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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)

SHARE TRANSACTION

On 10 December 2015, the Company, CSPG (an indirect wholly-owned subsidiary of the Company) and the Seller entered into the Sale and Purchase Agreement, pursuant to which, CSPG has conditionally agreed to purchase, and the Seller has conditionally agreed to sell, the entire issued capital of the Target Company for a total consideration of HK\$15,000,000, which will be settled by issue and allotment of a maximum of 15,000,000 Consideration Shares by the Company under the General Mandate.

As all the relevant percentage ratios in respect of the transaction contemplated under the Sale and Purchase Agreement are less than 5% and the consideration shall be settled by issue and allotment of Consideration Shares for which listing will be sought, the Acquisition constitutes a share transaction for the Company under Chapter 14 of the Listing Rules.

Completion of the Acquisition is subject to the fulfillment of a number of conditions precedent under the Sale and Purchase Agreement, and the Acquisition may or may not proceed. Shareholders and potential investors are urged to exercise caution when dealing in the securities of the Company.

THE SALE AND PURCHASE AGREEMENT

Date: 10 December 2015

Parties: (i) the Seller

(ii) CSPG

(iii) the Company

The Seller is a limited company incorporated in the British Virgin Islands, whose principal business is investment holding.

The Directors confirm that to the best of their knowledge, information and belief, having made all reasonable enquiries, the Seller and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Acquisition of equity interest

Pursuant to the Sale and Purchase Agreement, CSPG has conditionally agreed to purchase, and the Seller has conditionally agreed to sell, the entire issued capital of the Target Company.

As at the date of this announcement, the Target Company beneficially owns 8.4% equity interest in Zhangzhou Silk Road. CSPG owns the remaining 91.6% equity interest in Zhangzhou Silk Road. Please refer to the paragraph headed “Information on the Target Company” below for further information of Zhangzhou Silk Road.

Upon completion, the Group will beneficially own 100% equity interest in Zhangzhou Silk Road.

Consideration and issue of Consideration Shares

The total consideration for the Acquisition is HK\$15,000,000, which will be settled by the Company by issue and allotment of a maximum of 15,000,000 Consideration Shares to the Seller (or its designated person) at the issue price of HK\$1.00 per Consideration Share under the General Mandate in two tranches:

- (i) 10,000,000 Shares at completion; and
- (ii) 5,000,000 Shares within seven Business Days after fulfilment of the post-completion conditions in relation to the filing and registration requirements (and payment of penalties, if any) applicable to the Target Company.

If such filing and registration requirements are not complied with within 30 days after completion (subject to extension by agreement of the parties), the Company shall have no obligation to issue the second tranche of 5,000,000 Consideration Shares to the Seller.

The issue price of HK\$1.00 per Consideration Share represents:

- (i) a premium of approximately 28.21% to the closing price of HK\$0.78 per Share as quoted on the Stock Exchange on the date of this announcement; and
- (ii) a premium of approximately 21.95% to the average closing price of HK\$0.82 per Share for the last five consecutive trading days immediately prior to and including the date of this announcement.

The consideration was arrived at after arm's length negotiations between the Group and the Seller and on normal commercial terms by reference to the business nature of the Target Company, business development of Zhangzhou Silk Road, reasons and benefits of the Acquisition set out below and the issue price of the Consideration Shares was determined with reference to the prevailing market price of the Shares.

The Consideration Shares represent approximately 0.316% of the existing issued share capital of the Company, and approximately 0.315% of the issued share capital of the Company as enlarged by the issue and allotment of the Consideration Shares, as at the date of this announcement.

The Consideration Shares shall rank *pari passu* in all respects among themselves and with the existing issued Shares on the date of allotment.

Conditions Precedent

Completion is conditional upon the fulfilment of the following conditions:

- (i) CSPG having conducted due diligence investigation on the legal position, finance position, operation and assets of the Target Company and the results are satisfactory to CSPG;
- (ii) the Listing Committee of the Stock Exchange having granted to the Company the listing of, and permission to deal in, the Consideration Shares;
- (iii) the parties having obtained all necessary approval, consent, or authorization (where applicable) from governmental authorities, their respective internal departments or other third parties for the entering into of the Sale and Purchase Agreement and the transactions contemplated thereunder;
- (iv) all representations and warranties made by the Seller in the Sale and Purchase Agreement remaining true, accurate, complete and not misleading; and

- (v) no material adverse change having occurred during the period from the date of entering into the Sale and Purchase Agreement to the date of completion.

If any of the above condition is not fulfilled or waived by CSPG at its sole discretion by 31 December 2015 (or such other date as parties to the Sale and Purchase Agreement may agree), the Sale and Purchase Agreement will terminate (except that the confidentiality and costs and fees clauses of the Sale and Purchase Agreement will continue to be in full force) without prejudice to the rights and remedies available to a party in respect of any breach prior to termination of the Sale and Purchase Agreement.

General Mandate to issue Consideration Shares

The Consideration Shares will be issued and allotted under the General Mandate to allot and issue, and deal with up to 948,253,265 Shares. As at the date of this announcement, the General Mandate has not been previously utilised. Approximately 1.58% of the General Mandate will be utilised to the allotment and issue of the Consideration Shares pursuant to the Sale and Purchase Agreement. As such, the General Mandate will be sufficient and no further Shareholders' approval is required, for the issue and allotment of the Consideration Shares.

Listing application

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

INFORMATION ON THE TARGET COMPANY

The Target Company was incorporated in Hong Kong and is principally engaged in investment holding. As at the date of this announcement, the Target Company beneficially owns 8.4% equity interest in Zhangzhou Silk Road. Based on the management accounts of the Target Company as at 30 November 2015, its net asset value was approximately HK\$2,750,000. The Target Company has no profit or revenue since its incorporation.

The current principal business of Zhangzhou Silk Road include development of solar technology, comprehensive utilisation and transfer of technological achievements and design and installment of solar power systems. In anticipation of carbon emission trading becoming one of the fastest-growing business, Zhangzhou Silk Road is actively seeking to expand its business to carbon emission trading.

INFORMATION ON THE COMPANY AND CSPG

The Company is an investment holding company and engaged in the development, investment, operation and management of the solar power plants through its subsidiaries. CSPG is a limited liability company incorporated in the British Virgin Islands and is an investment holding company principally engaged in the design, development, investment, operation and management of solar power plants through its subsidiaries.

REASONS AND BENEFITS FOR THE ACQUISITION

The Chinese government has intensified its efforts to encourage more power generation from renewables and move the state to a lower-carbon, more resource-efficient development path. The Chinese government announced that it will implement a national emissions trading scheme and the National Development and Reform Commission of China has initiated carbon emission trading pilots in seven provinces and cities. Zhangzhou Silk Road has been in discussions with corporations in carbon emission trading and new energy businesses for potential cooperation in the development of a platform for carbon emission trading and management and participation in pilot scheme in Shenzhen, the PRC. After completion of the Acquisition, it is expected that the Group will allocate more resources to develop carbon emission trading business through Zhangzhou Silk Road. The business of Zhangzhou Silk Road is an integral part of our operations. The Group will be benefited by increasing the efficiency of decision making and effectiveness of execution by owning the entire equity interest of the Target Company as a result of the Acquisition.

The Directors consider that the terms of the Sale and Purchase Agreement and the issue of Consideration Shares are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As all the relevant percentage ratios in respect of the transaction contemplated under the Sale and Purchase Agreement are less than 5% and the consideration shall be settled by issue and allotment of Consideration Shares for which listing will be sought, the Acquisition constitutes a share transaction for the Company under Chapter 14 of the Listing Rules.

Completion of the Acquisition is subject to the fulfillment of a number of conditions precedent under the Sale and Purchase Agreement, and the Acquisition may or may not proceed. Shareholders and potential investors are urged to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Acquisition”	the acquisition of the entire issued share capital of the Target Company by CSPG from the Seller pursuant to the Sale and Purchase Agreement
“Board”	the board of Directors
“Business Day(s)”	a day on which banks are generally open for business in Hong Kong, other than a Saturday, Sunday or public holiday or any date in which typhoon signal no. 8 or above, or a “black” rainstorm warning is in effect
“Company”	United Photovoltaics Group Limited (聯合光伏集團有限公司), a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
“Consideration Share(s)”	a maximum of 15,000,000 new Shares at the issue price of HK\$1.00 per Share of a total value of HK\$15,000,000 to be allotted and issued to the Seller as consideration pursuant to the Sale and Purchase Agreement
“CSPG”	China Solar Power Group Limited (中國太陽能電力集團有限公司), a company incorporated in the British Virgin Islands with limited liability and an indirect, wholly-owned subsidiary of the Company
“Director(s)”	director(s) of the Company
“General Mandate”	the refreshed general mandate granted to the Directors by the Shareholders at the special general meeting of the Company held on 24 July 2015 to allot, issue and deal with up to 948,253,265 new Shares, being 20% of the then issued capital of the Company as at the date of the said special general meeting
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“Sale and Purchase Agreement”	the sale and purchase agreement dated 10 December 2015 entered into among the Company, CSPG and the Seller relating to the Acquisition and issue of Consideration Shares
“Seller”	Pure Ace International Limited, a company established in the British Virgin Islands with limited liability
“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
“Shareholders”	holder(s) of the issued shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Honour Sky International Limited (康佳國際有限公司), a company established in Hong Kong with limited liability
“Zhangzhou Silk Road”	China Merchants Zhangzhou Development Zone Silk Road Ark Carbon Asset Management Co., Ltd.* (招商局漳州開發區絲路方舟碳資產管理有限公司), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company
“%”	per cent.

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

Hong Kong, 10 December 2015

As at the date of this announcement, the executive directors of the Company are Mr. Li, Alan (Chairman and Chief Executive Officer), Mr. Lu Zhenwei, Mr. Li Hong and Ms. Qiu Ping, Maggie; the non-executive directors of the Company are Academician Yao Jiannian and Mr. Yang Baiqian; 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