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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)

DISCLOSEABLE TRANSACTION ESTABLISHMENT OF PARTNERSHIP

On 16 March 2017, Zhaolian Lvyi, a wholly-owned subsidiary of the Company, and the General Partner entered into the Partnership Agreement in relation to the formation of the Partnership. The total capital commitment of the Partnership is RMB601 million, of which Zhaolian Lvyi and the General Partner will contribute RMB600 million and RMB1 million, respectively, in cash in stages based on capital requirements of the Partnership and in any event no later than 31 December 2027.

As at least one of the applicable percentage ratios under Chapter 14 of the Listing Rules exceeds 5% but is less than 25%, the establishment of the Partnership pursuant to the Partnership Agreement constitutes a discloseable transaction of the Company subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE PARTNERSHIP AGREEMENT

On 16 March 2017, Zhaolian Lvyi and the General Partner entered into the Partnership Agreement in relation to the establishment of the Partnership.

The principal terms of the Partnership Agreement are as follows:

Date	16 March 2017
Parties	(a) General Partner: China Zheyin Synergy Capital Management Company Limited* (浙銀協同資本管理有限公司) as general partner to the Partnership (b) Zhaolian Lvyi (a wholly-owned subsidiary of the Company) as limited partner to the Partnership
Capital contribution	The total capital contribution to the Partnership under the Partnership Agreement is RMB601 million, of which Zhaolian Lvyi will contribute RMB600 million and the General Partner will contribute RMB1 million. The capital contribution to the Partnership was determined after arm's length negotiation between Zhaolian Lvyi and the General Partner with reference to, among others, the projected capital requirements of the Partnership.
Payment of the capital contribution	Zhaolian Lvyi and the General Partner shall make their capital contribution in cash in stages based on capital requirements of the Partnership and in any event no later than 31 December 2027. The Group intends to fund the capital contribution from its internal financial resources and/or debt financing.
Information of the Partnership	The business scope of the Partnership includes: (i) investment in new energy project companies specializing on the construction of new energy power stations (including non-fossil forms of energy generation such as wind energy, light energy, hydro energy and biomass energy); and (ii) investment in new energy related technology such as energy efficient power plants and mobile power charging stations.

Profit and loss sharing	Under the Partnership Agreement, any profit and loss of the Partnership shall be shared among or borne by the partners in proportion to their total capital contribution paid to the Partnership. However, any loss to be borne by its limited partner will be limited to the amount contributed to the Partnership by the limited partner. The partners may in accordance with the terms of the Partnership Agreement or by agreement with each other increase their capital contribution to the Partnership.
Management of the Partnership	The General Partner will be responsible for the executive functions and management of the Partnership. The Partnership will set up an investment committee which will be responsible for making decisions in relation to investment, withdrawal of investment, post-investment management and other material matters. The investment committee shall comprise three (3) members, two (2) of which will be appointed by Zhaolian Lvyi and one (1) of which will be appointed by the General Partner.
Management Fee	During the term of the Partnership, the General Partner shall be entitled to an annual management fee of 0.5% of the total paid-up capital of the Partnership.

REASONS AND BENEFITS FOR ENTERING INTO THE PARTNERSHIP AGREEMENT

The Board believes that the Partnership will provide a platform for the Group to gain and maintain fruitful resources in respect of advanced technologies and development partners and access, explore and pursue new investment and cooperation opportunities in related or complementary businesses that are in line with the Group's long-term corporate strategy. In light of the foregoing, the Directors believe that the terms of the Partnership Agreement are made on an arm's length basis and are fair and reasonable, and in the interest of the Company and the shareholders of the Company as a whole.

GENERAL INFORMATION

Information on the Group

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

Zhaolian Lvyi is a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company. It is principally engaged in research and development in technology and equipment of solar power, provision of consultancy and design services in respect of solar power plants.

Information on the General Partner

The General Partner is a company established in the PRC with limited liability and a member of Asset Management Association of China with qualification of private equity investment fund management. The General Partner is principally engaged in provision of comprehensive and various capital-market services relating to private equity investment, private placement of listed companies, merger and acquisition fund, quantitative trading investment and industry integration fund of local government.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the General Partner and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

IMPLICATIONS UNDER THE LISTING RULES

As at least one of the applicable percentage ratios under Chapter 14 of the Listing Rules exceeds 5% but is less than 25%, the establishment of the Partnership pursuant to the Partnership Agreement constitutes a discloseable transaction of the Company subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of directors of the Company
“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
“Director”	director of the Company
“General Partner”	China Zheyin Synergy Capital Management Company Limited* (浙銀協同資本管理有限公司), a company incorporated in the PRC with limited liability

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Partnership”	Silkraod New Energy Fund Limited Partnership* (絲路新能源基金 (有限合夥)), a limited partnership to be established pursuant to the Partnership Agreement, the name of which is subject to approval from the Administration for Industry and Commerce
“Partnership Agreement”	the partnership agreement dated 16 March 2017 between Zhaolian Lvyi and the General Partner for the purpose of the establishment of the Partnership
“PRC”	People’s Republic of China
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Zhaolian Lvyi”	Changzhou Zhaolian Lvyi New Energy Limited* (常州市招聯綠奕能源有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company

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

Hong Kong, 16 March 2017

As at the date hereof, the board of directors of the Company comprises Mr. Li, Alan (Chairman and Chief Executive Officer), Mr. Lu Zhenwei, Mr. Li Hong and Ms. Qiu Ping, Maggie, being the executive directors; Academician Yao Jiannian and Mr. Tang Wenyong, being the non-executive directors; and Mr. Kwan Kai Cheong, Mr. Yen Yuen Ho, Tony, Mr. Shi Dinghuan and Mr. Ma Kwong Wing, being the independent non-executive directors.

* *For identification purpose only*