*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

# UNITED PHOTOVOLTAICS GROUP LIMITED

# 聯 合 光 伏 集 團 有 限 公 司

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 686)**

## ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

The board of directors (the "Board" or the "Directors") of United Photovoltaics Group Limited (the "Company") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2016, together with the comparative figures for the corresponding period in 2015. The condensed consolidated interim financial information was prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

## RESULTS HIGHLIGHT

| | **Unaudited For the six months ended 30 June** | | |
|---|---|---|---|
| | **2016** | 2015 | |
| | ***RMB' million*** | *RMB' million* | *% change* |
| Revenue (including tariff adjustment) | **452** | 283 | 60 |
| EBITDA | **376** | 212 | 77 |
| Profit for the period | **258** | 254 | 1 |
| Basic EPS (RMB cents) | **5.22** | 5.60 | (7) |

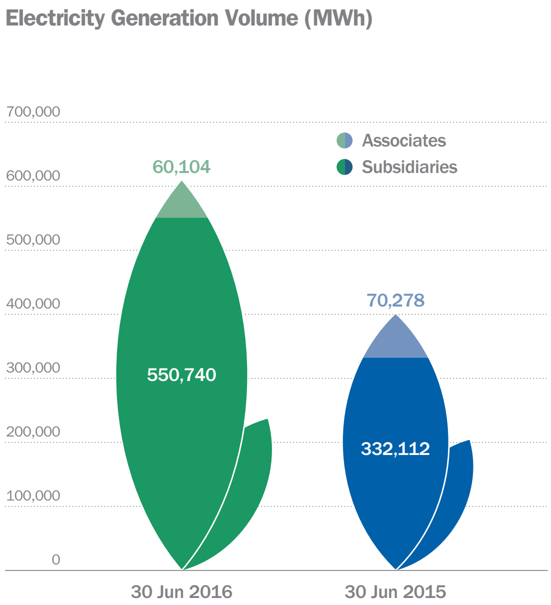
## MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

### Electricity generation

During the six months ended 30 June 2016 (the "Period"), the Group continued to focus its resources on the expansion of solar power plants business.

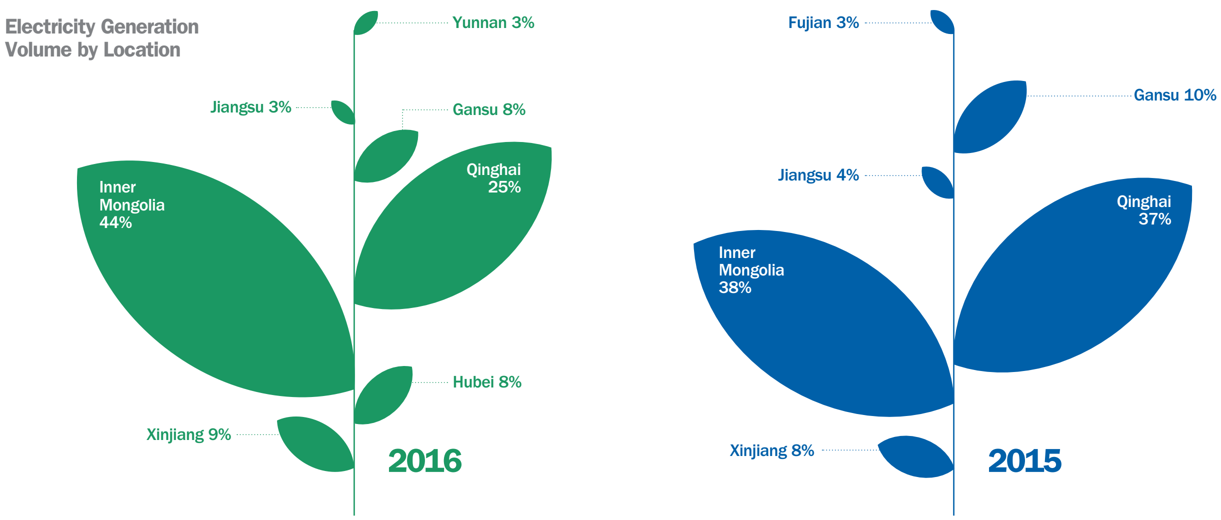
As at 30 June 2016, there were 26 solar power plants beneficially owned by the Group and its associates (30 June 2015: 21). The aggregate installed capacity of these solar power plants has increased to 996MW, by 56.4% as compared to the corresponding period in 2015. All of these plants have achieved on-grid connection and have been generating electricity steadily. The details of the electricity generation of such solar power plants are set out as below. For accounting purpose, the volume of electricity generated by the solar power plants newly acquired during the Period was recorded only starting from their respective completion dates of acquisition.




| | For the six months ended 30 June | | | | | |
|---|---|---|---|---|---|---|
| | **2016** | | | 2015 | | |
| **Location** | **Number of solar power plant** | **Aggregate installed capacity (MW)** | **Electricity generation (MWh)** | Number of solar power plant | Aggregate installed capacity (MW) | Electricity generation (MWh) |
| **Subsidiaries:** | | | | | | |
| Inner Mongolia, PRC | **6** | **270** | **222,810** | 3 | 130 | 107,168 |
| Qinghai, PRC | **4** | **200** | **154,473** | 4 | 200 | 150,054 |
| Xinjiang, PRC | **6** | **120** | **58,009** | 5 | 100 | 33,484 |
| Gansu, PRC | **1** | **100** | **47,108** | 1 | 100 | 39,587 |
| Hubei, PRC | **1** | **100** | **48,574** | – | – | – |
| Shanxi, PRC | **1** | **100** | **2,640** | – | – | – |
| Yunnan, PRC | **1** | **19.8** | **15,928** | – | – | – |
| Guangdong, PRC | **2** | **2.4** | **1,198** | 2 | 2.4 | 1,819 |
| Sub-total | **22** | **912.2** | **550,740** | 15 | 532.4 | 332,112 |
| **Associates:** | | | | | | |
| Inner Mongolia, PRC | **2** | **60** | **44,220** | 2 | 60 | 45,060 |
| Jiangsu, PRC | **2** | **23.8** | **15,884** | 2 | 23.8 | 14,893 |
| Fujian, PRC | **–** | **–** | **–** | 2 | 20.8 | 10,325 |
| Sub-total | **4** | **83.8** | **60,104** | 6 | 104.6 | 70,278 |
| Total | **26** | **996** | **610,844** | 21 | 637 | 402,390 |

In terms of installed capacity, the large-scaled solar power plants owned by the Group and its associates are located in Inner Mongolia, Qinghai, Xinjiang, Gansu, Hubei and Shanxi, which together account for 95.4% of the total installed capacity. The other plants located in Jiangsu, Yunnan and Guangdong are mainly distributed roof-top power plants or combined with eco-agricultural infrastructure.


In respect of electricity generation volume, the solar power plants located in Inner Mongolia and Qinghai contributed approximately 43.7% and 25.3% of the total electricity generation for the Period respectively. The increase in electricity volume generated in Inner Mongolia was mainly due to the acquisition of 140MW solar power plants, completed in the second half of 2015. The electricity generation in Gansu has increased by 19% as compared to the corresponding period of 2015 due to power market transactions and the laying of additional electricity transmission lines. The Group actively carried out power market transactions primarily including inter-provincial solar power transmission, so as to reduce loss from curtailment and achieve steady increase in utilization hours. The electricity generation volume in other locations were generally stable during the Period.



The Group adopts acquisition strategy that creates value and improves overall efficiency of our solar asset portfolio. In locating prospective acquisition targets, the Group has been factoring the key factors into its decision-making, such as solar irradiation, land nature, local electricity demand and consumption, infrastructure for electricity transmission, feed-in-tariff criteria. With this prudence approach, the Group has been carefully identified solar power plants located in the central, eastern and northern parts of the PRC and avoid increasing investment in regions suffered from severe curtailment. As demonstrated above, measures were taken to mitigate the risk and impact of curtailment for solar power plants facing curtailment issue.

The Group will continue its efforts to regularly update the shareholders and investors about the electricity generation of the solar power plants by disclosing its quarterly generation volume through timely announcements.

**Capability of project development**

During the Period, the Group has improved its capability in the development, construction and operation of self-developed solar power plants and has enhanced operational efficiency, thereby laying down a solid foundation for development of projects and smart plant operation in the future.

Our first 100MW Top Runner Project in Datong, Shanxi, the PRC has successfully achieved on-grid connection and electricity generation in June 2016 and this marked the Group's enhanced capability in self-developed project and in integration of advanced technologies. This project adopted high-efficient monocrystalline silicon modules, string inverters and multiple MPPT tracking system to optimize the performance of solar power plant. Wireless telecommunication technologies such as PLC and 4G LTE have been applied on the site to secure the hardware data analysis and avoid data-loss risk which is common in cables. Another outstanding feature of this project is the real-time and centralized monitoring of operation as enabled by the Global Smart PV Cloud Management Center, which connects our solar power plants within the portfolio of the Group. According to the electricity generation data, this is our "top runner" project as it recorded a highest daily generation volume of 633,600KWh and is one of the best performing solar power plants among the Top Runner Program Phase I.

The Top Runner Program of photovoltaic industry was implemented by the National Energy Administration ("NEA"), the Ministry of Industry and Information Technology and the Certification and Accreditation Administration of China and launched in 2015, which is designated to promote application of advanced technology in the development and operation of solar power projects and improve the technology and quality standard of the solar industry. The investors of Top Runner Projects are selected through tendering process pursuant to certain competition criteria, including but not limited to the investors' track record of operating solar power plants, investment capacity, management capability and technology level. In furtherance of its success in Top Runner Program Phase I in 2015, the Group is confident to win development right in more Top Runner Projects in 2016 and apply the advanced technology and high standards in our other developments.

The Group has developed the Global Smart PV Cloud Management Center with an aim to improve the overall operating efficiency. This cloud system carries the most advanced technologies on cloud computing, mega data processing and 4G communication technology. It provides a centralized platform to monitor the operation and maintenance of the solar assets located in different regions and connects each plant to the central management in the cloud and timely communication is available through 4G wireless portable devices. The cloud system enables a decision maker to effectively analyse available data collected from various plants, precisely diagnose the issues raised, and facilitates the process of detecting and solving the on-site technical problems.

### Financing

The solar power plants business is capital intensive in nature. The Group has been rigorously exploring various financing channels to enhance its financing capability and reduce its finance cost. During the Period, the Group has raised approximately RMB1.6 billion through various channels including bank borrowings, finance leasing and medium-term notes. With its accountable operational track record, the Group has secured long-term bank loans and finance leasing up to 14 years bearing floating interest for the investment of solar power plants. As the benchmark interest rate in China is experiencing the downward trend, the Group expects that the interest rate under its outstanding bank borrowings and finance leasing will be lowered accordingly. The Group established a medium-term note programme of HK$2 billion (approximately RMB1.7 billion) to issue the notes to professional investors. As at the latest practicable date, the Group had issued medium-term notes amounting to HK$130 million (approximately RMB109 million). Besides that, the Group is pursuing opportunities in asset securitisation and issue of corporate bonds. In addition, the Group is also actively seeking re-financing opportunities that may provide the Group with appropriate capital structure to pursue further growth and development, while lowering the finance costs.

## FINANCIAL REVIEW

Financial highlight of the Group for the Period was demonstrated as follows:

| | **Unaudited For the six months ended 30 June** | | | |
|---|---|---|---|---|
| | **2016** | 2015 | **Change** | |
| | ***RMB' million*** | *RMB' million* | *RMB' million* | *%* |
| Sales of electricity and tariff adjustment | | | | |
| – Subsidiaries | **452** | 283 | 169 | 60 |
| – Associates | **70** | 71 | (1) | (1) |
| EBITDA | **376** | 212 | 164 | 77 |
| Depreciation | **(167)** | (107) | (60) | 56 |
| Fair value changes | **523** | 421 | 102 | 24 |
| Finance costs | **(493)** | (269) | (224) | 83 |
| Others | **19** | (3) | 22 | 733 |
| Profit for the Period | **258** | 254 | 4 | 1 |

### General

The increase in the sales of electricity (including tariff adjustment) and EBITDA of the Group (excluding associates) was attributed to expansion in solar power plants, with aggregate installed capacity increased by 379.8MW, or around 71%, with corresponding increase in electricity generation volume by approximately 218,628 megawatt hours (MWh) or 66% as compared to corresponding period in 2015. The net profit kept stable during the Period, mainly due to the combining effect of the increase in fair value gains from certain derivative financial instruments and the increase in finance costs.

The Directors do not recommend the payment of any interim dividend for the Period.

**Segment information**

During the Period, the Group retained one single reportable segment which was principally engaged in the development, investment, operation and management of solar power plants.

**Revenue**

The geographical breakdown of sales of electricity and tariff adjustment recognised during the Period was analysed as below:

| | **Unaudited For the six months ended 30 June** | |
|---|---|---|
| | **2016** | 2015 |
| | ***RMB'000*** | *RMB'000* |
| Subsidiaries: | | |
| – Inner Mongolia | **182,572** | 91,596 |
| – Qinghai | **130,954** | 128,251 |
| – Xinjiang | **44,159** | 28,212 |
| – Gansu | **35,659** | 33,835 |
| – Hubei | **45,667** | – |
| – Shanxi | **–** | – |
| – Yunnan | **12,570** | – |
| – Guangdong | **851** | 1,292 |
| *Revenue as shown on the consolidated statement of profit or loss* | **452,432** | 283,186 |
| Associates: | | |
| – Inner Mongolia | **37,182** | 37,876 |
| – Jiangsu | **32,718** | 30,677 |
| – Fujian | **–** | 2,900 |
| | **69,900** | 71,453 |
| Total | **522,332** | 354,639 |

The increase in revenue was attributable by an increase in the electricity generation volume from subsidiaries by approximately 66% to 550,740MWh for the Period as compared to 332,112MWh in the corresponding period in 2015.

**Other gains**

During the Period, the Company received an interest of approximately RMB24 million in relation to an advance payment for a proposed acquisition of 930MW solar power plant projects in 2015. The advance payment was refunded and recovered in full in January 2016.

**Employee benefits expenses**

With the business expansion, the Group made substantial new hires to employees during the Period. The number of employees has increased by approximately 74% as compared to the corresponding period in 2015. Employee benefits expenses other than share-based payment expense amounted to approximately RMB45 million for the Period, representing an increase of 137% from approximately RMB19 million in corresponding period in 2015.

**Outsourcing maintenance costs**

During the Period, the Group has internalised certain operations and maintenance ("O&M") services and started to manage several solar power plants by itself. As a result, the outsourcing maintenance costs decreased accordingly.

**Depreciation of property, plant and equipment**

The depreciation of property, plant and equipment was provided based on the assessment of their respective useful lives. Power generating modules and equipment were the most significant components within the property, plant and equipment and their useful lives were assessed to be 25 years. The increase in depreciation was consistent with the increase in the aggregate installed capacity during the Period.

**Fair value loss on call option issued relating to acquisition of an associate**

The fair value loss recognised during the Period of approximately RMB9.7 million represented the remeasurement of the call option agreement entered into in 2015 in relation to the acquisition of an associate located in Inner Mongolia, the PRC. The amount recognised in 2015 represented the initial measurement of the call option.

**Fair value gain on financial assets at fair value through profit or loss relating to guaranteed electricity output**

During the Period, the Group has recognised a fair value gain of approximately RMB306 million in relation to the estimation of guaranteed electricity output, primarily for solar power plants in Gansu.

**Fair value gain on unlisted investment**

The Group ceased to have significant influence over the investee during the Period and re-classified the investment from associate to investment held for trading. The fair value was derived from the latest agreement between an independent investor and the existing shareholders of the investee.

**Finance costs**

The Group has obtained various long-term financings for its development and operation of the solar power plant business during 2015, namely bank and other borrowings of approximately RMB2 billion and convertible bonds of approximately RMB1.9 billion. During the Period, the Group has further obtained various financings for approximately RMB1.6 billion. Accordingly, the finance costs have increased by approximately 83% as compared to the corresponding period in 2015.

Although the overall finance costs have been increased, the effective rates for those bank and other borrowings have been decreasing, as a result of the drop in benchmark lending rate of the People's Bank of China.

**Share of profits of associates**

The improvement in share of results of associates was mainly due to exclusion of loss from an associate engaging solar cell business which has been disposed of in December 2015 and no longer applicable for the Period.

**Trade, bills and tariff adjustment receivables**

As of 30 June 2016, the amount mainly comprised trade and bills receivables and tariff adjustment receivables of approximately RMB69 million and RMB1,376 million respectively. In January 2016, a notice announcement ("Notice") in relation to the registration onto the sixth batch of Renewable Energy Tariff Subsidy Catalogue (the "6th Batch Catalogue") was jointly issued by Ministry of Finance, National Development and Reform Commission and NEA. Pursuant to the Notice, for the solar power plants which have achieved on-grid connection before 28 February 2015 and have not been registered in the previous catalogues are qualified for the registration. The Group had applied for the registration and it is expected the application results will be announced in the second half of 2016. Based on past experience, the management believes that the registration procedures and distribution of tariff adjustment to solar power operators are of administrative in nature and expects when the tariff adjustment receivables of the 6th batch of renewable energy subsidies are settled, the operating cash flow of the Group will be significantly improved.

### Key performance indicators

The Group measures the delivery of its strategies and managing its business through regular measurement of several key performance indicators, particularly on the following ratios: EBITDA margin, current ratio and interest-bearing debts-to-assets ratio.

*EBITDA margin:* EBITDA margin is a measurement of the Group's operating profitability and is calculated as EBITDA divided by the revenue. The Group has improved its performance on its solar power plants business as the Group has internalised certain O&M services and started to manage some solar power plants by itself during the Period. The EBITDA margin has improved to 83% by 8% in 2016 as compared to the corresponding period in 2015.

*Current ratio:* Current ratio measures the Group's ability to meet short-term debt obligation and is calculated as current assets divided by current liabilities. As at 30 June 2016, certain bank and other borrowings will have their first principal repayment in the next twelve months, after enjoying two-year principal free repayment period. The current ratio has dropped from approximately 0.97 at 31 December 2015 to 0.83 at 30 June 2016. However, the Group has taken some plans and measures to ensure that sufficient working capital will be in place.

*Interest-bearing debts-to-assets ratio:* Interest-bearing debts-to-assets ratio is a measurement of the strength to obtain financing for the Group's assets. The ratio is calculated as the interest-bearing debts divided by the total assets. The ratio has slightly increased from approximately 60.6% at 31 December 2015 to approximately 67.7% at 30 June 2016.

## RECENT DEVELOPMENT

On 14 July 2016, the Group completed the acquisition of 100% equity interest in a project company which owns a solar power plant with installed capacity of approximately 35MW located in Yunnan Province, the PRC, for a cash consideration of approximately RMB30.5 million.

On 5 August 2016, the Group completed the acquisition of 100% equity interest in a project company which owns a solar power plant with installed capacity of approximately 20MW located in Hebei Province, the PRC, for a consideration of approximately RMB69.7 million.

On 26 August 2016, the Company has completed the issue of convertible bonds to a subscriber in the principal amount of US$50 million.

## OUTLOOK

Globally, climate change and the development of renewable energy have become a growing concern among various countries. On 22 April 2016, leaders and representatives from 175 countries around the world joined together at the United Nations headquarters in New York to sign the Paris Climate Agreement reached in France at the end of last year, sharing an objective of combating environmental pollution and curbing global warming. Governments of certain countries have also promulgated policies for stimulating photovoltaic industry, which is believed to become one of the core motivations to the global new energy industry.

As one of the main driving forces to the global photovoltaic industry, China has promulgated policies for stimulating the industry since the beginning of this year, such as, among other things, the Guiding Opinions on the Establishment of Renewable Energy Development and Utilization Objective Guidance System and Guidelines on Managing Protective Buyouts of Renewable Energy Power Generation, with a view to establishing a sound and balanced photovoltaic industry with strong growing drive through increasing electricity consumptions, improving utilization hours of new energy projects, broadening financing channels of the industry as well as standardizing rules for industrial development. The National Development and Reform Commission in PRC has increased the renewable energy surcharge from RMB0.015 per KWh to RMB0.019 per KWh since 1 January 2016, and new solar energy tariff is also put into effect since 1 July 2016. To address the curtailment issue in the wind and solar industry, Chinese government promulgated Notice of Administration on Full-amount Purchase of Electricity Generated by Wind and Solar Power in May 2016, regulating minimum annual utilization hours of electricity generation in certain curtailed regions to ensure the guaranteed dispatch of the renewable energy power. In view of abovementioned, the newly installed capacity of solar power in PRC has experienced a tremendous growth in the first half of 2016. According to the National Energy Administration ("NEA"), the national cumulative installed capacity of solar power has increased by 7.14GW in the first quarter of 2016, representing a record high, and the new installation capacity is expected to outmatch NEA's annual solar addition target of 18.1GW. Under the new norm of economy development, it is expected that the photovoltaic industry in China will continue to see an explosive growth in the future. The Group, as a company principally engaged in acquiring grid-connected solar power plants, therefore believes it will be more active on acquisitions in the second half of 2016.

Under the globalization of new energy development, the Group will actively develop offshore markets, and enhance its cooperation with overseas leading enterprises and quality institutions based on the Company's advanced management and operation model as the core support and integrating with its extensive domestic project acquisition and development experience, so as to acquire quality overseas solar power plant assets. Having performed research and analysis on different major solar markets all over the world, the Group has initially identified some developed countries in Europe and North America, as well as in Asia-Pacific as the point cuts to expand its overseas business. Currently, the Company maintains close cooperation with relevant financial institutions and business companies and owns abundant project pipelines.

Further, in respond to the call of "combat environmental deterioration with global efforts", the Company continuously integrated resources from different sectors to facilitate the landing and implementation of each project, creating a synergy among the industry. Initiatives have been taken by the Group to promote the use of green energy that will involve the construction of Panda Solar Power Plants with joint efforts from the United Nations and other leading enterprises of the solar energy industry in the PRC and United States. Under the Panda Solar Power Plants program, it is anticipated that the first Panda Solar Power Plant will be landed in the PRC and more Panda Solar Power Plants will be constructed in selected areas around the world with G20 members, aiming to provide green energy for sustainable development and combat climate changes.

The new norm of economy development and new changes of energy and power market has brought the Company with new challenges and opportunities. Going forward, the management of the Company will set out the strategic planning for the Group in a forward-looking manner so as to orderly implement strategies, and facilitate the project pipeline and reinforce the potential for future development of the Company. In addition, the Company will continuously comply with its professional and stringent standards for acquisition and construction in order to establish its own brand. Meanwhile, the Group will enhance the power generation by securing the operation efficiency of the solar power plants; whilst the Company will broaden financing channels and reduce finance cost by making good use of the capital operation platform of the listed company. In respect of management team building, the Company will also continue to improve its talent team building mechanism aiming to further facilitate its soft power.

With an aim to be the namecard of China's energy transition, the Group will continue to explore opportunities for business development and cooperation of high-quality projects in China and overseas.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the six months ended 30 June 2016*

| | *Note* | **Unaudited Six months ended 30 June 2016 RMB'000** | 2015 *RMB'000* |
|---|---|---|---|
| Sales of electricity | | **119,960** | 77,576 |
| Tariff adjustment | | **332,472** | 205,610 |
| | | **452,432** | 283,186 |
| Other income | *4* | **27,075** | 250 |
| Employee benefits expenses | | **(50,067)** | (33,936) |
| Foreign exchange difference | | **419** | 9,787 |
| Legal and professional fees | | **(3,128)** | (3,878) |
| Outsourcing maintenance costs | | **(17,014)** | (27,666) |
| Rent and rates | | **(4,442)** | (2,239) |
| Travelling | | **(6,416)** | (2,346) |
| Water and electricity | | **(3,121)** | (573) |
| Other expenses | | **(19,352)** | (10,227) |
| EBITDA | | **376,386** | 212,358 |
| Acquisition costs arising from business combinations | | **(7)** | (1,085) |
| Depreciation of property, plant and equipment | | **(166,544)** | (107,048) |
| Bargain purchase arising from: | | | |
| (i) Business combinations; and | *14* | **4,167** | 11,824 |
| (ii) Acquisition of an associate | | **–** | 6,787 |
| Fair value gains/(loss) on financial assets at fair value through profit or loss relating to: | | | |
| (i) Call option issued relating to the acquisition of an associate ("Call Option"); | | **(9,708)** | 142,244 |
| (ii) Guaranteed electricity output; and | *11* | **305,680** | 212,809 |
| (iii) Unlisted investment | *11* | **106,709** | – |
| Fair value gains/(losses) on financial liabilities at fair value through profit or loss relating to: | | | |
| (i) Contingent consideration payables; and | | **36,665** | (57,637) |
| (ii) Put option issued relating to the acquisition of an associate ("Put Option") | | **21,262** | (11,813) |
| Finance income | *5* | **67,132** | 118,537 |
| Finance costs | *6* | **(493,234)** | (269,462) |
| Share of profits/(losses) of associates | | **9,030** | (3,161) |
| Profit before income tax | | **257,538** | 254,353 |
| Income tax expenses | *7* | **–** | – |
| **Profit for the period** | | **257,538** | 254,353 |

| | Note | Unaudited Six months ended 30 June 2016 RMB'000 | 2015 RMB'000 |
|---|---|---|---|
| **Profit attributable to:** | | | |
| – Shareholders of the Company | | **248,951** | 242,914 |
| – Non-controlling interests | | **8,587** | 11,439 |
| | | **257,538** | 254,353 |
| **Earnings per share attributable to shareholders of the Company** | | | |
| – Basic (RMB cents) | *9* | **5.22** | 5.60 |
| – Diluted (RMB cents) | *9* | **3.73** | 3.60 |

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the six months ended 30 June 2016*

| | Note | Unaudited Six months ended 30 June 2016 | 2015 |
|---|---|---|---|
| | | **RMB'000** | *RMB'000* |
| **Profit for the period** | | **257,538** | 254,353 |
| **Other comprehensive income/(loss):** | | | |
| *Items that have been reclassified or may be subsequently reclassified to profit or loss* | | | |
| Exchange differences arising on translation of financial statements of subsidiaries and associates | | **18,769** | (1,755) |
| Other comprehensive income/(loss) for the period, net of tax | | **18,769** | (1,755) |
| **Total comprehensive income for the period** | | **276,307** | 252,598 |
| **Total comprehensive income for the period attributable to:** | | | |
| – Shareholders of the Company | | **267,720** | 241,159 |
| – Non-controlling interests | | **8,587** | 11,439 |
| | | **276,307** | 252,598 |

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2016*

| | Note | **Unaudited 30 June 2016 RMB'000** | Audited 31 December 2015 RMB'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Land use rights | | **435** | 440 |
| Property, plant and equipment | | **8,414,254** | 7,419,750 |
| Intangible assets | | **918,097** | 949,781 |
| Investments in associates | | **281,484** | 305,040 |
| Other receivables, deposits and prepayments | *10* | **832,607** | 741,123 |
| Financial assets at fair value through profit or loss | *11* | **111,182** | 120,890 |
| | | **10,558,059** | 9,537,024 |
| **Current assets** | | | |
| Inventories | | **1,314** | 1,314 |
| Amounts due from associates | | **285,189** | 279,277 |
| Other receivables, deposits and prepayments | *10* | **471,101** | 770,031 |
| Financial assets at fair value through profit or loss | *11* | **429,380** | – |
| Trade, bills and tariff adjustment receivables | *12* | **1,445,469** | 1,228,359 |
| Restricted cash | | **19,539** | 206,150 |
| Cash and cash equivalents | | **889,148** | 947,154 |
| | | **3,541,140** | 3,432,285 |
| **Total assets** | | **14,099,199** | 12,969,309 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity attributable to shareholders of the Company** | | | |
| Share capital | | **393,086** | 385,804 |
| Reserves | | **2,094,757** | 1,739,519 |
| | | **2,487,843** | 2,125,323 |
| Non-controlling interests | | **145,338** | 104,631 |
| **Total equity** | | **2,633,181** | 2,229,954 |

| | Note | Unaudited 30 June 2016 RMB'000 | Audited 31 December 2015 RMB'000 |
|---|---|---|---|
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Bank and other borrowings | | **4,434,553** | 4,305,778 |
| Convertible bonds | *13* | **2,465,749** | 1,986,936 |
| Contingent consideration payables | *13* | **–** | 580,691 |
| Cash-settled share-based payment | | **–** | 23,570 |
| Deferred government grant | | **2,210** | 4,210 |
| Deferred tax liabilities | | **286,152** | 281,532 |
| | | **7,188,664** | 7,182,717 |
| **Current liabilities** | | | |
| Trade payables | | **–** | 89,638 |
| Other payables and accruals | | **1,555,906** | 1,792,566 |
| Amounts due to associates | | **17,015** | 25,328 |
| Bank and other borrowings | | **1,694,900** | 703,821 |
| Convertible bonds | *13* | **1,009,533** | 924,023 |
| Other financial liability at fair value through profit or loss | | **–** | 21,262 |
| | | **4,277,354** | 3,556,638 |
| **Total liabilities** | | **11,466,018** | 10,739,355 |
| **Total equity and liabilities** | | **14,099,199** | 12,969,309 |

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 1 GENERAL INFORMATION

United Photovoltaics Group Limited (the "Company") and its subsidiaries (together the "Group") are principally engaged in the development, investment, operation and management of solar power plants.

The Company is an exempted limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda. The principal place of business in Hong Kong is Unit 1012, 10/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

The ordinary shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

This condensed consolidated interim financial information ("Financial Information") is presented in Renminbi ("RMB"), unless otherwise stated. This Financial Information has been approved for issue by the Board of Directors on 30 August 2016.

### 1.1 Key events

***Acquisitions of subsidiaries***

On 26 January 2016, the Group completed the acquisition of an additional equity interest in an associate which owns a 19.8MW solar power plant in Yunnan Province, the People's Republic of China (the "PRC") for a cash consideration of approximately RMB20 million (Note 14). The associate has since become a subsidiary of the Group.

On 13 April 2016, the Group completed the acquisition of another project company owning a 20MW solar power plant located in Xinjiang, the PRC, for a cash consideration of RMB40 million (Note 14).

***Proposed acquisition of subsidiaries***

On 22 April 2016, the Group entered into a sale and purchase agreement with an independent third party, to acquire 100% equity interest in a project company, for a cash consideration of approximately RMB30.5 million. This project company owns and operates a grid-connected solar power plant with an aggregate installed capacity of approximately 35MW located in Yunnan Province, the PRC. As at 30 June 2016, refundable deposits of RMB30 million have been paid by the Group for the acquisition. The Group subsequently completed the acquisition on 14 July 2016 and assumed the Engineering, Procurement and Construction ("EPC") payable and other payables of approximately RMB284 million (Note 15).

On 25 April 2016, the Group entered into a sale and purchase agreement with an independent third party, whereby the Group has conditionally agreed to acquire 100% equity interest in a project company owning and operating two grid-connected solar power plants with an aggregate installed capacity of approximately 40MW located in Qinghai Province, the PRC. Upon completion of the acquisition, the Group would assume the EPC payable and other payables, together with the consideration payable totalling approximately RMB215 million.

On 25 April 2016, the Group entered into two sale and purchase agreements with an independent third party, whereby the Group has conditionally agreed to acquire 100% and 98.87% equity interest in two project companies owning and operating two grid-connected solar power plants with an aggregate installed capacity of approximately 10MW and 50MW respectively, which both located in Inner Mongolia, the PRC. Upon completion of the acquisitions, the Group would assume the EPC payable and other payables, together with the consideration payable totalling approximately RMB90 million and RMB490 million respectively.

## 2 BASIS OF PREPARATION

This Financial Information for the six months ended 30 June 2016 has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and should be read in conjunction with the annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

This Financial Information has been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, derivatives portion of convertible bonds and other financial liability at fair value through profit or loss, which were carried at fair values.

### 2.1 Going-concern basis

As at 30 June 2016, the Group's current liabilities exceeded its current assets by approximately RMB736 million.

The Group entered into conditional sale and purchase agreements with independent third parties in relation to proposed acquisition of subsidiaries (Note 1.1). Should these proposed acquisition of subsidiaries be completed, the Group would assume the EPC payables and other payables, together with the consideration, totalling approximately RMB1.1 billion. In addition, subsequent to the date of the statement of financial position, the Group has completed an acquisition of a solar power plant with an aggregate installed capacity of approximately 20MW located in Hebei Province, the PRC for a consideration of approximately RMB69.7 million (Note 15).

In December 2013, as part of the Group's acquisition of a 50% equity interest in an associate, the Group granted a Put Option to the other shareholder of that associate, under which the other shareholder has a right to request the Group to acquire its remaining 50% equity interest in that associate for RMB225 million with an internal rate of return of 8% per annum, to be settled by way of cash or issuance of the Company's shares at the discretion of the other shareholder, for a three-year period up to December 2016.

In June 2013, the Group acquired certain concession rights to develop and operate various solar power plant projects. The Group intends to exercise these concession rights and acquire the relevant solar power plant projects from the respective vendors before these rights expire in 2017 and 2018. The Group would require additional financing for these future acquisitions and the required amount is yet to be determined, as it is subject to the negotiation of the final consideration with the relevant vendors, as well as the negotiation of the amount of liabilities of the acquirees to be assumed by the Group upon completion of the acquisitions.

The above matters indicated that the Group will need to secure a substantial amount of funds in the foreseeable future to finance these financial obligations and capital expenditures under various contractual and other arrangements. All the above conditions indicated the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

The Directors of the Company have reviewed the Group's cash flow projections, which cover a period of twelve months from 30 June 2016. The Directors are of the opinion that, taking into account the following plans and measures, the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the next twelve months from 30 June 2016.

(i) During the period, the Group had obtained additional banking facilities totalling RMB1.1 billion from two banks in the PRC. As at 30 June 2016, the Group had already drawn down a loan amount of RMB50 million.

(ii) In December 2015, China Merchants New Energy Group Limited ("CMNEG"), a shareholder of the Company and an indirect non-wholly owned subsidiary of China Merchants, issued a letter to the Group and agreed to provide financial support to the Group for a period up to 31 December 2017 to enable the Group to meet its liabilities and obligations (including capital expenditures and operating expenses) as and when they fall due and to carry on its business without a significant curtailment of operations.

(iii) On 26 August 2016, the Company has completed the issue of convertible bonds to a subscriber in the principal amount of US$50 million (equivalent to approximately RMB326 million).

(iv) The Group is pursuing the opportunities to issue corporate bonds in China and overseas, and also in the process of negotiating long-term borrowings from banks or other financial institutions to refinance its existing financial obligations and settle its capital expenditures. In addition, should the proposed acquisitions be completed, the Group will negotiate long-term borrowings from banks or other financial institutions to finance the settlement of EPC payables and other payables of these newly acquired subsidiaries. Based on the past experience of the Group, the Directors are confident that they could obtain such long-term borrowings from banks and other financial institutions.

(v) The solar power plants currently held and planned to be acquired by the Group have already achieved on-grid connection. They are expected to generate operating cash inflows to the Group. The Directors are confident that those tariff adjustment receivables for which the Group has registered the sixth batch of Renewable Energy Tariff Subsidy Catalogue application will be settled following the application results announcement in the second half of 2016.

(vi) In May 2015, the Group established a medium-term note programme totaling HK$2 billion (equivalent to approximately RMB1.7 billion). As at the latest practicable date, the Group had issued medium-term notes amounting to HK$130 million (equivalent to approximately RMB109 million). Based on the past experience of the Group, the Directors are confident that the further notes could be issued.

In the opinion of the Directors, in light of the above plans and measures, the Group will have sufficient working capital to fulfil its financial obligations as and when they fall due in the coming twelve months from 30 June 2016. Accordingly, the Directors are satisfied that it is appropriate to prepare the Financial Information on a going concern basis.

Notwithstanding the above, significant uncertainty exists as to whether management of the Group can achieve the plans and measures described in (iv) to (vi) above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to obtain the financial support from CMNEG as needed, secure various sources of short-term or long-term financing as and when required, and to generate adequate operating cash inflows from its existing solar power plants and other plants to be acquired or constructed in the expected timeframe.

Should the Group be unable to continue as a going concern, adjustment would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the Financial Information.

**2.2 Accounting policies**

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2015, as described in those annual financial statements. Taxes on income in the interim period are accrued using the tax rate that would be applicable to the expected total annual earnings.

***(a) New and amended standards adopted by the Group***

Effective for accounting periods beginning on or after 1 January 2016.

| | |
|---|---|
| Annual Improvements Project | Annual Improvements 2012-2014 Cycle |
| HKFRS 10 and HKAS 28 Amendment | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture |
| HKFRS 10, HKFRS 12 and HKAS 28 Amendment | Investment entities: Applying the consolidation exception |
| HKFRS 11 Amendment | Accounting for Acquisitions of Interests in Joint Operations |
| HKFRS 14 | Regulatory Deferral Accounts |
| HKAS 1 Amendment | Disclosure Initiative |
| HKAS 16 and HKAS 38 Amendment | Clarification of Acceptable Methods of Depreciation and Amortisation |
| HKAS 27 Amendment | Equity Method in Separate Financial Statements |

These new/amended standards do not have a material impact on the Group's financial statements.

*(b)* ***New standards, amendments to standards and interpretation that have been issued during the period but were not yet effective***

Effective for accounting periods beginning on 1 January 2019 and has not been early adopted by the Group:

| | |
|---|---|
| HKFRS 16 | Leases |

**2.3 Critical accounting estimates and assumptions**

The preparation of this Financial Information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this Financial Information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2015.

**2.4 Financial risk management**

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow and interest rate risk), credit risk and liquidity risk.

The Financial Information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2015. There have been no changes in the risk management policies since year end. Compared to 31 December 2015, there was no material change in the contractual undiscounted cash out flows for financial liabilities as at 30 June 2016.

**3 SEGMENT INFORMATION**

The Chief Operation Decision-Maker ("CODM") has been identified as the Board of Directors of the Company. CODM reviews the Group's internal reports in order to assess performance, allocate resources and determine the operating segments.

The Group retains one single reportable segment, which is principally engaged in the development, investment, operation and management of solar power plants.

For the six months ended 30 June 2016, the major operating entities of the Group are domiciled in the PRC and accordingly, all of the Group's revenue was derived in the PRC (2015: Same).

The geographical analysis of the Group's non-current assets (excluding deposits for investments, pledged guarantee deposits relating to borrowings, value-added tax recoverable and financial assets at fair value through profit or loss) is as follows:

| | **Unaudited** | Audited |
|---|---|---|
| | **30 June** | 31 December |
| | **2016** | 2015 |
| | ***RMB'000*** | *RMB'000* |
| The PRC | **9,672,141** | 8,733,918 |
| Hong Kong | **957** | 435 |
| | **9,673,098** | 8,734,353 |

For the six months ended 30 June 2016, there were three customers (30 June 2015: three) which individually contributed over 10% of the Group's total revenue. The revenue contributed from each of these customers was as follows:

| | **Unaudited For the six months ended 30 June** | |
|---|---|---|
| | **2016** | 2015 |
| | ***RMB'000*** | *RMB'000* |
| – Customer A | **143,733** | 91,596 |
| – Customer B | **130,954** | 128,251 |
| – Customer C | **45,667** | – |
| – Customer D | **–** | 33,835 |

## 4 OTHER INCOME

Balance mainly represented the compensation interest income of approximately RMB24 million (30 June 2015: Nil) on an advance payment paid in respect of a proposed acquisition in 2015 ("Advance Payment").

## 5 FINANCE INCOME

| | **Unaudited For the six months ended 30 June** | |
|---|---|---|
| | **2016** | 2015 |
| | ***RMB'000*** | *RMB'000* |
| Imputed interest income on pledged guarantee deposits | **4,557** | 507 |
| Interest income on bank balances and deposits | **4,062** | 855 |
| Subsequent fair value gain on derivatives portion of convertible bonds | **58,513** | 117,175 |
| | **67,132** | 118,537 |

## 6 FINANCE COSTS

| | Unaudited For the six months ended 30 June | |
|---|---|---|
| | **2016** | 2015 |
| | ***RMB'000*** | *RMB'000* |
| In relation to bank and other borrowings: | | |
| – Amortisation of loan facilities fees | **34,615** | 6,207 |
| – Interest expenses | **141,926** | 81,873 |
| In relation to convertible bonds: | | |
| – Amortisation of unrealised fair value loss of issue of convertible bonds | **33,254** | 31,431 |
| – Imputed interest expense on convertible bonds | **283,439** | 99,325 |
| – Day 1 fair value loss on issue of convertible bonds | **–** | 50,626 |
| | **493,234** | 269,462 |

## 7 INCOME TAX EXPENSES

The Group's operations in the PRC were subject to the corporate income tax law of the PRC (the "PRC corporate income tax"). The standard PRC corporate income tax rate was 25%. During the period, 17 subsidiaries of the Group which are engaging in the development, investment, operation and management of solar power plants have obtained the relevant preferential tax concession; while 2 newly acquired subsidiaries during the period which are also engaging in the development, investment, operation and management of solar power plant are expected to obtain the preferential tax concession in the near future. They are/will be fully exempted from the PRC corporate income tax for the first three years after obtaining the concession, followed by a 50% tax exemption for the next three years.

The applicable tax rate during the period was 0% (30 June 2015: 0%).

## 8 DIVIDENDS

No dividend on ordinary shares has been paid or declared by the Company for the six months ended 30 June 2016 (30 June 2015: Nil).

## 9 EARNINGS PER SHARE

### (a) Basic

Basic earnings per share was calculated by dividing the profit attributable to the shareholders of the Company by the weighted average number of ordinary shares in issue during the period:

| | Unaudited For the six months ended 30 June | |
|---|---|---|
| | **2016** | 2015 |
| Profit attributable to the shareholders of the Company (RMB'000) | **248,951** | 242,914 |
| Weighted average number of ordinary shares in issue (thousand shares) | **4,771,452** | 4,341,126 |
| Basic earnings per share (RMB cents) | **5.22** | 5.60 |

### (b) Diluted

Diluted earnings per share was calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion/exercise of all dilutive potential ordinary shares. For the six months ended 30 June 2016, the Company has four (30 June 2015: four) categories of dilutive potential ordinary shares: convertible bonds, contingent consideration payables, Put Option and share option (30 June 2015: convertible bonds, share option, EIS and Put Option).

The convertible bonds were assumed to have been converted into ordinary shares, and the net profit has been adjusted to eliminate the interest expense and fair value change less the tax effect. For the share option, a calculation has been done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share option. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share option. The Put Option was assumed to have been exercised by the holder and to be settled by way of issue of the Company's shares. The net profit has been adjusted to eliminate the fair value change less the tax effect and to additionally share the results of an associate.

| | Unaudited For the six months ended 30 June 2016 | 2015 |
|---|---|---|
| Earnings (RMB'000) | | |
| Profit attributable to the shareholders of the Company | **248,951** | 242,914 |
| Assumed exercise/conversion of Put Option, contingent consideration payable and a convertible bond (2015: certain convertible bonds and EIS) | | |
| Adjustments for: | | |
| Put Option | | |
| – Fair value gain | **(21,262)** | – |
| – Additional share of result of an associate | **9,269** | – |
| Certain convertible bonds/contingent consideration payables | | |
| – Imputed interest expenses | **35,164** | 8,476 |
| – Subsequent remeasurement gains | **(48,989)** | (88,898) |
| Adjusted profit attributable to shareholders of the Company used to determine the diluted earnings per share | **223,133** | 162,492 |
| Weighted average number of ordinary shares in issue (thousand shares) | **4,771,452** | 4,341,126 |
| Adjustments for: | | |
| – Assumed conversion of certain convertible bonds/ contingent consideration payables | **1,022,062** | 96,270 |
| – Assumed exercise of EIS | **–** | 75,827 |
| – Assumed exercise of Put Option | **194,285** | – |
| Weighted average number of shares for the purpose of calculating diluted earnings per share | **5,987,799** | 4,513,223 |
| Diluted earnings per share attributable to the shareholders of the Company (RMB cents) | **3.73** | 3.60 |

Certain convertible bonds were not assumed to be converted as they would have an anti-dilutive impact to the profit attributable to the shareholders of the Company per share, for the six months ended 30 June 2016 (30 June 2015: contingent consideration payable, certain convertible bonds, Put Option and share option).

## 10 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

The decrease was mainly due to the full recovery of the Advance Payment of approximately RMB424 million paid in 2015.

## 11 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | **Unaudited**<br>**30 June**<br>**2016**<br>***RMB'000*** | Audited<br>31 December<br>2015<br>*RMB'000* |
|---|---|---|
| Call Option | **111,182** | 120,890 |
| Guaranteed electricity output *(Note (a))* | **305,680** | – |
| Unlisted investment *(Note (b))* | **123,700** | – |
| | **540,562** | 120,890 |
| Less: Amount classified as non-current | **(111,182)** | (120,890) |
| Current portion | **429,380** | – |

*Note:*

(a) According to certain sale and purchase agreements entered into between the Group and the vendors in respect of acquisition of subsidiaries, the vendors undertook to guarantee certain level of electricity output generated by the underlying solar power plants for a period of time and the shortfall would be payable by the vendors. The Directors determined the fair value after considering the contractual terms, the actual shortfall in electricity generated and the outcome of recent negotiation with the relevant vendors.

(b) The Group ceased to have significant influence over the investee during the period and re-classified the investment from associate to investment held for trading. The fair value was derived from the latest agreement between an independent investor and the existing shareholders of the investee. The fair value gain recognised during the period was approximately RMB107 million.

## 12 TRADE, BILLS AND TARIFF ADJUSTMENT RECEIVABLES

As at 30 June 2016, trade receivables of approximately RMB34 million represented receivables from sales of electricity and are usually settled within one month. Tariff adjustment receivables represented (i) the central government subsidies on renewable energy projects to be received from the State Grid Corporation of China based on the respective electricity sale and purchase agreements for each of the Group's solar plants and prevailing nationwide government policies, of which approximately RMB5 million, RMB339 million, RMB652 million and RMB367 million arising from electricity generated in 2013, 2014, 2015 and the six months ended 30 June 2016, respectively; and (ii) the provincial government subsidies on a renewable energy project, of which approximately RMB5 million and RMB8 million arising from electricity generated in 2015 and the six months ended 30 June 2016, respectively. As at 30 June 2016, the Group had bills receivables of approximately RMB35 million.

As at 30 June 2016, the trade and tariff adjustment receivables were not yet due for payment (31 December 2015: Same).

## 13 CONVERTIBLE BONDS AND CONTINGENT CONSIDERATION PAYABLES

The Series B convertible bonds were released from the escrow account during the period upon the fulfilment of the profit guarantee of China Solar Power Group Limited. Accordingly, the contingent consideration payables have been reclassified to convertible bonds.

## 14 BUSINESS COMBINATIONS

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 opportunity to acquire solar power plants with good prospects and potential for stable returns. During the period, the Group has acquired two solar power plants.

**Yongsheng Huiguang**

As at 31 December 2015, the Group owned 19.1% equity interest in Yongsheng Huiguang Photovoltaics Power Co., Ltd. ("Yongsheng Huiguang") which treated as an associate to the Group. On 26 January 2016, the Group further completed the acquisition of the 36.5% equity interest in Yongsheng Huiguang for a cash consideration of approximately RMB20.1 million from an independent third party. As a result, The Group owns 55.6% equity interest in Yongsheng Huiguang which became a subsidiary of the Group. The principal activities of Yongsheng Huiguang are the development and operation of a solar power plant located in Yunnan Province, the PRC, with an aggregate installed capacity of approximately 19.8MW.

**Wujiaqu**

On 13 April 2016, the Group completed the acquisition of a 100% equity interest in Wujiaqu Lishang Photovoltaics Power Co., Ltd. ("Wujiaqu") for a cash consideration of RMB40 million from an affiliate of a substantial shareholder of the Company. The principal activities of Wujiaqu are the development and operation of a solar power plant located in Xinjiang, the PRC, with an aggregate installed capacity of approximately 20MW.

The following table summarises the consideration paid, the provisional fair value of identifiable assets acquired, liabilities assumed and the non-controlling interest as at the acquisition date:

| | **Yongsheng Huiguang** *RMB'000* | **Wujiaqu** *RMB'000* | **Total** *RMB'000* |
|---|---|---|---|
| **Consideration:** | | | |
| Cash consideration | 20,100 | 40,000 | 60,100 |
| Redesignation of concession rights previously recognised | | | |
| – Intangible assets | – | 31,684 | 31,684 |
| – Deferred tax liabilities | – | (6,495) | (6,495) |
| Fair value of previously held interest | 15,595 | – | 15,595 |
| **Total consideration** | 35,695 | 65,189 | 100,884 |
| **Recognised amounts of identifiable assets acquired, liabilities assumed and non-controlling interests** | | | |
| Property, plant and equipment | 175,527 | 176,833 | 352,360 |
| Value-added tax recoverable | 18,993 | 19,995 | 38,988 |
| Trade and other receivables and prepayments | 1,460 | 14,012 | 15,472 |
| Cash and cash equivalents | 8,175 | 129 | 8,304 |
| Trade and other payables | (147,661) | (139,177) | (286,838) |
| Deferred tax liabilities | (4,512) | (6,603) | (11,115) |
| **Total identifiable net assets** | 51,982 | 65,189 | 117,171 |
| Non-controlling interests | (12,120) | – | (12,120) |
| Bargain purchase recognised in interim condensed consolidated statement of profit or loss | (4,167) | – | (4,167) |
| | 35,695 | 65,189 | 100,884 |

## 15. EVENTS AFTER THE DATE OF THE STATEMENT OF FINANCIAL POSITION

On 14 July 2016, the Group completed the acquisition of 100% equity interest in a project company which owns a solar power plant with installed capacity of approximately 35MW located in Yunnan Province, the PRC for a cash consideration of approximately RMB30.5 million.

On 5 August 2016, the Group completed the acquisition of 100% equity interest in a project company which owns a solar power plant with installed capacity of approximately 20MW located in Hebei Province, the PRC for a consideration of approximately RMB69.7 million.

On 26 August 2016, the Company has completed the issue of convertible bonds to a subscriber in the principal amount of US$50 million (equivalent to approximately RMB326 million).

## PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Throughout the Period, the Company has applied the principles and complied with all the code provisions of the corporate governance code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules, save for the following deviation:

Mr. Li, Alan, an executive Director, is the CEO and the Chairman of the Board. Code A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Board believes that the balance of power and authority between chairman and chief executive will not be impaired by the present arrangement and the significant weight of the non-executive directors (including the independent ones) will enable the Board as a whole to effectively exercise its non-bias judgement.

## COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS SECURITIES TRANSACTIONS

The Company has adopted a code for securities transactions by the Directors on terms no less exacting than the required standard of the Model Code as set out in Appendix 10 to the Listing Rules.

Having made specific enquiry of all the Directors, the Company confirmed that all the Directors have complied with the requirements set out in the Model Code and the Company's relevant policies throughout the Period.

## AUDIT COMMITTEE'S REVIEW

The financial statements of the Group for the six-month period ended 30 June 2016 have been reviewed by the Company's audit committee comprising three members, including two independent non-executive Directors, namely Mr. Kwan Kai Cheong and Mr. Yen Yuen Ho, Tony, and one non-executive Director, namely Mr. Tang Wenyong.

## INTERIM DIVIDEND

As no interim dividend for the six months ended 30 June 2016 has been declared by the Board, the register of members of the Company will not be closed for that purpose.

## PUBLICATION OF RESULT ANNOUNCEMENT AND INTERIM REPORT

The results announcement is published on the Stock Exchange's website at http://www.hkex.com.hk and the Company's website at http://www.unitedpvgroup.com. The interim report of the Group for the Period containing all the relevant information required by Appendix 16 to the Listing Rules and other applicable laws and regulations will be published on the Stock Exchange's website at http://www.hkex.com.hk and the Company's website at http://www.unitedpvgroup.com and be dispatched in due course.

## APPRECIATION

The Board of Directors would like to take this opportunity to thank every stakeholder of the Group for their contributions to the Group during the Period.

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

Hong Kong, 30 August 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.*