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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)

AMENDMENTS TO CERTAIN TERMS OF THE US\$100,000,000 7% CONVERTIBLE BONDS HELD BY DRIVEN INNOVATION LIMITED

AMENDMENTS TO TERMS OF THE CONVERTIBLE BONDS

On 29 March 2017, the Company entered into an Amendment Deed with the Bondholder in relation to the Proposed Amendments, pursuant to which, the Company shall have an early redemption right in respect of the Convertible Bonds. All other terms of the Convertible Bonds shall remain unchanged.

As at the date of this announcement, the aggregate outstanding principal amount of the Convertible Bonds amounts to US\$100,000,000. It is the intention of the Company to redeem the Convertible Bonds immediately after the Proposed Amendments become effective.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to Rule 28.05 of the Listing Rules, any alteration in the terms of convertible bonds after issue must be approved by the Stock Exchange, except where alterations take effect automatically under the existing terms of such convertible bonds.

The Company will apply to the Stock Exchange for approval of the Proposed Amendments.

The Company will convene the SGM to seek the Shareholders' approval for the Proposed Amendments and the grant of Specific Mandate. The application will be made to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission of deal in, the Conversion Shares falling to be allotted and issued under the Convertible Bonds (as amended by the Supplemental Deed).

GENERAL INFORMATION

A circular containing, among other matters, further details of the Amendment Deed and the Proposed Amendments, together with a notice convening the SGM, will be dispatched to the Shareholders as soon as practicable.

INTRODUCTION

References are made to the announcements of the Company dated 28 May 2015 and 3 June 2015 in relation to the issue of the Convertible Bonds. As at the date of this announcement, the aggregate outstanding principal amount of the Convertible Bonds amounts to US\$100,000,000.

AMENDMENTS TO TERMS OF THE CONVERTIBLE BONDS

On 29 March 2017, the Company entered into an Amendment Deed with the Bondholder in relation to the Proposed Amendments, pursuant to which, the Company shall have an early redemption right in respect of the Convertible Bonds.

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

The Proposed Amendments

The Proposed Amendments to the terms and conditions of the Convertible Bonds are set out below:

To the extent not previously converted into Shares or not being subject to redemption or conversion under the Bond Instrument at the relevant time, the Company shall have the right, at any time commencing from the effective date of the Supplemental Deed and ending on the fifth business day prior to the maturity date of the Convertible Bonds, on giving not less than 5 business days' redemption notice (the "**Redemption Notice**") to the Bondholder in accordance with the Bond Instrument, to redeem all of the outstanding principal amount of the Convertible Bonds at a price that is equal to the sum of items (a) to (c) set out below:

- (a) 100% of the face value of the part of principal amount of the Convertible Bonds proposed to be redeemed;
- (b) all interest accrued thereon up to (but excluding) the redemption date as specified on the Redemption Notice; and

- (c) a redemption premium, the aggregate amount of which will be determined by the following formula:

$$P \times (20\% \times N/T)$$

where:

P represents the principal amount of the Convertible Bonds to be redeemed;

N represents the number of days from the issue date to the date on which the entire redemption price is received by the Bondholder (both dates inclusive) (provided that the number of days of a complete full year shall be 365 days); and

T represents the number of days of three (3) complete full years.

Under the existing terms of the Convertible Bonds, the Company will redeem the Convertible Bonds on or before the fifteenth business day after the maturity date at 120% of the outstanding principal amount together with accrued and unpaid interest. Upon early redemption of the Convertible Bonds (as amended by the Supplemental Deed), the Bondholder will receive a prorated portion of the redemption premium.

Conditions Precedent

The Proposed Amendments are subject to the following conditions precedent:

- (a) the approval of the Proposed Amendments by the Stock Exchange;
- (b) the approval of the Proposed Amendments by the Shareholders at the SGM; and
- (c) the sanction of the Supplemental Deed by a special resolution of the Bondholder as holder of the Convertible Bonds.

The Company shall execute the Supplemental Deed within three business days after the conditions precedent have been fulfilled to effect the Proposed Amendments.

Save as disclosed above, all other terms and conditions of the Convertible Bonds shall remain unchanged.

REASONS FOR ENTERING INTO OF THE AMENDMENT DEED

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 Company considers that the entering into of the Amendment Deed will allow the Company to redeem the Convertible Bonds prior to its maturity date and to better manage its capital structure with flexibility, and upon early redemption of the Convertible Bonds, the Company's financial costs will be lowered and in turn the financial position of the Company will be strengthened, enhancing the Company's market competitiveness.

It is the intention of the Company to redeem the Convertible Bonds immediately after the Proposed Amendments become effective. The Company intends to apply the net proceeds from the recent issue of US\$ senior notes due 2020 to fund the early redemption.

The Directors (including the independent non-executive Directors) consider that the Amendment Deed and the transactions contemplated thereunder are on normal commercial terms determined after arm's length negotiation between the Company and the Bondholder and are fair and reasonable and in the interests of the Company and the Shareholders as whole.

None of the Directors has any material interest in the transactions contemplated under the Amendment Deed, and therefore none of the Directors has abstained from voting on such Board resolutions.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to Rule 28.05 of the Listing Rules, any alteration in the terms of convertible bonds after issue must be approved by the Stock Exchange, except where alterations take effect automatically under the existing terms of such convertible bonds.

The Company will apply to the Stock Exchange for approval of the Proposed Amendments.

The Company will convene the SGM to seek the Shareholders' approval for the Proposed Amendments and the grant of Specific Mandate. The application will be made to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission of deal in, the Conversion Shares falling to be allotted and issued under the Convertible Bonds (as amended by the Supplemental Deed).

GENERAL INFORMATION

A circular containing, among other matters, further details of the Amendment Deed and the Proposed Amendments, together with a notice convening the SGM, will be dispatched to the Shareholders as soon as practicable.

DEFINITIONS

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

“Amendment Deed”	the amendment deed dated 29 March 2017 entered into between the Company and Bondholder in relation to the Proposed Amendments
“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.
“Bond Instrument”	the deed executed by the Company on 3 June 2015 constituting the Convertible Bonds
“Bondholder”	Driven Innovation Limited, a limited liability company incorporated in the British Virgin Islands
“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
“Conversion Share(s)”	the Share(s) to be issued upon the exercise of the conversion rights attaching to the Convertible Bonds; in payment of the accrued and unpaid interest under the Convertible Bonds; and/or upon mandatory conversion by the Company in accordance with the terms of the Bond Instrument
“Convertible Bonds”	the 7% secured three-year convertible bonds in the principal amount of US\$100,000,000 due 3 June 2018 issued by the Company to the Bondholder
“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
“Proposed Amendments”	the proposed amendments to the terms and conditions of the Convertible Bonds pursuant to the terms of the Amendment Deed
“SGM”	the special general meeting of the Company to be convened and held for the purpose of consideration, if thought fit, approving the Proposed Amendments; and the grant of Specific Mandate
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company, and where applicable, the term shall also include shares of any class or classes of the Company resulting from any subdivision, consolidation or re-classification of those shares
“Shareholder(s)”	holder(s) of the Shares
“Specific Mandate”	the specific mandate(s) to be sought at the SGM for the allotment and issue of the Conversion Shares pursuant to the terms of the Convertible Bonds (as amended by the Supplemental Deed)
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Supplemental Deed”	the supplemental deed poll to be executed by the Company to effect the Proposed Amendments in accordance with the terms of the Amendment Deed
“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, 29 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.