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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 GENERAL MANDATE

SUBSCRIPTION FOR NEW SHARES

On 31 March 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 270,000,000 Subscription Shares at the Share Subscription Price of HK\$0.83 per Subscription Share.

The Subscription Shares represent approximately 3.76% of the existing issued share capital of the Company as at the date of this announcement and approximately 3.63% of the issued share capital of the Company as enlarged by issue of the Subscriptions Shares immediately following Completion.

The Subscription Shares will be issued under the General Mandate and therefore the issue of the Subscription Shares will not be subject to the approval of the Shareholders.

The aggregate gross proceeds of the Share Subscriptions will amount to HK\$224,100,000 and the aggregate net proceeds, after the deduction of the related expenses, will be approximately HK\$223,900,000, representing a net Subscription Price of approximately HK\$0.8293 per Subscription Share. The Company intends to apply the net proceeds of the Share Subscriptions for general working capital purposes, including funding business development.

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 listing approval in respect of the Subscription Shares having been granted by the Stock Exchange. 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 31 March 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 270,000,000 new Shares, at the Subscription Price of HK\$0.83 per Subscription Share. The principal terms of the Subscription Agreement are summarised and set out below.

THE SUBSCRIPTION AGREEMENT

Date

31 March 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 condition referred to in the paragraph headed "Condition of the Share Subscription" below, the Subscriber has agreed to subscribe for, and the Company has agreed to allot and issue, a total of 270,000,000 Subscription Shares, at the Subscription Price of HK\$0.83 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 3.76% of the existing issued share capital of the Company as at the date of this announcement and approximately 3.63% 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 date of this announcement and the Completion.

Subscription Price

The Subscription Price of HK\$0.83 per Subscription Share represents:

- (i) a discount of approximately 10.75% to the closing price of HK\$0.93 per Share as quoted on the Stock Exchange on 31 March 2017, being the date of the Subscription Agreement; and
- (ii) a discount of approximately 9.39% to the average closing price of HK\$0.916 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\$27,000,000. After deduction of the estimated expenses for the Share Subscriptions, the net price to the Company of each Share is approximately HK\$0.8293 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.

Condition of the Share Subscription

The Completion is conditional upon the Listing Committee having granted or granting approval for the listing of, and permission to deal in, the Subscription Shares.

If the above condition is not fulfilled on or before 13 April 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 seven business days immediately following the fulfillment of the condition referred to the paragraph headed “Condition 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.

General Mandate to allot and issue the Subscription Shares

The Subscription Shares will be issued under the General Mandate and therefore the issue of the Subscription Shares will not be subject to the approval of the Shareholders.

The Directors have been authorised to allot and issue, and deal with up to 967,862,065 Shares under the General Mandate. Since the date of the annual general meeting held on 25 May 2016, 696,153,846 Shares have been utilised under the General Mandate. Up to the date of this announcement, the Company may issue up to 271,708,219 new Shares under the unused portion of the General Mandate.

Application for listing

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	
	Number of Shares	Approx. %	Number of Shares	Approx. %
China Merchants New Energy Group Limited (“CMNEG”) and parties acting in concert with it				
CMNEG (Note 1)	579,944,250	8.08	579,944,250	7.79
Snow Hill Developments Limited (“Snow Hill”) (Note 1)	508,450,273	7.08	508,450,273	6.83
Magicgrand Group Limited (“Magicgrand”) (Note 2)	492,685,935	6.86	492,685,935	6.62
Pairing Venture Limited (Note 3)	18,173,487	0.25	18,173,487	0.24
New Energy Exchange Limited (“NEX”) (Note 4)	335,683,070	4.68	335,683,070	4.51
Sino Arena Investments Limited	63,568,708	0.89	63,568,708	0.85
Sub-total:	1,998,505,723	27.84	1,998,505,723	26.84
ORIX Asia Capital Limited	1,074,138,234	14.97	1,074,138,234	14.42
PV China Investment Limited	333,247,334	4.64	333,247,334	4.47
Subsidiaries of China Huarong				
Power Revenue Limited	50,000,000	0.70	50,000,000	0.67
Subscriber	–	–	270,000,000	3.63
Sub-total:	50,000,000	0.70	320,000,000	4.30
Directors	15,277,600	0.21	15,277,600	0.21
Public Shareholders	3,706,120,396	51.64	3,706,120,396	49.76
Total:	7,177,289,287	100.00	7,447,289,287	100.00

Notes:

- CMNEG is indirectly owned as to 79.36% by China Merchants Group Limited* (招商局集团有限公司) (“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.

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

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 the British Virgin Islands, 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 convertible bonds due 2018 issued by the Company 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; and (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 in the issued share capital of the Company.

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\$224,100,000 and the aggregate net proceeds, after the deduction of the related expenses, will be approximately HK\$223,900,000, representing a net Subscription Price of approximately HK\$0.8293 per Subscription Share. The Company intends to apply the net proceeds of the Share Subscription for general working capital purposes, including funding business development.

Completion of the Share Subscription is conditional upon the listing approval in respect of the Subscription Shares having been granted by the Stock Exchange. 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.
“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

“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
“Directors”	the directors of the Company
“General Mandate”	the general mandate granted to the Directors at the annual general meeting of the Company held on 25 May 2016 to allot, issue or otherwise deal in up to 967,862,065 new Shares
“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
“Share Subscription”	the subscription for new Shares pursuant to the Subscription Agreement
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Subscriber”	New Modern Management Limited, a company incorporated in British Virgin Islands with limited liability
“Subscription Agreement”	the subscription agreement dated 31 March 2017 and entered into by and between the Company and the Subscriber

“Subscription Price”	the subscription price of HK\$0.83 per Subscription Share
“Subscription Shares”	the new Shares to be subscribed by the Subscriber under the Subscription Agreement

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

Hong Kong, 31 March 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.