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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)

MEMORANDUM OF UNDERSTANDING IN RESPECT OF A PROPOSED DISPOSAL

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

MEMORANDUM OF UNDERSTANDING

The Board announces that on 11 June 2014 (after trading hours), the Company, as the intended vendor, entered into the non-legally binding MOU with the Intended Purchaser pursuant to which the Company intends to sell and the Intended Purchaser intends to acquire 70% of the issued share capital of the Target Company. No payment is required to be made upon the signing of the MOU. If the Proposed Transaction materialises, it may constitute a very substantial disposal for the Company under the Listing Rules.

The Company wishes to emphasise that the Proposed Transaction is subject to, among other things, the signing of the Formal Agreement, the terms and conditions of which are yet to be agreed. Shareholders and potential investors of the Company should note that the Proposed Transaction may or may not materialise and the final structure and terms of the Proposed Transaction, which are still subject to further negotiations between the Parties, have yet to be finalised and may deviate from those set out in the MOU. The Company shall comply with the relevant disclosure and/or its shareholders' approval requirements under the Listing Rules where appropriate. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares and other securities of the Company.

This announcement is made by United Photovoltaics Group Limited (the “**Company**”) 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 (the “**Board**”) of directors (the “**Directors**”) of the Company announces that, on 11 June 2014 (after trading hours), the Company, as the intended vendor, entered into the non-legally binding memorandum of understanding (the “**MOU**”) with Power Solar Investments Limited (the “**Intended Purchaser**”) pursuant to which the Company intends to sell and the Intended Purchaser (or its nominee, the identity of which shall be acceptable to the Company) intends to acquire 70% of the issued share capital of Fortune Arena Limited (the “**Target Company**”, together with its subsidiaries, namely Jolly Wood Limited, City Mark Holdings Limited, Goldpoly International Limited, Goldpoly New Energy Technology Company Limited, Goldpoly (Hong Kong) Machine & Instrument Company Limited, Goldpoly (Quanzhou) Science & Technology Industry Company Limited* (金保利(泉州)科技實業有限公司), Goldpoly (Quanzhou) Packing Science & Technology Co., Ltd.* (金保利(泉州)包裝科技有限公司), and Goldpoly (Quanzhou) Electronics Technology Company Limited* (金保利(泉州)電子科技有限公司), and a 5% associate, GCL Goldpoly (Quanzhou) Photovoltaics Technology Company Limited* (協鑫金保利(泉州)光伏科技有限公司), collectively the “**Target Group**” and each a “**member of the Target Group**”) (the “**Proposed Transaction**”). No payment is required to be made upon the signing of the MOU.

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, the Intended Purchaser and its ultimate beneficial owner, and his family and beneficiaries, are third parties independent of the Company and its connected persons (as defined in the Listing Rules). None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Transaction. In the event that the Proposed Transaction proceeds, the Company will comply with the relevant disclosure requirements of the Listing Rules as and when appropriate.

MEMORANDUM OF UNDERSTANDING

The non-legally binding MOU contains, *inter alia*, the following major terms:

Date: 11 June 2014

Parties: (a) the Company, being the intended vendor
(b) Power Solar Investments Limited, being the Intended Purchaser
(the “**Parties**”, and individually the “**Party**”)

Assets to be disposed

Under the MOU, it is proposed that the Company will dispose of the 70% of the issued share capital of the Target Company (the “**Sale Shares**”) for a total consideration of not less than HK\$210,000,000.00. The Target Company is a company incorporated under the laws of the British Virgin Islands. The Target Group is engaged in the manufacturing and sale of solar cells.

Consideration

The consideration for the Sale Shares (the “**Consideration**”) shall be no less than HK\$210,000,000, subject to final determination by the Parties.

The Consideration shall be settled in cash.

Formal agreement

The Proposed Transaction is subject to the negotiation, finalisation and signing of formal definitive agreement(s) (the “**Formal Agreement**”) in connection with the Proposed Transaction on or before the expiration of the Exclusivity Period (as defined below).

Conditions precedent

As the Sale Shares and the shares of some of the members of the Target Group are part of the securities for the Bonds (as defined below), the entering into of the Formal Agreement is subject to the consent of the holders of the US\$120,000,000 5.00 per cent. secured guaranteed convertible bonds due 2016 (the “**Bonds**”) which was disclosed in the announcements of the Company dated 29 September 2013 and 16 October 2013.

Completion of the Proposed Transaction (the “**Completion**”) shall be conditional upon the fulfillment (or otherwise waived by both Parties in writing, to the extent such conditions precedent may be waived as provided in the Formal Agreement) of certain conditions precedent, including, among others:

- (a) the discharge of the mortgage over the shares of each member of the Target Group by the existing mortgagee, The Bank of New York Mellon, acting through its London Branch on or before the Completion;
- (b) the passing by the requisite majority of shareholders of Company in a general meeting of all resolutions required under the Listing Rules of the transactions contemplated under the Formal Agreement;
- (c) all license, permit, consent, authorisation, permission, clearance, warrant, confirmation, certificate or approval of any competent governmental, administrative, supervisory, regulatory, judicial, determinative, disciplinary, enforcement or tax raising body, authority, agency, board, department, court or tribunal of any jurisdiction (including any relevant securities exchange) and whether supranational, national, regional or local or any other person which are required for the Proposed Transaction having been obtained or made;

- (d) all the representations and warranties contained in the Formal Agreement remain true, accurate and not misleading in all material respects when made, and being true, accurate and not misleading on and as of the date of the Completion; and
- (e) any other conditions precedent necessary to effect the Completion (which are subject to negotiations and agreement between the Parties, and included in the Formal Agreement) and are normal for transactions of this type.

Exclusivity

Each Party undertakes to the other Party not to enter into discussions, negotiations, agreement (verbal or written) or understanding with any other party in relation to the Proposed Transaction within six months from the date of the MOU (the “**Exclusivity Period**”), provided that both Parties may by mutual written agreement extend the Exclusivity Period.

Termination

The MOU shall terminate on the earlier of: (a) execution of the Formal Agreement by the Parties; or (b) failure by the Parties to finalise the Formal Agreement by the expiration of the Exclusivity Period. The MOU shall have no further effect upon termination and each Party shall not claim the other for any damages, costs or expenses as a result of such termination.

REASONS FOR THE PROPOSED TRANSACTION

The Company and its subsidiaries are principally engaged in the development, investment, operation and management of solar power plants.

The Target Company is a limited liability company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company. The scope of business of the Target Group is manufacturing and sale of solar cells.

The Directors consider that the Proposed Transaction, if materialises, could enable the Group to focus its internal resources on developing its main business of investing and operating photovoltaic power plants. The Directors are of the view that the entering into of the MOU and proceeding with the Proposed Transaction are in the interests of the Company and shareholders of the Company as a whole.

GENERAL

The MOU does not constitute the Parties’ legally binding commitments as to the Proposed Transaction. If the Proposed Transaction materialises, it may constitute a very substantial disposal for the Company under the Listing Rules. Further announcement(s) will be made by the Company once the Formal Agreement is entered into.

The Company wishes to emphasise that the Proposed Transaction is subject to, among other things, the signing of the Formal Agreement, the terms and conditions of which are yet to be agreed. Shareholders and potential investors of the Company should note that the Proposed Transaction may or may not materialise and the final structure and terms of the Proposed Transaction, which are still subject to further negotiations between the Parties, have yet to be finalised and may deviate from those set out in the MOU. The Company shall comply with the relevant disclosure and/or its shareholders' approval requirements under the Listing Rules where appropriate. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares and other securities of the Company.

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

Hong Kong, 11 June 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, Ms. Qiu Ping, Maggie and Mr. Wu Zhenmian; and the independent non-executive directors of the Company are Mr. Kwan Kai Cheong, Mr. Ching Kwok Ho, Samuel, Mr. Yen Yuen Ho, Tony, Mr. Shi Dinghuan and Mr. Ma Kwong Wing.

* *For identification purposes only*