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UNITED PHOTOVOLTAICS GROUP LIMITED

聯合光伏集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 686)

CONNECTED TRANSACTION RELATING TO FINANCIAL ADVISORY AGREEMENT

The board of the Company announces that on 7 November 2016, the Company and CMSHK entered into the Advisory Agreement, pursuant to which CMSHK will act as the financial advisor to the Company and provide the Company with comprehensive and professional financial advisory and consultation services.

To the best of the knowledge of the board, as at the date of this announcement, CMSHK is a connected person of the Company and the Advisory Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one of the applicable percentage ratios for the advisory fee exceeds 0.1% but is less than 5%, the Advisory Agreement is subject to the reporting and announcement requirements, but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The board of directors (the “**Directors**”) of United Photovoltaics Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) announces that the Company and China Merchants Securities (HK) Co., Limited (“**CMSHK**”) entered into a financial advisory agreement on 7 November 2016, pursuant to which CMSHK will act as the financial advisor to the Company (the “**Advisory Agreement**”).

THE FINANCIAL ADVISORY AGREEMENT

The principal terms of the Advisory Agreement are set out below.

Date 7 November 2016

Parties The Company
CMSHK

Scope of Services

CMSHK, with the support of its affiliates, will provide comprehensive and professional financial advisory and consultation services in relation to the equity investment by China Merchants New Energy Group Limited (“**CMNEG**”) in the Company and amendment of terms of certain convertible bonds of the Company to allow redemption before their respective maturity dates, including financial advisory services, support on various arrangements and logistics of completion, participating in meetings and discussions with various counterparties and advisory on compliance with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Term

The Advisory Agreement will expire on 31 March 2017, unless terminated earlier by either of the Company or CMSHK by giving written notice to the other party or extended by mutual agreement.

Consideration and payment terms

Pursuant to the Advisory Agreement, the Company shall pay a success-based advisory fee of not more than HK\$8.8 million payable to CMSHK in cash within ten business days after completion of the relevant transaction. It was determined between the parties after arm’s length negotiations with reference to the proposed transaction structure and the comparable quote from independent third party providing services of a similar nature and on arm’s length negotiations.

REASONS FOR THE TRANSACTION

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

CMSHK is a licensed investment adviser and provides a full range of corporate financial services such as financial advisory, initial public offerings, mergers & acquisitions and equity fund raising. The Directors believe that the professional services to be provided by CMSHK, meeting the current requirements and circumstances of the Group, would enable the Group to benefit from the expertise, experience and resources of CMSHK. The advisory fee of CMSHK is in line with independent third party with comparable expertise and/or experience in the financial advisory business. The Directors, including the independent non-executive Directors, consider that the Advisory Agreement was entered into in the ordinary and usual course of business of the Company, the terms of the Advisory Agreement are on normal commercial terms, and the terms of the Advisory Agreement are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

LISTING RULES IMPLICATIONS

To the best of the knowledge of the board, as at the date of this announcement, CMSHK is an indirectly wholly-owned subsidiary of China Merchants Securities Co., Ltd.* (招商證券股份有限公司), which is a subsidiary of China Merchants Group Limited (“**China Merchants**”). China Merchants is also a holding company of CMNEG, which is a substantial shareholder of the Company.

Accordingly, CMSHK is an associate of a substantial shareholder of the Company and therefore a connected person of the Company and the Advisory Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. CMSHK and the Company entered into an advisory agreement on 17 June 2016 in relation to potential acquisition overseas and no fee has been paid or is payable under such advisory agreement. As one of the applicable percentage ratios for the advisory fee exceeds 0.1% but is less than 5%, the Advisory Agreement is subject to the reporting and announcement requirements, but exempt from the independent shareholders’ approval requirements under Chapter 14A of the Listing Rules. Each of Mr. Li, Alan, Mr. Lu Zhenwei and Mr. Tang Wenyong, a Director of the Company, is also a director and/or holds senior positions in subsidiaries of China Merchants, and they have abstained from voting on the resolutions approving the Advisory Agreement at the meeting of the board of Directors.

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

Hong Kong, 7 November 2016

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

* For identification purpose only