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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)

PROPOSED ISSUE OF CONVERTIBLE BONDS

On 14 May 2015, the Company and CM Yinke entered into a non-legally binding Term Sheet, pursuant to which and subject to the entering into of definitive subscription agreement(s), the Company intends to issue and CM Yinke or a fund managed by it or its affiliate(s) intends to subscribe for the Convertible Bonds in an aggregate principal amount of US$100,000,000.00 (equivalent to approximately HK$775,000,000.00). The net proceeds from the Proposed Subscription will be used to finance the acquisition of solar power plants in China.

As the parties have not entered into the definitive subscription agreement(s) in relation to the Convertible Bonds, and the final structure and terms of the Convertible Bonds are still subject to further negotiation between the parties, the Proposed Subscription may or may not materialise and its final structure and terms may deviate from those set out in the Term Sheet. Accordingly, Shareholders and potential investors are advised to exercise caution when dealing in the Shares or other securities of the Company. The Company will comply with relevant disclosure and Shareholders' approval requirements under the Listing Rules as and when appropriate.

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and Inside Information Provisions under Part XIVA of the Securities and Future Ordinance (Cap. 571, Laws of Hong Kong).

PROPOSED ISSUE OF CONVERTIBLE BONDS

The Board is pleased to announce that on 14 May 2015, the Company and CM Yinke entered into a non-legally binding Term Sheet, pursuant to which and subject to the entering into of definitive subscription agreement(s), the Company intends to issue and CM Yinke or a fund managed by it or its affiliate(s) intends to subscribe for the Convertible Bonds in an aggregate principal amount of US$100,000,000.00 (equivalent to approximately HK$775,000,000.00). The net proceeds from the Proposed Subscription will be used to finance the acquisition of solar power plants in China.

Based on the information provided by CM Yinke, it is a company established under the laws of the PRC and is engaged in equity interest investment. CM Yinke is an indirect non-wholly owned subsidiary of China Merchants Group Limited* (招商局集團有限公司), which is the holding company of CMNEG; and CM Yinke and CMNEG are fellow subsidiaries. CMNEG is a substantial shareholder of the Company, and therefore, CM Yinke is a connected person of the Company under the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, CM Yinke interested in a maximum of 555,854,810 Shares to be issued pursuant to an option agreement dated 23 January 2015.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

The principal terms of the Convertible Bonds are set out as follows:

Issuer:	The Company
Subscriber:	Shenzhen China Merchants Yinke Investment Management Limited* (深圳市招商局銀科投資管理有限公司) or a fund managed by it or its affiliate(s)
Principal amount:	The aggregate principal amount of US$100,000,000.00 (equivalent to approximately HK$775,000,000.00)
Interest rate:	6.75% per annum payable annually
Maturity date:	3 years from the Closing Date
Conversion period:	Commencing from the Closing Date and ending on the Maturity Date, the Subscriber is entitled to convert all or part of the Convertible Bonds into Conversion Shares.

The Subscriber shall be obliged to convert all outstanding Convertible Bonds into Conversion Shares upon the demand of the Company in the event that:

(i) the closing price per Share as quoted on the Stock Exchange for any 15 consecutive trading days during the first year from the Closing Date is higher than HK$1.8; or

(ii) the closing price per Share as quoted on the Stock Exchange for any 15 consecutive trading days during the second year from the Closing Date is higher than HK$2.2; or

(iii) the closing price per Share as quoted on the Stock Exchange for any 15 consecutive trading days during the third year from the Closing Date is higher than HK$2.5.

Conversion Price: HK$1.4784 per Conversion Share, which represents 110% of the average closing price of per Share as quoted on the Stock Exchange for the last 5 trading days immediately prior to the date of the Term Sheet.

The initial conversion price per Conversion Share subject to standard adjustments as set out in the definitive subscription agreement(s).

Redemption: On the Maturity Date, the Subscriber shall have the right to request the Company to redeem the principal amount of the outstanding Convertible Bonds at 120% of the principal amount thereof within 15 Business Days from the Maturity Date.

Redemption on default: On the occurrence of any of the events of default as set out in the definitive subscription agreement(s) and appendices thereof, the Subscriber shall have the right at any time to request the Company to redeem the principal amount of the outstanding Convertible Bonds at the amount as calculated by the following:

$$\text{principal amount of Convertible Bonds} \times 1.20^{\text{number of years of investment by the Subscriber}}$$

Conditions precedent: The Proposed Subscription shall be conditional upon:

1. definitive legal documents, including, but not limited to, the definitive subscription agreement(s) and bond instrument, having been mutually agreed upon and entered into;

2. the Subscriber having conducted due diligence on the legal position, finance position, assets of the Company and such other due diligence and the results of which having been satisfactory to the Subscriber;

3. the Subscriber having obtained all its approvals, consents and authorizations in respect of the Proposed Subscription;

4. the Company having obtained all its approvals, consents and authorizations in respect of the Proposed Subscription; and

5. the Listing Committee of the Stock Exchange having granted the approval for the listing of and permission to deal in the Conversion Shares.

Save for the provisions regarding the conversion price of the Convertible Bonds, confidentiality, costs and expenses and governing law, the Term Sheet does not constitute a legally-binding commitment on either the Company or CM Yinke on the subject matter. As the terms of the Proposed Subscription are still subject to negotiation and finalization, no definitive subscription agreement in relation to the Proposed Subscription has been entered into as at the date of this announcement. The Company will issue further announcement as required by the Listing Rules when the definitive subscription agreement(s) is/are entered into. It is the parties' intention to enter into the definitive subscription agreement(s) within three months from the date of the Term Sheet.

REASONS FOR THE PROPOSED SUBSCRIPTION

The Company is an investment holding company and the Group is principally engaged in the development, investment, operation and management of the solar power plants. The Company actively explores the investment opportunity to expand its new energy business in order to broadening the income base of the Group, and thereby enhancing the Group's future financial performance and profitability.

The Board considers that the Proposed Subscription, if materialised, represents a good opportunity for the Group to strengthen its financial position including its ability to meet any future obligations, and broaden the Shareholder's base. The net proceeds from the Proposed Subscription are intended to be used to finance the acquisition of solar power plants in China.

The Directors consider that the terms and condition of the Proposed Subscription are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As the parties have not entered into the definitive subscription agreement(s) in relation to the Convertible Bonds, and the final structure and terms of the Convertible Bonds are still subject to further negotiation between the parties, the Proposed Subscription may or may not materialise and its final structure and terms may deviate from those set out in the Term Sheet. Accordingly,

Shareholders and potential investors are advised to exercise caution when dealing in the Shares or other securities of the Company. The Company will comply with relevant disclosure and Shareholders' approval requirements under the Listing Rules as and when appropriate.

DEFINITIONS

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

"Board"	the board of Directors
"Business Day(s)"	a day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business throughout their normal business hours
"Closing Date"	the date on which the Convertible Bonds are issued by the Company
"CM Yinke"	Shenzhen China Merchants Yinke Investment Management Limited* (深圳市招商局銀科投資管理有限公司), a company established in the PRC with limited liability
"CMNEG"	China Merchants New Energy Group Limited* (招商新能源集團有限公司), a company established in the British Virgin Islands with limited liability and a substantial shareholder of the Company
"Company"	United Photovoltaics Group Limited (聯合光伏集團有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
"Conversion Share(s)"	the new ordinary Share(s) to be allotted and issued by the Company upon exercise of the conversion rights attaching to the Convertible Bonds
"Convertible Bonds"	the proposed 6.75% three-year convertible bonds in the principal amount of US$100,000,000.00 (equivalent to approximately HK$775,000,000.00), to be issued by the Company to CM Yinke or a fund managed by it or its affiliates
"Directors"	the directors of the Company
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Maturity Date"	3 years from the Closing Date
"PRC" or "China"	the People's Republic of China which, for the purpose of this announcement, excludes Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC
"Proposed Subscription"	the proposed subscription for the Convertible Bonds by CM Yinke or a fund managed by it or its affiliates
"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"Subscribers"	CM Yinke or a fund managed by it or its affiliate(s)
"substantial shareholder"	has the meaning ascribed to it under the Listing Rules
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Term Sheet"	the non-binding term sheet dated 14 May 2015 entered into between the Company and CM Yinke with respect to the Proposed Subscription
"US$"	United States dollars, the lawful currency of the United States of America
"%"	per cent

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

Hong Kong, 14 May 2015

In this announcement, the conversion of US dollars into Hong Kong dollars has been made at a rate of US$1 to 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.

* *for identification purpose only*