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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 appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of United Photovoltaics Group Limited.



UNITED PHOTOVOLTAICS GROUP LIMITED

聯合光伏集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 686)

SUBSCRIPTION FOR NEW SHARES UNDER SPECIFIC MANDATE AND 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 on pages 5 to 16 of this circular.

A notice convening the SGM to be held on Friday, 26 May 2017 at 4:00 p.m. (or as soon thereafter as the AGM of the Company to be held at 3:00 p.m. on the same day and at the same place is concluded or adjourned) at Unit 1407, 14/F, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong is set out on pages 17 to 19 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 Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, 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.

5 May 2017

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DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be convened and held at Unit 1407, 14/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong on Friday, 26 May 2017 at 3:00 p.m. or any adjournment thereof
“associate”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“business day”	a day on which commercial banks in Hong Kong are open for general 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.
“China Huarong”	China Huarong Asset Management Co., Ltd.* (中國華融資產管理股份有限公司), a company established in the PRC with limited liability, whose H shares are listed on the Stock Exchange
“Convertible Bonds”	the 7% secured three-year convertible bonds due 2018 issued by the Company to Driven Innovation Limited on 3 June 2015 in the principal amount of US\$100,000,000 convertible into 672,328,521 Shares upon conversion and issue of Shares for payment of interest under such convertible bonds at the conversion price of HK\$1.2334 per Share
“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
“Completion”	completion of the Share Subscription pursuant to the terms and conditions of the Subscription Agreement

DEFINITIONS

“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“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
“Last Trading Day”	19 April 2017, being the date of the Subscription Agreement
“Latest Practicable Date”	2 May 2017, 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
“Outstanding Convertible Bonds”	all the outstanding convertible bonds of the Company as at the Latest Practicable Date: (i) the Series B convertible bonds of the Company due 2018 with outstanding principal amount of HK\$286,591,000, which is convertible into a total of 286,591,000 Shares at the current conversion price of HK\$1.00 per Share (subject to adjustments) (ii) the convertible bonds of the Company due 2018 issued on 27 December 2013 in the principal amount of HK\$232,959,339, which is convertible into a total of 154,277,707 Shares at the adjusted conversion price of HK\$1.51 per Share (iii) the convertible bonds issued on 20 April 2015 with outstanding principal amount of HK\$464,803,198.80, which is convertible into a total of 479,178,555 Shares at the adjusted price of HK\$0.97 per Share

DEFINITIONS

	(iv) the Convertible Bonds
	(v) the convertible bonds issued on 23 June 2015 with outstanding principal amount of US\$12,000,000, which is convertible into a total of 95,876,288 Shares at the adjusted price of HK\$0.97 per Share
	(vi) the convertible bonds issued on 29 December 2015 in the principal amount of US\$100,000,000, which is convertible into a total of 515,704,019 Shares at the adjusted price of HK\$1.5028 per Share
	(vii) the convertible bonds issued on 26 August 2016 by the Company in the principal amount of US\$50,000,000 convertible into 596,153,846 Shares upon conversion at the adjusted conversion price of HK\$0.61 per Share
“Outstanding Options”	all of the outstanding share options granted under the share option scheme of the Company as the Latest Practicable Date: (i) 49,500,000 Shares to be issued pursuant to the share options granted on 8 January 2015 (ii) 29,097,319 Shares to be issued pursuant to the share options granted on 28 January 2016
“Outstanding Warrants”	all the outstanding warrants issued by the Company, entitling holders to subscribe for a total of 871,075,858 Shares at the initial subscription price of HK\$0.646 (subject to adjustment)
“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

DEFINITIONS

“SGM”	the special general meeting of the Company to be convened and held on Friday, 26 May 2017 at 4:00 p.m. (or as soon thereafter as the AGM of the Company to be held at 3:00 p.m. on the same day and at the same place is concluded or adjourned) for the purpose of consideration, if thought fit, approving the Subscription Agreement and the transactions contemplated thereunder; and the grant of the Specific Mandate for the allotment and issuance of the Subscription Shares
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Share Subscription”	the subscription for new Shares pursuant to the Subscription Agreement
“Specific Mandate”	a specific mandate to allot, issue or otherwise deal with the Subscription Shares to be sought from the Shareholders
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	China Huarong Macau (HK) Investment Holdings Limited, a company incorporated in Hong Kong
“Subscription Agreement”	the subscription agreement dated 19 April 2017 and entered into by and between the Company and the Subscriber
“Subscription Price”	the subscription price of HK\$0.95 per Subscription Share
“Subscription Share(s)”	the new Shares to be subscribed by the Subscriber under the Subscription Agreement
“substantial Shareholder”	has the meaning ascribed thereto under the Listing Rules
“US\$”	United States dollars, the lawful currency of the United States of America

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
Mr. Li Hong
Ms. Qiu Ping, Maggie
Mr. Jiang Wei

Non-executive Directors:

Academician Yao Jiannian
Mr. Tang Wenyong
Mr. Li Hao

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 HM 11
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

5 May 2017

To the Shareholders

Dear Sir or Madam,

SUBSCRIPTION FOR NEW SHARES UNDER SPECIFIC MANDATE AND NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

Reference is made to the announcement of the Company dated 19 April 2017 in relation to the Subscription Agreement, pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, a total of 700,000,000 Subscription Shares at the Subscription Price of HK\$0.95 per Subscription Share.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (a) further details of the Subscription Agreement and the transactions contemplated thereunder, including the Specific Mandate for the issue and allotment of the Subscription Shares; and (b) a notice to convene the SGM together with a proxy form to the Shareholders.

THE SUBSCRIPTION AGREEMENT

Details of the Subscription Agreement are set out below.

The Subscription Agreement

Date

19 April 2017 (after trading hours)

Issuer

the Company

Subscriber

the Subscriber

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

Share Subscription

Pursuant to the Subscription Agreement, subject to the fulfillment of the conditions referred to in the paragraph headed "Conditions of the Share Subscription" below, the Subscriber has agreed to subscribe for, and the Company has agreed to allot and issue, a total of 700,000,000 Subscription Shares, at the Subscription Price of HK\$0.95 per Subscription Share. The aggregate Subscription Price is payable in cash by the Subscriber at Completion pursuant to the Subscription Agreement.

LETTER FROM THE BOARD

Number of Subscription Shares

The Subscription Shares represent approximately 9.28% of the existing issued share capital of the Company as at the Latest Practicable Date and approximately 8.50% of the issued share capital of the Company as enlarged by issue of the Subscription Shares immediately following Completion, assuming that there will be no change in the issued share capital of the Company (other than the issue of the Subscription Shares) between the Latest Practicable Date and the Completion.

Subscription Price

The Subscription Price of HK\$0.95 per Subscription Share represents:

- (i) a discount of approximately 20.83% to the closing price of HK\$1.20 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 9.00% to the average closing price of HK\$1.044 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the Last Trading Day;
- (iii) a discount of approximately 21.49% to the closing price of HK\$1.21 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (iv) a premium of approximately 67% over the audited net assets value of approximately HK\$0.57 per Share based on the audited consolidated net assets of the Group attributable to the Shareholders of approximately RMB\$2,494,000,000 (approximately to HK\$2,818,220,000) as at 31 December 2016, the date to which the latest audited financial results of the Group were made up, and 4,944,310,325 Shares in issue as at 31 December 2016.

The Subscription Price was determined after arm's length negotiations between the Company and the Subscriber with reference to the prevailing market price of the Shares and the recent market conditions. The Company has also considered the terms of the Share Subscription (including the Subscription Price) from a wider commercial perspective with an intention to strengthen the relationship with a renowned investor with strong financial resources and extensive business network, which in turn would bring strategic value to the Group. Further details are set out in the section headed "Reasons for and the benefits of the Share Subscription and use of proceeds" in this circular.

LETTER FROM THE BOARD

The aggregate nominal value of the Subscription Shares is HK\$70,000,000. After deduction of the estimated expenses for the Share Subscription, the net price to the Company of each Share is approximately HK\$0.949 per Subscription Share. The Directors consider that the terms of the Subscription Agreement (including the Subscription Price) are on normal commercial terms and are fair and reasonable and that the Share Subscription is in the interests of the Company and the Shareholders as a whole.

Ranking of the Subscription Shares

The Subscription Shares, when issued and fully paid-up, will rank *pari passu* in all respects among themselves and with the Shares in issue at the date of allotment and issue of the Subscription Shares.

Conditions of the Share Subscription

The Completion is conditional upon fulfillment of the following conditions precedent:

- (a) the passing by the Shareholders (or such independent Shareholders with no material interest) at the SGM of all the necessary resolution(s) to approve the transactions contemplated under the Subscription Agreement, including the grant of the Specific Mandate to the Directors to issue the Subscription Shares, in accordance with all applicable laws and regulations (including the Listing Rules);
- (b) the Listing Committee of the Stock Exchange having granted the listing of, and the permission to deal in, the Subscription Shares (which is subject to no condition or conditions which are acceptable to the Company and the Subscriber); and
- (c) all the necessary approval, permission, consent, or authorization (where applicable) from shareholders, directors or other internal decision-making departments of the Company and the Subscriber respectively or other third parties or governmental and regulatory authorities for the entering into of the Subscription Agreement and the transactions contemplated thereunder having been obtained.

If the above condition is not fulfilled on or before 15 June 2017 (or a later date as the parties may mutually agree, the “**Long Stop Date**”), the Subscription Agreement will immediately and automatically terminate. The parties thereto will be released from all obligations thereunder, save for any antecedent obligations or liabilities accrued prior to such termination and any obligations which shall survive such termination. If the Company and the Subscriber intend to extend the Long Stop Date, the Company shall seek approval from the Shareholders for the extension.

LETTER FROM THE BOARD

Completion of the Share Subscription

The Completion is to take place within three business days immediately following the fulfillment of the conditions referred to in the paragraph headed “Conditions of the Share Subscription” above or such other date as the Company and the Subscriber may mutually agree.

The Subscription Shares to be subscribed by the Subscriber are not subject to any lock-up period under the terms of the Subscription Agreement.

Specific Mandate for issue and allotment of the Subscription Shares

The Subscription Shares will be allotted and issued pursuant to the Specific Mandate to be sought at the SGM.

Listing Application

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately after the Completion assuming there being no other change in the shareholding structure and share capital of the Company immediately after the Latest Practicable Date and up to the Completion:

	Existing shareholding as at the Latest Practicable Date		Shareholding immediately after the Completion	
	<i>Number of Shares</i>	<i>Approx. %</i>	<i>Number of Shares</i>	<i>Approx. %</i>
China Merchants New Energy Group Limited (“CMNEG”) and parties acting in concert with it				
CMNEG (<i>Note 1</i>)	579,944,250	7.69	579,944,250	7.04
Snow Hill Developments Limited (“ Snow Hill ”) (<i>Note 1</i>)	508,450,273	6.74	508,450,273	6.17
Magicgrand Group Limited (“ Magicgrand ”) (<i>Note 2</i>)	492,685,935	6.53	492,685,935	5.98
Pairing Venture Limited (<i>Note 3</i>)	18,173,487	0.24	18,173,487	0.22
New Energy Exchange Limited (“ NEX ”) (<i>Note 4</i>)	335,683,070	4.45	335,683,070	4.07
Sino Arena Investments Limited	63,568,708	0.84	63,568,708	0.77
Sub-total:	1,998,505,723	26.51	1,998,505,723	24.25

LETTER FROM THE BOARD

	Existing shareholding as at the Latest Practicable Date		Shareholding immediately after the Completion	
	<i>Number of Shares</i>	<i>Approx. %</i>	<i>Number of Shares</i>	<i>Approx. %</i>
Other associate of China Merchants Group Limited* (招商局集團有限公司) (“China Merchants”)				
China Merchants Fund Management Limited	61,855,670	0.82	61,855,670	0.75
ORIX Asia Capital Limited	1,074,138,234	14.25	1,074,138,234	13.04
PV China Investment Limited	333,247,334	4.42	333,247,334	4.04
Subsidiaries of China Huarong				
Power Revenue Limited	50,000,000	0.66	50,000,000	0.61
New Modern Management Limited	485,630,000	6.44	485,630,000	5.89
Subscriber	—	—	700,000,000	8.50
Sub-total:	535,630,000	7.10	1,235,630,000	15.00
Directors	18,577,600	0.25	18,577,600	0.23
Public Shareholders	3,517,724,340	46.65	3,517,724,340	42.69
Total:	7,539,678,901	100.00	8,239,678,901	100.00

Notes:

- CMNEG is indirectly owned as to 79.36% by China Merchants and directly owned as to 20.64% by Magicgrand. Snow Hill is beneficially wholly owned by China Merchants.
- Magicgrand is beneficially wholly owned by Mr. Li, Alan, an executive Director and chief executive officer of the Company.
- Pairing Venture Limited is directly wholly owned by Mr. Li, Alan, an executive Director and chief executive officer of the Company.
- NEX is owned as to 9.9% by Magicgrand, as to 8.13% by Snow Hill and as to 81.97% by other third parties. The number of Shares held by NEX as disclosed in the table includes Shares owned by two wholly-owned subsidiaries of NEX.

Save as disclosed in this circular and apart from the Outstanding Options granted under the share option scheme of the Company adopted on 19 June 2012, the Outstanding Warrants and the Outstanding Convertible Bonds issued by the Company, the Company did not have any other options, warrants and other convertible securities or rights which are convertible or exchangeable into Shares of the Company. The Share Subscription does not trigger the adjustment provisions of these outstanding convertible securities or rights of the Company.

LETTER FROM THE BOARD

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Date of announcement	Transaction	Net proceeds	Intended use of net proceeds	Actual use of proceeds as at the Latest Practicable Date
19 August 2016 and 26 August 2016	issue of 3-year convertible bonds in the principal amount of US\$50,000,000	approximately HK\$364,050,000	as general working capital and/or financing capital for expansion of business including the acquisition and operation of the potential solar power plant(s)	all used in connection with solar power plants in the PRC
21 September 2016 and 20 March 2017	issue of a total of 2,232,978,962 new Shares and a total of 871,075,858 warrants under specific mandate	approximately HK\$1,259,000,000	to finance the redemption of the outstanding convertible bonds and development of the future business of the Company	37 % used in connection with development or acquisition of solar power plant projects in the PRC and 63% to be used as intended
20 December 2016 and 28 December 2016	issue of a total of 100,000,000 new Shares under general mandate	approximately HK\$59,800,000	for general working capital purposes, including funding business development and refinancing of outstanding debts	85% used for the repayment of indebtedness and 15% used as general administrative expenses
31 March 2017 and 12 April 2017	issue of a total of 270,000,000 new Shares under general mandate	approximately HK\$223,900,000	for general working capital purposes, including funding business development	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 Latest Practicable Date.

INFORMATION ON THE SUBSCRIBER

Based on the information provided by the Subscriber, the Subscriber is incorporated in Hong Kong, whose principal business is investment holding. The Subscriber is an indirectly non-wholly owned subsidiary of China Huarong.

LETTER FROM THE BOARD

To the best knowledge of the Directors, as at the Latest Practicable Date, (a) Driven Innovation Limited, a subsidiary of China Huarong, holds the US\$100,000,000 7% Convertible Bonds due 2018 issued by the Company; (b) Power Revenue Limited, a non-wholly owned subsidiary of China Huarong, holds the convertible bonds due 2019 issued by the Company on 26 August 2016 in the principal amount of US\$50,000,000 convertible into 596,153,846 Shares upon conversion at the conversion price of HK\$0.61 per Share, and it also holds 50,000,000 Shares of the Company; and (c) New Modern Management Limited, a non-wholly owned subsidiary of China Huarong holds 485,630,000 Shares of the Company.

As announced by the Company on 29 March 2017, the Company and Driven Innovation Limited have entered an amendment deed relation to the proposed amendments to the terms of the Convertible Bonds, subject to the proposed amendments becoming effective, the Company shall have an early redemption right in respect of the Convertible Bonds.

REASONS FOR AND THE BENEFITS OF THE SHARE SUBSCRIPTION AND USE OF PROCEEDS

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

As mentioned above, the Subscriber is an indirect subsidiary of China Huarong. China Huarong is a PRC state-owned non-banking financial institution establishment by the State Council of China, whose H shares are listed on the Stock Exchange. Its businesses include comprehensive financial services, asset management and investment with a nationwide network. Having considered the prominent background and strong financial position of China Huarong, the Company believes that the Share Subscription will allow the Company to strengthen the relationship with China Huarong as strategic investor, which will bring in valuable resources to the Group and advantage in financing, by leveraging on the wide business connection of China Huarong.

The Company has considered other forms of fund raising exercise such as rights issue and debt financing. Debt financing normally involves interest payment, requires a pledge of assets as collateral and imposes stringent financial covenants on the Group, the Directors consider that it is not a preferred method of fund raising, in particular, when the Group is making efforts to decrease its debt ratio. Further, the Directors considered that rights issue generally requires higher cost and more time to administer and arrange for the nil-paid rights trading, printing services and for reviewing the provisional allotment letters and other necessary documents, including the time for the Company to liaise with the parties involved in the rights issue such as the share registrar, the underwriter, and its professional advisers. Pre-emptive issues such as rights issue or open offer would incur costly underwriting commission which the recent market rate would be in range of 2.0% and 4.0% of the gross proceeds with an estimated timeframe of 2 to 4 months, while the Share Subscription did not involve a placing commission payable by the Company. Therefore, the Directors consider direct subscription by an investor is a more efficient method of fund raising.

LETTER FROM THE BOARD

The Directors consider that the Share Subscription represents a good opportunity to raise additional funds for the future development of the Company, to broaden the capital base of the Company, and to strengthen the financial position of the Group. Accordingly, the Directors consider that the Share Subscription are in the interest of the Company and its Shareholders as a whole.

The aggregate gross proceeds of the Share Subscription will amount to HK\$665,000,000 and the aggregate net proceeds, after the deduction of the related expenses, will be approximately HK\$664,500,000, representing a net Subscription Price of approximately HK\$0.949 per Subscription Share.

The Company intends to apply the net proceeds of the Share Subscription for general working capital purposes, including funding business development. The intended allocation of the proceeds will be (a) 90% for payments in connection with domestic and/or overseas acquisitions under negotiation; and (b) 10% for general working purposes.

The Company is making steps to deleverage so as to maximize the profits of the Group, while expanding its business.

The Company redeemed the 7.5% secured three-year convertible bonds in the principal amount of US\$30,000,000 on 29 March 2017 after the right for early redemption had come into effect with approval from the Stock Exchange and the Shareholders. The Company intends to redeem the Convertible Bonds after the additional right for early redemption becomes effective with approval from the Stock Exchange and the Shareholders. It is considered that redemption of the outstanding convertible bonds will lower Company's financial costs, decrease its debt ratio and in turn strengthen the financial position of the Company, enhancing the Company's market competitiveness.

The Company is seeking opportunities to expand its business in both domestic and overseas markets so as to provide good returns to its Shareholders. On 24 April 2017, the Group signed an acquisition agreement to purchase the remaining 50% equity interest in a holding company which owns and is operating a solar power plant with installed capacity of approximately 200MW located in Ningxia, the PRC, financed by the previous fund raising activities. With the successful completion of its first overseas acquisition of six operational solar power plants in the United Kingdom, the Company is also pursuing some potential overseas investments in solar power projects of approximately 150MW, including the United States, France, Canada, in various stages of discussions or the bidding process. If binding transaction documents are signed for these potential acquisitions, it is expected that the Group has to finance the transactions within the next few months in a competitive market conditions. The Company will make announcement(s) in accordance with the Listing Rules, when and as appropriate, if these transactions materialise.

LETTER FROM THE BOARD

As disclosed in the 2016 annual report of the Group, the audited current liabilities of the Company exceeded its current assets by approximately RMB594 million. The Company is taking various measures to obtain new financing and refinancing so as to satisfy its funding needs for business development and operations. Based on information available and the current business plan of the Group, the proceeds from the Share Subscription and previous fund raising activities can satisfy the Group's expected funding needs for business development and operations for the next 6 months, including the domestic and overseas acquisitions, such as the recent acquisition of a 200MW operational solar power plant in Ningxia as announced on 24 April 2017, and as general working capital purposes. The Company will utilise internal financial resources and external financings for business expansion in pursuit of sustainable and long-term strategic growth and returns to Shareholders and for settlement of general management and administration costs and expenses necessary for the Group's daily operations in its ordinary course of business, and payment of interest accrued from its indebtedness such as corporate bonds, convertible bonds and medium-term notes. Renewable energy business is capital intensive and its success will depend, to a large extent, the ability of the Company to have access to external financing to meet all payment obligations for the planning, development, construction and operations of the business. Therefore, the Company has to undertake the Share Subscription now and has intention to raise further funds in the coming next 12 months should opportunities arise.

SGM

A notice convening the SGM to be held on Friday, 26 May 2017 at 4:00 p.m. (or as soon thereafter as the AGM of the Company to be held at 3:00 p.m. on the same day and at the same place is concluded or adjourned) at Unit 1407, 14/F, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong is set out on pages 17 to 19 of this circular.

An ordinary resolution will be proposed to the Shareholders to consider and, if thought fit, to approve the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate for the allotment and issue of the Subscription Shares).

The record date for the purpose of determining Shareholders' eligibility to attend and vote at the SGM is Monday, 22 May 2017. In order to qualify for attending and voting at the SGM, all transfers of Shares accompanied by the relevant share certificates must be lodged at the Company's branch share registrar in Hong Kong, Union Registrars Limited, Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration not later than 4:00 p.m. on Monday, 22 May 2017.

LETTER FROM THE BOARD

A form of proxy for use at the SGM is enclosed with this circular. 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 Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, 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.

In accordance with the Listing Rules, any Shareholder who has a material interest in the Subscription shall abstain from voting on the resolution to approve the Subscription Agreement and the transactions contemplated thereunder (including the grant of Specific Mandate) at the SGM. As confirmed by the Subscriber, the Subscriber does not hold any Shares or other securities of the Company as at the Latest Practicable Date. As at the Latest Practicable Date, Power Revenue Limited and New Modern Management Limited, being associates of the Subscriber, are currently interested in 535,630,000 Shares (representing approximately 7.10% of the issued Shares of the Company) and will abstain from voting on the resolution to approve the Subscription Agreement and the transactions contemplated thereunder (including the grant of Specific Mandate) at the SGM. Save as mentioned above and to the best knowledge of the Directors, no Shareholder is required to abstain from voting at the SGM in respect of the resolution to approve the Subscription Agreement and the transactions contemplated thereunder (including the grant of Specific Mandate) at the SGM.

VOTING BY WAY OF POLL

According to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, the resolution put to the vote at the SGM will be taken by way of poll and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

RECOMMENDATION

The Board (including the independent non-executive Directors) considers that the terms of the Subscription Agreement and the transactions contemplated thereunder and the grant of the Specific Mandate are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is also drawn to the information as set out in the appendix to this circular and the notice of the SGM as set out on pages 17 to 19, which form part of this circular.

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 Company. 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.

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

Hong Kong, 5 May 2017

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 a special general meeting (the “**Meeting**”) of United Photovoltaics Group Limited (the “**Company**”) will be held at Unit 1407, 14/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong on Friday, 26 May 2017 at 4:00 p.m. (or as soon thereafter as the annual general meeting of the Company to be held at 3:00 p.m. on the same day and at the same place is concluded or adjourned) for the purpose of considering and, if thought fit, passing with or without modifications the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

1. “**THAT:**

- (a) the conditional subscription agreement dated 19 April 2017 (the “**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 the Company as issuer and China Huarong Macau (HK) Investment Holdings Limited as subscriber in relation to the proposed subscription of a total of 700,000,000 shares of HK\$0.1 each in the share capital of the Company (each a “**Subscription Share**”, and collectively, the “**Subscription Shares**”) at the price of HK\$0.95 per Subscription Share and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) all other transactions contemplated under the Subscription Agreement be and are hereby approved and any one director of the Company (the “**Director(s)**”) be and is authorised to do all such acts and things, to sign and execute such documents or agreements or deeds on behalf of the Company and to do such other things and to take all such actions as he/she considers necessary, appropriate, desirable or expedient for the purposes of giving effect to or in connection with the Subscription Agreement, the allotment and issue of the Subscription Shares and to agree to such variation, amendments or waiver of matters relating thereto as are, in the opinion of such Director, in the interests of the Company and its shareholders as a whole; and

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- (c) subject to and conditional upon (i) the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the Subscription Shares; and (ii) the fulfillment of other conditions precedent as set out in the Subscription Agreement, the unconditional specific mandate granted to the Directors (the “**Specific Mandate**”) to exercise the powers of the Company to allot, issue and deal with the Subscription Shares pursuant to the Subscription Agreement be and is hereby confirmed and approved. The Specific Mandate is in addition to, and shall not prejudice nor revoke any general or specific mandate(s) which has/have been granted or may from time to time be granted to the Directors prior to the passing of this resolution.”

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

Hong Kong, 5 May 2017

Principal Office:

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

Notes:

1. In order to qualify for attending and voting at the Meeting, all transfers of shares accompanied by the relevant share certificates must be lodged at the Company’s branch share registrar in Hong Kong, Union Registrars Limited, Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong for registration not later than 4:00 p.m. on Monday, 22 May 2017.
2. 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.
3. 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. In such event, the instrument appointing such a proxy shall be deemed to be revoked.

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4. To be valid, a proxy form, 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 in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, not less than 48 hours before the time fixed for holding of the Meeting or any adjournment thereof.
5. In the case of joint holders of shares, any one of such holders may vote at the Meeting, either in person 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 holder are present at the Meeting in person or by proxy, the person 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.
6. Votes on the ordinary resolution set out herein and is to be passed at the Meeting will be taken by way of poll.
7. 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 adjourned. The Company will post an announcement on the website of the Company at www.unitedpvgroup.com and on the HKEX news website of the Stock Exchange at www.hkexnews.hk to notify Shareholders of the date, time and place of the rescheduled meeting.
8. As at the date hereof, the Board of Directors of the Company comprises:

Executive Directors:

Mr. Li, Alan (*Chairman and Chief Executive Officer*)
Mr. Lu Zhenwei
Mr. Li Hong
Ms. Qiu Ping, Maggie
Mr. Jiang Wei

Independent non-executive Directors:

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

Non-executive Directors:

Academician Yao Jiannian
Mr. Tang Wenying
Mr. Li Hao