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HANERGY THIN FILM POWER GROUP LIMITED

漢能薄膜發電集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 566)

CONTINUING CONNECTED TRANSACTION SOLAR PANEL SUPPLY AGREEMENT

SOLAR PANEL SUPPLY AGREEMENT

The Board is pleased to announce that, on 30 April 2015 (after trading hours), the Company and Hanergy Holding entered into the Solar Panel Supply Agreement in relation to the supply of solar energy panels by Hanergy Group to the Group for the year ending 31 December 2015.

Hanergy Holding is a controlling shareholder of the Company and is therefore a connected person of the Company under the Listing Rules. Accordingly, the entering into of the Solar Panel Supply Agreement and the transactions contemplated thereunder constitute a continuing connected transaction on the part of the Company under Chapter 14A of the Listing Rules.

Given the relevant percentage ratios in respect of the Solar Panel Supply Agreement exceeds 0.1% but are less than 5%, the Solar Panel Supply Agreement and the transactions contemplated thereunder are subject to reporting and announcement requirements but are exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

BACKGROUND

Reference is made to the announcement and the circular of the Company dated 11 April 2012 and 18 May 2012 respectively in relation to the entering into of the master supply agreement between the Company and Hanergy Holding in respect of the supply of solar energy panels by Hanergy Group to the Group. As disclosed in the circular, the previous master supply contract shall have a term up to 31 December 2014.

Reference is also made to the announcements of the Company dated 18 February 2015 and 6 March 2015 in relation to, among others, the Master Supply Agreement and the announcements of the Company dated 27 March 2015 and 28 April 2015 in relation to the delay in despatch of the Circular (collectively, the “**Announcements**”).

In view of the business needs of the Group for solar energy panel to develop its businesses and the fact that additional time is required for preparing and finalising certain information to be included in the Circular, on 30 April 2015, the Company and Hanergy Holding enter into the Solar Panel Supply Agreement in relation to the supply of solar panels by Hanergy Group to the Group.

SOLAR PANEL SUPPLY AGREEMENT

Pursuant to the Solar Panel Supply Agreement, the Hanergy Group has agreed to supply solar energy panels to the Group. The major terms of the Solar Panel Supply Agreement are as follow:

Date: 30 April 2015

Parties: (1) the Company
(2) Hanergy Holding

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

Hanergy Holding is the controlling Shareholder and is therefore a connected person of the Company under the Listing Rules. As such, the entering into of the Solar Panel Supply Agreement and the transactions contemplated thereunder constitute a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

Subject matter: Pursuant to the Solar Panel Supply Agreement, the Hanergy Group has agreed to supply the relevant solar energy panels to the Group. The Group will enter into individual Supply Sub-Contract(s) under the Solar Panel Supply Agreement with the Hanergy Group to set out the transportation, delivery, inspection, quality assurance and aftersale services.

Based on the needs of the Group, it is expected that the Group will acquire the following quantities of solar panels for the financial year ending 31 December 2015:

- (1) BIPV thin-film solar energy panels of 110,000 sq. m.;
- (2) CIGS solar energy panels of 30MW; and
- (3) CIGS flexible solar energy panels of 5MW.

Selling price:

The selling price of the solar energy panels shall be not more than the prevailing market price of that type of solar energy panels. The selling price of the solar panels shall be subject to the following caps depending on the type of solar energy panels:

- (1) in respect of BIPV thin-film solar energy panels, the selling price of the solar energy panels shall be not more than RMB1,300 per square metre;
- (2) in respect of CIGS solar energy panels without frames, the selling price of the solar energy panels shall be not more than RMB3.76 per W;
- (3) in respect of CIGS solar energy panels with frames, the selling price of the solar energy panels shall be not more than RMB4.6 per W; and
- (4) in respect of CIGS flexible solar energy panels, the selling price of the solar energy panels shall be not more than RMB15.34 per W.

The selling price cap was determined after arm's length negotiation to the parties to the Solar Panel Supply Agreement taking into account the information in the industry research reports reviewed by both parties.

Term:

The Solar Panel Supply Agreement shall commence on the date of execution of the Solar Panel Supply Agreement and shall expire on 31 December 2015.

Payment term:

The selling prices of solar energy panels will be payable by the Group in the following manner (or such other manner as the parties to the Supply Sub-Contract(s) may agree):

- (i) 30% of the payment will be payable within 10 working days upon the execution of the relevant Supply Sub-Contract;
- (ii) 20% of the payment will be payable within 5 working days upon the approval by the Hanergy Group of the placement of the purchase order by the Group;

- (iii) 45% of the payment will be payable within 30 working days upon the delivery of the solar energy panels under each Supply Sub-Contract; and
- (iv) 5% of the payment will be payable within 5 working days following the one year anniversary of the delivery date or after the Hanergy Group has issued warranty certificate in respect of the delivered solar energy panels, whichever is earlier.

The payment terms were determined through arm's length negotiation between Hanergy Holding and the Company taking into account the large quantity demand of the transactions. The Hanergy Group commits to supply the products within six months after the day which the Group has duly paid the 20% manufacturing fee (i.e. the aggregate payment mentioned in clauses (i) and (ii) above) in respect of each effective purchase order(s).

The Annual Cap

Pursuant to the Solar Panel Supply Agreement, the maximum aggregate consideration payable by the Group to the Hanergy Holding for the purchase of solar energy panels for the year ending 31 December 2015 shall not exceed RMB357,700,000 (equivalent to approximately HK\$446,981,920) (the “**Annual Cap**”).

For the avoidance of doubt, upon fulfilment of the conditions precedent as set out in the Master Supply Agreement, the Annual Cap (including the maximum aggregate consideration payable under the Master Supply Agreement and the Solar Panel Supply Agreement) for the year ending 31 December 2015 shall not exceed RMB13,610,600,000.

The historical sales figures in relation to the purchase of solar energy panel by the Group from the Hanergy Group under the master supply agreement entered into between the Group and the Hanergy Group in 2012 are as follows:

	For the year ended 31 December		
	2012	2013	2014
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
	(unaudited)	(unaudited)	(unaudited)
Procurement Amount	Nil	838.4 (equivalent to approximately HK\$1,039.6 million)	1,544.9 (equivalent to approximately HK\$1,917.2 million)

REASONS FOR AND BENEFITS OF ENTERING INTO THE SOLAR PANEL SUPPLY AGREEMENT

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

Taking into consideration of the business needs of the Group in respect of solar energy panels, including but not limited to the need of purchasing thin film solar energy panels for the construction of ground-mounted photovoltaic power generation projects, distributed photovoltaic power generation projects, off-grid photovoltaic power generation projects, grid-connected photovoltaic power generation projects, BIPV solar construction projects, BAPV solar construction projects, as well as the research and development and manufacturing of products for photovoltaic applications, and sales to other third parties, the Company and the Hanergy Holding entered into the Master Supply Agreement which allowed the Group to secure a long-term stable supply of solar energy panels at selling price not higher than the market price.

As disclosed in the Announcements, the Circular containing, among other things, further details of the Master Supply Agreement (as amended and supplemented by the supplemental agreement dated 6 March 2015 (the “Supplemental Agreement”)) and the transactions contemplated thereunder, a letter of recommendation from the Independent Board Committee (as defined in the Announcements), a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the Master Supply Agreement (as amended and supplemented by the Supplemental Agreement) and a notice convening the special general meeting of the Company would be despatched to the Shareholders on or before 1 June 2015.

In view of the fact that additional time is required for preparing and finalising certain information to be included in the Circular, the Directors consider that the Solar Panel Supply Agreement allows the Group to purchase solar energy panels from Hanergy Group to develop its businesses and meet the business needs of the Group prior to obtaining Independent Shareholders’ approval on the Master Supply Agreement.

The terms of the Solar Panel Supply Agreement (including the Annual Cap) were arrived at after arm’s length negotiations between the Company and Hanergy Holding with reference to, among others, the Group’s demand solar energy panels, the business needs of the Group and the historical figures.

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

LISTING RULES IMPLICATIONS

Hanergy Holding is a controlling Shareholder and is therefore a connected person of the Company under the Listing Rules. Accordingly, the entering into of the Solar Panel Supply Agreement and the transactions contemplated thereunder constitute a continuing connected transaction on the part of the Company under Chapter 14A of the Listing Rules.

Given the relevant percentage ratios in respect of the Solar Panel Supply Agreement exceeds 0.1% but are less than 5%, the Solar Panel Supply Agreement and the transactions contemplated thereunder are subject to reporting and announcement requirements but are exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Save for Mr. Li Hejun who is also a substantial shareholder of Hanergy Holding, no other Director has material interest in the Solar Panel Supply Agreement and the transactions contemplated thereunder, and as such, Mr. Li Hejun has abstained from voting on the Board resolutions to approve the Solar Panel Supply Agreement and the transactions contemplated thereunder. Save as disclosed herein, no other Director has abstained from voting on the Board resolutions to approve the Solar Panel Supply Agreement and the transactions contemplated thereunder.

DEFINITIONS

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

“Annual Cap”	the proposed annual cap for the transactions contemplated under the Solar Panel Supply Agreement for the year ending 31 December 2015
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“BAPV”	Building Attached Photovoltaic
“BIPV”	Building Integrated Photoovltaic
“Board”	the board of directors of the Company
“CIGS”	Copper indium gallium selenide
“Circular”	a circular to be issued by the Company in relation to, among other things, further details of the Master Supply Agreement
“Company”	Hanergy Thin Film Power Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange

“connected person(s)”	has the meaning ascribed to it under the Listing Rules and the word “connected” shall be construed accordingly
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hanergy Group”	Hanergy Holding and its subsidiaries
“Hanergy Holding”	漢能控股集團有限公司 (Hanergy Holding Group Limited*), a company established under the laws of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholder(s)”	Shareholders other than Hanergy Holding and its associates
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Master Supply Agreement”	the master supply agreement dated 18 February 2015 (as amended and supplemented by the supplemental agreement dated 6 March 2015) and entered into between the Company and Hanergy Holding in respect of the supply of solar energy panels by the Hanergy Group to the Group
“percentage ratio(s)”	has the meaning ascribed thereto under Chapter 14 of the Listing Rules
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the issued shares of the Company
“Solar Panel Supply Agreement”	the supply agreement dated 30 April 2015 and entered into between the Company and the Hanergy Group in respect of the supply of solar energy panels by the Hanergy Group to the Group
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Supply Sub-Contracts”	the individual supply sub-contract(s) to be entered into between the Group and the Hanergy Group from time to time for the supply of solar energy panels under the Solar Panel Supply Agreement
“W”	watt, unit of power, equivalent to one joule per second and equal to the power in a circuit in which a current of one ampere flows across a potential difference of one volt
“MW”	Megawatt
“%”	per cent

* The Chinese name(s) has been translated into English in this announcement for reference only.

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

Hong Kong, 30 April 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.