THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in United Photovoltaics Group Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular is for information purposes 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)

(1) SUBSCRIPTION FOR NEW SHARES AND WARRANTS BY ORIX ASIA CAPITAL LIMITED UNDER SPECIFIC MANDATE

(2) CONNECTED TRANSACTION IN RELATION TO SUBSCRIPTION FOR NEW SHARES AND WARRANTS BY A SUBSTANTIAL SHAREHOLDER UNDER SPECIFIC MANDATE

(3) SUBSCRIPTION FOR NEW SHARES BY NEW ENERGY EXCHANGE LIMITED UNDER SPECIFIC MANDATE

AND

(4) NOTICE OF SPECIAL GENERAL MEETING

Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders

GOLDIN FINANCIAL LIMITED
高銀融資有限公司

Unless the context otherwise requires, all capitalised terms used in this circular have the meanings set out in the section headed "Definitions" of this circular.

A letter from the Board is set out on pages 9 to 38 of this circular and a letter from the Independent Board Committee containing its recommendations to the Independent Shareholders is set out on pages 39 to 40 of this circular. A letter from the Independent Financial Adviser containing its advices to the Independent Board Committee and the Independent Shareholders is set out on pages 41 to 63 of this circular.

A notice convening the SGM to be held at 3:00 p.m. on Monday, 28 November 2016, at Unit 1407, 14/F, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong is set out on pages 80 to 83 of this circular. A form of proxy for the SGM is enclosed. Whether or not you intend to attend and vote at the SGM or any adjourned meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

10 November 2016

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

"ACP"	Asia Climate Partners LP, an exempted limited partnership incorporated in the Cayman Islands, and includes any of its wholly-owned subsidiaries
"associate"	has the meaning ascribed thereto under the Listing Rules
"Board"	the board of Directors
"business day"	a day on which commercial banks in Hong Kong are open for general 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.
"BVI"	British Virgin Islands
"CITIC CLSA"	CITIC CLSA Capital Markets Limited, being the financial adviser to the Company in respect of the ORIX Subscription
"CMNEG"	China Merchants New Energy Group Limited, a company incorporated in the BVI with limited liability and a substantial Shareholder 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
"connected person(s)"	has the meaning ascribed thereto in the Listing Rules
"Corporate Bonds"	such bonds which may be issued by the Company from time to time and used to redeem the Relevant CB after the completion of the ORIX Subscription and for general working capital
"CM Subscription"	subscription by CMNEG of a maximum of 756,793,945 Subscription Shares and a maximum of 362,948,274 Warrants entitling the Warrantholder(s) to subscribe for up to 362,948,274 Warrant Shares pursuant to the CM Subscription Agreement

"CM Subscription Agreement"	the subscription agreement dated 20 September 2016 and entered into between the Company and CMNEG in respect of the CM Subscription
"Directors"	the directors of the Company
"Early Redemption Notice"	has the meaning ascribed thereto under the section headed "Letter from the Board – the Subscription Agreements – (A) the ORIX Subscription Agreement – Conditions precedent of the ORIX Subscription Agreement" of this circular
"Escrow Account"	such bank account to be set up for the purpose of the transaction contemplated under the ORIX Subscription Agreement pursuant to the terms of the Escrow Agreement
"Escrow Agent"	a third party agent independent of each of the Company and ORIX to be jointly selected by the Company and ORIX for the purpose of setting up and the operation of the Escrow Account
"Escrow Agreement"	the definitive agreement to be entered into among the Company, ORIX and the Escrow Agent in connection with the ORIX Subscription Agreement in form and substance satisfactory to ORIX and the Company
"Escrow Deposit"	has the meaning ascribed thereto under the section headed "Letter from the Board – the Subscription Agreements – (A) the ORIX Subscription Agreement – Conditions precedent of the ORIX Subscription Agreement" of this circular
"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
"Huaqing Bonds"	the three year 6.75% secured convertible bonds, in the principal amount of US$100,000,000, issued on 29 December 2015 by the Company to Huaqing Solar Power Limited, with an initial conversion price of HK$1.5928 as announced by the Company on 18 December 2015

"Independent Board Committee"	an independent committee of the Board comprising all its independent non-executive Directors (namely Mr. Kwan Kai Cheong, Mr. Yen Yuen Ho, Tony, Mr. Shi Dinghuan and Mr. Ma Kwong Wing) established for the purpose of considering and advising the Independent Shareholders on the terms of the CM Subscription Agreement and the transactions contemplated thereunder, and to give its recommendation as to the voting in respect of the resolutions(s) to be proposed at the SGM for approving the CM Subscription Agreement
"Independent Financial Adviser" or "Goldin"	Goldin Financial Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the CM Subscription Agreement and the transactions contemplated thereunder
"Independent Shareholders"	holders of Shares other than CMNEG and its associates
"Last Trading Day"	20 September 2016, being the date of the Subscription Agreements
"Latest Practicable Date"	7 November 2016, being the latest practicable date for ascertaining certain information referred to in this circular prior to printing of this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"NEX"	New Energy Exchange Limited (formerly known as Renewable Energy Trade Board Corporation), a company incorporated in the BVI and continued in the Cayman Islands with limited liability
"NEX Subscription"	subscription of a maximum of 68,799,449 Subscription Shares by NEX pursuant to the NEX Subscription Agreement

"NEX Subscription Agreement"	the subscription agreement dated 20 September 2016 and entered into between the Company and NEX in respect of the NEX Subscription
"Outstanding Convertible Bonds"	all the outstanding convertible bonds of the Company as at the Latest Practicable Date: (a) the zero coupon unsecured redeemable Series B convertible bonds of the Company due 2018 in the total principal amount of HK$759,920,000, which is convertible into a total of 759,920,000 Shares at the current conversion price of HK$1.00 per Share (subject to adjustments) under specific mandate (b) Suzhou Zhong Fu Bonds (c) the three-year 7.5% secured convertible bonds issued on 20 April 2015 in the principal amount of HK$524,803,198.80, which is convertible into a total of 509,517,668 Shares at the current conversion price of HK$1.03 per Share (subject to adjustments) under specific mandate (d) the three-year 7.5% secured convertible bonds issued on 29 April 2015 in the principal amount of US$30,000,000, which is convertible into a total of 225,728,155 Shares at the current conversion price of HK$1.03 per Share (subject to adjustments) under general mandate (e) the three-year 7.0% secured convertible bonds issued on 3 June 2015 in the principal amount of US$100,000,000, which is convertible into a total of 590,071,569 Shares at the current conversion price of HK$1.3134 per Share (subject to adjustments) under general mandate (f) the three-year 7.5% secured convertible bonds issued on 23 June 2015 in the principal amount of US$15,000,000, which is convertible into a total of 112,864,077 Shares at the current conversion price of HK$1.03 per Share (subject to adjustments) under specific mandate

	(g) the Huaqing Bonds (h) the Power Revenue Bonds
"ORIX"	ORIX Asia Capital Limited, a company incorporated in Hong Kong with limited liability
"ORIX Subscription"	subscription by ORIX of an aggregate of 1,407,385,568 Subscription Shares and an aggregate of 508,127,584 Warrants entitling the Warrantholder(s) to subscribe for up to 508,127,584 Warrant Shares pursuant to the ORIX Subscription Agreement
"ORIX Subscription Agreement"	the subscription agreement dated 20 September 2016 (as amended by an amendment agreement dated 2 November 2016) and entered into between the Company and ORIX in respect of the ORIX Subscription
"Outstanding Options"	all of the outstanding options of the Company as the Latest Practicable Date: (a) 49,700,000 Shares to be issued pursuant to the share options granted on 8 January 2015 (b) 34,970,319 Shares to be issued pursuant to the share options granted on 28 January 2016
"Power Revenue Bonds"	the three year 6.5% secured redeemable convertible bonds, in an aggregate principal amount of US$50,000,000, issued on 26 August 2016 by the Company to Power Revenue Limited, a company incorporated in the BVI and an indirect non-wholly owned subsidiary of China Huarong Asset Management Co., Ltd.（中國華融資產管理股份有限公司）, with an initial conversion of HK$0.65 under general mandate, which are redeemable by the Company commencing from last day of a six-month period after the issue date as announced by the Company on 19 August 2016
"PRC"	the People's Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

"Relevant CB"	such existing convertible bonds issued by the Company with an initial conversion price equal to or below HK$1.3134 as outstanding on the date of the completion of the ORIX Subscription (which, as at the Latest Practicable Date, includes the convertible bonds set out in items (a), (c), (d), (e) and (f) under the definition of "Outstanding Convertible Bonds", but excludes the Power Revenue Bonds and the Huaqing Bonds)
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	the special general meeting of the Company to be convened and held for the purpose of consideration, if thought fit, approving the Subscription Agreements and the transactions contemplated thereunder; and the grant of the specific mandate for the allotment and issuance of the Subscription Shares and Warrant Shares
"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
"Share Subscriptions"	the subscription for new Shares by ORIX, CMNEG and NEX pursuant to their respective Subscription Agreements
"Share Subscription Price"	the subscription price of HK$0.5814 per Subscription Share
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscriber Director	has the meaning ascribed thereto under the section headed "Letter from the Board – the Subscription Agreements – (A) the ORIX Subscription Agreement – Right to nominate a Director" of this circular
"Subscription Agreements"	the ORIX Subscription Agreement, the CM Subscription Agreement and the NEX Subscription Agreement

"Subscription Share(s)"	the new Shares to be subscribed by ORIX, CMNEG and NEX under the respective Subscription Agreements and, when issued and fully paid, will rank *pari passu* among themselves and with Shares in issue at the time of allotment and issue of the Subscription Shares
"substantial Shareholder"	has the meaning ascribed thereto under the Listing Rules
"Suzhou Zhong Fu Bonds"	the zero coupon rate unsecured redeemable convertible bonds due 2018 in the principle amount of HK$232,959,339 issued on 27 December 2013 by the Company to Suzhou Gong Ye Yuan Qu Zhong Fu Investment Management Company Limited*(蘇州工業園區中伏投資管理有限公司), with an initial conversion price of HK$1.6 per Share under specific mandate as announced by the Company on 13 September 2013
"Syndication Loan"	such loan facilities which may be obtained by the Company from one or more lenders or financiers for the purpose of redemption of the Relevant CB after the completion of the ORIX Subscription and for general working capital
"Takeovers Code"	Hong Kong Code on Takeovers and Mergers
"Warrantholder(s)"	in relation to any Warrant, the person or persons who is or are for the time being registered in the register of warrantholder(s) as the holder or joint holders of such Warrant
"Warrants"	a maximum of 871,075,858 warrants to be issued by the Company at the Warrant Issue Price, which each entitles the Warrantholder(s) to subscribe for one Warrant Share at the Warrant Subscription Price at any time during the Warrant Exercise Period
"Warrant Instrument"	the deed to be executed by the Company which will constitute the Warrants and contain the terms and conditions of the Warrants
"Warrant Issue Price"	HK$0.000775 per Warrant to be issued pursuant to Warrant Subscription

"Warrant Share(s)"	up to 871,075,858 Shares to be allotted and issued upon exercise of the subscription rights attaching to the Warrants
"Warrant Exercise Period"	the period of three years commencing on the date of issue of the Warrants
"Warrant Subscriptions"	the subscription of the Warrants by ORIX and CMNEG pursuant to their respective Subscription Agreements
"Warrant Subscription Price"	an initial subscription price of HK$0.646 per Warrant Share (subject to adjustment) at which a Warrantholder may subscribe for the Warrant Shares
"US$"	United States dollars, the lawful currency of the United States of America

UNITED PHOTOVOLTAICS GROUP LIMITED
聯合光伏集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 686)

Executive Directors:
Mr. Li, Alan *(Chairman and Chief Executive Officer)*
Mr. Lu Zhenwei
Mr. Li Hong
Ms. Qiu Ping, Maggie

Non-executive Directors:
Academician Yao Jiannian
Mr. Tang Wenyong

Independent non-executive Directors:
Mr. Kwan Kai Cheong
Mr. Yen Yuen Ho, Tony
Mr. Shi Dinghuan
Mr. Ma Kwong Wing

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head Office and Principal Place of Business in Hong Kong:
Unit 1012, 10/F.,
West Tower, Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

10 November 2016

To the Shareholders

Dear Sir or Madam,

(1) SUBSCRIPTION FOR NEW SHARES AND WARRANTS BY ORIX ASIA CAPITAL LIMITED UNDER SPECIFIC MANDATE

(2) CONNECTED TRANSACTION IN RELATION TO SUBSCRIPTION FOR NEW SHARES AND WARRANTS BY A SUBSTANTIAL SHAREHOLDER UNDER SPECIFIC MANDATE

(3) SUBSCRIPTION FOR NEW SHARES BY NEW ENERGY EXCHANGE LIMITED UNDER SPECIFIC MANDATE

AND

(4) NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

Reference is made to the announcements of the Company dated 21 September 2016 and 2 November 2016 in relation to the ORIX Subscription Agreement, the CM Subscription Agreement, the NEX Subscription Agreement and the proposed issue of Warrants.

The purpose of this circular is to provide you with, among other things, (a) further details of the Subscription Agreements, the Warrants, the specific mandate for the issue of the Subscription Shares and the Warrant Shares upon the exercise of the subscription rights attaching to the Warrants; (b) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the CM Subscription Agreement and the transactions contemplated thereunder, (c) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the CM Subscription Agreement and the transactions contemplated thereunder, and (d) a notice to convene the SGM together with a proxy form to the Shareholders and Independent Shareholders (as the case may be).

THE SUBSCRIPTION AGREEMENTS

Details of the Subscription Agreements are set out below.

(A) The ORIX Subscription Agreement

Date

20 September 2016

Issuer

the Company

Subscriber

ORIX

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, ORIX and its ultimate beneficial owners are third parties independent of the Company and its connected persons. ORIX was introduced to the Company by CITIC CLSA in May 2016.

ORIX has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, (i) an aggregate of 1,407,385,568 Subscription Shares at the Share Subscription Price of HK$0.5814 per Subscription Share; and (ii) an aggregate of 508,127,584 Warrants at the Warrant Issue Price of HK$0.000775 per Warrant, which will entitle the Warrantholder(s) to subscribe in cash for one Warrant Share at the Warrant Subscription Price of HK$0.646 (subject to adjustment) during the Warrant Exercise Period.

ORIX Subscription Shares

The 1,407,385,568 Subscription Shares to be subscribed by ORIX represent (i) approximately 29.05% of the issued share capital of the Company as at the Latest Practicable Date, and (ii) approximately 19.89% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

ORIX Warrant Shares

Assuming full exercise of the subscription rights attaching to the Warrants to be subscribed by ORIX, a total of 508,127,584 Warrant Shares will be allotted and issued to ORIX, representing (i) approximately 10.49% of the entire issued share capital of the Company as at the Latest Practicable Date; (ii) approximately 9.49% of the entire issued share capital of the Company as enlarged by the allotment and issue of the Warrant Shares under the ORIX Subscription Agreement; and (iii) approximately 7.52% of the entire issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares and the Warrant Shares under the ORIX Subscription Agreement.

The Subscription Shares to be subscribed by ORIX are not subject to any lock-up or other disposal restriction under the terms of the ORIX Subscription Agreement.

Conditions precedent of the ORIX Subscription Agreement

Completion of the ORIX Subscription is conditional upon fulfillment of the following conditions precedent:

(a) the Stock Exchange having approved the issue of the Subscription Shares and Warrants and the Listing Committee of the Stock Exchange having granted the listing of and the permission to deal in the Subscription Shares and Warrants Shares and such listing and permission having not been revoked;

(b) the passing by the Shareholders (being such Shareholders as are allowed to vote under the Listing Rules or permitted by the Stock Exchange to vote) at the SGM of ordinary resolutions to approve: (i) the ORIX Subscription and the transactions contemplated under the ORIX Subscription Agreement; and (ii) the grant of a specific mandate to the Directors to issue the Subscription Shares, the Warrants and the Warrant Shares, in accordance with the Listing Rules and the bye-laws of the Company (as the case may be);

(c) the passing by the Board of the necessary resolutions to approve the ORIX Subscription and the consummation of the transactions contemplated under the ORIX Subscription Agreement;

(d) the definitive agreement(s) with respect to the Syndication Loan and/or the Corporate Bonds (as the case may be) for the purpose of raising an aggregate amount of not less than HK$2 billion, in each case in form and substance satisfactory to ORIX and the Company, having been entered into by and among the Company and the relevant counterparties thereto, and all conditions precedent to the draw-down of the Syndication Loan and/or the issuance of the Corporate Bonds under such definitive agreement(s) having been fulfilled or waived (as the case may be) in accordance with the terms thereof (save for the condition relating to the satisfaction or waiver of the conditions precedent under the ORIX Subscription Agreement and such other conditions which may only be fulfilled upon completion of the ORIX Subscription);

(e) the definitive agreements with respect to the amendments of the instruments or documents governing each Relevant CB, where applicable, to allow the redemption of such Relevant CB before their final maturity date, in each case in form and substance satisfactory to ORIX and the Company, having been entered into between the Company and such holders of the Relevant CB, and the conditions precedent to such early redemption having been fulfilled or waived (as the case may be) in accordance with the terms thereof (save for the condition relating to the satisfaction or waiver of the conditions precedent under the ORIX Subscription Agreement and such other conditions which may only be fulfilled upon completion of the ORIX Subscription);

(f) the investment committee of ORIX having approved the ORIX Subscription;

(g) ORIX having completed its business, accounting, financial, legal, technical and environmental due diligence on the Group with results satisfactory to ORIX as determined by ORIX in its sole discretion;

(h) the CM Subscription Agreement and NEX Subscription Agreement having been entered into by and among the Company and CMNEG and NEX, respectively, in form and substance satisfactory to ORIX, and the conditions precedent to the completion of each of the CM Subscription Agreement and NEX Subscription Agreement having been fulfilled or waived (as the case may be) in accordance with the terms thereof;

(i) all the required approvals, authorisations, consents having been obtained from and all the required registrations and filing having been completed with (if applicable) the governmental authorities or regulatory bodies or any relevant third party in connection with the transactions contemplated under the ORIX Subscription Agreement;

(j) the Company's warranties remaining true, accurate and not misleading in each case in all material respects at any time between the date of the ORIX Subscription Agreement and the date of completion of the ORIX Subscription (both dates inclusive) and as if made at such time;

(k) the ORIX's warranties remaining true, accurate and not misleading in each case in all material respects at any time between the date of the ORIX Subscription Agreement and the date of completion of the ORIX Subscription (both dates inclusive) and as if made on the date of completion of the ORIX Subscription;

(l) the completion of the issue of the Corporate Bonds in accordance with the relevant definitive agreements;

(m) the Escrow Agreement having been entered into by and among the Company, ORIX and the Escrow Agent and the Escrow Account having been set up in accordance with the terms of the Escrow Agreement;

(n) if definitive agreements with respect to the Syndication Loan are entered into in accordance with condition precedent (d) above, the draw-down of the Syndication Loan in accordance with such definitive agreements occurring prior to or simultaneously with the completion of the ORIX Subscription;

(o) ORIX having deposited the full amount of the aggregate consideration payable in respect of the ORIX Subscription into the Escrow Account (the "**Escrow Deposit**") in accordance with the ORIX Subscription Agreement; and

(p) subject to the confirmation by ORIX that all the other conditions precedent under the ORIX Subscription Agreement having been fulfilled to its satisfaction or being waived (as the case may be), the Company having delivered the respective unconditional and irrevocable notices of early redemption (each an "**Early Redemption Notice**") to the holders of the Relevant CB outstanding on the date of completion of the ORIX Subscription.

In respect of the condition precedent set out in item (d) above, ORIX undertakes to the Company that it shall at its own expenses, and shall procure its affiliates to, use its reasonable endeavours to identify, introduce, engage and liaise with such institutions and persons to participate in the syndicate of lenders of the Syndication Loan and subscribe for the Corporate Bonds with a view to raising the amount as referred to in such condition precedent.

ORIX may at its sole discretion waive the conditions precedent (d), (e), (f), (g), (h), (i), (j), (l), (m), (n) and (p) above by written notice to the Company. The Company may at its sole discretion waive the conditions precedent (o) and (k) above by written notice to ORIX.

As at the Latest Practicable Date, save for condition (c) which has been satisfied, none of the conditions above has been satisfied or waived (as the case may be). The Company has proposed to issue US$ senior notes and application has been made for, and approval in-principle has been granted for, the listing and quotation of the US$ senior notes on the Singapore Exchange Securities Trading Limited. No binding agreement in relation to the proposed senior notes issue has been entered into as at the Latest Practicable Date.

Termination

In the event that any of the conditions precedent under the ORIX Subscription Agreement is not fulfilled (or waived in accordance with the terms of the ORIX Subscription Agreement) at or before 5:00 p.m. on 31 December 2016 (or such other time and/or date as the Company and ORIX shall mutually agree), the ORIX Subscription Agreement may be terminated by either party by notice in writing to the other party and all obligations of the Company and ORIX under the ORIX Subscription Agreement shall cease and determine and neither the Company nor ORIX shall have any claim against the other in respect of any matter arising out of or in connection with the ORIX Subscription Agreement except for any antecedent breach of any obligation and any liabilities thereunder, and upon termination, the parties shall cause the Escrow Agent to refund the Escrow Deposit to ORIX in full within three (3) business days after such termination.

Completion

Completion of the ORIX Subscription will take place after fulfillment (or waiver as the case may be) of the conditions precedent (save for delivery of the Early Redemption Notice as set out in condition precedent (p) above). As a condition to completion of the ORIX Subscription, ORIX will deposit the full amount of the aggregate consideration payable in respect of the ORIX Subscription into the Escrow Account. On the completion date of the ORIX Subscription, the Company will issue and deliver an Early Redemption Notice to each holder of the Relevant CB in accordance with the terms in the instruments or agreements of the Relevant CB. Upon receipt by the Escrow Agent of a certified true copy of each Early Redemption Notice delivered by the Company to ORIX and the Escrow Agent, the Company and ORIX shall cause the Escrow Agent to release the Escrow Deposit from the Escrow Account to a bank account designated by the Company without any further instruction, direction or confirmation of ORIX.

Completion of the ORIX Subscription shall take place simultaneously with the CM Subscription and the NEX Subscription, subject to fulfillment (or waiver as the case may be) of the respective conditions precedent.

Future Strategic Collaboration

Subject to completion taking place, ORIX agrees and undertakes to be a strategic long-term partner of the Company, and use its reasonable best efforts to implement, or procure its affiliates to implement, the strategic collaboration with the Group with respect to solar power plants after completion of the ORIX Subscription.

The Company and ORIX agree that there may be potential future strategic collaborations between the Company and ORIX and/or their respective affiliates in the following areas: (i) acquisitions of overseas renewable projects; (ii) potential future transfer of renewable assets from ORIX to the Company; and (iii) technical and operational experiences sharing, and when suitable opportunities arise, the Company and ORIX and/or their respective affiliates will enter into good faith negotiations for the purpose of exploring the possibility and feasibility of such potential future strategic collaborations.

Right to nominate a Director

The Company agreed under the ORIX Subscription Agreement that as long as the total number of Shares held by ORIX and its affiliates collectively is equal to or exceeds 5% of the total issued Shares, ORIX shall have the right to nominate one candidate with such appropriate qualification and experience to serve as a member of the Board to be appointed as a non-executive Director ("**Subscriber Director**") who, upon being appointed to the Board, shall also be appointed as a member of the audit committee, remuneration committee, nomination committee, risk control committee and such other committees of the Board as the Board may form or authorise from time to time on and after the date of completion of the ORIX Subscription.

Upon appointment to the Board, the Subscriber Director shall enter into a service agreement with the Company in form and substance satisfactory to the Company and ORIX for a term of not more than three years. ORIX undertakes to use its reasonable best effort to procure the Subscriber Director to observe his/her fiduciary duties as a Director.

Information rights

The Subscriber Director shall have reasonable access to such information as the other Directors have customarily had access.

Participation rights

In the event that the Company issues or offers to issue any Shares or any options, warrants or other securities that are directly or indirectly convertible into, or exercisable or exchangeable for Shares for cash (except for any issuances pursuant to the Warrants, convertible bonds or options issued by the Company and outstanding as of the date of the ORIX Subscription Agreement, or any employee option plans adopted or to be adopted by the Company from time to time) and so long as the total number of Shares held by ORIX and its affiliates collectively is equal to or exceeds 10% of the total issued Shares at the date of the proposed issuance, ORIX shall have the right to subscribe for, and/or designate any of its affiliates to subscribe for a pro-rata portion of such equity securities on the same terms and conditions as being proposed so as to enable ORIX to maintain its proportional interest in the Company as at the completion date of the ORIX Subscription. Such right of ORIX shall be subject to the requirements under the Listing Rules from time to time. There is nothing in the ORIX Subscription Agreement which will restrict the Company from proceeding with further issuing Shares or other convertible/exchangeable securities to possible subscribers/placees in the event that the issue of securities to ORIX is not approved by the independent Shareholders or ORIX determines not to participate in the relevant fund raising.

Assignment

ORIX may assign (in whole or in part) any of its rights under the ORIX Subscription Agreement to any of its affiliates (including ACP) by written notice to the Company, and such assignee may enforce (or any portion thereof) so assigned on the same terms and conditions as may be exercised by ORIX.

The parties agree that the right to nominate a Director, information rights and participation rights are subject to such requirements under the Listing Rules from time to time.

(B) The CM Subscription Agreement

Date

20 September 2016

Issuer

the Company

Subscriber

CMNEG

As at the Latest Practicable Date, CMNEG, together with the parties acting in concert with it, holds 1,172,912,329 Shares, representing approximately 24.21% of issued share capital of the Company, and accordingly is a substantial Shareholder.

CMNEG has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, (i) a maximum of 756,793,945 Subscription Shares at the Share Subscription Price of HK$0.5814 per Subscription Share; and (ii) a maximum of 362,948,274 Warrants at the Warrant Issue Price of HK$0.000775 per Warrant, which will entitle the Warrantholder(s) to subscribe in cash for one Warrant Share at the Warrant Subscription Price of HK$0.646 (subject to adjustment) during the Warrant Exercise Period.

Pursuant to the CM Subscription Agreement, the number of Subscription Shares to be subscribed by CMNEG, together with all of the Shares held by CMNEG and/or the parties acting in concert with it shall not exceed 29.90% of the then total issued Shares (as enlarged by the issue of the Subscription Shares). The final number of Subscription Shares to be subscribed by CMNEG will be adjusted downward if completion of the ORIX Subscription, CM Subscription and NEX Subscription does not take place on the same date.

CMNEG Subscription Shares

The 756,793,945 Subscription Shares to be subscribed by CMNEG represent approximately 15.62% of the issued share capital of the Company as at the Latest Practicable Date, and approximately 10.69% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

CMNEG Warrant Shares

Assuming full exercise of the subscription rights attaching to the Warrants at the Warrant Subscription Price, a total of 362,948,274 Warrant Shares will be allotted and issued to CMNEG, representing (i) approximately 7.49% of the entire issued share capital of the Company as at the Latest Practicable Date; (ii) approximately 6.97% of the entire issued share capital of the Company as enlarged by the allotment and issue of the Warrant Shares under the CM Subscription Agreement; and (iii) approximately 6.09% of the entire issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares and the Warrant Shares under the CM Subscription Agreement.

Conditions precedent of the CM Subscription Agreement

Completion of the CM Subscription is conditional upon fulfillment of the following conditions precedent:

(a) the passing by the requisite majority of the Independent Shareholders in the SGM of all resolutions required under relevant laws and regulations, including but not limited to the Listing Rules, of the transactions contemplated under the CM Subscription Agreement, including without limitation to the specific mandate for the allotment and issue of the Subscription Shares and Warrant Shares;

(b) the granting of the approval by the Listing Committee of the Stock Exchange (either unconditionally or subject to conditions to which neither the Company nor CMNEG objects) for the listing of and permission to deal in the Subscription Shares and Warrant Shares to be issued by the Company pursuant to the CM Subscription Agreement; and

(c) CMNEG having obtained all necessary internal approvals in respect of the transactions contemplated under the CM Subscription Agreement.

In the event that any of the above conditions precedent is not fulfilled on or before 5:00 p.m. on 31 December 2016 (or such later date as may be agreed between the Company and CMNEG), the CM Subscription Agreement will terminate and all obligations of the Company and CMNEG under the CM Subscription Agreement shall cease and determine and neither the Company nor CMNEG shall have any claim against the other in respect of any matter arising out of or in connection with the CM Subscription Agreement except for any antecedent breach of any obligation and any liabilities thereunder.

Undertaking

The Subscription Shares to be subscribed by CMNEG are not subject to any lock-up under the terms of the CM Subscription Agreement. However, CMNEG undertakes to the Company that it, together with the parties acting in concert with it, shall remain being the single largest Shareholder within three (3) years after completion.

Completion

Subject to fulfillment of the conditions precedent, completion of the CM Subscription will take place on a date to be agreed between the Company and CMNEG in writing, but no later than 31 December 2016 or such later date as may be agreed by the Company and CMNEG in writing.

(C) The NEX Subscription Agreement

Date

20 September 2016

Issuer

the Company

Subscriber

NEX

As at the Latest Practicable Date, NEX, together with its wholly-owned subsidiaries, holds 266,883,621 Shares, representing approximately 5.51% of the issued share capital of the Company. NEX is a party acting in concert with CMNEG according to Section 317 of the SFO.

NEX has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, a maximum of 68,799,449 Subscription Shares at the Share Subscription Price of HK$0.5814 per Subscription Share.

Pursuant to the NEX Subscription Agreement, the number of Subscription Shares to be subscribed by NEX, together with all of the Shares held by NEX and/or the parties acting in concert with it shall not exceed 29.90% of the total then issued Shares (as enlarged by the issue of Subscription Shares). The final number of Subscription Shares to be subscribed by NEX will be adjusted downward if completion of the ORIX Subscription, CM Subscription and NEX Subscription does not take place on the same date.

NEX Subscription Shares

The 68,799,449 Subscription Shares to be subscribed by NEX represent approximately 1.42% of the issued share capital of the Company as at the Latest Practicable Date, and approximately 0.97% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

The Subscription Shares to be subscribed by NEX are not subject to any lock-up or other disposal restriction under the terms of the NEX Subscription Agreement.

Conditions precedent of the NEX Subscription Agreement

Completion of the NEX Subscription is conditional upon fulfillment of the following conditions precedents:

(a) the passing by the requisite majority of the Shareholders/independent Shareholders (as the case may be) in the SGM of all resolutions required under relevant laws and regulations, including but not limited to the Listing Rules, of the transactions contemplated under the NEX Subscription Agreement, including without limitation to the specific mandate for the allotment and issue of the Subscription Shares;

(b) the granting of the approval by the Listing Committee of the Stock Exchange (either unconditionally or subject to conditions to which neither the Company nor NEX objects) for the listing of and permission to deal in the Subscription Shares to be issued by the Company pursuant to the NEX Subscription Agreement; and

(c) NEX having obtained all necessary internal approvals in respect of the transactions contemplated under the NEX Subscription Agreement.

In the event that any of the above conditions precedent is not fulfilled on or before 5:00 p.m. on 31 December 2016 (or such later date as may be agreed between the Company and NEX), the NEX Subscription Agreement will terminate and all obligations of the Company and NEX under the NEX Subscription Agreement shall cease and determine and neither the Company nor NEX shall have any claim against the other in respect of any matter arising out of or in connection with the NEX Subscription Agreement except for any antecedent breach of any obligation and any liabilities thereunder.

Completion

Subject to fulfillment of the conditions precedent, completion of the NEX Subscription will take place on a date to be agreed between the Company and NEX in writing, but no later than 31 December 2016 or such later date as may be agreed by the Company and NEX in writing.

(D) Share Subscription Price of the Subscription Shares

The Share Subscription Price of HK$0.5814 was determined after arm's length negotiations between the Company and the respective subscribers, having considered the market condition, the recent share price performance of the Share and liquidity of the Shares. The Share Subscription Price represents:

(a) a discount of approximately 20.36% to the closing price of HK$0.73 per Share as quoted on the Stock Exchange on the Last Trading Day;

(b) a discount of approximately 18.80% to the average closing price of approximately HK$0.716 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to the Last Trading Day;

(c) a discount of approximately 19.36% to the average closing price of HK$0.721 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to the Last Trading Day;

(d) a discount of approximately 15.74% to the closing price of HK$0.69 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and

(e) a discount of approximately 7.71% to the unaudited net asset value of approximately HK$0.63 per Share as at 30 June 2016 (based on the unaudited consolidated net asset value of the Company of approximately HK$3,054,489,000 as at 30 June 2016 and 4,844,310,325 Shares as at the Last Trading Day).

(E) Principal terms of the Warrants

The principal terms of the Warrants are summarised below.

Number of Warrants

Warrants to be issued to ORIX: 508,127,584 Warrants;

Warrant to be issued to CMNEG: 362,948,274 Warrants

Each Warrant carries the right to subscribe for one (1) Warrant Share at the Warrant Subscription Price.

Warrant Issue price

HK$0.000775 per Warrant

Warrant Subscription Price

HK$0.646, being the Warrant Subscription Price per Warrant Share but subject to adjustment. The Warrant Subscription Price was determined after arm's length negotiations between the Company and respective subscribers, having considered the market condition, the recent share price performance of the Shares and liquidity of the Shares. The Warrant Subscription Price represents:

(a) a discount of approximately 11.51% to the closing price of HK$0.73 per Share as quoted on the Stock Exchange on the Last Trading Day;

(b) a discount of approximately 9.78% to the average closing price of approximately HK$0.716 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to the Last Trading Day;

(c) a discount of approximately 10.40% to the average closing price of HK$0.721 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to the Last Trading Day; and

(d) a premium of approximately 2.54% to the unaudited net asset value of approximately HK$0.63 per Share as at 30 June 2016 (based on the unaudited consolidated net asset value of the Company of approximately HK$3,054,489,000 as at 30 June 2016 and 4,844,310,325 Shares as at the Last Trading Day).

The aggregate of the Warrant Issue Price and the Warrant Subscription Price is HK$0.646775, representing:

(a) a discount of approximately 11.40% to the closing price of HK$0.73 per Share as quoted on the Stock Exchange on the Last Trading Day;

(b) a discount of approximately 9.67% to the average closing price of approximately HK$0.716 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to the Last Trading Day;

(c) a discount of approximately 10.29% to the average closing price of HK$0.721 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to the Last Trading Day; and

(d) a premium of approximately 2.66% to the unaudited net asset value of approximately HK$0.63 per Share as at 30 June 2016 (based on the unaudited consolidated net asset value of the Company of approximately HK$3,054,489,000 as at 30 June 2016 and 4,844,310,325 Shares as at the Last Trading Day).

The Warrant Issue Price was determined by the Directors, with reference to the following factors:

(a) the Directors did not take into account any valuation of the Warrants in determining the Warrant Issue Price due to the fact that the theoretical value is calculated by a formula taking into account certain factors, but it will not take into account the actual circumstances, financial condition, market condition, market position of the Company and the market sentiment of the industry that the Company is involved;

(b) the Directors are of the view that the Warrant Issue Price should be considered together with Warrant Subscription Price as a whole instead of on a stand-alone basis. As disclosed in the announcement of the Company dated 21 September 2016, the aggregate value of the Warrant Issue Price and the Warrant Subscription Price is HK$0.646775, representing a relatively reasonable discount as compared with the closing price of HK$0.73 per Share on the Last Trading Day, the average closing price of approximately HK$0.716 per Share for the last five consecutive trading days up to the Last Trading Day, and the average closing price of HK$0.721 per Share for the last 10 consecutive trading days up to the Last Trading Day, having considered the market condition, the recent share price performance of the Shares and liquidity of the Shares;

(c) the Directors consider that the issue of the Warrants is an important means to further solidify the relationship between the Company and the existing substantial Shareholder, CMNEG, and to foster the long-term strategic and collaborative relationship with the ORIX group, while at the same time the Share Subscriptions and Warrant Subscriptions together allow the Company to raise equity financing to redeem the Relevant CB which in turn will strengthen the capital base and financial position of the Company, and may provide additional funds for its future growth and development;

(d) the issue of Warrants does not have an immediate dilution effect while at the same time it offers an opportunity the Company to further raise additional funds if the warrant holders choose to exercise the rights during Warrant Exercise Periods; and

(e) the Warrants will be issued pursuant to a specific mandate and will be subject to Shareholders' approval in the SGM and the terms and reasons and basis for the Warrant Subscriptions have been set out in this circular for the consideration by Shareholders.

Adjustments to the Warrant Subscription Price

The Warrant Subscription Price is subject to adjustments in accordance with the terms and conditions set out in the Warrant Instrument if any of the following specific events occurs:

(a) where there is an alteration to the nominal amount of a Share by reason of any consolidation, subdivision or reclassification;

(b) where the Company issues (other than in lieu of a cash dividend) any Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund) including Shares paid up out of distributable profits or reserves and/or share premium account;

(c) where the Company makes (whether on a reduction of capital or otherwise except pursuant to any purchase by the Company of its own Shares which is permitted by law and by the rules of the Stock Exchange and in accordance with the provisions of the Company's memorandum of association and bye-laws) any capital distribution (including distributions in cash or specie, and any dividend charged or provided for in the accounts for any financial period) to the Shareholders (in their capacity as such) or grants to the Shareholders rights to acquire for cash assets of the Company or any of its subsidiaries;

(d) where the Company offers Shareholders new Shares for subscription by way of rights, or grants to the Shareholders any options or warrants to subscribe for new Shares at a price per new Share which is less than 90% of the current market price (as defined in the Warrant Instrument) as at the date of the announcement of the terms of the offer or grant (whether or not such offer or grant is subject to the approval of the Shareholders or other persons);

(e) where the Company or any other company issues any securities (including any rights, options and warrants) which by their terms are convertible into or exchangeable for or carrying rights of conversion or subscription or purchase for new Shares, and the total effective consideration (as defined in the Warrant Instrument) per new Share initially receivable for such securities is less than 90% of the current market price (as defined in the Warrant Instrument) as at the date of the announcement of the terms of issue of such securities (whether or not such offer or grant is subject to the approval of the Shareholders or other persons);

(f) where the rights of conversion or exchange attaching to any such securities as are mentioned in sub-paragraph (e) above are modified so that the total effective consideration (as defined in the Warrant Instrument) per new Share initially receivable for such securities shall be less than 90% of the current market price (as defined in the Warrant Instrument) as at the date of announcement of the proposal to modify such rights of conversion or exchange or subscription; or

(g) where the Company issues any Shares at a price per Share which is less than 90% of the current market price as at the date of the announcement of the terms of such issue.

Notwithstanding the specific adjustment events set out in the Warrant Instrument, in any circumstances where the Directors or the Warrantholders pursuant to a special resolution shall consider that an adjustment to the Warrant Subscription Price provided for under the said provisions should not be made or should be calculated on a different basis or that an adjustment to the Warrant Subscription Price should be made notwithstanding that no such adjustment is required under the said provisions set out in the Warrant Instrument or that such adjustment shall take effect on a different date or at a different time from that provided under the said provisions, the Company may appoint an approved merchant bank or the auditors of the Company (the appointment of which is subject to the approval of the Warrantholders by special resolution) to consider whether the adjustment to be made (or the absence of adjustment) would not or might not fairly and appropriately reflect the relative interests of the persons affected thereby and, if such approved merchant bank or the auditors of the Company shall consider this to be the case, the adjustment shall be modified or nullified, or an adjustment made instead of no adjustment, in such manner and/or take effect on a different date and/or time as shall be certified by such approved bank or the auditors of the Company (as the case may be) to be in its opinion appropriate.

Whenever the Warrant Subscription Price is adjusted, the Company will give notice to the Warrantholders and will make available for inspection by the Warrantholders, among other things, a signed certificate of either an approved merchant bank or the auditors of the Company (the appointment of which is subject to the approval of the Warrantholders by special resolution) and a certificate signed by a Director setting out brief particulars of the adjustment to the Warrant Subscription Price. The Company will make announcement(s) on adjustment of the Warrant Subscription Price.

Exercise period and restrictions

The exercise period shall be three years from the date of issue of the Warrants.

The subscription right shall only be exercised to the extent it will not result in (a) any mandatory offer obligation under Rule 26.1 of the Takeovers Code being triggered by the Warrantholder, together with parties acting in concert (as defined in the Takeovers Code) with them; or (b) the Company being in breach of any provision of the Listing Rules, including the requirement to maintain any prescribed minimum percentage of the issued share capital of the Company held by the public; or (c) change of the largest Shareholder.

Ranking

The Warrant Shares, when fully paid and allotted, will rank *pari passu* in all respects with the Shares then in issue.

Voting rights

Other than meeting of holders of Warrants, the Warrantholders shall not be entitled to attend or vote at the general meetings of the Company by reason only of being the Warrantholders.

Listing

No application will be made by the Company for the listing of, and permission to deal in, the Warrants on the Stock Exchange or other stock exchange.

Transferability

The Warrants are transferable, provided that (i) no Warrants may be transferred to any person who (a) is connected person (as defined in the Listing Rules) or is not independent of the Company (and its subsidiaries) or its connected person (as defined in the Listing Rules), unless otherwise permitted with the prior written consent of the Company; or (b) is a party acting in concert (as defined in the Takeovers Code) with any person(s) or Shareholder(s) to the effect that any transfer of the Warrants to such transferee(s) and/or exercise by such transferee(s) of any subscription right attaching to the Warrant(s) subject to such transfer will trigger the mandatory offer obligation under Rule 26.1 of the Takeovers Code; or (ii) any transfer of Warrants will not result in change of largest Shareholder.

Rights on Liquidation

If the Company is wound up during the Warrant Exercise Period, all subscription rights attaching to the Warrants which have not been exercised shall lapse, save for in the event of a voluntary winding-up of the Company, where (i) if such winding-up is for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement to which the Warrantholders, or some person designated by them for such purpose by special resolution of the Warrantholders, shall be a party or in conjunction with which a proposal is made to the Warrantholders and is approved by special resolution of the Warrantholders, the terms of such scheme of arrangement or (as the case may be) proposal shall be binding on all Warrantholder; and (ii) in any other case, every Warrantholder shall be entitled at any time within six weeks after the passing of such resolution by surrender of his/her Warrants to elect to be treated as if he/she had immediately prior to the commencement of such winding-up exercised such of the subscription rights represented by his/her Warrants.

(F) Specific mandate for issue of the Subscription Shares and Warrants Shares and Listing application

The Subscription Shares and the Warrant Shares will be allotted and issued pursuant to the specific mandate to be sought at the SGM.

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 and the Warrant Shares.

SHAREHOLDING STRUCTURE

The shareholding structure of the Company:

(i) as at the Latest Practicable Date;

(ii) immediately after the completion of the Share Subscriptions;

(iii) immediately after the completion of the Share Subscriptions and the full exercise of the subscription rights attaching to the Warrants; and

(iv) immediately after the completion of the Share Subscriptions and the full exercise of the subscription/conversion rights attaching to the Warrants, the Outstanding Convertible Bonds and the Outstanding Options at their respective initial subscription/conversion prices, assuming that there is no other change in the issued share capital of the Company from the Latest Practicable Date and up to the later of the date of completion of the ORIX Subscription, CM Subscription and NEX Subscription,

are set out below:

	(i)		(ii)		(iii)		(iv)	
	Existing shareholding as at the Latest Practicable Date		**Shareholding immediately after the completion of the Share Subscriptions**		**Shareholding immediately after the completion of the Share Subscriptions and the full exercise of subscription rights attaching to the Warrants**		**Shareholding immediately after the completion of the Share Subscriptions and the full exercise of subscription/ conversion rights attaching to the Warrants, the Outstanding Convertible Bonds and the Outstanding Options at their respective initial subscription/ conversion prices**	
	Number of Shares	*Approx. %*	*Number of Shares*	*Approx. %*	*Number of Shares*	*Approx. %*	*Number of Shares*	*Approx. %*
CMNEG and parties acting in concert with it								
CMNEG *(Note 1)*	579,944,250	11.97	1,336,738,195	18.89	1,699,686,469	21.38	2,139,722,469	18.67
Snow Hill Developments ("**Snow Hill**") *(Note 2)*	103,111,436	2.13	103,111,436	1.46	103,111,436	1.30	103,111,436	0.90
Magicgrand Group Limited ("**Magicgrand**") *(Note 3)*	141,230,827	2.92	141,230,827	2.00	141,230,827	1.78	141,230,827	1.23
Pairing Venture Limited *(Note 4)*	18,173,487	0.38	18,173,487	0.26	18,173,487	0.23	18,173,487	0.16
NEX *(Note 5)*	266,883,621	5.51	335,683,070	4.74	335,683,070	4.22	368,976,070	3.22
Sino Arena Investments Limited	63,568,708	1.31	63,568,708	0.90	63,568,708	0.80	63,568,708	0.55
Sub-total:	1,172,912,329	24.21	1,998,505,723	28.24	2,361,453,997	29.71	2,834,782,997	24.74
Other associate of China Merchants Group Limited*(招商局集團有限公司) ("China Merchants")								
China Merchants Fund Management Limited*(招商基金管理有限公司)	–	–	–	–	–	–	509,517,668	4.45
Directors	15,277,600	0.32	15,277,600	0.21	15,277,600	0.19	57,277,600	0.50
ORIX	–	–	1,407,385,568	19.89	1,915,513,152	24.10	1,915,513,152	16.72
Public Shareholders	3,656,120,396	75.47	3,656,120,396	51.66	3,656,120,396	46.00	6,142,363,488	53.60
Total:	4,844,310,325	100.00	7,077,289,287	100.00	7,948,365,145	100.00	11,459,454,905	100.00

Notes:

1. CMNEG is indirectly owned as to 79.36% by China Merchants and directly owned as to 20.64% by Magicgrand.

2. Snow Hill is beneficially wholly owned by China Merchants. Snow Hill is an associate of CMNEG under the Listing Rules. As at the Latest Practicable Date, CMNEG and its associate, Snow Hill, held 683,055,686 Shares, representing approximately 14.1% of the issued share capital of the Company.

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 Latest Practicable Date
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 of the proceeds have been used in connection with new 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).	To be used as intended

Save as disclosed above, the Company had not conducted any other equity fund raising exercise in the past twelve months before the Latest Practicable Date.

INFORMATION ON ORIX, CMNEG AND NEX

Based on the information provided by ORIX, ORIX is incorporated in Hong Kong, whose principal business is equity investment, fund operation and management, and lending. ORIX is a wholly-owned subsidiary of ORIX Corporation (Tokyo Stock Exchange: 8591; New York Stock Exchange: IX). ORIX Corporation is an opportunistic, diversified, innovation-driven global powerhouse with a proven track record of profitability. Established in 1964, ORIX Corporation at present operates a diverse portfolio of businesses in the operations, financial services, and investment spaces. ORIX Corporation's highly complementary business activities span industries including: energy, private equity, infrastructure, automotive, ship and aircraft, real estate and retail financial services. ORIX Corporation has also spread its business globally by establishing locations in a total of 37 countries and regions across the world. Through its business activities, ORIX Corporation has long been committed to corporate citizenship and environmental sustainability.

In the field of environment and energy, from its first investment in a wind power generation business in 1995, ORIX Corporation has been contributing to the prevalence of renewable energy including solar power, biomass, geothermal, wind, and other renewable energy sources. Capitalizing on know-how cultivated in the environment and energy-related business in Japan, ORIX Corporation is aggressively engaging in this business overseas. ORIX Corporation is one of the largest corporates in the Japanese solar power generation market with approximately 900 MW multi-location portfolio.

CNMEG is a limited liability company incorporated in the BVI on 5 May 2004. CMNEG is an indirect non-wholly-owned subsidiary of China Merchants Group, a leading state-owned conglomerate in China. CMNEG is an investment holding company which is engaged in the renewable energy business through its subsidiaries. As at the Latest Practicable Date, CMNEG, together with the parties acting in concert with it, holds 1,172,912,329 Shares, representing approximately 24.21% of the issued share capital of the Company and hence is a substantial Shareholder.

NEX is a limited liability company incorporated in BVI on 19 September 1995 and continued in the Cayman Islands. NEX is principally engaged in the trading of solar power plants and new energy projects and provision of comprehensive range of services for new energy industry. As at the Latest Practicable Date, NEX, together with its wholly-owned subsidiaries, holds 266,883,621 Shares, representing approximately 5.51% of the issued share capital of the Company. NEX is a party acting in concert with CMNEG according to Section 317 of the SFO.

INFORMATION ON THE COMPANY AND REASONS AND BENEFITS FOR THE SUBSCRIPTIONS

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

It is the Group's strategy to identify suitable investment opportunities to acquire solar power plants with good prospects and potential for stable returns. The Company and ORIX agree that there may be potential future strategic collaborations between the Company and ORIX and/or their respective affiliates in the following areas:

(i) acquisitions of overseas renewable projects;

(ii) potential future transfer of renewable assets from ORIX to the Company; and

(iii) technical and operational experiences sharing,

and when the Company and ORIX both consider that suitable opportunities arise, the Company and ORIX and/or their respective affiliates will enter into good faith negotiations for the purpose of exploring the possibility and feasibility of such potential future strategic collaborations.

It is expected that the aggregate gross proceeds from the Share Subscriptions and Warrant Subscriptions will be approximately HK$1,298.9 million. The estimated net proceeds from the Share Subscriptions, after the deduction of relevant costs and expenses of approximately HK$39.9 million to be incurred by the Company for the Share Subscriptions, will be approximately HK$1,259 million. The net price per Subscription Share is approximately HK$0.5638.

The estimated net proceeds from the Share Subscriptions, Warrant Subscriptions and the Syndication Loan and/or issuance of Corporate Bonds, will be used exclusively for the following corporate purposes unless otherwise agreed in writing by ORIX:

(a) firstly to redeem the Relevant CB in accordance with such terms as agreed between the Company and the relevant holders of the Relevant CB provided that the amount to be used towards this purpose shall not exceed US$340,000,000 (equivalent to approximately HK$2,635,000,000);

(b) secondly to use the remaining amount from such proceeds (if any) after due performance of the Company's obligations under sub-paragraph (a) above to redeem the Power Revenue Bonds provided always that (i) the remaining amount shall be sufficient to enable the Company to fully redeem all outstanding Power Revenue Bonds; and (ii) the holder of Power Revenue Bonds has not exercised its right of conversion under such Power Revenue Bonds by the last day of the six (6) months period following the date of issue of the Power Revenue Bonds;

(c) thirdly to use the remaining amount from such proceeds (if any) after due performance of the Company's obligations under sub-paragraphs (a) and (b) above to redeem all or a portion of the Huaqing Bonds; and

(d) lastly to use the remaining amount from such proceeds (if any) after due performance of the Company's obligations under sub-paragraphs (a), (b) and (c) above to finance the development of the future business of the Company.

Assuming full exercise of the subscription rights attaching to the Warrants, it is expected that a further fund of HK$562.7 million will be raised. Taking into account the costs and expenses of the issue of the Warrant Shares, the estimated net proceeds from the subscription of Warrant Shares will be approximately HK$562.7 million (with a net issue price of approximately HK$0.646 per Warrant Share). It is expected that such additional funds will be utilised by the Group as funds for future development of the existing business of the Group.

As described under the section headed "Equity Fund Raising Activities in the Past Twelve Months", the Company had conducted fund raising activities and the Company has used and will use the proceeds from such fund raising activities for further development of its solar power plant projects, including the acquisition of specific solar power plants as intended. In terms of other financing options, the Company considered that other pre-emptive fund raising methods, such as rights issue or open offer, generally involves additional amount of underwriting commission and additional costs and time for the preparation and issue of prospectus and the appointment of reporting accountants to report on unaudited pro forma financial information to be included the prospectus. It may take a longer period of time to complete the negotiation of the underwriting terms with potential underwriters when choosing to raise funds through a rights issue or an open offer. With the introduction of ORIX by CITIC CLSA, the Company considered that the Share Subscriptions and the Warrant Subscriptions were the referred available options for the Company at the relevant time.

The Directors consider that the Share Subscriptions, Warrant Subscriptions and the Syndication Loan and/or issuance of the Corporate Bonds as contemplated under the ORIX Subscription Agreement will provide the Company with adequate funds to redeem the Relevant CB which will strengthen the capital base and financial position of the Company, while reducing the Company's financial expenses and lower its financial gearing level and in turn enhancing the Company's market competitiveness.

The Group has been actively seeking opportunities to secure fund at reasonable costs, including the issue of Corporate Bonds and obtaining a Syndication Loan as contemplated in the ORIX Subscription Agreement. Furthermore, if any potential investors offer attractive terms and subject to the then market conditions, the Company may also consider pursuing other forms of fund raising exercise for future development of the Company if such fund raising is in the interest of the Company and its shareholders as a whole. Announcement will be made by the Company in the event any concrete fund raising plan arises as and when appropriate.

The Directors (including the independent non-executive Directors) consider that the ORIX Subscription Agreement and NEX Subscription Agreement and the transactions contemplated thereunder, including the Share Subscription Price, the Warrant Issue Price and the Warrant Subscription Price (as the case may be), are on normal commercial terms determined after arm's length negotiation between the Company and ORIX and NEX, respectively, and are fair and reasonable and in the interests of the Company and the Shareholders as whole.

The Directors (excluding the independent non-executive Directors whose views are set out in the letter from the Independent Board Committee after taking into account of the advice of the Independent Financial Adviser) consider that the terms of the CM Subscription, including the Share Subscription Price, the Warrant Issue Price and the Warrant Subscription Price, to be fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Mr. Li, Alan, Mr. Lu Zhenwei and Mr. Tang Wenyong, who are directors of CMNEG, abstained from voting on the relevant resolutions to approve the CM Subscription Agreement. Mr. Lu Zhenwei, who is a director of NEX, has also abstained from voting on the relevant resolutions to approve the NEX Subscription Agreement. Save as disclosed above, none of the Directors has any material interest in the transactions contemplated under the Subscription Agreements, and therefore none of the other Directors has abstained from voting on such Board resolutions.

INFORMATION ON THE OUTSTANDING CONVERTIBLE BONDS

As at the Latest Practicable Date, the Company had in issue certain Outstanding Convertible Bonds, among which, the Company will seek to amend the terms of the Relevant CB to allow redemption before their final maturity date given that the amendment to the terms of the Relevant CB is a condition precedent to the ORIX Subscription. The Company will also seek to amend the terms of the Huaqing Bonds to allow redemption before its final maturity date.

Having considered the associated finance cost for redemption of the Relevant CB and the reasons and benefits as set out in the section headed "Information on the Company and the Reasons and Benefits for the Subscriptions", the Company considered that early redemption of the Relevant CB by using the proceeds from Share Subscriptions, Warrant Subscription and the Syndication Loan and/or issuance of Corporate Bonds could improve the capital structure and financial position of the Company, which in turn will conducive to the future fund-raising for the business growth of the Group.

The Company will comply with the relevant requirements of the Listing Rules (including announcement, shareholders' approval and approval on amendments of terms of convertible bonds under Rule 28.05 of the Listing Rules) in relation to the amendment of terms of the Relevant CB and Huaqing Bonds for early redemption.

Adjustments to Huaqing Bonds and Power Revenue Bonds issued under general mandate

Pursuant to the adjustment provisions in the terms and conditions of Huaqing Bonds and Power Revenue Bonds, the conversion price of Huaqing Bonds and Power Revenue Bonds will be adjusted as a result of the Share Subscriptions.

Following the adjustment, the number of conversion shares issuable by the Company upon full conversion of the Huaqing Bonds does not exceed the maximum number of Shares that are issuable under the relevant general mandate.

With respect to the Power Revenue Bonds, the number of conversion shares after the adjustment will exceed the maximum number of Shares granted under the relevant general mandate (the "**Maximum Number of Shares**"). In respect of the principal amount of the relevant convertible bonds attributable to the portion of the conversion shares which exceed the Maximum Number of Shares, under the terms of the Power Revenue Bonds, the Company shall upon receipt of the conversion notice after the effective date of the adjustment, instead of issuing the conversion shares, redeem such "affected" convertible bonds in full at an amount in cash in accordance with the terms and conditions of Power Revenue Bonds. In such event, the Company will use its internal financial resources to redeem the exceeded portion of convertible bonds that could not be issued due to the limitation of Maximum Number of Shares within 15 business days of the relevant conversion notice.

Adjustments to Suzhou Zhong Fu Bonds issued under specific mandate

Pursuant to the adjustment provisions in the terms and conditions of Suzhou Zhong Fu Bonds, the conversion price of Suzhou Zhong Fu Bonds will be adjusted as a result of the Share Subscriptions.

Following the adjustment, the maximum number of conversion shares to be issued by the Company upon full conversion of the Suzhou Zhong Fu Bonds will increase and the additional conversion shares to be issued upon conversion of the Suzhou Zhong Fu Bonds will be issued and allotted pursuant to the specific mandate granted by the Shareholders at a special general meeting of the Company held on 9 December 2013.

Adjustments to Relevant CB issued under general mandate

In the event that the conversion price of the Relevant CB issued by the Company under its general mandate shall be adjusted as a result of the Share Subscriptions, the number of conversion shares issuable upon full exercise of such convertible bonds will not exceed the maximum number of Shares that are issuable under the relevant general mandate.

Further announcement in relation to the adjustment to the outstanding convertible bonds will be made by the Company as and when necessary.

IMPLICATIONS UNDER THE LISTING RULES

As at the Latest Practicable Date, CMNEG is a substantial Shareholder, and is therefore a connected person of the Company. Accordingly, the CM Subscription constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules, which is subject to the reporting, announcement and Independent Shareholders' approval requirements at the SGM under Chapter 14A of the Listing Rules. NEX is a party acting in concert with CMNEG according to Section 317 of the SFO. The Company will at the SGM seek approval for, among other things, the Subscription Agreements and the transactions contemplated thereunder. CMNEG and parties acting in concert with it, which hold in aggregate 1,172,912,329 Shares, representing approximately 24.21% of the issued share capital of the Company, will abstain from voting in relation to the CM Subscription Agreement and the NEX Subscription Agreement and the transactions contemplated thereunder.

Pursuant to Rule 15.02(1) of the Listing Rules, the Warrant Shares to be issued on exercise of the Warrants must not, when aggregated with all other equity securities which remain to be issued on exercise of any other subscription rights, if all such rights were immediately exercised, whether or not such exercise is permissible, exceed 20% of the issued share capital of the Company at the time the Warrants are issued. Options granted under share option schemes which comply with Chapter 17 of the Listing Rules are excluded for the purpose of such limit.

As at the Latest Practicable Date, the Company does not have other securities with subscription rights outstanding and not yet exercised. As at the Latest Practicable Date, the issued share capital of the Company is 4,844,310,325 Shares, and accordingly the maximum number of 968,862,065 new Shares to be allotted and issued is in compliance with Rule 15.02(1) of the Listing Rules.

APPOINTMENT OF INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee has been established to advise and give recommendations to the Independent Shareholders on the CM Subscription Agreement, the issue of the Subscription Shares and Warrants pursuant to the CM Subscription Agreement and the grant of the specific mandate for issue of the Warrant Shares upon exercise of the subscription rights attaching to the Warrants to be issued under the CM Subscription Agreement.

Goldin has been appointed as the independent financial adviser to make recommendations to the Independent Board Committee and the Independent Shareholders in respect of the CM Subscription Agreement, the issue of the Subscription Shares and Warrants pursuant to the CM Subscription Agreement and the grant of the specific mandate for the issue of the Warrant Shares upon exercise of the subscription rights attaching to the Warrants to be issued under the CM Subscription Agreement.

SGM

A notice convening the SGM to be held at 3:00 p.m. on Monday, 28 November 2016 at Unit 1407, 14/F, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong is set out on pages 80 to 83 of this circular.

An ordinary resolution will be proposed to the Shareholders to consider and, if thought fit, to approve the ORIX Subscription Agreement and the transaction contemplated thereunder. As at the Latest Practicable Date, to the best knowledge of the Directors having made reasonable enquiries, no Shareholders are required to abstain from voting. All Shareholders will be entitled to vote on the resolution approving the ORIX Subscription Agreement and the transactions contemplated thereunder at the SGM.

An ordinary resolution will be proposed to the Shareholders to consider and, if thought fit, to approve the NEX Subscription Agreement and the transaction contemplated thereunder. NEX and its associates are required to abstain from voting in relation to the NEX Subscription Agreement and the transactions contemplated thereunder.

An ordinary resolution will be proposed to the Independent Shareholders to consider and, if thought fit, to approve the CM Subscription Agreement and the transaction contemplated thereunder. CMNEG and its associates are required to abstain from voting in relation to the CM Subscription Agreement and the transactions contemplated thereunder.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you intend to attend and vote at the SGM or any adjourned meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

RECOMMENDATION

The Board (including the independent non-executive Directors) considers that the terms of the ORIX Subscription Agreement and NEX Subscription Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolutions to approve the ORIX Subscription Agreement and NEX Subscription Agreement and the transactions contemplated thereunder at the SGM.

The Board (including the members of the Independent Board Committee, who have taken into account the advice of the Independent Financial Adviser) considers that the terms of the CM Subscription Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the ordinary resolution to approve the CM Subscription Agreement and the transactions contemplated thereunder at the SGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the information as set out in the appendix to this circular and the notice of the SGM as set out on pages 64 to 83, which form part of this circular.

In this circular, the conversion of US$ into HK$ has been made at a rate of US$1 to HK$7.75. Such conversion is for reference only and should not be construed as representations that any amount has been, could have been or may be, exchanged at this or any other rate.

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

Hong Kong, 10 November 2016

UNITED PHOTOVOLTAICS GROUP LIMITED
聯合光伏集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 686)

10 November 2016

To the Independent Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION IN RELATION TO SUBSCRIPTION OF NEW SHARES AND WARRANTS BY A SUBSTANTIAL SHAREHOLDER UNDER SPECIFIC MANDATE

We refer to the circular dated 10 November 2016 issued by the Company to its shareholders (the "**Circular**"), of which this letter forms part. Unless otherwise requires, terms defined in the Circular shall have the same meanings when used in this letter.

We have been appointed by the Board as the members of the Independent Board Committee to advise the Independent Shareholders as to whether, in our opinion, the entering into the CM Subscription Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole and the terms of which are fair and reasonable so far as the Independent Shareholders are concerned. None of the members of the Independent Board Committee have any direct or indirect interest in the CM Subscription Agreement.

In addition, Goldin has been appointed as independent financial adviser to advise the Independent Board Committee and Independent Shareholders in respect of the CM Subscription Agreement and the transactions contemplated thereunder. Details of its advice, together with the principal factors taken into consideration in arriving at such, are set out in its letter set out on pages 41 to 63 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 9 to 38 of the Circular and the general information set out in the Circular.

Having considered the terms of the CM Subscription Agreement and the advice of Goldin, we are of the opinion that the CM Subscription Agreement and the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Company, and the CM Subscription is fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Group and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution approving the CM Subscription Agreement and the transactions contemplated thereunder to be proposed in the SGM.

Yours faithfully,
Independent Board Committee

Kwan Kai Cheong **Yen Yuen Ho, Tony** **Shi Dinghuan** **Ma Kwong Wing**

Independent non-executive Directors

The following is the full text of the letter from Goldin setting out the advice to the Independent Board Committee and the Independent Shareholders in respect of the CM Subscription Agreement and the transactions contemplated thereunder, which has been prepared for the purpose of inclusion in this circular.

GOLDIN FINANCIAL LIMITED
高銀融資有限公司

Goldin Financial Limited
Suites 2202-2209, 22/F
Two International Finance Centre
8 Finance Street
Central
Hong Kong

10 November 2016

To the Independent Board Committee and
the Independent Shareholders of
United Photovoltaics Group Limited

Dear Sirs,

CONNECTED TRANSACTION IN RELATION TO SUBSCRIPTION OF NEW SHARES AND WARRANTS BY A SUBSTANTIAL SHAREHOLDER UNDER SPECIFIC MANDATE

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the CM Subscription Agreement and the transactions contemplated thereunder, details of which are contained in the announcement of the Company dated 21 September 2016 (the "**Announcement**") and in the letter from the board (the "**Letter from the Board**") on page 9 to page 38 of the circular of the Company dated 10 November 2016 (the "**Circular**") to the Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

As stated in the Letter from the Board, on 20 September 2016, the Company entered into the CM Subscription Agreement with CMNEG, a substantial Shareholder, pursuant to which CMNEG has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, (i) a maximum of 756,793,945 Subscription Shares at the Share Subscription Price of HK$0.5814 per Subscription Share; and (ii) a maximum of 362,948,274 Warrants at the Warrant Issue Price of HK$0.000775 per Warrant, which will entitle the Warrantholder(s) to subscribe in cash for one Warrant Share at the Warrant Subscription Price of HK$0.646 (subject to adjustment) during the Warrant Exercise Period. Pursuant to the CM Subscription Agreement, the number of Subscription Shares to be subscribed by CMNEG, together with all of the Shares held by CMNEG and/or the parties acting in concert with it, shall not exceed 29.90% of the then total issued Shares.

As at the Latest Practicable Date, CMNEG is a substantial Shareholder, and is therefore a connected person of the Company. Accordingly, the CM Subscription constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules, which is subject to the reporting, announcement and Independent Shareholders' approval requirements at the SGM under Chapter 14A of the Listing Rules. NEX is a party acting in concert with CMNEG according to Section 317 of the SFO. The Company will at the SGM seek approval for, among other things, the Subscription Agreements and the transactions contemplated thereunder. CMNEG, and parties acting in concert with it, which hold in aggregate 1,172,912,329 Shares, representing approximately 24.21% of the issued share capital of the Company, are required to abstain from voting in relation to the CM Subscription Agreement and the NEX Subscription Agreement and the transactions contemplated thereunder.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Kwan Kai Cheong, Mr. Yen Yuen Ho, Tony, Mr. Shi Dinghuan and Mr. Ma Kwong Wing has been formed to advise and give recommendations to the Independent Shareholders in connection with the CM Subscription Agreement, the issue of the Subscription Shares and Warrants pursuant to the CM Subscription Agreement and the grant of the specific mandate for issue of the Subscription Shares and the Warrant Shares upon exercise of the subscription rights attaching to the Warrants to be issued under the CM Subscription Agreement.

We, Goldin, have been appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the CM Subscription Agreement and to make a recommendation as to, among others, whether the terms of the CM Subscription Agreement are fair and reasonable so far as the Independent Shareholders are concerned, are in the interests of the Company and the Shareholders as a whole, and as to voting in respect of the relevant resolutions at the SGM. Our appointment has been approved by the Independent Board Committee.

BASIS OF OUR ADVICE

In formulating our opinion and recommendations, we have reviewed, amongst others, the Announcement, the CM Subscription Agreement, the financial statements of the Group for the six months ended 30 June 2016 (the "**Interim Report 2016**") and for the year ended 31 December 2015 (the "**Annual Report 2015**"). We have also reviewed certain information provided by the management of the Company relating to the operations, financial condition and prospects of the Group. We have also (i) considered such other information, analysis and market data which we deemed relevant; and (ii) conducted verbal discussions with the management of the Company regarding the CM Subscription, the businesses and future outlook of the Group. We have assumed that such information and statements, and any representation made to us, which we have relied upon them in formulating our opinion, are true, accurate and complete in all material respects as of the date hereof and the Shareholders will be notified of any material changes (if any) as soon as possible.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement herein or in the Circular misleading. We consider that we have been provided with, and we have reviewed, all currently available information and documents which are available under present circumstances to enable us to reach an informed view regarding the terms of, and reasons for entering into the CM Subscription Agreement to justify reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis of our opinion. We have no reasons to suspect that any material information has/have been withheld by the Directors or management of the Company, or is/are misleading, untrue or inaccurate. We have not, however, for the purpose of this exercise, conducted any independent detailed investigation or audit into the business, affairs or future prospects of the Group. Our opinion is necessarily based on financial, economic, market and other conditions in effect, and the information made available to us as at the Latest Practicable Date.

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the CM Subscription, and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In giving our recommendations to the Independent Board Committee and the Independent Shareholders in respect of the CM Subscription Agreement and the transactions contemplated thereunder, we have taken into account the following principal factors and reasons:

1. Background information of the Group

The Company is an investment holding company and its subsidiaries are principally engaged in the development, investment, operation and management of solar power plants. Set out below are certain unaudited financial information of the Group for the six months ended 30 June 2016 as extracted from the Interim Report 2016 and audited financial information of the Group for each of the two financial years ended 31 December 2014 and 2015 as extracted from the Annual Report 2015, respectively.

Table 1: Financial highlights of the Group

	For the six months ended 30 June		**For the year ended 31 December** *(Note)*	
	2016	**2015**	**2015**	**2014**
	(unaudited)	*(unaudited)*	*(audited)*	*(audited)*
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
				(restated)
Revenue from continuing operations	452,432	283,186	630,674	379,364
Profit/(loss) for the period/year:				
From continuing operations	257,538	254,353	373,262	498,580
From discontinued operations	–	–	–	(238,420)
Profit attributable to:				
Owners of the Company	248,951	242,914	360,670	251,864
Non-controlling interests	8,587	11,439	12,592	8,296
	257,538	254,353	373,262	260,160

	As at 30 June 2016	As at 31 December 2015	2014
	(unaudited)	*(audited)*	*(audited)*
	RMB'000	*RMB'000*	*RMB'000*
			(restated)
Non-current assets	10,558,059	9,537,024	6,315,536
Current assets	3,541,140	3,432,285	852,298
Current liabilities	4,277,354	3,556,638	2,268,170
Non-current liabilities	7,188,664	7,182,717	3,415,914
Net current liabilities	736,214	124,353	1,415,872
Net assets	2,633,181	2,229,954	1,483,750

Note: During the financial year 2014/2015, the Group has changed its presentation currency from Hong Kong Dollar to Renminbi. Accordingly, the comparative figures have been restated.

For the six months ended 30 June 2016

For the six months ended 30 June 2016, the Group recorded revenue of approximately RMB452.43 million, representing an increase of approximately 59.76% as compared to the previous corresponding period. Based on the Interim Report 2016, such increase in revenue was due to the increase in the sales of electricity and tariff adjustment which was attributable to the expansion in solar power plants, with the aggregate installed capacity increased significantly by approximately 71.34%, leading to an increase in the electricity generation volume by approximately 65.83%.

For the six months ended 30 June 2016, the Group recorded profit attributable to owners of the Company of approximately RMB248.95 million, which increased slightly as compared to approximately RMB242.91 million as recorded in the previous corresponding period. Based on the Interim Report 2016, the relatively stable performance was mainly due to the net effect of increased fair value gains from certain financial assets and liabilities and the increase in finance costs.

As at 30 June 2016, the Group's net current liabilities amounted to approximately RMB736.21 million while the Group recorded net current liabilities of approximately RMB124.35 million as at 31 December 2015. Such increase in net current liabilities was mainly because of the increase in bank and other borrowings that will have their principal repayment on demand within the next twelve months. The net assets of the Group amounted to approximately RMB2,633.18 million as at 30 June 2016 while the net assets of the Group amounted to approximately RMB2,229.95 million as at 31 December 2015.

For the year ended 31 December 2015

For the year ended 31 December 2015, the Group recorded revenue of approximately RMB630.67 million, representing a significant increase of approximately 66.25% as compared to approximately RMB379.36 million as recorded in the respective previous year. Based on the Annual Report 2015, the increase in revenue was mainly attributable to the satisfying performance in the sales of electricity and tariff adjustment. Such improvement was primarily due to the increase in aggregate installed capacity of the solar power plants owned by the Group by approximately 78.63% to approximately 772.4 megawatt for the year ended 31 December 2015 as a result of acquisitions of a total of 12 solar power plants in the PRC during the year, leading to an increase in generation volume of electricity of the solar power plants operated by the Group by approximately 66.24% for the year ended 31 December 2015.

For the year ended 31 December 2015, the Group recorded profit attributable to owners of the Company of approximately RMB360.67 million, which has increased by approximately 43.20% as compared to the profit attributable to owners of the Company of approximately RMB251.86 million recorded in the respective previous year. According to the Annual Report 2015, such year-on-year improvement in profit attributable to the owners of the Company was mainly a result of (i) the increase in operating profit of the Group; and (ii) the fair value gains from re-measurement of certain financial assets and liabilities and bargain purchase arising from business combinations, which were based on the valuation carried out by an independent valuer.

As at 31 December 2015, the Group's net current liabilities amounted to approximately RMB124.35 million while the Group recorded net current liabilities of approximately RMB1,415.87 million as at 31 December 2014. The net assets of the Group amounted to approximately RMB2,229.95 million as at 31 December 2015 while the net assets of the Group amounted to approximately RMB1,483.75 million as at 31 December 2014.

2. Reasons for the Share Subscriptions and Warrant Subscriptions and use of proceeds

As described in the Letter from the Board, CMNEG is a limited liability company incorporated in the BVI on 5 May 2004. CMNEG is an indirect non-wholly-owned subsidiary of China Merchants Group, a leading state-owned conglomerate in the PRC. CMNEG is an investment holding company which is engaged in the renewable energy business through its subsidiaries. As at the Latest Practicable Date, CMNEG, together with the parties acting in concert with it, holds 1,172,912,329 Shares, representing approximately 24.21% of issued share capital of the Company and accordingly CMNEG is a substantial Shareholder. It is expected that the ORIX Subscription, CM Subscription and NEX Subscription will take place at the same time. Upon the completion of the Share Subscriptions and the full exercise of subscription rights attaching to the Warrants, the shareholding of CMNEG and parties acting in concert with it will increase to approximately 29.71%. As discussed with the management of the Company, one of the principal reasons of entering into the CM Subscription Agreement is to allow the Company to secure additional financial support and to further leverage the management expertise from CMNEG, being the substantial Shareholder, thereby enhancing the business operation and management efficiency of the Group. Upon completion of the CM Subscription, CMNEG undertakes to the Company that it, together with the parties acting in concert with it, shall remain being the single largest Shareholder within three (3) years after completion.

With reference to the press release published by China Merchants Group on 15 February 2016 (http://www.cmhk.com/main/a/2016/b16/a30516_30598.shtml), CMNEG has entered into a strategic co-operation agreement with The People's Government of Henan Province for co-operation in, among others, photovoltaic new energy. The Group, being one of the sole operating platform of CMNEG for the operation and management of solar power plants, is expected to benefit from leveraging on the well-established corporate network and expertise of CMNEG and to obtain sufficient resources from CMNEG for future business development.

As stated in the Letter from the Board, the aggregate gross proceeds from the Share Subscriptions and Warrant Subscriptions will be approximately HK$1,298.9 million. The estimated net proceeds from the Share Subscriptions, after the deduction of relevant costs and expenses in the amount of approximately HK$39.8 million, will be approximately HK$1,259 million. The Company intends to apply the aforesaid estimated net proceeds together with the Syndication Loan and/or the issuance of Corporate Bonds for the following corporate purposes:

(a) firstly to redeem the Relevant CB in accordance with such terms as agreed between the Company and the relevant holders of the Relevant CB provided that the amount to be used towards this purpose shall not exceed US$340,000,000 (equivalent to approximately HK$2,635,000,000);

(b) secondly to use the remaining amount from such proceeds (if any) after due performance of the Company's obligations under sub-paragraph (a) above to redeem the Power Revenue Bonds provided always that (i) the remaining amount shall be sufficient to enable the Company to fully redeem all outstanding Power Revenue Bonds; and (ii) the holder of Power Revenue Bonds has not exercised its right of conversion under such Power Revenue Bonds by the last day of the six (6) months period following the date of issue of the Power Revenue Bonds;

(c) thirdly to use the remaining amount from such proceeds (if any) after due performance of the Company's obligations under sub-paragraphs (a) and (b) above to redeem all or a portion of the Huaqing Bonds; and

(d) lastly to use the remaining amount from such proceeds (if any) after due performance of the Company's obligations under sub-paragraphs (a), (b) and (c) above to finance the development of the future business of the Company.

Assuming full exercise of the subscription rights attaching to the Warrants, it is expected that a further fund of HK$562.7 million will be raised within the Warrant Exercise Period of three years commencing on the date of issue of the Warrants. Taking into account the costs and expenses of the issue of the Warrant Shares, the estimated net proceeds from the subscription of Warrant Shares will be approximately HK$562.7 million (with a net issue price of approximately HK$0.646 per Warrant Share). The Company intends to utilise such additional funds for future development of the existing business of the Group.

Redemption of the Relevant CB, the Power Revenue Bonds and the Huaqing Bonds

With reference to the Letter from the Board, the Company will have outstanding Relevant CB, which refer to the then existing convertible bonds issued by the Company with an initial conversion price equal to or below HK$1.3134 as outstanding on the date of the completion of the ORIX Subscription (which, as at the Latest Practicable Date, includes the convertible bonds set out in items (a), (c), (d), (e) and (f) under the definition of "Outstanding Convertible Bonds" in this Circular, but excludes the Power Revenue Bonds and the Huaqing Bonds). Pursuant to the ORIX Subscription Agreement, it is one of the condition precedents that definitive agreements shall be entered into between the Company and such holders of the Relevant CB to allow early redemption of such Relevant CB before their final maturity date. The Company will seek to amend the terms of the Relevant CB to allow redemption before their final maturity date and comply with the relevant requirements under the Listing Rules (including announcement, shareholders' approval and approval on amendments of terms of convertible bonds under Rule 28.05 of the Listing Rules) in respect of such amendment of terms of the Relevant CB for early redemption. The Power Revenue Bonds refer to the three year 6.5% secured redeemable convertible bonds in the aggregate principal amount of US$50,000,000 issued by the Company on 26 August 2016 to Power Revenue Limited, with the initial conversion price of HK$0.65 under general mandate, which are redeemable by the Company commencing from last day of a six-month period after the issue date. The Huaqing Bonds refer to the three year 6.75% secured convertible bonds in the principal amount of US$100,000,000 issued by the Company on 29 December 2015 to Huaqing Solar Power Limited, with the initial conversion price of HK$1.5928. The Company will also seek to amend the terms of the Huaqing Bonds to allow redemption before its final maturity date. It is expected that the redemption of the Relevant CB, the Power Revenue Bonds and the Huaqing Bonds would potentially lead to a saving in future interest expenses of the Group.

As at 30 June 2016, the net current liabilities of the Group amounted to approximately RMB736.21 million, representing a significant increase from the net current liabilities of the Group of approximately RMB124.35 million as at 31 December 2015. With reference to the Interim Report 2016, the Group maintains a relatively high gearing ratio. The gearing ratio of the Group is calculated as net debts divided by total capital. Net debts is calculated as total borrowings (including current and non-current bank and other borrowings, construction costs payables and convertible bonds) less cash and cash equivalents. Total capital is calculated as total equity plus net debts. The gearing ratio of the Group amounted to approximately 79.08% as at 30 June 2016 and approximately 79.05% as at 31 December 2015, respectively. Based on the Interim Report 2016, the Group has bank and other borrowings and convertible bonds repayable within 1 year in the amount of approximately RMB2,704.43 million while the cash and cash equivalents amounted to approximately RMB889.15 million as at 30 June 2016.

In light of the high financial cost associated with the Outstanding Convertible Bonds of the Company, we are of the view that the intended use of the net proceeds from the Share Subscriptions, Warrant Subscriptions and the Syndication Loan and/or issuance of the Corporate Bonds to early redeem the Relevant CB, the Power Revenue Bonds and the Huaqing Bonds would reduce the financial burden and financial expenses and improve the existing gearing position of the Group, thereby improving its capital structure and strengthening its capital base for future investment when potential opportunities arise and ultimately enhancing the market competitiveness of the Company.

Financing alternatives

Upon enquiry with the management of the Company, we were given to understand that the Board has also considered other forms of fund raising activities, including but not limited to, bank borrowings and other pre-emptive fund raising method such as rights issue and open offer. Having considered that bank borrowings would result in (i) substantial interest burden for the Group given the considerable size of loan principal, therefore further deteriorating the existing gearing position of the Group; and (ii) lengthy due diligence and negotiation process with the relevant banks as compared to equity fund raising from the substantial Shareholder, we are of the view that equity fund raising would be a prudent way to finance the business growth and development of the Group in the long run. Pre-emptive fund raising exercises such as rights issue and open offer would (i) incur undue administrative workload and costs such as additional amount of underwriting commission and addition costs and time for preparation and issue of prospectus and appointment of reporting accounts to report on unaudited pro forma financial information to be included in the prospectus; and (ii) be more time consuming to complete the negotiation of the underwriting terms with potential underwriters and review relevant documents and liaise with parties such as share registrar, underwriter and other professional advisers such that completion of such fund raising exercises may take a longer period. In contrast, the CM Subscription is expected to incur relatively lower costs in respect of underwriting commission, documentation and professional fees. In respect of the subscription of Warrants by CMNEG under the CM Subscription Agreement, further capital would be raised upon the exercise of the subscription rights of the Warrants. In particular, given that CMNEG is the substantial Shareholder, it is expected that CMNEG will exercise the Warrants under the CM Subscription Agreement when the Company is in need of financial resources to capture future investment opportunities. In light of the above, we are of the view that the CM Subscription and the subscription of Warrants under the CM Subscription Agreement are more preferred and appropriate for the Group to raise fund and are in the interests of the Company and the Shareholders as a whole.

With reference to the Letter from the Board, we noticed that the Company has conducted two equity fund raising exercises in the past twelve months, including (i) the issue of 3-year convertible bonds in the principal amount of US$100,000,000 in December 2015 which raised net proceeds of approximately HK$774,500,000 of which all of the net proceeds have been utilised; and (ii) the issue of 3-year convertible bonds in the principal amount of US$50,000,000 in August 2016 which raised net proceeds of approximately HK$364,050,000 and is yet to be utilised as at the Latest Practicable Date. As stated in the Letter from the Board, the Company has used and will use the proceeds from such fund raising activities for further development of the solar power plant projects, including the acquisition of specific solar power plants as intended. Such intended use of the proceeds raised from the aforesaid fund raising activities is expected to expand and further develop the Group's business. As demonstrated by the significant amount of fixed assets maintained by the Group, which represents approximately 59.68% over the total assets of the Group as at 30 June 2016, we understand that the operation and management of solar power plants, being the principal business of the Group, is highly capital intensive as the solar power plants are high value investments which require substantial amount of financial resources to start up and to fund its operation.

In this connection, we consider the unutilised portion of the aforesaid proceeds will be applied as intended, which is in line with the business strategy of the Group, and we consider that it is fair and reasonable for the Company to raise additional funds from the Share Subscriptions and Warrant Subscriptions for redemption of Relevant CB which would improve the gearing ratio of the Group and accordingly strengthen its capital base.

Taking into consideration (i) the significant allocation of the net proceeds from the Share Subscriptions, the Warrant Subscriptions, the Syndication Loan and/or the issuance of Corporate Bonds for redemption of the Relevant CB is beneficial to the Group; (ii) the remaining net proceeds can serve as financial resources to finance the future development of existing business of the Company; and (iii) the CM Subscription and the subscription of Warrants by CMNEG are the most appropriate means for the Group to raise fund among other fund raising alternatives; we are of the view that the CM Subscription and the subscription of Warrants under the CM Subscription Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

3. Principal terms of the CM Subscription Agreement

As stated in the Letter from the Board, the Share Subscription Price is HK$0.5814 per Share while the Warrant Issue Price and the Warrant Subscription Price per Warrant Share are HK$0.000775 and HK$0.646, respectively. Each Warrant carries the right to subscribe for one (1) Warrant Share at the Warrant Subscription Price. The estimated net proceeds from the Share Subscriptions, after the deduction of relevant costs and expenses, will be approximately HK$1,259 million. The net price per Subscription Share is approximately HK$0.5638. The aggregate of the Warrant Issue Price and the Warrant Subscription Price is HK$0.646775 (the "**Warrant Aggregate Price**").

The Share Subscription Price

The Subscription Price per Share, being HK$0.5814 per Share, represents:

(i) a discount of approximately 20.36% to the closing price of HK$0.73 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 18.80% to the average closing price of approximately HK$0.716 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to the Last Trading Day;

(iii) a discount of approximately 19.36% to the average closing price of HK$0.721 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to the Last Trading Day;

(iv) a discount of approximately 15.74% to the closing price of HK$0.69 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and

(v) a discount of approximately 7.71% to the unaudited net asset value of approximately HK$0.63 per Share as at 30 June 2016 (based on the unaudited consolidated net asset value of the Company of approximately HK$3,054,489,000 as at 30 June 2016 and 4,844,310,325 Shares as at the Last Trading Day).

The Warrant Aggregate Price

The Warrant Aggregate Price, being HK$0.646775 per Warrant Share, represents:

(i) a discount of approximately 11.40% to the closing price of HK$0.73 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 9.67% to the average closing price of approximately HK$0.716 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to the Last Trading Day;

(iii) a discount of approximately 10.29% to the average closing price of HK$0.721 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to the Last Trading Day;

(iv) a discount of approximately 6.26% to the closing price of HK$0.69 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and

(v) a premium of approximately 2.66% over the unaudited net asset value of approximately HK$0.63 per Share as at 30 June 2016 (based on the unaudited consolidated net asset value of the Company of approximately HK$3,054,489,000 as at 30 June 2016 and 4,844,310,325 Shares as at the Last Trading Day).

As stated in the Letter from the Board, the Subscription Price and the Warrant Subscription Price were arrived at after arm's length negotiations between the Company and the respective subscribers, including CMNEG, with reference to the prevailing market condition, the recent share price performance of the Shares and the liquidity of the Shares.

As stated in the Letter from the Board, the Warrant Issue Price was determined by the Directors, with reference to the following factors:

(a) the Directors did not take into account any valuation of the Warrants in determining the Warrant Issue Price due to the fact that the theoretical value is calculated by a formula taking into account certain factors, but it will not take into account the actual circumstances, financial condition, market condition, market position of the Company and the market sentiment of the industry that the Company is involved;

(b) the Directors are of the view that the Warrant Issue Price should be considered together with the Warrant Subscription Price as a whole instead of on a stand-alone basis. The Warrant Aggregate Price of HK$0.646775 represents a reasonable discount as compared with the closing price of HK$0.73 per Share on the Last Trading Day, the average closing price of approximately HK$0.716 per Share for the last five consecutive trading days up to the Last Trading Day, and the average closing price of HK$0.721 per Share for the last ten consecutive trading days up to the Last Trading Day, having considered the market condition, the recent share price performance of the Shares and liquidity of the Shares;

(c) the Directors consider that the issue of the Warrants is an important means to further solidify the relationship between the Company and the existing substantial Shareholder, CMNEG, and to foster the long-term strategic and collaborative relationship with the ORIX group, while at the same time the Share Subscriptions and Warrant Subscriptions together allow the Company to raise equity financing to redeem the Relevant CB which in turn will strengthen the capital base and financial position of the Company, and may provide additional funds for its future growth and development;

(d) the issue of Warrants does not have an immediate dilution effect while at the same time offers an opportunity for the Company to further raise additional funds if the warrant holders choose to exercise the rights during Warrant Exercise Period; and

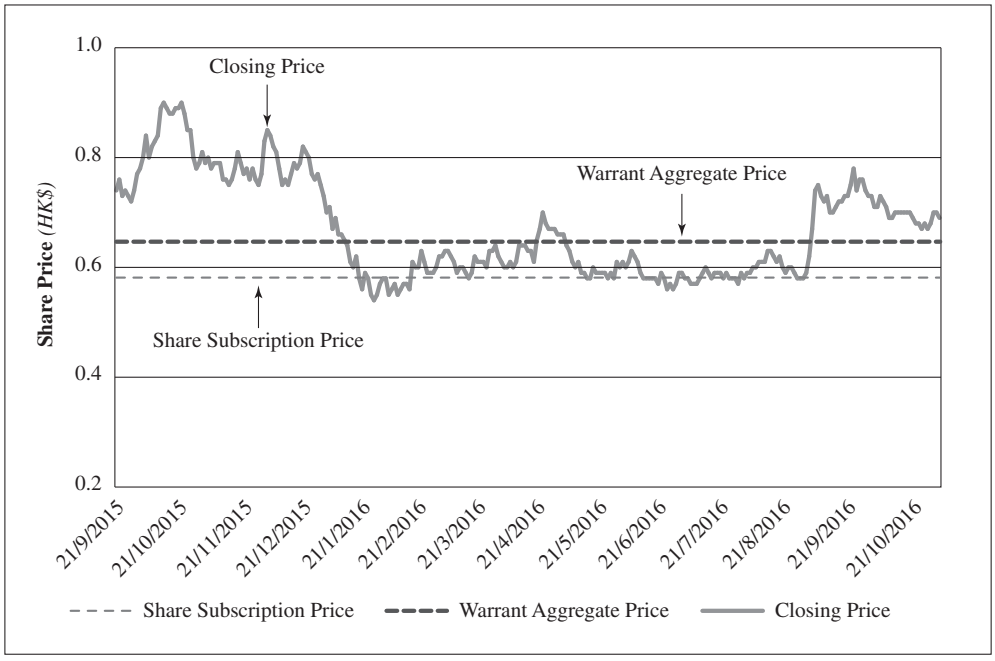
(e) the Warrants will be issued pursuant to a specific mandate and will be subject to Shareholders' approval at the SGM and the terms and reasons and basis for the Warrant Subscriptions have been set out in this circular for the consideration by the Shareholders.

To assess the fairness and reasonableness of the Subscription Price, the Warrant Aggregate Price as well as the Warrant Issue Price under the CM Subscription Agreement, we have taken into account (i) the recent performance of the Share prices; (ii) the recent market practice in respect of subscription of new shares under specific mandate by comparable companies; and (iii) the theoretical value of the Warrants based on the option pricing model, which are elaborated below.

Historical Share price performance

The following chart sets out the daily closing prices of the Shares on the Stock Exchange for the period from 21 September 2015 (being the first trading day of the 12-month period prior to the Last Trading Day) up to and including the Latest Practicable Date (the "**Review Period**"), against the Subscription Price and the Warrant Aggregate Price.

Chart 1: Share price performance against the Share Subscription Price and the Warrant Aggregate Price during the Review Period



Source: The website of the Stock Exchange (www.hkex.com.hk)

Note: Trading in the Shares was suspended on 21 September 2016 during the Review Period.

As observed in Chart 1 above, the closing price per Share during the Review Period was trading within a range from the lowest closing price at approximately HK$0.54 to the highest closing price of approximately HK$0.90 with an average closing price per Share of approximately HK$0.67. It is noted that the Share Subscription Price of HK$0.5814 is within the range of the lowest and highest closing prices of the Shares during the Review Period and represents a premium of approximately 7.67% over the aforementioned lowest closing price per Share, a discount of approximately 35.40% to the aforementioned highest closing price per Share and a discount of approximately 13.22% to the average closing price per Share during the Review Period, respectively. The Shares were traded within a narrow range throughout a substantial period from 20 January 2016 to 31 August 2016 with an average closing price of approximately HK$0.60 which is close to the Share Subscription Price. The closing price of the Shares was on a generally decreasing pattern from 23 September 2016 up to the Latest Practicable Date.

Despite that the Share Subscription Price represents a discount of approximately 13.22% to the average closing price per Share of approximately HK$0.67 during the Review Period, taking into account (i) the Share Subscription Price lies within the range of the respective lowest and highest closing price per Share during the Review Period; (ii) there was a substantial period of time (i.e. from 20 January 2016 to 31 August 2016) that the closing prices of the Shares during the Review Period were close to the Share Subscription Price; (iii) the Share Subscription Price represents a smaller discount of approximately 7.71% to the net asset value per Share; and (iv) the net proceeds raised from the Share Subscriptions and the Warrant Subscriptions would enhance the financial position of the Company as discussed in the above section headed "**2. Reasons for the Share Subscriptions and Warrant Subscriptions and use of proceeds"**, we are of the view that the Share Subscription Price is fair and reasonable.

As shown in Chart 1, the Warrant Aggregate Price is within the range of the maximum and minimum closing Share prices during the Review Period. The Warrant Aggregate Price of HK$0.646775 represents a premium of approximately 19.77% over the aforementioned lowest closing price per Share, a discount of approximately 28.14% to the aforementioned highest closing price per Share and a discount of approximately 3.47% to the average closing price per Share during the Review Period, respectively.

With reference to the Letter from the Board, the Directors are of the view that the Warrant Issue Price and the Warrant Subscription Price should be considered as a whole and the Warrant Aggregate Price represents a relatively reasonable discount as compared to (i) the closing price of HK$0.73 per Share on the Last Trading Day; (ii) the average closing price of approximately HK$0.716 per Share for the last five consecutive trading days up to the Last Trading Day; and (iii) the average closing price of HK$0.721 per Share for the last ten consecutive trading days up to the Last Trading Day. Further, we noted that the Warrant Aggregate Price represents a premium of approximately 2.66% over the net asset value per Share as at 30 June 2016.

Taking into consideration that (i) the Warrant Aggregate Price lies within the range of the respective lowest and highest closing price per Share during the Review Period; (ii) the Warrant Aggregate Price represents a premium of approximately 2.66% over the net asset value per Share as at 30 June 2016; and (iii) the Warrant Aggregate Price has been determined on arm's length basis with reference to the recent performance of the Shares which represents a better reference for the fair value of the Shares, we concur with the Directors that the Warrant Aggregate Price is fair and reasonable.

Comparison of the Share Subscription Price

In assessing the fairness and reasonableness of the Share Subscription Price, we have reviewed the subscription of new shares listed or sought to be listed on the Stock Exchange under specific mandate for fund raising by companies listed on the Stock Exchange, but excluding transactions involving (i) issuance of new shares in consideration of acquisitions of companies and/or equity interests; (ii) issuance of new shares under share award schemes; and (iii) listed companies under prolong suspension, which were initially announced from 20 June 2016, being the first day of the 3-months period prior to the Last Trading Day and up to the Latest Practicable Date and identified an exhaustive list of 16 proposed subscription of new shares under specific mandate (the "**Comparables**"). We consider that a review period of three calendar months prior to the Last Trading Day and up to the Latest Practicable Date is appropriate because the Comparables are considered for the purpose of taking a general reference for the recent market practice in relation to the setting of subscription price of subscription of new shares under specific mandate under similar market condition and sentiments. We consider analysis of comparables any further back in time will run the risk of no longer being indicative of the current market environment. Based on the foregoing, we consider the Comparables are fair and representative samples to represent up-to-date trend of subscription of new shares in the open market which are comparable to the CM Subscription and are adequate for our independent analysis of the Share Subscription Price.

Notwithstanding that the Comparables do not constitute close reference to the Group in terms of principal business, operations and funding requirements, we consider the Comparables can serve as a general reference that reflect the up-to-date trend of the setting of the subscription price under subscription of new shares under specific mandate in the open market. Set out below are the summary of the Comparables.

Table 2: Summary of the Comparables

Company name	Stock code	Date of initial announcement	Premium/ (Discount) of subscription price over/(to) the closing price on the last trading day or date of initial announcement *(approximate %)*
Alltronics Holdings Limited	833	31/10/2016	(47.16)
Kiu Hung International Holdings Limited	381	28/10/2016	(13.39)
Vitop Group Limited	1178	28/10/2016	(17.43)
Shanghai Dasheng Agriculture Finance Technology Co., Ltd.	1103	27/10/2016	(7.14)
Sandmartin International Holdings Limited	482	24/10/2016	(47.14)
Global Mastermind Capital Limited	905	17/10/2016	(4.26)
DX.com Holdings Limited	8086	17/10/2016	(5.88)
Global Mastermind Holdings Limited	8063	12/10/2016	(8.50)
Ngai Shun Holdings Limited	1246	2/10/2016	6.95
Digital China Holdings Limited	861	5/9/2016	(16.59)
China City Railway Transportation Technology Holdings Company Limited	1522	31/8/2016	(9.40)
Ground Properties Company Limited	989	5/8/2016	(18.03)
Hua Lien International (Holding) Company Limited	969	21/7/2016	(46.67)

Company name	Stock code	Date of initial announcement	Premium/ (Discount) of subscription price over/(to) the closing price on the last trading day or date of initial announcement *(approximate %)*
Luxey International (Holdings) Limited	8041	18/7/2016	(45.95)
Sino Golf Holdings Limited	361	13/7/2016	(63.23)
China Grand Pharmaceutical and Healthcare Holdings Limited	512	13/7/2016	(1.41)
		Maximum premium	**6.95**
		Maximum discount	**(63.23)**
		Average	**(22.31)**
The Company	686	21/9/2016	(20.36)

Source: The website of the Stock Exchange (www.hkex.com.hk)

As shown in Table 2 above, the subscription prices of the Comparables ranged from the maximum discount of approximately 63.23% to the maximum premium of approximately 6.95% over the respective closing share prices on the last trading day or the date of the initial announcement in relation to the subscription of new shares, with an average discount of approximately 22.31% to the closing share prices on the last trading day or the date of the initial announcement. The discount of the Share Subscription Price to the Last Trading Day of approximately 20.36% therefore falls within the range of the Comparables and is close to the average discount of the Comparables. As such, we consider the setting of the Share Subscription Price is in line with market practice and is fair and reasonable.

Comparison of the Warrant Aggregate Price

In assessing the fairness and reasonableness of the Warrant Aggregate Price, we have attempted to apply a comparable analysis based on the criteria of (i) companies listed on the Stock Exchange; (ii) involving placing or subscription of unlisted warrants, excluding (a) subscription of bonus warrants or issue of warrants attached to other fund raising activity at nil consideration; (b) transactions involving warrant issuance as consideration; and (c) listed companies under prolonged suspension; and (iii) initially announced within the three months period from 20 June 2016, being the first day of the three months prior to the Last Trading Day and up to the Latest Practicable Date. However, we have not been able to identify suitable comparable companies which fall in the above selection criteria. Thus, we consider the aforesaid comparable analysis is not applicable.

Warrant Issue Price

In addition to the Warrant Aggregate Price, we have assessed the fairness and reasonableness of the Warrant Issue Price with reference to the theoretical value of the Warrants. According to the trinomial option pricing model implemented by Bloomberg, a professional service provider that provides data analytic services to financial institutions, based on the closing price of the Shares on the Last Trading Day of HK$0.73, the theoretical value of the Warrants is HK$0.3497 (the "**Theoretical Value**"). The Theoretical Value represents a premium of approximately HK$0.35 over the Warrant Issue Price of HK$0.000775.

We have discussed with the management of the Company in respect of the Warrants to be issued under the CM Subscription Agreement and we were given to understand that the issue of the Warrants to CMNEG serves to provide incentive to CMNEG to participate in the CM Subscription, which is expected to motivate CMNEG's support to the Group's development. The issue of Warrants under the CM Subscription Agreement is explicitly structured to provide CMNEG the option to exercise the subscription rights attaching to the Warrants within the three-year Warrant Exercise Period, which will also provide the Company with additional fund of HK$562.7 million upon full exercise of the Warrants by CMNEG.

Despite the Warrant Issue Price of HK$0.000775 represents a significant discount to the Theoretical Value of HK$0.3497, given that (i) the issue of Warrants forms part of the CM Subscription to incentivise CMNEG to enter into the CM Subscription Agreement; (ii) CMNEG as the substantial Shareholder is keen to exercise the subscription rights attaching to the Warrants when the Group is in need of financial resources; (iii) the Theoretical Value derived from the trinomial option pricing model as discussed above is based on certain assumptions and limitations which may not be fully reliable; and (iv) the Theoretical Value does not take into account the non-listed nature of the Warrants as well as actual circumstances such as financial condition, market position of the Company and market sentiment in the solar and photovoltaic new energy industry faced by the Company, we consider the Warrant Issue Price is justifiable.

We have reviewed other major terms of the CM Subscription Agreement and are not aware of any terms being unusual and material and not on normal commercial terms.

In light of the above analysis, we are of the view that the terms of the CM Subscription Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

4. Effects on the shareholding structure of the Company

Details of the changes of shareholding structure of the Company as a result of (i) the Share Subscriptions; (ii) the Share Subscriptions and upon full exercise of the subscription rights attaching to the Warrants; and (iii) the Share Subscriptions and upon full exercise of the subscription rights attaching to the Warrants, the Outstanding Convertible Bonds and the Outstanding Options are set out in the section headed "**SHAREHOLDING STRUCTURE**" in the Letter from the Board. We noted that the shareholding of the public Shareholders, being the Shareholders other than (i) CMNEG and parties acting in concert with it; (ii) associate of China Merchants; (iii) the Directors; and (iv) ORIX, will be diluted from approximately 75.47% as at the Latest Practicable Date to approximately 46.00% upon completion of the Share Subscriptions and upon full exercise of the subscription rights attaching to the Warrants whereupon an aggregate of 871,075,858 Warrant Shares will be issuable and allotted to CMNEG and ORIX pursuant to the CM Subscription Agreement and the ORIX Subscription Agreement respectively, assuming there is no other change in the issued share capital of the Company from the Latest Practicable Date up to the later of the completion date of each of the Share Subscriptions.

Taking into account (i) the reasons for and benefits of the CM Subscription as discussed in the section headed "**2. Reasons for the Share Subscriptions and Warrant Subscriptions and use of proceeds**"; and (ii) the CM Subscription will enable the CMNEG who is the substantial Shareholder of the Company, to act on the long term interests of the Company and the Shareholders and align the interest of CMNEG with that of the Company and the Shareholders, we are of the view that the potential dilution effect of the Share Subscriptions (including the potential dilution effect to be bought by the CM Subscription) and upon the full exercise of subscription rights attaching to the Warrants is justifiable.

5. Financial effects of the Share Subscriptions and the Warrant Subscriptions

Net assets value

With reference to the Interim Report 2016, the unaudited consolidated net assets of the Group amounted to approximately RMB2,633.18 million as at 30 June 2016. As advised by the Company, the net proceeds from the Share Subscriptions and the Warrant Subscriptions of approximately HK$1,259 million will increase the cash level of the Group, thereby increasing the net assets value of the Group assuming there is no other change to the balance sheet items since 30 June 2016 save for the changes brought by the proceeds from the Share Subscriptions and the Warrants Subscriptions. In the event that the Warrants are exercised in full at the Warrant Subscription Price of HK$0.646 during the Warrant Exercise Period, a further fund of HK$562.72 million will be raised and the net assets value of the Group will further increase.

Liquidity

According to the Interim Report 2016, the cash and cash equivalents of the Group as at 30 June 2016 was approximately RMB889.15 million. The estimated net proceeds from the Share Subscriptions, after the deduction of relevant costs and expenses, will be approximately HK$1,259 million. Accordingly, the cash and cash equivalents of the Group is expected to increase. As such, the liquidity of the Company will improve.

Shareholders should note that the aforesaid analyses are for illustrative purpose only and do not purport to represent the financial position of the Group upon completion of the respective Share Subscriptions and the full exercise of the Warrants.

RECOMMENDATIONS

Based on the abovementioned principal factors and reasons for the entering into of the CM Subscription Agreement, we are of the view that while the CM Subscription Agreement was not entered in the ordinary and usual course of business of the Group, the CM Subscription pursuant to the CM Subscription Agreement is on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the relevant resolutions to be proposed at the SGM to approve the CM Subscription Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Goldin Financial Limited
Billy Tang
Director

Note: Mr. Billy Tang is a licensed person registered with the Securities and Futures Commission and a responsible officer of Goldin to carry out type 6 (advising on corporate finance) regulated activity under the SFO. He has over 10 years of experience in the corporate finance profession.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date:

Authorised:		*HK$*
20,000,000,000	Shares	2,000,000,000
Issued and fully paid:		
4,844,310,325	Shares	484,431,032.5

All the issued Shares in the capital of the Company rank *pari passu* with each other in all respects including the rights as to voting, dividends and return of capital. The Subscription Shares to be issued upon completion shall rank *pari passu* in all respects with the Shares then in issue. The Warrant Subscription Shares to be issued upon exercise of the subscription rights attaching to the Warrants shall rank *pari passu* in all respects with the Shares then in issue.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and, save as disclosed, no application is being made or is currently proposed or sought for the Shares or any other securities of the Company to be listed or dealt in on any other stock exchange. The Company has made application for the listing and quotation of the US$ senior notes on the Singapore Exchange Securities Trading Limited for the proposed issue of such notes by the Company.

Save as disclosed in this circular and apart from the Outstanding Options granted under the share option scheme of the Company adopted on 19 June 2012 and the Outstanding Convertible Bonds issued by the Company, the Company did not have any other options, warrants and other convertible securities or rights affecting the Shares and no capital of any member of the Group is under option, or agreed conditionally or unconditionally to be put under option as at the Latest Practicable Date.

3. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which were required, pursuant to Section 352 of the SFO to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as contained in Appendix 10 to the Listing Rules, were as follows:

Long positions

(a) Ordinary Shares of HK$0.10 each in the Company

	Number of Shares of the Company			Percentage of the issued share capital of the Company
Name of Directors	**Personal interests**	**Corporate interests**	**Other interests**	
Mr. Li, Alan	10,005,000	159,404,314 *(note 1)*	–	3.50%
Mr. Li Hong	1,270,600	–	2,801,400 *(note 2)*	0.08%
Ms. Qiu Ping, Maggie	4,002,000	–	–	0.08%

Notes:

1. Among the 159,404,314 Shares, 141,230,827 Shares are held by Magicgrand Group Limited, which is incorporated in the British Virgin Islands and beneficially wholly-owned by Mr. Li, Alan. The other 18,173,487 Shares are beneficially owned by Pairing Venture Limited, which is incorporated in the British Virgin Islands and directly wholly-owned by Mr. Li, Alan.

2. By undertaking to work for China Solar Power Group Limited, a wholly owned subsidiary of the Company, for a period of three years and subject to performance review, Mr. Li Hong is entitled to receive, from a trustee company, 2,801,400 Shares.

(b) Directors' Interest in share options

Directors	Date of grant	Exercise price *(HK$/Share)*	Number of share options held	Exercise period *(Note)*
Mr. Li, Alan	8 January 2015	1	6,000,000	8 January 2016 to 7 January 2020
	28 January 2016	0.564	3,000,000	28 January 2017 to 27 January 2021
Mr. Lu Zhenwei	8 January 2015	1	2,000,000	8 January 2016 to 7 January 2020
	28 January 2016	0.564	3,000,000	28 January 2017 to 27 January 2021
Mr. Li Hong	8 January 2015	1	2,000,000	8 January 2016 to 7 January 2020
	28 January 2016	0.564	3,000,000	28 January 2017 to 27 January 2021
Ms. Qiu Ping, Maggie	8 January 2015	1	3,000,000	8 January 2016 to 7 January 2020
	28 January 2016	0.564	3,000,000	28 January 2017 to 27 January 2021
Academician Yao Jiannian	8 January 2015	1	3,000,000	8 January 2016 to 7 January 2020
	28 January 2016	0.564	1,000,000	28 January 2017 to 27 January 2021
Mr. Tang Wenyong	28 January 2016	0.564	1,000,000	28 January 2017 to 27 January 2021
Mr. Kwan Kai Cheong	8 January 2015	1	2,000,000	8 January 2016 to 7 January 2020
	28 January 2016	0.564	1,000,000	28 January 2017 to 27 January 2021
Mr. Yen Yuen Ho, Tony	8 January 2015	1	2,000,000	8 January 2016 to 7 January 2020
	28 January 2016	0.564	1,000,000	28 January 2017 to 27 January 2021

Directors	Date of grant	Exercise price *(HK$/Share)*	Number of share options held	Exercise period *(Note)*
Mr. Shi Dinghuan	8 January 2015	1	2,000,000	8 January 2016 to 7 January 2020
	28 January 2016	0.564	1,000,000	28 January 2017 to 27 January 2021
Mr. Ma Kwong Wing	8 January 2015	1	2,000,000	8 January 2016 to 7 January 2020
	28 January 2016	0.564	1,000,000	28 January 2017 to 27 January 2021
Total			42,000,000	

Note:

All share options granted by the Company shall vest in three tranches within a period of 3 years in proportions of 30%, 30% and 40% of the share options granted, i.e. 30% of the share options granted shall vest on the first anniversary of the grant, another 30% shall vest on the second anniversary of the grant, and the remaining 40% shall vest on the third anniversary of the grant. In this table, "exercise period" begins with the 1st anniversary of the grant date.

As at the Latest Practicable Date, save as disclosed in this circular, none of the Directors had any interests and short positions in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which were required, pursuant to Section 352 of the SFO to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Listing Rules.

Save as disclosed in this circular, no Director was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which was significant in relation to the business of the Group taken as a whole.

4. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to any Director, persons other than a Director who had an interest or short position in the Shares and underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of part XV of the SFO were as follows:

(i) Long Position in Ordinary Shares of HK$0.10 each of the Company

Name of shareholder	Capacity	Number of Shares	Number of underlying shares	Percentage of issued share capital of the Company
China Merchants Group Limited* (招商局集團有限公司) ("**China Merchants**") *(note 1)*	Interest in controlled corporation	1,439,849,631 *(note 2)*	1,350,715,767 *(note 3)*	57.61%
Snow Hill Developments Limited ("**Snow Hill**") *(note 2)*	Beneficial owner	103,111,436	–	46.30%
	Interest in controlled corporation	1,336,738,195 *(note 4)*	802,984,274	
China Merchants New Energy Group Limited ("**CMNEG**") *(note 4)*	Beneficial owner	1,336,738,195	802,984,274	44.17%
China Merchants Fund Management Limited* (招商基金管理有限公司) ("**CM Fund**") *(note 5)*	Investment manager	–	547,731,493	11.31%
New Energy Exchange Limited (formerly known as Renewable Energy Trade Board Corporation) ("**NEX**") *(note 6)*	Beneficial owner	274,055,449	33,293,000	7.62%
	Interest in controlled corporation	61,627,621	–	
ORIX Corporation *(note 7)*	Interest in controlled corporation	1,407,385,568	508,127,584	39.54%

Name of shareholder	Capacity	Number of Shares	Number of underlying shares	Percentage of issued share capital of the Company
Zhongli New Energy (Hong Kong) Investment Limited *(note 8)*	Beneficial owner	299,922,000	79,948,000	7.84%
China Huarong Asset Management Co., Ltd.	Interest in controlled corporation	–	1,227,530,424 *(note 9)*	25.34%
Qingdao City Construction Investment (Group) Co., Ltd.* (青島城市建設投資(集團)有限責任公司) *(note 10)*	Interest in controlled corporation	–	486,564,540	10.04%

Notes:

1. China Merchants and parties acting in concert with CMNEG under Section 317 of the SFO are interested in 24.21% Shares in issue; and a total interest in 69.82% Shares and underlying shares based on 4,844,310,325 Shares in issue and subject to the terms of the convertible bonds, the CM Subscription Agreement and the NEX Subscription Agreement.

2. The long position in 1,439,849,631 Shares are beneficially held by Snow Hill, which is an indirect wholly-owned subsidiary of China Merchants.

3. These represent the conversion shares of certain convertible bonds held by CM Fund, Snow Hill and CMNEG, each a controlled corporation of China Merchants.

4. The long position in 1,336,738,195 Shares are held by CMNEG, which is owned as to 79.36% by Snow Hill and as to 20.64% by Magicgrand Group Limited ("**Magicgrand**"). Magicgrand is beneficially wholly owned by Mr. Li, Alan, an executive Director and chief executive officer of the Company.

5. CM Fund is owned as to 55% by China Merchants Bank Co., Ltd. and as to 45% by China Merchants Securities Co., Limited, and China Merchants holds a 50.86% interest in China Merchants Securities Co., Limited. Accordingly each of its shareholders and China Merchants is deemed to have interest in those 547,731,493 Shares.

6. NEX is a party acting in concert with CMNEG according to Section 317 of the SFO.

7. ORIX Corporation holds 100% interest in ORIX Asia Capital Limited, which directly holds the long position in 1,407,385,568 Shares and 508,127,584 underlying shares.

* *For identification purpose only*

8. Zhongli New Energy (Hong Kong) Investment Limited is directly and wholly owned by Zhongli Talesun Solar Co., Ltd., which is directly owned as to 74.81% by Zhongli Science and Technology Group Co., Ltd., which in turn is directly owned as to 46.8% by Mr. Wang Baixing. Accordingly, Mr. Wang Baixing was deemed to have interest in those 299,922,000 Shares and 79,948,000 underlying shares.

9. Among the 1,227,530,424 Shares, 631,376,578 underlying shares are directly held by Driven Innovation Limited, a wholly-owned subsidiary of China Huarong Asset Management Co., Ltd., and 596,153,846 underlying shares are directly held by Power Revenue Limited, which is beneficially owned as to 51% by China Huarong Asset Management Co., Ltd. and 40% by Mr. Sun Siu Kit.

10. These 486,564,540 underlying shares are directly held by Huaqing Solar Power Limited*(華青光伏有限公司), which is indirectly wholly-owned by Qingdao City Construction Investment (Group) Co., Ltd*(青島城市建設投資(集團)有限責任公司).

(ii) Interests in other members of the Group

As at the Latest Practicable Date, so far as was known to the Directors, the following persons (other than a Director) were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of members of the Group other than the Company:

Name of subsidiary of the Group	Name of shareholder	Percentage of the subsidiary's issued share capital
Guodian Tuoketuo County Solar Power Company* (國電托克托縣光伏發電有限公司)	Guodian Inner Mongolia New Energy Investment Limited* (國電蒙電新能源投資有限公司)	7.30%
Guodian Chahaeryouyiqianqi Solar Power Company Limited* (國電察哈爾右翼前旗光伏發電有限公司)	Guodian Inner Mongolia New Energy Investment Limited* (國電蒙電新能源投資有限公司)	9.93%
Guodian Wulatehouqi Solar Power Company Limited* (國電烏拉特後旗光伏發電有限公司)	Guodian Inner Mongolia New Energy Investment Limited* (國電蒙電新能源投資有限公司)	6.00%

* *For identification purpose only*

Name of subsidiary of the Group	Name of shareholder	Percentage of the subsidiary's issued share capital
Minfeng County Angli Photovoltaic Technology Company Limited* (民豐縣昂立光伏科技有限公司)	Znshine Solar Technology Company Limited* (正信光電科技股份有限公司)	9.10%
Yongsheng Huiguang Solar Power Limited* (永勝惠光光伏發電有限公司)	China Merchants Zhangzhou Development Zone Silk Road New Energy Limited* (招商局漳州開發區絲路新能源有限公司)	44.36%
Shanghai Hongshang New Energy Technology Limited* (上海虹商新能源科技有限公司)	Shanghai Zhaoqiao New Energy Technology Limited* (上海招橋新能源科技有限公司)	10.00%
Mulei United Photovoltaics Power Limited* (木壘聯合光伏發電有限公司)	Mulei County Minsheng Industry Zone Heizouma Investment Development Company Limited* (木壘縣民生工業園區黑走馬投資開發有限責任公司)	5.00%

Save as disclosed above, the Directors are not aware of any person (not being a Director) who, as at the Latest Practicable Date, had an interest or a short position in the Shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or was recorded in the register required to be kept under Section 336 of Part XV of the SFO or who (other than a member of the Group) was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

* *For identification purpose only*

5. DIRECTORS' INTEREST IN COMPETING BUSINESSES

As at the Latest Practicable Date, none of the Directors or their respective associates had any personal interests in companies engaged in businesses, which compete or may compete with the Group.

6. DIRECTORS' INTERESTS IN CONTRACTS/ASSETS

As at the Latest Practicable Date, Mr. Li, Alan and Mr. Lu Zhenwei, both executive Directors of the Company and Mr. Tang Wenyong, a non-executive Director of the Company, were also directors of CMNEG, a party to the CM Subscription Agreement. Mr. Li, Alan beneficially owned approximately 20.64% of the issued share capital of CMNEG. Mr. Lu Zhenwei was a director of NEX, a party to the NEX Subscription Agreement.

Save as disclosed in this circular, none of the Directors are interested in any contract or arrangement entered into by the Company or any of its subsidiaries which contract or arrangement is subsisting at the Latest Practicable Date and which is significant in relation to the business of the Group.

As at the Latest Practicable Date, save as disclosed in this circular, none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2015, the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by, or leased to the Company or any of its subsidiaries, or are proposed to be acquired or disposed of by, or leased to the Company or any of its subsidiaries.

7. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into or proposed to enter into any service contract with any member of the Group or any of its associated companies which are:

(i) continuous contracts with a notice period of 12 months or more; or

(ii) fixed term contracts with more than 12 months to run irrespective of the notice period.

8. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigations or claims and no litigations or claims of material importance was known to the Directors to be pending or threatened against any member of the Group.

9. EXPERT'S QUALIFICATION AND CONSENT

The following is the qualifications of the expert who has given an opinion or advice contained in this circular:

Name	Qualification
Goldin Financial Limited	Independent Financial Adviser, a licenced corporation to carry on Type 6 (advising on corporate finance) regulated activities under the SFO

Goldin has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its report or letter or opinion as set out in this circular and references to its name in the form and context in which it appears in this circular.

As at the Latest Practicable Date, Goldin did not have any shareholding directly or indirectly in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares in any member of the Group.

As at the Latest Practicable Date, Goldin did not have any interest, directly or indirectly, in any asset acquired or disposed of by or leased to any member of the Group or proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2015, being the date to which the latest published audited financial statements of the Company were made up.

10. MATERIAL CONTRACTS

The following material contracts (not being contracts entered into in the ordinary course of business) were entered into by members of the Group within two years immediately preceding the Latest Practicable Date and are or may be material:

(1) the subscription agreement dated 18 December 2014 entered into among the Company as issuer, CMNEG and Magicgrand Group Limited as subscribers in respect of the subscription of an aggregate of 200,000,000 Shares at an aggregate consideration of HK$200,000,000, which was completed on 10 February 2015;

(2) the subscription agreement dated 18 December 2014 entered into between the Company as issuer and Zhongli New Energy (Hong Kong) Investment Limited as subscriber in respect of the subscription of an aggregate of 180,000,000 Shares at a consideration of HK$180,000,000, which was completed on 10 February 2015;

(3) a finance lease agreement dated 19 December 2014 entered into between Zhongli Talesun Gonghe New Energy Limited*(中利騰暉共和新能源有限公司)as lessee and Beijing Culture & Technology Financial Leasing Company Limited*(北京市文化科技融資租賃股份有限公司)as lessor in connection with a finance lease arrangement for a period of 8 years at an aggregate lease consideration of RMB293,263,740 (equivalent to approximately HK$369,512,312);

(4) an equity transfer agreement dated 23 January 2015 entered into among United Photovoltaics (Changzhou) Investment Co., Ltd.*(聯合光伏(常州)投資有限公司)("**UP (Chnagzhou)**") and Shenzhen China Merchants Yinke Investment Management Limited* (深圳市招商局銀科投資管理有限公司)("**CM Yinke**"), as purchasers and China Merchants Zhangzhou Development Zone Trenda Solar Limited as seller in connection with, among others, acquisition of 51% of the equity interests in Changzhou Guangyu New Energy Company Limited*(常州光昱新能源有限公司)("**Changzhou Guangyu**") by UP Changzhou for a cash considerations of RMB21,711,440 (equivalent to approximately HK$27,356,414), which was completed on 2 April 2015;

(5) an options agreement dated 23 January 2015 entered into among the Company, CM Yinke and UP (Changzhou), pursuant to which, (i) the Company conditionally agreed to grant CM Yinke the put option whereby CM Yinke could request the Company to acquire part or all of the 49% equity interest in Changzhou Guangyu and (ii) CM Yinke conditionally agreed to grant the Company the call option whereby the Company could request CM Yinke to sell to the Company all the 49% equity interests in Changzhou Guangyu, which lapsed on 19 September 2016;

(6) a subscription agreement dated 23 January 2015 entered into between the Company as issuer and China Merchants Fund Management Limited as subscriber in relation to the issue and subscription for secured convertible bonds in the principal amount of HK$524,803,198.80, which was completed on 20 April 2015;

* *For identification purpose only*

(7) a joint venture formation agreement dated 9 February 2015 entered into between UP (Changzhou) and CM Yinke in relation to affairs of Changzhou Guangyu;

(8) a subscription agreement dated 4 March 2015 (as amended on 22 April 2015) entered into between the Company as issuer and Golden Express Capital Ltd. as subscriber in relation to the issue and subscription for the secured convertible bonds in the principal amount of US$30,000,000 (equivalent to approximately HK$232,500,000), which was completed on 29 April 2015;

(9) a finance lease agreement dated 14 April 2015 entered into between China Kangfu International Leasing Company Limited*(中國康富國際租賃有限公司)as lessor and Guodian Wulatehouqi Solar Power Company Limited*(國電烏拉特後旗光伏發電有限公司)as lessee in connection with a finance lease arrangement for a period of 10 years at an aggregate lease consideration of RMB398,925,907 (equivalent to approximately HK$502,647,000);

(10) a subscription agreement dated 17 April 2015 entered into between the Company as issuer and Chinastone Capital Management Limited* (濤石股權投資管理(上海)有限公司)as subscriber in relation to the proposed issue and subscription for secured convertible bonds in the principal amount of HK$1.26 billion, which lapsed on 31 December 2015;

(11) a subscription agreement dated 20 April 2015 entered into among the Company as issuer, Profit Icon Investments Limited as guarantor and Peak Reinsurance Company Limited as subscriber in relation to the issue and subscription for secured and guaranteed convertible bonds in the principal amount of US$15 million (equivalent to approximately HK$116.25 million), which was completed on 23 June 2015;

(12) an acquisition agreement dated 11 May 2015 (as supplemented by a supplemental agreement dated 11 May 2015 and a supplemental agreement dated 17 August 2015) entered into between UP (Changzhou) and Zhongneng Guodian Photovoltaics Green Ecological Cooperation and Development Jiangsu Company Limited*(中能國電光伏綠色生態合作發展江蘇有限公司)in relation to the acquisition of the entire equity interest in Nanjing Silk Road New Energy Company Limited*(南京絲綢之路新能源有限公司)(formerly known as Zhongneng Guodian New Energy Cooperation and Development Jiangsu Company Limited*(中能國電新能源開發投資江蘇有限公司)) for an aggregate consideration of RMB105 million, which was completed on 24 September 2015;

* *For identification purpose only*

(13) a cooperation agreement dated 13 May 2015 entered into between the Company and Hareon Solar Technology Company Limited*(海潤光伏科技股份有限公司) in connection with potential acquisition of certain solar power plant projects with an aggregate installed capacity of 930MW in the PRC, at the estimated total consideration of approximately RMB8.8 billion (equivalent to approximately HK$11.09 billion) (the "**Cooperation Agreement**"), all the rights and obligation of which were assigned to China Huacai Finance Equity Investment Fund SP(中國華財金融股權投資基金) on 27 January 2016;

(14) a subscription agreement dated 28 May 2015 entered into between the Company as issuer and Driven Innovation Limited as subscriber in relation to the issue and subscription for secured convertible bonds in the principal amount of US$100,000,000 (equivalent to approximately HK$775,000,000), which was completed on 3 June 2015;

(15) a finance lease agreement dated 5 June 2015 entered into between China Kang Fu International Financial Leasing Company Limited*(中國康富國際租賃有限公司) as lessor and Guodian Tuoketuo County Solar Power Company Limited*(國電托克托縣光伏發電有限公司) as lessee in connection with a finance lease arrangement for a period of 10 years at an aggregate lease consideration of RMB395,321,992 (equivalent to approximately HK$498,105,710);

(16) the sale and purchase agreement dated 10 December 2015 entered into among the Company, China Solar Power Group Limited and Pure Ace International Limited relating to the acquisition of the entire issued share capital of Honour Sky International Limited for a total consideration of HK$15,000,000 to be settled by issue and allotment of a maximum of 15,000,000 Shares;

(17) the subscription agreement dated 18 December 2015 entered into between the Company and Huaqing Solar Power Limited in relation to the Huaqing Bonds, which was completed on 29 December 2015;

(18) the deed of assignment dated 27 January 2016 entered into, among others, the Company, Global High Growth Industries Fund Series SPC acting for and on behalf of the account of China Huacai Finance Equity Investment Fund SP* (中國華財金融股權投資基金) in relation to the assignment and transfer of the rights, obligations and responsibilities under the Cooperation Agreement at the consideration of HK$500 million plus accrued interest, which was completed on 21 March 2016;

* *For identification purpose only*

(19) the finance lease agreement dated 23 February 2016 entered into between Datong United Photovoltaics New Energy Co., Ltd.*(大同聯合光伏新能源有限公司) as lessee and JIC Leasing Co., Ltd.*(中建投租賃有限責任公司) as lessor, in connection with a finance lease arrangement for a period of two years at an estimated total lease consideration of RMB485,956,698;

(20) the subscription agreement dated 19 August 2016 entered into between the Company and Power Revenue Limited in relation to the Power Revenue Bonds;

(21) the equity transfer agreement dated 19 September 2016 entered into between the Company, UP (Changzhou) and Shenzhen China Merchants Yinke Investment Management Limited*(深圳市招商局銀科投資管理有限公司) in relation to the transfer of the 49% equity interest in Changzhuo Guangyu New Energy Company Limited*(常州光昱新能源有限公司) by UP (Changzhou) from Shenzhen China Merchants Yinke Investment Management Limited at the consideration of RMB20,860,011 in cash;

(22) the ORIX Subscription Agreement;

(23) the CM Subscription Agreement; and

(24) the NEX Subscription Agreement.

11. GENERAL

(a) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda;

(b) The branch share registrar and transfer office of the Company in Hong Kong is Union Registrars Limited, which is situated at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong;

(c) The company secretary of the Company is Ms. Qiu Ping, Maggie, who is also an executive Director and a director and president of China Solar Power Group Limited, a wholly-owned subsidiary of the Company. Ms. Qiu holds a Bachelor's degree in Economics and a Bachelor's degree in German Literature from Peking University. Ms. Qiu was also awarded a Master's degree in European Culture and Economics by Ruhr University Bochum in Germany and a Master of Laws in Corporate and Financial Law in the University of Hong Kong;

* *For identification purpose only*

(d) The auditor of the Company is PricewaterhouseCoopers;

(e) As at the Latest Practicable Date, the Board consisted of four executive Directors, namely Mr. Li, Alan (Chairman and Chief Executive Officer), Mr. Lu Zhenwei, Mr. Li Hong and Ms. Qiu Ping, Maggie; two non-executive Directors, namely Academician Yao Jiannian and Mr. Tang Wenyong; and four independent non-executive Directors, namely Mr. Kwan Kai Cheong, Mr. Yen Yuen Ho, Tony, Mr. Shi Dinghuan and Mr. Ma Kwong Wing; and

(f) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

12. MATERIAL ADVERSE CHANGE

The Directors confirm that, save as disclosed in the announcements prior to the Latest Practicable Date and the interim report for the six months ended 30 June 2016, they are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2015, the date to which the latest published audited consolidated financial statements of the Company were made up.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours from 9:00 a.m. to 6:00 p.m. (except Saturdays, Sundays and public holidays) at the principal place of business of the Company in Hong Kong at Unit 1012, 10/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong from the date of this circular up to and including the date of the SGM:

(a) the ORIX Subscription Agreement;

(b) the CM Subscription Agreement;

(c) the NEX Subscription Agreement;

(d) the memorandum and bye-laws of the Company;

(e) the letter from the Board, the text of which is set out on pages 9 to 38 of this circular;

(f) the letter to the Independent Shareholders from the Independent Board Committee, the text of which is set out on pages 39 to 40 of this circular;

(g) the letter to the Independent Board Committee and the Independent Shareholders from the Independent Financial Adviser, the text of which is set out on pages 41 to 63 of this circular;

(h) the written consent referred to in the paragraph headed "Expert's Qualification and Consent" in this appendix;

(i) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix; and

(j) this circular.

UNITED PHOTOVOLTAICS GROUP LIMITED
聯合光伏集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 686)

NOTICE IS HEREBY GIVEN THAT a special general meeting (the "**Meeting**") of United Photovoltaics Group Limited (the "**Company**") will be held at Unit 1407, 14/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong on Monday, 28 November 2016 at 3:00 p.m. for the purpose of considering and, if thought fit, passing with or without modifications the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. "**THAT**:

   (a) (i) the conditional subscription agreement dated 20 September 2016 and as amended by an amendment agreement dated 2 November 2016 (the "**ORIX Subscription Agreement**"), a copy of which has been produced to the meeting and marked "A" and signed by the chairman of the meeting for the purpose of identification and entered into between the Company as issuer and ORIX Asia Capital Limited as subscriber in relation to the proposed subscription of (1) an aggregate of 1,407,385,568 shares of HK$0.1 each in the share capital of the Company (each a "**ORIX Subscription Share**", and collectively, the "**ORIX Subscription Shares**") at the price of HK$0.5814 per ORIX Subscription Share; and (2) an aggregate of 508,127,584 warrants (each a "**ORIX Warrant**", and collectively, the "**ORIX Warrants**") at the warrant issue price of HK$0.000775 per ORIX Warrant, which entitle the holders of the ORIX Warrants to subscribe in cash for one share of the Company (each a "**ORIX Warrant Share**", and collectively, the "**ORIX Warrant Shares**") at the initial subscription price of HK$0.646 per ORIX Warrant Share during the period of three years commencing on the date of issue of the ORIX Warrants and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

(ii) all other transactions contemplated under the ORIX Subscription Agreement be and are hereby approved and any one Director be and is authorised to do all such acts and things, to sign and execute such documents or agreements or deeds on behalf of the Company and to do such other things and to take all such actions as he/she considers necessary, appropriate, desirable or expedient for the purposes of giving effect to or in connection with the ORIX Subscription Agreement, the allotment and issue of the ORIX Subscription Shares and ORIX Warrant Shares, the issue of the ORIX Warrants and to agree to such variation, amendments or waiver of matters relating thereto as are, in the sole opinion of such Director, in the interests of the Company and its shareholders as a whole; and

(b) subject to and conditional upon (i) the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the ORIX Subscription Shares and ORIX Warrant Shares; and (ii) the fulfillment of other conditions precedent as set out in the ORIX Subscription Agreement, the unconditional specific mandate granted to the Directors to exercise the powers of the Company to allot, issue and deal with the ORIX Subscription Shares pursuant to the ORIX Subscription Agreement and the ORIX Warrant Shares upon exercise of the subscription rights attaching to the ORIX Warrants be and is hereby confirmed and approved."

2. "**THAT**:

(a) (i) the conditional subscription agreement dated 20 September 2016 (the "**CM Subscription Agreement**"), a copy of which has been produced to the meeting and marked "B" and signed by the chairman of the meeting for the purpose of identification and entered into between the Company as issuer and China Merchants New Energy Group Limited as subscriber in relation to the proposed subscription of (1) a maximum of 756,793,945 shares of HK$0.1 each in the share capital of the Company (each a "**CM Subscription Share**", and collectively, the "**CM Subscription Shares**") at the price of HK$0.5814 per CM Subscription Share; and (2) a maximum of 362,948,274 warrants (each a "**CM Warrant**", and collectively, the "**CM Warrants**") at the warrant issue price of HK$0.000775 per CM Warrant, which entitle the holders of the CM Warrants to subscribe in cash for one share of the Company (each a "**CM Warrant Share**", and collectively, the "**CM Warrant Shares**") at the initial subscription price of HK$0.646 per CM Warrant Share during the period of three years commencing on the date of issue of the CM Warrants and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

(ii) all other transactions contemplated under the CM Subscription Agreement be and are hereby approved and any one Director be and is authorised to do all such acts and things, to sign and execute such documents or agreements or deeds on behalf of the Company and to do such other things and to take all such actions as he/she considers necessary, appropriate, desirable or expedient for the purposes of giving effect to or in connection with the CM Subscription Agreement, the allotment and issue of the CM Subscription Shares and CM Warrant Shares, the issue of the CM Warrants and to agree to such variation, amendments or waiver of matters relating thereto as are, in the sole opinion of such Director, in the interests of the Company and its shareholders as a whole; and

(b) subject to and conditional upon (i) the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the CM Subscription Shares and CM Warrant Shares; and (ii) the fulfillment of other conditions precedent as set out in the CM Subscription Agreement, the unconditional specific mandate granted to the Directors to exercise the powers of the Company to allot, issue and deal with the CM Subscription Shares pursuant to the CM Subscription Agreement and the CM Warrant Shares upon exercise of the subscription rights attaching to the CM Warrants be and is hereby confirmed and approved."

3. "**THAT**:

(a) (i) the conditional subscription agreement dated 20 September 2016 (the "**NEX Subscription Agreement**"), a copy of which has been produced to the meeting and marked "C" and signed by the chairman of the meeting for the purpose of identification and entered into between the Company as issuer and New Energy Exchange Limited as subscriber in relation to the proposed subscription of a maximum of 68,799,449 shares of HK$0.1 each in the share capital of the Company (each a "**NEX Subscription Share**", and collectively, the "**NEX Subscription Shares**") at the price of HK$0.5814 per NEX Subscription Share and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

(ii) all other transactions contemplated under the NEX Subscription Agreement be and are hereby approved and any one Director be and is authorised to do all such acts and things, to sign and execute such documents or agreements or deeds on behalf of the Company and to do such other things and to take all such actions as he/she considers necessary, appropriate, desirable or expedient for the purposes of giving effect to or in connection with the NEX Subscription Agreement, the allotment and issue of the NEX Subscription Shares and to agree to such variation, amendments or waiver of matters relating thereto as are, in the sole opinion of such Director, in the interests of the Company and its shareholders as a whole; and

(b) subject to and conditional upon (i) the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the NEX Subscription Shares; and (ii) the fulfillment of other conditions precedent as set out in the NEX Subscription Agreement, the unconditional specific mandate granted to the Directors to exercise the powers of the Company to allot, issue and deal with the NEX Subscription Shares pursuant to the NEX Subscription Agreement be and is hereby confirmed and approved.''

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

Hong Kong, 10 November 2016

Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint one or more than one proxy to attend and, subject to the provisions of the bye-laws of the Company, to vote on his/her/its behalf. A proxy need not be a member of the Company but must be present in person at the Meeting to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.

2. A form of proxy for use at the Meeting is enclosed. Whether or not you intend to attend the Meeting in person, you are encouraged to complete and return the enclosed form of proxy in accordance with the instructions printed thereon. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the Meeting or any adjournment thereof, should he/she/it so wish. In such event, the instrument appointing such a proxy shall be deemed to be revoked.

3. To be valid, a proxy form, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power or authority, must be lodged at the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, not less than 48 hours before the time fixed for holding of the Meeting or any adjournment thereof.

4. In the case of joint holders of shares, any one of such holders may vote at the Meeting, either personally or by proxy, in respect of such share as if he/she/it were solely entitled thereto, but if more than one of such joint holders are present at the Meeting personally or by proxy, the persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.

5. Votes on the ordinary resolutions set out herein and to be passed at the Meeting will be taken by way of poll.

6. If Typhoon Signal No. 8 or above, or a ''black'' rainstorm warning is in effect any time after 11:00 a.m. on the date of the Meeting, the Meeting will be postponed. The Company will post an announcement on the website of Company at www.unitedpvgroup.com and on the HKExnews website of the Stock Exchange at www.hkexnews.hk to notify Shareholders of the date, time and place of the rescheduled meeting.

7. 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.