
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in United Photovoltaics Group Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.



UNITED PHOTOVOLTAICS GROUP LIMITED

聯合光伏集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 686)

- (1) ISSUE OF HK\$1.26 BILLION 7.5% SECURED CONVERTIBLE BONDS
UNDER SPECIFIC MANDATE;**
- (2) ISSUE OF US\$15 MILLION 7.5% SECURED CONVERTIBLE BONDS
UNDER SPECIFIC MANDATE;**
- (3) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;
AND**
- (4) NOTICE OF SPECIAL GENERAL MEETING**

Unless the context otherwise requires, all capitalised terms used in this circular have the meanings set out in the section headed "Definitions" of this circular.

A letter from the Board is set out from pages 8 to 48 of this circular.

A notice convening the SGM to be held at Unit 1407, 14/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong on Friday, 12 June 2015, at 3:00 p.m. is set out on pages 71 to 75 of this circular. A form of proxy for the SGM is enclosed. Whether or not you intend to attend and vote at the SGM or any adjourned meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Union Registrars Limited at A18/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

27 May 2015

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	8
APPENDIX I – ADJUSTMENT EVENTS AND FORMULAE OF THE CONVERSION PRICE OF CHINASTONE CONVERTIBLE BONDS	49
APPENDIX II – ADJUSTMENT EVENTS AND FORMULAE OF THE CONVERSION PRICE OF FOSUN CONVERTIBLE BONDS	59
NOTICE OF SPECIAL GENERAL MEETING	71

DEFINITIONS

In this circular, unless the context otherwise requires, the following terms shall have the meanings set out below.

“associate”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Bondholder(s)”	holders(s) of the Chinastone Convertible Bonds or the Fosun Convertible Bonds (as the case may be), including all their respective subsequent transferee(s)
“Business Day”	a day on which banks in Hong Kong are open for general banking business, other than (i) a Saturday or a Sunday; or (ii) a day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.
“Chinastone”	Chinastone Capital Management Limited* (濤石股權投資管理 (上海) 有限公司), a company with limited liability established under the laws of the PRC
“Chinastone Bond Instrument”	the deed to be executed by the Company which will constitute the Chinastone Convertible Bonds and contain the terms and conditions of the Chinastone Convertible Bonds
“Chinastone CB Issue”	the issue of the Chinastone Convertible Bonds pursuant to the terms of the Chinastone Subscription Agreement
“Chinastone Convertible Bonds”	the 7.5% secured three-year convertible bonds in the principal amount of HK\$1.26 billion to be issued by the Company to Chinastone or its appointee pursuant to the Chinastone Subscription Agreement
“Chinastone Subscription Agreement”	the subscription agreement dated 17 April 2015 (as supplemented by a supplemental agreement dated 22 May 2015) entered into between the Company and Chinastone in relation to the Chinastone CB Issue

DEFINITIONS

“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
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Conversion Period”	in respect of each of the Chinastone Convertible Bonds and the Fosun Convertible Bonds, the period commencing from the day immediately following the Issue Date and ending on the fifth business day prior to the Maturity Date (both dates inclusive)
“Conversion Price”	HK\$1.03 per Share, subject to adjustment under the terms and conditions of the Chinastone Convertible Bonds or the Fosun Convertible Bonds (as the case may be)
“Conversion Right(s)”	the right(s) of the Bondholder(s) to convert the whole or part of the outstanding principal amount of the Chinastone Convertible Bonds or the Fosun Convertible Bonds (as the case may be) into Conversion Shares, subject to the respective terms thereof
“Conversion Share(s)”	in respect of each of the Chinastone Convertible Bonds and the Fosun Convertible Bonds, the Share(s) to be allotted and issued by the Company: upon (i) exercise of the Conversion Rights attached to the Chinastone Convertible Bonds or the Fosun Convertible Bond (as the case may be); and/or (ii) in payment of the accrued and unpaid interest under the Chinastone Convertible Bonds or the Fosun Convertible Bond (as the case may be); and/or (iii) upon a Mandatory Conversion in accordance with the respective terms of the Chinastone Convertible Bonds or the Fosun Convertible Bonds (as the case may be)

DEFINITIONS

“Directors”	the directors of the Company
“Fosun Bond Instrument”	the deed to be executed by the Company which will constitute the Fosun Convertible Bonds and contain the terms and conditions of the Fosun Convertible Bonds
“Fosun CB Issue”	the issue of the Fosun Convertible Bonds pursuant to the terms of the Fosun Subscription Agreement
“Fosun Convertible Bonds”	the 7.5% secured three-year convertible bonds in the principal amount of US\$15 million (equivalent to approximately HK\$116.25 million) to be issued by the Company to the Fosun Subscriber pursuant to the Fosun Subscription Agreement
“Fosun International”	Fosun International Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 00656)
“Fosun Subscription Agreement”	the subscription agreement dated 20 April 2015 entered into among the Company, the Guarantor and Fosun Subscriber in relation to the Fosun CB Issue
“Fosun Subscriber”	Peak Reinsurance Company Limited (鼎睿再保險有限公司), a company incorporated in Hong Kong and whose 85.1% issued share capital is indirectly held by Fosun International
“Fosun Transaction Documents”	the Fosun Subscription Agreement, the Fosun Bond Instrument, the certificate(s) evidencing the title of the Bondholder(s) to the Fosun Convertible Bonds, the agreements in respect of the Security in favour of Fosun Subscriber and any other documents related to the Fosun Convertible Bonds
“Group”	the Company and its subsidiaries

DEFINITIONS

“Guarantor”	Profit Icon Investments Limited, a company with limited liability incorporated in the British Virgin Islands and a direct wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region
“Increase in Authorised Share Capital”	the increase in authorised share capital of the Company from HK\$1,000,000,000 divided into 10,000,000,000 Shares to HK\$2,000,000,000 divided into 20,000,000,000 Shares by the creation of an additional 10,000,000,000 Shares
“Issue Date”	the day on which the Chinastone Convertible Bonds or the Fosun Convertible Bonds are issued (as the case may be)
“Last Practicable Date”	22 May 2015, being the latest practicable date for ascertaining certain information referred to in this circular prior to printing of this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Major Subsidiary”	a subsidiary of the Company, the value of the total assets, profits or revenue of which represents 5% or more under any of the percentage ratios defined under Rule 14.04(9) of the Listing Rules, and includes the Target Company(ies) for the purpose of the Fosun CB Issue
“Mandatory Conversion”	mandatory conversion of the outstanding principal amount of the Chinastone Convertible Bonds or the Fosun Convertible Bonds (as the case may be) into Conversion Shares by the Company in accordance with the respective terms of the Chinastone Convertible Bonds or the Fosun Convertible Bonds (as the case may be)

DEFINITIONS

“Maturity Date”	in respect of each of Chinastone Convertible Bonds or Fosun Convertible Bonds, the date falling on the third anniversary of the Issue Date
“MW”	megawatts, which equals 1,000,000 watt
“Outstanding Convertible Securities”	all the outstanding convertible securities of the Company issued and disclosed on the respective dates and their numbers of Shares convertible as of the Latest Practicable Date: (a) the Series B convertible bonds due 2018 in the principal amount of HK\$847,964,000, which is convertible into a total of 847,964,000 Shares at the current conversion price of HK\$1.00 per Share (subject to adjustments) (b) the consolidated 5% secured guaranteed convertible bonds due 2016 in the principal amount of US\$120,000,000, which is convertible into a total of 581,250,000 Shares at the current conversion price of HK\$1.60 per Share (subject to adjustments) (c) the convertible bonds issued on 27 December 2013 in the principal amount of HK\$232,959,339, which is convertible into a total of 145,599,586 Shares at the current conversion price of HK\$1.60 per Share (subject to adjustments) (d) the convertible bonds issued on 20 April 2015 in the principal amount of HK\$524,803,198.8, which is convertible into a total of 509,517,668 Shares at the current conversion price of HK\$1.03 per Share (subject to adjustments), and a maximum of additional 38,213,825 Shares may be issued for payment of interest under the convertible bonds at the current conversion price

DEFINITIONS

	(e) the convertible bonds issued on 29 April 2015 in the principal amount of US\$30,000,000, which is convertible into a total of 225,728,155 Shares at the current conversion price of HK\$1.03 per Share (subject to adjustments), and a maximum of additional 16,929,611 Shares may be issued for payment of interest under the convertible bonds at the current conversion price (f) a maximum of 555,854,810 Shares to be issued pursuant to an option agreement dated 23 January 2015 (g) 64,500,000 Shares to be issued pursuant to the share options granted on 8 January 2015
“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Security”	security to be provided under the Chinastone Subscription Agreement or the Fosun Subscription Agreement (as the case may be)
“SGM”	the special general meeting of the Company to be convened and held for the Shareholders to consider and, if think fit, pass resolution(s) by the Shareholders to approve, among other things, the Chinastone Subscription Agreement and the Chinastone CB Issue as contemplated thereunder, the Fosun Subscription Agreement and the Fosun CB Issue as contemplated thereunder, their respective Specific Mandates and the Increase in Authorised Share Capital
“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 reclassification of those shares
“Shareholder(s)”	holder(s) of the Shares

DEFINITIONS

“Specific Mandate(s)”	the specific mandate(s) to be sought at the SGM for the allotment and issue of the Conversion Shares pursuant to the terms of the Chinastone Convertible Bonds and the Fosun Convertible Bonds, respectively
“SPV”	a wholly-owned subsidiary to be incorporated by the Company in the PRC, which will be the special purpose vehicle to make investment in the Target Company(ies) by using the proceeds from the Chinastone CB Issue
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company(ies)”	in respect of the Chinastone CB Issue, project company(ies) which own(s) the Target 300MW Solar Power Plant(s) in the PRC to be identified and acquired by the Company in respect of the Fosun CB Issue, project company(ies) which own(s) the Target 20MW Solar Power Plant(s) in the PRC to be identified and acquired by the Company
“Target 300MW Solar Power Plant(s)”	solar power plant(s) in the PRC with an aggregate installed capacity of approximately 300MW owned by the Target Company(ies)
“Target 20MW Solar Power Plant(s)”	solar power plant(s) in the PRC with an aggregate installed capacity of approximately 20MW owned by the Target Company(ies)
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	Percent.

* For identification purpose only

LETTER FROM THE BOARD



UNITED PHOTOVOLTAICS GROUP LIMITED

聯合光伏集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 686)

Executive Directors:

Mr. Li, Alan (*Chairman and Chief Executive Officer*)
Mr. Lu Zhenwei

Non-executive Directors:

Academician Yao Jiannian
Mr. Yang Baiqian
Ms. Qiu Ping, Maggie

Independent non-executive Directors:

Mr. Kwan Kai Cheong
Mr. Yen Yuen Ho, Tony
Mr. Shi Dinghuan
Mr. Ma Kwong Wing

Registered Office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

*Head Office and Principal Place of
Business in Hong Kong:*

Unit 1012, 10/F.,
West Tower, Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

27 May 2015

Dear Sir or Madam,

- (1) ISSUE OF HK\$1.26 BILLION 7.5% SECURED CONVERTIBLE BONDS
UNDER SPECIFIC MANDATE;**
**(2) ISSUE OF US\$15 MILLION 7.5% SECURED CONVERTIBLE BONDS
UNDER SPECIFIC MANDATE;**
(3) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;
AND
(4) NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

Reference is made to the announcements of the Company dated 30 December 2014, 31 March 2015 and 17 April 2015. As disclosed in the announcements, a framework agreement dated 30 December 2014 (as supplemented by a letter dated 31 March 2015) was entered into between the Company and Chinastone in relation to the proposed subscription of convertible bonds of the Company by Chinastone in the principal amount of HK\$1.26 billion. On 17 April 2015 (after trading hours), the Company and Chinastone, entered into the Chinastone Subscription Agreement, pursuant to which the Company conditionally agreed to issue, and Chinastone conditionally agreed to subscribe for, the Chinastone Convertible Bonds in the principal amount of HK\$1.26 billion.

LETTER FROM THE BOARD

Reference is also made to the announcements of the Company dated 7 January 2015 and 20 April 2015. As disclosed in the announcements, a framework agreement dated 7 January 2015 was entered into between the Company and a subsidiary of Fosun International in relation to the proposed subscription of convertible bonds of the Company by that subsidiary of Fosun International in the principal amount of US\$15 million (equivalent to approximately HK\$116.25 million). On 20 April 2015 (after trading hours), the Company, the Guarantor and the Fosun Subscriber which is an indirect non-wholly owned subsidiary of Fosun International, entered into the Fosun Subscription Agreement, pursuant to which the Company conditionally agreed to issue, and the Fosun Subscriber conditionally agreed to subscribe for, the Fosun Convertible Bonds in the principal amount of US\$15 million and the Guarantor conditionally agreed to guarantee the payment of all sums payable in relation to the Fosun Convertible Bonds and the performance of the other obligations of the Company under the Fosun Transaction Documents.

The purpose of this circular is to provide you with, amongst other things, further details of the Chinastone Convertible Bonds, the Fosun Convertible Bonds, their respective Specific Mandates, the Increase in Authorised Share Capital and the notice of the SGM.

CHINASTONE CB ISSUE

The Chinastone Subscription Agreement

Date

17 April 2015

Parties

The Company as issuer

Chinastone as initial subscriber

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save as disclosed in the section headed "Information on Chinastone" below, Chinastone and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

LETTER FROM THE BOARD

Chinastone Convertible Bonds

The Company has conditionally agreed to issue the Chinastone Convertible Bonds in the principal amount of HK\$1.26 billion at 100% of its principal amount subject to fulfilment of the conditions precedent set out in the paragraph headed “Conditions of the Chinastone CB Issue” below.

Holders of the Chinastone Convertible Bonds will be entitled to convert the outstanding principal amount of the Chinastone Convertible Bonds into Conversion Shares at the Conversion Price during the Conversion Period commencing from the day immediately following the Issue Date and ending on the fifth business day prior to the Maturity Date (both dates inclusive). Assuming exercise in full of the Conversion Rights at the initial Conversion Price of HK\$1.03, an aggregate of 1,223,300,970 Conversion Shares will be issued, representing approximately 25.80% of the issued share capital of the Company as at the Latest Practicable Date and approximately 20.51% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares upon the full conversion of the Chinastone Convertible Bonds (assuming there was no repurchase of Shares or issue of other new Shares and no interest under the Chinastone Convertible Bonds was paid by issue of Conversion Shares).

The Chinastone Convertible Bonds will constitute direct, unconditional, unsubordinated and, upon the provision of the Security set out in the paragraph headed “Security” under “Principal terms of the Chinastone Convertible Bonds” below, secured obligations of the Company and at all times rank pari passu and rateably without preference (with the exception of obligations in respect of taxes and certain other statutory exceptions) among themselves. The payment obligations of the Company under the Chinastone Convertible Bonds shall at all times rank at least pari passu with all of its present and future unsubordinated and unsecured payment obligations.

The Conversion Shares allotted and issued on conversion will be fully paid and will rank pari passu in all respects with, and within the same class as, the Shares then in issue on the date of allotment and issue of the Conversion Shares, except that the Conversion Shares so allotted will not rank for any dividend or other distribution declared or paid or made by reference to a record date for the payment of a dividend or other distribution with respect to the Shares on or prior to the date of allotment and issue of the Conversion Shares.

The principal terms of the Chinastone Convertible Bonds are summarised below.

LETTER FROM THE BOARD

Principal terms of the Chinastone Convertible Bonds

Principal amount

HK\$1.26 billion

Issue price

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

Interest

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

Except in the following situations where the accrued and 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 and 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 and unpaid interest in the form of Conversion Shares issued at the Conversion Price then in effect.

As interest will be paid quarterly in arrears, the maximum accrued interest at any point of time during the term of the Chinastone Convertible Bonds will not exceed HK\$23,625,000, the amount of interest for one quarter. On this basis, assuming Conversion Shares were required to be issued for payment of interest under the Chinastone Convertible Bonds and all such Conversion Shares were issued at the initial Conversion Price of HK\$1.03, a maximum of 22,936,893 Conversion Shares would be issued for payment of interest.

Maturity Date

The third anniversary of the Issue Date

LETTER FROM THE BOARD

Conversion Period

Bondholders are entitled to exercise the Conversion Rights attached to the Chinastone Convertible Bonds at any time from the day immediately following the Issue Date and ending on the fifth business day prior to the Maturity Date (both dates inclusive).

Conversion Rights of the Bondholders and the Mandatory Conversion

Bondholders are entitled to convert the outstanding principal amount of the Chinastone Convertible Bonds into Conversion Shares during the Conversion Period, provided that exercise of the Conversion Rights will not result in:

- (a) a change of control (within the meaning of the Hong Kong Code on Takeovers and Mergers) of the Company;
- (b) insufficient public float of the Shares as defined under the Listing Rules; or
- (c) a Bondholder exercising the Conversion Right together with its close associates (as defined under the Listing Rules) becoming the largest Shareholder.

Within five Business Days upon occurrence of any of the following circumstances, the Company is entitled to, having given not less than five nor more than ten days' notice to the Bondholders, convert the outstanding principal amount of the Chinastone Convertible Bonds into Conversion Shares if at any time during the period:

- (a) commencing from the day immediately following the Issue Date up to the day immediately before the first anniversary of the Issue Date (both dates inclusive), the closing price per Share on the Stock Exchange for any 15 consecutive trading days reaches HK\$1.50 per Share (or if there is any adjustment of the Conversion Price, such other price per Share representing a premium of 45.63% over the Conversion Price then in effect from time to time) or above;
- (b) commencing from the first anniversary of the Issue Date up to the day immediately before the second anniversary of the Issue Date (both dates inclusive), the closing price per Share on the Stock Exchange for any 15 consecutive trading days reaches HK\$1.80 per Share (or if there is any adjustment of the Conversion Price, such other price per Share representing a premium of 74.76% over the Conversion Price in effect from time to time) or above; or

LETTER FROM THE BOARD

- (c) commencing from the second anniversary of the Issue Date up to the Maturity Date (both dates inclusive), the closing price per Share on the Stock Exchange for any 15 consecutive trading days reaches HK\$2.20 per Share (or if there is any adjustment of the Conversion Price, such other price per Share representing a premium of 113.59% over the Conversion Price in effect from time to time) or above.

Conversion Price

HK\$1.03

The Conversion Price is subject to adjustments in accordance with the terms and conditions set out in the Chinastone Bond Instrument if any of the following specific events occurs:

- (a) where there is an alteration to the nominal amount of a Share by reason of any consolidation or subdivision;
- (b) where the Company issues (other than in lieu of a cash dividend) any Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund);
- (c) where the Company makes (whether on a reduction of capital or otherwise except pursuant to any purchase by the Company of its own Shares which is permitted by law and by the rules of the Stock Exchange and in accordance with the provisions of the Company's memorandum of association and bye-laws) any capital distribution (including distributions in cash or specie, and any dividend charged or provided for in the accounts for any financial period) to the Shareholders (in their capacity as such) or grants to the Shareholders rights to acquire for cash assets of the Company or any of its subsidiaries;
- (d) where the Company offers to the Shareholders new Shares for conversion by way of rights, or grants to the Shareholders any options or warrants to subscribe for new Shares at a price per new Share which is less than 90% of the market price (as defined in the Chinastone Bond Instrument) as at the date of the announcement of the terms of the offer or grant;

LETTER FROM THE BOARD

- (e) where the Company or any other company issues wholly for cash any securities which by their terms are convertible into or exchangeable for or carrying rights of conversion for new Shares, and the total effective consideration (as defined in the Chinastone Bond Instrument) per new Share initially receivable for such securities is less than 90% of the market price (as defined in the Chinastone Bond Instrument) as at the date of the announcement of the terms of issue of such securities;
- (f) where the rights of conversion or exchange attached to any such securities as are mentioned in sub-paragraph (e) above are modified so that the total effective consideration (as defined in the Chinastone Bond Instrument) per new Share initially receivable for such securities shall be less than 90% of the market price (as defined in the Chinastone Bond Instrument) as at the date of announcement of the proposal to modify such rights of conversion or exchange;
- (g) where the Company issues wholly for cash any Shares at a price per Share which is less than 90% of the market price (as defined in the Chinastone Bond Instrument) as at the date of the announcement of the terms of such issue;
- (h) where the Company makes an offer or invitation to the Shareholders to tender for sale to the Company any Shares or if the Company purchases any Shares or securities convertible into Shares or any rights to acquire Shares (excluding any such purchase made on the Stock Exchange or such other recognised stock exchange) and the Directors and the Bondholders jointly consider and agree that it may be appropriate to make an adjustment to the Conversion Price, at that time the Directors shall appoint an approved merchant bank which is approved by the Bondholders or (with prior approval of the Bondholders) the auditors of the Company to consider in its opinion that it is appropriate to make an adjustment to the Conversion Price.

Notwithstanding the specific adjustment events set out in the Chinastone Bond Instrument, in any circumstances where the Directors and Bondholders (Chinastone or its appointee or if the Chinastone Convertible Bonds were subsequently transferred to one or more transferee(s), the Bondholders holding not less than one-tenth in value of the Conversion Rights can propose for an adjustment to the Conversion Price at the meeting of the Bondholders and the relevant resolution shall be passed by a majority of the Bondholders present at the meeting) shall jointly consider and agree that an adjustment to the Conversion Price provided for under the specific adjustment provisions should not be made or should be calculated on a different basis or that an adjustment to the Conversion Price should be made notwithstanding that no such adjustment is required under the said provisions set out in the Chinastone Bond Instrument or that such adjustment shall take effect on a date or at a time different from that provided under the said provisions, the Directors shall appoint an approved merchant bank which is approved by Bondholders or (with prior approval of

LETTER FROM THE BOARD

the Bondholders) the auditors of the Company to consider whether the adjustment to be made (or the absence of adjustment) would or might not fairly and appropriately reflect the relative interests of the persons affected thereby and, if such approved merchant bank or the auditors of the Company consider this to be the case, the adjustment shall be modified or nullified, or an adjustment made instead of no adjustment, in such manner and/or take effect on a different date and/or time as shall be certified by such approved merchant bank or the auditors of the Company to be in its opinion appropriate.

The Chinastone Bond Instrument provides that the Directors or the Bondholders (which is agreed by the other party) may initiate the process of considering an adjustment to the Conversion Price in the event that the corporate activities referred to in event (h) above occur or in other situations which are not specifically set out in the Chinastone Bond Instrument (i.e. a standard “catch-all” provision). This arrangement aims to provide more flexibility to deal with different scenarios and to ensure that the relative interest of the persons affected by such corporate activities referred to in item (h) above are fairly treated. The standard “catch-all” provision is to ensure all situations justifying an adjustment to the Conversion Price are provided for. In order to strike a balance between the interest of the Bondholders and the interests of the Company and its Shareholders and to ensure justification of a possible adjustment to the Conversion Price, an independent merchant bank (or the auditors of the Company) will be appointed by the Directors (and approved by the Bondholder) to determine whether there is an actual need for the adjustment and/or the manner in which the adjustment should be made to ensure that the imposition of an adjustment or the absence of the adjustment are fairly and appropriately dealt with. The Directors would only initiate the process of considering an adjustment (which is agreed by the Bondholders) as a result of the occurrence of a corporate activity which is not covered by the adjustment clauses set out in the Chinastone Bond Instrument in order to ensure that the relative interests of the persons which may be affected by such corporate activity are fairly and appropriately treated. In light of the above, neither the Company nor the Bondholders shall be unfairly treated, the Directors are of the view that the arrangement under such provisions is in the interests of the Company and the Shareholders as a whole. Further announcement(s) will be made in this regard in compliance with the Listing Rules as and when appropriate.

Detailed mechanism and formulae for adjustments to the Conversion Price are set out in Appendix I to this circular.

Whenever the Conversion Price is adjusted, the Company will give notice to the Bondholders and will make available for inspection by the Bondholders, inter alia, a signed certificate of the auditors of the Company or the relevant approved merchant bank and a certificate signed by a Director setting out brief particulars the adjustment to the Conversion Price. The Company will make announcement on any adjustment made to the Conversion Price.

LETTER FROM THE BOARD

Assuming conversion of the Chinastone Convertible Bonds into Conversion Shares in full at the initial Conversion Price, the net price per Conversion Share to the Company (after deducting the expenses of approximately HK\$1 million to be incurred by the Company for the Chinastone CB Issue) is HK\$1.029.

Redemption at maturity

The Company will redeem the Chinastone Convertible Bonds on or before the 15th Business Day after the Maturity Date at 120% of the outstanding principal amount together with accrued and unpaid interest. The Chinastone Convertible Bonds will be cancelled upon redemption.

Transferability

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

Security

Subject to completion of the Chinastone CB Issue taking place, the Chinastone Convertible Bonds will be secured by the pledge of the following in favour of Chinastone or its appointee as agent for and on behalf of all the Bondholders:

- (a) all the equity interest in the SPV and each of the Target Company(ies) in respect of the Target 300MW Solar Power Plant(s);
- (b) all the fixed assets owned by each of the Target Company(ies) in respect of the Target 300MW Solar Power Plant(s); and
- (c) all the rights of each of the Target Company(ies) to receive feed-in tariff payments in respect of the Target 300MW Solar Power Plant(s).

LETTER FROM THE BOARD

The Company undertakes that it will immediately after completion of the Chinastone CB Issue identify the Target Company(ies), and, subject to satisfactory due diligence results of such Target Company(ies) and the right of objection of Chinastone after receiving and reviewing the relevant information of such Target Company(ies), proceed to acquire the Target Company(ies) and provide the above securities (other than the share pledge over the equity interest in the SPV to be created prior to the Chinastone CB Issue) in favour of Chinastone. The factors that the Directors will consider in identifying the Target Company(ies) include, among others: the location and the aggregate installed capacity (in MW) of a target solar power plant; the approved feed-in tariff rate; the availability and validity of the power purchase agreement(s) entered into between the potential Target Company(ies) and the regional subsidiaries of State Grid Corporation of China and the status of on-grid connection. Further announcement(s) will be made in this regard in compliance with the Listing Rules as and when appropriate.

In case any of the abovementioned securities is required for the purpose of obtaining bank facilities for the acquisition and operation of the relevant Target 300MW Solar Power Plant(s), Chinastone will consider, if thought fit, release such security created in its favour.

The management of the Company has an internal assessment of the market value of the Target 300MW Solar Power Plant(s) with an agreed aggregate installed capacity of 300MW to be acquired based on its experience and the market information available in the industry. Based on the price of approximately RMB9-9.5 per Watt, the assessed value of the Target 300MW Solar Power Plant(s) with an agreed aggregate installed capacity of 300MW is approximately RMB2,700,000,000 to RMB2,850,000,000 (equivalent to approximately HK\$3,402,000,000 to HK\$3,591,000,000). However, the final acquisition costs of the Target 300MW Solar Power Plant(s) may deviate from the Group's internal assessment for various reasons.

Having considered that the Target 300MW Solar Power Plant(s) to be acquired will be offered as security for the Chinastone Convertible Bonds to raise funds for the Group and based on similar proposed security arrangements with other independent third party investors, the Directors consider that offering the Security for the Chinastone CB Issue is in the interests of the Company and the Shareholders as a whole.

The Company has first to identify suitable targets based on the factors set out above, which may be a group of solar power plants spread over different locations and owned by one or different prospective sellers. The timing required for the acquisition(s) of the Target 300MW Solar Power Plant(s) depends on various factors including compliance with the Listing Rules, governmental approvals and the actual progress of the negotiation with the prospective seller(s). Further announcement(s) will be made in this regard in compliance with the Listing Rules as and when appropriate.

LETTER FROM THE BOARD

As the details in relation to the types and nature of the securities to be pledged under the Chinastone CB Issue (save and except for the identities of the Target Compan(ies) and the Target 300MW Solar Power Plant(s)) have been fully disclosed in both the announcement of the Company dated 17 April 2015 and this circular, the Directors are of the view that this circular contains sufficient information on the securities to be pledged under the Chinastone CB Issue for the Shareholders to make an informed assessment of the transaction.

Events of default

Major events of default under the Chinastone Bond Instrument are summarised below:

- (a) failure of the Company to pay the principal or premium (if any) of or any interest on any of the Chinastone Convertible Bonds when due and such failure continues for a period of 30 days;
- (b) failure of the Company to perform or comply with any of its other obligations under the Chinastone Convertible Bonds, the Chinastone Subscription Agreement or the Chinastone Bond Instrument and such default is not remedied within 30 days after notice requiring the same to be remedied is served on the Company by any Bondholder or group of Bondholders holding not less than 75% of the outstanding principal amount of the Chinastone Convertible Bonds on the Company;
- (c) a distress, attachment, execution 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 and would have a material adverse effect on the Company or such Major Subsidiary and is not discharged or stayed within 45 days (or such longer period as the Bondholders may consider to be reasonably appropriate);
- (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; makes any agreement for deferral, rescheduling or other readjustment of all its debts (or of any part which it will or might otherwise be unable to pay when due);

LETTER FROM THE BOARD

- (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; or the directors of the Company or any Major Subsidiary request or the appointment of administrator (or equivalent person); or the Company ceases or threaten to cease to carry on all or material part of its business or operations, subject to certain exemptions provided in the Chinastone Bond Instrument;
- (f) an administrator or other receiver or manager (or equivalent person) is duly appointed of the Company or any Major Subsidiary or the directors of the Company or any Major Subsidiary request any person to appoint such an administrator or other receiver or manager (or equivalent person) over either of them or any of their respective assets or properties;
- (g) the listing of the Company on the Stock Exchange is at any time terminated or the Shares are suspended for trading for a period of more than 20 consecutive trading days and the Company is unable to provide a reason therefor;
- (h) the issue of any other class of bonds or debts to which the Chinastone Convertible Bonds will become subordinating; and
- (i) the articles of association of the SPV is amended without the prior written consent of Chinastone.

If any of the above events of default occurs and is continuing, a Bondholder or a group of Bondholders, in each case holding not less than 75% of the outstanding principal amount of the Chinastone Convertible Bonds may provide written notice to the Company to require the Company to redeem the whole (but not part) of the outstanding principal amount of the Chinastone Convertible Bonds at the redemption price to be determined according to the following formula:

$$A + B + C$$

Where:

- “A” refers to 100% of the principal amount of the Chinastone Convertible Bonds then outstanding.
- “B” refers to all interest accrued thereon and unpaid as at the date of the written notice given by the Bondholders.

LETTER FROM THE BOARD

“C” refers to a redemption premium the aggregate amount of which will be determined by the following formula:

$$P \times (1+20\%)N/365 - P - E$$

where:

P represents the principal amount of the Chinastone Convertible Bonds then outstanding;

N represents the number of days from the Issue Date to the date on which the entire redemption price is received by the Bondholders (both dates inclusive) (provided that the number of days of a complete full year shall be 365 days); and

E represents all interest received by the Bondholders under the Chinastone Convertible Bonds and all interest accrued on the Chinastone Convertible Bonds and unpaid as at the date of the written notice given by the Bondholders.

Saved as the possible early redemption as a result of occurrence of an event of default, the Bondholders have no early redemption rights on Chinastone Convertible Bonds.

The Security delivered in favour of Chinastone shall become immediately enforceable if an event of default occurs and is continuing for more than 30 days after the written notice has been given by the Bondholders.

Initial Conversion Price

The initial Conversion Price was determined after arm's length negotiation between the Company and Chinastone with reference to the prevailing market price of the Shares on 30 December 2014, namely the date on which the framework agreement was entered into, similar terms of the convertible bonds being negotiated between the Company and other investors, and also by taking into account the Company's financial position and the capital requirement for the development of the solar power business. The terms of the Chinastone Convertible Bond are in line with the market comparables by referring to the similar transactions disclosed by other listed companies during recent months:

- (i) the interest rates of convertible bonds in the market ranged from approximately 6% to 10%, hence, the interest rate of 7.5% is within the market range;

LETTER FROM THE BOARD

- (ii) the conversion prices of the convertible bonds issued by other listed companies represented a premium ranged from 5.56% to 14.53% over the average closing price per share of 5 trading days up to and including the dates of the relevant subscription agreements, hence, the Conversion Price of HK\$1.03 is within the market range;
- (iii) the redemption prices of convertible bonds in the market were fixed at a range between 112% and 119.405% of the principal amount of the convertible bonds outstanding;
- (iv) the offerings of security are common in similar transactions as disclosed by other listed companies, such as a share charge over certain shares of the company was offered to investor as security for the performance of the obligations of the issuer; and
- (v) the adjustment clauses under the Chinastone Bond Instrument are widely adopted in similar transactions as disclosed in the announcements of other listed companies in Hong Kong.

In view of the above, the Directors are of the view that the terms of the Chinastone Subscription Agreement are comparable to market comparables, on normal commercial terms and fair and reasonable.

The initial Conversion Price represents:

- (a) a premium of approximately 11.96% over the average closing price of HK\$0.92 per Share of 5 trading days immediately before 30 December 2014 being the date on which the framework agreement was entered into between the Company and Chinastone;
- (b) a discount of approximately 13.45% to the closing price of HK\$1.19 per Share as quoted on the Stock Exchange on 17 April 2015, being the date of the Chinastone Subscription Agreement;
- (c) a discount of approximately 15.44% to the average closing price of HK\$1.218 per Share as quoted on the Stock Exchange for the last 5 trading days up and including 17 April 2015;
- (d) a discount of approximately 29.45% to the closing price of HK\$1.46 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and

LETTER FROM THE BOARD

- (e) a premium of approximately 147% over the net asset value attributable to the owners of the Company per Share of approximately HK\$0.417 based on the audited consolidated net asset value attributable to the owners of the Company of approximately HK\$1,819,867,000 as at 31 December 2014 and 4,361,266,325 Shares in issue as at 31 December 2014.

The major terms and conditions of the Chinastone Subscription Agreement, including the Conversion Price, interest rate and the redemption price, were determined after arm's length negotiation between the Company and Chinastone with reference to convertible bonds recently offered by the Company to other independent third party investors. The Directors consider that the terms of the Chinastone Subscription Agreement and the transactions contemplated thereunder (including the Chinastone CB Issue, the provision of the Security in favour of Chinastone and the issue of the Conversion Shares) are normal commercial terms, fair and reasonable having considered the then market conditions and in the interests of the Company and the Shareholders as a whole.

Conditions of the Chinastone CB Issue

The Chinastone CB Issue is conditional upon the fulfilment of the following conditions precedent:

- (a) Chinastone having conducted due diligence investigation on the legal position, financial position, operation and assets of the Group and the results are satisfactory to Chinastone;
- (b) the passing of resolutions by the Shareholders at the SGM by way of poll approving the Increase in Authorised Share Capital, the Chinastone Subscription Agreement and the transactions contemplated thereunder (including the issue of the Conversion Shares by the Directors pursuant to the Chinastone Bond Instrument);
- (c) the Listing Committee of the Stock Exchange having granted to the Company the listing of, and 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 which are consistent with market practice);
- (d) the Company and Chinastone having obtained all necessary approval, consent, or authorisation (where applicable) from governmental authorities, internal departments of the Company and Chinastone respectively or other third parties for the entering into of the Chinastone Subscription Agreement and the transactions contemplated thereunder;

LETTER FROM THE BOARD

- (e) the Chinastone Subscription Agreement and the Chinastone Bond Instrument having been executed by the parties thereto and become effective and the Company and Chinastone having executed the pledge agreement in relation to the pledge of all the equity interest in the SPV; and
- (f) Chinastone having approved in writing the clauses of the articles of association of the SPV.

None of the conditions precedent can be waived by any party to the Chinastone Subscription Agreement. It is expected that the parties will need reasonable period of time to fulfil the conditions of the Chinastone CB Issue, in particular, among others, as one of the conditions, the Company and Chinastone shall execute the pledge agreement in relation to the pledge of all the equity interest in the SPV. Time is needed for the Company to obtain all necessary approvals, consents or authorisations from the PRC governmental authorities for the completion and registration of the pledge of equity interest in the SPV. If any of the conditions precedent is not fulfilled by 30 September 2015 (or such other date as parties may agree), the Chinastone Subscription Agreement will be terminated (except that the confidentiality and indemnity clauses therein 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 Chinastone Subscription Agreement.

Completion

Subject to fulfillment of the conditions precedent, the completion of the Chinastone CB Issue will take place on the seventh Business Day after the fulfillment of all the conditions precedent or such other date as the parties to the Chinastone Subscription Agreement may agree. The Company estimates that, subject to the timing of fulfillment of the conditions set out above, the completion of the Chinastone CB Issue will take place within two months after the convening of the SGM.

Specific mandate to issue the Conversion Shares

The Conversion Shares issuable under the terms of the Chinastone Convertible Bonds will be allotted and issued under the Specific Mandate. The SGM will be convened and held for the purpose of considering and, if thought fit, approving, inter alia, the grant of the Specific Mandate.

Listing application

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

LETTER FROM THE BOARD

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

INFORMATION ON CHINASTONE

Chinastone is a company with limited liability established under the laws of the PRC, which is specialised in the investment in the energy sector. Chinastone is equally owned by Ping An Insurance (Group) Company of China, Ltd.* (中國平安保險(集團)股份有限公司), a company with limited liability established under the laws of China, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 2318) and on the Shanghai Stock Exchange (stock code: 601318), and San Shan (HK) Limited, a company incorporated in Hong Kong with limited liability.

FOSUN CB ISSUE

The Fosun Subscription Agreement

Date

20 April 2015

Parties

1. The Company as issuer
2. The Guarantor, a direct wholly-owned subsidiary of the Company, as guarantor of all sums payable under the Fosun Convertible Bonds and the performance of the other obligations of the Company under the Fosun Transaction Documents
3. The Fosun Subscriber, an indirect non-wholly owned subsidiary of Fosun International as initial subscriber

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save as disclosed in the section headed "Information on the Fosun Subscriber and Fosun International" below, the Fosun Subscriber and Fosun International and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

LETTER FROM THE BOARD

Fosun Convertible Bonds

The Company has conditionally agreed to issue the Fosun Convertible Bonds in the principal amount of US\$15 million (equivalent to approximately HK\$116.25 million) at 100% of its principal amount subject to fulfilment of the conditions precedent set out in the paragraph headed “Conditions of the Fosun CB Issue” below.

Holders of the Fosun Convertible Bonds will be entitled to convert the outstanding principal amount of the Fosun Convertible Bonds into Conversion Shares at the Conversion Price based on the fixed exchange rate of US\$1 = HK\$7.75 during the Conversion Period. Assuming exercise in full of the Conversion Rights at the initial Conversion Price of HK\$1.03, an aggregate of 112,864,077 Conversion Shares will be issued, representing approximately 2.38% of the issued share capital of the Company as at the Latest Practicable Date and approximately 2.33% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares upon the full conversion of the Fosun Convertible Bonds (assuming there was no repurchase of Shares or issue of other new Shares and no interest under the Fosun Convertible Bonds was paid by issue of Conversion Shares).

The Fosun Convertible Bonds will constitute direct, unconditional, unsubordinated and, upon the provision of the Security set out in the paragraph headed “Security” under “Principal terms of the Fosun Convertible Bonds” below, secured obligations of the Company and at all times rank *pari passu* and rateably without preference (with the exception of obligations in respect of taxes and certain other statutory exceptions) among themselves. The payment obligations of the Company under the Fosun Convertible Bonds shall at all times rank at least *pari passu* with all of its present and future unsubordinated and unsecured payment obligations. The Guarantor, a direct wholly-owned subsidiary of the Company, has conditionally agreed to guarantee payment of all sums payable in relation to the Fosun Convertible Bonds and the performance of the other obligations of the Company under the Fosun Transaction Documents.

The Conversion Shares allotted and issued on conversion will be fully paid and will rank *pari passu* in all respects with, and within the same class as, the Shares then in issue on the date of allotment and issue of the Conversion Shares, except that the Conversion Shares so allotted will not rank for any dividend or other distribution declared or paid or made by reference to a record date for the payment of a dividend or other distribution with respect to the Shares on or prior to the date of allotment and issue of the Conversion Shares.

The principal terms of the Fosun Convertible Bonds are summarised below.

LETTER FROM THE BOARD

Principal terms of the Fosun Convertible Bonds

Principal amount

US\$15 million (equivalent to approximately HK\$116.25 million)

Issue price

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

Interest

The Fosun 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 and 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 and 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 and 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 Fosun Convertible Bonds will not exceed US\$1,125,000 (equivalent to approximately HK\$8,718,750), the amount of interest for one year. On this basis, assuming Conversion Shares were required to be issued for payment of interest under the Fosun Convertible Bonds and all such Conversion Shares were issued at the initial Conversion Price, a maximum of 8,464,805 Conversion Shares would be issued for payment of interest.

Maturity Date

The third anniversary of the Issue Date

LETTER FROM THE BOARD

Conversion Period

Bondholders are entitled to exercise the Conversion Rights at any time from the day immediately following the Issue Date and ending on the fifth business day prior to the Maturity Date.

Bondholders are entitled to convert the outstanding principal amount of the Fosun Convertible Bonds into Conversion Shares during the Conversion Period, provided that exercise of the Conversion Rights will not result in:

- (a) a change of control (within the meaning of the Hong Kong Code on Takeovers and Mergers) of the Company;
- (b) insufficient public float of the Shares as defined under the Listing Rules; or
- (c) a Bondholder exercising the Conversion Right together with its close associates (as defined under the Listing Rules) becoming the largest Shareholder.

The Company is entitled to, having given not less than five nor more than ten days' notice to the Bondholders, convert the outstanding principal amount of the Fosun Convertible Bonds into Conversion Shares if at any time during the period:

- (a) commencing from the Issue Date up to the day immediately before the first anniversary of the Issue Date (both dates inclusive), the closing price per Share on the Stock Exchange for any 15 consecutive trading days reaches HK\$1.50 per Share (or if there is any adjustment of the Conversion Price, such other price per Share representing a premium of 45.63% over the Conversion Price then in effect from time to time) or above;
- (b) commencing from the first anniversary of the Issue Date up to the day immediately before the second anniversary of the Issue Date (both dates inclusive), the closing price per Share on the Stock Exchange for any 15 consecutive trading days reaches HK\$1.80 per Share (or if there is any adjustment of the Conversion Price, such other price per Share representing a premium of 74.76% over the Conversion Price in effect from time to time) or above; or

LETTER FROM THE BOARD

- (c) commencing from the second anniversary of the Issue Date up to the Maturity Date (both dates inclusive), the closing price per Share on the Stock Exchange for any 15 consecutive trading days reaches HK\$2.20 per Share (or if there is any adjustment of the Conversion Price, such other price per Share representing a premium of 113.59% over the Conversion Price in effect from time to time) or above.

Conversion Price

HK\$1.03

The Conversion Price is subject to adjustments in accordance with the terms and conditions set out in the Fosun Bond Instrument if any of the following specific events occurs:

- (a) where there is an alteration to the nominal amount of a Share by reason of any consolidation, subdivision or reclassification;
- (b) where the Company issues (other than in lieu of a cash dividend) any Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund) including Shares paid up out of distributable profits or reserves and/or share premium account issued;
- (c) issue of Shares by way of a scrip dividend where the market price of such Shares on the date of announcement of the terms of the scrip dividend exceeds the amount of the relevant cash dividend (as defined in the Fosun Bond Instrument) or the relevant part would not have constituted a capital distribution, except that the Company issues Shares pursuant to a scrip dividend scheme where an amount not less than the nominal amount of the Shares and the aggregate market value (as defined in the Fosun Bond Instrument) of such Shares is not more than 110% of the amount of the dividend in cash;
- (d) where the Company makes (whether on a reduction of capital or otherwise except pursuant to any purchase by the Company of its own Shares which is permitted by the rules of the Stock Exchange and in accordance with the provisions of the Company's memorandum of association and bye-laws) any capital distribution (including distributions in cash or specie, and any dividend charged or provided for in the accounts for any financial period) to the Shareholders (in their capacity as such) or grants to the Shareholders rights to acquire for cash assets of the Company or any of its subsidiaries;

LETTER FROM THE BOARD

- (e) where the Company offers to the Shareholders new Shares for conversion by way of rights, or grants to the Shareholders any options or warrants to subscribe for new Shares at a price per Share which is less than 90% of the market price (as defined in the Fosun Bond Instrument) as at the date of the announcement of the terms of the offer or grant;
- (f) where the Company or any other company issues any securities which by their terms are convertible into or exchangeable for or carrying rights of conversion for new Shares, and the total effective consideration (as defined in the Fosun Bond Instrument) per new Share initially receivable for such securities is less than 90% of the market price (as defined in the Fosun Bond Instrument) as at the date of the announcement of the terms of issue of such securities;
- (g) where the rights of conversion or exchange attached to any such securities as are mentioned in sub-paragraph (f) above are modified so that the total effective consideration (as defined in the Fosun Bond Instrument) per new Share initially receivable for such securities shall be less than 90% of the market price (as defined in the Fosun Bond Instrument) as at the date of announcement of the proposal to modify such rights of conversion or exchange;
- (h) where the Company (other than in consideration or in part consideration for acquisition of securities, assets or business as provided in the Fosun Bond Instrument provided that the issue price is not less than 80% of the market price as at the date of the announcement of the terms of the acquisition) issues any Shares at a price per Share which is less than 90% of the market price as at the date of the announcement of the terms of such issue;
- (i) where the Company or any of its subsidiaries makes an offer or invitation to the Shareholders to tender for sale to the Company or any of its subsidiaries any Shares or other securities of such subsidiary or if the Company or any of its subsidiaries purchases any Shares or securities convertible into Shares or other securities of such subsidiary or any rights to acquire Shares or other securities of such subsidiary (excluding any such purchase made on the Stock Exchange or recognised stock exchange) and the Directors or the Bondholders representing more than 50% of the total principal amount of the outstanding Fosun Convertible Bonds consider that it may be appropriate to make an adjustment to the Conversion Price; or

LETTER FROM THE BOARD

- (j) where the Company or any of its subsidiaries or any other company, person or entity issues, sells or distributes any securities in connection with an offer pursuant to which the Shareholders are generally entitled to participate in arrangements whereby such securities may be acquired by them.

Notwithstanding the specific adjustment events set out in the Fosun Bond Instrument, in any circumstances where the Directors or the Bondholders representing more than 50% of the total principal amount of the outstanding Fosun Convertible Bonds shall consider that an adjustment to the Conversion Price provided for under the said provisions should not be made or should be calculated on a different basis or that an adjustment to the Conversion Price should be made notwithstanding that no such adjustment is required under the specific adjustment provisions set out in the Fosun Bond Instrument or that such adjustment shall take effect on a different date or at a different time from that provided under the said provisions, the Company shall appoint an independent and approved merchant bank or (with prior approval of the Bondholders) the auditors of the Company to consider whether the adjustment to be made (or the absence of adjustment) would or might not fairly and appropriately reflect the relative interests of the persons affected thereby and, if such approved merchant bank or the auditors of the Company consider this to be the case, the adjustment shall be modified or nullified, or an adjustment made instead of no adjustment, in such manner and/or take effect on a different date and/or time as shall be certified by such approved merchant bank or the auditors of the Company to be in its opinion appropriate.

The Fosun Bond Instrument provides that the Directors or the Bondholders representing more than 50% of the total principal amount of the outstanding Fosun Convertible Bonds may initiate the process of considering an adjustment to the Conversion Price in the event that the corporate activities referred to in item (i) above occur or in other situations which are not specifically set out in the Fosun Bond Instrument (i.e. a standard “catch-all” provision). This arrangement aims to provide more flexibility to deal with different scenarios which may occur under item (i) and to ensure that the relative interest of the persons affected by such corporate activities referred to in item (i) are fairly treated. The standard “catch-all” provision is to ensure all situations justifying an adjustment to the Conversion Price are provided for. In order to strike a balance between the interest of the Bondholders and the interests of the Company and its Shareholders and to ensure justification of a possible adjustment to the Conversion Price, an independent merchant bank (or the auditors of the Company) will be appointed by the Directors (and approved by the Bondholder) to determine whether there is an actual need for the adjustment and/or the manner in which the adjustment should be made to ensure that the imposition of an adjustment or the absence of the adjustment are fairly and appropriately dealt with. The Directors would only initiate the process of considering an adjustment as a result of the occurrence of a corporate activity which is not covered by the adjustment clauses set out in the Fosun Bond Instrument in order to ensure that the relative interests of the persons which may be affected by such corporate activity are fairly and appropriately treated. In light of the above, neither the Company nor the Bondholders shall be unfairly treated, the Directors are of the view that the arrangement under such provisions is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

The Directors consider that item (j) is a standard normal adjustment clause commonly adopted in similar type of transactions and was determined after arm's length negotiation between the Company and Fosun International. When there is an event which triggers an adjustment to the Conversion Price occurred, an approved merchant bank or the auditor of the Company will be commissioned to review such adjustment and the adjusted Conversion Price and an announcement in relation to the details of such adjustment will be publicly made by the Company. As the above adjustment clause is not an uncommon provision and under it, neither the Company nor the Bondholders shall be unfairly treated, the Directors are of the view that such arrangement is in the interests of the Company and its Shareholders.

Detailed mechanism and formulae for adjustments to the Conversion Price are set out in Appendix II to this circular.

Whenever the Conversion Price is adjusted, the Company will give notice to the Bondholders and will make available for inspection by the Bondholders, among other things, a signed certificate of the auditors of the Company or an independent and reputable merchant bank and a certificate signed by a Director setting out brief particulars of the adjustment to the Conversion Price. The Company will make announcement on any adjustment made to the Conversion Price.

Pursuant to the Fosun Bond Instrument, the Bondholders representing more than 50% of the total principal amount of all the Fosun Convertible Bonds outstanding at the relevant time may also give notice to the Company of any event likely giving rise to an adjustment of the Conversion Price seeking the Company's confirmation to such adjustment of Conversion Price. The Company will make announcements on any adjustment made to the Conversion Price. As the Bondholders who hold more than 50% of the outstanding Fosun Convertible Bonds represent a majority of the Bondholders of the outstanding Fosun Convertible Bonds, the threshold is considered to be a fair and reasonable term by the Company and Fosun International under the Fosun Convertible Bonds.

Assuming conversion of the Fosun Convertible Bonds into Conversion Shares in full at the initial Conversion Price, the net price per Conversion Share to the Company (after deducting the expenses of approximately HK\$0.5 million to be incurred by the Company for the Fosun CB Issue) is HK\$1.026.

Redemption at maturity

The Company will redeem the Fosun Convertible Bonds on or before the 15th business day after the Maturity Date at 120% of the outstanding principal amount together with accrued and unpaid interest. The Fosun Convertible Bonds will be cancelled upon redemption.

LETTER FROM THE BOARD

Transferability

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

Security

Subject to completion of the Fosun CB Issue taking place, the Fosun Convertible Bonds will be secured by the pledge of the following in favour of the Fosun Subscriber or its appointee as agent for and on behalf of all the Bondholders:

- (a) the fixed assets of the in respect of the Target 20MW Solar Power Plant(s);
- (b) all the rights of the Target Company(ies) to receive feed-in tariff payments in respect of the Target 20MW Solar Power Plant(s); and
- (c) all the equity interest in the Target Company(ies) in respect of the Target 20MW Solar Power Plant(s).

The Company undertakes to identify and submit information on the location and aggregate installed capacity (in MW) of the potential Target 20MW Solar Power Plant(s) and related power purchase agreement(s) to the Fosun Subscriber and seek its acceptance of pledge/mortgage of the above assets of the potential Target 20MW Solar Power Plant(s) as the Security. The factors that the Directors will consider in identifying the Target Company(ies), among others: the location and the aggregate installed capacity (in MW) of a target solar power plant; the approved feed-in tariff rate; the availability and validity of the power purchase agreement(s) entered into between the potential Target Company(ies) and the regional subsidiaries of State Grid Corporation of China and the status of on-grid connection. Further announcement(s) will be made in this regard in compliance with the Listing Rules as and when appropriate.

The management has an internal assessment of the market value of the Target 20MW Solar Power Plant(s) with an agreed aggregate installed capacity of 20MW based on its experience and the market information available in the industry. Based on the price of RMB9-9.5 per Watt, the assessed value of the Target 20MW Solar Power Plant(s) with an agreed aggregate installed capacity of 20MW is RMB180,000,000 to RMB190,000,000 (equivalent to approximately HK\$226,800,000 to HK\$239,400,000). However, the final acquisition cost of the Target 20MW Solar Power Plant(s) may deviate from the Group's internal assessment for various reasons.

LETTER FROM THE BOARD

Having considered that the Target 20MW Solar Power Plant(s) to be acquired will be offered as security for the Fosun Convertible Bonds to raise funds for the Group and based on similar proposed security arrangements with other independent third party investors, the Company considers that offering the Security for the Fosun CB Issue is in the interests of the Company and the Shareholders as a whole. Further announcement(s) will be made in this regard in compliance with the Listing Rules as and when appropriate.

As the details in relation to the types and nature of the securities to be pledged under the Fosun CB Issue (save and except for the identities of the Target Compan(ies) and the Target Solar Power Plant(s)) have been fully disclosed in both the announcement of the Company dated 20 April 2015 and this circular, the Directors are of the view that this circular contains sufficient information on the securities to be pledged under the Fosun CB Issue for the Shareholders to make an informed assessment of the transaction.

In the event that the filing of the documents in respect of the Security with the relevant governmental authorities in the PRC (including but not limited to the State Administration of Foreign Exchange) is not completed within six months from the Issue Date, the Bondholder(s) may, if so decided by a special resolution of the Bondholders and by providing written notice to the Company, require the Company to redeem the whole (but not part) of the outstanding principal amount of all the Fosun Convertible Bonds at 100% of the outstanding principal amount together with the accrued and unpaid interest (up to the redemption date).

Event of default

Major events of default under the Fosun Bond Instrument are summarised below:

- (a) failure of the Company to pay the principal or premium (if any) of or any interest on any of the Fosun Convertible Bonds when due, or to deliver the required number of Conversion Shares following conversion of any Fosun Convertible Bond, and such failure continues for a period of three Business Days;
- (b) failure of the Company, the Guarantor or a provider of the Security to perform or comply with any of its other obligations under the Fosun Bond Instrument or Security Documents to which it is a party and such default is not remedied within 30 days after notice requiring the same to be remedied is served on the Company by any Bondholder holding not less than 75% of the outstanding principal amount of the Fosun Convertible Bonds or by any Bondholder pursuant to a special resolution passed by the Bondholders requiring the default to be remedied;

LETTER FROM THE BOARD

- (c) a distress, attachment, execution 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 and would have a material adverse effect on the Company or such Major Subsidiary and is not discharged or stayed within 30 days (or such longer period as the Bondholders may consider to be reasonably appropriate);
- (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; makes any agreement for deferral, rescheduling or other readjustment of all its debts; threatens, proposes or makes a general assignment or an arrangement or composition with or for the benefit of creditors; or an administrator or liquidator in respect of the whole or part of the assets and turnover of the Company or any Major Subsidiary is appointed;
- (e) an order of a court of competent jurisdiction 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 or the directors of the Company or any Major Subsidiary request or the appointment of administrator (or equivalent person) or the Company or any Major Subsidiary ceases or threaten to cease to carry on all or material part of its business or operations, subject to certain exemptions provided in the Fosun Bond Instrument;
- (f) an administrator or other receiver or manager (or equivalent person) is duly appointed of the Company or any Major Subsidiary or the directors of the Company or any Major Subsidiary request any person to appoint such an administrator or other receiver or manager (or equivalent person) over either of them or any of their respective assets or properties;
- (g) the listing of the Company on the Stock Exchange is terminated or the Shares are suspended for trading for a period of more than 10 consecutive trading days in any period of 12 months other than pending clearance by the regulatory authorities in Hong Kong in relation to any acquisition, disposal or formation of joint venture undertaken by the Company;

LETTER FROM THE BOARD

- (h) any other present or future indebtedness of the Company or any of its subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like, or any such indebtedness is not paid when due or within the applicable grace period or the Company or any subsidiary fails to pay when due any amount payable by it under any present or future indebtedness or under any present or future guarantee for, or indemnity in respect of, moneys borrowed, where the aggregate amount of one or more aforementioned events equals or exceeds US\$35,000,000 or its equivalent in other currency;
- (i) any present or future liabilities of the Company or any of its subsidiaries being breached by the Company or any of its subsidiaries by reason of any actual or potential default, an event of default under the Fosun Bond Instrument or the like, where the aggregate amount of the relevant liabilities equals or exceeds US\$35,000,000 or its equivalent in other currency;
- (j) any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Company or any Major Subsidiary; or the Company or any Major Subsidiary is prevented from exercising normal control over all or any substantial part of its property, assets and turnover;
- (k) any action, condition or thing required to be taken, fulfilled or done to enable the Company, the Guarantor or a provider of Security lawfully to enter into, exercise its rights and perform and comply with its obligations under the Fosun Convertible Bonds and any other Fosun Transaction Documents to which it is a party, to ensure that those obligations are legally binding and enforceable and to make the Fosun Convertible Bonds admissible in evidence in the courts of Bermuda or Hong Kong is not taken, fulfilled or done;
- (l) it is or will become unlawful for the Company, the Guarantor or a provider of the Security to perform or comply with any of its material obligations under the Fosun Subscription Agreement, the Fosun Bond Instrument or other Fosun Transaction Documents to which it is a party or for any party to exercise its rights under the aforementioned documents;
- (m) any governmental authority or agency condemns, seizes, compulsorily purchases or expropriates all or a substantial part of the assets of the Company or any Major Subsidiary;

LETTER FROM THE BOARD

- (n) there is a change of control (within the meaning of the Hong Kong Code on Takeovers and Mergers) of the Company;
- (o) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs; or
- (p) a representation or warranty made or deemed to be repeated by the Company and the Guarantor in the Fosun Bond Instrument is incorrect or misleading in any material respect, unless the circumstances giving rise to the misrepresentation or breach of warranty are capable of remedy, and are remedied within 30 days after notification or becoming aware of misrepresentation or breach of warranty by the Company or the Guarantor.

If any of the above events of default occurs and is continuing, the Bondholders, if so decided by a special resolution (as defined the Fosun Bond Instrument), may provide written notice to the Company to require the Company to redeem the whole (but not part) of the outstanding principal amount of the Fosun Convertible Bonds at the redemption price to be determined according to the following formula:

$$A + B + C$$

Where:

“A” refers to 100% of the principal amount of the Fosun Convertible Bonds then outstanding.

“B” refers to all interest accrued thereon and unpaid as at the date of the written notice given by the Bondholders.

“C” refers to a redemption premium the aggregate amount of which will be determined by the following formula:

$$P \times (1+20\%)^{N/365} - P - E$$

where:

P represents the principal amount of the Fosun Convertible Bonds then outstanding;

LETTER FROM THE BOARD

- N represents the number of days from the Issue Date to the date on which the entire redemption price is received by the Bondholders (both dates inclusive) (provided that the number of days of a complete full year shall be 365 days); and
- E represents all interest received by the Bondholders under the Fosun Convertible Bonds and all interest accrued on the Fosun Convertible Bonds and unpaid as at the date of the written notice given by the Bondholders.

Saved as disclosed above and except for the possible early redemption as a result of occurrence of an event of default, the Bondholders have no early redemption rights on Fosun Convertible Bonds.

The Security delivered in favour of Fosun Subscriber shall become immediately enforceable if an event of default occurs and is continuing after the written notice has been given by the Bondholders.

Initial Conversion Price

The initial Conversion Price was determined after arm's length negotiation between the Company and Fosun International with reference to the prevailing market price of the Shares on 7 January 2015, namely the date on which the framework agreement was entered into, similar terms of the convertible bonds being negotiated between the Company and other investors, and also by taking into account the Company's financial position and the capital requirement for the development of the solar power business. The terms of the Fosun Convertible Bond are in line with the market comparables by referring to the similar transactions disclosed by other listed companies during recent months:

- (i) the interest rates of convertible bonds in the market ranged from approximately 6% to 10%, hence, the interest rate of 7.5% is within the market range;
- (ii) the conversion prices of the convertible bonds issued by other listed companies represented a premium ranged from 5.56% to 14.53% over the average closing price per share of 5 trading days up to and including the dates of the relevant subscription agreements, hence, the Conversion Price of HK\$1.03 is within the market range;
- (iii) the redemption prices of convertible bonds in the market were fixed at a range between 112% and 119.405% of the principal amount of the convertible bonds outstanding;

LETTER FROM THE BOARD

- (iv) the offerings of security are common in similar transactions as disclosed by other listed companies, such as a share charge over certain shares of the company was offered to investor as security for the performance of the obligations of the issuer; and
- (v) the adjustment clauses under the Fosun Bond Instrument are widely adopted in similar transactions as disclosed in the announcements of other listed companies in Hong Kong.

In view of the above, the Directors are of the view that the terms of the Fosun Subscription Agreement are comparable to market comparables, on normal commercial terms and fair and reasonable.

The initial Conversion Price represents:

- (a) a premium of approximately 5.97% over the average closing price of HK\$0.972 per Share of 5 trading days immediately before 7 January 2015 being the date on which the framework agreement was entered into between the Company and a subsidiary of Fosun International;
- (b) a discount of approximately 4.63% to the closing price of HK\$1.08 per Share as quoted on the Stock Exchange on 20 April 2015, being the date of the Fosun Subscription Agreement;
- (c) a discount of approximately 12.86% to the average closing price of HK\$1.182 per Share as quoted on the Stock Exchange for the last 5 trading days up and including 20 April 2015;
- (d) a discount of approximately 29.45% to the closing price of HK\$1.46 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (e) a premium of approximately 147% over the net asset value attributable to the owners of the Company per Share of approximately HK\$0.417 based on the audited consolidated net asset value attributable to the owners of the Company of approximately HK\$1,819,867,000 as at 31 December 2014 and 4,361,266,325 Shares in issue as at 31 December 2014.

LETTER FROM THE BOARD

The major terms and conditions of the Fosun Subscription Agreement, including the Conversion Price, interest rate and the redemption price, were determined after arm's length negotiation between the Company and Fosun International with reference to convertible bonds recently offered by the Company to other independent third party investors. The Directors consider that the terms of the Fosun Subscription Agreement and the transactions contemplated thereunder (including the Fosun CB Issue, the provision of Security in favour of Fosun Subscriber and the issue of the Conversion Shares) are on normal commercial terms, fair and reasonable having considered the then market conditions and in the interests of the Company and the Shareholders as a whole.

Conditions of the Fosun CB Issue

The Fosun CB Issue is conditional upon the fulfilment of the following conditions precedent:

- (a) the Fosun Subscriber having conducted due diligence investigation on the legal position, finance position, operation and assets of the Group and the results are satisfactory to the Fosun Subscriber;
- (b) the Listing Committee of the Stock Exchange having granted to the Company the listing of, and 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 which are consistent with the market practice);
- (c) the Company, the Guarantor and the Fosun Subscriber having obtained all necessary approval, consent, or authorisation (where applicable) from governmental authorities, internal departments of the Company, the Guarantor and the Fosun Subscriber respectively or other third parties for the entering into of the Fosun Subscription Agreement and the transactions contemplated thereunder;
- (d) all warranties made by the Company and the Guarantor in the Fosun Subscription Agreement remaining true, accurate, complete and not misleading;
- (e) the Fosun Subscription Agreement, the Fosun Bond Instrument (including certificate(s) of the Fosun Convertible Bonds) and all other Fosun Transaction Documents having been entered into and delivered and all parties (except the Fosun Subscriber) having complied with all agreements, discharged all obligations and satisfied all conditions (as the case may be) required to be complied with, discharged or satisfied on or before the completion date of the Fosun CB Issue pursuant to the Fosun Transaction Documents, including the grant of the Special Mandate to issue the Conversion Shares by the Shareholders;

LETTER FROM THE BOARD

- (f) no material adverse effect (as defined in the Fosun Subscription Agreement) having occurred; and
- (g) Company and the Guarantor having issued a letter dated the completion date of the Fosun CB Issue and signed by their authorised signatories confirming that above conditions precedent (d) to (f) above have been satisfied.

The Fosun Subscriber may at its discretion and upon such terms as it thinks fit, waive the above conditions precedent. If any of the conditions precedent is neither satisfied nor waived by the Fosun Subscriber by 30 June 2015 (or such later date as parties to the Fosun Subscription Agreement may agree), the Fosun Subscription Agreement will terminate (except that the confidentiality and indemnity clauses therein will continue to be in full force) without prejudice to the rights and remedies available to a party in respect of any breach(es) prior to termination of the Fosun Subscription Agreement.

Termination

The Fosun Subscriber may, by giving notice to the Company at any time prior to payment of the subscription money for the Fosun Convertible Bonds, terminate the Fosun Subscription Agreement under the following circumstances:–

- (a) (i) if, in the opinion of the Fosun Subscriber, since the date of the Fosun Subscription Agreement, there shall have been such a change (whether or not foreseeable at the date of the Fosun Subscription Agreement) in national or international financial, political or economic conditions or currency exchange rates or exchange controls as would be in their view be likely to prejudice materially the success of the offering and distribution of Fosun Convertible Bonds value of or dealings in the Fosun Convertible Bonds; or (ii) if there occurs any disruption to trading in any securities of the Company (for reasons other than the announcement of the Fosun Convertible Bonds) or trading generally on any stock exchange for more than consecutive 10 trading days;
- (b) there shall have occurred a general moratorium on, or disruption in, commercial banking activities in the United States or the New York State, the United Kingdom, the European Union, Hong Kong or Singapore declared by U.S. federal or New York State authorities, or the relevant authorities of the United Kingdom, the European Union, Hong Kong or Singapore; or

LETTER FROM THE BOARD

- (c) there shall have occurred any outbreak or escalation of hostilities, declaration by the United States, the United Kingdom, the European Union, Hong Kong or Singapore of a national emergency or war or other calamity or crisis, the effect of which on financial market is such as to make it, in the sole judgment of the Subscriber, impractical or inadvisable to proceed with the issue or delivery of the Fosun Convertible Bonds.

Completion

Subject to fulfillment of the conditions precedent, the completion of the Fosun CB Issue will take place on the tenth Business Day after the fulfillment of all the conditions precedent or such other date as the parties to the Fosun Subscription Agreement may agree.

Specific mandate to issue the Conversion Shares

The Conversion Shares issuable under the terms of the Fosun Convertible Bonds will be allotted and issued under the Specific Mandate. The SGM will be convened and held for the purpose of considering and, if thought fit, approving, inter alia, the grant of the Specific Mandate.

Listing application

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

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

INFORMATION ON THE FOSUN SUBSCRIBER AND FOSUN INTERNATIONAL

The Fosun Subscriber is a company with limited liability incorporated in Hong Kong, principally engaged in reinsurance business. The Fosun Subscriber is an indirect non wholly-owned subsidiary of Fosun International, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 00656) and the principal businesses of which include integrated finance (insurance, investment, asset management and banking and other financial business) and industrial operations (health, happy lifestyle, steel, property development and sales and resources).

As at the Latest Practicable Date, Fosun International, through the Fosun Subscriber, beneficially owns 70,924,000 Shares, representing approximately 1.50% of the issued share capital of the Company, and, through another subsidiary, holds certain convertible bonds due 2016 in the principal amount of US\$35 million convertible into 169,531,250 Shares upon conversion.

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURE

The shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after the allotment and issue of Conversion Shares upon full conversion of the Chinastone Convertible Bonds at its initial conversion price; (iii) immediately after the allotment and issue of Conversion Shares upon full conversion of the Fosun Convertible Bonds at its initial conversion price; (iv) immediately after the allotment and issue of Shares upon full conversion of all the Outstanding Convertible Securities and the Chinastone Convertible Bonds and Fosun Convertible Bonds at their respective initial conversion prices (assuming that there is no other change in the issued share capital of the Company from the Latest Practicable Date and up to completion date of the latter of the Chinastone Convertible Bonds and Fosun Convertible Bonds) are set out below:

	(i)		(ii)		(iii)		(iv)	
	As at the Latest Practicable Date		Immediately after the allotment and issue of Conversion Shares upon full conversion of the Chinastone Convertible Bonds at its initial conversion price		Immediately after the allotment and issue of Conversion Shares upon full conversion of the Fosun Convertible Bonds at its initial conversion price		Immediately after the allotment and issue of Shares upon full conversion of all the Outstanding Convertible Securities and the Chinastone Convertible Bonds and Fosun Convertible Bonds at their respective initial conversion prices	
	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %
China Merchants New Energy Group Limited and parties acting in concert with it								
China Merchants New Energy Group Limited (Note 1)	567,538,250	11.97	567,538,250	9.52	567,538,250	11.69	1,007,574,250	11.47
Snow Hill Developments Limited (Note 2)	103,111,436	2.17	103,111,436	1.73	103,111,436	2.12	103,111,436	1.17
Magicgrand Group Limited (Note 3)	141,230,827	2.98	141,230,827	2.37	141,230,827	2.91	141,230,827	1.61
Pairing Venture Limited (Note 4)	18,173,487	0.38	18,173,487	0.30	18,173,487	0.37	18,173,487	0.21
Renewable Energy Trade Board Corporation (Note 5)	253,977,621	5.36	253,977,621	4.26	253,977,621	5.23	333,925,621	3.80
Sino Arena Investments Limited	58,061,516	1.22	58,061,516	0.98	58,061,516	1.20	98,081,516	1.12
Sub-total:	1,142,093,137	24.09	1,142,093,137	19.15	1,142,093,137	23.53	1,702,097,137	19.38
Other associates of China Merchants Group Limited								
China Merchants Fund Management Limited (Note 6)	–	–	–	–	–	–	509,517,668	5.80
Shenzhen China Merchants Yinke Investment Management Limited (Note 7)	–	–	–	–	–	–	555,854,810	6.33
Sub-total:	–	–	–	–	–	–	1,065,372,478	12.13
Chinastone	–	–	1,223,300,970	20.51	–	–	1,223,300,970	13.93
Subsidiaries of Fosun International								
Financial Vantage Limited	–	–	–	–	–	–	169,531,250	1.93
Fosun Subscriber	70,924,000	1.50	70,924,000	1.19	183,788,077	3.79	183,788,077	2.09
Sub-total:	70,924,000	1.50	70,924,000	1.19	183,788,077	3.79	353,319,327	4.02
Other Shareholders	3,528,249,188	74.41	3,528,249,188	59.15	3,528,249,188	72.68	4,438,027,524	50.53
Total:	4,741,266,325	100	5,964,567,295	100	4,854,130,402	100	8,782,117,436	100

LETTER FROM THE BOARD

Notes:

1. China Merchants New Energy Group Limited (“**CMNEG**”) is indirectly owned as to 79.36% by China Merchants Group Limited (“**China Merchants**”) and directly owned as to 20.64% by Magicgrand Group Limited (“**Magicgrand**”). China Merchants is under the direct supervision of the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會).
2. Snow Hill Developments Limited (“**Snow Hill**”) is indirectly and wholly owned by China Merchants.
3. Magicgrand is directly and indirectly wholly owned by Mr. Li, Alan, an executive Director and chief executive officer of the Company.
4. Pairing Venture Limited (“**Pairing**”) is directly and wholly owned by Mr. Li, Alan, an executive Director and chief executive officer of the Company.
5. Renewable Energy Trade Board Corporation (“**EBOD**”) is owned as to 11.59% by Magicgrand, as to 8.13% by Snow Hill and as to 80.28% by other third parties. The number of Shares held by EBOD as disclosed in the table includes Shares owned by two wholly owned subsidiaries of EBOD.
6. China Merchant Fund Management Limited* (招商基金管理有限公司) is an indirect non wholly-owned subsidiary of China Merchants.
7. Shenzhen China Merchants Yinke Investment Management Limited* (深圳市招商局銀科投資管理有限公司) is an indirect non wholly-owned subsidiary of China Merchants.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Date of announcement	Transaction	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the Latest Practicable Date
18 December 2014	issue of 380,000,000 Shares	approximately HK\$379 million	general working capital of the Group	approximately 80% of the proceeds have been used as working capital for the existing solar power business of the Group; approximately 5% of the proceeds have been used in connection with the general operation of the Company; and the remaining 15% are kept by the Group and will be used as intended

LETTER FROM THE BOARD

Date of announcement	Transaction	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the Latest Practicable Date
23 January 2015	issue of convertible bonds in the principal amount of HK\$524,803,198.8	approximately HK\$522.8 million	general working capital and capital expenditure and the acquisition of the solar power plants with an aggregate installed capacity of 80MW	approximately 0.5% of the proceeds have been used to acquire new solar power plants in the PRC, the remaining 99.5% of the proceeds are kept by the Group and will be used as intended
4 March 2015	issue of convertible bonds in the principal amount of US\$30,000,000 (equivalent to approximately HK\$232,500,000)	approximately HK\$232 million	general working capital for the development, construction, maintenance and operation of solar power plant(s)	to be used as intended

Save as disclosed above and the proposed Chinastone CB Issue and Fosun CB Issue, the Company has not conducted any other equity fund raising exercise in the past twelve months before the Latest Practicable Date.

INFORMATION ON THE COMPANY

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

REASONS FOR THE CHINASTONE CB ISSUE AND FOSUN CB ISSUE AND USE OF PROCEEDS

It is the Group's strategy to identify suitable investment opportunities to acquire solar power plants with good prospects and potential for stable returns. The Company issues the Chinastone Convertible Bonds and Fosun Convertible Bonds to raise funds for the development, construction, maintenance and operation of the Target 300MW Solar Power Plant(s) and the Target 20MW Solar Power Plant(s).

It is expected that, after deduction of the estimated expenses of approximately HK\$1 million, net proceeds of approximately HK\$1.259 billion will be raised through the Chinastone CB Issue, which will be used to finance, through the SPV, the acquisition of the potential Target Company(ies) owning the Target 300MW Solar Power Plant(s).

LETTER FROM THE BOARD

It is expected that, after deduction of the estimated expenses of approximately HK\$0.5 million, net proceeds of approximately HK\$115.75 million will be raised through the Fosun CB Issue, which will be used to finance the acquisition of the potential Target Company(ies) owning the Target 20MW Solar Power Plant(s).

With respect to further acquisition plans on solar power assets, the Company is in discussions, and for certain potential projects, has entered into non-binding framework agreements with its business partners in relation to the potential acquisition(s) of solar power plants owned or to be developed by its business partners with good prospects and potential for high investment returns. On 11 May 2015, a wholly-owned subsidiary of the Company entered into an acquisition agreement with Zhongneng Guodian Photovoltaic Green Ecological Cooperation and Development Jiangsu Company Limited, pursuant to which the Group has conditionally agreed to acquire the entire equity interest in the target company owning certain solar power plants with an aggregate installed capacity of 210MW in the PRC in stages at the aggregate consideration of RMB1.90 billion (equivalent to approximately HK\$2.4 billion). On 13 May 2015, the Company and Hareon Solar Technology Company Limited (“**Hareon**”) entered into a cooperation agreement, pursuant to which, the Group proposed to acquire from Hareon or its affiliates the entire equity interest of certain target companies which own certain on-grid solar power plant projects with an aggregate installed capacity of 930MW in the PRC at the estimated total consideration of approximately RMB8.8 billion (equivalent to approximately HK\$11.09 billion). Please refer to the announcements of the Company dated 11 May 2015 and 13 May 2015 for further details. Further announcement(s) in relation to the future acquisitions will be made in compliance with the Listing Rules as and when appropriate.

With respect to further fund raising exercises, on 5 May 2015, 7 May 2015, 14 May 2015, 18 May 2015 and 19 May 2015, the Company entered into six non-legal binding term sheets with six potential investors for the proposed issue of convertible bonds, which, if issued, have an approximate principal amount of US\$500 million in aggregate. Subject to entering into of the relevant definitive agreement(s), it is the Company’s current intention to use the proceeds from the proposed issue of additional convertible bonds to finance, among others, the proposed acquisitions of the solar power plants as contemplated under the acquisition agreement dated 11 May 2015 and the cooperation agreement dated 13 May 2015 as mentioned above. Please refer to the announcements of the Company made on the respective dates for further details. Further announcement(s) in relation to the further development of the aforementioned proposed issue of convertible bonds and future fund raising exercises will be made in compliance with the Listing Rules as and when appropriate.

LETTER FROM THE BOARD

Regarding other forms of equity financing, the Directors are of the view that (i) the existing net current liabilities position of the Group might cause challenges for the Group to procure any underwriter(s) and to attract the Shareholders and potential investors to participate in rights issue and open offer exercises with favourable terms to the Group; (ii) it would be difficult for the Group in attracting independent Shareholders in the placement of new Shares without offering a significant discount on the placing price to the trading Share price; and (iii) undertaking rights issue and open offer would usually incur higher costs, which include underwriting commissions, documentation preparation costs and professional fees, and those methods would normally take longer for completion than the Chinastone CB Issue and Fosun CB Issue. As such, the Directors consider that the Chinastone CB Issue and Fosun CB Issue would be the simplest, the most cost effective and efficient and hence the most appropriate financing option available to the Group.

In view of the above, the Directors (including independent non-executive Directors) consider that the Chinastone CB Issue, the Fosun CB Issue and transactions contemplated thereunder are on normal commercial terms determined after arm's length negotiation between the parties, fair and reasonable and in the interests of the Company and the Shareholders as whole.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The current authorised share capital of the Company is HK\$1,000,000,000 divided into 10,000,000,000 Shares.

As at the Latest Practicable Date, 4,741,266,325 Shares were in issue and there were outstanding options carrying rights to subscribe for an aggregate of 64,500,000 Shares and outstanding convertible notes carrying rights to subscribe for an aggregate of 2,310,059,409 Shares, assuming no Shares will be issued for payment of interest under the convertible notes at the initial conversion price. In order to provide the Company with flexibility for future investment opportunities, the Board proposes to increase the authorised share capital of the Company to HK\$2,000,000,000 by the creation of an additional 10,000,000,000 Shares, which shall rank pari passu with each other in all respects.

Immediately after completion of the Increase of Authorised Share Capital and assuming no new Shares are issued or no Shares are repurchased from the Latest Practicable Date up to the SGM, the authorised share capital of the Company will be HK\$2,000,000,000 divided into 20,000,000,000 Shares, with 4,741,266,325 Shares in issue and 15,258,733,675 Shares remaining unissued.

The proposed Increase of Authorised Share Capital is subject to the approval of the Shareholders by way of an ordinary resolution at the SGM.

LETTER FROM THE BOARD

SGM

A notice convening the SGM to be held at Unit 1407, 14/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong on Friday, 12 June 2015, at 3:00 p.m. is set out on pages 71 to 75 of this circular for the purpose of considering and, if thought fit, passing the ordinary resolutions in relation to the Chinastone Subscription Agreement and the Chinastone CB Issue as contemplated thereunder, the Fosun Subscription Agreement and the Fosun CB Issue as contemplated thereunder, their respective Specific Mandates and the Increase in Authorised Share Capital and the transactions contemplated thereunder.

Any Shareholder with a material interest in the Chinastone CB Issue and his associates will abstain from voting on resolution approving the Chinastone Subscription Agreement, the Chinastone CB Issue, the relevant Specific Mandate and the transactions contemplated thereunder. As at the Latest Practicable Date, to the best knowledge of the Directors having made reasonable enquiries, no Shareholders are required to abstain from voting. All Shareholders will be entitled to vote on the resolution approving the Chinastone Subscription Agreement, the Chinastone CB Issue, the relevant Specific Mandate and the Increase in Authorised Share Capital at the SGM.

Any Shareholder with a material interest in the Fosun CB Issue and his associates will abstain from voting on resolution approving the Fosun Subscription Agreement, the Fosun CB Issue, the relevant Specific Mandate and the transactions contemplated thereunder. As at the Latest Practicable Date, to the best knowledge of the Directors having made reasonable enquiries, Fosun Subscriber is interested in 70,924,000 Shares and is required to abstain from voting. All other Shareholders will be entitled to vote on the resolution approving the Fosun Subscription Agreement, the Fosun CB Issue and the relevant Specific Mandate at the SGM.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same as soon as possible to the Company's branch share registrar in Hong Kong, Union Registrars Limited at A18/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong and in any event not less than 48 hours before the time scheduled for the holding of the SGM or any adjournments thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournments thereof should you so desire.

LETTER FROM THE BOARD

RECOMMENDATIONS

The Board (including the independent non-executive Directors) considers that the terms of the ordinary resolutions for approval of the Chinastone Subscription Agreement and the Chinastone CB Issue as contemplated thereunder, the Fosun Subscription Agreement and the Fosun CB Issue as contemplated thereunder, their respective Specific Mandates and the Increase in Authorised Share Capital to be proposed at the SGM are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of such ordinary resolutions at the SGM.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

Shareholders and potential investors of the Company should note that each of the Chinastone Subscription Agreement and the Fosun Subscription Agreement is subject to conditions and may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

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

Hong Kong, 27 May 2015

* *For identification purpose only*

APPENDIX I ADJUSTMENT EVENTS AND FORMULAE OF THE CONVERSION PRICE OF CHINASTONE CONVERTIBLE BONDS

Subject to the terms and conditions of the Chinastone Bond Instrument, the Conversion Price shall from time to time be adjusted in accordance with the following provisions (but shall however not be adjusted below the nominal value of Shares) and so that if the event giving rise to any such adjustment shall be such as would be capable of falling within more than one of paragraphs (1) to (7) below it shall fall within the first of the applicable paragraphs to the exclusion of the remaining paragraphs:

- (1) If and whenever there shall be an alteration to the nominal amount of a Share by reason of any consolidation or subdivision, the Conversion Price in force immediately prior thereto shall be adjusted by multiplying it by the following fraction:

$$\frac{A}{B}$$

where:

A = the nominal amount of one Share immediately after such alteration; and

B = the nominal amount of one Share immediately before such alteration.

Each such adjustment shall be effective from the close of business on the Business Day immediately preceding the date on which the relevant consolidation or subdivision (as the case may be) becomes effective, PROVIDED THAT, where the Conversion Date shall fall on or before the said Business Day but the Company shall not by the close of business on the said Business Day have allotted the relative Shares in accordance with its obligations hereunder, such adjustment shall, for the purpose of determining the number of Shares to be allotted to the Bondholder in accordance with the Conversion Right, be deemed to have become effective before the Conversion Date.

**APPENDIX I ADJUSTMENT EVENTS AND FORMULAE OF THE CONVERSION
PRICE OF CHINASTONE CONVERTIBLE BONDS**

- (2) If and whenever the Company shall issue (other than in lieu of a cash dividend) any Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund), the Conversion Price in force immediately prior to such issue shall be adjusted by multiplying it by the following fraction:

$$\frac{C}{C + D}$$

where:

C = the aggregate nominal amount of the Shares in issue immediately before such issue; and

D = the aggregate nominal amount of the Shares issued in connection with and as a result of such capitalisation,

PROVIDED THAT if the relevant issue of Shares is made as part of an arrangement involving a reduction of capital, the Conversion Price shall be adjusted in such manner as an approved merchant bank or the auditors of the Company shall certify to be appropriate, having regard to the relative interests of the persons affected thereby.

Each such adjustment shall be effective (if appropriate retroactively) from the day next following the record date for such issue.

- (3) If and whenever the Company shall make (whether on a reduction of capital or otherwise except pursuant to any purchase by the Company of its own shares which is permitted by law and by the rules of the Stock Exchange and in accordance with the provisions of the Company's memorandum of association and bye-laws) any capital distribution to holders of Shares (in their capacity as such) or shall grant to such holders rights to acquire for cash assets of the Company or any of its subsidiaries, the Conversion Price in force immediately prior to such capital distribution or grant shall be adjusted by multiplying it by the following fraction:

$$\frac{E - F}{E}$$

**APPENDIX I ADJUSTMENT EVENTS AND FORMULAE OF THE CONVERSION
PRICE OF CHINASTONE CONVERTIBLE BONDS**

where:

E = the closing price per Share on the Stock Exchange on the dealing day immediately preceding the date on which the capital distribution or, as the case may be, the grant is publicly announced (whether or not such capital distribution or grant is subject to the approval of the holders of Shares or other persons) or (if there is no such announcement) immediately preceding the date on which the Share is traded ex such capital distribution or, as the case may be, the grant (or, where there is no closing price on such dealing day, the closing price on the dealing day on which there was a closing price immediately preceding the relevant date); and

F = the amount calculated by dividing the fair market value on the day of such announcement or (as the case may require) the day immediately preceding the date on which the Share is traded ex such capital distribution or, as the case may be, the grant, as determined in good faith by an approved merchant bank or the auditors of the Company, of such capital distribution or of such rights by the number of Shares participating in such capital distribution or, as the case may be, in the grant of such rights,

PROVIDED THAT:

- (a) if in the opinion of the relevant approved merchant bank or the auditors of the Company, the use of the fair market value as aforesaid produces a result which, having regard to the relative interests of the persons affected thereof, is significantly inequitable, it may instead determine and in such event the above formula shall be construed as if F meant the portion of the said closing price which should, in its opinion, properly be attributed to the value of the relevant capital distribution or rights; and
- (b) the provisions of this paragraph (3) shall not apply in relation to the issue of Shares paid out of profits or reserves and issued in lieu of a cash dividend.

Each such adjustment shall be effective (if appropriate retroactively) from the day next following the record date for the relevant capital distribution or grant.

**APPENDIX I ADJUSTMENT EVENTS AND FORMULAE OF THE CONVERSION
PRICE OF CHINASTONE CONVERTIBLE BONDS**

- (4) If and whenever the Company shall offer to holders of Shares new Shares for conversion by way of rights, or shall grant to holders of Shares any options or warrants to subscribe for new Shares, at a price per new Share which is less than 90% of the market price as at the date of the announcement of the terms of the offer or grant (whether or not such offer or grant is subject to the approval of the holders of Shares or other persons), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the date of the announcement of such offer or grant by the following fraction:

$$\frac{G + H}{G + I}$$

where:

G = the number of Shares in issue immediately before the date of such announcement;

H = the number of Shares which the aggregate of the two following amounts would purchase at such market price:

- (a) the total amount (if any) payable for the rights, options or warrants being offered or granted; and
- (b) the total amount payable for all of the new Shares being offered for conversion or comprised in the options or warrants being granted; and

I = the aggregate number of Shares being offered for conversion or comprised in the options or warrants being granted.

PROVIDED THAT the provisions of this paragraph (4) shall not apply to any option or warrant granted, issued or existing prior to the date of the Chinastone Bond Instrument, or to any share option scheme(s), or to any issue of Shares pursuant to the terms of any of such options or warrants.

Such adjustment shall become effective (if appropriate retroactively) from the day next following the record date for the relevant offer or grant.

**APPENDIX I ADJUSTMENT EVENTS AND FORMULAE OF THE CONVERSION
PRICE OF CHINASTONE CONVERTIBLE BONDS**

- (5) (a) If and whenever the Company or any other company shall issue wholly for cash any securities which by their terms are convertible into or exchangeable for or carrying rights of conversion for new Shares, and the total Effective Consideration (as defined below) per new Share initially receivable for such securities is less than 90% of the market price as at the date of the announcement of the terms of issue of such securities (whether or not such issue is subject to the approval of the holders of Shares or other persons), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue by the following fraction:

$$\frac{J + K}{J + L}$$

where:

J = the number of Shares in issue immediately before the date of the issue of such securities;

K = the number of Shares which the total Effective Consideration receivable for such securities would purchase at such market price; and

L = the maximum number of new Shares to be issued upon full conversion or exchange of, or the exercise in full of the conversion rights conferred by, such securities at their relative initial conversion or exchange rate or conversion price.

PROVIDED THAT the provisions of this sub-paragraph (a) shall not apply to any securities issued or existing prior to the date of the Chinastone Bond Instrument, or to any issue of Shares pursuant to the terms of any of such securities.

Such adjustment shall become effective (if appropriate retrospectively) from the close of business on the Business Day immediately preceding the date on which the issuer of the relevant securities determines the conversion or exchange rate or conversion price in respect of such securities or, to the extent that the relevant issue is announced (whether or not subject to the approval of holders of Shares or other persons) and the date of such announcement is earlier than the said date, the Business Day immediately preceding the date of such announcement.

**APPENDIX I ADJUSTMENT EVENTS AND FORMULAE OF THE CONVERSION
PRICE OF CHINASTONE CONVERTIBLE BONDS**

- (b) If and whenever the rights of conversion or exchange or conversion attached to any such securities as are mentioned in sub-paragraph (a) above of this paragraph (5) are modified so that the total Effective Consideration per new Share initially receivable for such securities shall be less than 90% of the market price at the date of announcement of the proposal to modify such rights of conversion or exchange or conversion, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such modification by following fraction:

$$\frac{M + N}{M + O}$$

where:

M = the number of Shares in issue immediately before the date of such modification;

N = the number of Shares which the total Effective Consideration receivable for such securities at the modified conversion or exchange rate or conversion price would purchase at such market price; and

O = the maximum number of new Shares to be issued upon full conversion or exchange of, or the exercise in full of the conversion rights conferred by, such securities at their relative modified conversion or exchange rate or conversion price.

Such adjustment shall become effective as at the date upon which such modification shall take effect. A right of conversion or exchange or conversion shall not be treated as modified for the foregoing purposes where it is adjusted to take account of rights or capitalisation issues and other events normally giving rise to adjustments of conversion, exchange or conversion terms.

**APPENDIX I ADJUSTMENT EVENTS AND FORMULAE OF THE CONVERSION
PRICE OF CHINASTONE CONVERTIBLE BONDS**

- (c) For the purposes of this paragraph (5):
- (i) the “total Effective Consideration” receivable for the relevant securities shall be deemed to be the aggregate consideration receivable by the issuer of such securities for the issue thereof plus the additional minimum consideration (if any) to be received by such issuer and/or the Company (if not the issuer) upon (and assuming) the full conversion or exchange thereof or the exercise in full of the conversion rights attaching thereto; and
 - (ii) the total Effective Consideration per new Share initially receivable for such securities shall be such aggregate consideration divided by the maximum number of new Shares to be issued upon (and assuming) the full conversion or exchange thereof at the initial conversion or exchange rate or the exercise in full of the conversion rights attaching thereto at the initial conversion price, in each case without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof.
- (6) If and whenever the Company shall issue wholly for cash any Shares at a price per Share which is less than 90% of the market price as at the date of the announcement of the terms of such issue, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the date of such announcement by the following fraction:

$$\frac{P + Q}{P + R}$$

where:

P = the number of Shares in issue immediately before the date of such announcement;

Q = the number of Shares which the aggregate amount payable for such issue would purchase at such market price; and

R = the number of Shares allotted pursuant to such issue.

Such adjustment shall become effective on the date of the issue.

**APPENDIX I ADJUSTMENT EVENTS AND FORMULAE OF THE CONVERSION
PRICE OF CHINASTONE CONVERTIBLE BONDS**

- (7) If and whenever the Company shall be permitted by law and, by the rules of the Stock Exchange and in accordance with the provisions of its memorandum of association and bye-laws to purchase and shall make an offer or invitation to holders of Shares to tender for sale to the Company any Shares or if the Company shall purchase any Shares or securities convertible into Shares or any rights to acquire Shares (excluding any such purchase made on the Stock Exchange, or any recognised stock exchange, being a stock exchange recognised for this purpose by the Securities and Futures Commission or equivalent authority and the Stock Exchange) and the Directors and the Bondholders jointly consider and agree that it may be appropriate to make an adjustment to the Conversion Price, at that time the Directors shall appoint an approved merchant bank which is approved by the Bondholders or (with prior approval of the Bondholders) the auditors of the Company to consider whether, for any reason whatever as a result of such purchases, an adjustment should be made to the Conversion Price fairly and appropriately to reflect the relative interests of the persons affected by such purchases by the Company and, if such approved merchant bank or the auditors of the Company shall consider in its opinion that it is appropriate to make an adjustment to the Conversion Price, an adjustment to the Conversion Price shall be made in such manner as such approved merchant bank or the auditors of the Company shall certify to be, in its opinion, appropriate. Such adjustment shall become effective (if appropriate retroactively) from the close of business in Hong Kong on the Business Day next preceding the date on which such purchase by the Company are made.

The provisions of paragraphs (2), (3), (4), (5) and (6) above shall not apply to:

- (i) an issue of fully-paid Shares upon the exercise of any conversion rights attached to securities convertible into Shares or upon the exercise of any rights (including the exercise of the Conversion Right) to acquire Shares (including for the avoidance of doubt the share options presently in issue by the Company);
- (ii) an issue by the Company of Shares or by the Company or any Subsidiary of securities wholly or partly convertible into or carrying rights to acquire Shares, in any such case in consideration or in part consideration for the acquisition of any other securities, assets or business;
- (iii) an issue of fully-paid Shares by way of capitalisation of all or part of any reserve which has been or may be established pursuant to the terms of any other securities wholly or partly convertible into, or carrying rights to acquire, Shares;

APPENDIX I ADJUSTMENT EVENTS AND FORMULAE OF THE CONVERSION PRICE OF CHINASTONE CONVERTIBLE BONDS

- (iv) an issue of Shares pursuant to a scrip dividend scheme where an amount not less than the nominal amount of the Shares so issued is capitalised and the market value of such Shares in aggregate is not more than 110% of the amount of dividend which holders of Shares could elect to or would otherwise receive in cash, for which purpose the “market value” of a Share shall mean the average of the closing prices on the Stock Exchange for the five (5) consecutive trading days on each of which there is a closing price ending on the last such trading day immediately preceding the day on or as of which holders of Shares may, pursuant to such scrip dividend scheme, elect to receive or (as the case may be) not to receive the relevant dividend in cash; or
- (v) an issue by the Company of Shares or by the Company or any Subsidiary of securities convertible into or exchangeable for or carrying rights of conversion for Shares pursuant to any share option scheme(s).

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

“announcement”	includes the release of an announcement to the press or the delivery or transmission by telephone, facsimile transmission or otherwise of an announcement to the Stock Exchange
“approved merchant bank”	an independent reputable merchant bank or other reputable financial institution in Hong Kong jointly selected by Chinastone or its appointee and the Directors
“Business Day”	a day on which banks in Hong Kong are open for general banking business, other than (i) a Saturday or a Sunday; or (ii) a day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.
“capital distribution”	(without prejudice to the generality of that phrase) include distributions in cash or specie, and any dividend charged or provided for in the accounts for any financial period shall (whenever paid and however described) be deemed to be a capital distribution

**APPENDIX I ADJUSTMENT EVENTS AND FORMULAE OF THE CONVERSION
PRICE OF CHINASTONE CONVERTIBLE BONDS**

“Conversion Date”	the date a Bondholder delivers the duly completed Conversion Notice together with other relevant documents to the Company’s principal place of business in Hong Kong
“Conversion Notice”	the notice of conversion for use in conversion of the Convertible Bonds which is endorsed on the Certificate in respect of such Convertible Bonds
“date of announcement”	the date on which the announcement is first so released, delivered or transmitted and “announce” shall be construed accordingly
“issue”	includes allot
“market price”	the average of the closing prices of one Share on the Stock Exchange for the five (5) consecutive dealing days on each of which there is a closing price ending on the last such dealing day immediately preceding the day on or as of which the market price is to be ascertained
“reserves”	includes unappropriated profits
“rights”	includes rights in whatsoever form issued
“Shares”	includes, for the purposes of Shares comprised in any issue, distribution, offer or grant pursuant to paragraphs (2), (3), (4), (5) or (6) above any such shares of the Company as, when fully paid, will be Shares

APPENDIX II ADJUSTMENT EVENTS AND FORMULAE OF THE CONVERSION PRICE OF FOSUN CONVERTIBLE BONDS

Subject to the terms and conditions of the Fosun Bond Instrument, the Conversion Price shall from time to time be adjusted in accordance with the following provisions (but shall however not be adjusted below the nominal value of Shares) and so that if the event giving rise to any such adjustment shall be such as would be capable of falling within more than one of paragraphs (1) to (8) below it shall fall within the first of the applicable paragraphs to the exclusion of the remaining paragraphs:

- (1) If and whenever there shall be an alteration to the nominal amount of a Share by reason of any consolidation, subdivision or reclassification, the Conversion Price in force immediately prior thereto shall be adjusted by multiplying it by the following fraction:

$$\frac{A}{B}$$

where:

A = the nominal amount of one Share immediately after such alteration; and

B = the nominal amount of one Share immediately before such alteration.

Each such adjustment shall be effective on the date the alteration takes effect.

- (2) If and whenever the Company shall issue (other than in lieu of a cash dividend) any Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund) including Shares paid up out of distributable profits or reserves and/or share premium account issued, the Conversion Price in force immediately prior to such issue shall be adjusted by multiplying it by the following fraction:

$$\frac{C}{C + D}$$

where:

C = the aggregate nominal amount of the Shares in issue immediately before such issue; and

APPENDIX II ADJUSTMENT EVENTS AND FORMULAE OF THE CONVERSION PRICE OF FOSUN CONVERTIBLE BONDS

D = the aggregate nominal amount of the Shares issued in connection with and as a result of such capitalisation,

PROVIDED THAT if the relevant issue of Shares is made as part of an arrangement involving a reduction of capital, the Conversion Price shall be adjusted in such manner as an approved merchant bank or (with prior approval of the Bondholders) the auditors of the Company shall certify to be appropriate, having regard to the relative interests of the persons affected thereby.

Each such adjustment shall be effective on the date of issue of such Shares or if a record date is fixed therefor, the day next following the record date for such issue.

- (2) (A) In the case of an issue of Shares by way of a Scrip Dividend where the market price of such Shares on the date of announcement of the terms of such Scrip Dividend exceeds the amount of the Relevant Cash Dividend or the relevant part thereof and which would not have constituted a capital distribution, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the issue of such Shares by the following fraction:

$$\frac{A1 + B1}{A1 + C1}$$

where:

A1 = the aggregate nominal amount of the issued Shares immediately before such issue;

B1 = the aggregate nominal amount of Shares issued by way of such Scrip Dividend multiplied by a fraction of which (i) the numerator is the amount of the whole, or the relevant part, of the Relevant Cash Dividend in respect of each existing Share and (ii) the denominator is the current market price of the Shares issued by way of Scrip Dividend in respect of each existing Share in lieu of the whole, or the relevant part, of the Relevant Cash Dividend; and

C1 = the aggregate nominal amount of Shares issued by way of such Scrip Dividend.

APPENDIX II ADJUSTMENT EVENTS AND FORMULAE OF THE CONVERSION PRICE OF FOSUN CONVERTIBLE BONDS

Such adjustment shall become effective on the date of issue of such Shares or if a record date is fixed therefor, immediately after such record date

- (3) If and whenever the Company shall make (whether on a reduction of capital or otherwise except pursuant to any purchase by the Company of its own shares which is permitted by law and by the rules of the Stock Exchange and in accordance with the provisions of the Company's memorandum of association and bye-laws) any capital distribution to holders of Shares (in their capacity as such) or shall grant to such holders rights to acquire for cash assets of the Company or any of its subsidiaries, the Conversion Price in force immediately prior to such capital distribution or grant shall be adjusted by multiplying it by the following fraction:

$$\frac{E - F}{E}$$

where:

E = the market price per Share on the date on which the capital distribution or, as the case may be, the grant is publicly announced (whether or not such capital distribution or grant is subject to the approval of the holders of Shares or other persons) or (if there is no such announcement) the date on which the Share is traded ex such capital distribution or, as the case may be, the grant (or, where there is no closing price on such dealing day, the closing price on the dealing day on which there was a closing price immediately preceding the relevant date); and

F = the amount calculated by dividing the fair market value on the day of such announcement or (as the case may require) the day on which the Share is traded ex such capital distribution or, as the case may be, the grant, as determined in good faith by an approved merchant bank or (with prior approval of the Bondholders) the auditors of the Company, of such capital distribution or of such rights by the number of Shares participating in such capital distribution or, as the case may be, in the grant of such rights,

APPENDIX II ADJUSTMENT EVENTS AND FORMULAE OF THE CONVERSION PRICE OF FOSUN CONVERTIBLE BONDS

PROVIDED THAT:

- (a) if in the opinion of the relevant approved merchant bank or (with prior approval of the Bondholders) the auditors of the Company, the use of the fair market value as aforesaid produces a result which, having regard to the relative interests of the persons affected thereof, is significantly inequitable, it may instead determine and in such event the above formula shall be construed as if F meant the portion of the said closing price which should, in its opinion, properly be attributed to the value of the relevant capital distribution or rights; and
- (b) the provisions of this paragraph (3) shall not apply in relation to the issue of Shares paid out of profits or reserves and issued in lieu of a cash dividend.

Each such adjustment shall be effective (if appropriate retroactively) on the relevant capital distribution or grant is actually made.

- (4) If and whenever the Company shall offer to holders of Shares new Shares by way of rights, or shall grant to holders of Shares any options or warrants to subscribe for new Shares, at a price per new Share which is less than 90% of the market price as at the date of the announcement of the terms of the offer or grant (whether or not such offer or grant is subject to the approval of the holders of Shares or other persons), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the date of the announcement of such offer or grant by the following fraction:

$$\frac{G + H}{G + I}$$

where:

G = the number of Shares in issue immediately before the date of such announcement;

APPENDIX II ADJUSTMENT EVENTS AND FORMULAE OF THE CONVERSION PRICE OF FOSUN CONVERTIBLE BONDS

H = the number of Shares which the aggregate of the two following amounts would purchase at such market price:

- (a) the total amount (if any) payable for the rights, options or warrants being offered or granted; and
- (b) the total amount payable for all of the new Shares being offered for conversion or comprised in the options or warrants being granted; and

I = the aggregate number of Shares being offered for conversion or comprised in the options or warrants being granted.

PROVIDED THAT the provisions of this paragraph (4) shall not apply to any option or warrant granted, issued or existing prior to the date of this Instrument, or to any share option scheme(s).

Such adjustment shall become effective on the date of issue of such Shares or issue or grant of such options, warrants or other rights.

- (5) (a) If and whenever the Company or any other company shall issue any securities which by their terms are convertible into or exchangeable for or carrying rights of conversion for new Shares, and the total Effective Consideration (as defined below) per new Share initially receivable for such securities is less than 90% of the market price as at the date of the announcement of the terms of issue of such securities (whether or not such issue is subject to the approval of the holders of Shares or other persons), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue by the following fraction:

$$\frac{J + K}{J + L}$$

where:

J = the number of Shares in issue immediately before the date of the issue of such securities;

K = the number of Shares which the total Effective Consideration receivable for such securities would purchase at such market price; and

APPENDIX II ADJUSTMENT EVENTS AND FORMULAE OF THE CONVERSION PRICE OF FOSUN CONVERTIBLE BONDS

L = the maximum number of new Shares to be issued upon full conversion or exchange of, or the exercise in full of the conversion rights conferred by, such securities at their relative initial conversion or exchange rate or conversion price.

PROVIDED THAT the provisions of this sub-paragraph (a) shall not apply to any securities issued or existing prior to the date of the Fosun Bond Instrument, or to any issue of Shares pursuant to the terms of any of such securities.

Such adjustment shall become effective (if appropriate retrospectively) on the day of the issue of the relevant securities.

- (b) If and whenever the rights of conversion or exchange or conversion attached to any such securities as are mentioned in sub-paragraph (a) above of this paragraph (5) are modified so that the total Effective Consideration per new Share initially receivable for such securities shall be less than 90% of the market price at the date of announcement of the proposal to modify such rights of conversion or exchange or conversion, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such modification by following fraction:

$$\frac{M + N}{M + O}$$

where:

M = the number of Shares in issue immediately before the date of such modification;

N = the number of Shares which the total Effective Consideration receivable for such securities at the modified conversion or exchange rate or conversion price would purchase at such market price; and

O = the maximum number of new Shares to be issued upon full conversion or exchange of, or the exercise in full of the conversion rights conferred by, such securities at their relative modified conversion or exchange rate or conversion price.

APPENDIX II ADJUSTMENT EVENTS AND FORMULAE OF THE CONVERSION PRICE OF FOSUN CONVERTIBLE BONDS

Such adjustment shall become effective as at the date upon which such modification shall take effect. A right of conversion or exchange or conversion shall not be treated as modified for the foregoing purposes where it is adjusted to take account of rights or capitalisation issues and other events normally giving rise to adjustments of conversion, exchange or conversion in accordance with the terms of such securities.

- (c) For the purposes of this paragraph (5):
- (i) the “total Effective Consideration” receivable for the relevant securities shall be deemed to be the aggregate consideration receivable by the issuer of such securities for the issue thereof plus the additional minimum consideration (if any) to be received by such issuer and/or the Company (if not the issuer) upon (and assuming) the full conversion or exchange thereof or the exercise in full of the conversion rights attaching thereto; and
 - (ii) the total Effective Consideration per new Share initially receivable for such securities shall be such aggregate consideration divided by the maximum number of new Shares to be issued upon (and assuming) the full conversion or exchange thereof at the initial conversion or exchange rate or the exercise in full of the conversion rights attaching thereto at the initial conversion price, in each case without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof.
- (6) If and whenever the Company shall issue any Shares at a price per Share which is less than 90% of the market price as at the date of the announcement of the terms of such issue, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the date of such announcement by the following fraction:

$$\frac{P + Q}{P + R}$$

where:

P = the number of Shares in issue immediately before the date of such announcement;

APPENDIX II ADJUSTMENT EVENTS AND FORMULAE OF THE CONVERSION PRICE OF FOSUN CONVERTIBLE BONDS

Q = the number of Shares which the aggregate amount payable for such issue would purchase at such market price; and

R = the number of Shares allotted pursuant to such issue.

Such adjustment shall become effective on the date of the issue.

- (7) If and whenever the Company or any of its Subsidiaries shall be permitted by law and, by the rules of the Stock Exchange and in accordance with the provisions of its memorandum of association and bye-laws to purchase and shall make an offer or invitation to holders of Shares to tender for sale to the Company or any of its Subsidiaries any Shares or other securities of such Subsidiary or if the Company or any of its Subsidiaries shall purchase any Shares or securities convertible into Shares or other securities of such Subsidiary or any rights to acquire Shares or other securities of such Subsidiary (excluding any such purchase made on the Stock Exchange, or any recognised stock exchange, being a stock exchange recognised for this purpose by the Securities and Futures Commission or equivalent authority and the Stock Exchange) and the Directors or the Requisite Bondholders consider that it may be appropriate to make an adjustment to the Conversion Price, at that time the Directors shall appoint an approved merchant bank or (with prior approval of the Bondholders) the auditors of the Company to consider whether, for any reason whatever as a result of such purchases, an adjustment should be made to the Conversion Price fairly and appropriately to reflect the relative interests of the persons affected by such purchases by the Company and, if such approved merchant bank or the auditors of the Company shall consider in its opinion that it is appropriate to make an adjustment to the Conversion Price, an adjustment to the Conversion Price shall be made in such manner as such approved merchant bank or the auditors of the Company shall certify to be, in its opinion, appropriate. Such adjustment shall become effective (if appropriate retroactively) from the date on which such purchase by the Company are made.

APPENDIX II ADJUSTMENT EVENTS AND FORMULAE OF THE CONVERSION PRICE OF FOSUN CONVERTIBLE BONDS

- (8) If and whenever the Company or any of its Subsidiaries or (at the direction or request of or pursuant to any arrangements with the Company or any of its Subsidiaries) any other company, person or entity issues, sells or distributes any securities in connection with an offer pursuant to which the shareholders of the Company generally are entitled to participate in arrangements whereby such securities may be acquired by them, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A - B}{A}$$

Where:

A= the market price per Share on the last trading day preceding the date on which such issue is publicly announced; and

B= the fair market value of the portion of the rights attributable to one Share on the date of such announcement.

Such adjustment shall become effective on the date of issue, sale or delivery of the securities.

The provisions of paragraphs (2), (3), (4), (5), (6) or (8) above shall not apply to:

- (i) an issue of fully-paid Shares upon the exercise of any conversion rights attached to (i) securities convertible into Shares or (ii) upon the exercise of any rights (including the exercise of the Conversion Right), in case of (i) and (ii) existing as of the date of this Fosun Bond Instrument, to acquire Shares (including for the avoidance of doubt the share options presently in issue by the Company);
- (ii) an issue by the Company of Shares or by the Company or any Subsidiary of securities wholly or partly convertible into or carrying rights to acquire Shares, in any such case in consideration or in part consideration for the acquisition of any other securities, assets or business, provided that the issue price is not less than 80% of the market price as at the date of the announcement of the terms of the acquisition;

APPENDIX II ADJUSTMENT EVENTS AND FORMULAE OF THE CONVERSION PRICE OF FOSUN CONVERTIBLE BONDS

- (iii) an issue of fully-paid Shares by way of capitalisation of all or part of any reserve which has been or may be established pursuant to the terms of any other securities wholly or partly convertible into, or carrying rights to acquire, Shares;
- (iv) an issue of Shares pursuant to a scrip dividend scheme where an amount not less than the nominal amount of the Shares so issued is capitalised and the market value of such Shares in aggregate is not more than 110% of the amount of dividend which holders of Shares could elect to or would otherwise receive in cash, for which purpose the “market value” of a Share shall mean the average of the closing prices on the Stock Exchange for the five (5) consecutive trading days on each of which there is a closing price ending on the last such trading day immediately preceding the day on or as of which holders of Shares may, pursuant to such scrip dividend scheme, elect to receive or (as the case may be) not to receive the relevant dividend in cash;
- (v) an issue by the Company of Shares or by the Company or any Subsidiary of securities convertible into or exchangeable for or carrying rights of conversion for Shares pursuant to any share option scheme(s); or
- (vi) an issue by the Company of Shares or by the Company or any Subsidiary of securities convertible into or exchangeable for or carrying rights of conversion for Shares contemplated in the announcements of the Company published on the website of the Stock Exchange dated 31 October 2014, 15 December 2014, 18 December 2014, 30 December 2014, 31 December 2014 and 7 January 2015.

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

“announcement”	includes the release of an announcement to the press or the delivery or transmission by telephone, facsimile transmission or otherwise of an announcement to the Stock Exchange
“approved merchant bank”	an independent reputable merchant bank or other reputable financial institution in Hong Kong selected by the Directors and approved by the Requisite Bondholders

APPENDIX II ADJUSTMENT EVENTS AND FORMULAE OF THE CONVERSION PRICE OF FOSUN CONVERTIBLE BONDS

“capital distribution”	(without prejudice to the generality of that phrase) includes distributions in cash or specie, and any dividend charged or provided for in the accounts for any financial period shall (whenever paid and however described) be deemed to be a capital distribution and for these purposes a distribution of assets in specie includes without limitation an issue of Shares or other securities credited as fully or partly paid
“date of announcement”	the date on which the announcement is first so released, delivered or transmitted and “announce” shall be construed accordingly
“fair market value”	the price that would be paid in an arm’s length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith (at the option of the Bondholders) by an approved merchant bank or the auditors of the Company
“issue”	includes allot
“market price”	the average of the closing prices of one Share on the Stock Exchange for the five (5) consecutive dealing days on each of which there is a closing price ending on the last such dealing day immediately preceding the day on or as of which the market price is to be ascertained
“reserves”	includes unappropriated profits
“rights”	includes rights in whatsoever form issued
“Shares”	includes, for the purposes of Shares comprised in any issue, distribution, offer or grant pursuant to paragraphs (2), (3), (4), (5), (6) or (8), any such shares of the Company as, when fully paid, will be Shares
“Relevant Cash Dividend”	any cash dividend specifically declared by the Company

**APPENDIX II ADJUSTMENT EVENTS AND FORMULAE OF THE CONVERSION
PRICE OF FOSUN CONVERTIBLE BONDS**

“Requisite Bondholders”	Bondholders representing more than 50% of the total principal amount of all the Convertible Bonds outstanding at the relevant time
“Scrip Dividend”	any Shares issued in lieu of the whole or any part of any Relevant Cash Dividend being a dividend which the shareholders of the Company concerned would or could otherwise have received and which would not have constituted a capital distribution

NOTICE OF SPECIAL GENERAL MEETING



UNITED PHOTOVOLTAICS GROUP LIMITED

聯合光伏集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 686)

NOTICE IS HEREBY GIVEN THAT the a special general meeting (the “**Meeting**”) of United Photovoltaics Group Limited (the “**Company**” together with its subsidiaries, the “**Group**”) will be held at Unit 1407, 14/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong on Friday, 12 June 2015, at 3:00 p.m. for the purpose of considering and, if thought fit, passing with or without modifications the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. “**THAT:**

- (a) the subscription agreement dated 17 April 2015 (as supplemented by a supplemental agreement dated 22 May 2015) (the “**Chinastone Subscription Agreement**”), a copy of which has been produced to the meeting and marked “A” and signed by the chairman of the meeting for the purpose of identification and entered into between (i) the Company as issuer and (ii) Chinastone Capital Management Limited* (濤石股權投資管理(上海)有限公司) (“**Chinastone**”) as subscriber, in relation to the issue of the 7.5% secured three-year convertible bonds in the principal amount of HK\$1.26 billion (the “**Chinastone Convertible Bonds**”) to be issued by the Company to Chinastone or its appointee pursuant to the Chinastone Subscription Agreement and the transactions contemplated thereunder (including the provision of security over or in relation to certain solar power plant(s) to be acquired by the Group pursuant to the Chinastone Subscription Agreement (the “**Security in favour Chinastone**”) and the issue of the Chinastone Convertible Bonds be and are hereby approved, confirmed and ratified;

NOTICE OF SPECIAL GENERAL MEETING

- (b) subject to the fulfillment of the conditions of the China Subscription Agreement, any one Director be and is hereby authorised to exercise all the powers of the Company and to take all steps as might in his/her opinion be desirable or necessary in connection with the Chinastone Subscription Agreement to, including without limitation, issue the Chinastone Convertible Bonds and provision of the Security in favour of Chinastone;
- (c) subject to the fulfilment of the conditions of the Chinastone Subscription Agreement, the Directors be and are hereby authorised to exercise the mandatory conversion rights of the Company to convert the outstanding principal amount of the Chinastone Convertible Bonds into shares of the Company in accordance with the terms of the Chinastone Convertible Bonds (the “**Mandatory Conversion**”) as might in their opinion be desirable, appropriate or expedient and the Directors be and are hereby granted a specific mandate to exercise the powers of the Company to allot and issue, credited as fully paid, the shares of the Company as may be required to be issued upon the exercise of the conversion rights attaching to the Chinastone Convertible Bonds by any bondholder(s); in payment of the accrued but unpaid interest under the Chinastone Convertible Bonds; and/or upon a Mandatory Conversion in accordance with the terms of the Chinastone Convertible Bonds; and
- (d) any director of the Company be and is hereby authorised to do such acts and things, to sign and execute all such further documents (in case of execution of documents under seal, to do so by any two directors of the Company or any director of the Company together with the secretary of the Company) and to take such steps as he/she may consider necessary, appropriate, desirable or expedient to give effect to or in connection with the Chinastone Subscription Agreement or any transactions contemplated thereunder and all other matters incidental thereto or in connection therewith, and to agree to and make such variations, amendments or waivers of any of the matters relating thereto or in connection therewith.”

NOTICE OF SPECIAL GENERAL MEETING

2. “THAT:

- (a) the subscription agreement dated 20 April 2015 (the “**Fosun Subscription Agreement**”), a copy of which has been produced to the meeting and marked “B” and signed by the chairman of the meeting for the purpose of identification and entered into between (i) the Company as issuer; (ii) Profit Icon Investments Limited as guarantor; and (ii) Peak Reinsurance Company Limited as subscriber (the “**Fosun Subscriber**”), in relation to the issue of the 7.5% secured three-year convertible bonds in the principal amount of US\$15 million (equivalent to approximately HK\$116.25 million) (the “**Fosun Convertible Bonds**”) to be issued by the Company to the Fosun Subscriber pursuant to the Fosun Subscription Agreement and the transactions contemplated thereunder (including the provision of security over or in relation to certain solar power plant(s) to be acquired by the Group pursuant to the Fosun Subscription Agreement (the “**Security in favour Fosun**”) and the issue of the Fosun Convertible Bonds be and are hereby approved, confirmed and ratified;
- (b) subject to the fulfillment of the conditions of the Fosun Subscription Agreement, any one Director be and is hereby authorised to exercise all the powers of the Company and to take all steps as might in his/her opinion be desirable or necessary in connection with the Fosun Subscription Agreement to, including without limitation, issue the Fosun Convertible Bonds and provision of the Security in favour of the Fosun Subscriber;
- (c) subject to the fulfilment of the conditions of the Fosun Subscription Agreement, the Directors be and are hereby authorised to exercise the mandatory conversion rights of the Company to convert the outstanding principal amount of the Fosun Convertible Bonds into shares of the Company in accordance with the terms of the Convertible Bonds (the “**Mandatory Conversion**”) as might in their opinion be desirable, appropriate or expedient and the Directors be and are hereby granted a specific mandate to exercise the powers of the Company to allot and issue, credited as fully paid, the shares of the Company as may be required to be issued upon the exercise of the conversion rights attaching to the Fosun Convertible Bonds by any bondholder(s); in payment of the accrued but unpaid interest under the Fosun Convertible Bonds; and/or upon a Mandatory Conversion in accordance with the terms of the Fosun Convertible Bonds; and

NOTICE OF SPECIAL GENERAL MEETING

- (d) any director of the Company be and is hereby authorised to do such acts and things, to sign and execute all such further documents (in case of execution of documents under seal, to do so by any two directors of the Company or any director of the Company together with the secretary of the Company) and to take such steps as he/she may consider necessary, appropriate, desirable or expedient to give effect to or in connection with the Fosun Subscription Agreement or any transactions contemplated thereunder and all other matters incidental thereto or in connection therewith, and to agree to and make such variations, amendments or waivers of any of the matters relating thereto or in connection therewith.”

3. **“THAT:**

the authorised share capital of the Company be increased from HK\$1,000,000,000 divided into 10,000,000,000 ordinary shares of HK\$0.10 each (“**Share(s)**”) to HK\$2,000,000,000 divided into 20,000,000,000 Shares by the creation of an additional 10,000,000,000 new Shares (the “**Increase in Authorised Share Capital**”); and any one or more of the directors of the Company be and is/are hereby authorised to do all such acts and things and execute all such documents which he/she/they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Increase in Authorised Share Capital”.

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

Hong Kong, 27 May 2015

NOTICE OF SPECIAL GENERAL MEETING

Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint one or more than one proxy to attend and, subject to the provisions of the bye-laws of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the Meeting to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. A form of proxy for use at the Meeting is enclosed. Whether or not you intend to attend the Meeting in person, you are encouraged to complete and return the enclosed form of proxy in accordance with the instructions printed thereon. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the Meeting or any adjournment thereof, should he/she/it so wish.
3. To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power or authority, must be lodged at the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, A18/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, not less than 48 hours before the time fixed for holding of the Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude any member from attending and voting in person at the Meeting or any adjournment thereof if you so desire and, in such event, the instrument appointing such a proxy shall be deemed to be revoked.
4. In the case of joint holders of shares, any one of such holders may vote at the Meeting, either personally or by proxy, in respect of such share as if he/she/it were solely entitled thereto, but if more than one of such joint holders are present at the Meeting personally or by proxy, the persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.
5. Votes on the ordinary resolutions set out herein and are to be passed at the Meeting will be taken by way of poll.
6. If Typhoon Signal No. 8 or above, or a "black" rainstorm warning is in effect any time after 11:00 a.m. on the date of the Meeting, the Meeting will be postponed. The Company will post an announcement on the website of Company at www.unitedpvgroup.com and on the HKExnews website of the Stock Exchange at www.hkexnews.hk to notify Shareholders of the date, time and place of the rescheduled meeting.
7. As at the date hereof, the board of directors of the Company comprises Mr. Li, Alan (Chairman and Chief Executive Officer) and Mr. Lu Zhenwei, being the executive directors; Academician Yao Jiannian, Mr. Yang Baiqian and Ms. Qiu Ping, Maggie; being the non-executive directors; and Mr. Kwan Kai Cheong, Mr. Yen Yuen Ho, Tony, Mr. Shi Dinghuan and Mr. Ma Kwong Wing, being the independent non-executive directors.

* *For identification purpose only*