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**UNITED PHOTOVOLTAICS GROUP LIMITED**

**聯合光伏集團有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 686)**

**(1) DISCLOSEABLE AND CONNECTED TRANSACTIONS IN RELATION TO  
THE ACQUISITION OF 51% OF THE EQUITY INTEREST OF CHANGZHOU  
GUANGYU NEW ENERGY COMPANY LIMITED**

**AND**

**GRANT OF OPTIONS OVER 49% OF THE EQUITY INTEREST OF SUCH  
COMPANY**

**(2) CONNECTED TRANSACTION IN RELATION TO THE ISSUE OF UP TO  
HK\$529,000,000 7.5% SECURED CONVERTIBLE BONDS**

**Independent Financial Adviser to the Independent Board Committee  
and the Independent Shareholders**



**高銀融資有限公司**

**GOLDIN FINANCIAL LIMITED**

Reference is made to the announcement of the Company dated 31 October 2014 in respect of the cooperation agreement made between the Company, CM Yinke, CM Wealth and CM Trenda on 31 October 2014 in relation to the proposed joint acquisition of the Target Company by the Company and CM Yinke, the proposed future acquisition arrangements in respect of the Target Company and the proposed issue of convertible bonds by the Company to CM Wealth.

**THE ACQUISITION AND THE GRANT OF OPTIONS**

On 23 January 2015 (after trading hours), UP (Changzhou), a wholly owned subsidiary of the Company, CM Yinke and CM Trenda entered into the Equity Transfer Agreement, pursuant to which CM Trenda conditionally agreed to sell, and UP (Changzhou) and CM Yinke conditionally agreed to purchase, 51% and 49% of the equity interests in the Target Company for cash considerations of RMB21,711,440 (equivalent to approximately HK\$27,356,414) and RMB20,860,011 (equivalent to approximately HK\$26,283,614) respectively.

On 23 January 2015 (after trading hours), the Company, CM Yinke and UP (Changzhou), entered into the Options Agreement, pursuant to which (i) the Company conditionally agreed to grant CM Yinke the CM Yinke Put Option whereby CM Yinke could request the Company to acquire part or all of the 49% Equity Interest and (ii) CM Yinke conditionally agreed to grant the Company the Company Call Option whereby the Company could request CM Yinke to sell to the Company all the 49% Equity Interest.

As the applicable percentage ratios in respect of the Acquisition together with the grant of the CM Yinke Put Option by the Company exceed 5% but are less than 25%, the Acquisition and the grant of the CM Yinke Put Option constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules. In addition, as CM Tenda is an indirect wholly owned subsidiary of EBOD, which is in turn an associate of CMNEG, a substantial shareholder of the Company, CM Tenda is a connected person of the Company under the Listing Rules. Also, as CM Yinke is an indirect non-wholly owned subsidiary of China Merchants; China Merchants is the holding company of CMNEG; and CM Yinke and CMNEG are fellow subsidiaries, CM Yinke is a connected person of the Company under the Listing Rules. Accordingly, the Acquisition and the grant of the CM Yinke Put Option by the Company constitute connected transactions of the Company. As the applicable percentage ratios in respect of the Acquisition and the grant of the CM Yinke Put Option exceed 5% and the total consideration exceeds HK\$10,000,000, the Acquisition and the grant of the CM Yinke Put Option by the Company are subject to the reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **CB ISSUE**

On 23 January 2015 (after trading hours), the Company and CM Fund entered into the Subscription Agreement, pursuant to which the Company conditionally agreed to issue, and CM Fund conditionally agreed to subscribe for, the Convertible Bonds in the principal amount of up to HK\$529,000,000.

The CB Issue is conditional upon, among other things, the Company having obtained the Independent Shareholders' approval for the Subscription Agreement and the transactions contemplated thereunder (including the CB Issue and the issue of the Conversion Shares). The Company intends to use the net proceeds available from the CB Issue to finance the Target Group's capital expenditure and for general working capital purposes.

As CM Fund is a 30%-controlled company of China Merchants, and CMNEG, a substantial shareholder of the Company, is a non-wholly owned subsidiary of China Merchants, CM Fund is an associate of CMNEG, and hence a connected person of the Company. The Subscription Agreement and the transactions contemplated thereunder constitute connected transactions of the Company and are subject to the reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **GENERAL**

It is expected that a circular containing, among other things, (i) details of the Equity Transfer Agreement, the Acquisition, the Options Agreement, the CM Yinke Put Option, the Subscription Agreement and the CB Issue; (ii) details of the Target Group; (iii) a letter of advice from the Independent Financial Adviser; (iv) the Valuation Report and (v) the notice of the SGM, will be dispatched to the Shareholders on or before 27 February 2015, as more time is required to prepare the necessary information for inclusion in the circular.

## **INTRODUCTION**

Reference is made to the announcement of the Company dated 31 October 2014 in respect of the cooperation agreement made between the Company, CM Yinke, CM Wealth and CM Trenda on 31 October 2014 in relation to the proposed joint acquisition of the Target Company by the Company and CM Yinke, the proposed future acquisition arrangements in respect of the Target Company and the proposed issue of convertible bonds by the Company to CM Wealth.

On 23 January 2015 (after trading hours), UP (Changzhou), a wholly owned subsidiary of the Company, CM Yinke and CM Trenda entered into the Equity Transfer Agreement, pursuant to which CM Trenda conditionally agreed to sell, and UP (Changzhou) and CM Yinke conditionally agreed to purchase, 51% and 49% of the equity interests in the Target Company for cash considerations of RMB21,711,440 (equivalent to approximately HK\$27,356,414) and RMB20,860,011 (equivalent to approximately HK\$26,283,614) respectively.

On 23 January 2015 (after trading hours), the Company, CM Yinke and UP (Changzhou), entered into the Options Agreement, pursuant to which (i) the Company conditionally agreed to grant CM Yinke the CM Yinke Put Option whereby CM Yinke could request the Company to acquire part or all of the 49% Equity Interest and (ii) CM Yinke conditionally agreed to grant the Company the Company Call Option whereby the Company could request CM Yinke to sell to the Company all of the 49% Equity Interest.

On 23 January 2015 (after trading hours), the Company and CM Fund entered into the Subscription Agreement, pursuant to which the Company conditionally agreed to issue, and CM Fund conditionally agreed to subscribe for, the Convertible Bonds in the principal amount of up to HK\$529,000,000.

Details of each of the Equity Transfer Agreement, the Options Agreement and the Subscription Agreement are set out below.

## **A. THE ACQUISITION AND THE GRANT OF OPTIONS**

### **The Equity Transfer Agreement**

#### ***Date***

23 January 2015

#### ***Parties***

UP (Changzhou) (as a purchaser)

CM Yinke (as a purchaser)

CM Trendera (as the vendor)

#### ***Subject matter of the Equity Transfer Agreement***

CM Trendera conditionally agreed, among other things, to sell and transfer to UP (Changzhou), and UP (Changzhou) conditionally agreed to purchase, the Sale Equity subject to the fulfilment of the Acquisition Conditions.

#### ***Conditions of the Acquisition***

The Acquisition is conditional upon fulfilment of the following conditions:

- (a) the Target Company having been duly established and existing under and by virtue of the laws of the PRC and having obtained all the requisite approvals, licenses and permits concerning its operation and business as set forth in its business license;
- (b) the Project Companies having been the sole legal entities for the initial development, investment, construction and operation of the Projects, which beneficially own the assets and rights of the Projects;
- (c) the Projects having been approved by the relevant authorities, obtained the approval for the connection to State Grid, completed the construction of the principal part of the Projects and fulfilled the conditions for on-grid connection;
- (d) CM Trendera having provided financial statements of the Target Group satisfactory to each of UP (Changzhou) and CM Yinke and a valuation report(s) having been issued by an independent valuer appointed by the parties to the Equity Transfer Agreement;

- (e) the due diligence investigation results of the Target Company having been reviewed and approved by each of UP (Changzhou) and CM Yinke;
- (f) the Independent Shareholders having passed at the SGM all resolutions required under the Listing Rules to approve the Equity Transfer Agreement and the transactions contemplated under the Equity Transfer Agreement;
- (g) the fund management committee of CM Yinke having approved the transactions contemplated under the Equity Transfer Agreement; and
- (h) the Target Company having completed recording UP (Changzhou) and CM Yinke as shareholders in respect of 51% and 49%, respectively, of the equity interests of the Target Company in its register of shareholders and the related legal procedures and documents and having obtained a new business license for a sino-foreign joint venture of the Target Company.

No party to the Equity Transfer Agreement may waive any Acquisition Condition. If any of the Acquisition Conditions is not satisfied by 30 April 2015 (or such later day that the parties to the Equity Transfer Agreement may agree), the Equity Transfer Agreement will terminate without prejudice to the rights and remedies available to a party in respect of the antecedent breach of other parties under the Equity Transfer Agreement.

### ***Consideration***

The consideration for the Sale Equity is RMB21,711,440 (equivalent to approximately HK\$27,356,414), payable by UP (Changzhou) in cash.

The consideration for the 49% Equity Interest is RMB20,860,011 (equivalent to approximately HK\$26,283,614), which is payable by CM Yinke in cash.

50% of the consideration for the Sale Equity will be paid within ten business days after satisfaction of the Acquisition Conditions set out in paragraphs (a) to (g) under the section headed “**A. The Acquisition and the grant of Options – The Equity Transfer Agreement – Conditions of the Acquisition**” in this announcement and the remaining balance 50% of the consideration will be paid within ten business days after satisfaction of the Acquisition Condition set out in paragraphs (h) under the section headed “**A. The Acquisition and the grant of Options – The Equity Transfer Agreement – Conditions of the Acquisition**” in this announcement.

The Directors (other than independent non-executive Directors who will express their views after having considered the advice of the Independent Financial Adviser) are of the view that the consideration for the Acquisition is fair and reasonable and was determined after arm’s length negotiation between the parties taking into consideration the unaudited consolidated net asset value of the Target Group as at 31 October 2014.

### ***Capital increase for settlement of the outstanding debts***

Subject to the Acquisition Completion taking place, UP (Changzhou) and CM Yinke have agreed to contribute RMB364,358,560 (equivalent to approximately HK\$459,091,786) and RMB350,069,989 (equivalent to approximately HK\$441,088,186), respectively, as additional registered capital to the Target Company based on their respective shareholdings in the Target Company after completion of their acquisitions in accordance with the Equity Transfer Agreement (the “**Capital Increase**”). Such additional registered capital of the Target Company to be contributed by UP (Changzhou) and CM Yinke under the Capital Increase will be utilised to settle the outstanding debts of the Target Group.

### ***Completion***

The Acquisition Completion will take place within ten business days after satisfaction of the Acquisition Conditions.

After the Acquisition Completion, members of the Target Group will become non-wholly owned subsidiaries of the Company.

CM Yinke (or the investment fund managed by CM Yinke) may take up the 49% Equity Interest agreed to be acquired by CM Yinke under the Equity Transfer Agreement.

Having considered, among other things, the financial information and the prospects of the Target Group, the Directors (excluding the independent non-executive Directors who will express their view after having considered the advice of the Independent Financial Adviser) are of the opinion that the terms of the Equity Transfer Agreement (including the consideration of the Acquisition) are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

### ***The Options Agreement***

The Options Agreement was entered between the Company, CM Yinke and UP (Changzhou), details of which are set out below.

### ***Date***

23 January 2015

## ***Parties***

The Company

CM Yinke

UP (Changzhou)

## ***Subject matter of the Options Agreement***

Pursuant to the Options Agreement, the Company conditionally agreed to grant CM Yinke the CM Yinke Put Option and CM Yinke conditionally agreed to grant the Company the Company Call Option subject to the fulfilment of the Options Conditions.

Pursuant to the Equity Transfer Agreement, CM Yinke will acquire the 49% Equity Interest at RMB20,860,011 (equivalent to approximately HK\$26,283,614).

## ***Conditions of the Options Agreement***

The grant of the CM Yinke Put Option by the Company and the grant of the Company Call Option by CM Yinke are both conditional upon the fulfilment of the following Options Conditions:

- (a) the Company having obtained the Independent Shareholders' approval of the Options Agreement and transactions contemplated thereunder (including the allotment and issue of the Consideration Shares to be issued pursuant to the exercise of the CM Yinke Put Option) as required under the Listing Rules;
- (b) the Company having obtained from the Listing Committee of the Stock Exchange the listing of, and permission to deal in, the Consideration Shares to be issued pursuant to the exercise of the CM Yinke Put Option;
- (c) the Acquisition Completion having taken place; CM Yinke and UP (Changzhou) having become the registered holders of the 49% Equity Interest and the Sale Equity respectively; and CM Yinke and UP (Changzhou) having made their respective contributions to the Target Company pursuant to the Capital Increase; and
- (d) the fund management committee of CM Yinke having approved the transactions contemplated under the Options Agreement.

The Options Conditions have to be fulfilled by 30 April 2015 (or such later date as the parties to the Options Agreement may agree). If any of the Options Conditions is not fulfilled by such date, the Options Agreement will terminate and both parties will be discharged from their obligations thereunder.



### ***CM Yinke Put Option***

Subject to the satisfaction of the Options Conditions, CM Yinke may exercise the CM Yinke Put Option at any time during the Option Period to require the Company to acquire part or all of the 49% Equity Interest from CM Yinke at the Agreed Option Price. The Agreed Option Price shall be satisfied by the allotment and issue of Consideration Shares at HK\$1.03 per Share (subject to adjustments as set out in the paragraph headed “**Adjustment to the reference prices**” below) (the “**Issue Price**”).

No price is payable by CM Yinke for the grant of the CM Yinke Put Option.

### ***Company Call Option***

Subject to the satisfaction of the Options Conditions, if at any time during the Option Period, the average closing price of the Shares for any fifteen consecutive trading days reaches HK\$1.7 per Share (the “**Trigger Price**”), the Company may exercise the Company Call Option to require CM Yinke to sell all the 49% Equity Interest to the Group at the Agreed Option Price. The Agreed Option Price shall be satisfied by the allotment and issue of Consideration Shares at the Issue Price.

No price is payable by the Company for the grant of the Company Call Option.

### ***Adjustment to the reference prices***

If there is any change in nominal value of the Shares as a result of consolidation or subdivision, the Issue Price shall be adjusted correspondingly and the Trigger Price shall be adjusted to such amount representing a premium of 65% over the new Issue Price.

### ***Agreed Option Price***

The Agreed Option Price shall be determined according to the following formula:

$$\frac{(A+B-C) \times D}{E}$$

Where:

“A” refers to the consideration paid by CM Yinke for the 49% Equity Interest pursuant to the Equity Transfer Agreement, plus or minus any increase or reduction (as the case may be) in capital contributed by CM Yinke to the Target Company during its holding of the 49% Equity Interest.



“B” refers to the premium over the 49% Equity Interest, which is derived as follows:

$$\text{A} \times \text{interest rate of } 7.5\% \text{ per annum} \times (\text{the actual number of days between the completion of the acquisition of the 49\% Equity Interest pursuant to the Equity Transfer Agreement or Capital Increase (as the case may be) and the date on which the parties enter into an equity transfer agreement in relation to the 49\% Equity Interest pursuant to the exercise of the CM Yinke Put Option or the Company Call Option (as the case may be), divided by } 365).$$

“C” refers to any dividend paid to and received by CM Yinke from the Target Company.

“D” refers to the equity interest in the Target Company being transferred from CM Yinke to the Group.

“E” refers to the total equity interest in the Target Company held by CM Yinke.

In the event the CM Yinke Put Option or the Company Call Option is exercised, the Company will comply with the requirements of the Listing Rules in respect thereof and make further announcement(s) as and when appropriate.

### ***Consideration Shares***

Based on the formula set out above, the maximum Agreed Option Price is RMB454,389,250 (equivalent to approximately HK\$572,530,455) and, based on the initial Issue Price of HK\$1.03 per Share, a maximum number of 555,854,810 Consideration Shares, representing approximately 12.75% of the issued share capital of the Company as at the date of this announcement, may be issued pursuant to the exercise of the CM Yinke Put Option or the Company Call Option (as the case may be).

### ***Listing application***

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares to be issued pursuant to the exercise of the CM Yinke Put Option.

### ***Others***

Having considered, among other things, the financial information and prospects of the Target Group and the consideration payable by CM Yinke to acquire the 49% Equity Interest under the Equity Transfer Agreement, the Directors (excluding the independent non-executive Directors who will express their view after having considered the advice of the Independent Financial Adviser) are of the opinion that the terms of the Options Agreement are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

## Information of the Target Group

The Target Company is a company with limited liability established under the laws of the PRC and is a wholly owned subsidiary of CM Trender. CM Trender is an indirect wholly owned subsidiary of EBOD, which is in turn an associate of CMNEG.

The Target Group comprises the Target Company and the Project Companies, where the Target Company owns the entire equity interest in the Project Companies. Each of the Project Companies owns two solar power plant projects respectively in Hami City and Turpan City, Xinjiang, the PRC. The four solar power plants have an approximate aggregate installed capacity of 80MW and have achieved on-grid connection.

## Financial Information of the Target Group

Set out below is certain financial information of the Target Group extracted from its management accounts prepared in accordance with the Accounting System for Business Enterprises in the PRC:

	<b>For the year ended 31 December 2013 RMB ('000) (unaudited)</b>	<b>For the year ended 31 December 2012 RMB ('000) (unaudited)</b>
Loss before tax	348	307
Loss after tax	348	307
		<b>As at 31 October 2014 RMB ('000) (unaudited)</b>
Total assets		851,445
Total liabilities		(810,857)
Net assets		40,588

Based on the acquisition agreement made by CM Trender in 2013, the original cost of the Sale Equity to CM Trender was RMB10,000,000.

## **B. CB ISSUE**

### **The Subscription Agreement**

#### ***Date***

23 January 2015

#### ***Issuer***

The Company

#### ***Subscriber***

CM Fund

#### ***Convertible Bonds***

The Company has conditionally agreed to issue the Convertible Bonds in the principal amount of up to HK\$529,000,000 to CM Fund at 100% of the principal amount of the Convertible Bonds subject to fulfilment of the CB Conditions.

Holders of the Convertible Bonds will be entitled to convert the outstanding principal amount of the Convertible Bonds into Conversion Shares at the Conversion Price during the Conversion Period. Assuming full subscription of the Convertible Bonds at HK\$529,000,000 and exercise in full of the Conversion Rights at the initial Conversion Price, an aggregate of 513,592,233 Conversion Shares will be issued, representing approximately 11.78% of the issued share capital of the Company as at the date of this announcement and approximately 10.54% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares (assuming there was no repurchase of Shares or issue of other new Shares and no interest under the Convertible Bonds was paid by the issue of Conversion Shares).

The final principal amount of the Convertible Bonds will be the lower of (i) the HKD equivalent of RMB420,000,000 available to CM Fund from selling RMB420,000,000 for HKD at the Industrial and Commercial Bank of China Limited on the completion date for the CB Issue; and (ii) HK\$529,000,000.

The Convertible Bonds will constitute secured obligations of the Company and rank *pari passu* and rateably without any preference (with the exception of obligations in respect of taxes and certain other statutory exceptions) or priority among themselves.

The Conversion Shares, when fully paid and allotted, will rank *pari passu* with the Shares then in issue on the date of issue and allotment of the relevant Conversion Shares and among themselves.

The principal terms of the Convertible Bonds are summarized below.

***Principal terms of the Convertible Bonds***

***Principal amount***

Up to HK\$529,000,000

***Issue price***

100% of the principal amount of the Convertible Bonds, payable in cash

***Interest***

The Convertible Bonds will bear interest at the rate of 7.5% per annum, payable annually in arrears.

Except in the following situations where the accrued but unpaid interest will be paid in the form of Conversion Shares, the interest will be paid in cash:

- (a) in the event of a Mandatory Conversion, the accrued but unpaid interest will be paid by the issue of Conversion Shares at the Conversion Price then in effect; and
- (b) upon the exercise of the Conversion Rights, a Bondholder elects to receive the accrued but unpaid interest in the form of Conversion Shares issued at the Conversion Price then in effect.

As interest will be paid annually in arrears, the maximum accrued interest at any point of time during the term of the Convertible Bonds will not exceed HK\$39,675,000, the amount of interest for one year. On this basis, assuming Conversion Shares were required to be issued for payment of interest under the Convertible Bonds and all such Conversion Shares were issued at the initial Conversion Price, a maximum of 38,519,417 Conversion Shares will be issued for payment of interest.

***Maturity Date***

The third anniversary of the Issue Date

### *Conversion Period*

Bondholders are entitled to exercise the Conversion Rights at any time from the last day of a six-month period immediately following the Issue Date and ending on the fifth business day prior to the Maturity Date.

### *Conversion Rights of the Bondholders and the Mandatory Conversion*

Bondholders are entitled to convert the outstanding principal amount of the Convertible Bonds into Conversion Shares during the Conversion Period, provided that exercise of Conversion Rights will not result in (i) a change of control (within the meaning of the Hong Kong Code on Takeovers and Mergers) of the Company or (ii) insufficient public float of the Shares as defined under the Listing Rules.

The Company is entitled to convert the outstanding principal amount of the Convertible Bonds into Conversion Shares if at any time during the period commencing from the last day of a six-month period immediately following the Issue Date and ending on the Maturity Date, the average closing price per Share on the Stock Exchange for any fifteen consecutive trading days reaches HK\$1.70 per Share (or if there is any adjustment of the Conversion Price, such other price per Share representing a premium of 65% over the Conversion Price in effect) or above.

### *Conversion Price*

HK\$1.03 (subject to usual adjustment for consolidation or subdivision of the Shares, capitalization of profits or reserves, capital distributions, issue of Shares and other securities by way of rights and issue of new Shares in accordance with the provisions set out in the Bond Instrument).

Assuming full subscription of the Convertible Bonds at HK\$529,000,000 and conversion of the Convertible Bonds into Conversion Shares in full at the initial Conversion Price of HK\$1.03 per Share, the net price per Conversion Share to the Company (after deducting the expenses of approximately HK\$2,000,000 to be incurred by the Company for the CB Issue) is HK\$1.026.

### *Redemption at maturity*

The Company will redeem the Convertible Bonds on the Maturity Date at 100% of the outstanding principal amount together with accrued but unpaid interest. The Convertible Bonds will be cancelled upon redemption.

### *Transferability*

The Convertible Bonds are freely transferable except that transfer of any of the Convertible Bonds to a connected person of the Company is subject to prior written approval of the Company.

### *Listing*

No application will be made for the listing of, and permission to deal in, the Convertible Bonds on the Stock Exchange or any other stock exchange.

### *Security*

The Convertible Bonds will be secured by the pledge of the following assets:

- (a) the Sale Equity held by UP (Changzhou);
- (b) 100% of the equity interest in the Hami Project Company;
- (c) all the rights of the Hami Project Company to receive feed-in tariff payments in respect of the solar power plants at Agricultural Thirteenth Division Hongxing Fourth Development Zone Phase I and Hami Huiteng Hongxing Fourth Development Zone Phase II with aggregate installed capacity of approximately 40 MW (the “**Target Solar Power Plants**”); and
- (d) the fixed assets of the Target Solar Power Plants.

### *Events of default*

Major events of default under the Bond Instrument are summarized below:

- (a) default of the Company in payment of the principal or premium (if any) of or any interest on any of the Convertible Bonds when due and such failure continues for a period of thirty days;
- (b) default of the Company in the performance or compliance with any of its other obligations under the Convertible Bonds or the Bond Instrument and such default continues for a period of thirty days after the notice requiring the same to be remedied is served by any Bondholder or a group of Bondholders holding not less than 75% of the outstanding principal amount of the Convertible Bonds on the Company;

- (c) a distress, attachment or other legal process is levied, enforced or sued out on or against the whole or any part of the property, assets and revenues of the Company or any Major Subsidiary, which in the reasonable opinion of the Bondholders, has or would have a material adverse effect on the Company or such Major Subsidiary and is not discharged or stayed within forty-five days;
- (d) the Company or any Major Subsidiary is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts as and when they fall due; stops, suspends or threatens to stop or suspend payment of all or substantially all of its debts;
- (e) an order of a court is made or an effective resolution passed for the winding-up or dissolution or administration (or equivalent procedure) of the Company or any Major Subsidiary;
- (f) an administrative or other receiver or manager (or equivalent person) is duly appointed of the Company or any Major Subsidiary unless it is discharged within thirty days of the commencement of such proceedings in the opinion of the appointment; or
- (g) if trading of the Shares on the Stock Exchange is suspended for a period of more than twenty consecutive trading days.

If any of the above events of default occurs and is continuing, Bondholders holding not less than 75% of the outstanding principal amount of the Convertible Bonds may by giving written notice to the Company require the Company to redeem the whole (but not part) of the outstanding principal amount of the Convertible Bonds. The Security shall become immediately enforceable if an event of default occurs and is continuing for more than thirty days after written notice given by the Bondholders.

### ***Initial Conversion Price***

The initial Conversion Price represents:

- (a) a premium of approximately 1.98% over the closing price of HK\$1.01 per Share as quoted on the Stock Exchange on 23 January 2015, being the date of the Subscription Agreement; and
- (b) a premium of approximately 2.79% over the closing price of HK\$1.002 per Share as quoted on the Stock Exchange for the last 5 trading days up to and including 23 January 2015.

The initial Conversion Price was determined after an arm's length negotiation and with reference to the prevailing market price of the Shares between the Company and CM Fund.



The Directors (other than the independent non-executive Directors who will express their view after having considered the advice of the Independent Financial Adviser) consider that the terms of the Subscription Agreement and the transactions contemplated thereunder (including the CB Issue and the issue of the Conversion Shares) are on normal commercial terms, fair and reasonable having considered the current market conditions and in the interests of the Company and the Shareholders as a whole.

### ***Conditions of the CB Issue***

Issue of the Convertible Bonds is conditional upon the fulfilment of the following CB Conditions:

- (a) the Company having obtained the Independent Shareholders' approval of the Subscription Agreement and the transactions contemplated thereunder (including the CB Issue and the issue of the Conversion Shares);
- (b) the Listing Committee of the Stock Exchange having granted to the Company the listing of, and the permission to deal in, the Conversion Shares or such number of Conversion Shares which may be issued at the initial Conversion Price (which is subject to no condition or conditions in accordance with the market practice);
- (c) fulfilment or waiver of the Acquisition Conditions;
- (d) the Company and CM Fund having obtained all necessary approval, consent or authorization (where applicable) from government authorities or other third party entities for the entering into the Subscription Agreement and the transactions contemplated thereunder;
- (e) CM Fund having established a special-purpose asset management plan to raise funds for the subscription of the Convertible Bonds;
- (f) the Acquisition Completion having taken place; and
- (g) registration of the Security Documents with the governmental authorities in the PRC having been completed.

The CB Conditions have to be fulfilled by no later than 30 April 2015 or such other date to be agreed by the Company and CM Fund. If any of the CB Conditions is not fulfilled by such date, the Subscription Agreement will terminate and both parties will be discharged from their obligations thereunder, except for liability arising from breach(es) prior to termination of the Subscription Agreement.

### ***Completion of the CB Issue***

Subject to fulfilment of the CB Conditions, completion of the CB Issue will take place on the seventh business day after the fulfilment of all the CB Conditions or such other business day that the Company and CM Fund may agree.

### ***Issue of the Conversion Shares***

Issue of the Conversion Shares is subject to the approval of the Independent Shareholders at the SGM.

### ***Listing Application***

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

## **EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

<b>Date of announcement</b>	<b>Transaction</b>	<b>Net proceeds</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds as at the date of this announcement</b>
24 January 2014	Placing of 480,000,000 Shares	HK\$808.7 million	To finance possible acquisitions of solar power plants	approximately HK\$695.5 million (equivalent to approximately 86% of net proceeds) used to finance the solar power business in connection with solar power plants in Qinghai and Inner Mongolia  approximately HK\$113.2 million (equivalent to approximately 14% of net proceeds) used as general operating and administrative expenses incurred in 2014
18 December 2014	Issue of 380,000,000 Shares	HK\$379 million	General working capital	proposed subscription not yet completed

Save as disclosed above, the Company has not conducted any other equity fund raising exercise in the past twelve months before the date of this announcement.

## **INFORMATION ON CM TREND**

CM Trenda is a company with limited liability established under the laws of the PRC and is engaged in the supply of photovoltaic products and services. CM Trenda is an indirect wholly owned subsidiary of EBOD, which is in turn an associate of CMNEG.

## **INFORMATION ON CM YINKE**

CM Yinke is a company with limited liability established under the laws of the PRC and is engaged in equity interest investment. CM Yinke is an indirect non-wholly owned subsidiary of China Merchants.

## **INFORMATION OF CM FUND**

CM Fund is a company with limited liability established under the laws of the PRC and is a comprehensive asset management platform. CM Fund is indirectly owned as to 55% by CM Bank and as to 45% by CM Securities. CM Securities is an indirect non-wholly owned subsidiary of China Merchants.

## **INFORMATION ON THE COMPANY AND REASONS FOR THE TRANSACTIONS**

The Company is an investment holding company and the Group is principally engaged in the development, investment, operation and management of the solar power plants.

It is the Group's strategy to identify suitable investment opportunities to acquire solar power plants with good prospects and potential for stable returns. Having taken into consideration the fact that the Hami and Turpan Projects have successfully achieved on-grid connection, the Directors are of the view that the Acquisition will enable the Group to further expand its scale of business in the solar energy sector and enhance return to the Shareholders.

The Company issues the Convertible Bonds to raise funds to finance the Target Group's capital expenditure and for general working capital purposes.

It is expected that, after deduction of the estimated expenses of about HK\$2,000,000, net proceeds of about HK\$527,000,000 will be raised through the CB Issue.

The Directors (other than the independent non-executive Directors who will express their view after having considered the advice of the Independent Financial Adviser) consider that the Transactions are on normal commercial terms after arm's length negotiation between the parties, fair and reasonable and in the interests of the Company and Shareholders as a whole.

## SHAREHOLDING STRUCTURE

The table below sets out changes to the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the issue of CM Subscription Shares and Zhongli Subscription Shares (collectively the “**Subscriptions**”); (iii) immediately after completion of the Subscriptions, the allotment and issue of the Conversion Shares upon full conversion of the outstanding Convertibles Bonds at the initial Conversion Price (assuming all interest was settled in cash); (iv) immediately after completion of the Subscriptions and the allotment and issue of the Conversion Shares upon full conversion of the Convertible Bonds at the initial Conversion Price and the Outstanding Convertible Securities at their respective current conversion prices (assuming all interest under the Convertible Bonds will be settled in cash); and (v) immediately after completion of the Subscriptions, the allotment and issue of the Shares upon full conversion of the Convertible Bonds at the initial Conversion Price and the Outstanding Convertible Securities at their respective current conversion prices (assuming all interest under the Convertible Bonds will be settled in cash) and the allotment and issue of the Consideration Shares at the initial Issue Price (for scenarios (ii), (iii), (iv) and (v), also assuming there will not be any repurchase of Shares or issue of other new Shares):

	As at the date of this announcement		Immediately after the issue of CM Subscription Shares and Zhongli Subscription Shares (Notes 6 and 7)		Immediately after completion of the Subscriptions, allotment and issue of the Conversion Shares upon full conversion of the Convertible Bonds at the initial Conversion Price		Immediately after completion of the Subscriptions and the allotment and issue of the Conversion Shares upon full conversion of the Convertible Bonds at the initial Conversion Price and the Outstanding Convertible Securities at their respective current conversion prices (Notes 8, 9 and 10)		Immediately after completion of the Subscriptions, the allotment and issue of the Shares upon full conversion of the Convertible Bonds at the initial Conversion Price and the Outstanding Convertible Securities at their respective current conversion prices and the allotment and issue of the Consideration Shares at the initial Issue Price	
	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %
<b>CMNEG and parties acting in concert with it</b>										
CMNEG (Note 1)	467,538,250	10.72	567,538,250	11.97	567,538,250	10.80	1,007,574,250	14.75	1,007,574,250	13.64
Snow Hill Developments Limited (Note 2)	103,111,436	2.36	103,111,436	2.17	103,111,436	1.96	103,111,436	1.51	103,111,436	1.40
Magicgrand Group Limited (Note 3)	41,230,827	0.95	141,230,827	2.98	141,230,827	2.69	141,230,827	2.07	141,230,827	1.91
Pairing Venture Limited (Note 4)	18,173,487	0.42	18,173,487	0.38	18,173,487	0.35	18,173,487	0.27	18,173,487	0.25
EBOD	252,772,000	5.80	252,772,000	5.33	252,772,000	4.81	332,720,000	4.87	332,720,000	4.51
China Green Holdings Limited (Note 5)	2,205,621	0.05	2,205,621	0.05	2,205,621	0.04	2,205,621	0.03	2,205,621	0.03
Sino Arena Investments Limited	60,030,000	1.38	60,030,000	1.27	60,030,000	1.14	100,050,000	1.46	100,050,000	1.35
<b>Sub-total:</b>	<b>945,061,621</b>	<b>21.67</b>	<b>1,145,061,621</b>	<b>24.15</b>	<b>1,145,061,621</b>	<b>21.79</b>	<b>1,705,065,621</b>	<b>24.97</b>	<b>1,705,065,621</b>	<b>23.09</b>
<b>Other associates of China Merchants</b>										
CM Fund	–	–	–	–	513,592,233	9.77	513,592,233	7.52	513,592,233	6.95
CM Yinke	–	–	–	–	–	–	–	–	555,854,810	7.53
<b>Sub-total:</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>513,592,233</b>	<b>9.77</b>	<b>513,592,233</b>	<b>7.52</b>	<b>1,069,447,043</b>	<b>14.48</b>
<b>Public Shareholders</b>	<b>3,416,204,704</b>	<b>78.33</b>	<b>3,596,204,704</b>	<b>75.85</b>	<b>3,596,204,704</b>	<b>68.44</b>	<b>4,611,014,290</b>	<b>67.51</b>	<b>4,611,014,290</b>	<b>62.43</b>
<b>Total:</b>	<b>4,361,266,325</b>	<b>100</b>	<b>4,741,266,325</b>	<b>100</b>	<b>5,254,858,558</b>	<b>100</b>	<b>6,829,672,144</b>	<b>100</b>	<b>7,385,526,954</b>	<b>100</b>

*Notes:*

1. CMNEG is indirectly owned as to 53.56% by China Merchants and as to 46.44% by Mr. Li, Alan, an executive director and chief executive officer of the Company.
2. Snow Hill Developments Limited is indirectly and wholly owned by China Merchants.
3. Magicgrand Group Limited (“**Magicgrand**”) is directly and indirectly owned as to 100% by Mr. Li, Alan, an executive director and chief executive officer of the Company.
4. Pairing Venture Limited is directly and wholly owned by Mr. Li, Alan, an executive director and chief executive officer of the Company.
5. China Green Holdings Limited is an indirect wholly-owned subsidiary of EBOD, which is owned as to 16.7% by CMNEG and as to 83.3% by other third parties.
6. On 18 December 2014, the Company entered into a subscription agreement with CMNEG and Magicgrand, pursuant to which CMNEG and Magicgrand conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue an aggregate of 200,000,000 Shares (“**CM Subscription Share(s)**”) at a subscription price of HK\$1.0 per CM Subscription Share.
7. On 18 December 2014, the Company entered into a subscription agreement with Zhongli New Energy (Hong Kong) Investment Limited (“**Zhongli**”), pursuant to which Zhongli conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue an aggregate of 180,000,000 Shares (“**Zhongli Subscription Share(s)**”) at the subscription price of HK\$1.0 per Zhongli Subscription Share.
8. On 10 June 2013, the Company issued convertible bonds in the principal amount of HK\$1,160,447,750 to various parties including CMNEG, China Green Holdings Limited, Sino Arena Investments Limited, Pairing Venture Limited and Magicgrand Group Limited to satisfy part of the consideration of an acquisition pursuant to a sale and purchase agreement dated 22 November 2012. As at the date of this announcement, the outstanding principal amount of such convertible bonds of HK\$847,964,000 is convertible into a total of 847,964,000 Shares at the current conversion price of HK\$1.00 per Share.
9. On 14 November 2013, the Company issued a consolidated series of convertible bonds in the principal amount of US\$120,000,000 to various parties pursuant to two subscription agreements dated 27 September 2013 and 16 October 2013 respectively. As at the date of this announcement, the outstanding principal amount of such convertible bonds of US\$120,000,000 is convertible into a total of 581,250,000 Shares at the current conversion price of HK\$1.60 per Share.
10. On 27 December 2013, the Company issued convertible bonds in the principal amount of HK\$232,959,339 pursuant to a subscription agreement dated 13 September 2013. As at the date of this announcement, the outstanding principal amount of such convertible bonds of HK\$232,959,339 is convertible into a total of 145,599,856 Shares at the current conversion price of HK\$1.60 per Share.

11. The shareholding structures are shown for illustration purposes only. As mentioned in the paragraph headed **“Conversion Rights of the Bondholders and the Mandatory Conversion”** under the section headed **“B. CB Issue – Principal terms of the Convertible Bonds”**, Bondholders are entitled to convert the outstanding principal amount of the Convertible Bonds into Conversion Shares during the Conversion Period, provided that exercise of Conversion Rights will not result in, among other things, a change of control (within the meaning of the Hong Kong Code on Takeovers and Mergers).

## LISTING RULES IMPLICATIONS

As the applicable percentage ratios in respect of the Acquisition together with the grant of the CM Yinke Put Option by the Company exceed 5% but are less than 25%, the Acquisition and the grant of the CM Yinke Put Option constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules. In addition, as CM Trenda is an indirect wholly owned subsidiary of EBOD, which is in turn an associate of CMNEG, a substantial shareholder of the Company, CM Trenda is a connected person of the Company under the Listing Rules. Also, as CM Yinke is an indirect non-wholly owned subsidiary of China Merchants; China Merchants is a holding company of CMNEG; and CM Yinke and CMNEG are fellow subsidiaries, CM Yinke is a connected person of the Company under the Listing Rules. Accordingly, the Acquisition and the grant of the CM Yinke Put Option by the Company constitute connected transactions of the Company. As the applicable percentage ratios in respect of the Acquisition and the grant of the CM Yinke Put Option exceed 5% and the total consideration exceeds HK\$10,000,000, the Acquisition and the grant of the CM Yinke Put Option by the Company are subject to the reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As CM Fund is a 30%-controlled company of China Merchants, and CMNEG, a substantial shareholder of the Company, is a non-wholly owned subsidiary of China Merchants, CM Fund is an associate of CMNEG, and hence a connected person of the Company. The Subscription Agreement and the transactions contemplated thereunder constitute connected transactions of the Company and are subject to the reporting, announcement and the Independent Shareholders' approval requirements under the Listing Rules.

As CMNEG is a non-wholly owned subsidiary of China Merchants, CMNEG and its associates are regarded as having a material interest in the Equity Transfer Agreement, the Options Agreement and the Subscription Agreement and are therefore required to abstain from voting on the resolutions proposed to be passed at the SGM for approving the Transactions and the transactions contemplated thereunder.

Mr. Li, Alan, Mr. Lu Zhenwei and Mr. Yang Baiqian abstained from voting on the relevant Board resolutions to approve each of the Equity Transfer Agreement, the Options Agreement and the Subscription Agreement.

Save as aforesaid, none of the other Directors has any material interest in the Equity Transfer Agreement, the Options Agreement and the Subscription Agreement which would require them to abstain from voting on the board resolutions approving any one of the Transactions.

Save as aforesaid, none of the Shareholders nor their respective associates is materially interested in the Equity Transfer Agreement, the Options Agreement or the Subscription Agreement which would require them to abstain from voting on the resolutions to be proposed at the SGM to approve the Transactions.

## GENERAL

The Company has established the Independent Board Committee to advise the Independent Shareholders on the terms and conditions of the Equity Transfer Agreement, the Acquisition, the Options Agreement, the CM Yinke Put Option, the Subscription Agreement and the CB Issue and to make recommendations to the Independent Shareholders, taking into account the advice from the Independent Financial Adviser.

It is expected that a circular containing, among other things, (i) details of the Equity Transfer Agreement, the Acquisition, the Options Agreement, the CM Yinke Put Option, the Subscription Agreement and the CB Issue; (ii) details of the Target Group; (iii) a letter of advice from the Independent Financial Adviser; (iv) the Valuation Report and (v) the notice of the SGM, will be dispatched to the Shareholders on or before 27 February 2015, as more time is required to prepare the necessary information for inclusion in the circular.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings as set out below:

“Acquisition”	the acquisition of the Sale Equity by the Group pursuant to the Equity Transfer Agreement
“Acquisition Completion”	the completion of the Equity Transfer Agreement
“Acquisition Condition(s)”	the condition(s) set out in the paragraph headed “ <b>Conditions of the Acquisition</b> ” under the section headed “ <b>A. The Acquisition and the grant of the Options – The Equity Transfer Agreement</b> ” in this announcement
“Agreed Option Price”	the consideration payable by the Company for the acquisition of the 49% Equity Interest to be determined based on the terms and conditions set out in the Options Agreement
“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors



“Bond Instrument”	the deed to be executed by the Company which will constitute the Convertible Bonds and contain the terms and conditions of the Convertible Bonds
“Bondholder(s)”	holder(s) of the Convertible Bonds, including all subsequent transferee(s) of the Convertible Bonds
“CB Conditions”	the conditions set out in the paragraph headed “ <b>Conditions of the CB Issue</b> ” under the section headed “ <b>B. CB Issue – Principal terms of the Convertible Bonds</b> ” in this announcement
“CB Issue”	the issue of the Convertible Bonds pursuant to the terms of the Subscription Agreement
“China Merchants”	China Merchants Group Limited* (招商局集團有限公司), a company established in the PRC with limited liability, and the holding company of CMNEG
“CM Bank”	China Merchants Bank Co., Ltd.* (招商銀行股份有限公司), a company established in the PRC with limited liability
“CM Fund”	China Merchants Fund Management Limited* (招商基金管理有限公司), a company established in the PRC with limited liability
“CM Securities”	China Merchants Securities Co. Limited* (招商證券股份有限公司), a company established in the PRC with limited liability, the shares of which are listed on the Shanghai Stock Exchange
“CM Trenda”	China Merchants Zhangzhou Development Zone Trenda Solar Limited* (招商局漳州開發區創大太陽能有限公司), a company established in the PRC with limited liability
“CM Yinke”	Shenzhen China Merchants Yinke Investment Management Limited* (深圳市招商局銀科投資管理有限公司), a company established in the PRC with limited liability
“CM Yinke Put Option”	the put option agreed to be granted to CM Yinke by the Company under the Options Agreement whereby CM Yinke is entitled to request the Company to acquire part or all of the 49% Equity Interest owned by CM Yinke in accordance with the terms of the Options Agreement

“CMNEG”	China Merchants New Energy Group Limited* (招商新能源集團有限公司), a company established in the British Virgin Islands with limited liability and a substantial shareholder of the Company
“Company”	United Photovoltaics Group Limited (聯合光伏集團有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Company Call Option”	the call option agreed to be granted to the Company by CM Yinke under the Options Agreement whereby the Company is entitled to request CM Yinke to sell to the Company all of the 49% Equity Interest owned by CM Yinke in accordance with the terms of the Options Agreement
“Consideration Shares”	the Shares to be allotted and issued by the Company for satisfaction of the Agreed Option Price upon exercise of the CM Yinke Put Option or the Company Call Option
“Conversion Period”	the period commencing from the last day of a six-month period immediately following the Issue Date and ending on the fifth business day prior to the Maturity Date
“Conversion Price”	HK\$1.03 per Share, subject to adjustment under the terms and conditions of the Convertible Bonds
“Conversion Rights”	the right(s) of the Bondholder(s) to convert the whole or part of the outstanding principal amount of the Convertible Bonds into Conversion Shares, subject to the terms and conditions of the Convertible Bonds
“Conversion Shares”	the Shares to be allotted and issued by the Company: (i) upon the exercise of the Conversion Rights attaching to the Convertible Bonds; (ii) in payment of the accrued but unpaid interest under the Convertible Bonds and/or (iii) upon a Mandatory Conversion
“Convertible Bonds”	the up to HK\$529,000,000 three-year 7.5% secured convertible bonds to be issued by the Company to CM Fund pursuant to the Subscription Agreement
“Director(s)”	the director(s) of the Company

“EBOD”	Renewable Energy Trade Board Corporation, a company established in the British Virgin Islands with limited liability
“Equity Transfer Agreement”	the equity transfer agreement dated 23 January 2015 entered into between CM Trenda, UP (Changzhou) and CM Yinke in relation to the acquisition of the entire equity interests in the Target Company by UP (Changzhou) and CM Yinke (or funds managed by it) from CM Trenda
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hami Project Company”	Hami Huiteng Photovoltaic Company Limited* (哈密輝騰光伏電力有限公司), a company established in the PRC with limited liability and is wholly owned by the Target Company, which is the sole legal entity of the development, investment, operation and management of Agricultural Thirteenth Division Hongxing Fourth Development Zone Phase I 20MW on-grid connected photovoltaic solar power plant and Hami Huiteng Hongxing Fourth Development Zone Phase II 20 MW on-grid connected photovoltaic solar power plant
“Hong Kong”	the Hong Kong Special Administrative Region
“Independent Board Committee”	an independent board committee, comprising all the independent non-executive Directors, has been formed to advise the Independent Shareholders on the terms and conditions of the Equity Transfer Agreement, the Acquisition, the Options Agreement, the CM Yinke Put Option, the Subscription Agreement and the CB Issue and the respective transactions contemplated thereunder are normal commercial terms, fair and reasonable and in the interests of the Company and Shareholders as a whole
“Independent Financial Adviser”	Goldin Financial Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under SFO, being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Transactions
“Independent Shareholders”	Shareholders other than CMNEG and its associates and other Shareholders who have material interests in the Acquisition, the Options Agreement and/or the CB Issue

“Independent Valuer”	American Appraisal China Limited, an independent valuer engaged by the Company to prepare the Valuation Report
“Issue Date”	the day on which the Convertible Bonds are issued pursuant to the Subscription Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Major Subsidiary”	has the meaning ascribed thereto in Rule 13.25(2) of the Listing Rules
“Mandatory Conversion”	mandatory conversion of the outstanding principal amount of the Convertible Bonds into Conversion Shares by the Company in accordance with the terms of the Convertible Bonds
“Maturity Date”	in respect of each Convertible Bond, the date falling on the third anniversary of the Issue Date
“MW”	megawatt, which equals 1,000,000 watt
“Options”	the CM Yinke Put Option and the Company Call Option
“Option Period”	the period commencing from the one hundred and eighty-first day after the issue of the new business licence of the Target Company which would reflect the Capital Increase and the third anniversary of the said new business licence (both days inclusive)
“Options Agreement”	the future acquisition arrangement agreement dated 23 January 2015 entered into between the Company, CM Yinke and UP (Changzhou) in relation to the grant of the CM Yinke Put Option to CM Yinke by the Company and the grant of the Company Call Option to the Company by CM Yinke
“Options Conditions”	the conditions set out in the paragraph headed ‘ <b>Conditions of the Options Agreement</b> ’ under the section headed ‘ <b>A. The Acquisition and the grant of the Options – The Options Agreement</b> ’ in this announcement

“Outstanding Convertible Securities”	the Series B convertible bonds of the Company due 2018 with the outstanding principal of HK\$847,964,000 and the current conversion price of HK\$1.00 per Share (subject to adjustments); the 5% secured guaranteed convertible bonds of the Company due 2016 with the outstanding principal of US\$120,000,000 and the current conversion price of HK\$1.6 per Share (subject to adjustments) and the convertible bonds of the Company due 2018 with the outstanding principal of HK\$232,959,339 and the current conversion price of HK\$1.6 per Share (subject to adjustments)
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Project Companies”	the Hami Project Company and the Turpan Project Company
“Projects”	four solar power plant projects, two located in Hami City, Xinjiang, China with an aggregate installed capacity of 40MW owned by the Hami Project Company and two located in Turpan City, Xinjiang, China with an aggregate installed capacity of 40MW owned by the Turpan Project Company
“Sale Equity”	51% equity interest in the Target Company
“Security”	security enforceable under the Subscription Agreement set out in the paragraph headed “ <b>Security</b> ” under the section headed “ <b>B. CB Issue – Principal terms of the Convertible Bonds</b> ” in this announcement
“Security Documents”	means pledge agreement(s) in respect of the Security
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“SGM”	the special general meeting of the Company to be convened to approve, among other things, the Equity Transfer Agreement and the transactions contemplated thereunder, the Options Agreement and the transactions contemplated thereunder (including the grant of the CM Yinke Put Option and the issue of the Consideration Shares upon exercise of the CM Yinke Put Option), the Subscription Agreement and the transactions contemplated thereunder (including the CB Issue and the issue of the Conversion Shares)

“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company, and where applicable, the term shall also include shares of any class or classes of the Company resulting from any subdivision, consolidation or re-classification of those shares
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the subscription agreement dated 23 January 2015 entered into between the Company and CM Fund in relation to the CB Issue
“Target Company”	Changzhou Guangyu New Energy Company Limited* (常州光昱新能源有限公司), a company established in the PRC with limited liability and is wholly owned by CM Trendera
“Target Group”	the Target Company and its subsidiaries
“Transactions”	the Equity Transfer Agreement and the transactions contemplated thereunder, the Options Agreement and the transactions contemplated thereunder (including the grant of the CM Yinke Put Option and the issue of the Consideration Shares), the Subscription Agreement and the transactions contemplated thereunder (including the CB Issue and the issue of the Conversion Shares)
“Turpan Project Company”	Turpan Zhongli Talesun Photovoltaic Company Limited* (吐魯番中利騰暉光伏發電有限公司), a company established in the PRC with limited liability and is wholly owned by the Target Company, which is the sole legal entity of the development, investment, operation and management of Zhongli Talesun Turpan Phase I 20MW on-grid connected photovoltaic solar power plant and Zhongli Talesun Turpan Phase II 20 MW on-grid connected photovoltaic solar power plant
“UP (Changzhou)”	United Photovoltaics (Changzhou) Investment Co., Ltd* (聯合光伏(常州)投資有限公司), a company established in the PRC with limited liability and an indirect wholly owned subsidiary of the Company
“Valuation Report”	the business valuation report on the fair value of the business enterprise of the Target Group to be issued by the Independent Valuer

“30% controlled company” has the meaning ascribed thereto in the Listing Rules

“49% Equity Interest” the 49% equity interest in the Target Company to be owned by CM Yinke upon Acquisition Completion

For and on behalf of  
**United Photovoltaics Group Limited**  
**Li, Alan**  
*Chairman of the Board*

Hong Kong, 23 January 2015

*In the event of any inconsistency, the English text of this announcement shall prevail.*

*In this announcement, the conversion of RMB into HK\$ has been made at a rate of RMB1:HK\$1.26. Such conversion should not be construed as a representation that any amount has been, could have been or may be, exchanged at this or any other rate.*

*As at the date of this announcement, the executive directors of the Company are Mr. Li, Alan (Chairman and Chief Executive Officer) and Mr. Lu Zhenwei; the non-executive directors of the Company are Academician Yao Jiannian, Mr. Yang Baiqian and Ms. Qiu Ping, Maggie; and the independent non-executive directors of the Company are Mr. Kwan Kai Cheong, Mr. Yen Yuen Ho, Tony, Mr. Shi Dinghuan and Mr. Ma Kwong Wing.*

\* For identification purpose only