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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)

MAJOR TRANSACTION IN RELATION TO ACQUISITION OF 210MW SOLAR POWER PLANT PROJECTS IN THE PRC

THE ACQUISITION

On 11 May 2015, UP (Changzhou), a wholly-owned subsidiary of the Company, entered into the legally binding Acquisition Agreement with the Seller whereby UP (Changzhou) has conditionally agreed, among others, to acquire 100% of the equity interest in the Target Company from the Seller in stages at the aggregate consideration of RMB105 million (equivalent to approximately HK\$132.3 million).

The Target Company owns, through the Project Companies, namely (i) Guodian Chahaeryouyiqianqi Second Solar Power Company Limited* (國電察哈爾右翼前旗第二光伏發電有限公司); (ii) Guodian Kezuozhongqi Photovoltaics Company Limited* (國電科左中旗光伏發電有限公司); (iii) Guodian Shangdu County Second Photovoltaics Company Limited* (國電商都縣第二光伏發電有限公司); (iv) Inner Mongolia Zhongneng Guodian New Energy Technology Company Limited* (內蒙古中能國電新能源科技有限公司); and (v) Haining Heliyuan New Energy Investment Company Limited* (海寧和利源新能源投資有限公司), five solar power plant projects with aggregate installed capacity of 210 MW located in Inner Mongolia and Zhejiang Province, the PRC.

Upon completion of the Acquisition, UP (Changzhou) will hold 100% equity interest in the Target Company.

As one of the applicable percentage ratios in respect of the Acquisition exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction for the Company under the Listing Rules and is therefore subject to the reporting, announcement and Shareholders' approval requirements.

A circular containing, among other matters, further details of the Acquisition and all matters contemplated thereunder and the notice of the SGM are expected to be despatched to the Shareholders on or before 31 July 2015 as more time is required to prepare the relevant financial and other information to be included in the circular under the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 11 May 2015, UP (Changzhou), a wholly-owned subsidiary of the Company, entered into the legally binding Acquisition Agreement with the Seller whereby UP (Changzhou) has conditionally agreed, among others, to acquire 100% of the equity interest in the Target Company from the Seller in stages. The Target Company owns, through the Project Companies, namely (i) Guodian Chahaeryouyiqianqi Second Solar Power Company Limited* (國電察哈爾右翼前旗第二光伏發電有限公司); (ii) Guodian Kezuozhongqi Photovoltaics Company Limited* (國電科左中旗光伏發電有限公司); (iii) Guodian Shangdu County Second Photovoltaics Company Limited* (國電商都縣第二光伏發電有限公司); (iv) Inner Mongolia Zhongneng Guodian New Energy Technology Company Limited* (內蒙古中能國電新能源科技有限公司); and (v) Haining Heliyuan New Energy Investment Company Limited* (海寧和利源新能源投資有限公司), five solar power plant projects with aggregate installed capacity of 210 MW located in Inner Mongolia and Zhejiang Province, the PRC.

THE ACQUISITION

The Acquisition Agreement

Date: 11 May 2015

Parties: UP (Changzhou)

The Seller

The Seller is a limited company incorporated in the PRC, whose principal business is development and operation of solar power plants in the PRC.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Seller and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Equity interest to be acquired

Pursuant to the Acquisition Agreement, UP (Changzhou) has conditionally agreed to purchase and the Seller has conditionally agreed to sell and transfer 100% of the equity interest in the Target Company which owns, through the Project Companies, five solar power plant projects with aggregate installed capacity of 210 MW located in Inner Mongolia and Zhejiang Province, the PRC.

Further information on the Target Group is set out in the section headed “Information on the Target Group” below.

Total consideration and deposit

The total consideration of the Acquisition is RMB105 million (equivalent to approximately HK\$132.3 million), will be payable in cash in two instalments by utilising the internal resources of the Group.

Pursuant to the Acquisition Agreement, UP (Changzhou) will pay on or before 31 May 2015:–

- (a) RMB25 million (equivalent to approximately HK\$31.5 million) as part consideration for the 25% Sale Interest in the Target Company; and
- (b) approximately RMB187 million (equivalent to approximately HK\$235.6 million) as deposit under the Acquisition Agreement.

Upon receipt of the above payments, the Seller will proceed to register the 25% Sale Interest in the name of UP (Changzhou) and execute a share pledge over the 75% Sale Interest in the Target Company in favour of UP (Changzhou). The deposit will be applied toward settlement of part of the consideration upon completion of the Acquisition and settlement of the part of the outstanding liabilities of the Target Group.

The parties estimate that, in relation to the Acquisition of the entire Sale Interest of the Target Company by UP (Changzhou), the total consideration, together with the cost of capital expenditure and assumption of the liability of the Project Companies, will be not more than RMB1,903,690,000 (equivalent to approximately HK\$2.4 billion).

The Directors are of the view that the consideration for the Acquisition is fair and reasonable and was determined after arm’s length negotiations between the parties taking into consideration of the registered capital of the Target Company, the amount of the cost of capital expenditure and assumption of the liability of the Project Companies and the internal rate of return on the total investment to be achieved by the Project Companies.

Conditions precedent

The Acquisition is conditional on fulfillment (or waiver by UP (Changzhou) of the satisfactory results of due diligence by UP (Changzhou) on the Target Group and applicable approvals, permits, authorizations, consents regarding the Acquisition being obtained from the government authorities and other relevant third parties, if any.

Completion

Completion of the acquisition of the 25% Sale Interest will take place on or before 31 May 2015. Upon completion of the acquisition of the 25% Sale Interest, the Target Company will be owned as to 25% by UP (Changzhou) and 75% by the Seller and the Seller will pledge the 75% of the equity interest in the Target Company in favour of UP (Changzhou).

Completion of the acquisition of the 75% Sale Interest will take place upon fulfillment of the conditions precedent, which is expected to take place by end of September 2015. Upon completion of the Acquisition, the Target Company will become a wholly-owned subsidiary of UP (Changzhou).

INFORMATION ON THE TARGET GROUP

The Target Company is an investment holding company incorporated in the PRC, and through its subsidiaries, principally engaged in developing and operating solar power plants in the PRC.

The Project Companies, namely (i) Guodian Chahaeryouyiqianqi Second Solar Power Company Limited* (國電察哈爾右翼前旗第二光伏發電有限公司); (ii) Guodian Kezuo zhongqi Photovoltaics Company Limited* (國電科左中旗光伏發電有限公司); (iii) Guodian Shangdu County Second Photovoltaics Company Limited* (國電商都縣第二光伏發電有限公司); (iv) Inner Mongolia Zhongneng Guodian New Energy Technology Company Limited* (內蒙古中能國電新能源科技有限公司); and (v) Haining Heliyuan New Energy Investment Company Limited* (海寧和利源新能源投資有限公司), owns five solar power plant projects with aggregate installed capacity of 210 MW located in Inner Mongolia and Zhejiang Province, the PRC.

As of the date of this announcement, four solar power plants achieved on-grid connection at the end of December 2014 and the last one is expected to achieve on-grid connection by the third quarter of 2015.

Financial information of the Target Group

Based on the unaudited consolidated management accounts of the Target Company prepared in accordance with the Accounting System for Business Enterprises in the PRC, for the period from the date of establishment of the Target Company (i.e. July 2014) to 30 April 2015, the unaudited revenue and net loss of the Target Company before and after taxation and extraordinary items were approximately RMB6 million and RMB21 million, respectively.

Based on the same unaudited consolidated management accounts of the Target Company, further financial information of the Target Company is set out below:–

As of 30 April 2015

RMB' million

Total assets	1,387
Total liabilities	(1,356)
Net assets	31

REASONS FOR AND BENEFITS OF THE ACQUISITION

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. Having taken into consideration of the fact that the four solar power plants owned by the Project Companies have successfully achieved and one is expected to achieve on-grid connection, the Directors are of the view that the Acquisition will enable the Group to further expand its scale of business in the solar energy sector and enhance return to the Shareholders.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios in respect of the Acquisition exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction for the Company under the Listing Rules and is therefore subject to the reporting, announcement and Shareholders' approval requirements.

A circular containing, among other matters, further details of the Acquisition and all matters contemplated thereunder and the notice of the SGM are expected to be despatched to the Shareholders on or before 31 July 2015 as more time is required to prepare the relevant financial and other information to be included in the circular under the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of 100% of the equity interest in the Target Company by UP (Changzhou) pursuant to the Acquisition Agreement
“Acquisition Agreement”	the legally binding agreement dated 11 May 2015 entered into between UP (Changzhou) and the Seller in relation to the sale and purchase of the 100% Sale Interest (as supplemented by a supplemental agreement of even date)
“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
“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
“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
“MW”	Megawatt, which equals to 1,000,000 watt
“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

“Project Companies”

- (1) Guodian Chahaeryouyiqianqi Second Solar Power Company Limited* (國電察哈爾右翼前旗第二光伏發電有限公司), a company established in the PRC with limited liability in September 2014 and is owned as to 49% as at the date of this announcement, and will be owned as to 99% by the Target Company before completion of the Acquisition, which owns a solar power plant located in Chahaeryouyiqianqi, Inner Mongolia, China with aggregate installed capacity of 30MW
- (2) Guodian Kezuozhongqi Photovoltaics Company Limited* (國電科左中旗光伏發電有限公司), a company established in the PRC with limited liability in September 2014 and is owned as to 49% as at the date of this announcement, and will be owned as to 99% by the Target Company before completion of the Acquisition, which owns a solar power plant located in Keerqinzuoyizhongqi, Inner Mongolia, China with aggregate installed capacity of 60MW
- (3) Guodian Shangdu County Second Photovoltaics Company Limited* (國電商都縣第二光伏發電有限公司), a company established in the PRC with limited liability in September 2014 and is owned as to 49% as at the date of this announcement, and will be owned as to 99% by the Target Company before completion of the Acquisition, which owns a solar power plant located in Shangdu County, Inner Mongolia, China with aggregate installed capacity of 50MW
- (4) Inner Mongolia Zhongneng Guodian New Energy Technology Company Limited* (內蒙古中能國電新能源科技有限公司), a company established in the PRC with limited liability in May 2014 and is owned as to 80% by the Target Company, which owns a solar power plant located in Linxi County, Inner Mongolia, China with aggregate installed capacity of 40MW
- (5) Haining Heliyuan New Energy Investment Company Limited* (海寧和利源新能源投資有限公司), a company established in the PRC with limited liability in December 2013 and is owned as to 98.57% by the Target Company, which owns certain solar power plants located in Haining City, Zhejiang Province, China with aggregate installed capacity of 30MW

“Sale Interest”	equity interest in the Target Company
“Seller”	Zhongneng Guodian Photovoltaic Green Ecological Cooperation and Development Jiangsu Company Limited * (中能國電光伏綠色生態合作發展江蘇有限公司), a company established in the PRC with limited liability
“SGM”	the special general meeting of the Company to be convened to approve, confirm and ratify the Acquisition Agreement and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Zhongneng Guodian New Energy Cooperation and Development Jiangsu Company Limited* (中能國電新能源開發投資江蘇有限公司), a company established in the PRC with limited liability in July 2014 and is wholly owned by the Seller
“Target Group”	the Target Company and the Project Companies
“UP (Changzhou)”	United Photovoltaics (Changzhou) Investment Co., Ltd.* (聯合光伏(常州)投資有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“%”	per cent

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

Hong Kong, 11 May 2015

In this announcement, the conversion of Renminbi into Hong Kong dollars has been made at a rate of RMB1 to HK\$1.26. 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*