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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)

**DISCLOSEABLE TRANSACTION
IN RELATION TO
THE DEVELOPMENT OF A 100MW SOLAR POWER PLANT PROJECT
IN SHANXI, CHINA**

THE DATONG TOP RUNNER PROJECT

The Board is pleased to announce the launch of the Datong Top Runner Project involving development of a concentrated solar power plant project with an installed capacity of 100MW, which meets the standards of the Top Runner Program and will be constructed in the Datong Demonstration Base in Shanxi Province, the PRC. For the purpose of constructing the Datong Top Runner Project, on 18 November 2015 (after trading hours), UP (Datong), a wholly-owned subsidiary of the Company, entered into the EPC Agreement with the EPC Contractor, pursuant to which, the EPC Contractor agreed to provide engineering, procurement and construction services for the construction of the Datong Top Runner Project at the total consideration of RMB675,620,000.

LISTING RULES IMPLICATIONS

As some of the applicable percentage ratios in respect of the EPC Agreement are more than 5% but less than 25%, the transaction contemplated under the EPC Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Board is pleased to announce the launch of the Datong Top Runner Project and the signing of the EPC Agreement for the construction of a concentrated solar power plant project with an installed capacity of 100MW in the Datong Demonstration Base in Shanxi Province, the PRC.

THE DATONG TOP RUNNER PROJECT

As announced by the Company on 4 August 2015, the Group won the bid to develop and operate exclusively the Datong Top Runner Project, namely a 100MW concentrated solar power plant project meeting the standards of the Top Runner Program (領跑者計劃) as implemented by the National Energy Administration, the Ministry of Industry and Information Technology, and the Certification and Accreditation Administration of China.

The Datong Top Runner Project will be located in the Datong Demonstration Base, which is the first photovoltaic industrial park approved under the Top Runner Program and is designated to become a high technology base for solar industry with an aggregate installed capacity of 3,000MW during years 2015 to 2017 with the mission to promote application of advanced photovoltaic products and upgrade in the industry, according to notice issued by the People's Government of Datong City.

The solar power plant project as contemplated under the Datong Top Runner Project is expected to be completed in the first quarter of 2016 or thereabouts.

THE EPC AGREEMENT

On 18 November 2015 (after trading hours), UP (Datong) entered into the EPC Agreement with the EPC Contractor, pursuant to which, UP (Datong) agreed to engage the EPC Contractor, and the EPC Contractor agreed to provide EPC Services for the construction of the Datong Top Runner Project at the total consideration of RMB675,620,000.

Date

18 November 2015

Parties

(1) UP (Datong)

(2) EPC Contractor

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the EPC Contractor and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

EPC Services

UP (Datong) has engaged the EPC Contractor to provide engineering, procurement and construction services for the construction of the Datong Top Runner Project. All the construction work and on-grid connection are expected to be completed in the first quarter of 2016 or thereabouts.

Basis of Consideration

The total consideration under the EPC Agreement is RMB675,620,000, having taken into account the prevailing market price of similar EPC Services, fluctuation of labor market, material costs and policy adjustment during the provision of EPC Services. The total consideration is subject to adjustment attributable to variation of technical specifications.

UP (Datong) invited tenders from qualified contractors by way of tender. The Group evaluated the qualification and capacity of all the participating contractors, the technical solutions and pricing proposals of those tenders submitted and awarded the EPC Agreement to the EPC Contractor.

Payment Terms

The consideration (other than the cost of solar power modules) under the EPC Agreement shall be paid by UP (Datong) in cash to the EPC Contractor in instalments in accordance with the following schedule:

First instalment	within 10 business days after entering into the EPC Agreement and the EPC Contractor having provided adequate performance guarantee	approximately 10% of the consideration
Second instalment	within 15 business days after the Datong Top Runner Project having achieved on-grid connection for its full capacity and obtained grid connection certification documents	approximately 30% of the consideration
Third instalment	within 30 business days after UP (Datong) is satisfied with all the related documents handed over by the EPC Contractor, provided that the Datong Top Runner Project having commenced stable operation for one month, and the construction of which having passed final acceptance inspection and the final payment having been determined	up to approximately 80% of the final payment

Fourth instalment	after the relevant national authoritative institution and UP (Datong) having confirmed that the results of performance test meet the specifications under the EPC Agreement	up to approximately 90% of the final payment
Fifth instalment	within 30 days after delivery of one-year performance bond at the expiration of the first year quality assurance period	the remaining 10% of the final payment

The cost of solar modules (which is part of the total consideration) will be settled based on payment schedule of the relevant procurement agreement(s).

The total consideration will be settled in cash by way of utilizing internal resources of the Group and external financing.

INFORMATION ON THE EPC CONTRACTOR

Based on the information contained in the business license of the EPC Contractor, the EPC Contractor is a state-owned enterprise incorporated in the PRC and is principally engaged in contracting of electricity, housing, electrical installation, municipal utility and steel structure construction.

INFORMATION ON THE COMPANY AND REASONS AND BENEFIT FOR ENTERING INTO THE EPC AGREEMENT

The Company is an investment holding company and the Group is principally engaged in the development, investment, operation and management of solar power plants. In accordance with the existing business strategy, the Group relies on the expertise of the EPC contractors in providing EPC Services.

Development of solar power plants in the Datong Demonstration Base under the Top Runner Program (領跑者計劃) potentially sets the new benchmarks for photovoltaics industry within China. The Directors consider that the launch of the Datong Top Runner Project reflects the comprehensive strengths of the Group, such as the resourcefulness, technical capabilities, enhanced economies of scale, and utilization of advanced technology. The Directors believe that the Datong Top Runner Project signifies industry recognition and market leadership of the Group in the solar power industry in China. The Datong Top Runner Project, upon completion, will increase the total installed electricity generation capacity of Group.

The transaction contemplated under the EPC Agreement is arms' length transaction on normal commercial terms. The Directors believe and consider that the terms of the EPC Agreement are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As some of the applicable percentage ratios in respect of the EPC Agreement are more than 5% but less than 25%, the transaction contemplated under the EPC Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from shareholders' approval requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“business day”	a day (other than a Saturday, Sunday or public holiday) on which banks are generally open for business in the PRC
“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
“Datong Demonstration Base”	the Coal Mining Subsidence National Advanced Technology Solar Demonstration Base in Datong, Shanxi* (山西大同採煤沉陷區國家先進技術光伏示範基地)
“Datong Top Runner Project”	the exclusive development and operation of a 100MW solar power plant project located in Datong Demonstration Base under the Top Runner Program (領跑者計劃)
“Directors”	the directors of the Company
“EPC”	engineering, procurement and construction
“EPC Agreement”	the EPC agreement dated 18 November 2015 and entered into by UP (Datong) and the EPC Contractor in relation to engagement of the EPC Contractor to provide EPC Services
“EPC Contractor”	Guizhou No.1 Electric Power Construction Company* (貴州電力建設第一工程公司), a state-owned enterprise incorporated in the PRC
“EPC Services”	the provision of engineering, procurement and construction services for the construction of the Datong Top Runner Project

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MW”	megawatts, which equals 1,000,000 watts
“PRC” or “China”	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
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“UP (Datong)”	Datong United Photovoltaics New Energy Company Limited* (大同聯合光伏新能源有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company

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

Hong Kong, 18 November 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