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UNITED PHOTOVOLTAICS GROUP LIMITED

聯合光伏集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 686)

ISSUE OF US\$30,000,000 7.5% SECURED CONVERTIBLE BONDS

On 4 March 2015 (after trading hours), the Company and Golden Express, a direct wholly owned subsidiary of COAMI, entered into the Subscription Agreement, pursuant to which the Company conditionally agreed to issue, and Golden Express conditionally agreed to subscribe for, the Convertible Bonds in the principal amount of US\$30,000,000 (equivalent to approximately HK\$232,500,000).

The Company intends to use the net proceeds from the CB Issue as general working capital for the development, construction, maintenance and operation of the Target Solar Power Plant(s).

INTRODUCTION

Reference is made to the announcement of the Company dated 31 December 2014 in respect of the Framework Agreement entered into between the Company and COAMI on the same day in relation to the proposed subscription of the convertible bonds of the Company by COAMI.

On 4 March 2015 (after trading hours), the Company and Golden Express, a direct wholly owned subsidiary of COAMI, entered into the Subscription Agreement, pursuant to which the Company conditionally agreed to issue, and Golden Express conditionally agreed to subscribe for, the Convertible Bonds in the principal amount of US\$30,000,000 (equivalent to approximately HK\$232,500,000).

Details of the Subscription Agreement are set out below.

CB ISSUE

The Subscription Agreement

Date

4 March 2015

Issuer

The Company

Subscriber

Golden Express

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

Convertible Bonds

The Company has conditionally agreed to issue the Convertible Bonds in the principal amount of US\$30,000,000 (equivalent to approximately HK\$232,500,000) at 100% of the principal amount of the Convertible Bonds subject to fulfilment of the CB Conditions.

Bondholders will be entitled to convert the outstanding principal amount of the 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 225,728,155 Conversion Shares will be issued, representing approximately 4.76% of the issued share capital of the Company as at the date of this announcement and approximately 4.54% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares (assuming there was no repurchase of Shares or issue of other new Shares and no interest under the Convertible Bonds was paid by issue of Conversion Shares).

The Convertible Bonds will constitute direct, unconditional, unsubordinated and, upon the provision of the Security, secured obligations of the Company and at all times rank *pari passu* and rateably without any 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 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 Convertible Bonds are summarized below.

Principal terms of the Convertible Bonds

Principal amount

US\$30,000,000 (equivalent to approximately HK\$232,500,000)

Issue price

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

Interest

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

Except in the following situations where the accrued 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 Convertible Bonds will not exceed US\$2,250,000 (equivalent to approximately HK\$17,437,500), the amount of interest for one year. On this basis, assuming Conversion Shares were required to be issued for payment of interest under the Convertible Bonds and all such Conversion Shares were issued at the initial Conversion Price of HK\$1.03, a maximum of 16,929,611 Conversion Shares would be issued for payment of interest.

Maturity Date

The third anniversary of the Issue Date

Conversion Period

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

Conversion Rights of the Bondholders and the Mandatory Conversion

Bondholders are entitled to convert the outstanding principal amount of the Convertible Bonds into Conversion Shares during the Conversion Period, provided that exercise of 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 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 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 fifteen 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 fifteen 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
- (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 fifteen 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 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) including Shares paid up out of distributable profits or reserves and/or share premium account issued;
- (c) where the Company issues any Shares in lieu of the whole or part of a cash dividend and the market price (as defined in the Bond Instrument) of such Shares on the date of the announcement of the issue exceeds the amount of the relevant cash dividend except that the Company issues Shares pursuant to a scrip dividend scheme and the aggregate market value of such Shares as determined by the average closing price of Shares on the Stock Exchange for 5 consecutive trading days ending on the last such trading day immediately preceding the day on or as which Shareholders may elect to receive or not to receive the dividend in cash under the said scheme 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;
- (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 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 Bond Instrument) per new Share initially receivable for such securities is less than 90% of the market price (as defined in the 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 Bond Instrument) per new Share initially receivable for such securities shall be less than 90% of the market price (as defined in the Bond Instrument) as at the date of announcement of the proposal to modify such rights of conversion or exchange;
- (h) where the Company issues any Shares at a price per Share which is less than 90% of the market price (as defined in the Bond Instrument) as at the date of the announcement of the terms of such issue;
- (i) where the Company 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 and the Directors or the Bondholders consider that it may be appropriate to make an adjustment to the Conversion Price and an independent and reputable merchant bank or other financial institution in Hong Kong selected by the Company and approved by the Bondholders or (with prior approval of the Bondholders) the auditors of the Company consider in its opinion that it is appropriate to make an adjustment to the Conversion Price; or
- (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 Bond Instrument, in any circumstances where the Directors or the Bondholders shall consider 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 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 Company shall appoint an independent and reputable merchant bank or other reputable financial institution in Hong Kong selected by the Directors and approved by

the Bondholders 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 not fairly and appropriately reflect the relative interests of the persons affected thereby and, if such merchant bank or financial institution 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 merchant bank or financial institution or the auditors of the Company to be in its opinion appropriate.

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 an independent and reputable merchant bank or other financial institution in Hong Kong selected by the Company and approved by the Bondholders setting out the adjustment to the Conversion Price. The Company will make announcement on adjustment of the Conversion Price.

Assuming conversion of the 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\$500,000 to be incurred by the Company for the CB Issue) is HK\$1.028.

Redemption at maturity

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

Transferability

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

Security

Subject to the CB Issue Completion taking place, the Convertible Bonds will be secured by the pledge of the following in favour of Golden Express as agent for all the Bondholders:

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

The Company undertakes to identify and submit information on the location and aggregate installed capacity (in MW) of the potential Target Solar Power Plant(s) and related power purchase agreement(s) to Golden Express and seek its acceptance of pledge of the above assets of the potential Target Solar Power Plant(s) as the Security.

In the event that the filing of the Security Documents 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 Convertible Bonds at 100% of the outstanding principal amount together with the accrued and unpaid interest (up to the redemption date).

Events of default

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

- (a) failure of the Company to pay the principal or premium (if any) of or any interest on any of the Convertible Bonds when due, or to deliver the required number of Conversion Shares following conversion of any Convertible Bond, and such failure continues for a period of three business days;
- (b) failure of the Company to perform or comply with any of its other obligations under the Convertible Bonds or the Bond Instrument and such default is not remedied within thirty 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 Convertible Bonds or by any Bondholder pursuant to a special resolution passed by the Bondholders requiring the default to be remedied;
- (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 thirty 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 an administrator or liquidator in respect of the whole or part of the assets and turnover of the Company or any of its subsidiaries is appointed;

- (e) an order of a court is made or an effective resolution passed for the winding-up or dissolution or administration (or equivalent procedure) of the Company or any Major Subsidiary;
- (f) an administrative or other receiver or manager (or equivalent person) is duly appointed of the Company or any Major Subsidiary or the directors of the Company or any Major Subsidiary request any person to appoint such an administrative 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 ten consecutive trading days in any period of twelve 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;
- (h) any other present or future indebtedness of the Company or any of its subsidiaries for or in respect of moneys borrowed becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like or the Company or any subsidiary fails to pay when due any amount payable by it 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;
- (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, where the aggregate amount of the relevant liabilities equals or exceeds US\$35,000,000;
- (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 lawfully to enter into, exercise its rights and perform and comply with its obligations under the Convertible Bonds and any other Transaction Document

to which it is a party, to ensure that those obligations are legally binding and enforceable and to make the 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 to perform or comply with any of its material obligations under the Subscription Agreement, the Bond Instrument or other Transaction Documents 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;
- (n) there is a change of control (within the meaning of the Hong Kong Code on Takeovers and Mergers) of the Company; or
- (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.

If any of the above events of default occurs and is continuing, the Bondholders may, if so decided by a special resolution, provide written notice to the Company to require the Company to redeem the whole (but not part) of the outstanding principal amount of the 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 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 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 Convertible Bonds and all interest accrued on the Convertible Bonds and unpaid as at the date of the written notice given by the Bondholders.

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

Initial Conversion Price

The initial Conversion Price represents:

- (a) a premium of approximately 7.29% over the closing price of HK\$0.96 per Share as quoted on the Stock Exchange on 4 March 2015, being the date of the Subscription Agreement; and
- (b) a premium of approximately 7.52% over the average closing price of HK\$0.958 per Share as quoted on the Stock Exchange for the last 5 trading days up and including 4 March 2015.

The initial Conversion Price was determined after arm's length negotiation between the Company and Golden Express with reference to a premium of 13.44% over the average closing price of HK\$0.908 per Share of 5 trading days immediately before the date on which the Framework Agreement was entered into.

The Directors consider that the terms of the Subscription Agreement and the transactions contemplated thereunder (including the CB Issue, the provision of the Security and the issue of the Conversion Shares) are normal commercial terms, fair and reasonable having considered the current market conditions and in the interests of the Company and the Shareholders as a whole.

Conditions of the CB Issue

The CB Issue is conditional upon the fulfilment of the following CB Conditions:

- (a) Golden Express having conducted due diligence investigation on the legal position, financial position, operation and assets of the Group and the results are satisfactory to Golden Express;

- (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 market practice);
- (c) the Company and Golden Express having obtained all necessary approval, consent, or authorization (where applicable) from governmental authorities, internal departments of the Company and Golden Express respectively or other third parties for the entering into of the Subscription Agreement and the transactions contemplated thereunder;
- (d) all warranties made by the Company in the Subscription Agreement remaining true, accurate, complete and not misleading;
- (e) the Subscription Agreement, the Bond Instrument (including certificate(s) of the Convertible Bonds) and all other Transaction Documents having been entered into and delivered and all parties (except Golden Express) 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 date of CB Issue Completion pursuant to the Transaction Documents;
- (f) no material adverse change having occurred; and
- (g) the Company having issued a letter dated the date of CB Issue Completion and signed by its authorized signatory confirming that CB Conditions (d) to (f) above have been satisfied.

No party to the Subscription Agreement may waive any CB Condition. If any of the CB Condition is not satisfied by 30 April 2015 (or such other date as parties to the Subscription Agreement may agree), the Subscription Agreement will terminate (except that the confidentiality and indemnity clauses of the Subscription Agreement will continue to be in full force) without prejudice to the rights and remedies available to a party in respect of any breach prior to termination of the Subscription Agreement.

Board Representation Right

Subject to the CB Issue Completion taking place, Golden Express has a right (which is assignable to transferee(s) of the Convertible Bonds) to nominate and the Company shall procure the appointment of the person so nominated as a non-salaried director of each of the Target Company(ies), who shall remain on the board of directors of each of the Target Company(ies) until the day on which all outstanding indebtedness under the Convertible Bonds is repaid (the “**Settlement Date**”).

Right of refusal in respect of co-investment

Subject to the CB Issue Completion taking place, Golden Express has a right of first refusal in the co-investment in the acquisition or construction of photovoltaic solar power plants with the Company until the Settlement Date subject to the right of first refusal proposed to be granted to another potential investor of convertible bonds of the Company (the “**Other CB Investor**”). Golden Express may participate in the co-investment in such acquisition or construction of photovoltaic solar power plants with the Company after the Other CB Investor has waived its right of first refusal.

Completion

Subject to fulfilment of the CB Conditions, the CB Issue Completion will take place on the seventh business day after the fulfilment of all the CB Conditions or such other date as the parties to the Subscription Agreement may agree.

General mandate to issue the Conversion Shares

The Conversion Shares will be allotted and issued pursuant to the general mandate to allot and issue, and deal with up to 866,253,265 Shares, which was granted to the Directors by a resolution of the Shareholders passed at the annual general meeting of the Company on 27 June 2014. After the issuance of 180,000,000 Shares pursuant to the said general mandate on 10 February 2015, the Company may further issue up to 686,253,265 Shares pursuant to such general mandate.

Listing application

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

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

SHAREHOLDING STRUCTURE

Reference is made to the announcement of the Company dated 23 January 2015 and the circular of the Company dated 27 February 2015 in relation to, among other things, the proposed issue of three-year 7.5% secured convertible bonds of the Company to China Merchants Fund Management Limited* (招商基金管理有限公司) (“**CM Fund**”) in the principal amount of up to HK\$529,000,000 (the “**CM Fund Convertible Bonds**”) and a conditional future acquisition arrangement agreement (the “**Options Agreement**”) entered into between the Company, Shenzhen China Merchants Yinke Investment Management Limited* (深圳市招商局銀科投資管理有限公司) (“**CM Yinke**”) and United Photovolatics (Changzhou) Investment Co., Ltd.* (聯合光伏(常

州)投資有限公司) in relation to the 49% equity interest in Changzhou Guangyu New Energy Company Limited* (常州光昱新能源有限公司) which CM Yinke has agreed to acquire under a proposed acquisition (the “**49% Equity Interest**”).

Subject to completion of the issue of the CM Fund Convertible Bonds, assuming full subscription, a maximum number of 513,592,233 Shares may be issued upon exercise in full of the conversion rights attached to the CM Fund Convertible Bonds or a mandatory conversion at the initial conversion price of HK\$1.03 per Share (subject to adjustment) and a maximum of 38,519,417 Shares may be issued for payment of interest at the initial conversion price of HK\$1.03 per Share (subject to adjustment).

Subject to fulfilment of the conditions of the Options Agreement which include, without limitation, the obtaining of independent Shareholders’ approval, the Company agreed to grant CM Yinke a put option (“**CM Yinke Put Option**”) whereby CM Yinke could request the Company to acquire part or all of the 49% Equity Interest, and CM Yinke agreed to grant the Company a call option (“**Company Call Option**”) whereby the Company could request CM Yinke to sell to the Company all the 49% Equity Interest. Upon exercise of either of the CM Yinke Put Option or the Company Call Option, a maximum of 555,854,810 Shares (“**Consideration Shares**”) are required to be issued to satisfy the option price for the acquisition of the 49% Equity Interest by the Group based on an initial issue price of HK\$1.03 per Share (subject to adjustment).

The table below sets out changes to the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the allotment and issue of Shares upon full conversion of the CM Fund Convertible Bonds at the initial conversion price; (iii) immediately after the allotment and issue of Shares upon full conversion of the CM Fund Convertible Bonds at the initial conversion price and the Outstanding Convertible Securities (see notes 6, 7 and 8 below) at their respective current conversion prices; (iv) immediately after the allotment and issue of Shares upon full conversion of the CM Fund Convertible Bonds and the Convertible Bonds at their respective initial conversion prices and the Outstanding Convertible Securities at their respective current conversion prices; and (v) immediately after the allotment and issue of Shares upon full conversion of the CM Fund Convertible Bonds and the Convertible Bonds at their respective initial conversion prices and the Outstanding Convertible Securities at their respective current conversion prices and the allotment and issue of the Consideration Shares pursuant to the Options Agreement at the initial issue price (for scenarios (ii), (iii), (iv) and (v), assuming full subscription of the CM Fund

Convertible Bonds, all interest under the CM Fund Convertible Bonds and the Convertible Bonds (as the case may be) will be settled in cash and that there will not be any repurchase of Shares or issue of other new Shares):

										(v)	
										Immediately after the allotment and issue of Shares upon full conversion of the CM Fund	
										Convertible Bonds and the	
										Convertible Bonds at their respective initial conversion prices and the Outstanding	
										Convertible Securities at their respective current conversion prices and the	
										Consideration Shares pursuant to the Options Agreement at the initial issue price	

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**”).
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. On 10 June 2013, the Company issued convertible bonds in the principal amount of HK\$1,160,447,750 to various parties including CMNEG, China Green Holdings Limited, Sino Arena Investments Limited, Pairing and Magicgrand to satisfy part of the consideration of an acquisition pursuant to a sale and purchase agreement dated 22 November 2012. As at the date of this announcement, the outstanding principal amount of such convertible bonds of HK\$847,964,000 is convertible into a total of 847,964,000 Shares at the current conversion price of HK\$1.00 per Share.
7. On 14 November 2013, the Company issued a consolidated series of convertible bonds in the principal amount of US\$120,000,000 to various parties pursuant to two subscription agreements dated 27 September 2013 and 16 October 2013 respectively. As at the date of this announcement, the outstanding principal amount of such convertible bonds of US\$120,000,000 is convertible into a total of 581,250,000 Shares at the current conversion price of HK\$1.60 per Share.
8. On 27 December 2013, the Company issued convertible bonds in the principal amount of HK\$232,959,339 pursuant to a subscription agreement dated 13 September 2013. As at the date of this announcement, the outstanding principal amount of such convertible bonds of HK\$232,959,339 is convertible into a total of 145,599,586 Shares at the current conversion price of HK\$1.60 per Share.
9. The shareholding structures are shown for illustration purposes only. As mentioned in the paragraph headed “**Conversion Rights of the Bondholders and the Mandatory Conversion**” under the section headed “**CB Issue — The Subscription Agreement — Principal terms of the Convertible Bonds**” in this announcement, Bondholders are entitled to convert the outstanding principal amount of the Convertible Bonds into Conversion Shares, provided that exercise of the Conversion Rights will not result in among other things, a change of control (within the meaning of the Hong Kong Code on Takeovers and Mergers of the Company).

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 date of this announcement
18 December 2014	Issue of 380,000,000 Shares	HK\$379 million	General working capital	Proposed to be used as intended.
23 January 2015	Issue of convertible bonds in the principal amount of up to HK\$529,000,000	HK\$527 million	General working capital and capital expenditure	Subject to the subscription and issue of the CM Fund Convertible Bonds, proposed to be used as intended.

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

INFORMATION ON GOLDEN EXPRESS

Golden Express, a special purpose vehicle incorporated in British Virgin Islands, is a direct wholly owned subsidiary of COAMI, which in turn is an indirect wholly owned subsidiary of COAMC. Following the approval of the State Council of China and the People's Bank of China, COAMC was established in Beijing. With a registered capital of RMB10 billion which was fully allocated by the Ministry of Finance, COAMC is a solely state-owned non-banking financial institution.

As at the date of this announcement, an indirect wholly owned subsidiary of COAMI holds 20 million Shares and a fellow subsidiary of COAMI holds certain convertible bonds of the Company due 2016 in the principal amount of US\$35 million convertible into 169,531,250 Shares upon conversion at the current conversion price of HK\$1.60 per Share.

INFORMATION ON THE COMPANY AND REASONS FOR THE CB ISSUE

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

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

It is expected that, after deduction of the estimated expenses of about HK\$500,000, net proceeds of about HK\$232,000,000 will be raised through the CB Issue.

The Directors (including independent non-executive Directors) consider that the 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.

DEFINITIONS

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

“associate”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Bond Instrument”	the deed to be executed by the Company which will constitute the Convertible Bonds and contain the terms and conditions of the Convertible Bonds
“Bondholder(s)”	holders(s) of the Convertible Bonds, including all subsequent transferee(s) of the Convertible Bonds
“CB Condition(s)”	the condition(s) set out in the paragraph headed “Conditions of the CB Issue” under the section headed “CB Issue — The Subscription Agreement” in this announcement
“CB Issue”	the issue of the Convertible Bonds pursuant to the terms of the Subscription Agreement
“CB Issue Completion”	the completion of the CB Issue
“COAMC”	China Orient Asset Management Corporation (中國東方資產管理公司), a company established in the PRC
“COAMI”	China Orient Asset Management (International) Holding Limited (中國東方資產管理(國際)控股有限公司), a company with limited liability established under the laws of Hong Kong
“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”	the period commencing from the last day of a six-month period immediately following the Issue Date and ending on the fifth business day prior to the Maturity Date (both dates inclusive)
“Conversion Price”	HK\$1.03 per Share, subject to adjustment under the terms and conditions of the Convertible Bonds
“Conversion Right(s)”	the right(s) of the Bondholder(s) to convert the whole or part of the outstanding principal amount of the Convertible Bonds into Conversion Shares, subject to the terms of the Convertible Bonds
“Conversion Share(s)”	the Share(s) to be allotted and issued by the Company: upon (i) exercise of the Conversion Rights attached to the Convertible Bonds; and/or (ii) in payment of the accrued and unpaid interest under the Convertible Bonds; and/or (iii) upon a Mandatory Conversion
“Convertible Bond(s)”	the 7.5% secured three-year convertible bonds in the principal amount of US\$30,000,000 (equivalent to approximately HK\$232,500,000) to be issued by the Company to Golden Express pursuant to the Subscription Agreement
“Directors”	the directors of the Company
“Framework Agreement”	the agreement dated 31 December 2014 and entered into between the Company and COAMI in relation to the proposed subscription of convertible bonds of the Company by COAMI in the principal amount of US\$30,000,000 (equivalent to approximately HK\$232,500,000), details of which are disclosed in the announcement of the Company dated 31 December 2014
“Golden Express”	Golden Express Capital Ltd., a company incorporated in British Virgin Islands with limited liability
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region
“Issue Date”	the day on which the Convertible Bonds are issued pursuant to the Subscription Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Major Subsidiary”	a subsidiary of the Company 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
“Mandatory Conversion”	mandatory conversion of the outstanding principal amount of the Convertible Bonds into Conversion Shares by the Company in accordance with the terms of the Convertible Bonds
“Maturity Date”	in respect of each Convertible Bond, the date falling on the third anniversary of the Issue Date
“MW”	megawatts, which equals 1,000,000 watt
“Outstanding Convertible Securities”	the Series B convertible bonds of the Company due 2018 with the outstanding principal of HK\$847,964,000 and the current conversion price of HK\$1.00 per Share (subject to adjustments); the 5% secured guaranteed convertible bonds of the Company due 2016 with the outstanding principal of US\$120,000,000 and the current conversion price of HK\$1.6 per Share (subject to adjustments) and the convertible bonds of the Company due 2018 with the outstanding principal of HK\$232,959,339 and the current conversion price of HK\$1.6 per Share (subject to adjustments)
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC

“Security”	security enforceable under the Subscription Agreement set out in the paragraph headed “ Security ” under the section headed “ CB Issue — The Subscription Agreement — Principal terms of the Convertible Bonds ” in this announcement
“Security Documents”	means pledge agreement(s) in respect of the Security
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company, and where applicable, the term shall also include shares of any class or classes of the Company resulting from any subdivision, consolidation or re-classification of those shares
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the subscription agreement dated 4 March 2015 and entered into between the Company and Golden Express in relation to the CB Issue
“Target Company(ies)”	project company(ies) which own the solar power plants with an aggregate installed capacity of approximately 50 MW in the PRC to be identified and acquired by the Group
“Target Solar Power Plant(s)”	solar power plant(s) owned by the Target Company(ies)

“Transaction Documents” the Subscription Agreement, the Bond Instrument, the certificate(s) evidencing the title of the Bondholder(s) to the Convertible Bonds, the Security Documents and any other document or agreement designated in writing as such by Golden Express and the Company

“US\$” United States dollars, the lawful currency of the United States of America

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

Hong Kong, 4 March 2015

In this announcement, the conversion of US\$ into HK\$ has been made at a rate of US\$1:HK\$7.75. Such conversion should not be construed as a representation that any amount has been, could have been or may be, exchanged at this or any other rate.

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