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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 AGREEMENT**

On 23 February 2016, the Lessee, a wholly-owned subsidiary of the Company and the Lessor entered into the Finance Lease Agreement for a finance lease arrangement, whereby (i) the Lessor will purchase the Leased Assets from the Lessee at a consideration of RMB467,000,000; and (ii) the Lessor will lease the Leased Assets back to the Lessee for a period of two years at an estimated total lease consideration of RMB485,956,698, payable in quarterly instalments in cash, subject to the terms and conditions therein. The Lessee has the right to acquire the Leased Assets from the Lessor at a nominal consideration at the end of the Lease Period or, upon exercise of its early repayment right, at an amount equals to the lease consideration as provided.

#### **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios under the Finance Lease Agreement is more than 5% but less than 25%, the finance lease transaction 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**”) of United Photovoltaics Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) announces that, on 23 February 2016, Datong United Photovoltaics New Energy Co. Ltd.\* (大同聯合光伏新能源有限公司) (the “**Lessee**”), a wholly-owned subsidiary of the Company, and JIC Leasing Co. Ltd.\* (中建投租賃有限責任公司) (the “**Lessor**”) entered into a finance lease agreement (as supplemented by a first supplemental agreement) (the “**Finance Lease Agreement**”) in respect of the Leased Assets (as defined below) for a period of two years upon commencement of the Lease Period (as defined below).

## FINANCE LEASE AGREEMENT

**Date:** 23 February 2016

### Parties

1. JIC Leasing Co. Ltd.\* (中建投租賃有限責任公司) as the Lessor
2. Datong United Photovoltaics New Energy Co. Ltd.\* (大同聯合光伏新能源有限公司), a wholly-owned subsidiary of the Company, as the Lessee

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**”).

### Leased Assets under the finance lease

The assets subject to the finance lease will be certain equipment and assets to be used for the operation of a solar power plant with an installed capacity of 100MW (the “**Leased Assets**”) located in the Datong Demonstration Base in Shanxi Province, China, which is now under development and construction by the Lessee. As at date of the Finance Lease Agreement, the book value of the Leased Assets was estimated to be approximately RMB468,951,000.

### Principal terms of the 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 a total consideration of RMB467,000,000 (the “**Purchase Price**”) representing the principal amount of the finance lease; and (ii) the Lessor will lease the Leased Assets back to the Lessee for a period of two years, subject to the early repayment right of the Lessee (the “**Lease Period**”). It is estimated that the total lease consideration will be RMB485,956,698 (the “**Lease Consideration**”), which represents the principal amount and interest payment for the full Lease Period. Pursuant to the Finance Lease Agreement, the Lease Consideration will be payable in quarterly instalments in cash. No instalment payment is payable in the first nine months of the Lease Period. The Lessee shall pay the Lessor a handling fee in the amount of RMB25,685,000 on or before the commencement of the Lease Period.

The obligations of the Lessee under the Finance Lease Agreement will be secured by (a) a pledge of the 100% equity interest in the Lessee; (b) a pledge of account receivables by the Lessee; and (c) a corporate guarantee from the Company (the “**Security**”).

The interest payment under the Finance Lease Agreement is calculated at a floating rate, which will be adjusted with reference to the benchmark lending rate promulgated by the People's Bank of China for Renminbi loans with compactible maturity period plus a premium.

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

### **Commencement of the Lease Period**

The Lease Period shall commence upon full payment of the Purchase Price by the Lessor, which will take place within five working days after the fulfilment of certain conditions, including:

- (a) the Lessor having received the handling fee from the Lessee;
- (b) the Lessor having received a confirmation of the transfer of ownership of the Leased Assets;
- (c) the agreements in respect of the Security having been delivered in favour of the Lessor and the applicable registration requirements having been complied with; and
- (d) the sole shareholder of Lessee having executed an undertaking not to withdraw its equity investment in the Lessee during the Lease Period.

### **Ownership of the Leased Assets during the Lease Period**

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 while the possession of the Leased Assets remains under the name of the Lessee during the Lease Period.

The Lessee has the right to acquire the Leased Assets from the Lessor at a nominal consideration of RMB100 at the end of the Lease Period. The Lessee is also entitled to buy back the Leased Assets after three months from the commencement date of the Lease Period by giving thirty days' written notice and payment of the principal amount and all interests due and payable.

### **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 solar power plants. The Finance Lease Agreement and the transactions contemplated thereunder have been agreed under normal commercial terms and after arm's length negotiations between the parties and provides the Company with more financial resources for the development of the solar power plant project and this helps the Group make better allocation of resources. It was noted that the arrangement under the Finance Lease Agreement will be treated as a long-term secured loan facility in accordance with the Hong Kong Financial Reporting Standards.

The Directors consider that the terms and conditions 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 wholly-owned subsidiary of the Company incorporated in China. It is principally engaged in investment, construction, operation, maintenance and management of solar power plants. Currently, it is engaged in the Datong Top Runner Project involving development of a concentrated solar power plant project with an installed capacity of 100MW located in the Datong Demonstration Base in Shanxi Province, China.

### **INFORMATION ON THE LESSOR**

The Lessor is a finance leasing company that is principally engaged in the finance leasing business in information technology; high-end equipment manufacturing; healthcare, environmental protection and new energy; and other fields. According to the information provided by the Lessor, being a leading independent finance leasing firm in China, the Lessor has relatively strong competitiveness in the market.

### **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios under the Finance Lease Agreement is more than 5% but less than 25%, the finance lease transaction 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, 23 February 2016

*As at the date of this announcement, the executive directors of the Company are Mr. Li, Alan (Chairman and Chief Executive Officer), Mr. Lu Zhenwei, Mr. Li Hong and Ms. Qiu Ping, Maggie; the non-executive directors of the Company are Academician Yao Jiannian and Mr. Tang Wenyong; and the independent non-executive directors of the Company are Mr. Kwan Kai Cheong, Mr. Yen Yuen Ho, Tony, Mr. Shi Dinghuan and Mr. Ma Kwong Wing.*

\* *For identification purposes only*