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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
ENTERING INTO ENGINEERING PROCUREMENT CONSTRUCTION CONTRACT RELATING TO DATONG PANDA SOLAR POWER PLANT PROJECT

The Board is pleased to announce that on 27 February 2017, Datong Panda PV, an indirect wholly-owned subsidiary of the Company, entered into the EPC Contract with the EPC Contractors, pursuant to which, the EPC Contractors agreed to provide engineering, procurement and construction services for the development and construction of the Datong Panda Solar Power Plant Project at the total consideration of RMB369,020,500. This project includes the construction of a panda-shaped solar power plant with an installed capacity of approximately 50MW and a youth activity center dedicated to promote youth participation in sustainable development, located in Datong County, Shanxi Province, the PRC.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios in respect of the EPC Contract is more than 5% but less than 25%, the transaction contemplated under the EPC Contract constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from shareholders' approval requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 27 February 2017, Datong Panda PV, an indirect wholly-owned subsidiary of the Company, entered into the EPC Contract with the EPC Contractors, pursuant to which, the EPC Contractors agreed to provide engineering, procurement and construction services for the development and construction of the Datong Panda Solar Power Plant Project at the total consideration of RMB369,020,500. This project includes the construction of a panda-shaped solar power plant with an installed capacity of approximately 50MW and a youth activity center dedicated to promote youth participation in sustainable development, located in Datong County, Shanxi Province, the PRC.

THE EPC CONTRACT

The principal terms of the EPC Contract are as follows:

Date

27 February 2017

Parties

(1) Datong Panda PV

(2) EPC Contractors

EPC Services

Datong Panda PV has engaged the EPC Contractors to provide engineering, procurement and construction services for the development and construction of the Datong Panda Solar Power Plant Project. The scope of the EPC Services mainly includes, among others, geological survey, site preparation work, engineering design, procurement, transportation services, civil engineering, power plant construction and installation works, construction of the youth activity center, performing equipment testing and system acceptance testing to ensure reliable performance of the power plant, training and project management services. The warranty period in respect of the EPC Services shall be 12 months upon the issuance of a final acceptance certificate by Datong Panda PV.

All the construction works and on-grid connection in relation to the panda-shaped solar power plant are expected to be completed on or before 30 June 2017.

Basis of Consideration

The total contract price under the EPC Contract is RMB369,020,500 which is consisted of the consideration for engineering, installation and construction of a 50MW panda-shaped solar power plant, procurement of equipment, establishment of a youth activity center and provision of project management services. Certain portions of the contract price are subject to adjustment according to the terms and conditions of the EPC Contract.

The total consideration under the EPC Contract was determined by the parties after arm's length negotiations with reference to the prevailing market price of similar EPC Services, special features and specifications required for a panda-shaped solar power plant, scope of services provided under the EPC Contract, fluctuation of labor market, and material costs during the provision of EPC Services.

Payment Terms

(i) The consideration for the major works in relation to the construction of power plant and procurement of certain key equipment representing approximately 84% of the total consideration shall be paid by Datong Panda PV to the EPC Contractors in stages according to the achievement of certain milestones. Datong Panda PV will retain 5% of such consideration as quality assurance fund, which will be released by Datong Panda PV to the EPC Contractors provided that there is no outstanding quality issue of the related works or equipment.

(ii) The payment terms of the consideration for other works in relation to the construction of the solar power plant and the youth activity center representing approximately 16% of the total consideration shall be further agreed by Datong Panda PV and the EPC Contractors.

The total contract price will be settled in cash by way of utilizing internal resources of the Group and external financing.

INFORMATION ON THE EPC CONTRACTORS

Save as disclosed in this section, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the EPC Contractors and their ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

EPC Contractor A is a company established in the PRC with limited liability and is principally engaged in, among others, the development, construction, consultancy and engineering of solar power plant projects.

EPC Contractor B is a company established in the PRC with limited liability and is principally engaged in, among others, (a) the design, installation, survey and supervision of electricity engineering project; and (b) sales of products in relation to solar power. As at the date of this announcement, the Company indirectly holds approximately 12.37% of equity interest in EPC Contractor B and Mr. Li Hong is nominated by the Company as a director of EPC Contractor B.

None of the Directors has any material interest in the transactions contemplated under the EPC Contract. Mr. Li Hong, an executive Director of the Company, is also a director of EPC Contractor B and he has voluntarily abstained from voting on the resolutions in relation to the EPC Contract at the meeting of the Board.

INFORMATION ON THE COMPANY AND REASONS AND BENEFIT FOR ENTERING INTO THE EPC CONTRACT

The Company is an investment holding company and the Group is principally engaged in the development, investment, operation and management of solar power plants. In accordance with the existing business strategy, the Group relies on the expertise of the EPC Contractors in providing EPC Services.

The Directors consider that the launch of the Datong Panda Solar Power Plant Project reflects the comprehensive strengths of the Group, such as the resourcefulness, technical capabilities, and utilization of advanced technology and the commitment of the Group to promote sustainable development, in particular, amongst the younger generation. The Datong Panda Solar Plant Project, upon completion, will increase the total installed electricity generation capacity of the Group.

The Company entered into a MOU with the UNDP on 1 September 2016 in relation to, among other things, establishment of panda-shaped solar power plants to promote the youth advocacy on the sustainable development goals of the UNDP. The Directors believe that development of the Datong Panda Solar Plant Project is a concrete step taken by the Company to achieve the goals set forth in the MOU, which provides clean energy to the public and also a platform for the youth to participate in the development of clean energy.

The transaction contemplated under the EPC Contract is arms' length transaction on normal commercial terms. The Directors (including the independent non-executive Directors) believe and consider that the terms of the EPC Contract are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios in respect of the EPC Contract is more than 5% but less than 25%, the transaction contemplated under the EPC Contract constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from shareholders' approval requirements under Chapter 14 of the Listing Rules.

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
"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
"Datong Panda PV"	Datong Panda Solar Power Co., Ltd.* (大同熊貓光伏發電有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
"Datong Panda Solar Power Plant Project "	the development and operation of a 50MW panda-shaped solar power plant and a youth activity center located in Datong County, Shanxi Province, the PRC
"Directors"	the directors of the Company
"EPC"	engineering, procurement and construction
"EPC Contract"	the EPC Contract dated 27 February 2017 and entered into by Datong Panda PV and the EPC Contractors in relation to engagement of the EPC Contractors to provide EPC Services
"EPC Contractors"	the EPC Contractor A and the EPC Contractor B, acting through the form of a consortium
"EPC Contractor A"	Sichuan Zhonghaichuanglian Electricity Engineering Co., Ltd.* (四川中海創聯電力工程有限公司), a company established in the PRC with limited liability
"EPC Contractor B"	Shanxi Silu Electricity Engineering Co., Ltd.* (山西絲路電力工程有限公司), a company established in the PRC with limited liability
"EPC Services"	the provision of engineering, procurement and construction services for the construction of the Datong Panda Solar Plant Project
"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
"MOU"	a memorandum of understanding entered into between the Company and the UNDP on 1 September 2016
"MW"	megawatts, which equals 1,000,000 watt
"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
"RMB"	Renminbi, the lawful currency of the PRC
"Stock Exchange"	the Stock Exchange of Hong Kong Limited
"UNDP"	the United Nations Development Programme

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

Hong Kong, 27 February 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 and Ms. Qiu Ping, Maggie; the non-executive directors of the Company are Academician Yao Jiannian and Mr. Tang Wenyong; 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.

* *For identification purpose only*