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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)

ISSUANCE OF US\$250 MILLION 8.25% SENIOR NOTES DUE 2020

Reference is made to the announcement of the Company dated 31 October 2016 in respect of the Notes Issue.

The Board is pleased to announce that on 18 January 2017, the Company and the Subsidiary Guarantors entered into the Purchase Agreement with the Initial Purchasers in connection with the issue of US\$250 million 8.25% senior notes due 2020.

The estimated net proceeds of the Notes Issue, after deduction of the underwriting discounts and commissions and other estimated expenses, will amount to approximately US\$241.0 million and the Company intends to use the net proceeds of the Notes Issue to repay certain outstanding amounts under our convertible bonds.

Approval in-principle has been received for the listing and quotation of the Notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any statements made or opinions expressed in this announcement. The listing and quotation of the Notes on the SGX-ST is not to be taken as an indication of the merits of the Company, the Subsidiary Guarantors, the Company's associated companies or the Notes. The Notes will not be designated for trading in the Financial Industry Regulatory Authority, Inc.'s PORTAL market.

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THE PURCHASE AGREEMENT

Date: 18 January 2017

Parties to the Purchase Agreement

- (a) the Company as the issuer;
- (b) the Subsidiary Guarantors; and
- (c) the Initial Purchasers.

Merrill Lynch International and Morgan Stanley are the joint global coordinators and Merrill Lynch International, Morgan Stanley, Nomura, China Merchants Securities (HK) and CITIC CLSA Securities are the joint lead managers and joint bookrunners in respect of the offer and sale of the Notes. They are also the initial purchasers of the Notes. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, other than China Merchants Securities (HK), each of the Initial Purchaser is an independent third party and not a connected person of the Company.

The Notes and the Subsidiary Guarantees have not been and will not be registered under the U.S. Securities Act. The Notes will only be offered outside of the United States in compliance with Regulation S under the U.S. Securities Act. None of the Notes will be offered to the public in Hong Kong or be placed to any connected persons of the Company.

Principal terms of the Notes

The following is a summary of certain provisions of the Notes and the Indenture. This summary does not purport to be complete and is qualified in its entirety by reference to the provisions of the Indenture, the Notes, the Subsidiary Guarantees provided by the Subsidiary Guarantors.

Issuer:	the Company
Aggregated principal amount:	US\$250 million
Offer price:	98.385% of the principal amount of the Notes
Settlement date:	25 January 2017
Interest rate:	8.25% per annum, payable semi-annually in arrears on 25 January and 25 July of each year, commencing on 25 July 2017
Maturity:	25 January 2020, unless earlier redeemed in accordance with the terms thereof
Subsidiary Guarantees:	guarantees will be provided by the Subsidiary Guarantors
Ranking of the Notes:	The Notes are general obligations of the Company and guaranteed by the Subsidiary Guarantors on a senior basis. The Notes are senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes and rank at least <i>pari passu</i> in right of payment with all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such unsecured, unsubordinated indebtedness pursuant to applicable law). The Notes are also effectively subordinated to secured obligations of the Company, the Subsidiary Guarantors to the extent of the value of the assets serving as security therefor and to all existing and future obligations of the subsidiaries of the Company other than the Subsidiary Guarantors.

Covenants

Subject to certain qualifications and exceptions, the Notes, the Indenture and the Subsidiary Guarantees will limit the Company's ability and the ability of certain of its subsidiaries to, among other things:

- a. incur or guarantee additional indebtedness and issue disqualified or preferred stock;
- b. declare dividends on their capital stock or purchase or redeem capital stock;
- c. make investments or other specified restricted payments;
- d. issue or sell capital stock of certain subsidiaries of the Company;
- e. guarantee indebtedness of the Company or certain subsidiaries of the Company;
- f. sell assets;
- g. create liens;
- h. enter into sale and leaseback transactions;
- i. enter into agreements that restrict the ability of certain subsidiaries of the Company to pay dividends, transfer assets or make intercompany loans;
- j. enter into transactions with shareholders or affiliates;
- k. effect a consolidation or merger; and
- l. engage in any business other than businesses permitted by the Indenture.

Events of default

The events of default under the Notes include, among others:

- i. default in the payment of principal;
- ii. default in the payment of interest;
- iii. defaults in the performance of or breaches of any covenant or agreement in the Indenture or under the Notes;

- iv. there occurs with respect to any indebtedness of the Company or any restricted subsidiary having an outstanding principal amount of US\$10,000,000 or more in the aggregate for all such indebtedness of all such persons, (a) an event of default that has caused the holder of such indebtedness to declare such indebtedness to be due and payable prior to its stated maturity and/or (b) the failure to pay principal of, or interest or premium on, such indebtedness when the same becomes due after giving effect to any grace period for such payment;
- v. one or more final judgments or orders for the payment of money are rendered against the Company or any of its restricted subsidiaries and are not paid or discharged;
- vi. involuntary bankruptcy or insolvency proceedings against the Company or any significant subsidiary; or
- vii. voluntary bankruptcy or insolvency proceedings commenced by the Company or any significant subsidiary; or
- viii. any Subsidiary Guarantor denies or disaffirms its obligations under its Subsidiary Guarantee or, except as permitted by the Indenture, any Subsidiary Guarantee is determined to be unenforceable or invalid or will for any reason cease to be in full force and effect.

Optional Redemption

The Notes may be redeemed in the following circumstances:

At any time prior to the maturity of the Notes, the Company may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes redeemed plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time and from time to time prior to the maturity of the Notes, the Company may at its option redeem up to 35% of the aggregate principal amount of the Notes at a redemption price of 108.25% of the principal amount of the Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date, with the net cash proceeds from one or more sales of its common stock in an equity offering, provided that at least 65% of the aggregate principal amount of the Notes issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related sale of the Company's capital stock.

The Company will give not less than 30 days' nor more than 60 days' notice of any redemption.

Reasons for the Notes Issue

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 estimated net proceeds of the Notes Issue, after deduction of the underwriting discounts and commissions and other estimated expenses, will amount to approximately US\$241.0 million and the Company intends to use the net proceeds of the Notes Issue to repay certain outstanding amounts under our convertible bonds.

Listing

Approval in-principle has been received for the listing and quotation of the Notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any statements made or opinions expressed in this announcement. The listing and quotation of the Notes on the SGX-ST is not to be taken as an indication of the merits of the Company, the Subsidiary Guarantors, the Company's associated companies or the Notes.

The Notes will not be designated for trading in the Financial Industry Regulatory Authority, Inc.'s PORTAL market.

Ratings

The Notes have been provisionally rated B1 by Moody's Investors Services, Inc. and B+ by S&P Global Ratings.

DEFINITIONS

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

“Board”	the board of Directors
“China Merchants Securities (HK)”	China Merchants Securities (HK) Co., Ltd., one of the joint lead managers and joint bookrunners in respect of the offer and sale of the Notes
“CITIC CLSA Securities”	CLSA Limited, one of the joint lead managers and joint bookrunners in respect of the offer and sale of the Notes

“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
“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Indenture”	the indenture to govern the Notes
“Initial Purchasers”	Merrill Lynch International, Morgan Stanley, Nomura, China Merchants Securities (HK) and CITIC CLSA Securities
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Merrill Lynch International”	Merrill Lynch International, one of the joint global coordinators, joint lead managers and joint bookrunners in respect of the offer and sale of the Notes
“Morgan Stanley”	Morgan Stanley & Co. International plc, one of the joint global coordinators, joint lead managers and joint bookrunners in respect of the offer and sale of the Notes
“Nomura”	Nomura International (Hong Kong) Limited, one of the joint lead managers and joint bookrunners in respect of the offer and sale of the Notes
“Notes”	the US\$250 million 8.25% senior notes due 2020 to be issued by the Company subject to the terms and conditions of the Purchase Agreement
“Notes Issue”	the issue of the Notes by the Company

“PRC”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan for the purpose of this announcement
“Purchase Agreement”	the agreement dated 18 January 2017 entered into by and among, the Company, the Subsidiary Guarantors, and the Initial Purchasers in relation to the Notes Issue
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary Guarantees”	the guarantees to be provided by the Subsidiary Guarantors in respect of the Notes Issue
“Subsidiary Guarantors”	certain existing non-PRC subsidiaries of the Company providing guarantees for the Notes
“United States” or “U.S.”	the United States of America
“US\$”	United States dollars, the lawful currency of the United States
“U.S. Securities Act”	the United States Securities Act of 1933, as amended
“%”	per cent.

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

Hong Kong, 18 January 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.