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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)

THE COOPERATION AGREEMENT IN RELATION TO PROPOSED ACQUISITIONS OF 930 MW SOLAR POWER PLANT PROJECTS AND RESUMPTION OF TRADING

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 Futures Ordinance (Cap. 571, Laws of Hong Kong).

THE COOPERATION AGREEMENT

On 13 May 2015 (after trading hours), the Company and Hareon entered into the Cooperation Agreement, pursuant to which, among other things, it is proposed that subject to fulfillment of certain conditions, the Group will acquire from Hareon (and a party controlled by it, where applicable) the entire equity interest in each of the Target Companies, which legally 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), partly settled by cash and partly by the proposed issue of convertible bonds by the Company.

The Proposed Acquisitions, which if materialise, on an aggregate basis, may constitute notifiable transactions on the part of the Company under the Listing Rules. Further announcement(s) will be made by the Company regarding the Proposed Acquisitions as and when appropriate in compliance with the Listing Rules.

The parties proposed to execute definite agreement(s) in respect of the Proposed Acquisitions as soon as practicable consistent with the framework as set out in the Cooperation Agreement.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 1:00 p.m. on 12 May 2015 pending the release of this announcement. The Company has applied to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 14 May 2015.

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Date: 13 May 2015

Parties: The Company

Hareon

Conditions of the Proposed Acquisitions

The Proposed Acquisitions will be conditional upon fulfilment of the following conditions:

(a) the Target Companies having been duly established and existing and having obtained all the requisite approvals, licenses and permits concerning its operation and business as set forth in its business license, the registered capital having been paid up in full;

(b) the Project Companies having been the sole legal entities for the initial development, investment, construction and operation of the Target Projects, which beneficially own the assets and rights of the Target Projects;

(c) the Target Projects having been approved by the relevant authorities, obtained the approval for the construction and operation, the Target Projects having been connected to grid and commenced operations and the quality and performance conform with the relevant requirements;

(d) the conducting of on-site due diligence inspection of the Target Companies and Target Projects by the intermediaries designated by the Company and the issuance of due diligence reports (including but not limited to legal, technical and financial due diligence reports), and the parties have reached supplementary agreements in relation to the rectification of issues identified in the reports and such rectification having been dealt with not more than 15 business days;

(e) the price specified under and the terms of EPC agreements in respect of the Target Projects having been satisfactory to the Company, the deductible input VAT amount shown on the equipment's VAT invoices issued by the EPC contractors shall not be less than 70% of the total consideration of the relevant transactions;

(f) the amount of the EPC consideration having included the costs for the initial development, investment, construction, procurement of solar cells and all the expenses for the application for the necessary permits, licenses and the grant of land use right; and

(g) Hareon having assured the entire equity interests of the Target Companies owned by Hareon alone or jointly with any other parties be transferred to the Company or its subsidiaries (unless otherwise agreed by the Company).

In the event that any of the Target Companies does not satisfy the above conditions by 10 December 2015, Hareon shall unconditionally provide alternative project company with equal installed capacity to replace the non-qualifying Target Companies as currently indicated in the Cooperation Agreement and the payment schedule shall be adjusted in respect such replacement Target Company. In the event that the Group fails to proceed to complete the acquisition(s) within 15 business days after above conditions have been fulfilled, Hareon shall have the right to terminate the relevant agreement(s) and transfer the equity interest in the relevant Target Company(ies) to other third parties.

The respective definitive agreement(s) in respect of the acquisition(s) of one or more Target Company(ies) shall be entered into within seven business days upon the fulfilment of the conditions.

Advance Payment

An aggregate Advance Payment of HK$1,000 million is payable by the Company to Hareon in three installments as follows:–

First installment: HK$150 million payable within three business days after signing of the Cooperation Agreement;

Second installment: HK$350 million payable no later than 5 June 2015, subject to satisfactory results of the due diligence conducted in respect of the three Target Projects located in Wu'an（武安）, Keping（柯坪）and Hami（哈密）; and

Third installment: HK$500 million payable no later than 20 June 2015.

If the Company fails to pay the second instalment of the Advance Payment, Hareon shall have the right to terminate the Cooperation Agreement and forfeit all the amount of the Advance Payment paid and received by Hareon, unless the non-payment is on the ground of unsatisfactory results of the due diligence in respect of the three Target Projects located in Wu'an（武安）, Keping（柯坪）and Hami（哈密）.

The Advance Payment shall be returned to the Company if the Proposed Acquisitions do not proceed to completion.

Total consideration

The parties estimate that the total consideration will be approximately RMB8.8 billion (equivalent to approximately HK$11.09 billion) for the Proposed Acquisitions. The actual considerations for the Proposed Acquisitions will be set out in the definitive agreements to be entered into by the parties.

The total consideration will be settled by the Company in the following manner:–

(a) as to HK$1,000 million of the consideration shall be satisfied by the Company by issuing the Convertible Bonds to Hareon; and

(b) the remaining balance of the consideration shall be paid by the Group in cash by way of the Advance Payment and part payments of the consideration in respect of each Target Company to Hareon (or such other party as it may direct) to satisfy its construction costs or outstanding liabilities by instalments as follows:–

    (i) 46.82% of the consideration for the respective acquisition shall be settled within seven business days after 80% of the main equipment is delivered to the site of the relevant Target Project(s) and is confirmed by the Company;

    (ii) 20% of the consideration shall be settled within seven business days after the relevant Target Project(s) is/are completed and on-grid connection inspection and is confirmed by the Company;

(iii) 5% of the consideration shall be settled within seven business days after having completed the rectification and final account of project cost of the relevant Target Project(s) is/are qualified to be included in the Catalogue of Additional Subsidies for Renewable Electricity Prices *(可再生能源電價附加資金補助名錄)and is confirmed by the Company; and

(iv) 10% of the consideration shall be settled within seven business days after the expiry of the one year performance guarantee period, the Group having received the inspection report issued by a third party inspection agency of the relevant Target Project(s) and met the technical requirements confirmed by the Company in written form and the land use rights certificate(s) of the land on which the relevant Target Project(s) is/are located has/have been obtained.

A daily penalty equal to 0.05% (but not more than 30%) of the overdue amount will be imposed if the consideration is not paid as agreed.

Principal terms of the Convertible Bonds

Part of the total consideration will be settled by way of issue of the Convertible Bonds with the following principal terms:

Issuer:	The Company
Principal amount:	The aggregate principal amount of HK$1,000 million
Interest rate:	Not more than 6% per annum, to be accrued from the date of grid connection of corresponding Target Projects
Conversion Price:	HK$1.49184 per conversion share, represents a premium of 11% over 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 this announcement

The actual amount and terms of the Convertible Bonds will be set out in the definitive agreement to be entered into by the parties, subject to requirements of the Listing Rules and necessary approvals required for the proposed issue of Convertible Bonds.

It is the intention of the parties, upon issue of the proposed Convertible Bonds, not less than 10% of the equity interest of the Target Companies shall be transferred to, or pledged in favour of the Group.

Security

Hareon agreed to provide the following security to the Group:–

(a) a guarantee on performance and electricity generation capacity of the Target Projects to the satisfaction of the Company;

(b) security over the equity interest in an individual Target Company upon receipt of part payment of not less than 46.82% attributable to that Target Company; and

(c) 10% of the total consideration for the Proposed Acquisitions as performance guarantee within the warranty period of one year.

The parties will further agree on the form and terms of the above security.

Exclusivity

Within six months after the entering into of the Cooperation Agreement, it shall constitute breaches of the Cooperation Agreement if Hareon, in any manner, engages in any discussion or negotiation relating to the transfer of the equity interest in any of the Target Companies or the Target Projects or transfer any of the equity interest in any of the Target Companies or the Target Projects to any other parties. Hareon shall pay a default payment to the Group in the amount equivalent to three times of the Project Advanced Payment (namely the first instalment of HK$150 million) paid by the Group.

Validity

The Cooperation Agreement the become effective upon payment of the first instalment of the Advance Payment on the date of this announcement.

INFORMATION ON HAREON AND THE TARGET PROJECTS

Hareon is a company with limited liability established under the laws of the PRC, whose shares are listed on the Shanghai Stock Exchange (stock code: 600401) and is engaged in the principal business of manufacturing of crystallized silicon solar cells and solar modules, development, investment and construction of solar power plants.

The particulars of the Target Projects are set out as follow:

Project Location	Installed Capacity *(MW)*	Estimated Aggregate Transaction Value *(100 million)*
Wu'an (武安)	20	1.766
Keping (柯坪)	30	2.985
Pishan (皮山)	20	1.972
Hami (哈密)	30	2.916
Qinhuangdao (秦皇島)	20	1.724
Mengzi (蒙自)	57.5	5.4395
Jianshui (建水)	172.5	16.422
Gansu (甘肅)	100	9.96
Taiyuan (太原)	30	3.006
Suqian (宿遷)	20	1.858
Yuepuhu (岳普湖)	20	1.91
Wuwei Phase I (武威一期)	50	5.575
Yunnan Phase II (雲南二期)	115	11.0515
Hebei (河北)	100	8.84
Xinjiang (新疆)	70	6.545
Shahe, Shaowu and Tai'an (沙河邵武泰安)	60	4.785
Jiangsu (江蘇)	15	1.245
Total	930	88

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

INFORMATION ON THE COMPANY AND REASONS FOR THE TRANSACTIONS

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.

It is the Group's strategy to identify suitable investment opportunities to acquire solar power plants with good prospects and potential for stable returns. Having taken into consideration of the fact that certain Target Projects have successfully achieved, and the remaining Target Projects are expected to achieve on-grid connection, the Directors are of the view that the Proposed Acquisitions will enable the Group to further expand its scale of business in the solar energy sector and enhance return to the Shareholders.

The Directors consider that the Proposed Acquisitions are on normal commercial terms after arm's length negotiation between the parties, fair and reasonable and in the interests of the Company and Shareholders as a whole.

GENERAL

The parties proposed to execute definite agreement(s) in respect of the Proposed Acquisitions as soon as practicable consistent with the framework as set out in the Cooperation Agreement.

The Proposed Acquisitions, which if materialise, on an aggregate basis, may constitute notifiable transactions on the part of the Company under the Listing Rules. Further announcement(s) will be made by the Company regarding the Proposed Acquisitions as and when appropriate in compliance with the Listing Rules.

RESUMPTION OF TRADING

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Shareholders of the Company and/or investors should note that the Proposed Acquisitions are subject to fulfillment of various conditions and may or may not proceed. Accordingly, shareholders of the Company and/or investors are advised to exercise caution when dealing in the shares of the Company.

DEFINITIONS

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

"Advance Payment"	advance payment to be paid by the Company to Hareon pursuant to the terms of the Cooperation Agreement
"Board"	the board of Directors
"business day"	a day on which banks in Hong Kong and the PRC are open for general banking business, other than a Saturday or a Sunday

"Cooperation Agreement"	the legally binding cooperative framework agreement dated 13 May 2015 entered into among the Company and Hareon in relation to the Proposed Acquisitions and the proposed issue of Convertible Bonds as part consideration
"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
"Convertible Bonds"	HK$1,000 million unsecured convertible bonds to be issued by the Company to Hareon pursuant to a definitive subscription agreement as contemplated under the Cooperation Agreement
"Director(s)"	the director(s) of the Company
"EPC"	Engineering, Procurement and Construction
"Group"	the Company and its subsidiaries
"Hareon"	海潤光伏科技股份有限公司 (Hareon Solar Technology Company Limited*), a company established in the PRC with limited liability, whose shares are listed on the Shanghai Stock Exchange (stock code: 600401)
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"MW"	megawatt, which equals 1,000,000 watt
"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
"Project Advanced Payment"	means the first instalment of HK$150 million
"Proposed Acquisitions"	proposed acquisitions of equity interest in the Target Companies by the Group from Hareon alone or jointly with any other parties or from Hareon and a party controlled by it, where applicable

"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
"Target Company(ies)"	project company(ies) owned by Hareon alone or jointly with any other parties which legally own(s) the Target Project(s)
"Target Project(s)"	solar power plant project(s) owned by the Target Companies with an aggregate installed capacity of 930MW in the PRC
"VAT"	Value-Added Tax

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

Hong Kong, 13 May 2015

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*