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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)

DISCLOSEABLE TRANSACTION
FINANCE LEASE ARRANGEMENT

FINANCE LEASE ARRANGEMENT

On 5 June 2015, the Lessee and the Lessor entered into the Finance Lease Agreement, pursuant to which and subject to the terms and conditions therein, (i) the Lessor will purchase the Leased Assets from the Lessee at a consideration of RMB300,000,000 (equivalent to approximately HK$378,000,000); and (ii) the Lessor will lease the Leased Assets back to the Lessee for a period of 10 years at an aggregate lease consideration of RMB395,321,992 (equivalent to approximately HK$498,105,710).

On the same day, the Lessor and Lessee also entered into an agreement, pursuant to which, the Lessee agreed to pay the Lessor a total consultancy fee of RMB48,000,000 (equivalent to approximately HK$60,480,000) in 10 instalments during the Lease Period in respect of the consultancy services provided or to be provided in connection with the Finance Lease Arrangement.

LISTING RULES IMPLICATIONS

As more than one of the applicable percentage ratios under the Finance Lease Arrangement are more than 5% but less than 25%, the Finance Lease Arrangement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The board of directors (the "**Directors**") (the "**Board**") of United Photovoltaics Group Limited (the "**Company**", together with its subsidiaries, the "**Group**") announces that Guodian Tuoketuo County Solar Power Company Limited*(國電托克托縣光伏發電有限公司)(the "**Lessee**"), an indirect non-wholly owned subsidiary of the Company, and China Kang Fu International Financial Leasing Company Limited*(中國康富國際租賃有限公司)(the "**Lessor**") entered into a finance lease agreement (the "**Finance Lease Agreement**") on 5 June 2015, pursuant to which and subject to the terms and conditions therein, (i) the Lessor will purchase certain equipment and assets for the operation of solar power plant owned by the Lessee (the "**Leased Assets**"); and (ii) the Lessor will lease the Leased Assets back to the Lessee upon payment of the Purchase Price (as defined below) payable by the Lessor for a period of 10 years, which is expected to commence from 9 June 2015. The finance lease arrangement is based on the Finance Lease Agreement, the security documents and service agreement as set out below (the "**Finance Lease Arrangement**").

FINANCE LEASE AGREEMENT

Date: 5 June 2015

Parties

1. China Kang Fu International Financial Leasing Company Limited*(中國康富國際租賃有限公司); and

2. Guodian Tuoketuo County Solar Power Company Limited*(國電托克托縣光伏發電有限公司), which is indirectly owned as to 89.78% of its equity interest by the Company.

The Directors confirm that to the best of their knowledge, information and belief, having made all reasonable enquiries, the Lessor and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**")).

Finance Lease

Pursuant to the Finance Lease Agreement, (i) the Lessor will purchase the Leased Assets owned by the Lessee free from any title defects and encumbrances for an aggregate consideration of RMB300,000,000 (equivalent to approximately HK$378,000,000) (the "**Purchase Price**"); and (ii) the Lessor will lease the Leased Assets back to the Lessee upon payment of the Purchase Price payable by the Lessor for a period of 10 years, which is expected to commence from 9 June 2015 (the "**Lease Period**"), for an aggregate lease consideration of approximately RMB395,321,992 (equivalent to approximately HK$498,105,710) (the "**Lease Consideration**"), which includes the principal amount, namely the Purchase Price, and interest payment, to be paid in 40 quarterly instalments in cash. The Lessee shall pay the Lessor a guarantee payment in the amount of RMB30,000,000 (equivalent to approximately HK$37,800,000) (the "**Guarantee Payment**") within five days upon the entering into of the Finance Lease Agreement for contractual performance of the

Finance Lease Agreement. The Guarantee Payment (after deduction, if any) shall be applied for the settlement of all or part of the last instalment of the Lease Consideration and other payables under the Finance Lease Agreement, and the remaining balance (if any) shall be returned to the Lessee without any interest.

Interest rate

The interest rate under the Finance Lease Agreement is calculated on the basis of 6.215% per annum, being 0.565% above the benchmark lending rate of the same term given by the People's Bank of China ("**PBOC**") for Renminbi loans and adjusted in line with the corresponding benchmark lending rate of the same term given by PBOC for Renminbi loans. Corresponding adjustment will be made to the interest rate under the Finance Lease Agreement on the first day of the year following the year in which the adjustment of the benchmark lending rate is made by PBOC.

The terms of the Finance Lease Agreement, including the Lease Consideration and interest rate, were determined after arm's length negotiation between the parties with reference to, among other things, the value of the Leased Assets, Lessor's purchase cost of the Leased Asset, the interest rate and the prevailing market practice.

Ownership of the Leased Assets during the Lease Period

The Leased Assets comprise certain equipment and assets that are being used for the operation of a solar power plant with an installed capacity of 40MW owned by the Lessee located in Tuoketuo county, Inner Mongolia, China. As at date of the Finance Lease Agreement, the book value of the Leased Assets was RMB310,210,089 (equivalent to approximately HK$390,864,712). The Finance Lease Arrangement will be treated as a long-term secured loan facility in accordance with the Hong Kong Financial Reporting Standard.

Upon payment of the Purchase Price by the Lessor to the Lessee, the legal ownership of the Leased Assets will be transferred to the Lessor despite the possession of and registration of the Leased Assets remain under the name of the Lessee during the Lease Period.

At the end of the Lease Period and subject to fulfillment of all of its obligations under the Finance Lease Agreement, the Lessee will be entitled to purchase the Leased Assets on an "as-is" basis at a nominal consideration of RMB10,000.

The Lessee is also entitled to buy back the Leased Assets at any time before the expiration of the Lease Period by giving three month's written notice and paying a sum comprising all the outstanding unpaid Lease Consideration and other payables.

Security

The obligations of the Lessee under the Finance Lease Agreement will be secured by the following:

(1) pledge of the 89.78% equity interest in the Lessee;

(2) pledge of all the rights of the Lessee to receive feed-in tariff payments in respect of the solar power plant owned by it; and

(3) pledge of the fixed assets of the solar power plant owned by the Lessee.

Consultancy Fee

On the same day, the Lessor and Lessee also entered into an agreement, pursuant to which, the Lessee agreed to pay the Lessor a total consultancy fee of RMB48,000,000 (equivalent to approximately HK$60,480,000) in 10 instalments during the Lease Period in respect of the consultancy services provided or to be provided in connection with the Finance Lease Arrangement. The consultancy fee shall be payable by the Lessee on a yearly basis in cash and in 10 equal instalments and the first instalment shall be paid within five working days upon the entering into of the agreement. In the event that the Lessor fails to settle the Purchase Price under the Finance Lease Agreement, it shall unconditionally refund to the Lessee all of the consultancy fees received.

REASONS FOR THE FINANCE LEASE ARRANGEMENT

The Company is an investment holding company and the Group is principally engaged in the development, investment, operation and management of the solar power plants. The Finance Lease Arrangement has been agreed under normal commercial terms and after arm's length negotiations between the parties and provides the Company with more liquidity by utilising its investment in the solar power plant project owned by the Lessee. This helps the Group to make better allocation of resources.

The Directors consider that the terms and condition of the Finance Lease Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION ON THE LESSEE

The Lessee is a company established in China and an indirect non-wholly owned subsidiary of the Company. The Lessee is owned as to 89.78% by the Group, and as to 10.22% by Guodian Inner Mongolia New Energy Investment Limited*(國電蒙電新能源投資有限公司). It is principally engaged in investment, construction, operation, maintenance and management of solar power plants. Currently, it operates one solar power plant with an aggregate installed capacity of approximately 40MW located in Tuoketuo County, Inner Mongolia, China. The Finance Lease Arrangement has been approved by the shareholders of the Lessee.

INFORMATION ON THE LESSOR

The Lessor is a company established in China and is principally engaged in finance leasing in the area of machinery and equipment, transportation and real estates.

LISTING RULES IMPLICATIONS

As more than one of the applicable percentage ratios under the Finance Lease Arrangement are more than 5% but less than 25%, the Finance Lease Arrangement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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

Hong Kong, 5 June 2015

In this announcement, the conversion of RMB into Hong Kong dollars has been made at a rate of RMB1 to HK$1.26. Such conversion are for reference only and should not be construed as representations that the RMB amount could be converted into Hong Kong dollars at that or any other rate.

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.

* *For identification purposes only*