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

UNITED PHOTOVOLTAICS GROUP LIMITED

聯合光伏集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 686)

(1) CONNECTED TRANSACTION IN RELATION TO ACQUISITION OF 49% EQUITY INTEREST IN A NON-WHOLLY OWNED SUBSIDIARY
(2) LAPSE OF OPTIONS OVER 49% EQUITY INTEREST IN SUCH NON-WHOLLY OWNED SUBSIDIARY

THE EQUITY TRANSFER

On 19 September 2016, after trading hours, the Company and the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with the Seller, whereby the Purchaser has agreed to acquire the 49% equity interest in the Target Company at a consideration of RMB20,860,011 payable in cash upon completion.

The Target Company, through two project companies, owns and operates four grid-connected solar power plants with an aggregate installed capacity of approximately 80MW located in Xinjiang, the PRC. The Purchaser currently holds 51% equity interest in the Target Company. Upon completion of the Equity Transfer, the Target Company will become an indirect wholly-owned subsidiary of the Company.

LAPSE OF OPTIONS

The parties to the Equity Transfer Agreement confirmed that the Options granted over the 49% equity interest in the Target Company have lapsed with effect from the date hereof in accordance with the original terms of the Options Agreement. No Consideration Shares has been or will be issued under the Options Agreement. The lapse of the Options does not involve the payment of any amounts by way of penalty, damages or other compensation by the Company or the Seller.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Seller is a connected person of the Company under the Listing Rules and the Equity Transfer constitutes a connected transaction of the Company. As the highest applicable percentage ratio in respect of the Equity Transfer exceeds 0.1% but is less than 5%, the connected transaction is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 19 September 2016, after trading hours, the Company and the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with the Seller in relation to the transfer of the 49% equity interest in the Target Company. The Options granted over the 49% equity interest in the Target Company have lapsed.

THE EQUITY TRANSFER

The Equity Transfer Agreement

Date: 19 September 2016

Parties: The Company, the Purchaser and the Seller

Equity interest and the plant to be acquired

Pursuant to the Equity Transfer Agreement, the Purchaser has agreed to purchase, and the Seller has agreed to sell, the 49% equity interest in the Target Company.

The Target Company, through two project companies, owns and operates four grid-connected solar power plants with an aggregate installed capacity of approximately 80MW located in Xinjiang, the PRC. Further information on the Target Company is set out in the section headed "Information on the Target Company" below.

Consideration

The consideration for the Equity Transfer is RMB20,860,011, which will be payable in cash by the Purchaser in one lump sum upon completion. The Group will fund the payment of the consideration by internal resources.

The consideration was arrived at after arm's length negotiations on normal commercial terms with reference to various factors, including the original investment costs by the Seller, the paid-up registered capital and financial position of the Target Company.

Completion

The relevant parties will further enter into such agreements or documents to effect completion of the Equity Transfer at the local office of the State Administration for Industry and Commerce of the PRC and amendment to the articles of association of the Target Company in accordance with the requirements of local applicable laws and regulations.

Completion will take place on the date on which a new business license reflecting registration of the transfer of the entire equity interest in the Target Company is issued. Upon completion of the Equity Transfer, the Target Company will become an indirect wholly-owned subsidiary of the Company.

INFORMATION ON THE SELLER

The Seller is a company with limited liability established under the laws of the PRC and is engaged in equity interest investment. It is an indirect non-wholly owned subsidiary of China Merchants Group Limited.

INFORMATION ON THE TARGET COMPANY

The Target Company is a limited company incorporated in the PRC on 9 September 2013, and principally engaged in developing and operating solar power plants in the PRC. The Purchaser and the Seller acquired 51% and 49% equity interest in the Target Company in early 2015 and formed a joint venture with respect of the Target Company. Details of the acquisition and the formation of joint venture are set out in the announcement of the Company dated 23 January 2015 and the circular of the Company dated 27 February 2015.

The Target Company, through two project companies, owns and operates four solar power plants with an aggregate installed capacity of approximately 80MW located in Hami City and Turpan City, Xinjiang, the PRC. Three solar power plants achieved on-grid connection in late 2013 and the last one in late 2014.

Based on the consolidated financial statements in compliance with the generally accepted accounting principles in the PRC, net profits (both before and after taxation) for the two financial years ended 31 December 2014 and 31 December 2015 were approximately RMB2 million and RMB0.2 million, respectively.

Based on the consolidated financial statements of the Target Company, the further financial information of the Target Company is set out below:

	As of 31 December 2014 *RMB (million)* audited	As of 31 December 2015 *RMB (million)* unaudited
Total assets	758	821
Total liabilities	(744)	(507)
Net assets	14	314

REASONS FOR AND BENEFITS OF THE ACQUISITION

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

The four full operational solar power plants owned by the Target Company have been bringing in revenue to the Group. The Target Company has obtained long term bank loan of RMB315 million and accordingly, additional capital contribution from the Seller pursuant to the original joint venture is no longer required. The Directors are of the view that the Equity Transfer will strength the return to the Group.

The Directors (including the independent non-executive Directors) are of the view that the transaction contemplated under the Equity Transfer Agreement is made on normal commercial terms and the terms contained therein are fair and reasonable, and are in the interest of the Company and the shareholders as a whole.

LAPSE OF OPTIONS

The Options granted over the 49% equity interest in the Target Company have lapsed in accordance with the original terms of the Options Agreement with effect from the date hereof due to non–fulfillment of the certain conditions (including the payment of further capital contribution to the Target Company). No Consideration Shares has been or will be issued under the Options Agreement. The lapse of the Options does not involve the payment of any amounts by way of penalty, damages or other compensation by the Company or the Seller.

LISTING RULES IMPLICATIONS

As at the date of this announcement, each of the Seller and CMNEG is an indirect non-wholly owned subsidiary of China Merchants Group Limited, and they are fellow subsidiaries. CMENG is a substantial shareholder of the Company. Accordingly, the Seller is a connected person of the Company under the Listing Rules and the Equity Transfer constitutes a connected transaction of the Company. As the highest applicable percentage ratio in respect of the Equity Transfer exceeds 0.1% but is less than 5%, the connected transaction is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

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 Equity Transfer Agreement and the connected transaction contemplated thereunder in the meeting of the Board. Save as disclosed above, none of the Directors has any material interest in the transaction contemplated under the Equity Transfer Agreement, and therefore none of the other Directors has abstained from voting on such board resolutions.

DEFINITIONS

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

"Board"	the board of Directors
"CMNEG"	China Merchants New Energy Group Limited (招商新能源集團有限公司), a company established in the British Virgin Islands 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"	has the meaning given to it under the Listing Rules
"Consideration Shares"	the shares to be allotted and issued by the Company upon exercise of the Options
"Directors"	the directors of the Company

"Equity Transfer"	the transfer of the 49% equity interest in the Target Company to the Purchaser from the Seller
"Equity Transfer Agreement"	the letter agreement dated 19 September 2016 entered into between the Company, the Purchaser and the Seller in relation to the Equity Transfer
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"MW"	megawatt, which equals to 1,000,000 watts
"Options"	the call option granted to the Company by the Seller over the 49% equity interest in the Target Company, and the put option granted to the Seller by the Company over the 49% equity interest in the Target Company, both shall be satisfied by the allotment and issue of the Consideration Shares
"Options Agreement"	the future acquisition arrangement agreement dated 23 January 2015 entered into between the Company, the Purchaser and the Seller in relation to the grant of the Options
"PRC"	the People's Republic of China which, for the purpose of this announcement, excludes Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC
"Purchaser"	United Photovoltaics (Changzhou) Investment Co., Ltd*(聯合光伏(常州)投資有限公司), a company established in the PRC with limited liability and an indirect wholly owned subsidiary of the Company
"RMB"	Renminbi, the lawful currency of the PRC
"Seller"	Shenzhen China Merchants Yinke Investment Management Limited*(深圳市招商局銀科投資管理有限公司), a company established in the PRC with limited liability

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Changzhou Guangyu New Energy Company Limited*(常州光昱新能源有限公司), a company established in the PRC with limited liability, and prior to completion, is owned as to 51% by the Purchaser and as to 49% by the Seller
"%"	per cent.

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

Hong Kong, 19 September 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*