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UNITED PHOTOVOLTAICS GROUP LIMITED

聯合光伏集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 686)

POSITIVE PROFIT ALERT

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and Part XIVA of the SFO.

The Board wishes to inform the Shareholders and potential investors that, based on a preliminary review on the management accounts of the Group, the Group is expected to record a profit after income tax of not less than HK\$360 million for the six months ended 30 June 2014 as compared to the loss for the corresponding period in 2013. The remarkable improvement in the Group's results was mainly attributable to the increase in the generation of electricity and the gains from revaluation of certain financial instruments which are non-cash in nature.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by United Photovoltaics Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the “**SFO**”).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on a preliminary review on the management accounts of the Group, the Group is expected to record a profit after income tax of not less than HK\$360 million for the six months ended 30 June 2014 (the “**Period**”) as compared to the restated loss for the corresponding period in 2013 of approximately HK\$1,012 million. The remarkable improvement in the Group’s results was mainly attributable to the increase in the generation of electricity and the gains from revaluation of certain financial instruments which are non-cash in nature.

With the steady development of the solar power generation business, the Group has further acquired 6 well-built and grid-connected solar power plants during the Period. The revenue from the sales of electricity (including tariff adjustment) for the Period is expected to be increased to approximately HK\$161 million as compared to the corresponding period in 2013 of approximately HK\$177,000. Notwithstanding the gross loss from the Group’s solar cells segment as a result of the drop in demand, it is expected that the Group could record an overall gross profit for the Period of approximately HK\$50 million due to the contribution of solar power generation business as compared to the gross loss in corresponding period in 2013 of approximately HK\$17,409,000.

The Group has internally performed valuation exercises on its derivative financial instruments as at 30 June 2014. Based on the preliminary assessment, it is estimated that there would be fair value gains on (i) contingent consideration payables in respect of the Series B convertible notes of approximately HK\$441 million; (ii) financial liability at fair value through profit or loss in respect of the put option of approximately HK\$93 million; and (iii) derivative element of USD120 million convertible notes of approximately HK\$226 million respectively.

The Group has also considered that the carrying amount of property, plant and equipment for manufacturing solar cells may not be recoverable and therefore has recognized an impairment charge on property, plant and equipment during the Period of approximately HK\$236 million as a result of the deterioration in operating results of the solar cells segment.

The restated impairment charge on goodwill of approximately HK\$1,205 million and the restated fair value gain on previously held interest in China Solar Power Group Limited (“**CSPG**”) of approximately HK\$198 million recognized in 2013 interim report were one-off in nature as a result of the acquisition of CSPG in 2013. They are no longer applicable for the Period.

The information contained in this announcement is only a preliminary review based on the management accounts of the Group and has not been audited or reviewed by the Company’s auditor. The Company is still in the course of finalizing the interim results, including the valuations in relation to those business combinations occurred during the Period. The interim results announcement of the Group for the six months ended 30 June 2014 is expected to be published in August 2014.

Shareholders and potential investors are advised to exercise caution in dealing in the shares of the Company.

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

Hong Kong, 23 July 2014

As at the date of this announcement, the executive directors of the Company are Mr. Li, Alan (Chairman and Chief Executive Officer) and Mr. Lu Zhenwei; the non-executive directors of the Company are Academician Yao Jiannian, Mr. Yang Baiqian and Ms. Qiu Ping, Maggie; 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.