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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.



UNITED PHOTOVOLTAICS GROUP LIMITED

聯合光伏集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 686)

**REFRESHMENT OF GENERAL MANDATE
RE-ELECTION OF DIRECTOR
AND
NOTICE OF SPECIAL GENERAL MEETING**

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 from pages 4 to 16 of this circular. A letter from the Independent Board Committee is set out on page 17 of this circular. A letter from the Independent Financial Adviser is set out from pages 18 to 33 of this circular.

A notice convening the SGM to be held at Unit 1407, 14/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong on Tuesday, 16 February 2016, at 3:00 p.m. is set out from pages 35 to 37 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 A18/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, 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.

25 January 2016

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DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 27 May 2015
“associate”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“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
“controlling shareholder(s)”	has the meaning ascribed thereto in the Listing Rules
“December CB Issue”	the issue of the 6.75% secured three-year convertible bonds in the principal amount of US\$100,000,000 (equivalent to approximately HK\$775,000,000) by the Company to Huaqing Solar Power Limited, as disclosed in the announcements of the Company dated 18 December 2015 and 29 December 2015
“Directors”	the directors of the Company
“EPC”	engineering, procurement and construction
“General Mandate”	the general mandate as approved and granted to the Directors by the Shareholders at the AGM and refreshed at the July 2015 SGM to allot, issue and deal with up to 20% of the issued share capital of the Company as at the date of passing the relevant ordinary resolution of the July 2015 SGM
“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

DEFINITIONS

“Independent Board Committee”	an independent board committee of the Company, comprising Mr. Kwan Kai Cheong, Mr. Yen Yuen Ho, Tony, Mr. Shi Dinghuan and Mr. Ma Kwong Wing, being all the independent non-executive Directors, for the purpose of advising the Independent Shareholders in respect of the Refreshment of General Mandate
“Independent Financial Adviser”	Goldin Financial Limited, a licensed corporation to carry on Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Refreshment of General Mandate
“Independent Shareholder(s)”	any Shareholder(s) other than the controlling shareholders and their respective associates or, if there is no controlling shareholder, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates
“July 2015 SGM”	the special general meeting of the Company held on 24 July 2015
“June CB Issue”	the issue of the 7% secured three-year convertible bonds in the principal amount of US\$100,000,000 (equivalent to approximately HK\$775,000,000) by the Company to Driven Innovation Limited, as disclosed in the announcements of the Company dated 5 May 2015, 28 May 2015 and 3 June 2015
“Latest Practicable Date”	21 January 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
“MW”	Megawatt, which equals to 1,000,000 watts
“MWh”	Megawatt-hour

DEFINITIONS

“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
“Refreshment of General Mandate”	the proposed refreshment of the current General Mandate
“RMB”	Renminbi, the lawful currency of the PRC
“SGM”	the special general meeting of the Company to be convened and held for the Shareholders or Independent Shareholders (as appropriate) to consider and, if think fit, pass resolutions in respect of the Refreshment of General Mandate and the re-election of Director
“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 reclassification of those shares
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

*Certain English translations of the Chinese names with * are included in this circular for information purpose only and shall not be regarded as the official translations of such Chinese names.*

In this circular, the conversion of Renminbi into Hong Kong dollars has been made at a rate of RMB1 to HK\$1.18 and the conversion of United States dollars into Hong Kong dollars has been made at a rate of US\$1: HK\$7.75. Such conversion should not be construed as a representation that any amount has been, could have been or may be, exchanged at this or any other rate.

LETTER FROM THE BOARD



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

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Non-executive Directors:

Academician Yao Jiannian

Mr. Tang Wenyong

*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

Independent non-executive Directors:

Mr. Kwan Kai Cheong

Mr. Yen Yuen Ho, Tony

Mr. Shi Dinghuan

Mr. Ma Kwong Wing

25 January 2016

Dear Sir or Madam,

**REFRESHMENT OF GENERAL MANDATE
RE-ELECTION OF DIRECTOR
AND
NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with (i) information relating to the Refreshment of General Mandate; (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders in connection with the Refreshment of General Mandate; (iii) a letter of advice from the Independent Financial Adviser setting out, among other things, its recommendation to the Independent Board Committee and to the Independent Shareholders in

LETTER FROM THE BOARD

connection with the Refreshment of General Mandate; (iv) the re-election of Director; and (v) the notice of the SGM to be convened and held for the purpose of considering and, if thought fit, approving the resolutions in respect of the Refreshment of General Mandate and the re-election of Director.

REFRESHMENT OF GENERAL MANDATE

Background of the Refreshment of General Mandate

At the AGM, the Shareholders passed an ordinary resolution approving the general mandate, pursuant to which the Directors were authorised to issue, allot and otherwise deal with a maximum of 948,253,265 Shares, representing 20% of the total nominal amount of the share capital of the Company in issue on the date of passing such resolution.

As announced by the Company on 3 June 2015, the Company completed the June CB Issue, an aggregate of 590,071,569 Shares will be allotted and issued upon exercise of the conversion rights attached to the convertible bonds at the initial conversion price (subject to adjustment) according to the terms of the June CB Issue and a maximum of 41,305,009 Shares are issuable for payment of interest under the general mandate approved at the AGM.

The general mandate approved at the AGM has been refreshed at the July 2015 SGM, pursuant to which the Company was authorised to issue up to 948,253,265 Shares.

The current General Mandate has been utilised as to: (i) a maximum of 15,000,000 Shares as consideration shares which shall be issued and allotted by the Company pursuant to the sale and purchase agreement dated 10 December 2015 entered into among the Company, China Solar Power Group Limited and Pure Ace International Limited (the “**Consideration Share Issue**”); and (ii) an aggregate of 486,564,540 Shares will be allotted and issued upon exercise of the conversion rights attached to the convertible bonds at the initial conversion price (subject to adjustments) according to the terms of the December CB Issue and a maximum of 16,421,553 Shares are issuable for payment of interest under the current General Mandate. Therefore, after the Consideration Share Issue and the December CB Issue, the current General Mandate has been utilised as to 517,986,093 Shares, representing approximately 54.63% of the current General Mandate. The number of Shares falling to be issued upon exercise of the conversion rights attached to the convertible bonds under the December CB Issue may increase in the event of adjustments to the initial conversion price. Therefore, the Company intends to reserve the unutilised portion of the current General Mandate for the issue of additional Shares in such event.

The Directors therefore proposed to seek approval of the Independent Shareholders at the SGM for the Refreshment of General Mandate in order to maintain the financial flexibility necessary for the Group’s future business development.

LETTER FROM THE BOARD

Save as disclosed above, as at the Latest Practicable Date, the Company has not made any refreshment of the current General Mandate since the July 2015 SGM.

Reasons for the Refreshment of General Mandate

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 Group has been experiencing strong growth in the recent years. For the years ended 31 December 2013 and 2014 and for the six months ended 30 June 2015, the number of solar power plant projects owned by the Group was 6, 14 and 21, respectively. The aggregate installed capacity of such solar power plant projects amounted to approximately 156.7MW, 477MW and 637MW, respectively during the said period, which generated electricity in an aggregate volume of approximately 39,645MWh, 485,046MWh and 402,390MWh, respectively. The solid growth of the Group over the recent years has improved the profits of the Group. The revenue of the Group from electricity generation under Solar Power Plants segment was approximately RMB29,645,000, RMB379,364,000 and RMB283,186,000, respectively, and the net profit from continuing operations amounted to approximately RMB28,760,000, RMB190,240,000 and RMB111,879,000, respectively, during the said period and the expansion continued into the second half of 2015.

The Group is in discussions, and for certain potential projects, has entered into framework agreements with its business partners in relation to the potential acquisition(s) of solar power plants owned or to be developed by its business partners with good prospects and potential for stable investment returns. On 18 November 2015, the Group and Guizhou No.1 Electric Power Construction Company* (貴州電力建設第一工程公司) entered into the EPC agreement in relation to the construction of a 100MW solar power plant project located in Datong, Shanxi, the PRC at the total consideration of approximately RMB675.6 million (the “**100MW Development**”). On 1 December 2015, the Group and Zhaoxin Energy Investment (Shanghai) Co., Ltd.* (招新能源投資(上海)有限公司) entered into acquisition agreements, pursuant to which, the Group proposed to acquire from Zhaoxin Energy Investment (Shanghai) Co., Ltd. the entire equity interests in two target companies which own two solar power plant projects with an aggregate installed capacity of 40MW at the total consideration of approximately RMB356 million (the “**40MW Acquisition**”, together with the 100MW Development, the “**Solar Plants Development**”). Please refer to the announcements of the Company dated 18 November 2015 and 1 December 2015 for further details. The Company intends to fund the Solar Plants Development mainly by external financing.

LETTER FROM THE BOARD

Subject to completion or progress of the Solar Plants Development, the Group would have expected funding needs of approximately RMB1.03 billion. It is expected that the construction work of the 100MW Development and its connection to the national grid will be completed in the first quarter of 2016 and the Group is required to pay up to approximately 85% of the EPC contract sum in accordance with the EPC agreement. The Group is expected to pay the balance of the consideration for the 40MW Acquisition when the target projects have achieved on grid-connection, which is expected to take place in the first half year of 2016 based on information as available as at the Latest Practicable Date. The net proceeds of approximately HK\$774,500,000 (equivalent to approximately RMB656,356,000) from the December CB Issue, may be used to finance the Solar Plants Development. The Company will consider other external financing to fund the remaining payments under the Solar Plants Development, including further equity or debt financing, loans from financial institutions, issue of notes or entering into finance lease arrangement, subject to the market conditions and the financial position of the Group.

The Group has been consistently pursuing its strategy to identify suitable investment opportunities to acquire solar power plants with good prospects and potential for stable returns, and when opportunities arise, it will continue to acquire additional solar power plants, utilising internal and external financial resources as available during the current growth momentum in China with favourable state policy in support of a merging world's largest solar market. Through well-planned business expansion, the Board believes that the Group will be benefited from optimizing operational efficiency and gaining exposure to an increased resources and opportunities.

The Group financed its continued business growth from various sources including proceeds from issue of convertible bonds and credit facilities. For the years ended 31 December 2013 and 2014 and for the six months ended 30 June 2015, the debt level of the Company was approximately RMB1,927,905,000, RMB2,956,880,000 and RMB5,275,427,000, respectively. The financing costs from Solar Power Plants segment amounted to approximately RMB278,958,000, RMB306,767,000 and RMB269,462,000, respectively. The capital cost incurred for each of the years of 2013 and 2014 and for the six months ended 30 June 2015 was 9.7%, 6.4% and 7.1%, respectively. As of 30 June 2015, the capital commitment for the purchase of property, plant and equipment amounted to approximately RMB2,927,000. The cash and bank balance as at 31 December 2015 were approximately RMB1,153,686,000, which are primarily funds raised by issue of convertible bonds and held by the Group as general working capital for the acquisition, development, construction, maintenance and operation of the potential solar power plant projects, according to their respective terms.

Taking into account of the existing cash and credit resources of the Group and its recent business development and subject to general economic conditions, interest rates, credit availability from banks or other lenders, the Group has managed to arrange for external financing and has to maintain the ability to raise additional financing, if available, such financing will be obtained on more favourable terms and at reasonable cost to support the growth of its business, particularly for its construction and development of solar power plants acquired or to be acquired or under development by the Group.

LETTER FROM THE BOARD

In view of considerable capital requirements in the near future, the Board believes that it is important to maintain financial flexibility for the Group to manage its business expansion and to raise additional equity capital for the business development and future investment opportunities. As at the Latest Practicable Date, the Group had not yet entered into any binding agreement or arrangement for equity fund raising. The Company currently does not have any immediate specific plans for any new issue of Shares under the refreshed General Mandate or conduct equity financing. However, the Group has been seeking opportunities to secure fund at reasonable costs, if any potential investors offer attractive terms for investment in the Shares subject to the then market conditions, the Directors will consider and may conduct equity fund raising exercise, which include possible further issue of convertible securities, placement of new shares, rights issue or open offer before the next annual general meeting to be held around May 2016 and the Company has been in preliminary discussions for further fund raising. Announcement will be made by the Company in the event any concrete fund raising plan arises as and when appropriate. In light of the funding needs for the Solar Plants Development and the potential acquisitions and/or development of solar power projects when opportunities arise, the Company wishes to maintain flexibility and certain autonomy to respond to the market conditions when attractive terms are available from potential investors and in the conduct of further negotiations with the potential investors in a timely manner. Equity/debt financing (i) is less costly and time-consuming than raising funds by way of rights issue or open offer; and (ii) provides the Company with the capability to capture any fund raising and/or prospective investment opportunity as and when it arises. With reference to the recent rights issue conducted by a listed company of the same industry, the additional time and cost if the Company were to raise funds by ways of rights issue and open offer are estimated to be approximately 2 to 3 months and in the range of 1.5% to 2% of the gross proceeds respectively. In addition, if the possible acquisition of solar power projects materialises, subject to the amount of consideration and the market conditions, the consideration may be settled by consideration shares. The Board believe that the availability of a General Mandate will reduce the uncertainties that specific mandate may not be obtained in a timely manner.

The Directors noted that the utilisation of the refreshed General Mandate will have potential dilution impact on the shareholding of the Shareholders. However, taking into account the reasons and benefits of the Refreshment of General Mandate, the Directors believe that the Refreshment of General Mandate will give the Company the flexibility (without restricting its ability to conduct rights issue or open offer) to raise fund at reasonable costs to meet the funding needs of the Group under the Solar Plants Development and to expand and develop the business of the Group in a timely manner and therefore, is in the interests of the Company and the Shareholders as a whole.

The Board proposed the Refreshment of General Mandate to authorise the Directors to allot, issue and deal with new Shares with an aggregate nominal amount of not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the SGM. As at the Latest Practicable Date, a total of 4,751,266,325 Shares were in issue. Subject to the passing of the proposed resolution for the Refreshment of General Mandate and on the basis that no Share will be issued or repurchased by the Company prior to the SGM, the Company will be allowed under the refreshed General Mandate to issue a maximum of 950,253,265 new Shares.

LETTER FROM THE BOARD

The refreshed General Mandate will, if granted, remain effective until the earliest of (i) the conclusion of next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any of the applicable laws of the Bermuda to be held; and (iii) the revocation or variation by an ordinary resolution of the Shareholders of the Company in a general meeting of the Company.

Fund raising activities in the past twelve months

There has not been any refreshment of the current General Mandate since the July 2015 SGM. The Company has conducted the following equity fund raising activities in the past 12 months from the Latest Practicable Date:

Date of announcement	Transaction	Approximate net proceeds	Intended use of proceeds	Actual use of proceeds as at the Latest Practicable Date	Percentage of new Shares issuable upon conversion of the convertible bonds (Notes 2 and 3)
18 December 2014	issue of 380,000,000 Shares	HK\$379 million	general working capital	approximately 85% of the proceeds have been used to repay the EPC payables under the existing solar power business of the Group; approximately 15% of the proceeds have been used in connection with the general administrative expenses of the Group	N/A
23 January 2015	issue of convertible bonds in the principal amount of HK\$524,803,198.80	HK\$522.8 million	general working capital and capital expenditure and the acquisition of the solar power plants with an aggregate installed capacity of 80MW, general working capital for the development, construction, maintenance and operation of solar power plant(s)	approximately 79% of the proceeds have been used to acquire new solar power plants in Xinjiang, the PRC, and approximately 21% of the proceeds have been used as general working capital for these solar power plants in Xinjiang, the PRC	9.69%
4 March 2015	issue of convertible bonds in the principal amount of US\$30,000,000 (equivalent to approximately HK\$232,500,000)	HK\$232 million	general working capital for the development, construction maintenance and operation of solar power plant(s)	100% of the proceeds have been used in connection with the development, construction, maintenance and operation of the solar power plants in Inner Mongolia, the PRC	4.54%

LETTER FROM THE BOARD

Date of announcement	Transaction	Approximate net proceeds	Intended use of proceeds	Actual use of proceeds as at the Latest Practicable Date	Percentage of new Shares issuable upon conversion of the convertible bonds
					(Notes 2 and 3)
20 April 2015	issue of convertible bonds in the principal amount of US\$15,000,000 (equivalent to approximately HK\$116,250,000)	HK\$115.75 million	finance the acquisition of target company(ies) which own the solar power plant(s) with an aggregate installed capacity of approximately 20MW in the PRC	100% of the proceeds have been used in connection with new solar power plants in Xinjiang, the PRC	2.32%
28 May 2015	June CB Issue	HK\$759 million	general working capital for the development, construction, maintenance and operation of solar power plant(s)	approximately 66% of the proceeds have been used in connection with new solar power plants in the PRC under a cooperation agreement (Note 1), approximately 13% of the proceeds have been used in connection with new solar power plants in Xinjiang and Hubei; the remaining 21% of the proceeds are kept by the Group and will be used as general working capital for the development, construction, maintenance and operation of solar power plant(s)	11.05%
18 December 2015	December CB Issue	HK\$774.5 million	general working capital for the acquisition, development, construction, maintenance and operation of solar power plant(s)	will be used as general working capital for the acquisition, development, construction, maintenance and operation of solar power plant(s)	9.29%

LETTER FROM THE BOARD

Notes:

1. On 13 May 2015, the Group and Hareon Solar Technology Company Limited* (海潤光伏科技股份有限公司) (“Hareon”) entered into a cooperation agreement, pursuant to which, the Group proposed to acquire from Hareon or its affiliates the entire equity interest of certain target companies which own certain on-grid 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\$10.38 billion). A refundable advance payment of HK\$500 million has been made to Hareon pursuant to the cooperation agreement and Hareon has provided share pledge over the equity interest in certain project companies holding solar power plants with an aggregate installed capacity of approximately 80MW as security in favor of the Group. On 15 January 2016, the Company filed an arbitration claim to the China International Economic and Trade Arbitration Commission against Hareon for, among others, the return of the advance payment of HK\$500 million paid under the cooperation agreement and the interest accrued thereon, and damages for breach of contract in the estimated amount of HK\$200 million and is seeking to take out necessary proceedings for preservation of assets and evidence.
2. This shows the potential dilution impact (new Shares to be issued upon full conversion of principal amount of convertible bonds/total issued Shares enlarged by new Shares to be issued by such convertible bonds issued or proposed to be issued). The cumulative potential dilution impact on shareholding of the Company would be approximately 28.83%.
3. **This column is for illustrative purposes only.** Pursuant to the terms of the relevant convertible bonds, no conversion is allowed if it will result in (a) a change of control (within the meaning of the Hong Kong Code on Takeovers and Mergers) of the Company; or (b) insufficient public float of the Shares as defined in the Listing Rules; or (c) a bondholder exercising the conversion rights together with its close associates becoming the largest Shareholder of the Company.

Save as disclosed herein, the Company has not completed other equity fund raising exercise in the 12 months immediately preceding the Latest Practicable Date.

LETTER FROM THE BOARD

Potential dilution effect

Set out below is the shareholding structure of the Company as at the Latest Practicable Date and, for illustrative purpose only, the potential dilution effect on the shareholdings upon full utilisation of the refreshed General Mandate assuming that the number of issued Shares remains unchanged between the Latest Practicable Date and the date of the SGM:

	(i) As at the Latest Practicable Date		(ii) Immediately after the allotment and issue of conversion Shares upon full conversion of all outstanding convertibles and options at their respective initial conversion/exercise prices		(iii) Immediately after the allotment and issue of conversion Shares upon full conversion of all outstanding convertibles and options at their respective initial conversion/exercise prices and upon full utilization of the refreshed General Mandate	
	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %
China Merchants New Energy Group Limited						
(“CMNEG”) and						
parties acting in concert with it						
CMNEG (Note 1)	579,944,250	12.21	1,019,980,250	11.51	1,019,980,250	10.40
Snow Hill Developments Limited						
(“Snow Hill”) (Note 2)	103,111,436	2.17	103,111,436	1.16	103,111,436	1.05
Magicgrand Group Limited						
(“Magicgrand”) (Note 3)	141,230,827	2.97	141,230,827	1.59	141,230,827	1.44
Pairing Venture Limited (Note 4)	18,173,487	0.38	18,173,487	0.21	18,173,487	0.19
New Energy Exchange Limited						
(“NEX”) (Note 5)	262,553,621	5.53	342,501,621	3.87	342,501,621	3.49
Sino Arena Investments Limited	36,633,860	0.77	76,653,860	0.87	76,653,860	0.78
Sub-total:	1,141,647,481	24.03	1,701,651,481	19.21	1,701,651,481	17.35
Other associates of China Merchants Group						
Limited (“China Merchants”)						
China Merchants Fund Management Limited	-	-	509,517,668	5.75	509,517,668	5.19
Shenzhen China Merchants Yinke Investment						
Management Limited	-	-	555,854,810	6.27	555,854,810	5.67
Sub-total:	-	-	1,065,372,478	12.02	1,065,372,478	10.86
Directors	8,474,200	0.18	32,474,200	0.37	32,474,200	0.33
Holders of Shares to be						
issued under the refreshed						
General Mandate	-	-	-	-	950,253,265	9.69
Other Shareholders (Note 6)	3,601,144,644	75.79	6,058,982,571	68.40	6,058,982,571	61.77
Total:	4,751,266,325	100	8,858,480,730	100	9,808,733,995	100

LETTER FROM THE BOARD

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 indirectly and wholly owned by China Merchants.
3. Magicgrand is directly and indirectly wholly owned by Mr. Li, Alan, an executive director and chief executive officer of the Company.
4. Pairing Venture Limited is directly and 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.

RE-ELECTION OF DIRECTOR

Mr. Tang Wenyong (“**Mr. Tang**”) was appointed as a non-executive Director to fill the vacancy on the Board with effect from 24 December 2015. Pursuant to bye-law 83(2) of the bye-laws of the Company and the code provision of A.4.2 of Appendix 14 to the Listing Rules, Mr. Tang shall hold office until the first general meeting of the Company after his appointment and be subject to re-election at such meeting.

The biographical details of Mr. Tang are set out in the Appendix to this circular.

SGM

As the Refreshment of General Mandate is proposed to the Shareholders prior to the Company’s next annual general meeting, and therefore, pursuant to Rule 13.36(4)(a) of the Listing Rules, the Refreshment of General Mandate requires the approval of the Independent Shareholders at the SGM, at which any of the controlling shareholders and their associates, or where there are no controlling shareholders, Directors (excluding independent non-executive Directors) and the chief executives and their respective associates shall abstain from voting in favour of the resolution approving the Refreshment of General Mandate. As there is no controlling shareholder, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution to approve the Refreshment of General Mandate at the SGM.

LETTER FROM THE BOARD

As at the Latest Practicable Date, Mr. Li, Alan an executive Director and chief executive officer of the Company, together with his associates, holding 165,407,314 Shares representing approximately 3.48% of the issued share capital of the Company as set out in the following table, are required to, and they will, abstain from voting in favour of the resolution in respect of the Refreshment of General Mandate at the SGM:

	Number of Shares held as at the Latest Practicable Date
Li, Alan	6,003,000
Pairing Venture Limited (<i>note 1</i>)	18,173,487
Magicgrand Group Limited (<i>note 2</i>)	141,230,827

Notes:

1. Pairing Venture Limited is a company beneficially wholly-owned by Mr. Li, Alan.
2. Magicgrand Group Limited is a company beneficially wholly-owned by Mr. Li, Alan.

As at the Latest Practicable Date, Ms. Qiu Ping, Maggie, an executive Director and company secretary of the Company, holding 2,401,200 Shares, is required to, and she will, abstain from voting in favour of the resolution in respect of the Refreshment of General Mandate at the SGM.

As at the Latest Practicable Date, Mr. Li Hong, an executive Director and chief financial officer of the Company, holding 70,000 Shares, is required to, and he will, abstain from voting in favour of the resolution in respect of the Refreshment of General Mandate at the SGM.

Saved as disclosed above, none of the other Directors and their respective associates hold any interest in the Shares as at the Latest Practicable Date.

To the best knowledge of the Directors, no Shareholder is required to abstain from voting at the SGM in respect of the resolution relating to the re-election of Director.

A notice convening the SGM to be held at Unit 1407, 14/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong on Tuesday, 16 February 2016 at 3:00 p.m. is set out from pages 35 to 37 of this circular for the purpose of considering and, if thought fit, passing the ordinary resolutions in relation to the Refreshment of General Mandate and the re-election of Director.

LETTER FROM THE BOARD

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same as soon as possible to the Company's branch share registrar in Hong Kong, Union Registrars Limited at A18/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong and in any event not less than 48 hours before the time scheduled for the holding of the SGM or any adjournments thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournments thereof should you so desire.

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of shareholders at a general meeting must be taken by poll, except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

RECOMMENDATIONS

An Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders in respect of the Refreshment of General Mandate and Goldin Financial Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Refreshment of General Mandate.

Your attention is drawn to (i) the letter from the Independent Board Committee set out on page 17 of this circular which contains its recommendation to the Independent Shareholders in relation to the Refreshment of General Mandate; and (ii) the letter from the Independent Financial Adviser set out from pages 18 to 33 of this circular which contains its advice and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Refreshment of General Mandate.

The Directors are of the opinion that the proposed ordinary resolution approving the Refreshment of General Mandate referred to in this circular is fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Board recommends the Independent Shareholders to vote in favour of the ordinary resolution in respect of the Refreshment of General Mandate proposed at the SGM. The Directors also consider the proposed re-election of Mr. Tang as a non-executive Director is in the interest of the Company. Accordingly, the Directors recommend that all Shareholders to vote in favour of the resolution in respect of the re-election of Mr. Tang proposed at the SGM.

LETTER FROM THE BOARD

GENERAL

The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they respectively appear.

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 Company. 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.

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

Hong Kong, 25 January 2016

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



UNITED PHOTOVOLTAICS GROUP LIMITED

聯合光伏集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 686)

25 January 2016

To the Independent Shareholders

Dear Sir or Madam,

REFRESHMENT OF GENERAL MANDATE

We refer to the circular of the Company dated 25 January 2016 (“**Circular**”), of which this letter forms part. Unless the context requires otherwise, capitalised terms used in the Circular shall have the same meanings when used herein.

We have been appointed by the Board to advise the Independent Shareholders in connection with the proposed Refreshment of General Mandate. Goldin Financial Limited has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this respect.

After taking into account the advice of the Independent Financial Adviser as set out from pages 18 to 33 of the Circular, we are of the view that the proposed Refreshment of General Mandate, is fair and reasonable so far as the Independent Shareholders are concerned, and that the Refreshment of General Mandate is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution proposed at the SGM to approve the Refreshment of General Mandate.

Yours faithfully,

Independent Board Committee

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the full text of the letter of advice from Independent Financial Adviser in relation to the Refreshment of General Mandate to the Independent Board Committee and the Independent Shareholders prepared for inclusion in this Circular.



高銀融資有限公司
GOLDIN FINANCIAL LIMITED

Goldin Financial Limited

22/F

Two International Finance Centre

8 Finance Street

Central

Hong Kong

25 January 2016

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

Dear Sirs,

REFRESHMENT OF GENERAL MANDATE

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders of the Company in relation to the Refreshment of General Mandate, details of which are contained in the letter from the Board (the “Letter from the Board”) on page 4 to page 16 of the circular of the Company dated 25 January 2016 (the “Circular”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the content otherwise requires.

Pursuant to Rule 13.36(4) of the Listing Rules, the Refreshment of General Mandate shall be subject to the Independent Shareholders’ approval at the SGM as the Refreshment of General Mandate is proposed to the Shareholders prior to the Company’s next general meeting. Pursuant to Rule 13.36(4)(a) of the Listing Rules, the Refreshment of General Mandate requires the approval of the Independent Shareholders at the SGM at which any of the controlling shareholders and their associates, or where there are no controlling shareholders, Directors (excluding independent non-executive Directors) and the chief executives and their respective associates shall abstain from voting in favour of the resolution approving the Refreshment of General Mandate. As there is no controlling shareholder, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution to approve the Refreshment of General Mandate at the SGM. As at the Latest Practicable Date, Mr. Alan Li, an executive Director and chief executive officer, together with his associates, held 165,407,314 Shares, representing approximately 3.48% of the total issued share capital of the Company. Ms. Qiu Ping, Maggie, an

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

executive Director and company secretary of the Company, held 2,401,200 Shares representing approximately 0.05% of the issued share capital of the Company as at the Latest Practicable Date. Mr. Li Hong, an executive Director and chief financial officer of the Company, held 70,000 Shares, representing approximately 0.001% of the total issued share capital of the Company as at the Latest Practicable Date. Saved as disclosed above, none of the other Directors and their respective associates holds any interest of Shares as at the Latest Practicable Date. Hence, Mr. Alan Li and his associates, Ms. Qiu Ping, Maggie and her associates, and Mr. Li Hong and his associates (if any) will abstain from voting in favour of the resolution approving the Refreshment of General Mandate at the SGM.

The Independent Board Committee, comprising Mr. Kwan Kai Cheong, Mr. Yen Yuen Ho, Tony, Mr. Shi Dinghuan and Mr. Ma Kwong Wing, all being the independent non-executive Directors, has been formed to advise the Independent Shareholders on whether the Refreshment of General Mandate is fair and reasonable, and in the interests of the Company and the Independent Shareholders as a whole. We, Goldin Financial Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

As at the Latest Practicable Date, Goldin Financial Limited (“Goldin”) did not have any relationships or interests with the Company or any other parties that could reasonably be regarded as relevant to the independence of Goldin. In the last two years, Goldin has acted as an independent financial adviser in the Company’s previous transactions regarding the refreshment of general mandate as in July 2015, discloseable and connected transactions, formation of joint venture, issue of convertible bonds under specific mandate as in February 2015, and connected transaction as in January 2015. Apart from normal professional fees payable to us in connection with this appointment, no arrangements exist whereby we had received any fees or benefits from the Company or any other party to the transactions, therefore we consider such relationship would not affect our independence.

BASIS OF OUR ADVICE

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the accuracy of the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Company, the Directors and the management of the Company. We have assumed that all information, representations and opinions contained or referred to in the Circular, which have been provided by the Company, Directors and management of the Company and for which they are solely and wholly responsible, were true and accurate at the time when they were made and continue to be true as at the date of the SGM.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Directors have collectively and individually accepted full responsibility for the Circular which includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirmed that to the best of their knowledge and belief the information contained in the 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 in the Circular or the Circular misleading. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Group. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading.

PRINCIPAL FACTORS CONSIDERED

In arriving at our opinion in respect of the Refreshment of General Mandate, we have considered the following principal factors and reasons:

1. Background of and reasons for the Refreshment of General Mandate

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 Group has been experiencing strong growth in the recent years. For the years ended 31 December 2013 and 2014 and for the six months ended 30 June 2015, the number of solar power plant projects owned by the Group was 6, 14 and 21, respectively. The aggregate installed capacity of such solar power plant projects amounted to approximately 156.7MW, 477MW and 637MW, respectively during the said period, which generated electricity in an aggregate volume of approximately 39,645MWh, 485,046MWh and 402,390MWh, respectively. The solid growth of the Group over the recent years has improved the profits of the Group. The revenue of the Group from electricity generation under Solar Power Plants segment was approximately RMB29,645,000, RMB379,364,000 and RMB283,186,000, respectively (equivalent to approximately HK\$34,981,000, HK\$447,650,000 and HK\$334,159,000 respectively), and the net profit from continuing operations amounted to approximately RMB28,760,000, RMB192,240,000 and RMB111,879,000, respectively (equivalent to approximately HK\$33,937,000, HK\$226,843,000 and HK\$132,017,000 respectively), during the said period, demonstrating a significant improvement in the business performance of the Group along with and as a result of the expansion in its solar power plant business. The expansion continued into the second half of 2015.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

At the AGM, the Shareholders passed an ordinary resolution approving the general mandate, pursuant to which the Directors were authorised to issue, allot and otherwise deal with a maximum of 948,253,265 Shares, representing 20% of the total nominal amount of the share capital of the Company in issue on the date of passing such resolution.

As announced by the Company on 3 June 2015, the Company completed the June CB Issue, an aggregate of 590,071,569 Shares will be allotted and issued upon exercise of the conversion rights attached to the convertible bonds at the initial conversion price (subject to adjustment) according to the terms of the June CB Issue and a maximum of 41,305,009 Shares are issuable for payment of interest under the general mandate approved at the AGM.

The general mandate approved at the AGM has been refreshed at the July 2015 SGM, pursuant to which the Company was authorised to issue up to 948,253,265 Shares.

The current General Mandate has been utilised as to: (i) a maximum of 15,000,000 Shares as consideration shares which shall be issued and allotted by the Company pursuant to the sale and purchase agreement dated 10 December 2015 entered into among the Company, China Solar Power Group Limited and Pure Ace International Limited; and (ii) an aggregate of 486,564,540 Shares will be allotted and issued upon exercise of the conversion rights attached to the convertible bonds at the initial conversion price (subject to adjustments) according to the terms of the December CB Issue and a maximum of 16,421,553 Shares are issuable for payment of interest under the current General Mandate. Therefore, after the Consideration Share Issue and the December CB Issue, the current General Mandate has been utilised as to 517,986,093 Shares, representing approximately 54.63% of the current General Mandate. The number of Shares falling to be issued upon exercise of the conversion rights attached to the convertible bonds under the December CB Issue may increase in the event of adjustments to the initial conversion price. Therefore, the Company intends to reserve the unutilised portion of the current General Mandate for the issue of additional Shares in such event.

Given that the General Mandate has been utilised for approximately 54.63% as discussed above, the Board proposed to seek approval of the Independent Shareholders for the Refreshment of General Mandate so that the Directors will be granted the authority to allot, issue and deal with new Shares not exceeding 20% of the total issued share capital of the Company as at the date of passing relevant resolution(s) at the SGM.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As stated in the Letter from the Board, The Group is in discussions, and for certain potential projects, has entered into framework agreements with its business partners in relation to the potential acquisition(s) of solar power plants owned or to be developed by its business partners with good prospects and potential for stable investment returns. On 18 November 2015, the Group and Guizhou No.1 Electric Power Construction Company* (貴州電力建設第一工程公司) entered into the EPC agreement in relation to the construction of a 100MW solar power plant project located in Datong, Shanxi, the PRC at the total consideration of approximately RMB675.6 million (equivalent to approximately HK\$797.2 million). On 1 December 2015, the Group and Zhaoxin Energy Investment (Shanghai) Co., Ltd.* (招新能源投資(上海)有限公司) entered into acquisition agreements, pursuant to which, the Group proposed to acquire from Zhaoxin Energy Investment (Shanghai) Co., Ltd. the entire equity interests in two target companies which own two solar power plant projects with an aggregate installed capacity of 40MW at the total consideration of approximately RMB356 million (equivalent to approximately HK\$420 million). The Company intends to fund the Solar Plants Development mainly by external financing.

Subject to completion or progress of the Solar Plants Development, the Group would have expected funding needs of approximately RMB1.03 billion (equivalent to approximately HK\$1.22 billion). It is expected that the construction work of the 100MW Development and its connection to the national grid will be completed in the first quarter of 2016 and the Group is required to pay up to approximately 85% of the EPC contract sum in accordance with the EPC agreement. The Group is expected to pay the balance of the consideration for the 40MW Acquisition when the target projects have achieved on grid-connection, which is expected to take place in the first half year of 2016 based on information as available as at the Latest Practicable Date. The net proceeds of approximately HK\$774,500,000 from the December CB Issue may be used to finance the Solar Plants Development. The Company will consider other external financing to fund the remaining payments under the Solar Plants Development, including further equity or debt financing, loans from financial institutions, issue of notes or entering into finance lease arrangement, subject to the market conditions and the financial position of the Group.

The Group has been consistently pursuing its strategy to identify suitable investment opportunities to acquire solar power plants with good prospects and potential for stable returns, and when opportunities arise, it will continue to acquire additional solar power plants, utilising internal and external financial resources as available during the current growth momentum in China with favourable state policy in support of a merging world's largest solar market. Through well-planned business expansion, the Board believes that the Group will be benefited from optimizing operational efficiency and gaining exposure to an increased resources and opportunities.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Group financed its continued business growth from various sources including proceeds from issue of convertible bonds and credit facilities. For the years ended 31 December 2013 and 2014 and for the six months ended 30 June 2015, the debt level of the Company was approximately RMB1,927,905,000, RMB2,956,880,000 and RMB5,275,427,000, respectively (equivalent to approximately HK\$2,274,928,000, HK\$3,489,118,000 and HK\$6,225,004,000 respectively). The financing costs from Solar Power Plants segment including fair value adjustment to financial instruments amounted to approximately RMB278,958,000, RMB306,767,000 and RMB269,462,000, respectively (equivalent to approximately HK\$329,170,000, HK\$361,985,000, and HK\$317,965,000 respectively). The capital cost incurred for each of the years of 2013 and 2014 and for the six months ended 30 June 2015 was 9.7%, 6.4% and 7.1%, respectively. As of 30 June 2015, the capital commitment for the purchase of property, plant and equipment amounted to approximately RMB2,927,000 (equivalent to approximately HK\$3,454,000).

Taking into account of the existing cash and credit resources of the Group and its recent business development and subject to general economic conditions, interest rates, credit availability from banks or other lenders, the Group has managed to arrange for external financing and has to maintain the ability to raise additional financing, if available, such financing will be obtained on more favourable terms and at reasonable cost to support the growth of its business, particularly for its construction and development of solar power plants acquired or to be acquired or under development by the Group.

In assessing whether the debt level and financing costs of the Company is along the common industry practice, we conducted debt to equity ratio analysis and financing costs ratio analysis respectively. According to the interim report of the Company for the year ended 30 June 2015 (the “Interim Report 2015”), the debt to equity ratio calculated as the sum of bank and other borrowings and convertible bonds of approximately RMB5,275,427,000 (equivalent to approximately HK\$6,225,004,000) divided by total equity of approximately RMB2,236,848,000 (equivalent to HK\$2,639,481,000), amounted to approximately 2.36 times, which was in a leveraged position. Besides, the financing costs ratio of the Company is calculated as financing costs relating to bank and other borrowings and convertible bonds but excluding fair value adjustment to financial instruments of approximately RMB187,405,000 (equivalent to HK\$221,137,000) divided by the debt level of the Company of approximately RMB5,275,427,000 (equivalent to approximately HK\$6,225,004,000), amounted to approximately 3.55%.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Given the Company is an investment holding company and the Group is principally engaged in the development, investment, operation and management of solar power plants, and there is no listed company with solar power generation in the PRC as sole business, we have identified twenty comparable companies, which is a fair and representative sample. To the best of our knowledge, this sample is full and exhaustive and was selected on our best effort and unbiased criteria based on the selection criteria (i) public companies listed in Hong Kong with principal place of operation in the PRC; and (ii) companies that are involved in the power generation business in which they also hold solar power plants and/or have solar power projects pipeline.

Table 1: A summary of comparable companies

Company name	Stock code	Debt to equity ratio (times) (Note 1)	Financing costs ratio (%) (Note 2)
Jun Yang Solar Power Investments Ltd	397	0.02	0.82
Hanergy Thin Film Power Group Ltd	566	0.08	3.59
China Singyes Solar Technologies Holdings Ltd	750	1.00	4.58
Solargiga Energy Holdings Ltd	757	1.85	2.69
GCL-Poly Energy Holdings Ltd	3800	2.20	1.73
China Suntien Green Energy Corp Ltd	956	1.39	2.75
China Datang Corp Renewable Power Co Ltd	1798	2.85	2.93
China Longyuan Power Group Corp Ltd	916	1.63	2.53
Huaneng Power International Inc	902	1.87	2.38
Datang International Power Generation Co Ltd	991	2.87	3.26
Huadian Power International Corp Ltd	1071	2.60	2.86
China Power International Development Ltd	2380	1.29	2.99
GCL New Energy Holdings Ltd.	451	2.63	1.96
Shunfeng International Clean Energy Ltd.	1165	1.54	4.12
China Power New Energy Development Co. Ltd.	735	1.37	2.59
Kong Sun Holdings Ltd.	295	0.23	2.83
Beijing Jingneng Clean Energy Co., Ltd. – H Shares	579	1.65	2.90
Huaneng Renewables Corporation Ltd. – H Shares	958	2.47	3.08
Huadian Fuxin Energy Corporation Ltd.	816	2.70	2.82
Xinyi Solar Holdings Ltd.	968	0.37	1.22
	Maximum	2.87	4.58
	Minimum	0.02	0.82
	Mean	1.63	2.73
United Photovoltaics Group Limited	686	2.36	3.55

Source: www.hkex.com.hk

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Notes:

- (1) Based on (i) the bank and other borrowings and convertible bonds and (ii) the total equity of the respective companies as disclosed in their latest published annual/interim reports.
- (2) Based on (i) the financing costs relating to bank and other borrowings and convertible bonds excluding fair value adjustment to financial instruments; and (ii) the bank and other borrowings and convertible bonds of the respective companies as disclosed in their latest published annual/interim reports.

As illustrated above, the debt to equity ratio of the comparable companies ranged from approximately 0.02 times to approximately 2.87 times, with an average of approximately 1.63 times. The debt to equity ratio of the Company of approximately 2.36 times falls within the range of the comparable companies and is above the average debt to equity ratio of the comparable companies.

The financing costs ratio of the comparable companies ranged from approximately 0.82% to approximately 4.58%, with an average of approximately 2.73%. The financing costs ratio of the Company of approximately 3.55% falls within the range of the comparable companies and is above the average financing costs ratio of the comparable companies.

Taken into account that each of the debt to equity ratio and the financing costs ratio of the Company is above that of the comparable companies, we are of the view that any new issue of Shares under the refreshed General Mandate, and, for the case of issue of convertible securities under the refreshed General Mandate, upon conversion of such convertible securities, shall lower the debt to equity ratio and the financing costs of the Company through any repayment of debts with the proceeds raised therefrom, while bringing financial resources to allow the Group to further expand its business in order to generate additional income to the Group.

In view of a series of proposed acquisitions as discussed above which would require considerable amount of financial resources when such acquisitions materialize, the Refreshment of General Mandate would provide the Group with financial flexibility to raise additional equity capital to make timely commitments for business development and future investment opportunities. Besides, as advised by the management of the Company, the next annual general meeting will not be convened until around May 2016, which is around five months away from the Latest Practicable Date.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As stated in the Letter from the Board, in view of considerable capital requirements in the near future, the Board believes that it is important to maintain financial flexibility for the Group to manage its business expansion and to raise additional equity capital for the business development and future investment opportunities. As at the Latest Practicable Date, the Group had not entered into any binding agreement or arrangement for equity funding raising. The Company currently does not have any immediate specific plans for any new issue of Shares under the refreshed General Mandate or conduct equity financing. However, the Group has been seeking opportunities to secure fund at reasonable costs, if any potential investors offer attractive terms for investment in the Shares subject to the then market conditions, the Directors will consider and may conduct equity fund raising exercise, which include possible further issue of convertible securities, placement of new shares, rights issue or open offer before the next annual general meeting to be held around May 2016 and the Company has been in preliminary discussions for further fund raising. Announcement will be made by the Company in the event any concrete fund raising plan arises as and when appropriate. In light of the funding needs for the Solar Plants Development and the potential acquisitions and/or development of solar power projects when opportunities arise, the Company wishes to maintain flexibility and certain autonomy to respond to the market conditions when attractive terms are available from potential investors and in the conduct of further negotiations with the potential investors in a timely manner. The Directors consider that equity/debt financing (i) is less costly and time-consuming than raising funds by way of rights issue or open offer; and (ii) provides the Company with the capability to capture any fund raising and/or prospective investment opportunity as and when it arises. As further stated in the letter from the Board, with reference to the recent rights issue conducted by a listed company of the same industry, the additional time and cost if the Company were to raise funds by ways of rights issue and open offer are estimated to be approximately 2 to 3 months and in the range of 1.5% to 2% of the gross proceeds respectively. In addition, if the possible acquisition of solar power projects materialises, subject to the amount of consideration and the market conditions, the consideration may be settled by consideration shares. As such, the Board believes that the availability of a General Mandate will reduce the uncertainties that specific mandate may not be obtained in a timely manner. Therefore, we are of the view that the Refreshment of General Mandate would provide the Company with an additional financing alternative in a less costly and relatively flexible way for raising funds for its future business development and/or any investment opportunities to be identified by the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We noted that the utilisation of the refreshed General Mandate will have potential dilution impact on the shareholding of the Shareholders. However, notwithstanding the dilution impact to existing shareholders of equity fundraising activities, given that the additional time and cost required and the uncertainty of identifying underwriter under the recent volatile market condition in respect of rights issue and open offer, we concur with the view of the Directors that the Refreshment of General Mandate will give the Company the flexibility (without restricting its ability to conduct rights issue or open offer) to raise fund at reasonable costs, to meet the funding needs of the Group under the Solar Plants Development and to expand and develop the business of the Group in a timely manner and therefore, is in the interests of the Company and the Shareholders as a whole.

On the basis of a total of 4,751,266,325 Shares in issue as at the Latest Practicable Date and assuming that no Shares would be issued and/or repurchased by the Company between the Latest Practicable Date and the date of the SGM, the Refreshment of General Mandate, if granted, will authorise the Directors to allot and issue up to a maximum of 950,253,265 Shares, representing 20% of the issued share capital of the Company as at the date of the SGM.

Having considered that (i) the General Mandate has been utilised as to approximately 54.63% and the unutilised portion is intended to be reserved for the additional Shares to be issued upon exercise of the conversion rights attached to the convertible bonds under the December CB Issue in the event of adjustments to the initial conversion price under the December CB Issue; (ii) the next annual general meeting will only convene until around May 2016, which is five months away; (iii) the Group has been actively seeking opportunities to expand through acquisitions of solar power plants and companies in the same industry; (iv) the existing debt to equity ratio and financing costs ratio of the Company are both above the average debt to equity ratio and financing costs ratio of the comparable companies; and (v) the Refreshment of General Mandate would provide the Group with financial flexibility to raise additional equity capital to make timely commitments for business development and future investment opportunities and allows prompt response to funding need should such opportunities arise (e.g. to meet the funding needs of the Group under the Solar Plants Development), we are of the view that the Refreshment of General Mandate is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. History of capital raising activities of the Group during the last 12 months

According to the information provided by the Directors, we summarise the equity fund raising activities of the Company during the past 12 months immediately preceding the Latest Practicable Date in the following table:

Table 2: History of capital raising activities of the Group during the last 12 months

Date of announcement	Transaction	Approximate net proceeds	Intended use of proceeds	Actual use of proceeds as at the Latest Practicable Date	Percentage of new Shares issuable upon conversion of the convertible bonds (Notes 2 and 3)
18 December 2014	issue of 380,000,000 Shares	HK\$379 million	general working capital	approximately 85% of the proceeds have been used to repay the EPC payables under the existing solar power business of the Group; approximately 15% of the proceeds have been used in connection with the general administrative expenses of the Group	N/A
23 January 2015	issue of convertible bonds in the principal amount of HK\$524,803,198.80	HK\$522.8 million	general working capital and capital expenditure and the acquisition of the solar power plants with an aggregate installed capacity of 80MW, general working capital for the development, construction, maintenance and operation of solar power plant(s)	approximately 79% of the proceeds have been used to acquire new solar power plants in Xinjiang, the PRC, and approximately 21% of the proceeds have been used as general working capital for these solar power plants in Xinjiang, the PRC	9.69%
4 March 2015	issue of convertible bonds in the principal amount of US\$30,000,000 (equivalent to approximately HK\$232,500,000)	HK\$232 million	general working capital for the development, construction, maintenance and operation of solar power plant(s)	100% of the proceeds have been used in connection with the development, construction, maintenance and operation of the solar power plants in Inner Mongolia, the PRC	4.54%

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Date of announcement	Transaction	Approximate net proceeds	Intended use of proceeds	Actual use of proceeds as at the Latest Practicable Date	Percentage of new Shares issuable upon conversion of the convertible bonds
					(Notes 2 and 3)
20 April 2015	issue of convertible bonds in the principal amount of US\$15,000,000 (equivalent to approximately HK\$116,250,000)	HK\$115.75 million	finance the acquisition of target company(ies) which own the solar power plant(s) with an aggregate installed capacity of approximately 20MW in the PRC	100% of the proceeds have been used in connection with new solar power plants in Xinjiang, the PRC	2.32%
28 May 2015	June CB Issue	HK\$759 million	general working capital for the development, construction, maintenance and operation of solar power plant(s)	approximately 66% of the proceeds have been used in connection with new solar power plants in the PRC under the cooperation agreement (Note 1), approximately 13% of the proceeds have been used in connection with new solar power plants in Xinjiang and Hubei; the remaining 21% of the proceeds are kept by the Group and will be used as general working capital for the development, construction, maintenance and operation of solar power plant(s)	11.05%
18 December 2015	December CB Issue	HK\$774.5 million	general working capital for the acquisition, development, construction, maintenance and operation of solar power plant(s)	will be used as general working capital for the acquisition, development, construction, maintenance and operation of solar power plant(s)	9.29%

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Notes:

1. On 13 May 2015, the Group and Hareon entered into a cooperation agreement, pursuant to which, the Group proposed to acquire from Hareon or its affiliates the entire equity interest of certain target companies which own certain on-grid 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\$10.38 billion). A refundable advance payment of HK\$500 million has been made to Hareon pursuant to the cooperation agreement and Hareon has provided share pledge over the equity interest in certain project companies holding solar power plants with aggregated installed capacity of approximately 80MW as security in favor of the Group. On 15 January 2016, the Company filed an arbitration claim to the China International Economic and Trade Arbitration Commission against Hareon for, among others, the return of the advance payment of HK\$500 million paid under the cooperation agreement and the interest accrued thereon, and damages for breach of contract in the estimated amount of HK\$200 million and is seeking to take out necessary proceedings for preservation of assets and evidence.
2. This shows the potential dilution impact (new Shares to be issued upon full conversion of principal amount of convertible bonds/total issued Shares enlarged by new Shares to be issued by such convertible bonds issued or proposed to be issued). The cumulative potential dilution impact on shareholding of the Company would be approximately 28.83%.
3. This column is for illustrative purposes only. Pursuant to the terms of the relevant convertible bonds, no conversion is allowed if it will result in (a) a change of control (within the meaning of the Hong Kong Code on Takeovers and Mergers) of the Company; or (b) insufficient public float of the Shares as defined in the Listing Rules; or (c) a bondholder exercising the conversion rights together with its close associates becoming the largest Shareholder of the Company.

As advised by the management of the Company, the actual use of the aforesaid financing complied with the intended use of it. Most of the proceeds were used as working capital. The remaining was kept as for future intended use. Save as disclosed above, the Company has not concluded any other fund raising activities in the past twelve months immediately preceding the Latest Practicable Date.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3. Other financing alternatives

According to the Interim Report 2015, the debt to equity ratio of the Company as at 30 June 2015 was in a relatively leveraged position of approximately 2.36 times and financing cost was approximately 3.55%, being both above the industry norm. Besides, the Board of Governors of the Federal Reserve System is considering to increase the United States Federal Funds Rate for four times in 2016, subject to future employment condition and other economic statistics of the United States of America; the borrowing cost of debt financing such as bank borrowing is expected to be in a rising trend and the financing costs to the Company shall be increased if debt financing is adopted by the Company. In view of the above, equity financing such as issuance of new Shares for cash or equity swaps may be an appropriate means to fund potential investments and/or acquisition, and provide additional working capital for the future development and expansion of the Group.

In addition, grant of the Refreshment of General Mandate would allow the Company to raise equity capital within specified number of Shares promptly and when necessary rather than the more costly and time consuming process in the case of alternative pro-rata equity fund raising such as rights issue and open offer when such need for capital may arise in the future. Given the aforementioned reasons, we are of the view that equity financing through the use of the Refreshment of General Mandate is more flexible and time efficient than alternative equity financing methods such as by way of rights issue or open offer.

Given the aforementioned reasons, we consider that the grant of the Refreshment of General Mandate will provide the Company with an additional alternative of equity funding and enhance the financing flexibility of the Company to raise funds if required by way of issuance of new Shares for future business development and expansion and/or pursuing investment opportunities, and we consider that the grant of the Refreshment of General Mandate is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4. Potential dilution effect

Set out below is the shareholding structure of the Company as at the Latest Practicable Date and, for illustrative purpose only, the potential dilution effect on the shareholdings upon full utilisation of the refreshed General Mandate assuming that the number of issued Shares remains unchanged between the Latest Practicable Date and the date of the SGM:

Table 3: potential dilution effect on the shareholdings upon full utilisation of the refreshed General Mandate

	(i) As at the Latest Practicable Date		(ii) Immediately after the allotment and issue of conversion Shares upon full conversion of all outstanding convertibles and options at their respective initial conversion/exercise prices		(iii) Immediately after the allotment and issue of conversion Shares upon full conversion of all outstanding convertibles and options at their respective initial conversion/exercise prices and upon full utilisation of the refreshed General Mandate	
	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %
China Merchants New Energy Group Limited (“CMNEG”) and parties acting in concert with it						
CMNEG (Note 1)	579,944,250	12.21	1,019,980,250	11.51	1,019,980,250	10.40
Snow Hill Developments Limited (“Snow Hill”) (Note 2)	103,111,436	2.17	103,111,436	1.16	103,111,436	1.05
Magicgrand Group Limited (“Magicgrand”) (Note 3)	141,230,827	2.97	141,230,827	1.59	141,230,827	1.44
Pairing Venture Limited (Note 4)	18,173,487	0.38	18,173,487	0.21	18,173,487	0.19
New Energy Exchange Limited (“NEX”) (Note 5)	262,553,621	5.53	342,501,621	3.87	342,501,621	3.49
Sino Arena Investments Limited	36,633,860	0.77	76,653,860	0.87	76,653,860	0.78
Sub-total:	1,141,647,481	24.03	1,701,651,481	19.21	1,701,651,481	17.35
Other associates of China Merchants Group Limited (“China Merchants”)						
China Merchants Fund Management Limited	-	-	509,517,668	5.75	509,517,668	5.19
Shenzhen China Merchants Yinke Investment Management Limited	-	-	555,854,810	6.27	555,854,810	5.67
Sub-total:	-	-	1,065,372,478	12.02	1,065,372,478	10.86
Directors	8,474,200	0.18	32,474,200	0.37	32,474,200	0.33
Holders of Shares to be issued under the refreshed General Mandate	-	-	-	-	950,253,265	9.69
Other Shareholders (Note 6)	3,601,144,644	75.79	6,058,982,571	68.40	6,058,982,571	61.77
Total:	4,751,266,325	100	8,858,480,730	100	9,808,733,995	100

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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 indirectly and wholly owned by China Merchants.
3. Magicgrand is directly and indirectly wholly owned by Mr. Li, Alan, an executive director and chief executive officer of the Company.
4. Pairing Venture Limited is directly and 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.

RECOMMENDATIONS

Having taken into account the principal factors and reasons referred to the above, we are of the opinion that the Refreshment of General Mandate is fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. We therefore advise the Independent Shareholders and recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolutions approving the Refreshment of General Mandate at the SGM. Independent Shareholders are however advised to take note of the possible dilution effect on their shareholding interests in the Company when and if the Refreshment of General Mandate is utilised.

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

Mr. Tang Wenyong*Non-executive Director*

Mr. Tang, aged 51, is a director of China Merchants New Energy Group Limited which is a substantial shareholder of the Company and is a senior managing director of China Merchants Capital Management Co., Ltd.* (招商局資本管理有限責任公司). He served as an officer of the development and research department of China Merchants Shekou Industrial Zone Co., Ltd.* (招商局蛇口工業區有限公司) and the general manager of China Merchants Investment and Consultancy Management Co., Ltd.* (招商局投資顧問管理有限公司). Mr. Tang also serves as a director of Jiangxi Selon Industrial Co., Ltd.* (江西世龍實業股份有限公司), the shares of which are listed on the small and medium enterprise board of the Shenzhen Stock Exchange, and chairman of the supervisory board of Shenzhen Jasic Technology Co., Ltd.* (深圳市佳士科技股份有限公司), the shares of which are listed on the growth enterprise market of the Shenzhen Stock Exchange. Mr. Tang has been long engaged in equity investment, and accumulated extensive experience in project investment and management. Mr. Tang graduated from Peking University with a Bachelor's degree in Economic Geography.

Pursuant to the service contract entered into between the Company and Mr. Tang, Mr. Tang's appointment as non-executive Director for the Company shall be for an initial term of one year commencing from his appointment date (i.e. 24 December 2015), which can be terminated by one-month notice in writing served by either party on another, and his term of appointment is renewable for successive terms of one year commencing from the day immediately after expiry of the then current term. Mr. Tang's directorship with the Company is subject to re-election at the following general meeting of the Company (i.e. the SGM) and thereafter, retirement by rotation and re-election at least once every three years at the annual general meeting in accordance with the bye-laws of the Company and other related provisions as stipulated in the bye-laws of the Company and the Listing Rules. Mr. Tang is entitled to a director's fee of HK\$200,000 per annum, as recommended by the remuneration committee of the Company and determined by the Board with reference to his role and responsibilities with the Company and the prevailing market conditions. Mr. Tang may be entitled to discretionary bonus to be determined by the Board and participate in the share option scheme of the Company.

As at the Latest Practicable Date, Mr. Tang does not have any interests in the Shares within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong). Mr. Tang does not hold any other position with the Company or its subsidiaries. Save as disclosed, Mr. Tang confirmed that he has not held any other directorship in any other listed public companies in the last three years and does not have any relationship with any other directors, senior management, substantial or controlling shareholders (as respectively defined in the Listing Rules) of the Company. Save as disclosed above, there is no other information which is discloseable pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules, nor any other matter in relation to the appointment of Mr. Tang that need to be brought to the attention of the Shareholders.

NOTICE OF SPECIAL GENERAL MEETING



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 Tuesday, 16 February 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) subject to paragraph (c) below, the exercise by the directors of the Company (the “**Directors**”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the share capital of the Company and to make or grant offers, agreements and options which might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of shares capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined) or (ii) the exercise of the subscription rights under the share option scheme of the Company or (iii) an issue of shares as scrip dividends pursuant to the Bye-Laws of the Company from time to time; or (iv) any issue of shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into shares, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this resolution, plus the aggregate nominal value of the share capital of the Company repurchased by the Company (up to a maximum number

NOTICE OF SPECIAL GENERAL MEETING

equivalent to 10% of the aggregate nominal amount of the share capital of the Company in issue, as authorised by a separate resolution of the shareholders of the Company in the annual general meeting of the Company held on 27 May 2015), and the said approval shall be limited accordingly; and

(d) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-Laws of the Company or any applicable laws of Bermuda to be held; or
- (iii) the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in a general meeting of the Company.

“Rights Issue” means an offer of shares or an offer of warrants, options or other securities giving right to subscribe for shares, open for a period fixed by the Directors to holders of shares on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong applicable to the Company).”

2. **“THAT** Mr. Tang Wenyong be and is hereby re-elected as a non-executive Director of the Company.”

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

Hong Kong, 25 January 2016

NOTICE OF SPECIAL GENERAL MEETING

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 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 at A18/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, 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 in person 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 in person 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 the 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:

Executive Directors:

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

Independent non-executive Directors:

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

Non-executive Directors:

Academician Yao Jiannian
Mr. Tang Wenyong