as well as inventory disposal plans. Actual sales or usages are likely to be different from those estimated or forecast since anticipated events sometimes do not occur as expected and unforeseen events may arise, and their impact on estimates and forecasts may be material.

The accounting policy, significant accounting judgements and estimates and the disclosures about the amount of provision and the balance of inventories are included in notes 2.4, 3, 8 and 16 to the consolidated financial statements.

We obtained and understood the progress of new projects implemented in 2018 and reviewed the subsequent usage and sales of inventories in 2019 together with the management’s plan for the years after. We reviewed the NRV calculation provided by management to assess the methodology, key assumptions and parameters used. We compared the price estimated in the future sales with the Group’s historical data and subsequent sales contracts. We also reviewed the adequacy of disclosure made in the Group’s consolidated financial statements in respect of the impairment of inventories.

Key audit matter**How our audit addressed the key audit matter*****Impairment assessment of financial assets***

As at 31 December 2018, the aggregate of trade receivables of HK\$3,935 million, contract assets of HK\$12,101 million and other receivables of HK\$4,102 million contributed a significant portion (70%) of the Group's total current assets.

Assessing expected credit losses of such assets is a judgemental area which involved significant management's judgement and estimation on forecasting future economic conditions.

The accounting policy, significant accounting judgements and estimates, and the disclosures about the amount of provision and the impairment approaches of trade receivables, contract assets and other receivables are included in notes 2.4, 3, 8, 17, 18, 19 and 36 to the consolidated financial statements.

We obtained and evaluated management's assessment of the expected credit loss of trade receivables, contract assets and other receivables, which was based on the historical loss rates by testing the debtors' ageing analysis, discussing with management about the status of significant overdue individual debtor balances, reviewing the historical settlement pattern and subsequent settlement of individual debtors, and evaluating information such as actual or expected significant changes in the operating results of customers, actual or expected significant adverse changes in market conditions that may affect the business and customers' financial position by reading public available news and releases and discussing with management for the estimated impact thereon. We also reviewed the adequacy of disclosure made in the Group's consolidated financial statements in respect of the impairment of trade receivables, contract assets and other receivables.

Key audit matter**How our audit addressed the key audit matter*****Revenue recognition for construction contracts***

The Group conducted several construction contracts both in Manufacturing segment to deliver turnkey production lines for the manufacturing of thin-film solar photovoltaic modules and in Downstream segment to construct a series of solar power stations for certain small to medium-sized enterprises and poverty alleviation projects. Revenue from these fixed price construction contracts was recognised over time, measured by reference to completion of the specific transaction assessed on the basis of the actual costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Construction contract revenue recognised during the period amounted to HK\$20,048 million, which contributed a significant part (94%) of the total revenue of the Group for the year ended 31 December 2018.

We obtained and understood the terms of the construction contracts the Group entered with its customers. We assessed the completion percentage calculated by management, including assessing the total cost budgeted by comparing with its historical data for similar contracts and test checked the actual cost incurred to date to relevant equipment purchase contracts, goods delivery notes and allocated labour costs for service rendered. We performed physical stocktaking to a selected samples of production lines and house-hold rooftop solar systems. We also assessed the adequacy of disclosure made in the Group's consolidated financial statements about the revenue recognition on construction contract works.

Revenue recognition on contract work is dependent on the estimation of the total outcome of the construction contract, as well as the work performed to date. Significant judgements are required to estimate the total contract costs, comprising direct materials, the costs of subcontracting, direct labour and an appropriate proportion of variable and fixed construction overheads. Actual outcomes in terms of total contract costs may be higher or lower than those estimated at the end of the reporting period, which would affect the revenue recognised in the current period and in the future periods.

The accounting policy and significant accounting judgements and estimates related to construction contracts and disclosures of contract revenue are included in notes 2.4, 3 and 5 to the consolidated financial statements.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Cheong Ming Yik.

Ernst & Young
Certified Public Accountants
Hong Kong

29 March 2019

5. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE YEAR ENDED 31 DECEMBER 2018

The audited consolidated financial statements of the Group for the year ended 31 December 2018 can be found on pages 126 to 318 of the annual report of the Group for the year ended 31 December 2018 (the “2018 Annual Report”) published on 17 April 2019.

The 2018 Annual Report is posted on the Company’s website at www.hanergythinfilmpower.com. Please also see below a quick link to the 2018 Annual Report:

<http://www3.hkexnews.hk/listedco/listconews/SEHK/2019/0417/LTN20190417003.pdf>

The 2018 Annual Report is incorporated by reference into this Scheme Document and form part of this Scheme Document.

6. INDEBTEDNESS STATEMENT

Interest-Bearing Bank and Other Borrowings

The interest-bearing bank and other borrowings primarily consisted of short-term working capital loans and long-term loans. The interest-bearing bank and other borrowings as of February 28, 2019, being the latest practicable date for the purpose of the indebtedness statement were as follows:

	As of December 31, 2017	2018	As of February 28, 2019
	<i>(HK\$ in thousands)</i>		
Current:			
Bank loans – guaranteed and secured ⁽¹⁾	55,030	52,499	53,971
<i>Interest-bearing other borrowings</i>			
A Third Party – unsecured	2,345	–	–
A Third Party – unsecured	–	97,904	87,746
A Third Party – unsecured	–	28,532	29,332
Related parties – unsecured	2,225	–	–
Related parties – unsecured	11,647	548	549
<i>Current portion of long-term borrowings</i>			
Bank loans – secured ⁽²⁾	5,982	3,424	3,520
A Third Party-secured ⁽³⁾	12,898	12,930	13,239
Related parties-unsecured	507,483	–	–
	597,610	195,837	188,357

	As of December 31,		As of
	2017	2018	February 28, 2019
	<i>(HK\$ in thousands)</i>		
Non-current:			
Bank loans – secured ⁽²⁾	103,360	97,466	100,198
<i>Interest-bearing other borrowings</i>			
Related parties-unsecured	1,954	–	–
A Third Party – guaranteed ⁽⁴⁾	358,890	342,388	351,985
A Third Party – unsecured	29,907	–	–
A Third Party – unsecured ⁽⁵⁾	–	29,674	30,505
A Third Party – secured ⁽³⁾	34,287	21,428	19,146
	<u>528,398</u>	<u>490,956</u>	<u>501,834</u>
Total Indebtedness	<u>1,126,008</u>	<u>686,793</u>	<u>690,191</u>
Analysed into:			
Bank loans and overdrafts repayable:			
Within one year or on demand	61,012	55,923	57,491
In the second year	5,981	7,990	8,212
In the third to fifth years, inclusive	11,963	27,392	28,158
Beyond five years	85,416	62,084	63,829
	<u>164,372</u>	<u>153,389</u>	<u>157,690</u>
Other borrowings repayable:			
Within one year	536,598	139,914	130,866
In the second year	–	14,713	15,065
In the third to fifth years, inclusive	395,131	349,103	356,065
Beyond five years	29,907	29,674	30,505
	<u>961,636</u>	<u>533,404</u>	<u>532,501</u>
Total Indebtedness	<u>1,126,008</u>	<u>686,793</u>	<u>690,191</u>

Note:

- (1) The bank borrowings are secured by property, plant and equipment with a net book value before impairment of RMB6,368,000 (be equivalent to HK\$7,471,000) held by Fujian Apollo and guaranteed by Hanergy Holding.
- (2) The bank borrowings are secured by the electricity income right of the solar power station belongs to Guangzhou Qiguang Ltd., a subsidiary of the Company.
- (3) The balances were a borrowing from Utica Leaseco LLC., with the principal of US\$6,600,000. The borrowing covered a period of 51 months and was secured by the pledged property, plant and equipment of Alta with a net book value before impairment of US\$1,001,000 (be equivalent to HK\$7,859,000).
- (4) The balance is a borrowing from a third party company and is guaranteed by Hanergy Holding.
- (5) The balance is a 5-year long term entrusted loans from unrelated third party company which are repayable within two years after maturity.

We primarily borrow loans from banks and other parties to supplement the working capital and finance the expenditure. The bank loans and other borrowings as of December 31, 2017, December 31, 2018 and February 28, 2019 were primarily denominated in RMB, HK\$ and US\$. As of December 31, 2017, the bank loans bore effective interest rates ranging from 5% above the PBOC benchmark lending rate to 8.7% per annum. As of December 31, 2018, the bank loans bore effective interest rates ranging from 5% above the PBOC benchmark lending rate to 8.7% per annum. As of February 28, 2019, the bank loans bore effective interest rates ranging from 5% above the PBOC benchmark lending rate to 8.7% per annum.

As of December 31, 2017, we had HK\$413,920,000 of the bank loans and other borrowings were guaranteed by Hanergy Affiliates.

As of December 31, 2018, we had HK\$394,887,000 of the bank loans and other borrowings were guaranteed by Hanergy Affiliates.

As of February 28, 2019, we had HK\$405,956,000 of the bank loans and other borrowings were guaranteed by Hanergy Affiliates.

Except as disclosed above, as of the Latest Practicable Date for determining the indebtedness, we did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

7. MATERIAL CHANGE

The Directors confirm that save and except for an increase in cash and cash equivalents and interest-bearing bank and other borrowings of the Group arising from a new loan of RMB560 million from Bank of Jinzhou drawn down in March 2019, there has been no material change in the financial or trading position or outlook of the Group since 31 December 2018, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

1. RESPONSIBILITY STATEMENTS

This Scheme Document includes particulars given in compliance with the Takeovers Code for the purpose of giving information with regard to the Proposal, the Offeror, Mr. Li Hejun and the Group.

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this Scheme Document (other than that relating to the Group and Mr. Li Hejun), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Scheme Document (other than those expressed by the Directors and Mr. Li Hejun) have been arrived at after due and careful consideration and there are no other facts not contained in this Scheme Document, the omission of which would make any statement in this Scheme Document misleading.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Scheme Document (other than that relating to the Offeror, Mr. Li Hejun and parties acting in concert with any of them) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Scheme Document (other than those expressed by the directors of the Offeror and Mr. Li Hejun) have been arrived at after due and careful consideration and there are no other facts not contained in this Scheme Document, the omission of which would make any statement contained in this Scheme Document misleading.

Mr. Li Hejun, the ultimate beneficial owner of the Shares and voting rights of the Company held by the Offeror's subsidiaries and 漢能光伏科技有限公司, accepts full responsibility for the accuracy of the information contained in this Scheme Document (other than information relating to the Group) and confirm, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in this this Scheme Document (other than opinions expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Scheme Document, the omission of which would make any statement in this this Scheme Document misleading.

2. SHARE CAPITAL

As at the Latest Practicable Date:

- (a) the authorised share capital of the Company was HK\$160,000,000.00 divided into 64,000,000,000 Shares;
- (b) the issued share capital of the Company was HK\$105,364,190.12 divided into 42,145,676,048 Shares;
- (c) the Company had not issued any Shares since 31 December 2018, being the end of the last financial year of the Company;
- (d) all of the issued Shares ranked pari passu in all respects with each other, including all rights as to dividends, voting and interests in capital;

APPENDIX II GENERAL INFORMATION OF THE GROUP AND THE OFFEROR

- (e) there were 7,380,000 Share Options granted under the Share Option Scheme and remaining outstanding, with exercise prices and exercise periods as follows:

Exercise price (HK\$)	Total number (vested and unvested)	Exercise period
1.716	7,080,000	27/10/2014-31/10/2019
6.91	300,000	16/4/2015-15/4/2020

- (f) other than the Shares and the Outstanding Share Options as disclosed in paragraphs (b) and (e) above, there were no other outstanding options, warrants, derivatives or other convertible securities which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares.

3. DISCLOSURE OF INTERESTS

(a) Directors' interests and short positions in the Shares, underlying Shares and debentures of the Company or any associated corporations of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the Shares and underlying Shares of the Company or its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which the Directors and chief executives of the Company were deemed or taken to have under such provisions of the SFO), or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers under the Listing Rules (the “**Model Code**”) were as follows:

Name of Director	Capacity held	Number of Shares	Number of underlying Shares under derivatives equity/Share Options	Total interests	Approximate percentage of issued Shares (%)
Mr. YUAN Yabin	Beneficial owner	20,220,000 (L)	-	20,220,000 (L)	0.048
Dr. LAM Yat Ming Eddie	Beneficial owner	-	1,200,000 (L)	1,200,000 (L)	0.003
Mr. HUANG Songchun	Beneficial owner Interest of spouse	1,248,500 (L) 1,657,500 (L)	-	2,906,000 (L)	0.007
Mr. XU Xiaohua	Beneficial owner	6,000,000 (L)	-	6,000,000 (L)	0.014

L: Long positions

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Save as disclosed above, as at the Latest Practicable Date, none of the Directors or their associate(s) had an interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporation which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO (including interests and short positions of the SFO), or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

As at the Latest Practicable Date:

- (a) Mr. Yuan is a director of the Offeror and is therefore presumed to be a party acting in concert with the Offeror, and the Shares he holds are not part of the Scheme Shares;
 - (b) The Shares held by Mr. Huang and Mr. Xu (being the executive Directors) form part of the Scheme Shares, and they intend to vote in favour of the Scheme and the Proposal at the Court Meeting and the SGM.
 - (c) Dr. Lam, being an executive Director, intends to accept the Option Offer in respect of his Share Options not exercised before the Latest Option Exercise Date.
- (b) Interests and short positions of the Offeror and other substantial Shareholders in Shares and underlying Shares**

As at the Latest Practicable Date, Shareholders (other than the interest disclosed above in respect of the Directors or the chief executives of the Company) who had interests and short positions in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Name of Shareholder	Capacity held	Number of Shares	Approximate percentage of issued Shares
Li Hejun (<i>Notes 8 & 10</i>)	Interest of controlled corporations	17,616,845,121 (L)	41.80%
		3,122,000,000 (S)	7.41%
Li Xue (<i>Note 8</i>)	Interest of controlled corporations	17,616,845,121 (L)	41.80%
北京匯點智盛新能源技術有限公司 (<i>Notes 7 & 10</i>)	Interest of controlled corporations	17,616,845,121 (L)	41.80%
		3,122,000,000 (S)	7.41%
廣東河遠乘達能源技術研發有限公司 (<i>Notes 6 to 8, 10</i>)	Interest of controlled corporations	17,616,845,121 (L)	41.80%
		3,122,000,000 (S)	7.41%

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Name of Shareholder	Capacity held	Number of Shares	Approximate percentage of issued Shares
漢能光伏科技有限公司 (Notes 5 to 8, 10)	Beneficial owner	700,000,000 (L)	1.66%
		300,000,000 (S)	0.71%
	Interest of controlled corporations	16,916,845,121 (L)	40.14%
		2,822,000,000 (S)	6.70%
Hanergy Holding (Note 4)	Beneficial owner	10,242,101,376 (L)	24.30%
	Interest of controlled corporation	117,320,000 (L)	0.28%
Offeror (Notes 2, 3 to 8, 10)	Interest of controlled corporations	16,916,845,121 (L)	40.14%
		2,822,000,000 (S)	6.70%
Hanergy Investment Limited (Notes 2 & 10)	Beneficial owner	9,619,304,195 (L)	22.82%
		1,440,000,000 (S)	3.42%
	Interest of controlled corporations	6,928,186,926 (L)	16.44%
		1,382,000,000 (S)	3.28%
Hanergy Option Limited (Note 2)	Beneficial owner	3,036,565,603 (L)	7.20%
Li Weijun (Note 1)	Beneficial owner	21,483,900 (L)	0.05%
	Interest of controlled corporations	10,359,421,376 (L)	24.58%
國家開發銀行股份有限公司 (Note 9)	Beneficial owner	3,403,400,000 (L)	8.08%
Tai Shaw Hoong (Note 9)	Executor or administrator	3,403,400,000 (L)	8.08%
Song Kuan (Note 9)	Executor or administrator	3,403,400,000 (L)	8.08%

L: Long positions

S: Short Positions

Notes:

- Mr. Li Weijun, Mr. Li Hejun's brother, directly holds 21,483,900 Shares, or approximately 0.0510% of the share capital of the Company. In addition, he holds the following direct and indirect interest in Hanergy Holding: (i) as to 40% of share capital of Hanergy Holding; (ii) as to 99% of 北京華勤高科貿易有限公司, which in turn holds as to 30% of Hanergy Holding; and (iii) as to 98.17% of 北京建煌電力投資有限公司, which holds as to 98.03% of 廣東東江電力開發有限公司, which in turn holds as to 30% of Hanergy Holding. By virtue of the SFO, as Mr. Li Weijun holds more than a third of the voting rights of Hanergy Holding, he is deemed to be interested in all the Shares held by Hanergy Holding.

2. Hanergy Investment directly holds 9,619,304,195 Shares, or approximately 22.82% of the share capital of the Company. Hanergy Investment holds (i) 100% of Hanergy Option Limited, which in turn holds 3,036,565,603 Shares, or approximately 7.20% of the share capital of the Company; (ii) 100% of GL Wind Farm Investment Limited, which in turn holds 1,973,684,104 Shares, or approximately 4.68% of the share capital of the Company; and (iii) 100% of China Genco Investment Limited, which in turn holds 1,917,937,219 Shares, or approximately 4.55% of the share capital of the Company.
3. The Offeror's shareholding interest in the Company can be broken down as follows:
 - (a) each of Hanergy Option Limited, GL Wind Farm Investment Limited, China Genco Investment Limited, 山東禹城漢能薄膜太陽能有限公司 and 黑龍江漢能薄膜太陽能有限公司 is an indirect wholly-owned subsidiary of the Offeror;
 - (b) 四川漢能光伏有限公司 is held as to 84.11% by 漢能太陽能光伏科技有限公司, a wholly-owned subsidiary of the Offeror; and
 - (c) each of Hanergy Investment Limited and 北京漢能信遠能源技術開發有限公司 is a wholly-owned subsidiary of the Offeror.

By virtue of the SFO, the Offeror is deemed to be interested in all the Shares held by Hanergy Option Limited, Hanergy Investment Limited, GL Wind Farm Investment Limited, China Genco Investment Limited, 山東禹城漢能薄膜太陽能有限公司, 黑龍江漢能薄膜太陽能有限公司, 四川漢能光伏有限公司 and 北京漢能信遠能源技術開發有限公司. The interests held respectively by these entities are as follows:

	Offeror Group Entity	No. of Shares	Approximate Shareholding Percentage
(i)	GL Wind Farm Investment Limited	1,973,684,104	4.68%
(ii)	China Genco Investment Limited	1,917,937,219	4.55%
(iii)	山東禹城漢能薄膜太陽能有限公司	3,554,000	0.01%
(iv)	黑龍江漢能薄膜太陽能有限公司	19,240,000	0.05%
(v)	四川漢能光伏有限公司	147,870,000	0.35%
(vi)	北京漢能信遠能源技術開發有限公司	198,690,000	0.47%
(vii)	Hanergy Investment Limited	9,619,304,195	22.82%
(viii)	Hanergy Option Limited	3,036,565,603	7.20%
	Total:	16,916,845,121	40.14%

4. Hanergy Holding directly holds 7,295,184,000 Shares, or approximately 17.31% of the share capital of the Company. In addition, pursuant to the Subscription Agreement and subsequent supplemental agreements entered into between the Company and Hanergy Holding on 20 May 2010, Hanergy Holding remains entitled to the second tranche of 1,473,458,688 Subscription Shares and the third tranche of 1,473,458,688 Subscription Shares, subject to the relevant conditions being fulfilled or, where applicable, waived pursuant to the terms of the aforesaid agreements. Further, Hanergy Holding holds 100% shares in 江蘇武進漢能薄膜太陽能有限公司, which in turn holds as to 117,320,000 Shares, or 0.28% of the share capital in the Company. By virtue of the SFO, Hanergy Holding is deemed to be interested in all of the Shares held by 江蘇武進漢能薄膜太陽能有限公司.
5. 漢能光伏科技有限公司 directly holds 700,000,000 Shares, or approximately 1.66% of the share capital of the Company. It also holds as to 99.75% of the Offeror. By virtue of the SFO, it is deemed to be interested in all of the Shares which the Offeror is interested in.
6. 廣東河遠乘達能源技術研發有限公司 holds all equity interest in 漢能光伏科技有限公司. By virtue of the SFO, 廣東河遠乘達能源技術研發有限公司 is deemed to be interested in all the Shares which 漢能光伏科技有限公司 is interested in.
7. 北京匯點智盛新能源技術有限公司 holds all equity interest in 廣東河遠乘達能源技術研發有限公司 which in turn holds all equity interest in 漢能光伏科技有限公司. By virtue of the SFO, 北京匯點智盛新能源技術有限公司 is deemed to be interested in all the Shares which 漢能光伏科技有限公司 is interested in.
8. The equity interests in 北京匯點智盛新能源技術有限公司 are held as to 70% and 30% by Ms. Li Xue (李雪) and Ms. Li Xia (李霞) respectively. Ms. Li Xue and Ms. Li Xia are Mr. Li Hejun's sisters. Mr. Li Hejun as the appointor and Ms. Li Xue and Ms. Li Xia as the appointees entered into a shareholding entrustment arrangement whereby Mr. Li Hejun entrusts Ms. Li Xue and Ms. Li Xia to hold the Shares held by the Offeror's subsidiaries and 漢能光伏科技有限公司 and all rights related to those Shares for the benefit, and on behalf, of Mr. Li Hejun via the Offeror and 漢能光伏科技有限公司. Such rights include but are not limited to the voting rights attached to those Shares. By virtue of the SFO, Mr. Li Hejun and Ms. Li Xue are deemed to be interested in all the Shares which 漢能光伏科技有限公司 and the Offeror are interested in.

9. On 4 March 2019, pursuant to a share mortgage signed between Hanergy Investment Limited (as chargor) and 國家開發銀行股份有限公司 (as chargee) dated 15 September 2014 (the “**Share Mortgage**”), 國家開發銀行股份有限公司 served notice on Hanergy Investment Limited and enforced the Share Mortgage. Hanergy Investment Limited is a wholly-owned subsidiary of the Offeror. On 5 March 2019, 國家開發銀行股份有限公司 appointed Tai Shaw Hoong and Song Kuan as joint and several receivers over 3,403,400,000 Shares.
10. As at the Latest Practicable Date, the number of Shares charged by certain entities in the Offeror concert party group, namely China Genco Investment Limited, GL Wind Farm Investment Limited, 漢能光伏科技有限公司, Hanergy Investment Limited, Hanergy Option Limited, 黑龍江漢能薄膜太陽能有限公司, 江蘇武進漢能薄膜太陽能有限公司, 四川漢能光伏有限公司 in favour of the financial institutions and other independent third parties (collectively, the “**Chargees**” and individually, a “**Chargee**”) are 982,000,000 Shares, 1,853,333,334 Shares, 700,000,000 Shares, 6,015,576,000 Shares, 1,100,000,000 Shares, 19,240,000 Shares, 117,320,000 Shares, 147,870,000 Shares respectively or in aggregate 10,935,339,334 Shares.

The short positions in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, have been disclosed above accordingly.

Under the terms of respective loan agreement of the total 10,935,339,334 Shares, the underlying loans in respect of 4,206,430,000 charged Shares were in default and the respective Chargees may exercise any voting rights and any powers or rights which may be executed by the legal and beneficial owner of the charged Shares. To the best of the knowledge, information and belief of the Offeror and the relevant charger entity having made all reasonable enquires, no action has been taken by the respective Chargees in respect of the charged Shares as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, there was no person (other than the interest disclosed above in respect of the Directors or the chief executives of the Company) who (i) had an interest or short position in the Shares and underlying Shares of the Company which (a) would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO; or (b) were required, pursuant to Section 336 of the SFO, to be entered in the register referred therein; or (ii) were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying the right to vote in all circumstances at general meetings of the Company or any options in respect of such capital.

Save as disclosed in the section headed “7. SHAREHOLDING STRUCTURE OF THE COMPANY” in “Part VII – Explanatory Statement” of this Scheme Document and the above, as at the Latest Practicable Date, none of the Offeror, the SPV and their respective parties acting in concert or any offeror’s directors and the directors of the SPV, owned or controlled any Shares or any options, warrants, derivatives or securities convertible into Shares.

As at the Latest Practicable Date, the Offeror (through an indirect wholly-owned subsidiary) indirectly owns all issued SPV Share(s) or 100% shareholding interest in the SPV. Save as disclosed above, none of the Offeror, directors of the Offeror and the parties acting in concert with them owned or controlled any SPV Shares, options, warrants, derivatives, or securities convertible into SPV Shares as at the Latest Practicable Date nor had they dealt for value in any SPV Shares, options, warrants, derivatives, or securities convertible into SPV Shares during the Relevant Period.

As at the Latest Practicable Date, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Offeror, the SPV or with any party acting in concert with any of them owned or controlled any Shares, warrants, options or securities convertible into Shares or dealt for value in any Shares, warrants, options or securities convertible into Shares or the SPV Shares during the Relevant Period.

As at the Latest Practicable Date, there is no agreement, arrangement for or understanding for any transfer, charge or pledge of Shares pursuant to the Scheme to any other person.

As at the Latest Practicable Date, the Offeror, the SPV and any party acting in concert with any of them had not borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company and the SPV.

(c) Dealings in the relevant securities of the Company

- (1) During the Relevant Period, none of the Offeror, the SPV or parties acting in concert with any of them had dealt for value in any Shares, convertible securities, warrants, options and derivatives in respect of the Shares.
- (2) Save as Mr. Huang Songchun and his wife purchased an aggregate of 422,000 shares on 12 July 2018, during the Relevant Period, none of the Directors had any dealings in any Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into Shares.
- (3) During the Offer Period and up to the Latest Practicable Date:
 - (i) no subsidiaries of the Company, pension funds of any member of the Group or any advisers to the Company or any person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of acting in concert or who is an associate of the Company by virtue of class (2) of the definition of associate (but excluding exempt principal traders and exempt fund managers) had any dealings in any shares, warrants, options, derivatives and securities carrying conversion or subscription rights into shares of the Offeror, the SPV or the Company;
 - (ii) no person who had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is an associate of the Company by virtue of classes (1), (2), (3) and (5) of the definition of acting in concert or who is an “associate” under the Takeovers Code by virtue of classes (2), (3) and (4) of the definition of associate had any dealings in any shares, warrants, options, derivatives and securities carrying conversion or subscription rights into shares of the Offeror, the SPV or the Company; and
 - (iii) no fund managers connected with the Company had any dealings in any shares, warrants, options, derivatives and securities carrying conversion or subscription rights into shares of the Offeror, the SPV or the Company.

(d) Interests in the Offeror’s securities

As at the Latest Practicable Date, none of the Company or any of the Directors had any interest in the shares, warrants, options, derivatives and securities carrying conversion or subscription rights into shares of the Offeror and the SPV.

(e) Dealings in the securities of the Offeror

During the Relevant Period, none of the Company nor the Directors had any dealings in the shares, warrants, options, derivatives and securities carrying conversion or subscription rights into shares of the Offeror and the SPV.

(f) Other arrangements in relation to the Proposal

As at the Latest Practicable Date:

- (i) no benefit (other than statutory compensation) was or would be given to any Director as compensation for his loss of office or otherwise in connection with the Proposal;
- (ii) save for the appointment of the three independent non-executive Directors, namely Mr. Lo Man Tuen, Professor He Xiaofeng and Mr. Wang Dan as directors of the SPV, there was no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror or any parties acting in concert with it on one hand and any Directors, recent Directors, Shareholders or recent Shareholders on the other hand, having any connection with or was dependent upon the Proposal;
- (iii) there was no agreement or arrangement to which the Offeror is a party which relate to circumstances in which it may or may not invoke or seek to invoke a condition to the Scheme;
- (iv) save as disclosed in the section headed “3(b) Interests and short positions of the Offeror and other substantial Shareholders in Shares and underlying Shares” in this Appendix II, there was no arrangement (whether by way of option, indemnity or otherwise) in relation to shares of the Offeror or the Shares which might be material to the Proposal; and
- (v) there were no arrangements of the kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code between the Offeror or any party acting in concert with it and any other person.

(g) Other interests

As at the Latest Practicable Date:

- (i) no Shares or any convertible securities, warrants, options or derivatives issued by the Company was owned or controlled by a subsidiary of the Company or by a pension fund (if any) of any member of the Group or by an adviser to the Company as specified in class (2) of the definition of “associate” under the Takeovers Code (but excluding exempt principal traders);
- (ii) there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of “associate” under the Takeovers Code and had any interests in the Shares, convertible securities, warrants, options or derivatives of the Company;
- (iii) no Shares, convertible securities, warrants, options or derivatives of the Company was managed on a discretionary basis by any fund managers connected with the Company;
- (iv) save for the appointment of the three independent non-executive Directors, namely Mr. Lo Man Tuen, Professor He Xiaofeng and Mr. Wang Dan as directors of the SPV, there was no agreement or arrangement between any of the Directors and any other person which is conditional on or dependent upon the outcome of the Scheme or otherwise connected with the Scheme;
- (v) no material contracts have been entered into by the Offeror in which any Director has a material personal interest; and
- (vi) none of the Company and the Directors had borrowed or lent any relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company, the Offeror and the SPV.

4. MATERIAL LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

5. MATERIAL CONTRACTS

No contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries) had been entered into by the Company or any of its subsidiaries within the two years before the commencement of the Offer Period, up to and including the Latest Practicable Date and were or might be material.

6. SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company commencing on 15 June 2018 for a term of three years.

Each of the independent non-executive Directors has entered into a service contract with the Company commencing on 4 September 2017 for a term of three years. Their remuneration was revised on 29 March 2018.

The amount of fixed remuneration payable under the contract, excluding arrangements for pension payments and the amount of any variable remuneration payable under the contract for each of the executive Directors are as below:

Name of Directors	Amount of fixed remuneration paid before the current contract for the year ended 31 December 2017	Amount of variable remuneration paid before the current contract for the year ended 31 December 2017	Amount of fixed remuneration payable under the current contract (excluding arrangements for pension payments)	Amount of any variable remuneration payable under the current contract
Mr. Yuan Yabin	HK\$3,401,000 per annum	Nil	HK\$4,868,734 per annum	Discretionary bonus (Note)
Dr. Lam Yat Ming Eddie	HK\$4,524,000 per annum	HK\$259,000	HK\$4,524,000 per annum	Discretionary bonus (Note)
Mr. Si Haijian	HK\$2,000,000 per annum	HK\$820,000	HK\$2,000,000 per annum	Discretionary bonus (Note)
Mr. Huang Songchun	HK\$1,118,000 per annum	Nil	HK\$1,693,185 per annum	Discretionary bonus (Note)
Mr. Xu Xiaohua	HK\$1,268,000 per annum	Nil	HK\$1,359,650 per annum	Discretionary bonus (Note)
Mr. Zhang Bin	HK\$2,000,000 per annum	Nil	HK\$2,000,000 per annum	Discretionary bonus (Note)

Note:

As recommended by the remuneration committee of the Company with reference to the performance of the executive Director and the net profit of the Group during any relevant financial year.

Name of Directors	Amount of fixed remuneration paid under current contract before revision (excluding arrangements for pension payments)	Amount of variable remuneration paid under current contract before revision	Amount of fixed remuneration payable under current contract after revision (excluding arrangements for pension payments)	Amount of variable remuneration payable under the current contract after revision
Mr. Lo Man Tuen, G.B.S., JP	HK\$20,000 per month	N/A	HK\$50,000 per month	N/A
Professor He Xiaofeng	HK\$20,000 per month	N/A	HK\$50,000 per month	N/A
Professor Zhang Qiusheng	HK\$20,000 per month	N/A	HK\$50,000 per month	N/A
Mr. Wang Dan	HK\$20,000 per month	N/A	HK\$50,000 per month	N/A

7. MARKET PRICES

As trading in the Shares has been suspended on the Stock Exchange since 10:40 a.m. on 20 May 2015, information about the closing prices of the Shares on the Stock Exchange on the Relevant Period are not available, and neither are the highest and lowest closing prices of the Shares during the Relevant Period. The last closing price before suspension of trading was HK\$ 3.91.

8. CONSENTS AND QUALIFICATIONS OF EXPERTS

The following are the qualifications of each of the experts who has given opinions, letters or advice which are contained in this Scheme Document:

Name	Qualification
BaoQiao Partners	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
TC Capital	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

Each of the experts mentioned above has given and has not withdrawn its written consent to the issue of this Scheme Document with the inclusion therein of the opinions and/or letters and/or the references to its name and/or opinions and/or letters in the form and context in which they respectively appear.

9. MISCELLANEOUS

- (i) The directors of the Offeror are Ms. Li Xue, Mr. Yuan Yabin, Mr. Shi Guosong, Mr. Feng Dianbo and Mr. Dai Mingfang.
- (ii) The registered office of the Offeror is situated at Room 107, Block 2, Comprehensive Office Area, Olympic Village Street, Chaoyang District, Beijing, PRC* (中國北京市朝陽區奧運村街道綜合辦公區2號樓107室).
- (iii) The registered address of 漢能光伏科技有限公司 is Room 103, Block 2, Comprehensive Office Area, Olympic Village Street, Chaoyang District, Beijing, PRC* (中國北京市朝陽區奧運村街道辦公區2號樓103室) and its directors are Ms. Li Xue, Mr. Liu Xingrong and Mr. Shi Guosong.
- (iv) The registered address of 漢能水力發電集團有限公司 (previously known as 漢能控股集團有限公司) is Room 106, 1/F, 17 Leyuan Street, Yanxi Economic Development Zone, Huairou District, Beijing, PRC* (中國北京市懷柔區雁棲經濟開發區樂園大街17號1層106室) and its directors are Mr. Li Weijun, Mr. Huang Wuqiu and Mr. Zhang Sen.

APPENDIX II GENERAL INFORMATION OF THE GROUP AND THE OFFEROR

- (v) The registered address of 北京匯點智盛新能源技術有限公司 is No.38 Leyuan Street, Yanxi Economy Development Zone, Huairou District, Beijing, PRC* (中國北京市懷柔區雁棲經濟開發區樂園大街38號) and its sole director is Ms. Sun Ying.
- (vi) The registered address of 廣東河遠乘達能源技術研發有限公司 is Room 5013, Area C21-8 of Administrative Center, Dongyuan County, Guangdong Province, PRC* (中國廣東省東源縣城行政中心區C21-8地塊5013室) and its sole director is Ms. Sun Xiaolin.
- (vii) The registered address of 北京謙東科技有限公司 is Room A2971, Block A, No.9 Fengxiang East Street, Yangsong Town, Huairou District, Beijing, PRC* (中國北京市懷柔區楊宋鎮鳳翔東大街9號A座A2971室) and its sole director is Ms. Zhang Ruiqi.
- (viii) The registered address of the SPV is situated at offices of Sertus Incorporations (BVI) Limited, Sertus Chambers, P.O. Box 905, Quastisky Building, Road Town, Tortola, British Virgin Islands and its directors are Mr. Lo Man Tuen, Professor He Xiaofeng and Mr. Wang Dan.
- (ix) The ultimate controlling shareholders of the Offeror, 漢能光伏科技有限公司, 廣東河遠乘達能源技術研發有限公司, 北京謙東科技有限公司 and 北京匯點智盛新能源技術有限公司 are Ms. Li Xue and Ms. Li Xia.
- (x) The legal owners of 北京謙東科技有限公司 and 北京匯點智盛新能源技術有限公司 are Ms. Li Xue and Ms. Li Xia.
- (xi) The principal place of business of BaoQiao Partners is situated at Unit 601, 6/F, Tower 1 Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong.
- (xii) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (xiii) The principal place of business of the Company in Hong Kong is situated at Room 2204-06, 22/F, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong.
- (xiv) The secretary of the Company is Ms. Lee Wai Yee, who is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants.
- (xv) The principal share registrar of the Company is MUFG Fund Services (Bermuda) Limited, 26 Burnaby Street, Hamilton HM 11, Bermuda.
- (xvi) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Tengis Limited, situated at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (xvii) The principal place of business of TC Capital is at suite 1903-4, 19/F, Tower 6, The Gateway, Harbour City, 9 Canton Road, Kowloon, Hong Kong.
- (xviii) This Scheme Document is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business of the Company in Hong Kong at Room 2204-06, 22/F, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong from 9:30 a.m. to 5:00 p.m. (except Saturdays, Sundays and public holidays) and on the website of the Company at www.hanergythinfilmpower.com and the website of the SFC at www.sfc.hk during the period from date of the Scheme Document until the earlier of (a) the Effective Date or the closing date of the Option Offer, whichever is later; and (b) the date on which the Scheme or the Option Offer lapses or is withdrawn, whichever is later:

- (i) the articles of association of the Offeror;
- (ii) the memorandum and articles of association of the Company;
- (iii) the memorandum and articles of association of the SPV;
- (iv) the annual reports of the Company for the years ended 31 December 2016, 2017 and 2018 respectively;
- (v) the letter from the Board, the text of which is set out in Part IV – Letter from the Board of this Scheme Document;
- (vi) the letter from the Independent Board Committee, the text of which is set out in Part V – Letter from the Independent Board Committee of this Scheme Document;
- (vii) the letter from TC Capital, the text of which is set out in Part VI – Letter from TC Capital of this Scheme Document;
- (viii) the written consents referred to in the paragraph headed “8. Consents and qualifications of experts” in this Appendix II;
- (ix) the share option scheme rules of the SPV;
- (x) the Share Option Scheme;
- (xi) the service contracts of each of the Directors; and
- (xii) this Scheme Document.

**IN THE SUPREME COURT OF BERMUDA
CIVIL JURISDICTION
COMMERCIAL COURT**

2019: NO. 149

IN THE MATTER OF

HANERGY THIN FILM POWER GROUP LIMITED

and

IN THE MATTER OF SECTION 99 OF THE COMPANIES ACT 1981

SCHEME OF ARRANGEMENT

Between

HANERGY THIN FILM POWER GROUP LIMITED

and

THE HOLDERS OF THE SCHEME SHARES (as defined herein)

PRELIMINARY

(A) In this Scheme of Arrangement, unless inconsistent with the subject or context, the following expressions shall bear the meanings respectively set opposite them:

“Company”	Hanergy Thin Film Power Group Limited, a company incorporated in Bermuda with limited liability
“Companies Act”	The Companies Act of 1981 of Bermuda (as amended)
“parties acting in concert”	parties acting in concert or presumed to be acting in concert with the Offeror, including Hanergy Holding
“Court”	the Supreme Court of Bermuda
“Court Meeting”	a meeting of the Scheme Shareholders to be convened at the direction of the Court at which this Scheme (with or without modification) will be voted upon, or any adjournment thereof
“Director(s)”	director(s) of the Company

“Effective Date”	the date on which this Scheme becomes effective in accordance with paragraph 5 of this Scheme
“Hanergy Holding”	漢能水力發電集團有限公司 (previously known as 漢能控股集團有限公司), a shareholder of the Company and a party acting in concert
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC Nominees Limited”	HKSCC Nominees Limited, a company incorporated in Hong Kong with limited liability
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Independent Shareholder(s)”	the Shareholder(s) other than the Offeror and its concert parties
“Latest Practicable Date”	23 April 2019, being the latest practicable date prior to the dispatch of the Scheme Document for the purpose of ascertaining certain information contained therein
“Offeror”	漢能移動能源控股集團有限公司 (Hanergy Mobile Energy Holding Group Co., Ltd.*) (previously known as 漢能移動能源控股有限公司 Hanergy Mobile Energy Holding Co., Ltd.*), a company incorporated in the PRC with limited liability
“PRC”	People’s Republic of China
“Record Date”	6 June 2019, or such other date as have been or will be announced to the Shareholders, being the record date for the purpose of determining the entitlements of the Scheme Shareholders under this Scheme
“Record Time”	4:00 p.m. (Hong Kong time) on the Record Date
“Register”	the register of members of the Company
“Scheme”	this scheme of arrangement under section 99 of the Companies Act between the Company and the Scheme Shareholders in its present form or with or subject to any modification or addition or condition which the Court may approve or impose
“Scheme Document”	the composite scheme document (which includes the Scheme) dated 25 April 2019 sent by the Company to the Shareholders
“Scheme Shareholders”	the holder(s) of the Scheme Share(s) as at the Effective Date

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|------------------|--|
| “Scheme Shares” | Share(s) other than those directly or indirectly held by the Offeror and its concert parties |
| “Shareholder(s)” | registered holder(s) of the Share(s) |
| “Share(s)” | ordinary share(s) of HK\$0.0025 each in the share capital of the Company |
| “SPV” | China Common Rich Renewable Energy Investments Limited (中國同富新能源投資有限公司), a special purpose vehicle company, incorporated in the British Virgin Islands for the purpose of this Scheme |
| “SPV Share(s)” | the ordinary share(s) in the capital of the SPV |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Takeovers Code” | The Hong Kong Code on Takeovers and Mergers |
- (B) The Company was incorporated on 15 June 1994 in Bermuda under the Companies Act with an authorised share capital of HK\$100,000 divided into 1,000,000 shares of HK\$0.10 each. As at the date of this Scheme, the Company had an authorised share capital of HK\$160,000,000 divided into 64,000,000,000 Shares of HK\$0.0025 each of which 42,145,676,048 Shares had been issued and were fully paid or credited as fully paid.
- (C) As at the Latest Practicable Date, the Offeror and its parties acting in concert were interested in 25,071,053,021 Shares which represent approximately 59.49% of the issued share capital of the Company.
- (D) In consideration of the cancellation and extinguishment of the Scheme Shares on the Effective Date, all Scheme Shareholders as appearing in the Register as at the Record Time shall be entitled to receive one SPV Share for each Scheme Share. The Scheme will not involve cash payment to the Scheme Shareholders by the Offeror and/or its parties acting in concert.
- (E) The Offeror has agreed to appear by Conyers Dill & Pearman Limited at the hearing of the petition to sanction this Scheme and to undertake to the Court to be bound thereby and to execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed and done by the Offeror for the purpose of giving effect to this Scheme.
- (F) The purpose of this Scheme is to cancel and extinguish all the Scheme Shares on the Effective Date, and for the SPV Shares to be issued to the Scheme Shareholders on such date, so that the SPV will be wholly-owned by the Scheme Shareholders immediately after the Effective Date.

THE SCHEME**PART I****CANCELLATION AND EXTINGUISHMENT OF THE SCHEME SHARES**

1. On the Effective Date:
 - (a) the share capital of the Company will be reduced by the cancellation and extinguishment of the Scheme Shares;
 - (b) subject to and forthwith upon such reduction of capital taking effect, the share capital of the Company will be increased to its former amount by the issue to the SPV of such number of new Shares as is equal to the number of Scheme Shares cancelled; and
 - (c) the Company shall apply the credit arising in its books of account as a result of the reduction of share capital referred to in paragraph 1(a) above in paying up in full at par the new Shares to be allotted and issued, credited as fully paid, to the SPV.

PART II**CONSIDERATION FOR CANCELLATION AND
EXTINGUISHMENT OF THE SCHEME SHARES**

2. In consideration of the cancellation and extinguishment of the Scheme Shares pursuant to paragraph 1 of this Scheme, the Offeror will cause the SPV to issue, subject to paragraph 3 of this Scheme, to each Scheme Shareholder as appearing in the Register as at the Record Time, one SPV Share for every Scheme Share cancelled.

PART III**GENERAL**

3.
 - (a) Not later than seven business days after the Effective Date, the Offeror shall, in respect of the Scheme Shareholders (as appearing in the Register as at the Record Time) who will receive the SPV Shares in respect of their holding of Scheme Shares, send or cause to be sent to each Scheme Shareholders one SPV Share certificate representing her/his/its entitled SPV Shares pursuant to paragraph 2 of this Scheme. In the case of HKSCC Nominees Limited share certificates shall be issued in such denominations as it may specify.
 - (b) Unless indicated otherwise in writing to the branch share register of the Company in Hong Kong (being Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong) before the Effective Date, all such SPV Share certificates shall be sent by ordinary post (by airmail where appropriate) in pre-paid envelopes addressed to such Scheme Shareholders as follows:

- (i) in the case of each sole Scheme Shareholder, the registered address of such Scheme Shareholder as appearing in the Register as at the Record Time; or
 - (ii) in the case of joint Scheme Shareholders, the registered address as appearing in the Register as at the Record Time of the first named joint Scheme Shareholder in respect of the relevant joint holding.
- (d) All SPV Share certificates shall be posted at the risk of the addressees and other persons entitled thereto and the Company, the Offeror and any other persons involved in the Scheme shall not be liable for any loss or delay in transmission.
- (g) The preceding sub-paragraphs of this paragraph 3 shall take effect subject to any prohibition or condition imposed by applicable law.
4. With effect from the Effective Date:
- (i) all certificates representing the Scheme Shares shall cease to have effect as documents or evidence of title and every holder thereof shall be bound, on the request of the Company, to deliver to the Company the certificate(s) in respect of its, his or her entire holding of Scheme Shares;
 - (ii) all mandates or other instructions to the Company in force as at the Effective Date in relation to the Scheme Shares (including elections for the payment of dividends by way of scrip) shall cease to be valid as effective mandates or instructions; and
 - (iii) all instruments of transfer validly subsisting as at the Record Time in respect of the transfer of any Scheme Shares shall, with effect from the Effective Date, cease to be valid for all purposes as instruments of transfer.
5. This Scheme shall become effective as soon as a copy of the Order of the Court sanctioning this Scheme under section 99 of the Companies Act shall have been delivered to the Registrar of Companies in Bermuda for registration.
6. The Company and the Offeror may jointly consent for and on behalf of all concerned to any modification(s) of or addition(s) to this Scheme or to any condition(s) which the Court may see fit to approve or impose.
7. Unless this Scheme shall have become effective on or before 30 September 2019 (or such later date, if any, as the Offeror and the Company may agree and the Court may allow), this Scheme shall lapse.
8. This Scheme shall be governed by Bermuda law.

Dated 25 April 2019

CHINA COMMON RICH RENEWABLE ENERGY INVESTMENTS LIMITED

中國同富新能源投資有限公司

RULES OF SHARE OPTION SCHEME

1. DEFINITIONS

1.1 In these Rules, except where the context otherwise requires, the following words and expressions shall bear the following meanings:-

“Board”	the board of directors of the Company or a duly authorised committee thereof
“BVI”	British Virgin Islands
“Company”	China Common Rich Renewable Energy Investments Limited (中國同富新能源投資有限公司), a company incorporated under the laws of BVI
“Date of Grant”	has the meaning ascribed thereto under Rule 3.3
“Eligible Person”	has the meaning ascribed thereto under Rule 3.1
“Exercise Period”	the period that an Option may be exercised as specified by the Board, which shall commence from the Date of Grant and expire on the same last day of the option period in respect of the relevant Hanergy Thin Film Power Share Option
“Exercise Price”	the price per Share payable on the exercise of an Option as set out in Rule 3.5 of these Rules or (where applicable) such price as from time to time adjusted pursuant to the Scheme
“Hanergy Thin Film Power”	Hanergy Thin Film Power Group Limited, a company incorporated under the laws of Bermuda and whose shares are listed on the Main Board of the Stock Exchange with stock code 566
“Hanergy Thin Film Power Group”	Hanergy Thin Film Power Group Limited and its Subsidiaries
“Hanergy Thin Film Power Share Option(s)”	share option(s) granted by Hanergy Thin Film Power pursuant to the Hanergy Thin Film Power Share Option Scheme
“Hanergy Thin Film Power Share Option Scheme”	the share option scheme of Hanergy Thin Film Power approved by its shareholders on 28 August 2007

“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Option”	an option to subscribe for Shares on terms determined pursuant to these Rules and by the Board provided that any Board decision on any Option shall not be inconsistent or contradictory with these Rules
“Option Holder”	a person holding an Option
“Relevant Event”	any variation in the share capital of the Company arising from sub-division or consolidation of share capital
“Scheme”	this scheme in its present form or as from time to time amended in accordance with the provisions hereof
“Scheme Document”	the scheme document to be issued by Hanergy Thin Film Power and Hanergy Mobile Energy Holding Group Co., Ltd to the shareholders of Hanergy Thin Film Power and holders of Hanergy Thin Film Power Share Options on or around 25 April 2019, for a scheme of arrangement in respect of Hanergy Thin Film Power proposed under Companies Act 1981 of Bermuda
“Scheme Period”	the period commencing from the date on which the Scheme is adopted up to and including 15 April 2020
“Share(s)”	a fully paid share in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary(ies)”	a subsidiary or subsidiaries of Hanergy Thin Film Power within the meaning of section 15 of the Companies Ordinance (Cap. 622) of the Laws of Hong Kong or section 86 of The Companies Act 1981 of Bermuda, whether incorporated in Hong Kong, Bermuda or elsewhere

1.2 In these Rules, reference to person include any body of persons, corporate or unincorporated, the singular includes the plural and the masculine includes the feminine and vice versa, headings are inserted for convenience only and reference to a Rule is to one of the Rules.

2. PURPOSE OF THE SCHEME

The Scheme is set up to facilitate the Option Offer (as defined in the Scheme Document) for the compliance of rule 13 of the Hong Kong Code on Takeovers and Mergers.

3. ELIGIBLE PERSON AND GRANT OF OPTIONS

- 3.1 An “**Eligible Person**” is a Holder of Hanergy Thin Film Power Share Options who accepts the Option Offer (as defined in the Scheme Document) prior to the closing of the Option Offer pursuant to the Proposal (as defined in the Scheme Document).
- 3.2 Where any Holder of Hanergy Thin Film Power Share Options accepts the Option Offer (as defined in the Scheme Document) as set out in Rule 3.1 and therefore becomes an Eligible Person, the Board shall grant to such Eligible Person (without any initial payment) the Options on the basis of one Option for each Hanergy Thin Film Power Share Option. Apart from the above, the Board shall not grant any further Options.
- 3.3 The Company shall, on the date set out in the Scheme Document as the date of dispatch of the new Option certificates (“**Date of Grant**”), issue Option certificates under the Seal of the Company in such form as the Board may from time to time determine and dispatch such Option certificates to the Eligible Persons.
- 3.4 An Option shall be personal to the Option Holder and shall not be transferable or assignable.
- 3.5 The exercise price for each Option (“**Exercise Price**”) upon the grant of the Option is exactly the same as the option price of the relevant Hanergy Thin Film Power Share Option for which the Option is granted upon acceptance of the Option Offer (as defined in the Scheme Document), or (where applicable) such price as from time to time adjusted pursuant to the Scheme.

4. RIGHTS OF EXERCISE

- 4.1 Subject to the following paragraphs of this Rule 4, an Option may be exercised at any time during the Exercise Period thereof and notwithstanding that the Scheme Period may have expired.
- 4.2 If an Option Holder ceases to be an Eligible Person:-
- (a) by reason of ill-health, disability (all evidenced to the satisfaction of the Board) or death or retirement in accordance with the retirement provisions of his contract of employment with the relevant member of the Hanergy Thin Film Power Group, he or (as the case may be) his personal representatives may exercise all his Options within a period being the earlier of six months after he so ceases or the expiration of the relevant Exercise Period. Any Option not so exercised shall lapse and determine at the end of the said period;
 - (b) by reason of voluntary resignation or by termination of his employment with any member of the Hanergy Thin Film Power Group, all his Options shall lapse and determine on the date he so ceases,

Provided that in any such case the Board in its absolute discretion may otherwise determine subject to such conditions or limitations as the Board may decide.

- 4.3 Notwithstanding anything in the Scheme to the contrary, the Exercise Period shall not be extended and, on expiry of the Exercise Period, all rights in respect of an Option shall terminate, except in so far as there has been an effective exercise of that Option prior thereto and the Company has not discharged all its duties under the Scheme in relation to such exercise. No Option may be exercised after the expiry of the Exercise Period.

5. TAKEOVER OFFERS, LIQUIDATION AND RECONSTRUCTION

- 5.1 If, in consequences of any takeover offer made to the holders of Shares (being an offer made in the first instance on a condition such that, if it is satisfied, the offeror will have control of the Company) or otherwise, any person shall have obtained control of the Company, then the Board shall as soon as practicable thereafter notify every Option Holder accordingly and each Option Holder shall, subject to Rule 4.3, be entitled at any time within the period of six months after such control has been obtained to exercise any Option in whole or in part, and to the extent that it has not been so exercised, any Option shall upon the expiry of such period cease and determine: Provided that if, during such period, such person becomes entitled to exercise rights of compulsory acquisition of shares pursuant to section 176 of the BVI Business Companies Act, 2004 (as may be amended from time to time) and gives notice in writing to any holders of Shares that he intends to exercise such rights, Options shall, subject to Rule 4.3, be and remain exercisable until one month from the date of such notice and, to the extent that they have not been exercised, shall thereupon cease and determine.
- 5.2 If notice is duly given of a general meeting at which a resolution will be proposed for the voluntary winding-up of the Company, every Option shall, subject to Rule 4.3, be exercisable in whole or in part (but so that any exercise hereunder shall only be valid if, at the time of such resolution being passed, the Option shall not have ceased and determined in accordance with the foregoing provisions of the Scheme) at any time thereafter until the resolution is duly passed or defeated or the meeting at which the resolution being proposed concluded or adjourned sine die, whichever shall first occur. If such resolution is duly passed, all Options shall, to the extent that they have not been exercised, thereupon cease and determine.
- 5.3 If under section 177 or section 179A of the BVI Business Companies Act, 2004 (as may be amended from time to time) a compromise or arrangement between the Company and its members or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof to all Option Holders on the same date as it dispatches the notice which is sent to each member or creditor of the Company summoning the meeting to consider such a compromise or arrangement, and thereupon each Option Holder (or where permitted his personal representatives) may forthwith and until the expiry of the period commencing on such date and ending on the earlier of the date two calendar months thereafter and the date on which such compromise or arrangement is sanctioned by the Court be entitled to exercise his Option, but the exercise of an Option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the Court and becoming effective. Upon such compromise or arrangement becoming effective, all Options shall lapse except insofar as exercised under this paragraph. The Company may thereafter require each Option Holder to transfer or otherwise deal with the Shares issued as a result of the exercise of Options in these circumstances so as to place the Option Holder in the same position as nearly as may be as would have been the case had such Shares been subject to such compromise or arrangement.

6. EXERCISE OF OPTIONS

6.1 In order for exercise of an Option to be effective, the Board must, prior to the expiry of the Exercise Period, have received:-

- (a) a written notice (which may be endorsed on the Option certificates) exercising the Option in accordance with Rule 4.1, signed by or on behalf of the Option Holder and specifying the number of Shares in respect of which the Option is being exercised;
- (b) Option certificates sufficient to cover the number of Shares in respect of which the Option is being exercised; and
- (c) payment in full of the Exercise Price.

Unless otherwise agreed between the Company and the Option Holder, a Share in respect of an Option shall be issued to the Option Holder or his nominee within 30 days of the date upon which exercise of an Option becomes effective (being the date of such receipt).

6.2 A Share issued upon the exercise of an Option shall not carry voting rights until the registration of the Option Holder (or his nominee or any other person) as the holder thereof. If under the terms of a resolution passed prior to the date of exercise of an Option, a dividend or other distribution is to be or is proposed to be paid or made to holders of Shares on the register on a date prior to such date of exercise, the Shares to be issued upon such exercise will not rank for such dividend or other distribution. Subject as aforesaid, a Share allotted upon the exercise of an Option shall rank *pari passu* in all respects with the Shares in issue on the date of such exercise.

6.3 All allotments and issues of Shares will be subject to any necessary consents under any relevant enactments or regulations for the time being in force in BVI or elsewhere and it shall be the responsibility of the Option Holder to comply with any requirements to be fulfilled in order to obtain or obviate the necessity for any such consent.

6.4 If the number of Shares, to which Option certificates lodged exceeds the number of Shares comprised in the notice of exercise thereof, the Company shall provide an Option certificate in relation to the balance to the person or persons lodging the same.

7. ADJUSTMENTS

Upon the occurrence of any Relevant Event, the number or nominal amount of Shares comprised in each Option and/or the Exercise Price may be adjusted in such manner as the Board may deem appropriate, provided always that an Option Holder shall have the same proportion of the equity capital of the Company as that to which he was entitled before such adjustments and no increase shall be made in the aggregate Exercise Price payable in respect of any Option, but no such adjustments may be made to the extent that a Share would be issued at less than its nominal value. Notice of any such adjustments shall be given to the Option Holders by the Company, which may, but need not, call in Option certificates for endorsement or replacement.

8. ADMINISTRATION

- 8.1 Notices or documents required to be given to an Eligible Person or to an Option Holder shall (i) either be delivered to him by hand or sent to him by post at his home address according to the records of his employing company or sent to him by fax at his place of work, and (ii) if sent by post, be deemed to have been given (a) on the second day following the date of posting if the address is in Hong Kong and (b) on the seventh day following the date of posting if the address is out of Hong Kong, and in the case of sending by fax on the same day.
- 8.2 Option Holders shall be entitled to receive copies of all notices and documents sent by the Company to its Shareholders generally.
- 8.3 The Company shall at all times keep available for allotment enough unissued Shares of the Company to satisfy all Options.
- 8.4 The decision of the Board in any disputes relating to an Option or matter relating to the Scheme shall be final and conclusive.
- 8.5 The costs of introducing and administering the Scheme shall be borne by the Company.
- 8.6 The Board shall have power from time to time to make or vary regulations for the administration and operation of the Scheme, provided that the same are not inconsistent with these Rules.

9. VARIATIONS AND TERMINATION

- 9.1 The Board may from time to time in their absolute discretion waive or amend such of these Rules as they deem desirable, provided that, except as allowed by the laws of BVI in effect from time to time, no alteration shall be made to the Scheme (i) extending the class of persons eligible for the grant of Options or (ii) altering to the advantage of Option Holders (present or future) any of the provisions of the Scheme which are of a material nature or change the terms of Options granted under the Scheme, except where the alternation take effect automatically under the existing terms of the Scheme.
- 9.2 No amendments to the Scheme shall be made which would have the effect of abrogating or altering adversely any of the subsisting rights of Option Holders except with such consent on their part as would be required under the provisions of the Company's articles of associations if the Options constituted a separate class of share capital and if such provisions applied mutatis mutandis thereto.
- 9.3 The Board may terminate the Scheme at any time, but Options granted prior to such termination but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with these Rules.
- 9.4 In no circumstances shall a person ceasing to be an Eligible Person for any reason be entitled to any compensation for or in respect of any consequent diminution or extinction of his rights or benefits (actual or prospective) under any Options then held by him or otherwise in connection with the Scheme.

10. CANCELLATION OF UNEXERCISED OPTION

The Company may cancel an Option granted under the Scheme but not exercised with the approval of the Option Holder.

11. GOVERNING LAW

The Scheme and all Options granted hereunder shall be governed by and construed in accordance with the laws of BVI.

RULES OF SHARE OPTION SCHEME OF RBI HOLDINGS LIMITED**1. DEFINITIONS**

1.1 In these Rules, except where the context otherwise requires, the following words and expressions shall bear the following meanings:

“Affiliate”	A company in which any company in the Group holds an equity interest or a subsidiary (within the meaning of section 2 of the Companies Ordinance (Cap. 32) of the Laws of Hong Kong or section 86 of The Companies Act 1981 of Bermuda, whether incorporated in Hong Kong, Bermuda or elsewhere) of such company
“associate”	It shall have the same meaning as defined in the Listing Rules
“Auditors”	The auditors for the time being of the Company
“Company”	RBI Holdings Limited
“Date of Grant”	The date on which an Option is granted by resolution of the Directors and issue of an Option certificate, provided that such resolution and issue shall not be later than seven days after the end of the period for acceptance mentioned in Rule 4.1
“Directors”	The board of directors of the Company or a duly authorised committee thereof
“Eligible Person”	(i) Any director, employee or consultant of the Company, a Subsidiary or an Affiliate; or (ii) any discretionary trust whose discretionary objects include any director, employee or consultant of the Company, a Subsidiary or an Affiliate; or (iii) a company beneficially owned by any director, employee or consultant of the Company, a Subsidiary or an Affiliate; or (iv) any customer, supplier or adviser whose service to the Group or business with the Group contributes or is expected to contribute to the business or operation of the Group as may be determined by the Directors from time to time
“Group”	The Company and its Subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China

“Option”	An option to subscribe for Shares on terms determined by the Directors pursuant to the Scheme and for the time being subsisting
“Option Holder”	A person holding an Option
“Option Period”	The period that an Option may be exercised as specified by the Directors, which shall not be more than ten years from its Date of Grant and may include the minimum period, if any, for which an Option must be held before it can be exercised
“Option Price”	The price per Share payable on the exercise of an Option equal to the highest of (i) the nominal value of the Shares; (ii) the closing price per Share as stated in the Stock Exchange’s daily quotations sheet on the Date of Grant; and (iii) the average closing price per Share as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding the Date of Grant or (where applicable) such price as from time to time adjusted pursuant to the Scheme
“Relevant Event”	<ul style="list-style-type: none">(i) Any variation in the share capital of the Company arising from any reduction, sub-division or consolidation of share capital or the issue of any share capital (including any securities convertible into share capital or warrants or options to subscribe for any share capital) by way of capitalisation of profits or reserves or in connection with an offer made pro rata to Shareholders, except as consideration or part consideration for the acquisition of any assets or business by the Group; or(ii) Any distribution of the Company’s capital assets to Shareholders pro rata, whether in cash or specie, except dividend paid out of the net profits attributable to Shareholders for each financial year of the Company
“Scheme”	This scheme in its present form or as from time to time amended in accordance with the provisions hereof
“Scheme Period”	The period of ten years commencing from 28 August 2007, being the date of the adoption of the Scheme by the Company

- “Share” A fully paid share in the capital of the Company; and “Shareholder” shall be construed accordingly
- “Stock Exchange” The Stock Exchange of Hong Kong Limited
- “Subscription Price” An amount equal to the Option Price multiplied by the relevant number of Shares
- “Subsidiary” A subsidiary of the Company within the meaning of section 2 of the Companies Ordinance (Cap. 32) of the Laws of Hong Kong or section 86 of The Companies Act 1981 of Bermuda, whether incorporated in Hong Kong, Bermuda or elsewhere
- 1.2 In these Rules, reference to person include any body of persons, corporate or unincorporated, the singular includes the plural and the masculine includes the feminine and vice versa, headings are inserted for convenience only and reference to a Rule is to one of the Rules.
- 2. PURPOSE OF THE SCHEME AND GRANT OF OPTIONS**
- 2.1 The Scheme is set up for the purpose of attracting and retaining quality personnel and other persons to provide incentive to them to contribute to the business and operation of the Group.
- 2.2 Subject to the restrictions hereinafter contained, the Directors may during the Scheme Period at their absolute discretion and subject to such conditions (including the performance targets, if any, that must be achieved before the Option can be exercised) as they may think fit offer to an Eligible Person without any initial payment an Option to subscribe for such number of Shares as they may determine at the Option Price during the Option Period provided that:
- (a) any grant of Options to a director, chief executive or substantial shareholder of the Company or their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Option); and
 - (b) where Options are proposed to be granted to a substantial shareholder or an independent non-executive Director or any of their respective associates, and the proposed grant of Options would result in the Shares issued and to be issued upon exercise of all Options already granted (including Options exercised, cancelled and outstanding) and to be granted to such person in the 12-month period up to and including the Date of Grant of such Options to represent in aggregate over 0.1 per cent. of the total issued Shares for the time being and have an aggregate value (based on the closing price of a Share at each Date of Grant of these Options) exceeding HK\$5,000,000, the proposed grant shall be subject to the approval of shareholders of the Company in general meeting in accordance with the requirements of the Listing Rules.
- 2.3 The basis of eligibility of any of the above classes of participants to the grant of any Options shall be determined by the Directors from time to time on the basis of their contribution to the business and operation of the Group.

3. NUMBER OF SHARES FOR WHICH OPTIONS MAY BE GRANTED

3.1 The total number of Shares which may be issued pursuant to the exercise of Options to be granted under the Scheme and other share option scheme(s) of the Company shall not exceed 10 per cent. of the issued share capital of the Company at 28 August 2007, being the date of shareholders' approval of the Scheme (the "General Mandate Limit") provided that:

- (a) the Company may seek approval by shareholders in general meeting to refresh the General Mandate Limit up to 10 per cent. of the issued share capital of the Company at the date of the shareholders' approval to refresh the limit; and
- (b) the Company may seek separate shareholders' approval in general meeting to grant Options beyond the General Mandate Limit provided that the Options in excess of the General Mandate Limit are granted only to participants specifically identified by the Company before such approval is sought,

subject to the limitation that no Option shall be granted under the Scheme which would result in the aggregate number of Shares issued or issuable upon exercise of all outstanding Options granted and yet to be exercised under the Scheme and any other share option scheme(s) of the Company to exceed 30 per cent. of the issued share capital of the Company from time to time.

3.2 No Eligible Person shall be granted an Option or Options (including both exercised and outstanding Options) in any 12-month period for such number of Shares (issued and to be issued) which in aggregate would exceed 1 per cent. of the share capital of the Company in issue on the last date of such 12-month period unless approval of the shareholders of the Company has been obtained in accordance with the Listing Rules.

4. ACCEPTANCE OF OFFERS OF OPTIONS

4.1 Offers of Options shall be open for acceptance in writing or by telex received by the secretary of the Company for a period of 21 days inclusive of, and from, the date of the making of such offer provided that no such offer shall be open for acceptance after the expiry of the Scheme Period. The Company shall on the Date of Grant issue Option certificates under the Seal of the Company in such form as the Directors may from time to time determine.

4.2 All Option shall be personal to the Option Holder and shall not be transferable or assignable (save that the Option Holder may have the Shares to be issued on the exercise of his Option to be registered in the name of a nominee holding in trust for him).

4.3 Offers of Options not accepted within the said period of 21 days shall lapse.

5. RIGHTS OF EXERCISE

5.1 Subject to the following paragraphs of these Rules, an Option may be exercised at any time during the Option Period thereof and notwithstanding that the Scheme Period may have expired.

5.2 If an Option Holder ceases to be an Eligible Person:

- (i) by reason of ill-health, disability (all evidenced to the satisfaction of the Directors) or death or retirement in accordance with the retirement provisions of his contract of employment, he or (as the case may be) his personal representatives may exercise all his Options within a period being the earlier of six months after he so ceases or the expiration of the relevant Option Period. Any Options not so exercised shall lapse and determine at the end of the said period;
- (ii) by reason of voluntary resignation or by termination of his employment in accordance with the termination provisions of his contract of employment by his employing company, all his Options shall lapse and determine on the date he so ceases,

provided that in any such case the Directors in their absolute discretion may otherwise determine subject to such conditions or limitations as the Directors may decide.

5.3 Notwithstanding anything in the Scheme to the contrary, the Option Period shall not be extended and, on expiry of the Option Period, all rights in respect of an Option shall terminate, except in so far as there has been an effective exercise of that Option prior thereto and the Company has not discharged all its duties under the Scheme in relation to such exercise. No Option may be exercised after the expiry of the Option Period.

6. TAKEOVER OFFERS, LIQUIDATION AND RECONSTRUCTION

6.1 If, in consequences of any general offer made to the holders of Shares (being an offer made in the first instance on a condition such that, if it is satisfied, the offeror will have control of the Company) or otherwise, any person shall have obtained control of the Company, then the Directors shall as soon as practicable thereafter notify every Option Holder accordingly and each Option Holder shall, subject to Rule 5.3, be entitled at any time within the period of six months after such control has been obtained to exercise any Option in whole or in part, and to the extent that it has not been so exercised, any Option shall upon the expiry of such period cease and determine: Provided that if, during such period, such person becomes entitled to exercise rights of compulsory acquisition of shares pursuant to section 103 of The Companies Act 1981 of Bermuda (as may be amended from time to time) and gives notice in writing to any holders of Shares that he intends to exercise such rights, Options shall, subject to Rule 5.3, be and remain exercisable until one month from the date of such notice and, to the extent that they have not been exercised, shall thereupon cease and determine.

- 6.2 If notice is duly given of a general meeting at which a resolution will be proposed for the voluntary winding-up of the Company, every Option shall, subject to Rule 5.3, be exercisable in whole or in part (but so that any exercise hereunder shall only be valid if, at the time of such resolution being passed, the Option shall not have ceased and determined in accordance with the foregoing provisions of the Scheme) at any time thereafter until the resolution is duly passed or defeated or the Meeting concluded or adjourned sine die, whichever shall first occur. If such resolution is duly passed, all Options shall, to the extent that they have not been exercised, thereupon cease and determine.
- 6.3 If under sections 99 and 104 of The Companies Act 1981 of Bermuda (as may be amended from time to time) a compromise or arrangement between the Company and its members or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof to all Option Holders on the same date as it despatches the notice which is sent to each member or creditor of the Company summoning the meeting to consider such a compromise or arrangement, and thereupon each Option Holder (or where permitted his personal representatives) may forthwith and until the expiry of the period commencing on such date and ending on the earlier of the date two calendar months thereafter and the date on which such compromise or arrangement is sanctioned by the Court be entitled to exercise his Option, but the exercise of an Option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the Court and becoming effective. Upon such compromise or arrangement becoming effective, all Options shall lapse except insofar as exercised under this paragraph. The Company may thereafter require each Option Holder to transfer or otherwise deal with the Shares issued as a result of the exercise of Options in these circumstances so as to place the Option Holder in the same position as nearly as may be as would have been the case had such Shares been subject to such compromise or arrangement.

7. EXERCISE OF OPTIONS

- 7.1 In order for exercise of an Option to be effective, the secretary of the Company must, prior to the expiry of the Option Period, have received:
- (i) a written notice (which may be endorsed on the Option certificates) exercising the Option in accordance with Rule 5.1, signed by or on behalf of the Option Holder and specifying the number of Shares in respect of which the Option is being exercised;
 - (ii) Option certificates sufficient to cover the number of Shares in respect of which the Option is being exercised; and
 - (iii) payment in full of the Subscription Price.

Unless otherwise agreed between the Company and the Option Holder, Shares in respect of an Option shall be issued to the Option Holder or his nominee within 30 days of the date upon which exercise of an Option becomes effective (being the date of such receipt).

- 7.2 Options shall be exercised in multiples of board lot size of Shares traded on the Stock Exchange from time to time.
- 7.3 A Share issued upon the exercise of an Option shall not carry voting rights until the registration of the Option Holder (or his nominee or any other person) as the holder thereof. If under the terms of a resolution passed or an announcement made by the Company prior to the date of exercise of an Option, a dividend or other distribution is to be or is proposed to be paid or made to holders of Shares on the register on a date prior to such date of exercise, the Shares to be issued upon such exercise will not rank for such dividend or other distribution. Subject as aforesaid, Shares allotted upon the exercise of an Option shall rank *pari passu* in all respects with the Shares in issue on the date of such exercise.
- 7.4 All allotments and issues of Shares will be subject to any necessary consents under any relevant enactments or regulations for the time being in force in Bermuda, Hong Kong or elsewhere and it shall be the responsibility of the Option Holder to comply with any requirements to be fulfilled in order to obtain or obviate the necessity for any such consent.
- 7.5 If the number of Shares, to which Option certificates lodged under Rule 7.1 above relate, exceeds the number of Shares comprised in the notice of exercise thereof, the Company shall provide an Option certificate in relation to the balance to the person or persons lodging the same.
- 7.6 The Company shall use all reasonable endeavours to procure that Shares to be issued upon the exercise of an Option shall, upon the issue thereof (or as soon thereafter as reasonably practicable), become listed on those stock exchanges upon which Shares already in issue are listed.

8. ADJUSTMENTS

Upon the occurrence of any Relevant Event, the number or nominal amount of Shares comprised in each Option and/or the Option Price and/or the limit in Rule 7.2 may be adjusted in such manner as the Directors (having received a statement in writing from the Auditors that in their opinion the adjustments proposed satisfy the requirements set out in the note to Rule 17.03(13) of the Listing Rules) may deem appropriate, provided always that an Option Holder shall have the same proportion of the equity capital of the Company as that to which he was entitled before such adjustments and no increase shall be made in the aggregate Subscription Price relating to any Option, but no such adjustments may be made to the extent that a share would be issued at less than its nominal value. Notice of any such adjustments shall be given to the Option Holders by the Company, which may, but need not, call in Option certificates for endorsement or replacement.

9. ADMINISTRATION

- 9.1 Notices or documents required to be given to an Eligible Person or to an Option Holder shall (i) either be delivered to him by hand or sent to him by post at his home address according to the records of his employing company or sent to him by fax at his place of work, and (ii) if sent by post, be deemed to have been given (a) on the second day following the date of posting if the address is in Hong Kong and (b) on the seventh day following the date of posting if the address is out of Hong Kong, and in the case of sending by fax on the same day.
- 9.2 Option Holders shall be entitled to receive copies of all notices and documents sent by the Company to its Shareholders generally.
- 9.3 The Company shall at all times keep available for allotment enough unissued Shares of the Company to satisfy all Options.
- 9.4 The decision of the Directors in any disputes relating to an Option or matter relating to the Scheme shall be final and conclusive, subject to the prior receipt of a statement in writing from the Auditors when so required by Rule 8.
- 9.5 The costs of introducing and administering the Scheme shall be borne by the Company.
- 9.6 The Directors shall have power from time to time to make or vary regulations for the administration and operation of the Scheme, provided that the same are not inconsistent with these Rules.

10. VARIATIONS AND TERMINATION

- 10.1 The Directors may from time to time in their absolute discretion waive or amend such of the Rules of the Scheme as they deem desirable, provided that, except as allowed by the Listing Rules in effect from time to time or with the prior sanction of the Company in general meeting, no alteration shall be made to the Scheme extending the class of persons eligible for the grant of Options or altering to the advantage of Option Holders (present or future) any of the provisions of the Scheme as to the limitations on the grant of Options or as to the determination of Option Prices or as to the adjustment of Options or as to the restrictions on the exercise of Options or as to the rights to be attached upon their issue to Shares issued upon the exercise of Options or as to rights of Option Holders on the winding-up of the Company under Rule 6.2 or as to the transferability or assignability of Options or as to the terms of this Rule or of the terms or conditions of the Scheme which are of a material nature or change the terms of Options granted under the Scheme, except where the alternation take effect automatically under the existing terms of the Scheme.

- 10.2 No amendments to the Scheme shall be made which would have the effect of abrogating or altering adversely any of the subsisting rights of Option Holders except with such consent on their part as would be required under the provisions of the Company's Bye-laws if the Options constituted a separate class of share capital and if such provisions applied mutatis mutandis thereto.
- 10.3 The Directors may terminate the Scheme at any time, but Options granted prior to such termination but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with these Rules.
- 10.4 In no circumstances shall a person ceasing to be an Eligible Person for any reason be entitled to any compensation for or in respect of any consequent diminution or extinction of his rights or benefits (actual or prospective) under any Options then held by him or otherwise in connection with the Scheme.

11. CANCELLATION OF UNEXERCISED OPTION

The Company may cancel an Option granted under the Scheme but not exercised with the approval of the Option Holder. If the Company cancels Options and issues new ones to the same Option Holder, the issue of such new Options may only be made under the Scheme with available unissued Options (excluding the cancelled Options) within the limit approved by shareholders as mentioned in Rule 3.1.

12. GOVERNING LAW

The Scheme and all Options granted hereunder shall be governed by and construed in accordance with the laws of Hong Kong.

THE BRITISH VIRGIN ISLANDS

THE BVI BUSINESS COMPANIES ACT, 2004

(THE "ACT")

AMENDED AND RESTATED MEMORANDUM OF ASSOCIATION

OF

China Common Rich Renewable Energy Investments Limited

中國同富新能源投資有限公司

(the "Company")

1. Company Name

1.1 The name of the Company is China Common Rich Renewable Energy Investments Limited. The company has a foreign character name in addition: 中國同富新能源投資有限公司, this is a combination of translation and transliteration in the Chinese language of the name of the Company in English.

1.2 In the event of any inconsistency, the name of the Company in English shall prevail.

2. Company Limited by Shares and Liability of Members

2.1 The Company is a company limited by shares.

2.2 The liability of each member is limited to:

- (a) the amount from time to time unpaid on that member's shares;
- (b) any liability expressly provided for in the Memorandum of Association of the Company (the "Memorandum") or the Articles of Association of the Company (the "Articles"); and
- (c) any liability to repay a distribution pursuant to section 58(1) of the Act.

3. Registered Office

The first registered office of the Company will be situated at offices of Sertus Incorporations (BVI) Limited, Sertus Chambers, P.O. Box 905, Quastisky Building, Road Town, Tortola, British Virgin Islands. The registered office of the Company may be changed and situated at such other place as directors or members from time to time decide, provided that the Company's registered office shall at all times be the office of the registered agent.

4. Registered Agent

The first registered agent of the Company will be Sertus Incorporations (BVI) Limited of Sertus Chambers, P.O. Box 905, Quastisky Building, Road Town, Tortola, British Virgin Islands or such other registered agent as the directors or members may decide from time to time.

5. Objects and Powers

5.1 The objects for which the Company is established are:

- (a) to directly or indirectly hold the Hong Kong Listco Shares and the A-Share Listco Shares;
- (b) to conduct all such acts pertaining to the implementation of the A-Share Listing;
- (c) to transfer, sell or otherwise dispose of the Hong Kong Listco Shares and the A-Share Listco Shares, and to distribute the proceeds of disposal and the Company's assets to the members; and
- (d) to do all such acts which are incidental to, or the board may think conducive to, the attainment of all or any of the objects set out in Clauses 5.1(a) to (c) above (including without limitation to setting up of a wholly-owned subsidiary to be incorporated in Hong Kong to hold the A-Share Listco Shares, and engaging auditors, advisers, trustees and agents and fixing their remuneration).

5.2 Except for (i) the new shares the number of which shall be equivalent to the number of Hong Kong Listco Shares held by the Independent Shareholders as at 6 June 2019, (ii) the Share Options to be issued under the Share Option Scheme and (iii) any shares which may be issued upon exercise of the Share Options, the Company has no power to issue, allot or grant any other shares or any form of securities, to create a new class of shares or to re-designate or convert any shares to another class of shares.

6. Limitations on the Company's Business

For the purposes of section 9(4) of the Act the Company has no power to:

- (a) carry on banking or trust business, unless it is licensed under the Banks and Trust Companies Act, 1990;
- (b) carry on business as an insurance or as a reinsurance company, insurance agent or insurance broker, unless it is licensed under an enactment authorising it to carry on that business;
- (c) carry on the business of company management unless it is licensed under the Companies Management Act, 1990;
- (d) carry on the business of providing the registered office or the registered agent for companies incorporated in the British Virgin Islands; or
- (e) carry on, without the appropriate licence, a licensable activity under the Securities and Investment Business Act, 2010.

7. Authorised Shares

7.1 The Company is authorised to issue a maximum of 30,000,000,000 shares of one class with a par value of HK\$0.00001 each.

7.2 The shares in the Company shall be issued in the currency of Hong Kong.

8. Rights Conferred by Shares

Each share in the Company confers on the holder:

- (a) the right to one vote on any resolution of members;
- (b) the right to an equal share in any dividend paid by the Company in accordance with the Act; and
- (c) the right to an equal share in the distribution of the surplus assets of the Company.

9. Registered Shares Only

Shares in the Company may only be issued as registered shares and the Company is not authorised to issue bearer shares. Registered shares may not be exchanged for bearer shares or converted to bearer shares.

10. Amendments to the Memorandum and Articles

Subject to the provisions of the Act and this Clause 10 of this Memorandum, the provisions of this Memorandum or the Articles shall only be amended by a resolution approved at a duly convened and constituted meeting of members by (i) the affirmative vote of not less than ninety (90) percent of all voting rights of the shares entitled to vote on such resolution or (ii) a written resolution consented to in writing by members holding not less than ninety (90) percent of all voting rights of the shares entitled to vote on such resolution. For the avoidance of doubt, Article 10.2 applies to the quorum requirement of a duly convened and constituted meeting for considering such resolution.

We, Sertus Incorporations (BVI) Limited of Sertus Chambers, P.O. Box 905, Quastisky Building, Road Town, Tortola, British Virgin Islands in our capacity as registered agent for the Company hereby apply to the Registrar of Corporate Affairs for the incorporation of the Company this 27th day of February, 2019.

Incorporator

Alyson Parker/Ann Penn
Authorised Signatories
Sertus Incorporations (BVI) Limited

THE BRITISH VIRGIN ISLANDS
THE BVI BUSINESS COMPANIES ACT, 2004
(THE “ACT”)
AMENDED AND RESTATED ARTICLES OF ASSOCIATION
OF
China Common Rich Renewable Energy Investments Limited
 中國同富新能源投資有限公司
 (the “Company”)

1. Interpretation

References in these Articles of Association (“Articles”) to the Act shall mean the BVI Business Companies Act, 2004. The following articles shall constitute the Articles of the Company. In these Articles, words and expressions defined in the Act shall have the same meaning and, unless otherwise required by the context, the singular shall include the plural and vice versa, the masculine shall include the feminine and the neuter and references to persons shall include corporations and all legal entities capable of having a legal existence.

In the Memorandum and these Articles, if not inconsistent with the subject or context, the words and expressions standing in the first column of the following table shall bear the meanings set opposite them respectively in the second column thereof.

Words	Meaning
acting in concert	Has the meaning ascribed to it in the Hong Kong Code on Takeovers and Mergers
A-Share Listco	A company incorporated in the PRC for the purpose of (a) holding, among its other assets, the Hong Kong Listco Shares and/or the assets and businesses of the Hong Kong Listco and (b) applying for listing on a stock exchange in the PRC
A-Share Listco Matter	Has the meaning ascribed to it in Article 9.5
A-Share Listco Shares	Ordinary shares in the A-Share Listco
A-Share Listing	The listing of the A-Share Listco on a stock exchange in the PRC
Designated Matter	Any of A-Share Listco Matter, FA Appointment, Pre-IPO Disposal and Voluntary Liquidation
FA Appointment	Has the meaning ascribed to it in Article 9.3
Hong Kong Listco	Hanergy Thin Film Power Group Limited, a company incorporated in the Bermuda with limited liability on 15 June 1994 and listed on The Stock Exchange of Hong Kong Limited (stock code: 566)

Words	Meaning
Hong Kong Listco Shares	The ordinary share(s) of HK\$0.0025 each in the capital of the Hong Kong Listco
Hong Kong Listco Share Option(s)	Share option(s) granted by the Hong Kong Listco under the Hong Kong Listco Share Option Scheme from time to time
Hong Kong Listco Share Option Scheme	The share option scheme of the Hong Kong Listco approved by its shareholder on 28 August 2007
Independent Shareholders	Holders of shares in the Hong Kong Listco, other than the Offeror and parties acting in concert with it
Offeror	Hanergy Mobile Energy Holding Group Co., Ltd.* (漢能移動能源控股集團有限公司) (previously known as Hanergy Mobile Energy Holding Co., Ltd.* (漢能移動能源控股有限公司)), a company incorporated in the PRC with limited liability on 1 April 2016
PRC	The People's Republic of China
Pre-IPO Disposal	Has the meaning ascribed to it in Article 9.4
Share Option(s)	The share option(s) to be issued by the Company pursuant to the Share Option Scheme
Share Option Scheme	A scheme to be adopted by the Company to issue Share Options to holders of Hong Kong Listco Share Options
Voluntary Liquidation	Has the meaning ascribed to it in Article 29.1

* For identification purpose only

2. Share Certificates

2.1 Every person whose name is entered as a member in the Company's register of members, being the holder of registered shares, shall without payment (except where otherwise noted) be entitled to a share certificate in the following circumstances:

- (a) on the issuance of such shares to such member;
- (b) on the transfer of such shares to such member;
- (c) on a re-designation or conversion of such shares with the effect that the certificate previously issued no longer properly describes such shares; and

- (d) at the discretion of the directors (who may levy a reasonable charge), on notice to the Company of a change of name of the member.
- 2.2 Such certificate shall be signed by a director or under the common seal of the Company with or without the signature of any director or officer of the Company specifying the share or shares held and the par value thereof (if any), provided that in respect of shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all.
- 2.3 If a certificate is worn out or lost it may, subject to the prior written consent of any mortgagee or chargee whose interest has been noted on the Company's register of members, be renewed on production of the worn out certificate, or on satisfactory proof of its loss together with such indemnity as the directors may reasonably require. Any member receiving a share certificate shall indemnify and hold the Company and its officers harmless from any loss or liability which it or they may incur by reason of wrongful or fraudulent use or representation made by any person by virtue of the possession of such a certificate.

3. Issue of Shares

- 3.1 Subject to the provisions of these Articles and the Memorandum, the unissued shares of the Company (whether forming part of the original or any increased authorised shares) shall be at the disposal of the directors, who may offer, allot, grant options over or otherwise dispose of them to such persons at such times and for such consideration, being not less than the par value (if any) of the shares being disposed of, and upon such terms and conditions as the directors may determine. Such consideration may take any form acceptable to the directors, including money, a promissory note, or other written obligation to contribute money or property, real property, personal property (including goodwill and know-how), services rendered or a contract for future services.
- 3.2 Subject to the provisions of the Act in this regard and the Memorandum, shares may be issued on the terms that they are redeemable, or at the option of the Company be liable to be redeemed on such terms and in such manner as the directors before or at the time of the issue of such shares may determine.
- 3.3 The Company may redeem or purchase any share issued by the Company at a premium.
- 3.4 Except as required by the Act, and notwithstanding that a share certificate may refer to a member holding shares "as trustee" or similar expression, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except as provided by these Articles or by the Act) any other rights in respect of any share except any absolute right to the entirety thereof by the registered holder.

4. Variation of Rights Attaching to Shares

The rights conferred upon the holders of the shares shall not, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith or by the redemption or purchase of shares by the Company.

5. Forfeiture of Shares

- 5.1 The Company may, at any time after the due date for payment, serve on a member who has not paid in full for shares registered in the name of that member, a written notice of call (“Notice of Call”) specifying a date for payment to be made. The Notice of Call shall name a further day not earlier than the expiration of 14 days from the date of service of the Notice of Call on or before which the payment required by the Notice of Call is to be made, and shall state that in the event of non-payment at or before the time named in the Notice of Call the shares, or any of them, in respect of which payment is not made will be liable to be forfeited.
- 5.2 Where a written Notice of Call has been issued under the foregoing Article and the requirements of the Notice of Call have not been complied with, the directors may, at any time before tender of payment, forfeit and cancel the shares to which the Notice of Call relates. The Company is under no obligation to refund any moneys to the member whose shares have been cancelled pursuant to this Article and that member shall be discharged from any further obligation to the Company.
- 5.3 A forfeited share may be sold, cancelled or otherwise disposed of on such terms and in such manner as the directors in their absolute discretion think fit, and at any time before a sale, cancellation or disposition the forfeiture may be cancelled on such terms as the directors in their absolute discretion think fit.
- 5.4 A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding, remain liable to pay to the Company all moneys which, at the date of forfeiture, were payable by him to the Company in respect of the shares, but his liability shall cease if and when the Company receives payment in full of the fully paid up amount of the shares.
- 5.5 A statutory declaration in writing that the declarant is a director of the Company, and that a share in the Company has been duly forfeited or surrendered or sold to satisfy a lien of the Company on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. The Company may receive the consideration, if any, given for the share on any sale or disposition thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of and he shall thereupon be registered as the holder of the share, and shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

- 5.6 When any shares have been forfeited, an entry shall be made in the register of members recording the forfeiture and the date thereof, and so soon as the shares so forfeited have been sold or otherwise disposed of, an entry shall be made of the manner and date of the sale or disposal thereof.
- 5.7 The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum, which by the terms of issue of a share, becomes due and payable at any time, whether on account of the amount of the share, or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

6. Transfer of Shares

- 6.1 Registered shares in the Company shall be transferred by a written instrument of transfer signed by the transferor and containing the name and address of the transferee. The instrument of transfer shall also be signed by the transferee if registration as a holder of the shares imposes a liability to the Company on the transferee. The instrument of transfer of a registered share shall be sent to the Company for registration. The directors may resolve to refuse or delay the registration of the transfer of a share for reasons that shall be specified in a resolution.
- 6.2 Subject to the Memorandum, these Articles and to section 54(5) of the Act, the Company shall, on receipt of an instrument of transfer, enter the name of the transferee of the share in the Company's register of members unless the directors resolve to refuse or delay the registration of the transfer for reasons that shall be specified in the resolution. Where the directors pass such a resolution, the Company shall send to the transferor and the transferee a notice of the refusal or delay. Notwithstanding anything contained in the Memorandum or Articles, the directors shall not decline to register any transfer of shares, nor may they suspend registration thereof where such transfer is:
- (a) to any mortgagee or chargee whose interest has been noted on the Company's register of members;
 - (b) by any such mortgagee or chargee, pursuant to the power of sale under its security; or
 - (c) by any such mortgagee or chargee in accordance with the terms of the relevant security document.
- 6.3 The transfer of a registered share is effective when the name of the transferee is entered in the Company's register of members.

7. Transmission of Shares

- 7.1 Subject to sections 52(2) and 53 of the Act, the executor or administrator of a deceased member, the guardian of an incompetent member or the trustee of a bankrupt member shall be the only person recognised by the Company as having any title to his share, save that and only in the event of death, incompetence or bankruptcy of any member or members of the

Company as a consequence of which the Company no longer has any directors or members, then upon the production of any documentation which is reasonable evidence of the applicant being entitled to:

- (a) a grant of probate of the deceased's will, or grant of letters of administration of the deceased's estate, or confirmation of the appointment as executor or administrator, (as the case may be, of a deceased member's estate;
- (b) the appointment of a guardian of an incompetent member;
- (c) the appointment as trustee of a bankrupt member; or
- (d) upon production of any other reasonable evidence of the applicant's beneficial ownership of, or entitlement to the shares,

to the Company's registered agent in the British Virgin Islands together with (if so requested by the registered agent) a notarised copy of the share certificate(s) of the deceased, incompetent or bankrupt member, an indemnity in favour of the registered agent and/or appropriate legal advice in respect of any document issued by a foreign court, then the administrator, executor, guardian or trustee in bankruptcy (as the case may be) notwithstanding that their name has not been entered in the Company's register of members, may by written resolution of the applicant, endorsed with written approval by the registered agent, be appointed a director and/or entered in the Company's register of members as the legal and/or beneficial owner of the shares.

7.2 Without limiting the foregoing, the production to the Company of any document which is reasonable evidence of:

- (a) a grant of probate of the will, or grant of letters of administration of the estate, or confirmation of the appointment as executor, of a deceased member;
- (b) the appointment of a guardian of an incompetent member;
- (c) the trustee of a bankrupt member; or
- (d) the applicant's legal and/or beneficial ownership of the shares,

shall be accepted by the Company even if the deceased, incompetent member or bankrupt member is resident and/or domiciled outside the British Virgin Islands if the document is issued by a foreign court which had competent jurisdiction in the matter. For the purposes of establishing whether or not a foreign court had competent jurisdiction in such a matter the directors may obtain appropriate legal advice. The directors may also require an indemnity to be given by the executor, administrator, guardian, trustee in bankruptcy or the applicant.

- 7.3 Any person becoming entitled by operation of law or otherwise to a share or shares in consequence of the death, incompetence or bankruptcy of any member may be registered as a member upon such evidence being produced as may reasonably be required by the directors. An application by any such person to be registered as a member shall for all purposes be deemed to be a transfer of shares of the deceased, incompetent or bankrupt member and the directors shall treat it as such.
- 7.4 Any person who has become entitled to a share or shares in consequence of the death, incompetence or bankruptcy of any member may, instead of being registered himself, request in writing that some person to be named by him be registered as the transferee of such share or shares and such request shall likewise be treated as if it were a transfer.
- 7.5 What amounts to incompetence on the part of a person is a matter to be determined by the court having regard to all the relevant evidence and the circumstances of the case.

8. Redemption and Purchase of Own Shares

The directors may, on behalf of the Company, subject to the written consent of all the members whose shares are to be purchased, redeemed or otherwise acquired, purchase, redeem or otherwise acquire any of the Company's own shares for such consideration as the directors consider fit, and cancel such shares.

9. Notice of Meetings of Members

- 9.1 The directors may convene meetings of the members at such times and in such manner and places (within or outside the British Virgin Islands) as the directors consider necessary or desirable, and they shall convene such a meeting upon the written request of members entitled to exercise at least thirty (30) percent of the voting rights in respect of the matter for which the meeting is requested.
- 9.2 At least seven (7) days' notice specifying at least the place, the day and the hour of the meeting and in case of special business, the general nature of that business to be conducted shall be given in the manner hereinafter mentioned to such persons whose names on the date the notice is given appear as members in the Company's register of members and are entitled to vote at the meeting.
- 9.3 In considering any disposal of the Hong Kong Listco Shares or A-Share Listco Shares before or after the completion of the A-Share Listing (apart from the disposal of any Hong Kong Listco Shares to the Hong Kong Listco itself or the A-Share Listco as part of the procedures to achieve A-Share Listing), the Company shall seek advice from financial advisers in the PRC who are independent from the Offeror, its majority shareholder and its subsidiaries, the Hong Kong Listco and the A-Share Listco. The directors shall identify one or more independent financial adviser candidate(s) and then convene a meeting of the members to seek the members' consent on the appointment of such financial adviser

candidate(s) and their engagement terms (“FA Appointment”). Where no such consent can be sought due to a lack of quorum in such meeting of the Company’s members or any other reason, the Company shall not engage such financial adviser(s).

- 9.4 Before the A-Share Listing is completed, in considering any offer or proposal for disposal of the Hong Kong Listco Shares or A-Share Listco Shares (apart from the disposal of the Hong Kong Listco Shares to the Hong Kong Listco itself or the A-Share Listco as part of the procedures to achieve A-Share Listing), the directors shall convene a meeting of the members to seek the members’ consent on the share disposal (“Pre-IPO Disposal”) in addition to seeking advice from the independent financial adviser(s) appointed pursuant to Article 9.3. Where no such consent can be sought due to a lack of quorum in such meeting of the Company’s members or any other reason, the Company shall not proceed with the share disposal.
- 9.5 After the A-Share Listing is completed, as long as the Company holds any A-Share Listco Shares (directly or via its subsidiary), whenever the A-Share Listco convenes any shareholders’ meeting where the Company (or its relevant subsidiary) is entitled to exercise its voting rights in any matter to be considered at such shareholders’ meeting (“A-Share Listco Matter”), the directors shall convene a meeting of the members prior to such shareholders’ meeting of the A-Share Listco and seek the members’ consent or direction on how the Company shall exercise its voting rights in the relevant A-Share Listco Matter. Where no such consent or direction can be sought due to a lack of quorum in such meeting of the Company’s members or any other reason, the Company shall not exercise its voting rights in the relevant A-Share Listco Matter.
- 9.6 The accidental omission to give notice of a meeting to, or the non-receipt of a notice of a meeting by any member shall not invalidate the proceedings at any meeting.

10. Proceedings at Members’ Meetings

- 10.1 No business shall be transacted at any meeting of members unless a quorum of members is present at the time when the meeting proceeds to business.
- 10.2 Save as otherwise provided by these Articles and except a meeting of members to consider any Designated Matter, a quorum shall consist of the holder or holders holding at least eighty (80) percent of the voting rights of the shares entitled to vote on the relevant resolution.
- 10.3 In a meeting of members to consider a Designated Matter, a quorum shall consist of the holder or holders holding at least five (5) percent of the voting rights of the shares entitled to vote on the relevant resolution.
- 10.4 If the Company has only one member, that only member shall have full power to represent and act for the Company in all matters and in lieu of minutes of a meeting shall record in writing and sign a note of memorandum of all matters requiring a resolution of members.

- 10.5 If, within half an hour from the time appointed for the meeting, a quorum is not present, the meeting shall be dissolved.
- 10.6 A member may attend a meeting of members personally or be represented by a proxy who may speak and vote on behalf of the member.
- 10.7 At every meeting, the directors present shall choose a director to be the chairman (the “Chairman”).
- 10.8 The Chairman may, with the consent of the meeting, adjourn any meeting from time to time, and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

11. Members’ Proxies

The instrument appointing a proxy shall be produced at the place appointed for the meeting before the time for holding the meeting at which the person named in such instrument proposes to vote. An instrument appointing a proxy shall be in such form as the Chairman of the meeting shall accept as properly evidencing the wishes of the member appointing the proxy, but must be in writing under the hand of the appointer unless the appointer is a corporation or other form of legal entity (other than one or more individuals holding as joint owner) in which case the instrument appointing a proxy shall be in writing under the hand of an individual duly authorised by such corporation or legal entity to execute the same.

12. Votes of Members

- 12.1 At any meeting of members a resolution put to the vote of the meeting shall be decided on a poll but not a show of hands.
- 12.2 Except a meeting of members to consider any Designated Matter, at any meeting of members a resolution put to the vote of the meeting shall be decided by members holding not less than ninety (90) percent of the voting rights of the shares entitled to vote on such resolution.
- 12.3 At a meeting of members to consider a Designated Matter, a resolution put to the vote of the meeting shall be decided by a simple majority of the voting rights held by members present in person or by proxy at the meeting and entitled to vote on such resolution.
- 12.4 The result of the poll shall be deemed to be the resolution of the meeting.
- 12.5 On a poll, every holder of a voting share present in person or by proxy shall have one vote for every voting share of which he is the holder which confers the right to a vote on the resolution.

- 12.6 Subject to the Memorandum or these Articles, an action that may be taken by members at a meeting of members may also be taken by written resolution consented to in writing by members holding not less than ninety (90) percent of the voting rights entitled to vote on such resolution.
- 12.7 If a committee is appointed for any member who is of unsound mind, that member may vote by such committee.
- 12.8 Where shares are registered in the names of joint owners:
- (a) each registered owner may be present in person or by proxy at a meeting of members and may speak as a member;
 - (b) if only one of them is present in person or by proxy, he may vote on behalf of all of them; and
 - (c) if two or more are present in person or by proxy, they must vote as one. If more than one joint owner votes in person or by proxy at any meeting of members or by written resolution, the vote of the joint owner whose name appears first among such voting joint holders in the Company's register of members shall alone be counted.

13. Corporations Acting by Representatives at Meetings

Any corporation or other form of corporate legal entity which is a member or a director may, by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the members of the Company, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual member or director of the Company.

14. Directors

- 14.1 The first director or directors shall be appointed by the registered agent of the Company. Thereafter, the directors shall be appointed and removed by (i) a resolution of directors on such terms as the directors may so determine or (ii) a resolution approved at a duly convened and constituted meeting of members in accordance with the provisions of these Articles. For the avoidance of doubt, such a resolution put to the vote of the meeting shall be decided on a poll by members holding not less than ninety (90) percent of the voting rights entitled to vote on such resolution, on such terms as the members may so determine. Sections 114(2) and 114(3) of the Act shall not apply to the Company.
- 14.2 Subject to any subsequent amendment to change the number of directors, the directors shall not be less than one in number, and there shall be no maximum number of directors.
- 14.3 A person shall not be appointed as a director unless he has consented in writing to be a director.

14.4 Each director holds office until:

- (a) his disqualification to act as a director under section 111 of the Act (on which his office as director shall be automatically terminated if he has not resigned in accordance with section 115(2) of the Act);
- (b) his death;
- (c) his resignation; or
- (d) the effective date of his removal by resolution of directors or resolution of members pursuant to Article 14.1.

14.5 A director shall not require a share qualification, but nevertheless shall be entitled to attend and speak at any meeting of the directors and meeting of the members.

14.6 No director or alternate director shall be entitled to any emolument in respect of services rendered or to be rendered in any capacity to the Company. The directors and the alternate directors may, however, be paid such travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the directors, or any committee of the directors or meetings of the members, or in connection with the business of the Company as shall be approved by resolution of directors or resolution of the members.

15. Disqualification of Directors

The following are disqualified for appointment as a director:

- (a) an individual who is under 18 years of age;
- (b) a person who is a disqualified person within the meaning of section 260(4) of the Insolvency Act, 2003;
- (c) a person who is a restricted person within the meaning of section 409 of the Insolvency Act, 2003; and
- (d) an undischarged bankrupt.

16. Alternate Director

16.1 Any director may in writing appoint another director or another person who is not disqualified for appointment as a director under Section 111 of the Act to be his alternate to act in his place at any meeting of the directors at which he is unable to be present and may at any time in writing to revoke the appointment of an alternate appointed by him. Every such alternate shall be entitled to be given notice of meetings of the directors and written resolutions of the directors and to attend and vote thereat as a director at any such meeting at which the person appointing him is not personally present and generally at such meeting

to have and exercise all the powers, rights, duties and authorities of the director appointing him, and to sign as a director any written resolution which is not signed by the director appointing him. Every such alternate shall be deemed to be an officer of the Company and shall not be deemed to be an agent of the director appointing him. Unless stated otherwise in the notice of the appointment of the alternate, if undue delay or difficulty would be occasioned by giving notice to a director of a resolution of which his approval is sought in accordance with these Articles, his alternate (if any) shall be entitled to signify approval of the same on behalf of that director.

- 16.2 A director, by writing under his hand deposited at the registered office, may at any time vary or revoke the appointment of an alternate appointed by him. If a director shall die or cease to hold the office of director, the appointment of his alternate shall thereupon cease and terminate.

17. Reserve Director

Where the Company has only one member with voting rights who is an individual and that member is also the sole director (the “sole member/director”), that sole member/director may, by instrument in writing, nominate a person who is not disqualified from being a director under section 111(1) of the Act as a reserve director of the Company to act in the place of the sole director in the event of his death. A person shall not be nominated as a reserve director unless he has consented in writing to be nominated as a reserve director. The nomination of a person as a reserve director of the Company ceases to have effect if:

- (a) before the death of the sole member/director who nominated him:
 - (i) he resigns as reserve director; or
 - (ii) the sole member/director revokes the nomination in writing; or
- (b) the sole member/director who nominated him ceases to be the sole member/director for any reason other than his death.

18. Duties of Directors and Conflicts of Interests

18.1 A director, in exercising his powers or performing his duties, shall act honestly and in good faith and in what the director believes to be in the best interests of the Company. A director shall exercise his powers as a director for a proper purpose and shall not act, or agree to the Company acting, in a manner that contravenes the Act or the Memorandum or Articles.

18.2 A director, when exercising his powers or performing his duties as a director, is entitled to rely upon the register of members and upon books, records, financial statements and other information prepared or supplied, and on professional or expert advice given, by:

- (a) an employee of the Company whom the director believes on reasonable grounds to be reliable and competent in relation to the matters concerned;

- (b) a professional adviser or expert in relation to matters which the director believes on reasonable grounds to be within the person's professional or expert competence; and
- (c) any other director, or committee of directors upon which the director did not serve, in relation to matters within the director's or committee's designated authority,

provided that the director: (i) acts in good faith; (ii) makes proper inquiry where the need for the inquiry is indicated by the circumstances; and (iii) has no knowledge that his reliance on the register of members or the books, records, financial statements and other information or expert advice is not warranted.

18.3 A director may hold any other office or position under the Company (except that of auditor) in conjunction with his office of director, and may act in a professional capacity to the Company on such terms as the directors shall approve.

18.4 A director may be or become a director or officer of, or otherwise be interested in any company promoted by the Company, or in which the Company may be interested, as a member or otherwise and no such director shall be accountable for any remuneration or other benefits received by him as director or officer or from his interest in such other company. The directors may also exercise the voting powers conferred by the shares in any other company held or owned by the Company in such manner in all respects as they think fit, including the exercise thereof in favour of any resolutions appointing them, or of their number, directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company. A director may vote in favour of the exercise of such voting rights in the manner aforesaid notwithstanding that he may be, or be about to become, a director or officer of such other company, and as such in any other manner is, or may be, interested in the exercise of such voting rights in the manner aforesaid.

18.5 No director shall be disqualified by his office from contracting with the Company either as a buyer, seller, or being an officer with the Offeror or any of its affiliates or otherwise, nor shall any such contract or arrangement entered into by or on behalf of the Company in which any director shall be in any way interested be voided, nor shall any director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement, by reason of such director holding that office or by reason of the fiduciary relationship thereby established, provided such director shall, immediately after becoming aware of the fact that he is interested in a transaction entered into or to be entered into by the Company, disclose such interest to the board. For the purposes of this Article:

- (a) a director is not required to make such a disclosure if:
 - (i) the transaction or proposed transaction is between the director and the Company and the transaction or proposed transaction is or is to be entered into in the ordinary course of the Company's business and on usual terms and conditions; or

- (ii) the transaction or proposed transaction is or is to be entered into in furtherance of any object of the Company;
 - (b) a disclosure to the board to the effect that a director is a member, director, officer or trustee of another named company or other person and is to be regarded as interested in any transaction which may, after the date of the entry or disclosure, be entered into with that company or person, is a sufficient disclosure of interest in relation to that transaction; and
 - (c) subject to section 125(1) of the Act, the failure by a director to comply with this Article does not affect the validity of a transaction entered into by the director or the Company.
- 18.6 A director who is interested in a transaction entered into or to be entered into by the Company may:
- (a) vote on a matter relating to the transaction;
 - (b) attend a meeting of directors at which a matter relating to the transaction arises and be included among the directors present at the meeting for the purposes of a quorum; and
 - (c) sign a document on behalf of the Company, or do any other thing in his capacity as a director, that relates to the transaction.
- 18.7 In furtherance of the objects set out in Clause 5.1 of the Memorandum, the directors shall distribute all of the proceeds of any disposal of the Hong Kong Listco Shares and/or A-Share Listco Shares (apart from the disposal of any Hong Kong Listco Shares to the Hong Kong Listco itself or the A-Share Listco as part of the procedures to achieve A-Share Listing) and all dividends received from Hong Kong Listco and A-Share Listco to its members as soon as the relevant laws and regulations allow.

19. Powers of Directors

- 19.1 The business of the Company shall be managed by the directors who may pay all expenses incurred preliminary to and in connection with the formation and registration of the Company, and may exercise all such powers of the Company necessary for managing and for directing and supervising, the business and affairs of the Company as are not by the Act or by the Memorandum or these Articles required to be exercised by the members, subject to any delegation of such powers as may be authorised by these Articles and permitted by the Act and to such requirements as may be prescribed by resolution of the members, but no requirement made by resolution of the members shall prevail if it be inconsistent with these Articles nor shall such requirement invalidate any prior act of the directors which would have been valid if such requirement had not been made.

- 19.2 The board may entrust to and confer upon any director or officer any of the powers exercisable by it upon such terms and conditions and with such restrictions as it thinks fit, and either collaterally with, or to the exclusion of, its own powers, and may from time to time revoke, withdraw, alter or vary all or any of such powers. Subject to the provisions of section 110 of the Act, the directors may delegate any of their powers to committees consisting of such member or members of their body as they think fit. Any committees so formed shall in the exercise of powers so delegated conform to any regulations that may be imposed on it by the directors or the provisions of the Act.
- 19.3 Where the directors delegate their powers to a committee of directors, they remain responsible for the exercise of that power by the committee, unless they believed on reasonable grounds that at all times before the exercise of the power that the committee would exercise the power in conformity with the duties imposed on directors by the Act.
- 19.4 The directors may from time to time by power of attorney appoint any company, firm or person or body of persons to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under these Articles) and for such period and subject to such conditions as the directors think fit.
- 19.5 The directors may appoint any person, including a person who is a director, to be an agent of the Company. An agent of the Company has such powers and authority of the directors, including the power and authority to affix the common seal of the Company, as are set forth in the resolution of directors appointing the agent, except that no agent has any power or authority with respect to the following:
- (a) to amend the Memorandum or Articles;
 - (b) to change the registered office or registered agent;
 - (c) to designate committees of directors;
 - (d) to delegate powers to a committee of directors;
 - (e) to appoint or remove directors;
 - (f) to appoint or remove an agent;
 - (g) to fix emoluments of directors;
 - (h) to approve a plan of merger, consolidation or arrangement;
 - (i) to make a declaration of solvency for the purposes of section 198(1)(a) of the Act or to approve a liquidation plan;

- (j) to make a determination under section 57(1) of the Act that the Company will, immediately after a proposed distribution, satisfy the solvency test as stipulated in section 56 of the Act; or
- (k) to authorise the Company to continue as a company incorporated under the laws of a jurisdiction outside the British Virgin Islands.

19.6 Where the directors appoint any person to be an agent of the Company, they may authorise the agent to appoint one or more substitutes or delegates to exercise some or all of the powers conferred on the agent by the Company.

19.7 The directors may at any time remove an agent and may revoke or vary a power conferred on him.

19.8 The members hereby authorize the directors to do all such acts which are incidental to, or the board may think conducive to, the attainment of all or any of the objects set out in Clauses 5.1(a) to (c) of the Memorandum (including but not limited to the disposal of any Hong Kong Listco Shares or any A-Share Listco Shares before the completion of the A-Share Listing), except those matters and resolutions where the directors are required under any provision in the Memorandum or these Articles to convene a meeting of shareholders and seek members' consent.

20. Officers

20.1 The directors may, by resolution of directors, appoint officers of the Company at such times as shall be considered necessary or expedient, provided that no officer shall be entitled to any remuneration. The officers shall perform such duties as shall be prescribed at the time of their appointment subject to any modifications in such duties as may be prescribed by the directors thereafter.

20.2 Any person may hold more than one office and no officer need be a director or member. The officers shall remain in office until removed from office by the directors, whether or not a successor is appointed.

20.3 Any officer who is a body corporate may appoint any person as its duly authorised representative for the purpose of representing it and of transacting any of the business of the officers.

21. Proceedings of Directors

21.1 The directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings as they think fit. The meetings of the board and any committee thereof shall be held at such place or places (within or outside the British Virgin Islands) as the directors shall decide.

- 21.2 A director may at any time summon a meeting of the directors. A director shall be given not less than three (3) days' notice of a meeting of the directors, save that a meeting of directors held on less notice is valid if a majority of the directors entitled to vote at the meeting have waived the notice of the meeting; and, for this purpose, the presence of a director at the meeting shall be deemed to constitute waiver on his part.
- 21.3 The inadvertent failure to give notice of a meeting to a director, or the fact that a director has not received the notice, shall not invalidate the meeting.
- 21.4 A meeting of the directors is duly constituted for all purposes if at the commencement of the meeting there are present in person or by alternate not less than two (2) directors.
- 21.5 Any director who is a body corporate may appoint any person its duly authorised representative for the purpose of representing it at meetings of the directors and of transacting any of the business of the directors.
- 21.6 If within half an hour from the time appointed for the meeting a quorum is not present, the meeting shall be dissolved.
- 21.7 Any one or more members of the board of directors or any committee thereof may participate in a meeting of such board of directors or committee by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participating by such means shall constitute presence in person at a meeting.
- 21.8 The directors may elect a chairman of their meeting and determine the period for which he is to hold office. If no such chairman is elected, or if at any meeting the chairman is not present at the time appointed for holding the meeting, the directors present may choose one of their number to be chairman for the meeting. If the directors are unable to choose a chairman, for any reason, then the longest serving director present at the meeting shall preside as the chairman.
- 21.9 Questions arising at any meeting of directors shall be decided by a majority of votes. In case of an equality in votes the chairman shall have a second or casting vote.
- 21.10 A resolution approved by a majority of the directors for the time being entitled to receive notice of a meeting of the directors or of a committee of the directors and taking the form of a written resolution passed and executed by a majority of the directors shall be as valid and effectual as if it had been passed at a meeting of the directors or of such committee duly convened and held, without the need for any notice.
- 21.11 If the Company shall have only one director, the aforesaid provisions for meetings of the directors shall not apply but such sole director shall have full power to represent and act for the Company in all matters and in lieu of minutes of a meeting shall record in writing and sign a note of memorandum of all matters requiring a resolution of directors. Such note or memorandum shall constitute sufficient evidence of such resolution for all purposes.

22. Indemnity

22.1 Subject to the provisions of the Act and in the absence of fraud or wilful default, the Company may indemnify against all expenses, including legal fees, and against all judgments, fines and amounts paid in settlement and reasonably incurred in connection with legal, administrative or investigative proceedings any person who:

- (a) is or was a party or is threatened to be made a party to any threatened, pending or completed proceedings, whether civil, criminal, administrative or investigative, by reason of the fact that the person is or was a director, agent, secretary and other officer for the time being of the Company; or
- (b) is or was, at the request of the Company, serving as a director, agent, secretary and other officer for the time being of, or in any other capacity is or was acting for, another company or a partnership, joint venture, trust or other enterprise.

22.2 The directors, on behalf of the Company, may purchase and maintain insurance for the benefit of any director or other officer of the Company against any liability which, by virtue of any rule of law, would otherwise attach to such person in respect of any negligence, default, breach of duty or breach of trust of which such person may be guilty in relation to the Company.

23. Company Seal and Entry into Contracts and Deeds

23.1 The directors shall provide for the safe custody of the common seal of the Company. The common seal when affixed to any instrument (save for a share certificate in accordance with these Articles) shall be witnessed by a director or officer of the Company or any other person so authorised from time to time by the directors.

23.2 The directors may provide for a facsimile of the common seal and approve the signature of any director or authorised person which may be reproduced by printing or other means on any instrument and it shall have the same force and validity as if the common seal has been affixed to such instrument and the same had been signed as hereinbefore described.

23.3 Notwithstanding the foregoing Article, an instrument is validly executed by the Company as a deed, or an instrument under seal, if it is either:

- (a) sealed with the common seal of the Company and witnessed by a director and/or such other person who is authorised by the Memorandum or Articles to witness the application of the common seal of the Company; or
- (b) expressed to be, or is expressed to be executed as, or otherwise makes clear on its face that it is intended to be, a deed and it is signed by a director and/or by a person acting under the express or implied authority of the Company.

24. Company Records

- 24.1 The Company shall keep records that:
- (a) are sufficient to show and explain the Company's transactions; and
 - (b) will, at any time, enable the financial position of the Company to be determined with reasonable accuracy.
- 24.2 The Company shall keep the following records at the office of its registered agent or at such other place or places, within or outside the British Virgin Islands, as the directors may determine:
- (a) minutes of all meetings and all resolutions of members; and
 - (b) minutes of all meetings and all resolutions of directors and committees of directors.
- 24.3 Where any such records are kept at a place other than at the office of the Company's registered agent, the Company shall provide the registered agent with a written record of the physical address of the place or places at which the records are kept. Where the place at which any such records is changed, the Company shall provide the registered agent with the physical address of the new location of the records within 14 days of the change of location.
- 24.4 The Company shall keep a register to be known as a register of directors containing the names and addresses of the persons who are directors, the date on which each person whose name is entered in the register was appointed as a director, the date on which each person named as a director ceased to be a director, and such other information as may be prescribed from time to time by law.
- 24.5 The Company shall maintain an accurate and complete register of members showing the full names and addresses of all persons holding registered shares in the Company, the number of registered shares held by such person, the date on which the name of each member was entered in the register of members and where applicable, the date such person ceased to hold any registered shares in the Company.
- 24.6 The Company shall keep the following at the office of its registered agent:
- (a) the Memorandum and Articles;
 - (b) the register of members maintained in accordance with these Articles or a copy of the register of members;
 - (c) the register of directors maintained in accordance with these Articles or a copy of the register of directors;
 - (d) copies of all notices and other documents filed by the Company in the previous 10 years;

- (e) a copy of the register of charges kept by the Company pursuant to section 162(1) of the Act; and
 - (f) an imprint of the common seal.
- 24.7 Where the Company keeps a copy of the register of members or the register of directors at the office of its registered agent, it shall:
- (a) within 15 days of any change in the register, notify the registered agent, in writing, of the change;
 - (b) provide the registered agent with a written record of the physical address of the place or places at which the original register of members or the original register of directors is kept; and
 - (c) Where the place at which the original register of members or the original register of directors is changed, the Company shall provide the registered agent with the physical address of the new location of the records within 14 days of the change of location.
- 24.8 The records, documents and registers required by these Articles shall be open to the inspection of the directors at all times.
- 24.9 The directors shall from time to time determine whether and to what extent and at what times and places and under what conditions the records, documents and registers of the Company or any of them shall be open to the inspection of members not being directors, and no member (not being a director) shall have any right to inspect any records, documents or registers of the Company except as conferred by the Act or authorised by a resolution of directors.
- 25. Distributions**
- 25.1 Subject to the provisions of the Act, the directors may, by resolution of directors, authorise a distribution by the Company at a time, and of an amount, and to any members they think fit if they are satisfied, on reasonable grounds that, immediately after the distribution, the value of the Company's assets will exceed the Company's liabilities and the Company is able to pay its debts as they fall due.
- 25.2 If several persons are registered as joint holders of any share, any of them may give effectual receipt for any distribution or other monies payable on or in respect of the share.
- 25.3 Notice of any distribution that may have been declared shall be given to each member in manner hereinafter mentioned and all distributions unclaimed for 3 years after having been declared may be forfeited by the directors for the benefit of the Company.
- 25.4 No distribution shall bear interest against the Company.

26. Accounts and Audit

- 26.1 The directors shall cause books of account relating to the Company's affairs to be kept in such manner as may be determined from time to time by the directors. The books of account shall be kept at the registered office of the Company, or at such other place or places as the directors think fit, and shall always be open to the inspection of the directors.
- 26.2 The directors may by a resolution of directors call for the accounts of the Company to be examined by an auditor or auditors to be appointed by them at such remuneration as may from time to time be agreed.
- 26.3 The auditor may be a member but no director or officer of the Company shall be eligible during his continuance in office.
- 26.4 Every auditor of the Company shall have a right of access at all times to the books of account of the Company, and shall be entitled to require from the officers of the Company such information and explanations as he thinks necessary for the performance of his duties.
- 26.5 The report of the auditor shall be annexed to the accounts upon which he reports, and the auditor shall be entitled to receive notice of, and to attend, any meeting at which the Company's audited profit and loss account and/or balance sheet is to be presented.

27. Notices

- 27.1 Notices shall be in writing and may be given by the Company to any member either personally or by sending it by courier, post, fax or e-mail to him or to his address as shown in the register of members (or where the notice is given by e-mail by sending it to the e-mail address provided by such member). Any notice, if posted from one country to another, is to be sent by airmail.
- 27.2 Any notice, if served by (a) post, shall be deemed to have been served five (5) days after the time when the letter containing the same is posted and if served by courier, shall be deemed to have been served five (5) days after the time when the letter containing the same is delivered to the courier or, (b) facsimile, shall be deemed to have been served upon confirmation of receipt or (c) electronic mail, shall be deemed to have been served upon confirmation of receipt.
- 27.3 All notices directed to be given to the members shall, with respect to any registered shares to which persons are jointly entitled, be given to whichever of such persons is named first in the Company's register of members, and notice so given shall be sufficient notice to all the holders of such shares.
- 27.4 Any notice, if served by post, shall be deemed to have been served within 10 days of posting, and in proving such service it shall be sufficient to prove that the letter containing the notice was properly addressed and mailed with the postage prepaid.

28. Continuation

The Company may, by a resolution of directors or by a resolution of members, continue as a company incorporated under the laws of a jurisdiction outside the British Virgin Islands in the manner provided under those laws.

29. Winding Up

29.1 The Company may only be voluntarily liquidated under Part XII of the Act (“**Voluntary Liquidation**”) if it holds no Hong Kong Listco Shares and no A-Share Listco Shares, it has distributed all its assets to its members, it has no liabilities and it is able to pay its debts as they become due and the value of its assets equals or exceeds its liability, provided (i) a majority of directors, and (ii) members of the Company, have voted (in accordance with the relevant provisions of these Articles) in favour of the Company being wound up. A liquidator may, subject to the terms of the Act, be appointed by a resolution of directors or by a resolution of members.

29.2 If the Company shall be wound up, the liquidator may divide amongst the members in specie or in kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may for such purpose set such value as he deems fair upon any such property to be divided as aforesaid and may determine how such division shall be carried out as between the members. The liquidator may vest the whole or any part of such assets in trustees upon such trust for the benefit of the contributors as the liquidator shall think fit, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

We, Sertus Incorporations (BVI) Limited of Sertus Chambers, P.O. Box 905, Quastisky Building, Road Town, Tortola, British Virgin Islands in our capacity as registered agent for the Company hereby apply to the Registrar of Corporate Affairs for the incorporation of the Company this 27th day of February, 2019.

Incorporator

Alyson Parker/Ann Penn
Authorised Signatories
Sertus Incorporations (BVI) Limited

BYE-LAWS

OF

HANERGY THIN FILM POWER GROUP LIMITED
(FORMERLY KNOWN AS HANERGY SOLAR GROUP LIMITED)
(Incorporated in Bermuda with limited liability)
(Stock code: 566)

(Adopted at a Special General Meeting held on 21st December, 1995)

FORM NO. 3a

Registration No. 19571



BERMUDA

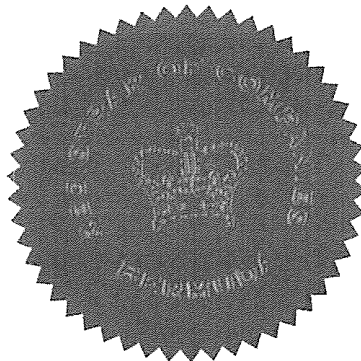
**CERTIFICATE OF INCORPORATION
ON CHANGE OF NAME**

I **HEREBY CERTIFY** that in accordance with section 10 of *the Companies Act 1981*
Hanergy Solar Group Limited by resolution and with the approval of the Registrar of
Companies has changed its name and was registered as **Hanergy Thin Film Power**
Group Limited on the **19th** day of **August 2014**.

Given under my hand and the Seal of
the REGISTRAR OF COMPANIES this
26th day of **August 2014**

A handwritten signature in black ink, appearing to be "J. A. ...".

for Registrar of Companies



FORM NO. 6B

Registration No. 19571



BERMUDA

CERTIFICATE OF SECONDARY NAME

I hereby in accordance with section 10A of *the Companies Act 1981* issue this Certificate of Secondary Name and do certify that on the **19th** day of **August 2014**

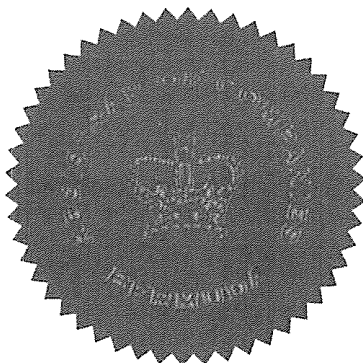
Hanergy Thin Film Power Group Limited

was registered with the secondary name 漢能薄膜發電集團有限公司 by me in the Register maintained by me under the provisions of section 14 of *the Companies Act 1981*.

Given under my hand and the Seal of
the REGISTRAR OF COMPANIES
this **26th** day of **August 2014**

A handwritten signature in black ink, appearing to be 'J. M.' or similar.

for Registrar of Companies



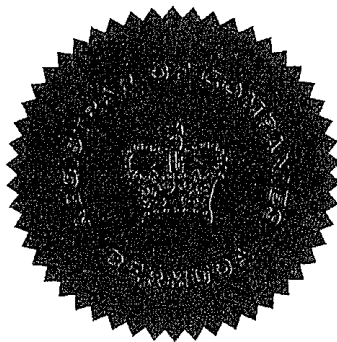
Registration No. 19571



BERMUDA

**CERTIFICATE OF INCORPORATION
ON CHANGE OF NAME**

I HEREBY CERTIFY that in accordance with section 10 of *the Companies Act 1981* Apollo Solar Energy Technology Holdings Limited by resolution and with the approval of the Registrar of Companies has changed its name and was registered as Hanergy Solar Group Limited on the 19th day of December 2012.



Given under my hand and the Seal of the
REGISTRAR OF COMPANIES this
24th day of December 2012

A handwritten signature in black ink.

For Registrar of Companies

Registration No. 19571



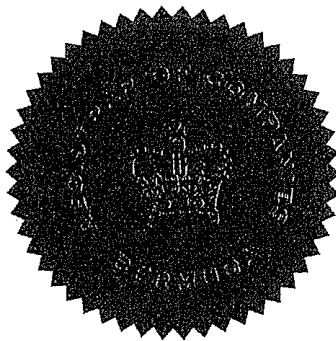
BERMUDA

CERTIFICATE OF SECONDARY NAME

I hereby in accordance with section 10A of *the Companies Act 1981* issue this Certificate of Secondary Name and do certify that on the 19th day of **December 2012**

Hanergy Solar Group Limited

was registered with the secondary name 漢能太陽能集團有限公司 by me in the Register maintained by me under the provisions of section 14 of *the Companies Act 1981*.



Given under my hand and the Seal of
the REGISTRAR OF COMPANIES
this 24th day of **December 2012**

A handwritten signature in black ink, appearing to be 'J. M.' followed by a flourish.

For Registrar of Companies

FORM NO. 3a

Registration No. 19571



BERMUDA

**CERTIFICATE OF INCORPORATION
ON CHANGE OF NAME**

I HEREBY CERTIFY that in accordance with section 10 of *the Companies Act 1981*

RBI Holdings Limited by resolution and with the approval of the Registrar of Companies has changed its name and was registered as **Apollo Solar Energy Technology Holdings Limited** on the 25th day of **November 2009**.



Given under my hand and the Seal of the
REGISTRAR OF COMPANIES this

27th day of **November 2009**


for Registrar of Companies

FORM NO. 6



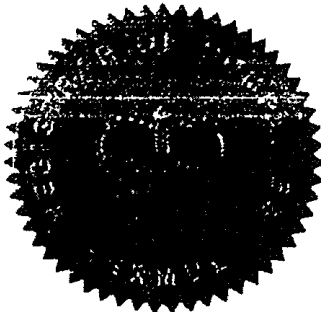
CERTIFICATE OF INCORPORATION

I hereby in accordance with the provisions of section 14 of the Companies Act, 1981, issue this Certificate of Incorporation and do certify that on the 15th day of June 19 94

RBI Holdings Limited

was registered by me in the Register maintained by me under the provisions of the said section and that the status of the said company is that of a ~~local~~/exempted company.

Given under my hand this 15th day of June 19 94




for Acting Registrar of Companies

RC11

FORM NO. 7



BERMUDA
THE COMPANIES ACT 1981
MEMORANDUM OF INCREASE OF SHARE CAPITAL OF
APOLLO SOLAR ENERGY TECHNOLOGY HOLDINGS LIMITED
(hereinafter referred to as "the Company")

DEPOSITED in the office of the Registrar of Companies on the 1st day of December, 2011, in accordance with the provisions of section 45(3) of the Companies Act 1981.

Authorised Share Capital of the Company	HK\$80,000,000.00
Increase of Share Capital as authorised by a resolution passed at a special general meeting of the Company on the 30th day of November, 2011	HK\$80,000,000.00
Authorised Share Capital as Increased:	HK\$160,000,000.00

DULY STAMPED in the amount of BD\$ being the stamp duty payable on the amount of increase of Share Capital of the Company in accordance with the provision of The Stamp Duties Act, 1976.

Ira S. Outerbridge III
Assistant Secretary

DATED THIS 1st day of December, 2011

Apollo Solar Energy Technology Holdings Limited

Clarendon House,
2 Church Street,
Hamilton HM 11,
Bermuda

I, Ira S. Outerbridge III, Assistant Secretary of Apollo Solar Energy Technology Holdings Limited (the “**Company**”), do hereby certify that the following is part of an ordinary resolution adopted by the Members of the Company at the special general meeting duly convened and held on 30 November, 2011, at which meeting a quorum was present throughout and that such resolution remains in full force and effect as at the date hereof:

“THAT

- (i) the proposed increase in the authorised share capital of the Company from HK\$80,000,000 divided into 32,000,000,000 shares of HK\$0.0025 each in the share capital of the Company (each a “**Share**”) to HK\$160,000,000 divided into 64,000,000,000 Shares by creating an additional 32,000,000,000 unissued Shares (the “**Authorised Share Capital Increase**”) be and is hereby approved;”

Dated this 1st day of December, 2011

Ira S. Outerbridge, II
Assistant Secretary

HKDOC#382355

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INTERPRETATION

1. In these Bye-laws, unless the context otherwise requires, the words standing in the first column of the following table shall bear the meaning set opposite them respectively in the second column.

<u>WORD</u>	<u>MEANING</u>
“Act”	the Companies Act 1981 of Bermuda, as amended from time to time.
“associates”	shall have the meaning attributed to it by the rules of the Designated Stock Exchange.
“Auditor”	the auditor of the Company for the time being and may include any individual or partnership.
“Bye-laws”	these Bye-laws in their present form or as supplemented or amended or substituted from time to time.
“Board” or “Directors”	the Board of Directors of the Company or the Directors present at a meeting of Directors at which a quorum is present.
“capital”	the share capital from time to time of the Company.
“clear days”	in relation to the period of a notice that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect.
“clearing house”	a recognized clearing house within the meaning of Section 2 of the Securities and Futures (Clearing Houses) Ordinance of Hong Kong or a clearing house recognised by the laws of the jurisdiction in which the shares of the Company are listed or quoted on a stock exchange in such jurisdiction.
“Company”	Apollo Solar Energy Technology Holdings Limited.
“competent regulatory authority”	a competent regulatory authority in the territory where the shares of the Company are listed or quoted on a stock exchange in such territory.
“debenture” and “debenture holder”	include debenture stock and debenture stockholder respectively.
“Designated Stock Exchange”	a stock exchange which is an appointed stock exchange for the purposes of the Act in respect of which the shares of the Company are listed or quoted

	and where such appointed stock exchange deems such listing or quotation to be the primary listing or quotation of the shares of the Company.
“dollars” and “\$”	dollars, the legal currency of Hong Kong.
“head office”	such office of the Company as the Directors may from time to time determine to be the principal office of the Company.
“Member”	a duly registered holder from time to time of the shares in the capital of the Company.
“month”	a calendar month.
“Notice”	written notice unless otherwise specifically stated and as further defined in these Bye-laws.
“Office”	the registered office of the Company for the time being.
“paid up”	paid up or credited as paid up.
“Register”	the principal register and where applicable, any branch register or Members of the Company to be kept pursuant to the provisions of the Act.
“Registration Office”	in respect of any class of share capital such place as the Board may from time to time determine to keep a branch register of Members in respect of that class of share capital and where (except in cases where the Board otherwise directs) the transfers or other documents of title for such class of share capital are to be lodged for registration and are to be registered.
“Seal”	common seal or any one or more duplicate seals of the Company (including a securities seal) for use in Bermuda or in any place outside Bermuda.
“Secretary”	any person firm or corporation appointed by the Board to perform any of the duties of secretary of the Company and includes any assistant, deputy temporary or acting secretary.
“Statutes”	the Act and every other act of the Legislature of Bermuda for the time being in force applying to or affecting the Company, its memorandum of association and/or these Bye-laws.
“year”	a calendar year.

2. In these Bye-laws, unless there be something within the subject or context inconsistent with such construction:

- (a) words importing the singular include the plural and vice versa;
- (b) words importing a gender include every gender;
- (c) words importing persons include companies, associations and bodies of persons whether corporate or not;
- (d) the words:
 - (i) "may" shall be construed as permissive;
 - (ii) "shall" or "will" shall be construed as imperative.
- (e) expressions referring to writing shall, unless the contrary intention appears, be construed as including printing, lithography, photography and other modes of representing words or figures in a visible form;
- (f) references to any act, ordinance, statute or statutory provision shall be interpreted as relating to any statutory modification or re-enactment thereof for the time being in force;
- (g) save as aforesaid words and expressions defined in the Statutes shall bear the same meanings in these Bye-laws if not inconsistent with the subject in the context;
- (h) a resolution shall be a special resolution when it has been passed by a majority of not less than three-fourths of votes cast by such Members as, being entitled so to do, vote in person or, in the case of such Members as are corporations, by their respective duly authorised representative or, where proxies are allowed, by proxy at a general meeting of which not less than twenty-one (21) clear days' notice, specifying (without prejudice to the power contained in these Bye-laws to amend the same) the intention to propose the resolution as a special resolution, has been duly given. Provided that, except in the case of an annual general meeting, if it is so agreed by a majority in number of the Members having the right to attend and vote at any such meeting, being a majority together holding not less than ninety-five (95) per cent. in nominal value of the shares giving that right, a resolution may be proposed and passed as a special resolution at a meeting of which less than twenty-one (21) clear days' Notice has been given;
- (i) a resolution shall be an ordinary resolution when it has been passed by a simple majority of votes cast by such Members as, being entitled so to do, vote in person or, in the case of any Member being a corporation, by its duly authorised representative or, where proxies are allowed, by proxy at a general meeting of which not less than fourteen (14) days' Notice has been duly given;

- (j) a special resolution shall be effective for any purpose for which an ordinary resolution is expressed to be required under any provision of these Bye-laws or the Statutes.

SHARE CAPITAL

3. (1) The share capital of the Company shall be divided into shares of a par value of HK\$0.0025 each or such other amount as may be approved by the shareholders of the Company in general meeting from time to time.

(2) Subject to the Act, the Company's memorandum of association and, where applicable, the rules of any Designated Stock Exchange and/or any competent regulatory authority, any power of the Company to purchase or otherwise acquire its own shares shall be exercisable by the Board upon such terms and subject to such conditions as it thinks fit.

(3) Neither the Company nor any of its subsidiaries shall directly or indirectly give financial assistance to a person who is acquiring or proposing to acquire shares in the Company for the purpose of that acquisition whether before or at the same time as the acquisition takes place or afterwards PROVIDED that nothing in this Bye-law shall prohibit transactions permitted by the Act.

ALTERATION OF CAPITAL

4. The Company may from time to time by ordinary resolution in accordance with Section 45 of the Act:

- (a) increase its capital by such sum, to be divided into shares of such amounts, as the resolution shall prescribe;
- (b) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;
- (c) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or such restrictions which in the absence of any such determination by the Company in general meeting, as the Directors may determine provided always that where the Company issues shares which do not carry voting rights, the words "non-voting" shall appear in the designation of such shares and where the equity capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favourable voting rights, must include the words "restricted voting" or "limited voting";
- (d) sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the memorandum of association (subject, nevertheless, to the Act), and may by such resolution determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred rights or be subject to any such restrictions as compared with the other or others as the Company has power to attach to unissued or new shares;

- (e) change the currency denomination of its share capital;
- (f) make provision for the issue and allotment of shares which do not carry any voting rights; and
- (g) cancel any shares which, at the date of the passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.

5. The Board may settle as it considers expedient any difficulty which arises in relation to any consolidation and division under the last preceding Bye-law and in particular but without prejudice to the generality of the foregoing may issue certificates in respect of fractions of shares or arrange for the sale of the shares representing fractions and the distribution of the net proceeds of sale (after deduction of the expenses of such sale) in due proportion amongst the Members who would have been entitled to the fractions, and for this purpose the Board may authorise some person to transfer the shares representing fractions to their purchaser or resolve that such net proceeds be paid to the Company for the Company's benefit. Such purchaser will not be bound to see to the application of the purchase money nor will his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.

6. The Company may from time to time by special resolution, subject to any confirmation or consent required by law, reduce its authorised or issued share capital or any share premium account or other undistributable reserve in any manner permitted by law.

7. Except so far as otherwise provided by the conditions of issue, or by these Bye-laws, any capital raised by the creation of new shares shall be treated as if it formed part of the original capital of the Company, and such shares shall be subject to the provisions contained in these Bye-laws with reference to the payment of calls and instalments, transfer and transmission, forfeiture, lien, cancellation, surrender, voting and otherwise.

SHARE RIGHTS

8. Subject to any special rights conferred on the holders of any shares or class of shares, any share in the Company (whether forming part of the present capital or not) may be issued with or have attached thereto such rights or restrictions whether in regard to dividend, voting, return of capital or otherwise as the Company may by ordinary resolution determine or, if there has not been any such determination or so far as the same shall not make specific provision, as the Board may determine.

9. Subject to Sections 42 and 43 of the Act, any preference shares may be issued or converted into shares that, at a determinable date or at the option of the Company or the holder if so authorised by its memorandum of association, are liable to be redeemed on

such terms and in such manner as the Company before the issue or conversion may by ordinary resolution of the Members determine.

Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender shall be limited to a maximum price as may from time to time be determined by the Company in general meeting, either generally or with regard to specific purchases. If purchases are by tender, tenders shall be available to all Members alike.

VARIATION OF RIGHTS

10. Subject to the Act and without prejudice to Bye-law 8, all or any of the special rights for the time being attached to the shares or any class of shares may, unless otherwise provided by the terms of issue of the shares of that class, from time to time (whether or not the Company is being wound up) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting all the provisions of these Bye-laws relating to general meetings of the Company shall, mutatis mutandis, apply, but so that:

- (a) the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting of such holders, two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum;
- (b) every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him; and
- (c) any holder of shares of the class present in person or by proxy may demand a poll.

11. The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied, modified or abrogated by the creation or issue of further shares ranking *pari passu* therewith.

SHARES

12. (1) Subject to the Act and these Bye-laws and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, the unissued shares of the Company (whether forming part of the original or any increased capital) shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration and upon such terms and conditions as the Board may in its absolute discretion determine but so that no shares shall be issued at a discount. Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option

over or disposal of shares, to make, or make available, any such offer, option or shares to Members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the Board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(2) The Board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may from time to time determine.

13. The Company may in connection with the issue of any shares exercise all powers of paying commission and brokerage conferred or permitted by the Act. Subject to the Act, the commission may be satisfied by the payment of cash or by the allotment of fully or partly paid shares or partly in one and partly in the other.

14. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or required in any way to interest in any share or any fractional part of a share or (except only as otherwise provided by these Bye-laws or by law) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

15. Subject to the Act and these Bye-laws, the Board may at any time after the allotment of shares but before any person has been entered in the Register as the holder, recognise a renunciation thereof by the allottee in favour of some other person any may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Board considers fit to impose.

SHARE CERTIFICATES

16. Every share certificate shall be issued under the Seal or a facsimile thereof and shall specify the number and class and distinguishing numbers (if any) of the shares to which it relates, and the amount paid up thereon and may otherwise be in such form as the Directors may from time to time determine. No certificate shall be issued representing shares of more than one class. The Board may by resolution determine, either generally or in any particular case or cases, that any signatures on any such certificates (or certificates in respect of other securities) need not be autographic but may be affixed to such certificates by some mechanical means or may be printed thereon or that such certificates need not signed by any person.

17. (1) In the case of a share held jointly by several persons, the Company shall not be bound to issue more than one certificate therefore and delivery of a certificate to one of several joint holders shall be sufficient delivery to all such holders.

(2) Where a share stands in the names of two or more persons, the person first named in the Register shall as regards service of notices and, subject to the provisions

of these Bye-laws, all or any other matters connected with the Company, except the transfer of the shares, be deemed the sole holder thereof.

18. Every person whose name is entered, upon an allotment of shares, as a Member in the Register shall be entitled, without payment, to receive one certificate for all such shares of any one class or several certificates each for one or more of such shares of such class upon payment for every certificate after the first of such reasonable out-of-pocket expenses as the Board from time to time determines.

19. Share certificates shall be issued in the case of an issue of shares within twenty-one (21) days (or such longer period as the terms of the issue provide) after allotment or in the case of a transfer of fully or partly paid shares within twenty-one (21) days after lodgment of a transfer with the Company, not being a transfer which the Company is for the time being entitled to refuse to register and does not register.

20. (1) Upon every transfer of shares the certificate held by the transferor shall be given up to be cancelled, and shall forthwith be cancelled accordingly, and a new certificate shall be issued to the transferee in respect of the shares transferred to him at such fee as is provided in paragraph (2) of this Bye-law. If any of the shares included in the certificate so given up shall be retained by the transferor a new certificate for the balance shall be issued to him at the aforesaid fee payable by the transferor to the Company in respect thereof.

(2) The fee referred to in paragraph (1) above shall be an amount not exceeding \$2.5 or such other maximum amount as the Designated Stock Exchange may from time to time determine provided that the Board may at any time determine a lower amount for such fee.

21. If a share certificate shall be damaged or defaced or alleged to have been lost, stolen or destroyed a new certificate representing the same shares may be issued to the relevant Member upon request and on payment of such fee as the Designated Stock Exchange may determine to be the maximum payable or such lesser sum as the Board may determine and, subject to compliance with such terms (if any) as to evidence and indemnity and to payment of the costs and reasonable out-of-pocket expenses of the Company in investigating such evidence and preparing such indemnity as the Board may think fit and, in case of damage or defacement, on delivery of the old certificate to the Company provided always that where share warrants have been issued, no new share warrant shall be issued to replace one that has been lost unless the Directors are satisfied beyond reasonable doubt that the original has been destroyed.

LIEN

22. The Company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys (whether presently payable or not) called or payable at a fixed time in respect of that share. The Company shall also have a first and paramount lien on every share (not being a fully paid share) registered in the name of a Member (whether or not jointly with other Members) for all amounts of money presently payable by such Member or his estate to the Company whether the same shall have been incurred before or after notice to the Company of any equitable or other interest of any person other than such member, and whether the period for the payment or discharge

of the same shall have actually arrived or not, and notwithstanding that the same are joint debts or liabilities of such Member or his estate and any other person, whether a Member of the Company or not. The Company's lien on a share shall extend to all dividends or other moneys payable thereon or in respect thereof. The Board may at any time, generally or in any particular case, waive any lien that has arisen or declare any share exempt in whole or in part, from the provisions of this Bye-law.

23. Subject to these Bye-laws, the Company may sell in such manner as the Board determines any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable, or the liability or engagement in respect of which such lien exists is liable to be presently fulfilled or discharged nor until the expiration of fourteen clear days after a notice in writing, stating and demanding payment of the sum presently payable, or specifying the liability or engagement and demanding fulfillment or discharge thereof and giving notice of the intention to sell in default, has been served on the registered holder for the time being of the share or the person entitled thereto by reason of his death or bankruptcy.

24. The net proceeds of the sale shall be received by the Company and applied in or towards payment or discharge of the debt or liability in respect of which the lien exists, so far as the same is presently payable, and any residue shall (subject to a like lien for debts or liabilities not presently payable as existed upon the share prior to the sale) be paid to the person entitled to the share at the time of the sale. To give effect to any such sale the Board may authorise some person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares so transferred and he shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sales.

CALLS ON SHARES

25. Subject to these Bye-laws and to the terms of allotment, the Board may from time to time make calls upon the Members in respect of any moneys unpaid on their shares that are not credited as fully paid (whether on account of the nominal value of the shares or by way of premium), and each Member shall (subject to being given at least fourteen (14) clear days' Notice specifying the time and place of payment) pay to the Company as required by such notice the amount called on his shares. A call may be extended, postponed or revoked in whole or in part as the Board determines but no member shall be entitled to any such extension, postponement or revocation except as a matter of grace and favour.

26. A call shall be deemed to have been made at the time when the resolution of the Board authorizing the call was passed and may be made payable either in one lump sum or by instalments. The Directors may make arrangements on the issue of shares for a difference between the shareholders in the amount of calls to be paid and in the times of payment.

27. A person upon whom a call is made shall remain liable for calls made upon him notwithstanding the subsequent transfer of the shares in respect of which the call was made. The joint holders of a share shall be jointly and severally liable to pay all calls and instalments due in respect thereof or other moneys due in respect thereof.

28. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the amount unpaid from the day appointed for payment thereof to the time of actual payment at such rate (not exceeding twenty per cent. (20%) per annum) as the Board may determine, but Board may in its absolute discretion waive payment of such interest wholly or in part.

29. No Member shall be entitled to receive any dividend or bonus or to be present and vote (save as proxy for another Member) at any general meeting either personally or by proxy, or be reckoned in a quorum, or exercise any other privilege as a Member until all calls or instalments due by him to the Company, whether alone or jointly with any other person, together with interest and expenses (if any) shall have been paid.

30. On the trial or hearing of any action or other proceedings for the recovery of any money due for any call, it shall be sufficient to prove that the name of the Member sued is entered in the Register as the holder, or one of the holders, of the shares in respect of which such debt accrued, that the resolution making the call is duly recorded in the minute book, and that notice of such call was duly given to the Member sued, in pursuance of these Bye-laws; and it shall not be necessary to prove the appointment of the Directors who made such call, nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

31. Any amount payable in respect of a share upon allotment or at any fixed date, whether in respect of nominal value or premium or as an instalment of a call, shall be deemed to be a call duly made and payable on the date fixed for payment and if it is not paid the provisions of these Bye-laws shall apply as if that amount had become due and payable by virtue of a call duly made and notified.

32. On the issue of shares the Board may differentiate between the allottees or holders as to the amount of calls to be paid and the times of payment.

33. The Board may, if it thinks fit, receive from any Member willing to advance the same, and either in money or money's worth, all or any part of the moneys uncalled and unpaid or instalments payable upon any shares held by him and upon all or any of the moneys so advanced (until the same would, but for such advance, become presently payable) pay interest at such rate (if any) as the Board may decide. The Board may at any time repay the amount so advanced upon giving to such Member not less than one month's notice in writing of its intention in that behalf, unless before the expiration of such notice the amount so advanced shall have been called up on the shares in respect of which it was advanced. Such payment in advance shall not entitle the holder of such share or shares to participate in respect thereof in a dividend subsequently declared.

FORFEITURE OF SHARES

34. (1) If a call remains unpaid after it has become due and payable the Board may give to the person from whom it is due not less than fourteen (14) clear days' notice:

- (a) requiring payment of the amount unpaid together with any interest which may have accrued and which may still accrue up to the date of actual payment; and
- (b) stating that if the notice is not complied with the shares on which the call was made will be liable to be forfeited.

(2) If the requirements of any such notice are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls and interest due in respect thereof has been made, be forfeited by a resolution of the Board to that effect, and such forfeiture shall include all dividends and bonuses declared in respect of the forfeited share but not actually paid before the forfeiture.

35. When any share has been forfeited, notice of the forfeiture shall be served upon the person who was before forfeiture the holder of the share. No forfeiture shall be invalidated by any omission or neglect to give such notice.

36. The Board may accept the surrender of any share liable to be forfeited hereunder and, in such case, references in these Bye-laws to forfeiture will include surrender.

37. Until cancelled in accordance with the requirements of the Act, a forfeited share shall be the property of the Company and may be sold, re-allotted or otherwise disposed of to such person, upon such terms and in such manner as the Board determines, and at any time before a sale, re-allotment or disposition the forfeiture may be annulled by the Board on such terms as the Board determines.

38. A person whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares but nevertheless shall remain liable to pay the Company all moneys which at the date of forfeiture were presently payable by him to the Company in respect of the shares, with (if the Directors shall in their discretion so require) interest thereon from the date of forfeiture until payment at such rate (not exceeding twenty per cent. (20%) per annum) as the board determines. The Board may enforce payment thereof if it thinks fit, and without any deduction or allowance for the value of the forfeited shares, at the date of forfeiture, but his liability shall cease if and when the Company shall have received payment in full of all such moneys in respect of the shares. For the purposes of this Bye-law any sum which, by the terms of issue of a share, is payable thereon at a fixed time which is subsequent to the date of forfeiture, whether on account of the nominal value of the share or by way of premium, shall notwithstanding that time has not yet arrived be deemed to be payable at the date of forfeiture, and the same shall become due and payable immediately upon the forfeiture, but interest thereon shall only be payable in respect of any period between the said fixed time and the date of actual payment.

39. A declaration by a Director or the Secretary that a share has been forfeited on a specified date shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share, and such declaration shall (subject to the execution of an instrument of transfer by the Company if necessary) constitute a good title to the share, and the person to whom the share is disposed of shall be registered as the holder of the share and shall not be bound to see the application of the consideration

(if any), nor shall his title to the share be affected by any irregularity in or invalidity of the proceedings in reference to the forfeiture, sale or disposal of the share. When any share shall have been forfeited, notice of the declaration shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the register, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or make any such entry.

40. Notwithstanding any such forfeiture as aforesaid the Board may at any time, before any shares so forfeited shall have been sold, re-allotted or otherwise disposed of, permit the shares forfeited to be bought back upon the terms of payment of all calls and interest due upon and expenses incurred in respect of the share, and upon such further terms (if any) as it thinks fit.

41. The forfeiture of a share shall not prejudice the right of the Company to any call already made or instalment payable thereon.

42. The provisions of these Bye-laws as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

REGISTER OF MEMBERS

43. (1) The Company shall keep in one or more books a Register of its Members and shall enter therein the following particulars, that is to say:

- (a) the name and address of each Member, the number and class of shares held by him and the amount paid or agreed to be considered as paid on such shares;
- (b) the date on which each person was entered in the Register; and
- (c) the date on which any person ceased to be a Member.

(2) Subject to the Act, the Company may keep an overseas or local or other branch register of Members resident in any place, and the Board may make and vary such regulations as it determines in respect of the keeping of any such register and maintaining a Registration Office in connection therewith.

44. The Register and branch register of Members, as the case may be, shall be open to inspection between 10 a.m. and 12 noon on every business day by Members without charge or by any other person, upon a maximum payment of five Bermuda dollars, at the Office or such other place in Bermuda at which the Register is kept in accordance with the Act or, if appropriate, upon a maximum payment of ten dollars at the Registration Office. The Register including any overseas or local or other branch register of Members may, after notice has been given by advertisement in an appointed newspaper and where applicable, any other newspapers in accordance with

the requirements of any Designated Stock Exchange to that effect, be closed at such times or for such periods not exceeding in the whole thirty (30) days in each year as the Board may determine and either generally or in respect of any class of shares.

RECORD DATES

45. Notwithstanding any other provision of these Bye-laws the Company or the Directors may fix any date as the record date for:

- (a) determining the Members entitled to receive any dividend, distribution, allotment or issue and such record date may be on, or at any time not more than thirty (30) days before or after, any date on which such dividend, distribution, allotment or issue is declared, paid or made;
- (b) determining the Members entitled to receive notice of and to vote at any general meeting of the Company.

TRANSFER OF SHARES

46. Subject to these Bye-laws, any Member may transfer all or any of his shares by an instrument of transfer in the usual or common form in any other form approved by the Board and may be under hand only.

47. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the Board may dispense with the execution of the instrument of transfer by the transferee in any case which it thinks fit in its discretion to do so. The board may also resolve, either generally or in any particular case, upon request by either the transferor or transferee, to accept mechanically executed transfer. The transferor shall be deemed to remain holder of the share until the name of the transferee is entered in the Register in respect thereof. Nothing in these Bye-laws shall preclude the Board from recognizing a renunciation of the allotment or provisional allotment of any share by the allottee in favour of some other person.

48. (1) The Board may, in its absolute discretion, and without giving any reason therefor, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve, or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also, without prejudice to the foregoing generality, refuse to register a transfer of any share to more than four (4) joint holders or a transfer of any share (not being a fully paid up share) on which the Company has a lien.

(2) No transfer shall be made to an infant or to a person of unsound mind or under other legal disability.

(3) The Board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the Register to any branch register or any share on any branch register to the Register or any other branch

register. In the event of any such transfer, the shareholder requesting such transfer shall bear the cost of effecting the transfer unless the Board otherwise determines.

(4) Unless the Board otherwise agrees (which agreement may be on such terms and subject to such conditions as the Board in its absolute discretion may from time to time determine, and which agreement it shall, without giving any reason therefore, be entitled in its absolute discretion to give or withhold), no shares upon the Register shall be transferred to any branch register nor shall shares on any branch register be transferred to the Register or any other branch register and all transfers and other documents of title shall be lodged for registration, and registered, in the case of any shares on a branch register, at the relevant Registration Office, and, in the case of any shares on the Register, at the Office or such other place in Bermuda at which the Register is kept in accordance with the Act.

49. Without limiting the generality of the last preceding Bye-law, the Board may decline to recognise any instrument of transfer unless:-

- (a) a fee of such sum as the Designated Stock Exchange may determine to be payable or such lesser sum as the Board may from time to time require is paid to the Company in respect thereof;
- (b) the instrument of transfer is in respect of only one class of share;
- (c) the instrument of transfer is lodged at the Office or such other place in Bermuda at which the Register is kept in accordance with the Act or the Registration Office (as the case may be) accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do); and
- (d) if applicable, the instrument of transfer is duly and properly stamped.

50. If the Board refuses to register a transfer of any share, it shall, within two (2) months after the date on which the transfer was lodged with the Company, send to each of the transferor and transferee notice of the refusal.

51. The registration of transfers of shares or of any class of shares may, after notice has been given by advertisement in an appointed newspaper and, where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange to that effect be suspended at such times and for such periods (not exceeding thirty (30) days in any year) as the Board may determine.

TRANSMISSION OF SHARES

52. If the Member dies, the survivor or survivors where the deceased was a joint holder, and his legal personal representatives where he was a sole or only surviving holder, will be the only persons recognised by the Company as having any title to his interest in the shares; but nothing in this Bye-law will release the estate of a deceased

Member (whether sole or joint) from any liability in respect of any share which had been solely or jointly held by him.

53. Subject to Section 52 of the Act, any person becoming entitled to a share in consequence of the death or bankruptcy or winding-up of a Member may, upon such evidence as to his title being produced as may be required by the Board, elect either to become the holder of the share or to have some person nominated by him registered as the transferee thereof. If he elects to become the holder he shall notify the Company in writing either at the Registration Office or Office, as the case may be, to that effect. If he elects to have another person registered he shall execute a transfer of the share in favour of that person. The provisions of these Bye-laws relating to the transfer and registration of transfers of shares shall apply to such notice or transfer as aforesaid as if the death or bankruptcy of the Member had not occurred and the notice or transfer were signed by such Member.

54. A person becoming entitled to a share by reason of the death or bankruptcy or winding-up of a Member shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share. However, the Board may, if it thinks fit, withhold the payment of any dividend payable or other advantages in respect of such share until such person shall become the registered holder of the share or shall have effectually transferred such share, but, subject to the requirements of Bye-law 75(2) being met, such a person may vote at meetings.

UNTRACEABLE MEMBERS

55. (1) Without prejudice to the rights of the Company under paragraph (2) of this Bye-law, the Company may cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such a cheque for warrant is returned undelivered.

(2) The Company shall have the power to sell, in such manner as the Board thinks fit, any shares of a Member who is untraceable, but no such sale shall be made unless:

- (a) all cheques or warrants in respect of dividends of the shares in question, being not less than three in total number, for any sum payable in cash to the holder of such shares in respect of them sent during the relevant period in the manner authorised by the Bye-laws of the Company have remained uncashed;
- (b) so far as it is aware at the end of the relevant period, the Company has not at any time during the relevant period received any indication of the existence of the Member who is the holder of such shares or of a person entitled to such shares by death, bankruptcy or operation of law; and
- (c) the Company, if so required by the rules governing the listing of shares on the Designated Stock Exchange, has given notice to, and caused advertisement in newspapers in accordance with the requirements of, the Designated Stock Exchange to be made of its intention to sell such shares

in the manner required by the Designated Stock Exchange, and a period of three (3) months or such shorter period as may be allowed by the Designated Stock Exchange has elapsed since the date of such advertisement.

For the purpose of the foregoing, the "relevant period" means the period commencing twelve years before the date of publication of the advertisement referred to in paragraph (c) of this Bye-law and ending at the expiry of the period referred to in that paragraph.

(3) To give effect to any such sale the Board may authorise some person to transfer the said shares and an instrument of transfer signed or otherwise executed by or on behalf of such person shall be as effective as if it had been executed by the registered holder or the person entitled by transmission to such shares, and the purchaser shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale. The net proceeds of the sale will belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former Member for an amount equal to such net proceeds. No trust shall be created in respect of such debt and no interest shall be payable in respect of it and the Company shall not be required to account for any money earned from the net proceeds which may be employed in the business of the Company or as it thinks fit. Any sale under this Bye-law shall be valid and effective notwithstanding that the Member holding the shares sold is dead, bankrupt or otherwise under any legal disability or incapacity.

GENERAL MEETINGS

56. An annual general meeting of the Company shall be held in each year other than the year of incorporation at such time (within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting unless a longer period would not infringe the rules of the Designated Stock Exchange, if any) and place as may be determined by the Board.

57. Each general meeting, other than an annual general meeting, shall be called a special general meeting. General meetings may be held in any part of the world as may be determined by the Board.

58. The Board may whenever it thinks fit call special general meetings, and Members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitioners themselves may do so in accordance with the provisions of Section 74(3) of the Act.

NOTICE OF GENERAL MEETINGS

59. (1) An annual general meeting and any special general meeting at which the passing of a special resolution is to be considered shall be called by not less than twenty-one (21) clear days' Notice. All other special general meetings may be called by not less than fourteen (14) clear days' Notice but a general meeting may be called by shorted notice if it is so agreed:

- (a) in the case of a meeting called as an annual general meeting, by all the Members entitled to attend and vote thereat; and
- (b) in the case of any other meeting, by a majority in number of the Members having the right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent. (95%) in nominal value of the issued shares giving that right.

(2) The period of notice shall be exclusive of the day on which it is served or deemed to be served and exclusive of the day on which the meeting is to be held, and the notice shall specify the time and place of the meeting and, in case of special business, the general nature of the business. The notice convening an annual general meeting shall specify the meeting as such. Notice of every general meeting shall be given to all Members other than to such Members as, under the provisions of these Bye-laws or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, to all persons entitled to a share in consequence of the death or bankruptcy or winding-up of a Member and to each of the Directors and the Auditors.

60. The accidental omission to give Notice of a meeting or (in cases where instruments of proxy are sent out with the Notice) to send such instrument of proxy to, or the non-receipt of such Notice or such instrument of proxy by, any person entitled to receive such Notice shall not invalidate any resolution passed or the proceedings at that meeting.

PROCEEDINGS AT GENERAL MEETINGS

61. (1) All business shall be deemed special that is transacted at a special general meeting, and also all business that is transacted at an annual general meeting, with the exception of sanctioning dividends, the reading, considering and adopting of the accounts and balance sheet and the reports of the Directors and Auditors and other documents required to be annexed to the balance sheet, the election of Directors and appointment of Auditors and other officers in the place of those retiring, the fixing of the remuneration of the Auditors, and the voting of remuneration or extra remuneration to the Directors.

(2) No business other than the appointment of a chairman of a meeting shall be transacted at any general meeting unless a quorum is present at the commencement of the business. Two (2) Members entitled to vote and present in person or by proxy or (in the case of a member being a corporation) by its duly authorised representative shall form a quorum for all purposes.

62. If within thirty (30) minutes (or such longer time not exceeding one hour as the chairman of the meeting may determine to wait) after the time appointed for the meeting a quorum is not present, the meeting, if convened on the requisition of Members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week at the same time and place or to such time and place as the Board may determine. If at such adjourned meeting a quorum is not present within half an hour from the time appointed for holding the meeting, the meeting shall be dissolved.

63. The president of the Company or the chairman shall preside as chairman at every general meeting. If at any meeting the president or the chairman, as the case may be, is not present within fifteen (15) minutes after the time appointed for holding the meeting, or if neither of them is willing to act as chairman, the Directors present shall choose one of their number to act, or if one Director only is present he shall preside as chairman if willing to act. If no Director is present, or if each of the Directors present declines to take the chair, or if the chairman chosen shall retire from the chair, the Members present in person or by proxy and entitled to vote shall elect one of their number to be chairman.

64. The chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place as the meeting shall determine, but no business shall be transacted at any adjourned meeting other than business which might lawfully have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for fourteen (14) days or more, at least seven (7) clear days' notice of the adjourned meeting shall be given specifying the time and place of the adjourned meeting but it shall not be necessary to specify in such notice the nature of the business to be transacted at the adjourned meeting and the general nature of the business to be transacted. Save as aforesaid, it shall be unnecessary to give notice of an adjournment. No business shall be transacted at any such adjourned meeting other than the business which might have been transacted at the meeting from which the adjournment took place.

65. If an amendment is proposed to any resolution under consideration but is in good faith ruled out of order by the chairman of the meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a special resolution, no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.

VOTING

66. (1) Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with these Bye-laws, at any general meeting on a show of hands every Member present in person (or being a corporation, is present by a representative duly authorised under Section 78 of the Act), or by proxy shall have one vote and on a poll every Member present in person or by proxy or, in the case of a Member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the

foregoing purposes as paid up on the share. A resolution put to the vote of a meeting shall be decided on a show of hands unless a poll is required by the listing rules of the Designated Stock Exchange or (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is otherwise demanded by:

- (a) the chairman of such meeting; or
- (b) at least three Members present in person (or, in the case of a Member being a corporation, by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (c) a Member or Members present in person (or, in the case of a Member being a corporation, by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all Members having the right to vote at the meeting; or
- (d) a Member or Members present in person (or, in the case of a Member being a corporation, by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

(2) Where any Member is, under the rules of the Designated Stock Exchange, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such Member in contravention of such requirement or restriction shall not be counted.

67. Unless a poll is duly demanded and the demand is not withdrawn, a declaration by the chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or not carried by a particular majority, or lost, and an entry to that effect made in the minute book of the Company, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded for or against the resolution.

68. If a poll is duly demanded the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. There shall be no requirement for the chairman to disclose the voting figures on a poll.

69. A poll demanded on the election of a chairman, or on a question of adjournment, shall be taken forthwith. A poll demanded on any other question shall be taken in such manner (including the use of ballot or voting papers or tickets) and either forthwith or at such time (being not later than thirty (30) days after the date of the demand) and place as the chairman directs. It shall not be necessary (unless the chairman otherwise directs) for notice to be given of a poll not taken immediately.

70. The demand for a poll shall not prevent the continuance of a meeting or the transaction of any business other than the question on which the poll has been demanded, and, with the consent of the chairman, it may be withdrawn at any time before the close of the meeting or the taking of the poll, whichever is the earlier.

71. On a poll votes may be given either personally or by proxy.
72. A person entitled to more than one vote on a poll need not use all his votes or cast all the votes he uses in the same way.
73. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of such meeting shall be entitled to a second or casting vote in addition to any other vote he may have.
74. Where there are joint holders of any share anyone of such joint holder may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register in respect of the joint holding. Several executors or administrators of a deceased Member in whose name any share stands shall for the purposes of this Bye-law be deemed joint holders thereof.
75. (1) A Member who is a patient for any purpose relating to mental health or in respect of whom an order has been made by any court having jurisdiction for the protection or management of the affairs of persons incapable of managing their own affairs may vote, whether on a show of hands or on a poll, by his receiver, committee, curator bonis or other person in the nature of a receiver, committee or curator bonis appointed by such court, and such receiver, committee, curator bonis or other person may vote on a poll by proxy, and may otherwise act and be treated as if he were registered holder of such shares for the purposes of general meeting, provided that such evidence as the Board may require of the authority of the person claiming to vote shall have been deposited at the Office, head office or Registration Office, as appropriate, not less than forty-eight (48) hours before the time appointed for holding the meeting, or adjourned meeting or poll, as the case may be.
- (2) Any person entitled under Bye-law 53 to be registered as the holder of any shares may vote at any general meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that forty-eight (48) hours at least before the time of the holding of the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall satisfy the Board of his entitlement to such shares, or the Board shall have previously admitted his right to vote at such meeting in respect thereof.
76. No Member shall, unless the Board otherwise determines, be entitled to attend and vote and to be reckoned in a quorum at any general meeting unless he is duly registered and all calls or other sums presently payable by him in respect of shares in the Company have been paid.
77. If:
- (a) any objection shall be raised to the qualification of any voter, or
 - (b) any votes have been counted which ought not to have been counted or which

might have been rejected; or

- (c) any votes are not counted which ought to have been counted;

the objection or error shall not vitiate the decision of the meeting or adjourned meeting on any resolution unless the same is raised or pointed out at the meeting or, as the case may be, the adjourned meeting at which the vote objected to is given or tendered or at which the error occurs. Any objection or error shall be referred to the chairman of the meeting and shall only vitiate the decision of the meeting on any resolution if the chairman decides that the same may have affected the decision of the meeting. The decision of the chairman on such matters shall be final and conclusive.

PROXIES

78. Any Member entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote on his behalf. A Member who is the holder of two or more shares may appoint one or more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a Member. In addition, a proxy or proxies representing either a Member who is an individual or a Member which is a corporation shall be entitled to exercise the same powers on behalf of the Member which he or they represent as such Member could exercise.

79. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the fact.

80. The instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified at the Registration Office or the Office, as may be appropriate) not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than twenty-four (24) hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve (12) months from the date named in it as the date of its execution, except at an adjourned meeting or on a poll demanded at a meeting or an adjourned meeting in cases where the meeting was originally held within twelve (12) months from such date. Delivery of an instrument appointing a proxy shall not preclude a Member from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.

81. Instruments of proxy shall be in any common form or in such other form as the Board May approve (provided that this shall not preclude the use of the two-way form) and the Board may, if it thinks fit, send out with the notice of any meeting forms of

instrument of proxy for use at the meeting. The instrument of proxy shall be deemed to confer authority to demand or join in demanding a poll and to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein be valid as well for any adjournment of the meeting as for the meeting to which it relates.

82. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the instrument of proxy or of the authority under which it was executed, provided that no intimation in writing of such death, insanity or revocation shall have been received by the Company at the Office or the Registration Office (or such other place as may be specified for the delivery of instruments of proxy in the notice convening the meeting or other document sent therewith) two (2) hours at least before the commencement of the meeting or adjourned meeting, or the taking of the poll, at which the instrument of proxy is used.

83. Anything which under these Bye-laws a Member may do by proxy he may likewise do by his duly appointed attorney and the provisions of these Bye-laws relating to proxies and instruments appointing proxies shall apply mutatis mutandis in relation to any such attorney and the instrument under which such attorney is appointed.

CORPORATIONS ACTING BY REPRESENTATIVES

84. (1) Any corporation which is a Member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or any class of Members. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual Member and such corporation shall for the purposes of these Bye-laws be deemed to be present in person at any such meeting if a person so authorised is present thereat.

(2) If a clearing house or a nominee of a clearing house is a Member, it may authorise such person or persons as it thinks fit to act as its representative or representatives at any meeting of the Company or at any meeting of any class of Members provided that, if more than one person is so authorised, the authorization shall specify the number and class of shares in respect of which each such person is so authorised. A person so authorised under the provisions of this Bye-law shall be entitled to exercise the same powers on behalf of the clearing house (or its nominee) which he represents as that clearing house (or its nominee) could exercise if it were an individual Member.

(3) Any reference in these Bye-laws to a duly authorised representative of a Member being a corporation shall mean a representative authorised under the provisions of this Bye-law.

WRITTEN RESOLUTION OF MEMBERS

85. (1) Subject to the Act, a resolution in writing signed (in such manner as to

indicate, expressly or impliedly, unconditional approval) by or on behalf of all persons for the time being entitled to receive notice of and to attend and vote at general meetings of the Company shall, for the purposes of these Bye-laws, be treated as a resolution duly passed at a general meeting of the Company and, where relevant, as a special resolution so passed. Any such resolution shall be deemed to have been passed at a meeting held on the date on which it was signed by the last Member to sign, and where the resolution states a date as being the date of this signature thereof by any Member the statement shall be prima facie evidence that it was signed by him on that date. Such a resolution may consist of several documents in the like form, each signed by one or more relevant Members.

(2) Notwithstanding any provisions contained in these Bye-laws, a resolution in writing shall not be passed for the purpose of removing a Director before the expiration of his term of office under Bye-law 86(4) or for the purposes set out in Bye-law 154(3) relating to the removal and appointment of the Auditor.

BOARD OF DIRECTORS

86. (1) Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two (2). There shall be no maximum number of Directors. The Directors shall be elected or appointed in the first place at the statutory meeting of Members and thereafter in accordance with Bye-law 87 and shall hold office until the next appointment of Directors or until their successors are elected or appointed. Any general meeting may authorise the Board to fill any vacancy in their number left unfilled at a general meeting.

(2) The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or, subject to authorization by the Members in general meeting, as an addition to the existing Board but so that the number of Directors so appointed shall not exceed any maximum number determined from time to time by the Members in general meeting. Any Director so appointed by the Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting.

(3) Neither a Director nor an alternate Director shall be required to hold any shares of the Company by way of qualification and a Director or alternate Director (as the case may be) who is not a Member shall be entitled to receive notice of and to attend and speak at any general meeting of the Company and of all classes of shares of the Company.

(4) Subject to any provision to the contrary in these Bye-laws the Members may, at any general meeting convened and held in accordance with these Bye-laws, by special resolution remove a Director at any time before the expiration of his period of office notwithstanding anything in these Bye-laws or in any agreement between the Company and such Director (but without prejudice to any claim for damages under any such agreement) provided that the notice of any such meeting convened for the purpose of removing a Director shall contain a statement of the intention so to do and be served on such Director fourteen (14) days before the meeting and at such meeting such Director shall be entitled to be heard on the motion for his removal.

(5) A vacancy on the Board created by the removal of a Director under the provision of subparagraph (4) above may be filled by the election or appointment by the Members at the meeting at which such Director is removed to hold office until the next appointment of Directors or until their successors are elected or appointed or, in the absence of such election or appointment such general meeting may authorise the Board to fill any vacancy in the number left unfilled.

(6) The Company may from time to time in general meeting by ordinary resolution increase or reduce the number of Directors but so that the number of Directors shall never be less than two (2).

RETIREMENT OF DIRECTORS

87. (1) Subject to the manner of retirement by rotation of Directors as from time to time prescribed under the rules of the Designated Stock Exchange, and notwithstanding any contractual or other terms on which any Director may be appointed or engaged, at each annual general meeting one third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years.

(2) A retiring Director shall be eligible for re-election. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. Any Director appointed pursuant to Bye-law 86(2) shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.

88. No person other than a retiring Director shall, unless recommended by the Board, be eligible for election to the office of Director at any general meeting unless during a period of not less than seven days commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date appointed for the meeting, there has been given to the Secretary notice in writing by a member of the Company (not being the person to be proposed), entitled to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

DISQUALIFICATION OF DIRECTORS

89. The office of a Director shall be vacated if the Director:

(1) resigns his office by notice in writing delivered to the Company at the office

or tendered at a meeting of the Board whereupon the Board resolves to accept such resignation;

(2) becomes of unsound mind or dies;

(3) without special leave of absence from the Board, is absent from meetings of the Board for six consecutive months, and his alternate Director, if any, shall not during such period have attended in his stead and the Board resolves that his office be vacated; or

(4) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

(5) is prohibited by law from being a Director; or

(6) ceases to be a Director by virtue of any provision of the Statutes or is removed from office pursuant to these Bye-laws.

EXECUTIVE DIRECTORS

90. The Board may from time to time appoint any one or more of its body to be a managing director, joint managing director or deputy managing director or to hold any other employment or executive office with the Company for such period (subject to their continuance as Directors) and upon such terms as the Board may determine and the Board may revoke or terminate any of such appointments. Any such revocation or termination as aforesaid shall be without prejudice to any claim for damages that such Director may have against the Company or the Company may have against such Director. A Director appointed to an office under this Bye-law shall be subject to the same provisions as to removal as the other Director of the Company, and he shall (subject to the provisions of any contract between him and the Company) ipso facto and immediately cease to hold such office if he shall cease to hold the office of Director for any cause.

91. Notwithstanding Bye-laws 96, 97, 98 and 99, an executive director appointed to an office under Bye-law 90 hereof shall receive such remuneration (whether by way of salary, commission, participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the Board may from time to time determine, and either in addition to or in lieu of his remuneration as a Director.

ALTERNATE DIRECTORS

92. Any Director may at any time by Notice delivered to the Office or head office or at a meeting of the Director appoint any person to be his alternate Director. Any person so appointed shall have all the rights and powers of the Director or Directors for whom such person is appointed in the alternative provided that such person shall not be counted more than once in determining whether or not a quorum is present. An alternate Director may be removed at any time by the body which appointed him and, subject thereto, the office of alternate Director shall continue until the next annual election of

Director or, if earlier, the date on which the relevant Director ceases to be a Director. Any appointment or removal of an alternate Director shall be effected by Notice signed by the appointor and delivered to the Office or head office or tendered at a meeting of the Board. An alternate Director may also be a Director in his own right and may act as alternate to more than one Director. An alternate Director shall, if his appointor so request, be entitled to receive notices of meetings of the Board or of committees of the Board to the same extent as, but in lieu of, the Director appointing him and shall be entitled to such extent to attend and vote as a Director at any such meeting at which the Director appointing him is not personally present and generally at such meeting to exercise and discharge all the functions, powers and duties of his appointor as a Director and for the purposes of the proceedings at such meeting the provisions of these Bye-laws shall apply as if he were a Director save that as an alternate for more than one Director his voting rights shall be cumulative.

93. An alternate Director shall only be a Director for the purposes of the Act and shall only be subject to the provisions of the Act insofar as they relate to the duties and obligations of a Director when performing the functions of the Director for whom he is appointed in the alternative and shall alone be responsible to the Company for his acts and defaults and shall not be deemed to be the agent of or for the Director appointing him. An alternate Director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be indemnified by the Company to the same extent *mutatis mutandis* as if he were a Director but he shall not be entitled to receive from the Company and fee in his capacity as an alternate Director except only such part, if any, of the remuneration otherwise payable to his appointor as such appointor may be notice in writing to the Company from time to time direct.

94. Every person acting as an alternate Director shall have one vote for each Director for whom he acts as alternate (in addition to his own vote if he is also a Director). If his appointor is for the time being absent from Hong Kong or otherwise not available or unable to act, the signature of an alternate Director to any resolution in writing of the Board or a committee of the Board of which his appointor is a member shall, unless the notice of his appointment provides to the contrary, be as effective as the signature of his appointor.

95. An alternate Director shall *ipso facto* cease to be an alternate Director if his appointor ceases for any reason to be a Director, however, such alternate Director or any other person may be re-appointed by the Directors to serve as an alternate Director PROVIDED always that, if at any meeting any Director retires but is re-elected at the same meeting, any appointment of such alternate Director pursuant to these Bye-laws which was in force immediately before his retirement shall remain in force as though he had not retired.

DIRECTORS' FEES AND EXPENSES

96. The ordinary remuneration of the Directors shall from time to time be determined by the Company in general meeting and shall (unless otherwise directed by the resolution by which it is voted) be divided amongst the Board in such proportions and in such manner as the Board may agree or, failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a

proportion of remuneration related to the period during which he has held office. Such remuneration shall be deemed to accrue from day to day.

97. Each Director shall be entitled to be repaid or prepaid all traveling, hotel and incidental expenses reasonably incurred or expected to be incurred by him in attending meetings of the Board or committees of the Board or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of his duties as a Director.

98. Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration provided for by or pursuant to any other Bye-law.

99. The Board shall obtain the approval of the Company in general meeting before making any payment to any Director or past Director of the Company by way of compensation for loss of office, or as consideration for or in connection with his retirement from office (not being payment to which the Director is contractually entitled).

DIRECTORS' INTEREST

100. A Director may:

- (a) hold any other office or place of profit with the Company (except that of Auditor) in conjunction with his office of Director for such period and, subject to the relevant provisions of the Act, upon such terms as the Board may determine. Any remuneration (whether by way of salary, commission, participation in profits or otherwise) paid to any Director in respect of any such other office or place of profit shall be in addition to any remuneration provided for by or pursuant to any other Bye-law;
- (b) act by himself or his firm in a professional capacity for the Company (otherwise than as Auditor) and he or his firm may be remunerated for professional services as if he were not a Director;
- (c) continue to be or become a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer or member of any other company promoted by the Company or in which the Company may be interested as a vendor, shareholder or otherwise and (unless otherwise agreed) no such Director shall be accountable for any remuneration, profits or other benefits received by him as a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer or member of or from his interests in any such other company. Subjects as otherwise provided by these Bye-laws the Directors may exercise or cause to be exercised the voting powers conferred by the shares in any other company held or owned by the Company, or exercisable by them as Directors of such other company in

such manner in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of them directors, managing directors, joint managing directors, deputy managing directors, executive directors, managers or other officers of such company) or voting or providing for the payment of remuneration to the director, managing director, joint managing director, deputy managing director, executive director, manager or other officers of such other company and any Director may vote in favour of the exercise of such voting rights in manner aforesaid notwithstanding that he may be, or about to be, appointed a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer of such a company, and that as such he is or may become interested in the exercise of such voting rights in manner aforesaid.

101. Subject to the Act and to these Bye-laws, no Director or proposed or intending Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatever, not shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, not shall any Director so contracting or being so interested be liable to account to the Company or the Members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established provided that such Director shall disclose the nature of his interest in any contract or arrangement in which he is interested in accordance with Bye-law 102 herein.

102. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the Board at which the question of entering into the contract or arrangement is first considered, if he knows his interest then exists, or in any other case at the first meeting of the Board after he knows that he is or has become so interested. For the purposes of this Bye-law, a general notice to the Board by a Director to the effect that:

- (a) he is a member or officer of a specified company or firm and is to be regarded as interested in any contract or arrangement which may after the date of the notice be made with that company or firm; or
- (b) he is to be regarded as interested in any contract or arrangement which may after the date of the notice be made with a specified person who is connected with him.

shall be deemed to be a sufficient declaration of interest under this Bye-law in relation to any such contract or arrangement, provided that no such notice shall be effective unless either it is given at a meeting of the Board or the Director takes reasonable steps to secure that it is brought up and read at the next Board meeting after it is given.

103. (1) A Director shall not be entitled to vote on (nor shall be counted in the quorum in relation to) any resolution of the Board in respect of any contract or arrangement or any other proposal whatsoever in which he or any of his associates has

any material interest, and if he shall do so his vote shall not be counted (nor is he to be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:

- (a) the giving of any security or indemnity either:—
 - (i) to the Director or his associates in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries; or
 - (ii) to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associates has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security.
- (b) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or his associates is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (c) any proposal concerning any other company in which the Director or his associates is/are interested only, whether directly or indirectly, as an officer or executive or shareholder or in which the director or his associates is/are beneficially interested in shares of that company, provided that the Director and any of his associates are not in aggregate beneficially interested in 5% or more of the issued shares of any class of such company (or of any third company through which the interest of the Director or his associates is derived) or of the voting rights;
- (d) any proposal or arrangement concerning the benefit of employee of the Company or any of its subsidiaries including:—
 - (i) the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Director or his associates may benefit; or
 - (ii) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to the Directors, their associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his associates as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
- (e) any contract or arrangement in which the Director or his associates is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

(2) A company shall be deemed to be a company in which a Director and/or his associates has/have an interest of 5% or more if and so long as (but only if and so long as) he and/or his associates (either directly or indirectly) is/are the holders of or beneficially interested in 5% or more of the issued shares of any class of the equity share capital of such company or of the voting rights available to members of such company (or of any third company through which his interest or that of any of his associates is derived). For the purpose of this paragraph there shall be disregarded any shares held by a Director or his associates as bare or custodian trustee and in which he or any of them has no beneficial interest, any shares comprised in a trust in which the interest of Director and/or his associates is/are in reversion or remainder if and so long as some other person is entitled to receive the income thereof and any shares comprised in an authorised unit trust scheme in which the Director and/or his associates is/are interested only as a unit holder.

(3) Where a company in which a Director and/or his associates has/have an interest of 5% or more is materially interested in a transaction, then that Director and/or his associates shall also be deemed materially interested in such transaction.

(4) If any question shall arise at any meeting of the Board as to the materiality of the interest of a Director or any of his associates or the significance of a contract, arrangement or transaction or proposed contract, arrangement or transaction or as to the entitlement of any Director to vote or form part of a quorum and such question is not resolved by his voluntarily agreeing to abstain from voting or not to be counted in the quorum, such question shall be referred to the chairman of the meeting (or, where the question relates to the interest of the chairman, to the other Directors at the meeting) and his ruling (or, as appropriate, the ruling of the other Directors) in relation to any other Director (or, as appropriate, the chairman) shall be final and conclusive except in a case where the nature or extent of the interests of the Director (or, as appropriate, the chairman) or any of his associates concerned as known to such Director (or, as appropriate, the chairman) has not been fairly disclosed to the Board.

GENERAL POWERS OF THE DIRECTORS

104. (1) The business of the Company shall be managed and conducted by the Board, which may pay all expenses incurred in forming and registering the Company and may exercise all powers of the Company (whether relating to the management of the business of the Company or otherwise) which are not by the Statutes or by these Bye-laws required to be exercised by the Company in general meeting, subject nevertheless to the provisions of the Statutes and of these Bye-laws and to such regulations being not inconsistent with such provisions, as may be prescribed by the Company in general meeting, but no regulations made by the Company in general meeting shall invalidate any prior act of the Board which would have been valid if such regulations had not been made. The general powers given by this Bye-law shall not be limited or restricted by any special authority or power given to the Board by any other Bye-law.

(2) Any person contracting or dealing with the Company in the ordinary course of business shall be entitled to rely on any written or oral contract or agreement or deed,

document or instrument entered into or executed as the case may be by any two of the Directors acting jointly on behalf of the Company and the same shall be deemed to be validly entered into or executed by the Company as the case may be and shall, subject to any rule of law, be binding on the Company.

(3) Without prejudice to the general powers conferred by these Bye-laws it is hereby expressly declared that the Board shall have the following powers:

- (a) To give to any person the right or option of requiring at a future date that an allotment shall be made to him of any share at par or at such premium as may be agreed.
- (b) To give to any Directors, officers or servants of the Company an interest in any particular business or transaction in the profits thereof or in the general profits of the Company either in addition to or in substitution for a salary or other remuneration.
- (c) To resolve that the Company be discounted in Bermuda and continued in a named country or jurisdiction outside Bermuda subject to the provisions of the Act.

105. The Board may establish any regional or local boards or agencies for managing any of the affairs of the Company in any place, and may appoint any persons to be members of such local boards, or any managers or agents, and may fix their remuneration (either by way of salary or by commission or by conferring the right to participation in the profits of the Company or by a combination of two or more of these modes) and pay the working expenses of any staff employed by them upon the business of the Company. The Board may delegate to any regional or local board, manager or agent any of the powers, authorities and discretions vested in or exercisable by the Board (other than its powers to make calls and forfeit shares), with power to sub-delegate, and may authorise the members of any of them to fill any vacancies therein and to act notwithstanding vacancies. Any such appointment or delegation may be made upon such terms and subject to such conditions as the Board may think fit, and the Board may remove any person appointed as aforesaid, and may revoke or vary such delegation, but no person dealing in good faith and without notice of any such revocation or variation shall be affected thereby.

106. The Board may by power of attorney appoint under the Seal any company, firm or person or any fluctuating body of persons, whether nominated directly or indirectly by the Board, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these Bye-laws) and for such period and subject to such conditions as it may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Board may think fit, and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions vested in him. Such attorney or attorneys may, if so authorised under the Seal of the Company, execute any deed or instrument under their personal seal with the same effect as the affixation of the Company's Seal.

107. The Board may entrust to and confer upon a managing director, joint managing director, deputy managing director, and executive director or any Director any of the powers exercisable by it upon such terms and conditions and with such restrictions as it thinks fit, and either collaterally with, or to the exclusion of, its own powers, and may from time to time revoke or vary all or any such powers but no person dealing in good faith and without notice of such revocation or variation shall be affected thereby.

108. All cheques, promissory notes, drafts, bills of exchange and other instruments, whether negotiable or transferable or not, and all receipts for moneys paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as the Board shall from time to time by resolution determine. The Company's banking accounts shall be kept with such banker or bankers as the Board shall from time to time determine.

109. (1) The Board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's moneys to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit under the Company or any of its subsidiary companies) and ex-employees of the Company and their dependants or any class or classes of such person.

(2) The Board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependants, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependants are or may become entitled under any such scheme or fund as mentioned in the last preceding paragraph. Any such pension or benefit may, as the Board considers desirable, be granted to an employee either before and in anticipation of or upon or at any time after his actual retirement.

BORROWING POWERS

110. The Board may exercise all the powers of the Company to raise or borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Act, to issue debentures, bonds and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

111. Debentures, bonds and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

112. Any debentures, bonds or other securities may be issued at a discount (other than shares), premium or otherwise and with any special privileges as to redemption, surrender, drawings, allotment of shares, attending and voting at general meetings of the Company, appointment of Directors and otherwise.

113. (1) Where any uncalled capital of the Company is charged, all persons taking any subsequent charge thereon shall take the same subject to such prior charge, and shall not be entitled, by notice to the Members or otherwise, to obtain priority over such prior charge.

(2) The Board shall cause a proper register to be kept, in accordance with the provisions of the Act, of all charges specifically affecting the property of the Company and of any series of debentures issued by the Company and shall duly comply with the requirements of the Act in regard to the registration of charges and debentures therein specified and otherwise.

PROCEEDINGS OF THE DIRECTORS

114. The Board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of any equality of votes the chairman of the meeting shall have an additional or casting vote.

115. A meeting of the Board may be convened by the Secretary on request of a Director or by any Director. The Secretary shall convene a meeting of the Board of which notice may be given in writing or by telephone or in such other manner as the Board may from time to time determine whenever he shall be required so to do by the president or chairman, as the case may be, or any Director. Any Director may waive notice of any meeting either prospectively or retrospectively.

116. (1) The quorum necessary for the transaction of the business of the Board may be fixed by the Board and, unless so fixed at any other number, shall be two (2). An alternate Director shall be counted in a quorum in the case of the absence of a Director for whom he is the alternate provided that he shall not be counted more than once for the purpose of determining whether or not a quorum is present.

(2) Directors may participate in any meeting of the Board by means of a conference telephone or other communications equipment through which all persons participating in the meeting can communicate with each other simultaneously and instantaneously and, for the purpose of counting a quorum, such participation shall constitute presence at a meeting as if those participating were present in person.

(3) Any Director who ceases to be a Director at a Board meeting may continue to be present and to act as a Director and be counted in the quorum until the termination of such Board meeting if no other Director objects and if otherwise a quorum of Directors would not be present.

117. The continuing Directors or a sole continuing Director may act notwithstanding any vacancy in the Board but, if and so long as the number of Directors is reduced below the minimum number fixed by or in accordance with these Bye-laws, the continuing Directors or Director, notwithstanding that the number of Directors is below

the number fixed by or in accordance with these Bye-laws as the quorum or that there is only one continuing Director, may act for the purpose of filling vacancies in the Board or of summoning general meetings of the Company but not for any other purpose.

118. The Board may elect a chairman and one or more deputy chairman of its meetings and determine the period for which they are respectively to hold such office. If no chairman or deputy chairman is elected, or if at any meeting neither the chairman nor any deputy chairman is present within five (5) minutes after the time appointed for holding the same, the Directors present may choose one of their number to be chairman of the meeting.

119. A meeting of the Board at which a quorum is present shall be competent to exercise all the powers, authorities and discretions for the time being vested in or exercisable by the Board.

120. (1) The Board may delegate any of its powers, authorities and discretions to committees, consisting of such Director or Directors and other persons as it thinks fit, and they may, from time to time, revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes. Any committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations which may be imposed on it by the Board.

(2) All acts done by any such committee in conformity with such regulations, and in fulfillment of the purposes for which it was appointed, but not otherwise, shall have like force and effect as if done by the Board, and the Board shall have power, with the consent of the Company in general meeting, to remunerate the members of any such committee, and charge such remuneration to the current expenses of the Company.

121. The meetings and proceedings of any committee consisting of two or more members shall be governed by the provisions contained in these Bye-laws for regulating the meetings and proceedings of the Board so far as the same are applicable and are not superseded by any regulations imposed by the Board under the last preceding Bye-law.

122. A resolution in writing signed by all the Directors except such as are temporarily unable to act through ill-health or disability, and all the alternate Directors, if appropriate, whose appointers are temporarily unable to act as aforesaid shall (provided that such number is sufficient to constitute a quorum and further provided that a copy of such resolution has been given or the contents thereof communicated to all the Directors for the time being entitled to receive notices of Board meetings in the same manner as notices of meetings are required to be given by these Bye-laws) be as valid and effectual as if a resolution had been passed at a meeting of the Board duly convened and held. Such resolution may be contained in one document or in several documents in like form each signed by one or more of the Directors or alternate Directors and for this purpose a facsimile signature of a Director or an alternate Director shall be treated as valid.

123. All acts bona fide done by the Board or by any committee or by any person acting as a Director or members of a committee, shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any member of the Board or such committee or person acting as aforesaid or that they or any of them were

disqualified or had vacated office, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director or member of such committee.

MANAGERS

124. The Board may from time to time appoint a general manager, a manager or managers of the Company and may fix his or their remuneration either by way of salary or commission or by conferring the right to participation in the profits of the Company or by a combination of two or more these modes and pay the working expenses of any of the staff of the general manager, manager or managers who may be employed by him or them upon the business of the Company.

125. The appointment of such general manager, manager or managers may be for such period as the Board may decide, and the Board may confer upon him or them all or any of the powers of the Board as they may think fit.

126. The Board may enter into such agreement or agreements with any such general manager, manager or managers upon such terms and conditions in all respects as the Board may in their absolute discretion think fit, including a power for such general manager, manager or managers to appoint an assistant manager or managers or other employees whatsoever under them for the purpose of carrying on the business of the Company.

OFFICERS

127. (1) The officers of the Company shall consist of a president and vice-president or chairman and deputy chairman, the Directors and Secretary and such additional officers (who may or may not be Directors) as the Board may from time to time determine, all of whom shall be deemed to be officers for the purposes of the Act and these Bye-laws.

(2) The Directors shall, as soon as may be after each appointment or election of Directors, elect amongst the Directors a president and a vice-president or a chairman and a deputy chairman; and if more than one (1) Director is proposed for either of these offices, the election to such office shall take place in such manner as the Directors may determine.

(3) The officers shall receive such remuneration as the Directors may from time to time determine.

(4) Where the Company does not have a quorum of Directors ordinarily resident in Bermuda, the Company shall in accordance with the Act appoint and maintain a resident representative ordinarily resident in Bermuda and the resident representative shall maintain an office in Bermuda and comply with the provisions of the Act.

The Company shall provide the resident representative with such documents and information as the resident representative may require in order to be able to comply with the provisions of the Act.

The resident representative shall be entitled to have notice of, attend and be

heard at any Directors' meetings or general meetings of the Company.

128. (1) The Secretary and additional officers, if any, shall be appointed by the Board and shall hold office on such terms and for such period as the Board may determine. If thought fit, two (2) or more persons may be appointed as joint Secretaries. The Board may also appoint from time to time on such terms as it thinks fit one or more assistant or deputy Secretaries.

(2) The Secretary shall attend all meetings of the Members and shall keep correct minutes of such meetings and enter the same in the proper books provided for the purpose. He shall perform such other duties as are prescribed by the Act or these Bye-laws or as may be prescribed by the Board.

129. The president or the chairman, as the case may be, shall act as chairman at all meetings of the Members and of the Directors at which he is present. In his absence a chairman shall be appointed or elected by those present at the meeting.

130. The officers of the Company shall have such powers and perform such duties in the management, business and affairs of the Company as may be delegated to them by the Directors from time to time.

131. A provision of the Act or of these Bye-laws requiring or authorizing a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as or in place of the Secretary.

REGISTER OF DIRECTORS AND OFFICERS

132. (1) The Board shall cause to be kept in one or more books at its Office a Register of Directors and Officers and shall enter therein the following particulars with respect to each Director and Officer, that is to say:

- (a) his or her first name and surname; and
 - (b) his or her address.
- (2) The Board shall within a period of fourteen (14) days from the occurrence of
- (a) any change among its Directors and Officers; or
 - (b) any change in the particulars contained in the Register of Directors and Officers.

cause to be entered on the Register of Directors and Officers the particulars of such change and of the date on which it occurred.

(3) The Register of Directors and Officers shall be open to inspection by members of the public without charge at the Office between 10:00 a.m. and 12:00 noon on every business day.

(4) In this Bye-laws "Officer" has the meaning ascribed to it in Section 92A(7) of the Act.

MINUTES

133. The Board shall cause Minutes to be duly entered in books provided for the purpose:

- (a) of all elections and appointments of officers;
- (b) of the names of the Directors present at each meeting of the Directors and of any committee of the Directors;
- (c) of all resolutions and proceedings of each general meeting of the Members, meeting of the Board and meetings of committees of the Board.

SEAL

134. (1) The Company shall have one or more Seals, as the Board may determine. For the purpose of sealing documents creating or evidencing securities issued by the Company, the Company may have a securities seal which is a facsimile of the Seal of the Company with the addition of the words "Securities Seal" on its face or in such other form as the Board may approve. The Board shall provide for the custody of each Seal and no Seal shall be used without the authority of the Board or of a committee of the Board authorised by the Board in that behalf. Subject as otherwise provided in these Bye-laws, any instrument to which a Seal is affixed shall be signed autographically by one Director and the Secretary or by two Directors or by such other person (including a Director) or persons as the Board may appoint, either generally or in any particular case, save that as regards any certificates for shares or debentures or other securities of the Company the Board may by resolution determine that such signatures or either of them shall be dispensed with or affixed by some method or system of mechanical signature. Every instrument executed in manner provided by this Bye-law shall be deemed to be sealed and executed with the authority of the Board previously given.

(2) Where the Company has a Seal for use abroad, the Board may by writing under the Seal appoint any agent or committee abroad to be the duly authorised agent of the Company for the purpose of affixing and using such Seal and the Board may impose restrictions on the use thereof as may be thought fit. Wherever in these Bye-laws reference is made to the Seal, the reference shall, when and so far as may be applicable, be deemed to include any such other Seal as aforesaid.

AUTHENTICATION OF DOCUMENTS

135. Any Director or the Secretary or any person appointed by the Board for the purpose may authenticate any documents affecting the constitution of the Company and

any resolution passed by the Company or the Board or any committee, and any books, records, documents and accounts relating to the business of the Company, and to certify copies thereof or extracts therefrom as true copies or extracts, and if any books, records, documents or accounts are elsewhere than at the Office or the head office the local manager or other officer of the Company having the custody thereof shall be deemed to be a person so appointed by the Board. A document purporting to be a copy of a resolution, or an extract from the minutes of a meeting, of the Company or of the Board or any committee which is so certified shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed or, as the case may be, that such minutes or extract is a true and accurate record of proceedings at a duly constituted meeting.

DESTRUCTION OF DOCUMENTS

136. The Company shall be entitled to destroy the following documents at the following times:

- (a) any share certificate which has been cancelled at any time after the expiry of one (1) year from the date of such cancellation;
- (b) any dividend mandate or any variation or cancellation thereof or any notification of change of name or address at any time after the expiry of two (2) years from the date such mandate variation cancellation or notification was recorded by the Company;
- (c) any instrument of transfer of shares which has been registered at any time after the expiry of seven (7) years from the date of registration;
- (d) any allotment letters after the expiry of seven (7) years from the date of issue thereof; and
- (e) copies of powers of attorney, grants of probate and letters of administration at any time after the expiry of seven (7) years after the account to which the relevant power of attorney, grant of probate or letters of administration related has been closed;

and it shall conclusively be presumed in favour of the Company that every entry in the Register purporting to be made on the basis of any such documents so destroyed was duly and properly made and every share certificate so destroyed was a valid certificate duly and properly cancelled and that every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and that every other document destroyed hereunder was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company. Provided always that: (1) the foregoing provisions of this Bye-law shall apply only to the destruction of a document in good faith and without express notice to the Company that the preservation of such document was relevant to a claim; (2) nothing contained in this Bye-law shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any case where the

conditions of proviso (1) above are not fulfilled; and (3) references in this Bye-law to the destruction of any document include references to its disposal in any manner.

DIVIDENDS AND OTHER PAYMENTS

137. Subject to the Act, the Company in general meeting may from time to time declare dividends in any currency to be paid to the Members but no dividend shall be declared in excess of the amount recommended by the Board. The Company in general meeting may also make a distribution to the Members out of any contributed surplus (as ascertained in accordance with the Act).

138. No dividend shall be paid or distribution made out of contributed surplus if to do so would render the Company unable to pay its liabilities as they become due or the realisable value of its assets would thereby become less than the aggregate of its liabilities and its issued share capital and share premium accounts.

139. Except in so far as the rights attaching to, or the terms of issue of, any share otherwise provide:

- (a) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, but no amount paid up on a share in advance of calls shall be treated for the purposes of this Bye-law as paid up on the share; and
- (b) all dividends shall be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

140. The Board may from time to time pay to the Members such interim dividends as appear to the Board to be justified by the profits of the Company and in particular (but without prejudice to the generality of the foregoing) if at any time the share capital of the Company is divided into different classes, the Board may pay such interim dividends in respect of those shares in the capital of the Company which confer on the holders thereof deferred or non-preferential rights as well as in respect of the those shares which confer on the holders thereof preferential rights with regard to dividend and provided that the Board acts bona fide the Board shall not incur any responsibility to the holders of shares conferring any preference for any damage that they may suffer by reason of the payment of an interim dividend on any shares having deferred or non-preferential rights and may also pay any fixed dividend which is payable on any shares of the Company half-yearly or on any other dates, whenever such profits, in the opinion of the Board, justifies such payment.

141. The Board may deduct from any dividend or other moneys payable to a Member by the Company on or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

142. No dividend or other moneys payable by the Company on or in respect of any share shall bear interest against the Company.

143. Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address or, in the case of joint holders, addressed to the holder whose name stands first in the Register in respect of the shares at his address as appearing in the Register or addressed to such person and at such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the Register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

144. All dividends or bonuses unclaimed for one (1) year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. Any dividend or bonuses unclaimed after a period of six (6) years from the date of declaration shall be forfeited and shall revert to the Company. The payment by the Board of any unclaimed dividend or other sums payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof.

145. Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind and in particular of paid up shares, debentures or warrants to subscribe securities of the Company or any other company, or in any one or more of such ways, and where any difficulty arises in regard to the distribution the Board may settle the same as it thinks expedient, and in particular may issue certificates in respect of fractions of shares, disregard fractional entitlements or round the same up or down, and may fix the value for distribution of such specific assets, or any part thereof, and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Board and may appoint any person to sign any requisite instruments of transfer and other documents on behalf of the persons entitled to the dividend, and such appointment shall be effective and binding on the Members. The Board may resolve that no such assets shall be made available to Members with registered addresses in any particular territory or territories where, in the absence of a registration statement or other special formalities, such distribution of assets would or might, in the opinion of the Board, be unlawful or impracticable and in such event the only entitlement of the Members aforesaid shall be to receive cash payments as aforesaid. Members affected as a result of the foregoing sentence shall not be or be deemed to be a separate class of Members for any purpose whatsoever.

146. (1) Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared on any class of the share capital of the Company, the Board may further resolve either:

- (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof if the Board so determines) in cash in lieu of such allotment. In such case, the following provisions shall apply:
- (i) the basis of any such allotment shall be determined by the Board;
 - (ii) the Board, after determining the basis of allotment, shall give not less than two (2) weeks' notice in writing to the holders of the relevant shares of the right of election accorded to them and shall send with such notice forms of election and specify the procedure to be followed and the place at which and the latest date and time by which duly completed forms of election must be lodged in order to be effective;
 - (iii) the right of election may be exercised in respect of the whole or part of that portion of the dividend in respect of which the right of election has been accorded; and
 - (iv) the dividend (or that part of the dividend to be satisfied by the allotment of shares as aforesaid) shall not be payable in cash on shares in respect whereof the cash election has not been duly exercised ("the non-elected shares") and in satisfaction thereof shares of the relevant class shall be allotted credited as fully paid up to the holders of the non-elected shares on the basis of allotment determined as aforesaid and for such purpose the Board shall capitalise and apply out of any part of the undivided profits of the Company (including profits carried and standing to the credit of any reserves or other special account other than the Subscription Rights Reserve) as the Board may determine, such sum as may be required to pay up in full the appropriate number of shares of the relevant class for allotment and distribution to and amongst the holders of the non-elected shares on such basis; or
- (b) that the shareholders entitled to such dividend shall be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit. In such case, the following provisions shall apply:
- (i) the basis of any such allotment shall be determined by the Board;
 - (ii) the Board, after determining the basis of allotment, shall give not less than two (2) weeks' notice in writing to the holders of the relevant shares of the right of election accorded to them and shall send with such notice forms of election and specify the procedure to be followed and the place at which and the latest date and time by which duly completed forms of election must be lodged in order to be effective;
 - (iii) the right of election may be exercised in respect of the whole or part of that portion of the dividend in respect of which the right of election has been accorded; and

- (iv) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on shares in respect whereof the share election has been duly exercised (“the elected shares”) and in lieu thereof shares of the relevant class shall be allotted credited as fully paid up to the holders of the elected shares on the basis of allotment determined as aforesaid and for such purpose the Board shall capitalise and apply out of any part of the undivided profits of the Company (including profits carried and standing to the credit of any reserves or other special account other than the Subscription Rights Reserve) as the Board may determine, such sum as may be required to pay up in full the appropriate number of shares of the relevant class for allotment and distribution to and amongst the holders of the elected shares on such basis.
- (2) (a) The shares allotted pursuant to the provisions of paragraph (1) of this Bye-law shall rank *pari passu* in all respects with shares of the same class (if any) then in issue save only as regards participation in the relevant dividend or in any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneously with the payment or declaration of the relevant dividend unless, contemporaneously with the announcement by the Board of their proposal to apply the provisions of sub-paragraph (a) or (b) of paragraph (2) of this Bye-law in relation to the relevant dividend or contemporaneously with their announcement of the distribution, bonus or rights in question, the Board shall specify that the shares to be allotted pursuant to the provisions of paragraph (1) of this Bye-law shall rank for participation in such distribution, bonus or rights.
 - (b) The Board may do all acts and things considered necessary or expedient to give effect to any capitalisation pursuant to the provisions of paragraph (1) of this Bye-law, with full power to the Board to make such provisions as it thinks fit in the case of shares becoming distributable in fractions (including provisions whereby, in whole or in part, fractional entitlements are aggregated and sold and the net proceeds distributed to those entitled, or are disregarded or rounded up or down or whereby the benefit of fractional entitlements accrues to the Company rather than to the Members concerned). The Board may authorise any person to enter into on behalf of all Members interested, an agreement with the Company providing for such capitalisation and matters incidental thereto and any agreement made pursuant to such authority shall be effective and binding on all concerned.
- (3) The Company may upon the recommendation of the Board by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the provisions of paragraph (1) of this Bye-law a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

(4) The Board may on any occasion determine that rights of election and the allotment of shares under paragraph (1) of this Bye-law shall not be made available or made to any shareholders with registered addresses in any territory where, in the absence of a registration statement or other special formalities, the circulation of an offer of such rights of election or the allotment of shares would or might, in the opinion of the Board, be unlawful or impracticable, and in such event the provisions aforesaid shall be read and construed subject to such determination. Members affected as a result of the foregoing sentence shall not be or be deemed to be a separate class of Members for any purpose whatsoever.

(5) Any resolution declaring a dividend of shares of any class, whether a resolution of the Company in general meeting or a resolution of the Board, may specify that the same shall be payable or distributable to the persons registered as the holders of such shares at the close of business on a particular date, notwithstanding that it may be a date prior to that on which the resolution is passed, and thereupon the dividend shall be payable or distributable to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend of transferors and transferees of any such shares. The provisions of this Bye-law shall mutatis mutandis apply to bonuses, capitalisation issues, distributions of realised capital profits of offers or grants made by the Company to the Members.

RESERVES

147. Before recommending any dividend, the Board may set aside out of the profit of the Company such sums as it determines as reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied and pending such application may, also at such discretion, either be employed in the business of the Company or be invested in such investments as the Board may from time to time think fit and so that it shall not be necessary to keep any investments constituting the reserve or reserves separate or distinct from any other investments of the Company. The Board may also without placing the same to reserve carry forward any profits which it may think prudent not to distribute.

CAPITALISATION

148. The company may, upon the recommendation of the Board, at any time and from time to time pass an ordinary resolution to the effect that it is desirable to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including the profit and loss account) whether or not the same is available for distribution and accordingly that such amount be set free for distribution among the Members or any class of Members who would be entitled thereto if it were distributed by way of dividend and in the same proportions or such, on the footing that the same is not paid in cash but is applied either in or towards paying up the amounts for the time being unpaid on any shares in the Company held by such Members respectively or in paying up in full unissued shares, debentures or other obligations of the Company, to be allotted and distributed credited as fully paid up among such Members, or partly in one way and partly in the other, and the Board shall give effect to such resolution provided that, for the purposes of this Bye-law and subject to Section 40(2A) of the Act, a share premium account and any reserve or fund representing unrealised profits, may be

applied only in paying up in full unissued shares of the Company to be allotted to such Members credited as fully paid. In carrying sums to reserve and in applying the same the Board shall comply with the provisions of the Act.

149. The Board may settle, as it considers appropriate, any difficulty arising in regard to any distribution under the last preceding Bye-law and in particular may issue certificates in respect of fractions of shares or authorise any person to sell and transfer any fractions or may resolve that the distribution should be as nearly as may be practicable in the correct proportion but not exactly so or may ignore fractions altogether, and may determine that cash payments shall be made to any Members in order to adjust the rights of all parties, as may seem expedient to the Board. The Board may appoint any person to sign on behalf of the persons entitled to participate in the distribution any contract necessary or desirable for giving effect thereto and such appointment shall be effective and binding upon the Members.

SUBSCRIPTION RIGHTS RESERVE

150. The following provisions shall have effect to the extent that they are not prohibited by and are in compliance with the Act:

(1) If, so long as any of the rights attached to any warrants issued by the Company to subscribe for shares of the Company shall remain exercisable, the Company does any act or engages in any transaction which, as a result of any adjustments to the subscription price in accordance with the provisions of the conditions of the warrants, would reduce the subscription price to below the par value of a share, then the following provisions shall apply.

- (a) as from the date of such act or transaction the Company shall establish and thereafter (subject as provided in this Bye-law) maintain in accordance with the provisions of this Bye-law a reserve (the "Subscription Right Reserve") the amount of which shall at no time be less than the sum which for the time being would be required to be capitalised and applied in paying up in full the nominal amount of the additional shares required to be issued and allotted credited as fully paid pursuant to sub-paragraph (c) below on the exercise in full of all the subscription rights outstanding and shall apply the Subscription Rights Reserve in paying up such additional shares in full as and when the same are allotted;
- (b) the Subscription Rights Reserve shall not be used for any purpose other than that specified above unless all other reserves of the Company (other than share premium account) have been extinguished and will then only be used to make good losses of the Company if and so far as is required by law;
- (c) upon the exercise of all or any of the subscription rights represented by any warrant, the relevant subscription rights shall be exercisable in respect of a nominal amount of share equal to the amount in cash which the holder of such warrant is required to pay on exercise of the subscription rights represented thereby (or, as the case may be the relevant portion thereof in the event of a partial exercise of the subscription rights) and, in addition, there shall be allotted in respect of such subscription rights to the exercising

warrantholder, credited as fully paid, such additional nominal amount of shares as is equal to the difference between:

- (i) the said amount in cash which the holder of such warrant is required to pay on exercise of the subscription rights represented thereby (or, as the case may be, the relevant portion thereof in the event of a partial exercise of the subscription rights); and
- (ii) the nominal amount of shares in respect of which such subscription rights would have been exercisable having regard to the provisions of the conditions of the warrants, had it been possible for such subscription rights to represent the right to subscribe for shares at less than par;

and immediately upon such exercise so much of the sum standing to the credit of the Subscription Rights Reserve as is required to pay up in full such additional nominal amount of shares shall be capitalised and applied in paying up in full such additional nominal amount of shares which shall forthwith be allotted credited as fully paid to the exercising warrantholders: and

- (d) if, upon the exercise of the subscription rights represented by any warrant, the amount standing to the credit of the Subscription Right Reserve is not sufficient to pay up in full such additional nominal amount of shares equal to such difference as aforesaid to which the exercising warrantholder is entitled, the Board shall apply any profits or reserves then or thereafter becoming available (including, to the extent permitted by law, share premium account) for such purpose until such additional nominal amount of shares is paid up and allotted as aforesaid and until then no dividend or other distribution shall be paid or made on the fully paid shares of the Company then in issue. Pending such payment and allotment, the exercising warrantholder shall be issued by the Company with a certificate evidencing his right to the allotment of such additional nominal amount of shares. The rights represented by any such certificate shall be in registered form and shall be transferable in whole or in part in units of one share in the like manner as the shares for the time being are transferable, and the Company shall make such arrangements in relation to the maintenance of a register therefore and other matters in relation thereto as the Board may think fit and adequate particulars thereof shall be made known to each relevant exercising warrantholder upon the issue of such certificate.

(2) Share allotted pursuant to the provisions of this Bye-law shall rank *pari passu* in all respects with the other shares allotted on the relevant exercise of the subscription rights represented by the warrant concerned. Notwithstanding anything contained in paragraph (1) of this Bye-law, no fraction of any share shall be allotted on exercise of the subscription rights.

(3) The provision of this Bye-law as to the establishment and maintenance of the Subscription Rights Reserve shall not be altered or added to in any way which would vary or abrogate, or which would have the effect of varying or abrogating the provisions for the benefit of any warrantholder or class of warrant holders under this Bye-law without the sanction of a special resolution of such warrant holders or class of warrant holders.

(4) A certificate or report by the auditors for the time being of the Company as to whether or not the Subscription Rights Reserve is required to be established and maintained and if so the amount thereof so required to be established and maintained, as to the purposes for which the Subscription Rights Reserve has been used, as to the extent to which it has been used to make good losses of the Company, as to the additional nominal amount of shares required to be allotted to exercising warrant holders credited as fully paid, and as to any other matter concerning the Subscription Rights Reserve shall (in the absence of manifest error) be conclusive and binding upon the Company and all warrant holders and shareholders.

ACCOUNTING RECORDS

151. The Board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Act or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

152. The accounting records shall be kept at the Office or, subject to the Act, at such other place or places as the Board decides and shall always be open to inspection by the Directors of the Company. No Member (other than a Director of the Company) shall have any right of inspecting any accounting record or book or document of the Company except as conferred by law or authorised by the Board or the Company in general meeting.

153. Subject to Section 88 of the Act, a printed copy of the Directors' report, accompanied by the balance sheet and profit and loss account, including every document required by law to be annexed thereto, made up to the end of the applicable financial year and containing a summary of the assets and liabilities of the Company under convenient heads and a statement of income and expenditure, together with a copy of the Auditors' report, shall be sent to each person entitled thereto at least twenty-one (21) days before the date of the general meeting and laid before the Company in general meeting in accordance with the requirements of the Act provided that this By-law shall not require a copy of those documents to be sent to any person whose address the Company is not aware of or to more than one of the joint holders of any shares or debentures.

AUDIT

154. (1) Subject to Section 88 of the Act, at the annual general meeting or at a subsequent special general meeting in each year, the Members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the Members appoint another auditor. Such auditor may be a Member but no Director or officer or employee of the Company shall, during his continuance in office, be eligible to act as an auditor of the Company.

(2) Subject to Section 89 of the Act, a person, other than a retiring Auditor, shall not be capable of being appointed Auditor at an annual general meeting unless notice in writing of an intention to nominate that person to the office of Auditor has

been given not less than fourteen (14) days before the annual general meeting and furthermore, the Company shall send a copy of any such notice to the retiring Auditor.

(3) The Members may, at any general meeting convened and held in accordance with these Bye-laws, by special resolution remove the Auditor at any time before the expiration of his term of office and shall by ordinary resolution at that meeting appoint another Auditor in his stead for the remainder of his term.

155. Subject to Section 88 of the Act the accounts of the Company shall be audited at least once in every year.

156. The remuneration of the Auditor shall be fixed by the Company in general meeting or in such manner as the Members may determine.

157. If the office of auditor becomes vacant by the resignation or death of the Auditor, or by his becoming incapable of acting by reason of illness or other disability at a time when his services are required, the Directors shall as soon as practicable convene a special general meeting to fill the vacancy.

158. The Auditor shall at all reasonable times have access to all books kept by the Company and to all accounts and vouchers relating thereto; and he may call on the Directors or officers of the Company for any information in their possession relating to the books or affairs of the Company.

159. The statement of income and expenditure and the balance sheet provided for by these Bye-laws shall be examined by the Auditor and compared by him with the books, accounts and vouchers relating thereto; and he shall make a written report thereon stating whether such statement and balance sheet are drawn up so as to present fairly the financial position of the Company and the results of its operations for the period under review and, in case information shall have been called for from Directors or officers of the Company, whether the same has been furnished and has been satisfactory. The financial statements of the Company shall be audited by the Auditor in accordance with generally accepted auditing standards. The Auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the Auditor shall be submitted to the Members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than Bermuda. If so, the financial statements and the report of the Auditor should disclose this fact and name such country or jurisdiction.

NOTICES

160. Any Notice from the Company to a Member shall be given in writing or by cable, telex or facsimile transmission message and any such Notice and (where appropriate) any other document may be served or delivered by the Company on or to any Member either personally or by sending it through the post in a prepaid envelope addressed to such Member at his registered address as appearing in the Register or at any other address supplied by him to the Company for the purpose or, as the case may be, by transmitting it to any such address or transmitting it to any telex or facsimile transmission number supplied by him to the Company for the giving of Notice to him or which the person transmitting the notice reasonably and bona fide believes at the relevant time will result in the Notice being duly received by the Member or may

also be served by advertisement in appointed newspapers (as defined in the Act) or in accordance with the requirements of the Designated Stock Exchange. In the case of joint holders of a share all notices shall be given to that one of the joint holders whose name stands first in the Register and notice so given shall be deemed a sufficient service on or delivery to all the joint holders.

161. Any Notice or other document:

- (a) if served or delivered by post, shall be sent airmail where appropriate and shall be deemed to have been served or delivered on the day following that on which the envelope containing the same, properly prepaid and addressed, is put into the post; in proving such service or delivery it shall be sufficient to prove that the envelope or wrapper containing the notice or document was properly addressed and put into the post and a certificate in writing signed by the Secretary or other officer of the Company or other person appointed by the Board that the envelope or wrapper containing the notice or other document was so addressed and put into the post shall be conclusive evidence thereof; and
- (b) if served or delivered in any other manner contemplated by these Bye-laws, shall be deemed to have been served or delivered at the time of personal service or delivery or, as the case may be, at the time of the relevant despatch or transmission; and in proving such service or delivery a certificate in writing signed by the Secretary or other officer of the Company or other person appointed by the Board as to the fact and time of such service, delivery, despatch or transmission shall be conclusive evidence thereof.

162. (1) Any Notice or other document delivered or sent by post to or left at the registered address of any Member in pursuance of these Bye-laws shall, notwithstanding that such Member is then dead or bankrupt or that any other event has occurred, and whether or not the Company has notice of the death or bankruptcy or other event, be deemed to have been duly served or delivered in respect of any share registered in the name of such Member as sole or joint holder unless his name shall, at the time of the service or delivery of the notice or document, have been removed from the Register as the holder of the share, and such service or delivery shall for all purposes be deemed a sufficient service or delivery of such Notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share.

(2) A notice may be given by the Company to the person entitled to a share in consequence of the death, mental disorder or bankruptcy of a Member by sending it through the post in a prepaid letter, envelope or wrapper addressed to him by name, or by the title of representative of the deceased, or trustee of the bankrupt, or by any like description, at the address, if any, supplied for the purpose by the person claiming to be so entitled, or (until such an address has been so supplied) by giving the notice in any manner in which the same might have been if the death, mental disorder or bankruptcy had not occurred.

(3) Any person who by operation of law, transfer or other means whatsoever shall become entitled to any share shall be bound by every notice in respect of such

share which prior to his name and address being entered on the Register shall have been duly given to the person from whom he derives his title to such share.

SIGNATURES

163. For the purposes of these Bye-laws, a cable or telex or facsimile transmission message purporting to come from a holder of shares or, as the case may be, a Director or alternate Director, or, in the case of a corporation which is a holder of shares from a director or the secretary thereof or a duly appointed attorney or duly authorised representative thereof for it and on its behalf, shall in the absence of express evidence to the contrary available to the person relying thereon at the relevant time be deemed to be a document or instrument in writing signed by such holder or Director or alternate Director in the terms in which it is received.

WINDING UP

164. (1) The Board shall have power in the name and on behalf of the company to present a petition to the court for the Company to be wound up.

(2) A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

165. If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Act, divide among the Members in specie or kind the whole or any part of the assets of the Company and whether or not the assets shall consist of properties of one kind or shall consist of properties to be divided as aforesaid of different kinds, and may for such purpose set such value as he deems fair upon any one or more class or classes or property and may determine how such division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of the Members as the liquidator with the like authority shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

INDEMNITY

166. (1) The Directors, Secretary and other officers and every Auditor for the time being of the Company and the liquidator or trustees (if any) for the time being acting in relation to any of the affairs of the Company and everyone of them, and everyone of their heirs, executors and administrators, shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts; and none of them shall be answerable for the acts, receipts, neglects or defaults of the other or others of them or for joining in any receipts for the sake of conformity, or for any bankers or other persons with whom any moneys

or effects belonging to the Company shall or may be lodged or deposited for safe custody, or for insufficiency or deficiency of any security upon which any moneys of or belonging to the Company shall be placed out on or invested, or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts, or in relation thereto; PROVIDED THAT this indemnity shall not extend to any matter in respect of any wilful negligence, wilful default, fraud or dishonesty which may attach to any of said persons.

(2) Each Member agrees to waive any claim or right of action he might have, whether individually or by or in the right of the Company, against any Director on account of any action taken by such Director, or the failure of such Director to take any action in the performance of his duties with or for the Company; PROVIDED THAT such waiver shall not extend to any matter in respect of any wilful negligence, wilful default, fraud or dishonesty which may attach to such Director.

ALTERATION OF BYE-LAWS AND AMENDMENT TO
MEMORANDUM OF ASSOCIATION AND NAME OF COMPANY

167. No Bye-law shall be rescinded, altered or amended and no new Bye-law shall be made until the same has been approved by a resolution of the Directors and confirmed by a special resolution of the Members. A special resolution shall be required to alter the provisions of the memorandum of association or to change the name of the Company.

INFORMATION

168. No Member shall be entitled to require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade secret or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Directors it will be inexpedient in the interests of the members of the Company to communicate to the public.

IN THE SUPREME COURT OF BERMUDA**CIVIL JURISDICTION****COMMERCIAL COURT****2019 No. 149****IN THE MATTER OF****HANERGY THIN FILM POWER GROUP LIMITED****and****IN THE MATTER OF SECTION 99 OF THE COMPANIES ACT 1981**

NOTICE OF COURT MEETING

NOTICE IS HEREBY GIVEN that, by an order (the “**Order**”) dated 23 April 2019 made in the above matters, the Court has directed a meeting (the “**Court Meeting**”) to be convened of the Scheme Shareholders (as defined in the Scheme mentioned below) for the purpose of considering and, if thought fit, approving (with or without modifications) a scheme of arrangement (the “**Scheme**”) proposed to be made between Hanergy Thin Film Power Group Limited (the “**Company**”) and the Scheme Shareholders and that the Court Meeting will be held at Conference Room, No. 0-A, Anli Road, Chaoyang District, Beijing, the PRC (East Gate, North Park, Olympic Forest Park), on Saturday, 18 May, 2019 at 10:00 a.m. at which place and time all the Scheme Shareholders are invited to attend.

A copy of the Scheme and a copy of the Explanatory Statement explaining the Scheme pursuant to section 100 of the Companies Act 1981 are incorporated in the composite scheme document of which this Notice forms part. A copy of the composite scheme document can also be obtained by the Scheme Shareholders from the Company’s branch share registrar in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong during normal working hours.

Scheme Shareholders may vote in person at the Court Meeting or they may appoint another person, whether a member of the Company or not, as their proxy to attend and vote in their stead. A pink form of proxy for use at the Court Meeting is enclosed with the composite scheme document.

In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and, for this purpose, seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.

It is requested that pink forms appointing proxies be lodged with the Company’s branch share registrar in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 10:00 a.m. on Thursday, 16 May 2019, but if forms are not so lodged they may be handed to the Chairman of the Court Meeting at the Court Meeting.

By the Order, the Court has appointed Mr. Yuan Yabin (Chairman of the Board) or, failing him, any other Director to act as Chairman of the Court Meeting and has directed the Chairman to report the results of the Court Meeting to the Court.

The Scheme will be subject to the subsequent approval of the Court.

Dated: 25 April 2019

By order of the Court
Conyers Dill & Pearman Limited
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Attorneys for the Company



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)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of Hanergy Thin Film Power Group Limited (the “**Company**”) will be held at Conference Room, No. 0-A, Anli Road, Chaoyang District, Beijing, the PRC (East Gate, North Park, Olympic Forest Park) on Saturday, 18 May 2019 at 10:30 a.m. (Hong Kong time) (or as soon thereafter as the Court Meeting (as defined in the scheme of arrangement hereinafter mentioned) convened for the same day and place shall have been concluded or adjourned), for the purpose of considering and, if thought fit, passing the following resolution as a special resolution:

SPECIAL RESOLUTION

“THAT:

- A. the proposed scheme of arrangement (the “**Scheme**”) between the Company and the holders of the Scheme Shares (as defined in the Scheme) in the form of the print thereof, which has been produced to this meeting and for the purposes of identification signed by the chairman of this meeting, or in such other form and on such terms and conditions as may be approved by the Supreme Court of Bermuda, be and is hereby approved;
- B. for the purpose of giving effect to the Scheme, on the Effective Date (as defined in the Scheme):
 - (i) the issued share capital of the Company shall be reduced by cancelling and extinguishing the Scheme Shares (the “**Capital Reduction**”);
 - (ii) subject to and forthwith upon the Capital Reduction taking effect, the issued share capital of the Company shall be increased to its former amount by the allotment and issuance to the SPV of such number of new Shares (as defined in the Scheme) as is equal to the number of Scheme Shares cancelled and extinguished as aforesaid;
 - (iii) the Company shall apply the credit amount arising in its books of account as a result of the Capital Reduction in paying up in full at par the new Shares allotted and issued as aforesaid, credited as fully paid, to the SPV, and the directors of the Company be and are hereby authorised to allot and issue the same accordingly;

- C. subject to the Scheme taking effect, the directors of the Company be and are hereby authorised to make application to The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) for the withdrawal of the listing of the Company’s shares on the Stock Exchange; and
- D. the directors of the Company be and hereby authorised to do all other acts and things as considered by them to be necessary or desirable in connection with the implementation of the Scheme, including (without limitation) the giving of consent to any modification of, or additions to, the Scheme, which the Supreme Court of Bermuda may see fit to impose and to do all other acts and things as considered by them to be necessary or desirable in connection with the implementation of the Scheme and the Proposal (as defined in the document of which the notice of this resolution forms part).”

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

Hong Kong, 25 April 2019

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head Office and Principal Place of
Business in Hong Kong:*
Room 2204-06
22/F, World Trade Centre
280 Gloucester Road
Causeway Bay
Hong Kong

Notes:

1. Any member entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member. A proxy shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorized.
3. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the branch share registrar and transfer office of the Company, Tricor Tengis Limited, Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time for holding the meeting or adjourned meeting or poll (as the case may be) at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting or poll concerned.

4. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy or by representative, shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose seniority shall be determined by the order in which the names stand in the register. Several executors or administrators of a deceased member in whose name any share stands shall for such purpose be deemed joint holders thereof.

As at the date of this notice, the executive Directors 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 are Mr. Lo Man Tuen, G.B.S., JP, Professor He Xiaofeng, Professor Zhang Qiusheng and Mr. Wang Dan.

The following is a sample of the Option Offer Letter being sent to the Optionholders in connection with the Option Offer.



BAOQIAO PARTNERS CAPITAL LIMITED

Financial Adviser to the Offeror

25 April 2019

To the Optionholders

Dear Sir/Madam,

**OPTION OFFER
IN RELATION TO
THE PROPOSAL ON
HANERGY THIN FILM POWER GROUP LIMITED BY
HANERGY MOBILE ENERGY HOLDING GROUP CO., LTD*
BY WAY OF A SCHEME OF ARRANGEMENT
(UNDER SECTION 99 OF THE BERMUDA COMPANIES ACT)**

A scheme document (the “**Scheme Document**”) dated the same date as this letter jointly issued by Hanergy Mobile Energy Holding Group Co., Ltd.* (the “**Offeror**”) and Hanergy Thin Film Power Group Limited (the “**Company**”) and a form of acceptance (the “**Form of Acceptance**”) are enclosed with this letter. Terms used but not defined in this letter shall have the same meanings as defined in the Scheme Document. This letter should be read in conjunction with the Scheme Document.

On 26 February 2019, the Offeror and the Company issued a joint announcement (the “**Joint Announcement**”) which stated that, among others, on 21 December 2018, the Offeror had requested the Board to put forward the Proposal to the Scheme Shareholders in respect of the securities of the Company by way of a scheme of arrangement under Section 99 of the Bermuda Companies Act and an offer to be made to the Optionholders. As stated in the Joint Announcement, as part of the Proposal, the Offeror would make an appropriate offer to all the holders of the Outstanding Share Options in accordance with Rule 13 of the Takeovers Code (the “**Option Offer**”).

The Option Offer will be conditional upon the Scheme becoming effective.

This letter explains the terms of the Option Offer and the actions you may take in relation to any Share Options held by you. You are advised to refer to the Scheme Document when considering them.

* For identification purpose only

Your attention is also drawn to the terms and conditions of the Share Option Scheme under which your Share Options were granted and the terms of the SPV Share Option Scheme in “Appendix IV – SPV Share Option Scheme Rules” to the Scheme Document.

TERMS OF THE OPTION OFFER

On behalf of the Offeror, we are making the Option Offer to you in accordance with the terms of the Share Option Scheme. Under the Option Offer, the SPV will issue SPV Share Options on a one-to-one basis to actualize the “see-through” price for each Outstanding Share Option you hold for the cancellation of every vested and unvested Share Option in accordance with Rule 13 of the Takeovers Code. The exercise price for each SPV Share Option is exactly the same as the exercise price of the Share Option. The table below sets out the number and exercise terms for each vested and unvested Share Option and the corresponding SPV Share Options.

Exercise price (HK\$)	Outstanding Share Options		SPV Share Options		
	Total number (vested and unvested)	Exercise period (DD/MM/YYYY)	Exercise price (HK\$ or equivalent)	Total number	Exercise period (DD/MM/YYYY)
1.716	7,080,000	27/10/2014-31/10/2019	1.716	7,080,000	From Effective Date to 31/10/2019
6.91	300,000	16/4/2015-15/4/2020	6.91	300,000	From Effective Date to 15/4/2020

If any of the Outstanding Share Options is exercised in accordance with the terms of the Share Option Scheme on or before the Latest Option Exercise Date, any Shares so issued will be subject to and eligible to participate in the Scheme.

The Option Offer will be extended to all Outstanding Share Options in issue, whether or not such Outstanding Share Options have been vested, on the date on which the Option Offer is made.

The Option Offer will not involve any cash payment to the Optionholders by the Offeror and/or parties acting in concert with it.

Any Outstanding Share Options, to the extent not exercised on or prior to the Latest Option Exercise Date, will lapse automatically on the Effective Date. You may accept the Option Offer by lodging a completed Form of Acceptance in respect of the Option Offer by the prescribed deadline and, if the Option Offer becomes unconditional, you will be entitled to the SPV Share Options. In consideration for our agreement to offer you the SPV Share Options set out above (as applicable to your holdings of Share Options), all existing certificates representing the Share Options (if any) will cease to have effect as documents or evidence of title as from the Effective Date.

The Option Offer will be conditional upon the Scheme becoming effective.

The Conditions of the Scheme are set out in the section headed “2. Terms of the Proposal” in “Part VII – Explanatory Statement” of the Scheme Document. You are further advised to refer to the sections headed “14. Registration and dispatch of new SPV Share and Option Certificates” and “15. Overseas Shareholders and Optionholders” in “Part VII – Explanatory Statement” of the Scheme Document and “Appendix IV – SPV Share Option Scheme Rules” to the Scheme Document.

Your attention is drawn to the letter from the Independent Board Committee to the Independent Shareholders and Optionholders set out in “Part V – Letter from the Independent Board Committee” of the Scheme Document and the letter from the Independent Financial Adviser set out in “Part VI – Letter from TC Capital” of the Scheme Document, which contain the recommendations of the Independent Board Committee and of TC Capital, respectively, in relation to the Proposal, the Scheme and the Option Offer.

COURSE OF ACTION AVAILABLE TO OPTIONHOLDERS

In summary, the choices available to you in respect of your Outstanding Share Option(s) are set out below.

(A) Accept the Option Offer

The Option Offer shall be in respect of (i) all vested and unvested Share Options that you hold as at the Option Offer Record Date (expected to be on Thursday, 6 June 2019) and for which you (or your nominee) have not been registered as the holder of the underlying Shares as at the Option Offer Record Date (expected to be on Thursday, 6 June 2019).

You may choose to accept the Option Offer on the terms (including all declarations and undertakings) as set out in this letter and the enclosed Form of Acceptance, by ticking the “Accept” box on the Form of Acceptance and returning it in accordance with the instructions set out below. Such acceptance of the Option Offer will be in respect of all Share Options held by you as at the Option Offer Record Date.

(B) Reject the Option Offer

If you choose to reject the Option Offer, please tick the “Reject” box on the enclosed Form of Acceptance and return it in accordance with the instructions set out below. Such rejection of the Option Offer will be in respect of all Share Options held by you as at the Option Offer Record Date.

If you reject the Option Offer, you will not be entitled to receive the SPV Share Options offered in respect of any of your Share Options.

Following receipt of this letter, if you (i) choose to do nothing (including not returning a Form of Acceptance) or (ii) fail to tick either an “Accept” or “Reject” box on a returned Form of Acceptance, and the Scheme becomes effective, you will be treated as if not having accepted the Option Offer in respect of all Share Options held by you as at the Option Offer Record Date, your Share Options will automatically lapse on the Effective Date and you will receive neither the SPV Share Options nor the Cancellation Consideration.

(C) Become a Scheme Shareholder

If any of your Share Options is exercised in accordance with the terms of the Share Option Scheme on or before the Latest Option Exercise Date, in which case you should pay the exercise price and applicable taxes and exercise your Share Options under their terms prior to the Latest Option Exercise Date, and as a result, you are a registered holder of the underlying Shares as at the Record Date (expected to be on Thursday, 6 June 2019), such Shares so issued will be subject to and eligible to participate in the Scheme and will be cancelled if the Scheme becomes effective. You will then be entitled to receive the Cancellation Consideration for Scheme Shares that you hold as at the Record Date.

Please note that holders of the Scheme Shares as at the record date for determining the entitlement to attend and vote at the Court Meeting and the SGM (i.e. Saturday, 18 May 2019) will be entitled, subject to the Takeovers Code, to attend and vote at the Court Meeting and the SGM, whereas you will not have such right to attend and vote if you are only an Optionholder.

Each Outstanding Share Option you hold is independent and therefore you should make a separate decision for each one.

ACTIONS TO BE TAKEN FOR ACCEPTING THE OPTION OFFER

In order to accept the Option Offer, you must complete and return the duly completed and executed Form of Acceptance together with relevant certificate(s) (if any) or any other document(s) evidencing the grant of the Outstanding Share Option(s) to you or other document(s) of title or entitlement (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Offeror, care of the Company at Room 2204-06, 22/F, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong for the attention of the board of directors of the Offeror and marked “Hanergy Thin Film Power Group Limited — Option Offer” from the date of dispatch of the Scheme Document, the Option Offer Letter and the Form of Acceptance (i.e. Thursday, 25 April 2019), to 4:30 p.m. (Hong Kong time) on Thursday, 6 June 2019 (or such later time and/or date as may be notified to you by the Offeror, BaoQiao Partners and the Company or by way of joint announcement(s) to be made by the Offeror and the Company on the website of the Stock Exchange). If you do not accept the Option Offer by lodging a completed Form of Acceptance, subject to and conditional upon the Scheme becoming effective, your Share Option(s) will lapse automatically.

Before returning the Form of Acceptance to the board of directors of the Offeror, please ensure that you have duly executed the Form of Acceptance and that your signature has been witnessed.

No acknowledgement of receipt of any Form of Acceptance, the relevant certificate(s) (if any) or any other document(s) evidencing the grant of the Outstanding Share Option(s) or other document(s) of title or entitlement (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

LAPSED SHARE OPTIONS

Please note that nothing in this letter or the Scheme Document serves to extend the life of a Share Option which lapses, will lapse, or has already lapsed, under the terms of the Share Option Scheme. You cannot accept the Option Offer in respect of a Share Option which has or will have lapsed in accordance with its terms on or before the Option Offer Record Date.

PROFESSIONAL ADVICE

The information provided in this letter is intended to give you factual details on which to base your decision as to the action you wish to take.

If you are in any doubt as to any aspect of this letter, the Scheme Document, the Form of Acceptance or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

DECLARATION

By returning the Form of Acceptance, you:

- (a) confirm that you have read, understood and agreed to the terms and conditions of the Option Offer (including, without limitation, those set out in this letter and the Form of Acceptance), and that you have received the Scheme Document and this letter;
- (b) warrant and confirm that each Share Option in respect of which you accept the Option Offer is valid and subsisting, free from all liens, charges, mortgages and third party interests of any nature whatsoever and you acknowledge that any option certificate (if any) or documents in respect of such Share Option shall become void once that Share Option has been cancelled as a result of your acceptance of the Option Offer pursuant to the Form of Acceptance;
- (c) confirm that all local laws and requirements applicable to my actions taken in respect of the Option Offer have been complied with;
- (d) acknowledge and agree that you cease to have any rights or obligations, and waive all rights and claims against any party (including the Offeror and the Company), in respect of all the Share Option(s) held by you for which you accept the Option Offer, that all rights and obligations under all such Share Option(s) will be cancelled;
- (e) confirm that any acceptance of the Option Offer cannot be withdrawn or altered;
- (f) authorise the Company, the Offeror, the SPV and BaoQiao Partners, jointly and severally, or any director or officer of the Company, the Offeror, the SPV or BaoQiao Partners or any agent of such person to do all acts and things and to execute any document as may be necessary or desirable to give effect to or in consequence of your acceptance of the Option Offer, and you hereby undertake to execute any further assurance that may be required in respect of such acceptance; and

- (g) undertake to confirm and ratify any action properly or lawfully taken on your behalf by any attorney or agent appointed by or pursuant to this letter or the Form of Acceptance.

GENERAL

All communications, notices, Form of Acceptance, cheques, certificates and other documents of any nature to be delivered by or sent to or from Optionholders will be delivered by or sent to or from them, or their designated agents, at their risk, and none of BaoQiao Partners, the Offeror, the Company or the SPV accepts any liability for any loss or any other liabilities whatsoever which may arise as a result. This letter shall be taken as having been received by you within two business days of its dispatch.

The provisions set out in the Form of Acceptance form part of the terms of the Option Offer.

The Option Offer and all acceptances will be governed by and construed in accordance with the laws of Hong Kong.

Due execution of the Form of Acceptance in respect of the Option Offer will constitute an authority to BaoQiao Partners, the Offeror, any director of the Offeror, the board of directors of the Offeror or their respective agents to complete and execute any document on behalf of the Optionholders and to do any other act, that may be necessary or expedient for the purpose of transferring to the Offeror or such person (s) as the Offeror shall direct, all rights of the Optionholders in respect of the Share Options which are the subject of such acceptance.

The delivery of the Form of Acceptance, duly signed, may, if the Offeror determines it appropriate, be as effective as if it were duly completed and received notwithstanding that it is not completed or received strictly in accordance with the instructions set out in the Form of Acceptance and this letter, including the date specified for receipt.

By accepting the Option Offer in respect of a particular Share Option, you irrevocably and at your own risk elect to authorise the SPV to issue the corresponding SPV Share Options to you.

No stamp duty will be payable pursuant to the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong) in relation to the Option Offer. All Optionholders are recommended to consult their professional advisers if in any doubt as to the taxation implications of the Option Offer. It is emphasised that none of the Offeror, the Company, the SPV or BaoQiao Partners or any of their respective directors, officers or associates or any other person involved in the Option Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Option Offer.

RESPONSIBILITY STATEMENTS

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this letter relating to the Group (other than that relating to the Offeror, Mr. Li Hejun and parties acting in concert with any of them) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this letter (other than those expressed by the directors of the Offeror and Mr. Li Hejun) have been arrived at after due and careful consideration and there are no other facts not contained in this letter, the omission of which would make any statement in this letter misleading.

The directors of the Offeror accept full responsibility for the accuracy of the information contained in this letter (other than that relating to the Group and Mr. Li Hejun) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this letter (other than those expressed by the Directors and Mr. Li Hejun) have been arrived at after due and careful consideration and there are no other facts not contained in this letter, the omission of which would make any statement in this letter misleading.

Mr. Li Hejun, the ultimate beneficial owner of the Shares and voting rights of the Company held by the Offeror's subsidiaries and 漢能光伏科技有限公司, accepts full responsibility for the accuracy of the information contained in this letter (other than information relating to the Group) and confirm, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in this this letter (other than opinions expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this letter, the omission of which would make any statement in this this letter misleading.

Yours faithfully,
For and on behalf of
BaoQiao Partners Capital Limited
Monica Lin
Managing Director