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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)

SUBSCRIPTION FOR NEW SHARES UNDER SPECIFIC MANDATE

SUBSCRIPTION FOR NEW SHARES

On 19 April 2017 (after trading hours), the Company has entered into the Subscription Agreement with the Subscriber, 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.

The Subscription Shares represent approximately 9.39% of the existing issued share capital of the Company as at the date of this announcement and approximately 8.59% of the issued share capital of the Company as enlarged by issue of the Subscriptions 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 date of this announcement and the Completion.

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.

SPECIFIC MANDATE

The Subscription Shares will be allotted and issued under the Specific Mandate to be sought from the Shareholders at the SGM. A circular containing, among other things, (i) further details of the Subscription Agreement and the transaction contemplated thereunder, and the grant of the Specific Mandate; and (ii) a notice convening the SGM and a proxy form will be despatched to the Shareholders on or around 5 May 2017.

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

Completion of the Share Subscription is conditional upon the satisfaction of the conditions precedent set out in this announcement. Accordingly, Completion of the Share Subscription may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company.

INTRODUCTION

On 19 April 2017 (after the trading hours), the Company entered into the Subscription Agreement with the Subscriber, 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 new Shares, at the Subscription Price of HK\$0.95 per Subscription Share. The principal terms of the Subscription Agreement are summarised and set out below.

THE SUBSCRIPTION AGREEMENT

Date

19 April 2017 (after the 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.

Number of Subscription Shares

The Subscription Shares represent approximately 9.39% of the existing issued share capital of the Company as at the date of this announcement and approximately 8.59% of the issued share capital of the Company as enlarged by issue of the Subscriptions 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 date of this announcement 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 19 April 2017, being the date of the Subscription Agreement; and
- (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 date of the Subscription Agreement.

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 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 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.

Completion of the Share Subscription

The Completion is to take place within three business days immediately following the fulfillment of the condition referred to 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.

Listing Application

An 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 on the Stock Exchange.

SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; 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 date of this announcement and up to the Completion:

	(i) Existing shareholding as at the date of this announcement		(ii) 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	7.78	579,944,250	7.11
Snow Hill Developments Limited (“ Snow Hill ”) (<i>Note 1</i>)	508,450,273	6.82	508,450,273	6.24
Magicgrand Group Limited (“ Magicgrand ”) (<i>Note 2</i>)	492,685,935	6.61	492,685,935	6.04
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	4.50	335,683,070	4.12
Sino Arena Investments Limited	63,568,708	0.85	63,568,708	0.78
Sub-total:	1,998,505,723	26.82	1,998,505,723	24.52
ORIX Asia Capital Limited	1,074,138,234	14.41	1,074,138,234	13.18
PV China Investment Limited	333,247,334	4.47	333,247,334	4.09
Subsidiaries of China Huarong				
Power Revenue Limited	50,000,000	0.67	50,000,000	0.61
New Modern Management Limited	270,000,000	3.62	270,000,000	3.31
Subscriber	–	–	700,000,000	8.59
Sub-total:	320,000,000	4.29	1,020,000,000	12.51
Directors	18,277,600	0.25	18,277,600	0.22
Public Shareholders	3,707,863,396	49.76	3,707,863,396	45.48
Total:	7,452,032,287	100.00	8,152,032,287	100.00

Notes:

1. CMNEG is indirectly owned as to 79.36% by China Merchants Group Limited* (招商局集團有限公司) (“China Merchants”) and directly owned as to 20.64% by Magicgrand. Snow Hill is beneficially wholly owned by China Merchants.
2. Magicgrand is beneficially wholly owned by Mr. Li, Alan, an executive Director and chief executive officer of the Company.
3. Pairing Venture Limited is directly wholly owned by Mr. Li, Alan, an executive Director and chief executive officer of the Company.
4. 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.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Date of announcements	Transaction	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the date of this announcement
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	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 date of this announcement.

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. China Huarong is a PRC state-owned non-banking financial institution, whose H shares are listed on the Stock Exchange.

To the best knowledge of the Directors, as at the date of this announcement, (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 270,000,000 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 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.

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.

SPECIFIC MANDATE

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

In accordance with the Listing Rules, any Shareholder who has a material interest in the Subscription shall abstain from voting on the resolution(s) to approve the Share Subscription and the transactions contemplated thereunder at the SGM. As confirmed by the Subscriber, the Subscriber does not hold any Shares or other securities of the Company as at the date of this announcement. As at the date of this announcement, Power Revenue Limited and New Modern Management Limited, being associates of the Subscriber, are currently interested in 320,000,000 Shares (representing approximately 4.29% of the issued Shares of the Company) will abstain from voting on the resolution(s) to approve the Share Subscription 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(s) to approve the Share Subscription and the transactions contemplated thereunder at the SGM.

A circular containing, among other things, (i) further details of the Subscription Agreement and the transaction contemplated thereunder, and the grant of the Specific Mandate; and (ii) a notice convening the SGM and a proxy form will be despatched to the Shareholders on or around 5 May 2017.

Completion of the Share Subscription is conditional upon the satisfaction of the conditions precedent set out in this announcement. Accordingly, Completion of the Share Subscription may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company.

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”	a day on which banks in Hong Kong are open for general banking 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
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“Share(s)”	ordinary 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 in 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
“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, 19 April 2017

As at the date of this announcement, the executive directors of the Company are Mr. Li, Alan (Chairman and Chief Executive Officer), Mr. Lu Zhenwei, Mr. Li Hong, Ms. Qiu Ping, Maggie and Mr. Jiang Wei; the non-executive directors of the Company are Academician Yao Jiannian, Mr. Tang Wenyong and Mr. Li Hao; 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.