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HANERGY THIN FILM POWER GROUP LIMITED

漢能薄膜發電集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 566)

PROFIT WARNING

This announcement is made by Hanergy Thin Film Power Group (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to listing rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 Laws of Hong Kong) (the “**SFO**”).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company would like to inform the holders of shares and securities of the Company and potential investors that based on the information currently available to the management of the Company and the preliminary view on the Group’s unaudited consolidated management accounts for the six months ended 30 June 2015, the Group expects that the revenue and net profit may substantially decrease or may record a loss for the six months ended 30 June 2015 (as compared with the revenue of HK\$3,204,806,000 and net profit of HK\$1,729,146,000 for the six months ended 30 June 2014). The Directors believe that the decrease in revenue or the loss is mainly attributable to, including but not limited to, the following reasons.

1. As disclosed in the Company’s announcement dated 16 July 2015, the Securities and Futures Commission (the “**SFC**”) was concerned about the ongoing viability of the Group given its financial dependence on Hanergy Holding Group Limited (“**Hanergy Holding**”) and its affiliates. The Company considered that SFC’s concern was due to a large number of connected transactions between the member companies of the Group and the member companies and other affiliates of Hanergy Holding. Therefore the Company has suspended or terminated the majority of connected transactions with the member companies and other affiliates of Hanergy Holding, which resulted in the substantial decline in the income arising from connected transactions in the first half of the year 2015 to approximately HK\$200 million, representing a substantial decrease of over 90% as compared with the first half of the year 2014.

2. As disclosed in the Company's announcement dated 15 June 2015, Apollo Precision (Fujian) Limited, the Company's wholly-owned subsidiary, terminated the connected transactions with Hanergy Holding in relation to the equipment sale agreement of 900MW silicon-based thin film solar energy panel BIPV modules assembly lines and technical service agreements. The total production capacity set out in the equipment sales agreement and the technical service agreement was 900MW. The total consideration for the equipment sales agreement was US\$176 million and the total consideration for the technical service agreement was US\$ 410 million.
3. Although the projects in relation to the connected transactions have been suspended or terminated, the Company has already incurred certain amount of resources and costs. As these projects are unable to generate income for the Company, the suspension or termination of projects in relation to these connected transactions has resulted in a negative impact to the Company's net profit for the six months ended 30 June 2015.

As disclosed in the Company's announcement dated 16 July 2015, the Company has already presented to the SFC a viable proposal (the "**Restructuring Proposal**"), in which considerable restructuring will be implemented by the Group in the near future, so as to materially reduce or terminate all or part of the existing continuing connected transactions of the Group with Hanergy Holding and its affiliates. With respect to the Group's account receivable with amount due from Hanergy Holding and the compensations resulted from the cancellation of the orders in relation to the continuing connected transactions, the Company received a letter from Hanergy Holding on 14 August 2015, according to which:

1. the Company is in negotiation with Hanergy Group in relation to the Restructuring Proposal, which includes (but not limited to) a repayment schedule, according to which Hanergy Holding will make payments to the Group for the amounts receivable and the compensations as a result of the cancellation of orders. However, the Restructuring Proposal is still pending for comments by the relevant regulatory authority. As the Restructuring Proposal has not been finalised, Hanergy Holding will not be able to make the relevant payments to the Company for the amounts receivable and the compensations as a result of the cancellation of orders, in accordance with the Restructuring Proposal;
2. once the Restructuring Proposal has been approved, Hanergy Holding will be willing to make the relevant payments to the Company for the amounts receivable and the compensations as a result of the cancellation of orders in accordance with the payment schedule of the Restructuring Proposal, provided that the Restructuring Proposal and the repayment plan have been accepted by all parties (including the relevant regulatory authority); and
3. Hanergy Holding agrees to bear any interests and penalties as a result of the delay in payment.

As the results of the Group for the six months ended 30 June 2015 have not yet been finalised or audited, and the figures are subject to adjustments and further review by the company, the Board will be unable to quantify the actual financial implications at this stage. Further details of the Group's results are expected to be disclosed in the Company's interim results announcement to be published around the end of August 2015. This profit warning announcement is only based on the preliminary unaudited consolidated management accounts of the Group for the six months ended 30 June 2015, which are unaudited and subject to adjustments.

Although the Group expects that the revenue and net profit for the six months ended 30 June 2015 may record a significant decrease or loss due to the above reasons, the Board is of the opinion that the Group's overall business operation is still functioning normally, and the Group's financial conditions are sound.

Shareholders and potential investors should exercise caution when dealing in the Company's shares.

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

Hong Kong, 14 August 2015

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