

Hong Kong Exchanges and Clearing Limited and the Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement appears for information only and does not constitute an invitation or offer to acquire, purchase, or subscribe for the securities of the Company.



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 20 December 2016 (after trading hours), the Company has entered into the respective Subscription Agreements with the following Subscribers, namely:

- (a) the Huarong Subscription Agreement with the Huarong Subscriber, pursuant to which the Huarong Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue an aggregate of 50,000,000 Subscription Shares at the Share Subscription Price of HK\$0.6 per Subscription Share; and
- (b) the Minsheng Subscription Agreement with the Minsheng Subscriber, pursuant to which the Minsheng Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue an aggregate of 50,000,000 Subscription Shares at the Share Subscription Price of HK\$0.6 per Subscription Share.

The Subscription Shares represent approximately 2.06% of the existing issued share capital of the Company as at the date of this announcement and approximately 2.02% of the issued share capital of the Company as enlarged by issue of the Subscription 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\$60,000,000 and the aggregate net proceeds, after the deduction of the related expenses, will be approximately HK\$59,800,000, representing a net Subscription Price of approximately HK\$0.598 per Subscription Share. The Company intends to apply the net proceeds of the Share Subscriptions for general working capital purposes, including funding business development and refinancing of outstanding debts.

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 Subscriptions is conditional upon the listing approval in respect of the Subscription Shares having been granted by the Stock Exchange. Accordingly, Completion of the Share Subscriptions may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company.

INTRODUCTION

On 20 December 2016 (after the trading hours), the Company entered into the Subscription Agreements with the Subscribers respectively, pursuant to which the Subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, a total of 100,000,000 new Shares, at the Subscription Price of HK\$0.6 per Subscription Share. The principal terms of each of the Subscription Agreements are substantially the same and each of the Subscription Agreements is not inter-conditional with each other.

THE SUBSCRIPTION AGREEMENTS

Date

20 December 2016 (after the trading hours)

Issuer

the Company

Subscribers

(a) *the Huarong Subscriber*

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save as disclosed in the section headed "Information on the Subscribers" below, the Huarong Subscriber and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

(b) the Minsheng Subscriber

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Minsheng Subscriber and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Share Subscriptions

Pursuant to the Subscription Agreements, subject to the fulfillment of the condition referred to in the paragraph headed "Condition of the Share Subscriptions" below, the Subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, the Subscription Shares at the Subscription Price in the following manners:

Subscriber	Number of Subscription Shares
Huarong Subscriber	50,000,000
Minsheng Subscriber	50,000,000

The aggregate Subscription Price is payable in cash by the Subscribers at Completion pursuant to the respective Share Subscriptions.

Number of Subscription Shares

The Subscription Shares represent approximately 2.06% of the existing issued share capital of the Company as at the date of this announcement and approximately 2.02% 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\$0.6 per Subscription Share represents:

- (i) a discount of approximately 11.76% to the closing price of HK\$0.68 per Share as quoted on the Stock Exchange on 20 December 2016, being the date of the Subscription Agreements; and
- (ii) equal to the average closing price of HK\$0.6 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the Subscription Agreements.

The Subscription Price was determined after arm's length negotiations between the Company and the respective Subscribers 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\$10,000,000. After deduction of the estimated expenses for the Share Subscriptions, the net Subscription Price to the Company of each Share is approximately HK\$0.598 per Subscription Share. The Directors consider that the terms of the Subscription Agreements (including the Subscription Price) are on normal commercial terms and are fair and reasonable and that the Share Subscriptions are 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 Subscriptions

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 30 December 2016 (or a later date as the parties may mutually agree on), the Subscription Agreements 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 Subscriptions

The Completion is to take place within three business days immediately following the fulfillment of the condition referred to the paragraph headed “Condition of the Share Subscriptions” above or such other date as the Company and the Subscribers may mutually agree.

The Subscription Shares to be subscribed by respective Subscribers are not subject to any lock-up under the terms of the Subscription Agreements.

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, the General Mandate has been utilised to issue 596,153,846 new Shares to be issued and allotted upon exercise of the subscription rights attached to the convertible bonds issued on 26 August 2016. Up to the date of this announcement, the Company may issue up to 371,708,219 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	
	<i>Number of Shares</i>	<i>Approx. %</i>	<i>Number of Shares</i>	<i>Approx. %</i>
China Merchants New Energy Group Limited ("CMNEG") and parties acting in concert with it CMNEG (Note 1)	579,944,250	11.97	579,944,250	11.73
Snow Hill Developments Limited ("Snow Hill") (Note 2)	103,111,436	2.13	103,111,436	2.09
Magicgrand Group Limited ("Magicgrand") (Note 3)	141,230,827	2.92	141,230,827	2.85
Pairing Venture Limited (Note 4)	18,173,487	0.37	18,173,487	0.37
New Energy Exchange Limited ("NEX") (Note 5)	266,883,621	5.51	266,883,621	5.39
Sino Arena Investments Limited	63,568,708	1.31	63,568,708	1.29
Sub-total:	1,172,912,329	24.21	1,172,912,329	23.72
Directors	15,277,600	0.32	15,277,600	0.31
Huarong Subscriber	–	–	50,000,000	1.01
Minsheng Subscriber	–	–	50,000,000	1.01
Public Shareholders	3,656,120,396	75.47	3,656,120,396	73.95
Total:	4,844,310,325	100.00	4,944,310,325	100.00

Notes:

1. CMNEG is indirectly owned as to 79.36% by China Merchants Group Limited* (招商局集團有限公司) (“China Merchants”) and directly owned as to 20.64% by Magicgrand.
2. Snow Hill is beneficially wholly owned by China Merchants.
3. Magicgrand is beneficially wholly owned by Mr. Li, Alan, an executive Director and chief executive officer of the Company.
4. Pairing Venture Limited is directly wholly owned by Mr. Li, Alan, an executive Director and chief executive officer of the Company.
5. 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
18 December 2015 and 29 December 2015	issue of 3-year convertible bonds in the principal amount of US\$100,000,000	approximately HK\$774,500,000	as general working capital for the acquisition, development, construction, maintenance and operation of solar power plant(s)	all used in connection with solar power plants in Inner Mongolia and Shandong, the PRC;
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	issue of a total of 2,232,978,962 new Shares and a total of 871,075,858 warrants under specific mandate, subject to fulfillment or waiver of conditions	approximately HK\$1,259,000,000	to finance the redemption of the outstanding convertible bonds and development of the future business of the Company	transactions to be completed

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 SUBSCRIBERS

Based on the information provided by the Huarong Subscriber, the Huarong Subscriber is incorporated in the British Virgin Islands, whose principal business is investment holding. The Huarong 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 631,376,578 Shares upon conversion and issue of Shares for payment of interest under such convertible bonds at the conversion price of HK\$1.3134 per Share; and (b) the Huarong Subscriber 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\$0.65 per Share.

Based on the information provided by the Minsheng Subscriber, the Minsheng Subscriber is a wholly-owned subsidiary of China Minsheng Banking Corp., Ltd., the shares of which are listed on the Shanghai Stock Exchange and the Stock Exchange. China Minsheng Banking Corp., Ltd. is a national joint-stock commercial bank established in the PRC and together with its subsidiaries mainly provide corporate and personal banking, treasury business, finance leasing, asset management and other financial services in the PRC.

REASONS FOR THE SHARE SUBSCRIPTIONS 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 Subscriptions represent a good opportunity to raise additional funds for the future development of the Company and to broaden the capital base of the Company and strengthen the Group's financial position of the Group. Accordingly, the Directors consider that the Share Subscriptions are in the interest of the Company and its Shareholders as a whole.

The aggregate gross proceeds of the Share Subscriptions will amount to HK\$60,000,000 and the aggregate net proceeds, after the deduction of the related expenses, will be approximately HK\$59,800,000, representing a net Subscription Price of approximately HK\$0.598 per Subscription Share. The Company intends to apply the net proceeds of the Share Subscriptions for general working capital purposes, including funding business development and refinancing of outstanding debts.

Completion of the Share Subscriptions is conditional upon the listing approval in respect of the Subscription Shares having been granted by the Stock Exchange. Accordingly, Completion of the Share Subscriptions 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.
“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
“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 Subscriptions pursuant to the terms and conditions of the Subscription Agreements
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“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
“Huarong Subscriber”	Power Revenue Limited, a company incorporated in British Virgin Islands with limited liability

“Huarong Subscription”	subscription by the Huarong Subscriber of an aggregate of 50,000,000 Subscription Shares pursuant to the Huarong Subscription Agreement
“Huarong Subscription Agreement”	the subscription agreement dated 20 December 2016 and entered into between the Company and the Huarong Subscriber
“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
“Minsheng Subscriber”	CMBC International Holdings Limited, a company incorporated in Hong Kong with limited liability
“Minsheng Subscription”	subscription by the Minsheng Subscriber of an aggregate of 50,000,000 Subscription Shares pursuant to the Minsheng Subscription Agreement
“Minsheng Subscription Agreement”	the subscription agreement dated 20 December 2016 and entered into between the Company and the Minsheng Subscriber
“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 Subscriptions”	the subscription for new Shares pursuant to the Subscription Agreements
“Subscription Price”	the subscription price of HK\$0.6 per Subscription Share
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Subscribers”	the Huarong Subscriber and the Minsheng Subscriber, being subscribers for the Subscription Shares

“Subscription Agreements”	collectively, the Huarong Subscription Agreement and the Minsheng Subscription Agreement
“Subscription Shares”	the new Shares to be subscribed by the respective Subscribers under the Subscription Agreements

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

Hong Kong, 20 December 2016

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*