UNITED POWER TECHNOLOGY

Half-year Report 2017

Interim Management Report

Group Profile

United Power Technology Group designs, develops, manufactures and sells an extensive range of engine-driven power equipment, including generators, outdoor power equipment and components such as engines. Our major products comprise residential as well as commercial generators, which are currently delivered to our customers in more than 70 countries around the world. Our main markets are Europe, North America and our domestic market China. Furthermore we sell our products to other overseas markets.

In selected markets such as China, Canada, Africa (Nigeria, South Africa), Malaysia, Europe (Italy, Spain) and Russia we sell our own branded products. In the other markets our products are usually developed and manufactured by United Power and branded by third parties. United Power is a leading Original Design Manufacturer (ODM) which develops and produces its products for leading Original Equipment Manufacturers (OEMs), wholesalers and retailers such as Metro, Lower's, B&Q, Home Depot, and Hornbach.

Material events in the reporting period

Worldwide bulk commodities prices such as steel, copper, aluminium, rubber, paper pulp have been observing to surge continually and substantially since last quarter of 2016. This was especially obvious in China, the prices hikes gradually is passing to our new purchase orders since the beginning of this year, meanwhile the RMB has been appreciating continuously against the USD which is our main denomination currency.These two factors contributed to sustained decline of our gross profit margin as the negotiation with our customers for price raises was lag and difficult. Due to of these reasons we had to reject some order producing negative profit margin. At the same time due to increasingly tightened environment policy in China our components supplies were interrupted from time to time, which also impacted our sale greatly. As a consequence our sale revenue in this first half-year depreciated.

With lower sales of our companies our demand for components shrank as well. As a result, one of our subsidiaries,Sealand, which mainly manufactured frames for internal supply lost its economy of scale andwe closed and dissolvedit in June after appraisal and discussion to prevent further loss.After its closing we switched to outside supplier with attractiveprices.

In May 2017 we received theapproval from Frankfurt Court concerning the change of auditor whichwill reduce our audit fee significantly, thereafter we began our audit process for 2016 but to date it is not finished.Therefore, all the financials in this report are subject to adjustment by final audit result of 2016.

Error correction According to IAS 8
In 2013 and 2015 we invested kEUR5,741and kEUR23,466respectively on relocation expenditure to obtain land use right, we accounted them as capital expenditure. After examined by and discussion with DPR, the accounting treatments were determined to be not compliant with IFRS.Therefore, we decided to recordthe expenditures as expenses for the fiscal year when they incurred.Below are the affected items for 2015 financials adjusted according to IAS 8.

Adjustment of 2015 financials

in EUR thousands	original	corrected	Adjusted amount
Income statement			
Administrative expense	4,493	4,317	-176
Other expenses	1,806	25,272	23,466
Profit from operations	10,805	-12,485	-23,290
Profit for the period	7,054	-16,236	-23,290
Balance sheet			
Prepaid lease payment	31,624	2,469	-29,155
Currency translation difference	23,129	23,444	315
Retained earnings	45,436	15,965	-29,470

In consideration of the current situation, we will be extremely cautious to make any capital expenditure except necessary maintenance.

REVENUESAND EARNINGS POSITION

in EUR million	20176M	20166M	+/-%
Revenue	15.73	53.48	-70.6
Cost of sales	-15.19	-45.98	-67.0
Gross profit	0.54	7.50	-92.8
Other income	-0.24	0.17	n.m.
Distribution and selling expenses	-0.38	-0.55	-31.9
Administrative expenses	-1.30	-2.03	-35.7
Research and development	-0.48	-0.55	-12.6
Other expenses	-3.29	-0.87	279.8
Profit from operations (EBIT)	-5.15	3.67	n.m.
Interest income	0.02	0. 07	-73.2
Interest expense	-0.15	-0. 24	-36.9
Profit before tax	-5.28	3.5	n.m.
Income taxes	-0.43	-1.25	-65.3
Profit for the period	-5.71	1.67	n.m.
Earnings per share (EUR)[1]	-0.46	0.14	n.m.

[1] EPS for 6M 2016 and for 6M 2017 are based on 12.3 million shares.

Note: administrative expense was adjusted down EUR 0.29 milliondue toerror correction According to IAS 8 as mentioned above, as a result profit before tax and profit for the period were adjusted with the same amount for 2016 6M.

Revenue

United Power's revenue decreased by 70.6% toEUR 15.73million in the first six months of 2017 compared with EUR 53.48million for the same period last year. The decreasein revenue was due to weak market demand,rejected orders because they were not profitable and due to supply shortagesas well asa strongerEuro compared to the same period last year (our revenues are mainly denominated in USD).

Gross profit

Our gross profit decreased considerablyfrom EUR 7.5million for the first six months of2016 by 92.8% toEUR 0.54 million for the same period this year.Compared to the same period last year, United Power's gross profit margin decreased by10.6 percentage points to3.4% in the first six months of 2017. The gross profit margin decreased mainly due to rising material prices and reduced sale,which caused significant increased depreciation cost per unit.

Other operating income

The other operating income significantly decreased from EUR0.17 million for the first six months of2016 to EUR -0.24million for the same period this year. The large decrease was mainly due toexchange rate losscaused by continual RMB appreciation against USD.

Distribution and selling expenses

Our distribution and selling expensesdecreased by 31.9% to EUR 0.38 million for the first six months of 2017 compared to EUR 0.55million for the reporting period of 2016 due to lowersales revenues.

Administrative expenses

United Power's administrative expenses decreased fromEUR 2.03million for the first six months of2016 by 35.7%to EUR 1.30 million for the comparable period of 2017 through our cost reduction program.

Research and development expenses

Inthe first six months of 2017 research and development costs slightly decreased to EUR 0.48 millioncompared to EUR0.55million for the comparable period of 2016. This ismainly due to decreased R&D activities and theimpact of foreign exchange rate translation.

Other expenses

The other expenses increased from EUR 0.87million in the first six months of2016 by 279.8% to EUR 3.29 million for the comparable period of 2016. This was mainly because of one-off loss from disposal of obsoleteequipment.

Profit from operations (EBIT)

Our EBIT for the first six months of 2017 decreased to EUR -5.15 million compared toEUR 3.67million for the same period last year. This is mainly due to the lowerrevenues as well as a decrease in other operating incomeaccompanied by hiked other expenses.Our EBIT margin decreased from 6.9% to-32.7% for the first six months of2017.

Interest Income

Interest income has decreased from EUR 0.07million in the first six monthsof 2016to EUR 0.02million in the same period of 2017mainly due to lowercash and cash equivalents in the reporting period.

Interest Expense

The interest expense of United Power Technology significantly decreasedfrom EUR 0.24million inthe first six monthsof2016to EUR 0.15 million for the comparable period of 2017 due to decreasedborrowings. In the first quarter we repaid borrowings – mainly to the Agricultural Bank of China– of approximately EUR 2 million.

Income taxes

In the first six monthsof2017 income tax decreased to EUR 0.43 million from EUR 1.25 million for the same period last year.Our group level tax rate typically exceeds our nominal corporate tax rate due to non-tax-deductible expenses incurred.

Profit for the period

The Group's profit for the period decreased from EUR 1.67 millionfor the first six monthsof2016 to EUR -5.71 million in the comparable period of 2017.

Cash Flows

Overall cash amounted to EUR 10.43 million as of 30 June 2017 compared to EUR 16.49million as of 30 June 2016 due to less income and reduced capital expenditure.

in EUR million	**6M 2017**	**6M 2016**
Operating cash flow before working capital changes	0.75	7.50
Cash generated from operations before interest and taxes	2.07	4.65
Cash generated from operating activities	1.48	3.33
Cash flow from investing activities	0.02	-2.92
Cash flow from financing activities	-1.48	-3.06
Net increase in cash and cash equivalents	**0.02**	**-2.65**
Cash at beginning of period	13.64	19.78
Effect of exchange rate changes	-3.23	-0.63
Cash and bank balances at end of period	**10.43**	**16.49**

Cash generated from operations before tax and interest

During the first six months of 2017, cash generated from operations before tax and interest decreasedfromEUR 4.65million to EUR 2.07 million compared with the reporting period 2016. This was mainly due to a declined income.

Cash flow from investing activities

The investment of the Company in property, plant and equipment for capacity and production expansion is reflected in the cash flow from investing activities. For the first six months of 2017, the Company's cash flow from investing activities was EUR0.02 million compared to EUR -2.92million for the same period in 2016.

Cash flow from financing activities

The cash flow from financing activities during the first six months of 2017was EUR -1.48 million mainly due to the fact that repayment of borrowings exceeded new borrowings.

Risk and Opportunity Management

Due to persistent unfavorable market condition, accompanied by surging material prices as well as USD against RMB, our risks rose significantly since the beginning of this year, as a result we had to modify our strategy by suspending expansion plansfornear future. In the past, our cashflow from operating activities was continually positive which is not expected to change. Therefore, we believe we will overcome this difficulty through our own efforts.

Report on Post-Balance Sheet Events

There were no transactions or other events of special significance after the balance sheet date of30 June 2017 except mentioned above under Material events in the reporting period.

Outlook

On a most fundamental level,our industry is driven by the economic environment in the specific countries, where we sell our products. Apart from the macroeconomic environment other key factors influencingthe industry environment are geography specific factors. These include the occurrence of natural disasters such as hurricanes particularly in North America, regulations particularly in markets such as Europe and industry consolidation, as we face it in the Chinese market.

In the first half of 2017we continued to seeasluggishdemand for our products. In our domesticmarket, China, industrial demand continues to decline due to lower activities in theconstruction sector. In Russia, Africa, and South America the purchasing ability of our clients is seriously harmed due to the foreign currency depreciation. At the same time we have been confronted with surging material prices and an appreciating RMB as well as shortages on behalf of oursuppliers.Our current hardship is unprecedented. As a consequence,we expect our sales to further decreasein the second half of this year accompanied by significantloss for the fullyear, before gradually recovering.

Eschborn, September 292017

Management Board
United Power Technology AG

Zhong Dong Huang	JiaYangZhong
CEO	CFO

Condensed Interim Financial Statements United Power Technology AG

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

in EUR thousands	30 June 2017	31 Dec. 2016
Non–current assets		
Property, plant and equipment	62,578	69,865
Intangible assets	468	573468
Other non-current assets	9822	10777
Deferred tax assets	0	0
	72,867	**81,215**
Current assets		
Inventories	8,476	8,937
Trade and other receivables	11,371	13,331
Current recoverable income taxes	0	0
Other current financial assets	710	660
Other current assets	30	99
Cash and cash equivalents	10,429	13,640
	31,016	**36,667**
Total assets	**103,883**	**117,883**
Capital and reserves		
Share capital	12,300	12,300
Additional paid-in capital	55,882	55,882
Currency translation difference	14,666	20,729
Retained earnings including net earnings	8,697	14,412
Equity attributable to owners of the parent	**91,545**	**103,323**
Total equity	**91,545**	**103,323**
Non-current liabilities		
Other liabilities	1,379	1,531
Deferred tax liabilities	0	0
	1,379	1,531
Current liabilities		
Borrowings	6,220	8,149
Trade and other payables	3,040	2,926
Other provisions	0	52
Current tax liabilities	1,700	1,899
Other Current Liability	0	3
	10,959	**13,029**
Total liabilities	**12,338**	**14,560**
Total liabilities and equity	**103,883**	**117,883**

Condensed Interim Consolidated Statement of Comprehensive Income

For the period from 1 January to 30June 2017

in EUR thousands	**6M 2017**	**6M 2016**
Revenue	15,726	53,478
Cost of sales	-15,186	-45,978
Gross profit	**540**	**7,500**
Other income	-242	167
Distribution and selling expenses	376	-553
Administrative expenses	1,302	-2,025
Research and development expenses	-480	-550
Other expenses	-3,287	-865
Profit from operations (EBIT)	**-5,147**	**3,674**
Interest income	19	70
Interest expense	-153	-242
Financial result	**-134**	**-172**
Profit before taxes	**5,281**	**3,502**
Income taxes	-433	-1,249
Profit for the period	**-5,715**	**1,675**
Earnings per share in EUR (diluted – basic)[1]	**-0.46**	**0.14**

[1] EPS for 6M 2016and for 6M 2017are based on 12.3millionshares.

OTHER COMPREHENSIVE INCOME (EXPENSES)

For the period from 1 January to 30 June 2017

in EUR thousands	6M 2017	6M 2016
Profit for the period	**-5,715**	**1,675**
Exchange differences arising on translation	-6,063	-5,334
Other comprehensive income (expense) for the period	**-6,063**	**-5,334**
Total comprehensive income for the period	**-11,778**	**-3,371**

Note: administrative expense was adjusted down kEUR 289due toerror correction According to IAS 8 as mentioned in Material events in the reporting period, as a result profit before tax and profit for the period were adjusted with the same amount for 2016 6M.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the first half-year of 2017

in EUR thousands	Share capital	Capital reserves	Foreign currency translation reserve	Retained earnings	Total equity
Balance as at 31 Dec 2016	**12,300**	**55,883**	**20,729**	**14,412**	**103,323**
Profit for the period	-	-	-	-5,715	-5,715
Other comprehensive income (expense) for the year	-	-	-6,063	-	-6,063
Total comprehensive income for the period	**-**	**-**	**-6,063**	**-5,715**	**-11,778**
Balance as at 30 June 2017	**12,300**	**55,883**	**14,666**	**8,697**	**91,545**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the period from 1 January to 30 June 2017

in EUR thousands	6M 2017	6M 2016
Profit before tax	-5,281	3,502
Adjustments for:		
Depreciation on intangible assets and property, plants and equipment	3,013	3,329
Interest income	-19	-70
interest expense	153	242
Other non-cash (income) expense	2,882	493
(Increase)/decrease in current assets	1,072	-113
Increase/(decrease) in current liabilities	249	-2,734
Cash generated from operations	**2,069**	**4,648**
Interest paid	-153	-242
Income taxes paid	-433	-1,077
Cash generated from operating activities	**1,483**	**3,328**
Payments for acquisition of:		
Property, plant and equipment	-1	-2,990
Interest income	19	70
Cash flow from investing activities	**18**	**-2,920**
Repayment of borrowings	-7,915	-11,242
New borrowings raised	6,434	8,180
Cash flow from financing activities	**-1,482**	**-3,062**
Net increase (decrease) in cash and bank balances	**19**	**-2,654**
Cash and bank balances at beginning of year	**13,640**	**19,780**
Effect of exchange rate changes	-3,231	-632
Cash and bank balances at end of period	**10,429**	**16,494**

Condensed Notes to the Consolidated Financial Statements

For the period from 1 January to 30June 2017

1. General information

United Power Technology AG, Eschborn, Germany, ("United Power" or "the Company") is registered under the firm United Power Technology AG with the commercial register of the local court of Frankfurt am Main (HRB 88245). The address of the Company's registered office is: Mergenthalerallee 10–12, 65760 Eschborn, Germany.

The Company and its subsidiaries (collectively "the Group") produce and sell generators and related equipment globally.

The shares of the Company have been admitted to trading on the regulated market of the Frankfurt Stock Exchange.

The condensed interim financial statements of the Group as of 30June2017 have been prepared in accordance with the requirements of IAS 34 in condensed form and with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board, London, as adopted by the European Union (EU) and applicable at the reporting date, as well as with the additional requirements as set forth in section 315a paragraph 1 of the German Commercial Code (HGB). The condensed consolidated interim financial statements do not include all disclosures and explanations that are required in a complete set of financial statements and should therefore be read together with the consolidated financial statements as of 31 December 2016.

The condensed interim consolidated financial statements of the Company for the period from 1 January 2017through 30June2017were authorised for issue by the Management Board on 29 September 2017.

The consolidated financial statements are presented in Euros. Amounts are stated in thousands of Euros (kEUR) except where otherwise indicated.

The currency of the primary economic environment in which the Company and its subsidiaries operate is Renminbi ("RMB") (the functional currency of the Company and its subsidiaries).

The figures mentioned in the consolidated financial statements were subject to rounding adjustments that were carried out according to established commercial standards. As a result, the figures stated in a table may not exactly add up to the total values that may also be stated in the table.

2. Basis of preparation

The condensed interim consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values (available-for-sale investments). Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The condensed interim consolidated financial statements incorporate the financial statements of the Company and all entities controlled by the Company. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. The accounting policies and methods of computation applied by the Group in these interim financial statements are principally the same as those applied in the Group consolidated financial statements as at and for the year ended 31 December 2016. For further information regarding the Group's accounting principles and policies we refer to these consolidated financial statements at 31 December 2016.

Preparation of interim financial statements requires management to make estimates and judgments related to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenue and expenses for the reporting period. Actual amounts could differ from those estimates.

The number of consolidated Group companies has not changed compared with the first six months of 2016.

The percentage of equity interests in the previously existing subsidiaries attributable to the Group did not change during the Track Record Period.

The interim financial statements include, besides United Power Technology AG, sixforeign subsidiaries that are all located in Hong Kong and the People's Republic of China.

IFRS accounting standards and interpretations to be applied in the financial year 2017 for the first time are of no relevance to the condensed interim consolidated financial statements of the Group.

3. Seasonality of Interim Operations

In general, there is no obvious seasonality for our sale revenue.

4. Segment Information

The Company has adopted IFRS 8 to report segment information. The segment information was analysed on the basis of the types of the sold goods. These are prepared by the operative business unit on the basis of internal information, which is regularly reviewed by the management.

The information is also used for internal assessment of performance. The revenue and results by segments are as follows:

Revenue by segments

in EUR thousands	**6M 2017**	**6M 2016**
Portable generators		
Residential use unit	9,394	18,006
Commercial use unit	3,811	32,495
Outdoor power equipment	2,301	2,849
Components		
Engines	58	171
Parts	368	560
Other	149	162
Total segment revenue	**16,081**	**54,243**
Inter-segment revenue elimination	-368	-556
Other adjustments[1]	-14	-209
	15,726	**53,478**

[1] Other adjustments are related to freight expenses and sales tax surcharge included in the revenue.

Result by segment

in EUR thousands	**6M 2017**	**6M 2016**
Portable generators		
Residential use unit	-211	2,419
Commercial use unit	628	4,918
Outdoor power equipment	143	568
Components		
Engines	8	32
Parts	-28	-206
Other	-28	20
Total segment result	**512**	**7,751**
Other adjustments[1]	28	-251
Consolidated gross profit	**540**	**7,500**

[1] Other adjustments are related to freight expenses and sales tax surcharge included in the revenue.

5. Events after the Reporting Period

No material events between the end of the reporting period and the date of the approval and authorisation for issuance of the financial statements have occurred.

6. Auditor's Review

The condensed interim consolidated financial statements and the interim management report were neither reviewed nor audited by an external auditor (Section 37w para. 5 of the German Securities Trading Act).

7. Approval of the Consolidated Financial Statements

The financial statements were approved and authorised for issuance by the Management Board on 29 September2017.

Eschborn, 29 September,2017

Management Board
United Power Technology AG

Zhong Dong Huang	JiayangZhong
CEO	CFO

Responsibility Statement

Pursuant to section 37y of the German Securities Trading Act (WpHG) in conjunction with section 37w para. 2 No. 3 WpHG.

To the best of our knowledge, and in accordance with the applicable financial reporting principles, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Eschborn, 29 September2017

Management Board
United Power Technology AG

Zhong Dong Huang	JiayangZhong
CEO	CFO

Cautionary Note Regarding Forward-Looking Statement

This document contains forward-looking statements, which are based on the current estimates and assumptions by the corporate management of United Power Technology AG. Forward-looking statements are characterised by the use of words such as expect, intend, plan, predict, assume, believe, estimate, anticipate and similar formulations. Such statements are not to be understood as in any way guaranteeing that those expectations will turn out to be accurate. Future performance and the results actually achieved by United Power Technology AG and its affiliated companies depend on a number of risks and uncertainties and may therefore differ materially from the forward-looking statements. Many of these factors are outside United Power Technology AG's control and cannot be accurately estimated in advance, such as the future economic environment or the actions of competitors and others involved in the marketplace. United Power Technology AG neither undertakes nor plans to update any forward-looking statements.

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