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**順風國際清潔能源有限公司**

**SHUNFENG INTERNATIONAL CLEAN ENERGY LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 01165)**

**VERY SUBSTANTIAL DISPOSAL  
CONNECTED TRANSACTION  
SPECIAL DEAL  
AND  
RESUMPTION OF TRADING**

**THE SALE AND PURCHASE AGREEMENT**

On 10 December 2018 (after trading hours), the Vendor (a direct wholly owned subsidiary of the Company) entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase the Target Interest, representing 100% of the equity interests in the Target Company, at an aggregate Consideration of RMB3,000 million.

**LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder exceed 75%, the Sale and Purchase Agreement and the transactions contemplated thereunder constitute a very substantial disposal of the Company which is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the Purchaser is held as to 100% by Mr. Cheng, a substantial shareholder of the Company, and is therefore a connected person of the Company, the Sale and Purchase Agreement and the transactions contemplated thereunder also constitute a connected transaction of the Company which is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **EGM**

An EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

## **TAKEOVERS CODE IMPLICATIONS**

Reference is made to the joint announcement of the Company and the Subscriber dated 9 January 2019, in which the Board announced that the Company entered into the Subscription Agreement with the Subscriber (as subscriber) and the Target Company (as guarantor), pursuant to which the Company conditionally agreed to allot and issue to the Subscriber, and the Subscriber conditionally agreed to subscribe for 7,591,153,464 Subscription Shares. Immediately upon completion of the Subscription, assuming there is no change in the issued share capital of the Company other than the issue of the Subscription Shares, the Subscriber (together with parties acting in concert with it) will be interested in 7,591,153,464 Subscription Shares, representing approximately 60.37% of the issued share capital of the Company as enlarged by the allotment and issuance of the Subscription Shares.

In view of the Subscription, the Disposal, if materialises, is an arrangement between the Company and the Purchaser (a wholly-owned subsidiary of the substantial shareholder of the Company), which is not capable of being extended to all Shareholders, therefore the Disposal constitutes a special deal of the Company under Rule 25 of Takeovers Code and requires the consent of the Executive. Such consent, if granted, will be subject to (i) the opinion of an independent financial adviser to the Company that the terms of the Disposal are fair and reasonable; and (ii) the approval of the Disposal by the Independent Shareholders by way of poll at the EGM. The Company will apply for the consent of the Executive as described above. Such consent may or may not be granted by the Executive. If such consent is not granted by the Executive, or if such consent is granted but the Sale and Purchase Agreement and the transactions contemplated thereunder are not approved by the Independent Shareholders, the Disposal will not proceed. The Company currently has no plan with respect to the Disposal if it fails to proceed. Nonetheless, in such event, further announcement(s) will be made by the Company on its future plan as and when appropriate.

## **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

An Independent Board Committee has been formed to advise and provide recommendations to the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder.

In this connection, Platinum has been appointed as the Independent Financial Adviser by the Company to advise the Independent Board Committee and the Independent Shareholders on the Sale and Purchase Agreement and the transactions contemplated thereunder.

## **DESPATCH OF CIRCULAR**

A circular containing, among other things, (i) further information on the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) a letter from the Independent Board Committee to the Independent Shareholders containing its recommendation in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder; (iii) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders containing its recommendation in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder; (iv) further information required in relation to the special deal of the Company under Rule 25 of Takeovers Code; (v) the financial and other information on the Remaining Group and the Disposal Group; (vi) the pro forma financial information of the Remaining Group upon Completion; and (vii) the notice of the EGM, is expected to be despatched to the Shareholders on or before 30 April 2019, which is more than 15 business days after the publication of this announcement as more time will be needed for the preparation of certain information to be included in the circular.

## **GENERAL**

**Shareholders and potential investors should note that the Disposal is subject to certain Conditions and may or may not materialise. There is no assurance that the Disposal will proceed.**

**In addition, the completion of the Subscription is subject to the satisfaction of such conditions precedent to completion as may be specified in the Subscription Agreement. The Subscription may or may not proceed.**

**Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional adviser(s).**

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange has been halted from 9:00 a.m. on Tuesday, 11 December 2018 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:00 a.m. on Monday, 25 March 2019.

## INTRODUCTION

Reference is made to the announcements of the Company dated 31 May 2016, 6 January 2017 and 27 September 2018 in relation to, among other things, the possible disposal of the Target Company and the announcement of the Company dated 11 December 2018 in relation to the trading halt of the Company.

On 10 December 2018 (after trading hours), the Vendor (a direct wholly owned subsidiary of the Company) entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase the Target Interest, representing 100% of the equity interests in the Target Company, at an aggregate Consideration of RMB3,000 million.

## THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are as follows:

- Date: 10 December 2018
- Parties:
- (i) Shunfeng Photovoltaic Holdings Limited\* (順風光電控股有限公司) (a direct wholly owned subsidiary of the Company, as the Vendor)
  - (ii) Asia Pacific Resources Development Investment Limited (亞太資源開發投資有限公司) (as the Purchaser)
- Asset to be disposed of: the Target Interest, representing 100% of the equity interest in the Target Company, together with all the rights, benefits and obligations of a shareholder corresponding to such equity interest, including the ownership of relevant assets of the PRC Manufacturing Business and Liyang Shuneng (please refer to the sub-section headed “The Sale and Purchase Agreement – Pre-completion internal reorganization steps” for further information).
- Consideration and payment: The aggregate Consideration is RMB3,000 million, which comprises the amounts of (a) RMB200 million; (b) HK\$1,200 million; and (c) RMB1,745 million, and shall be paid and settled according to their respectively stated currency, without the need to be converted into RMB or HK\$ (as the case may be).
- The settlement methods of the Consideration involve: (i) cash payment from the Purchaser to the Vendor of: (a) an amount of RMB200 million; and (b) an amount of RMB1,745 million which will be applied to repay certain amounts payable by the Vendor’s wholly-owned subsidiary to the Disposal Group; and (ii) the Purchaser assuming certain indebtedness owed by the Vendor to a third party lender.

Details are set out as follows:

- (i) **Payment in cash by the Purchaser to the Vendor** – a total amount of RMB1,945 million in cash payable as follows:
  - (a) RMB200 million will be paid on or before the date of Completion;
  - (b) an amount of RMB1,745 million (the “**Second Payment**”) will be paid in cash free of interest within three (3) months after the date of Completion.
  
- (ii) **Assumption of debt by the Purchaser** – As at the date of the Sale and Purchase Agreement, the total amount of loan facility provided by Sino Alliance to the Company was HK\$2,500 million. As part of the Consideration, the debt amount of HK\$1,200 million out of the HK\$2,500 million loan facility provided by Sino Alliance shall be assigned to and assumed by the Purchaser with effect at Completion.

As at the date of this announcement, to the best of the knowledge of the Company, Sino Alliance does not hold any Shares and is an Independent Third Party.

Basis of the Consideration:

The Consideration was arrived at after arm’s length negotiations between the Purchaser and the Vendor, taking into account, among other things:

- (i) the preliminary valuation of the Target Interest as at 30 June 2018 conducted by an independent valuer adopting the market approach; and
  
- (ii) the unaudited financial information of the Disposal Group including but not limited to the net asset value of the Disposal Group as at 30 June 2018.

Further details will be included in the circular to be despatched to the Shareholders.

Conditions precedent :

Completion is subject to and conditional upon the satisfaction of the following Conditions, unless waived pursuant to the Sale and Purchase Agreement:

- (1) the Company having obtained the consent and approval of the Stock Exchange and the Executive for the Disposal, including in relation to special deal under Rule 25 of the Takeovers Code (if applicable);
- (2) the Independent Shareholders having approved the Disposal in accordance with the Listing Rules and under Rule 25 of the Takeovers Code in relation to special deal (if applicable);
- (3) Completion not resulting in the Company losing its listing status pursuant to the Listing Rules;
- (4) provided that the Subscriber has become a Shareholder at the prevailing time, the Subscriber and the Vendor having confirmed that the Disposal does not require the approval and filing of the state-owned assets supervision and administration department of the PRC;
- (5) the pledge and mortgage on the Target Interest and the relevant assets of the Target Company as particularised in the Sale and Purchase Agreement having all been released without any encumbrances;
- (6) the Vendor having obtained all other necessary consents and approvals in connection with the documents contemplated under the Sale and Purchase Agreement for the purpose of executing, delivering and performing the transactions and documents contemplated by the Sale and Purchase Agreement;
- (7) the Purchaser having obtained all other necessary consents and approvals in connection with the documents contemplated under the Sale and Purchase Agreement for the purpose of executing, delivering and performing the transactions and documents contemplated by the Sale and Purchase Agreement;
- (8) the Company having obtained a valuation report issued by an independent professional valuer appointed by the Company that is reasonably satisfactory to the Company in both form and substance;
- (9) there having been no material adverse change to the business, assets, financial position, performance, operations, properties or conditions (financial or otherwise) of any companies in the Disposal Group since date of the Sale and Purchase Agreement;

- (10) the Vendor and the Disposal Group having fully cooperated with the Purchaser and its appointed consultants and agents on their full and appropriate due diligence within 30 business days from the date of the Sale and Purchase Agreement in accordance with the reasonable request of the Purchaser, in respect of the assets, liabilities, operations and affairs of the Disposal Group, and the results of which being consistent in all material or substantive aspects with the information disclosed by the Vendor prior to the date of the Sale and Purchase Agreement and the information obtained by the Purchaser;
- (11) no court, arbitrator, government agency, statutory or regulatory body having ever issued or instituted any restrictions, prohibitions or illegalized any transactions under the Sale and Purchase Agreement, or any notices, orders, judgments, actions or legal proceedings that may reasonably have a material adverse effect on the Purchaser's rights, without any encumbrance, as a legal and beneficial owners of the Target Interest upon Completion;
- (12) the representations and warranties made by the Vendor under the Sale and Purchase Agreement having remained in force and there having been no breach of agreement in the course of performance of the Sale and Purchase Agreement, or other circumstances which are contrary to its representations and warranties; and
- (13) the representations and warranties made by the Purchaser under the Sale and Purchase Agreement having remained in force and there having been no breach of agreement in the course of performance of the Sale and Purchase Agreement, or other circumstances which are contrary to its representations and warranties.

The Vendor shall use its best endeavours to procure the fulfilment of Conditions (1), (2), (3), (4), (5), (6), (8), (9) and (10). The Purchaser shall use its best endeavours to procure the fulfilment of Conditions (7) and (10). The Purchaser shall promptly provide the Vendor, the Stock Exchange, the SFC or other relevant regulatory authorities with all documents and information required by the Listing Rules, the Takeovers Code or other applicable rules, codes or regulations, whether or not in relation to the announcement, circular or other documents regarding the Disposal.

The Parties undertook to each other that it shall use its best endeavour to ensure that the Conditions will be fulfilled as soon as practicable and in any event shall not be later than the Long Stop Date.

In the event that the Conditions are not fulfilled (or waived) by the Long Stop Date, the Sale and Purchase Agreement shall terminate and become ineffective, upon which the Parties shall be released from all obligations of the Sale and Purchase Agreement, save for any obligations for antecedent breaches by a Party.

Each Party has the right to waive the Condition that is required to be fulfilled by the other Party by written advance notice (except that Conditions (1) and (2) are not waivable by any Party). As at the date of this announcement, Conditions (3), (8) and (10) above have been fulfilled.

The consent in relation to special deal under Rule 25 of the Takeovers Code in respect of the Disposal may or may not be granted by the Executive. If such consent is not granted by the Executive, or if such consent is granted but the Sale and Purchase Agreement and the transactions contemplated thereunder are not approved by the Independent Shareholders, the Disposal will not proceed. The Company currently has no plan with respect to the Disposal if it fails to proceed. Nonetheless, in such event, further announcement(s) will be made by the Company on its future plan as and when appropriate.

Completion of the Subscription and the Disposal is not inter-conditional upon each other.

Completion:

Completion shall take place within 10 business days after the Conditions have been fulfilled. The Vendor and the Purchaser shall proactively cooperate with the Target Company to submit to the relevant local government authorities all relevant materials required for the approvals and filings required for Completion.

In order to facilitate the Completion, the Parties shall endeavour to ensure the approval, filing and completion procedures of all relevant authorities (including but not limited to industry and commerce, foreign exchange, commerce, development and reform committees) required for the Completion be completed.



Repayment of the  
Relevant Payables :

The relevant amounts owed by the Vendor's wholly-owned subsidiary, Shunfeng Photovoltaic China and payable to the Disposal Group (the "**Relevant Payables**") as at 28 February 2019 amount to approximately RMB1,862 million.

As disclosed in the sub-section headed "The Sale and Purchase Agreement – Consideration and payment" above, the Purchaser shall pay the Second Payment of RMB1,745 million as part of the Consideration in cash free of interest within three (3) months after the date of Completion.

After the Purchaser has made the Second Payment to the Vendor, the Vendor shall, as soon as possible, apply the cash from the Second Payment to repay the Relevant Payables. In addition, any outstanding amount of the Relevant Payables (i.e. approximately RMB116 million, calculated based on the difference between the Relevant Payables as at 28 February 2019 of approximately RMB1,862 million and the Second Payment of RMB1,745 million) shall be repaid by Shunfeng Photovoltaic China to the Disposal Group no later than six (6) months after Completion.

Pre-completion internal  
reorganization steps:

As certain assets of the PRC Manufacturing Business intended to be sold by the Vendor to the Purchaser are not currently held under the Disposal Group, but are held by a wholly owned subsidiary of the Vendor (namely, Jiangsu Shunfeng Electricity), the Parties agreed to undertake the following pre-completion internal reorganization steps to transfer such assets to the Disposal Group:

- (i) **Separation of Jiangsu Shunfeng Electricity** – It is expected that the Vendor, Jiangsu Shunfeng Electricity and Liyang Shuneng will enter into a separation agreement, pursuant to which Jiangsu Shunfeng Electricity will establish Liyang Shuneng by way of separation under the PRC laws.
- (ii) **Transfer of the Relevant Assets to Liyang Shuneng** – Pursuant to the separation agreement, certain land, plants, machines, facilities and liabilities related to solar power module manufacturing and operation held by Jiangsu Shunfeng Electricity (the "**Relevant Assets**") will be transferred from Jiangsu Shunfeng Electricity to Liyang Shuneng.

- (iii) **Transfer of the equity interest of Liyang Shuneng to the Disposal Group** – The Vendor and Wuxi Suntech (being a subsidiary of the Target Company) shall, within 12 months from the establishment of Liyang Shuneng (or a reasonable time determined in writing by the Parties after negotiation), enter into an equity transfer agreement to complete the transfer of the entire equity interest of Liyang Shuneng to Wuxi Suntech in accordance with the equity transfer agreement.

The consideration for the transfer of entire equity interest of Liyang Shuneng has been included in the Consideration, and the Purchaser and/or Wuxi Suntech shall not be required to pay the Vendor further consideration for the equity interest of Liyang Shuneng.

## **WAIVER OF THIRD CB**

As an assistance to the Group's effort of reducing its overall debt level, on 24 March 2019, Peace Link has entered into a legally binding deed of waiver and undertaking in favour of the Company, pursuant to which Peace Link has agreed to, conditional upon completion of the Disposal and completion of the Subscription both having taken place, waive the repayment and redemption obligations of the Company in respect of HK\$1,948 million out of HK\$2,148 million under the Third CB for no consideration. Upon the waiver, HK\$200 million of the Third CB will remain outstanding.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

### **2016 Possible Disposal**

Back in May 2016, the Company and the Purchaser were contemplating the possible disposal of the Target Company ("**2016 Possible Disposal**"), the business of which were substantially the same as the business of the Disposal Group to date (except that the Overseas Business is also intended to be disposed of in the current Disposal). The 2016 Possible Disposal was also announced by the Company in its announcement dated 31 May 2016.

The development of the business of the Group, in particular the construction of the solar power farms in the PRC, was extremely capital intensive. Whilst the Group operates a substantial level of clean energy businesses, one important factor that had hindered the Group's financial performance has been the high level of finance costs (i.e. interest expenses) associated with its high debt level. As disclosed in the 2016 interim report of the Company, as at 30 June 2016, the Group was in a negative net cash position of RMB12,295.3 million. All of the proceeds from the 2016 Possible Disposal were proposed to be used for the reduction of the Group's debt.

## *Alternative financing and termination of the 2016 Possible Disposal*

Whilst considering whether to proceed with the 2016 Possible Disposal, the Company was in search for alternative debt financing opportunities. Similar to the 2016 Possible Disposal, the purpose of the alternative debt financing was to provide the Group with additional liquidity, including in discharging a number of upcoming repayment obligations.

The Group had identified a lender, Sino Alliance, an Independent Third Party, which had, pursuant to a loan agreement, agreed to provide a HK\$2,500 million (approximately RMB2,236 million) facility (the “**Sino Alliance Facility**”) to the Group in December 2016 pursuant to the arrangement. The term of the Sino Alliance Facility is two years. Also, as part of the Sino Alliance Facility, the Group had to charge its 100% equity interests in certain of its subsidiaries including Wuxi Suntech, the Target Company, and the Vendor, together with certain properties, plant and equipment of Wuxi Suntech as security for the loan. The Target Company and Wuxi Suntech comprised the majority of the business that was the subject of the 2016 Possible Disposal.

As the Company was able to secure the above-mentioned loan facility which alleviated the Group’s concerns at the time, and as a large part of the business that was the subject of the 2016 Possible Disposal was charged as security, it was decided that discussions relating to the 2016 Possible Disposal at that stage could be put to an end and the parties entered into a termination agreement on 6 January 2017 to terminate the 2016 Possible Disposal.

### **Working capital needs and reducing debt level**

Despite that the working capital needs of the Company were temporarily alleviated in 2016 and 2017, the Company had a net decrease of approximately RMB248.9 million in cash and cash equivalents from approximately RMB912.6 million as at 31 December 2016 to approximately RMB663.7 million as at 31 December 2017, and a further net decrease of approximately RMB155.7 million to approximately RMB508 million as at 30 June 2018. The decreases were primarily attributable to, among other things, repayment of bank and other borrowings and payment of interests.

As at 30 June 2018, based on the Company’s published interim financial statements, the Group was in a negative net cash position of RMB12,962.4 million, which included cash and cash equivalents of RMB508.0 million, bank and other borrowings of RMB10,885.1 million, convertible bonds of RMB1,608.7 million, bonds payable of RMB891.5 million and obligations under finance leases of RMB85.1 million.

As at the date of this announcement, the Company has the following outstanding debt due on or before 30 June 2019:

<b>Creditor/nature</b>	<b>Amount</b>	<b>Due date</b>
Sino Alliance ( <i>Note 1</i> )	HK\$600,000,000	31 March 2019
	HK\$700,000,000	30 June 2019
	HK\$1,200,000,000 (to be assigned to Purchaser on Completion)	30 June 2019
Private bond issued by a subsidiary of the Company ( <i>Note 2</i> )	RMB284,000,000	22 March 2019
Convertible bonds issued by the Company	HK\$868,500,000	15 June 2019

*Note:*

1. Such loans were originally repayable in December 2018 but were extended by agreement between the Company and Sino Alliance.
2. The Company is negotiating with the bondholder to seek an extension of the due date.

The Company is in the process of seeking additional capital for the repayment of the above debts that are due on or before 30 June 2019. In the alternative, the Company will seek to negotiate with the relevant creditors to seek refinancing and/or extension of due dates of the relevant debts, if necessary.

As disclosed in the sub-section headed “The Sale and Purchase Agreement – Consideration and payment” above, the Consideration is RMB3,000 million, and the settlement methods of the which involve (i) cash payment from the Purchaser to the Vendor of a total amount of RMB1,945 million in cash; and (ii) the Purchaser assuming certain indebtedness owed by the Vendor to a third party lender. As such, the Company expects that the proceeds from the Disposal and the Consideration, together with the waiver by Peace Link of HK\$1,948 million under the Third CB as described in the section headed “Waiver of Third CB” above, will help, among other things, the improvement of its balance sheet position by reducing its debt level.

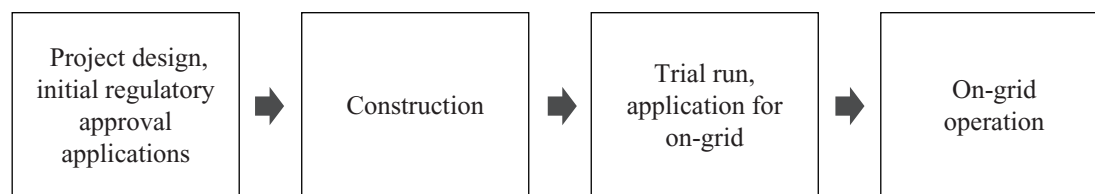
### **Scope of Disposal**

Despite that the Remaining Group’s business (in particular, the PRC Power Generation Business) has been loss making since the year ended 31 December 2016, while the PRC Manufacturing Business only started to become loss making for the six month ended 31 June 2018, the Company has considered following factors in determining the scope of the Disposal.

## *Life cycle of solar power plants*

Construction of the Group's first solar power plant in the PRC commenced in 2013 and the Group commenced its PRC Power Generation Business in 2014. Prior to the Group's solar power plants becoming fully operational and income generating, there was a latent period during which the PRC Power Generation Business was not profitable.

Set out below is the life cycle of solar power plants of the Group:



Based on the Group's track record, the time required from project design to commencement of trial run ranges from 6 months to 8 months. Trial run typically requires approximately 3 month to 6 months. Accordingly, a solar power plant will commence on-grid operation – and hence be able to generate income – after approximately 9 months to 14 months from the project design stage.

After years of dedication and significant capital investments, most of the Group's solar power plants in the PRC are now under on-grid operation and generating income for the Group. The life cycle above also explains why revenue attributable to the PRC Power Generation Business was very low in the early years and is now seeing substantial growth on a year-on-year basis as more number of the Group's solar power plants have, in recent years, become on-grid operational. The low level of revenue in the early years is not indicative of their performance but, rather, a reflection of the time required for the solar power plants to become on-grid operational.

Set out below is a list of the Group's solar power plant locations, their respective capacity and year in which they have or are expected to become grid-connected:

<b>Location</b>	<b>Capacity (MW)</b>	<b>Status</b>	<b>Year (expected year) of grid-connection</b>
Xinjiang	682.57	Grid-connected	2013-2016
Gansu	300.62	Grid-connected	2013-2015
Hebei	201.63	Grid-connected	2014-2017
Hebei	12.06	Pending grid-connection	(2019)
Ningxia	109.95	Grid-connected	2013-2016
Yunnan	50.00	Grid-connected	2015
Zhejiang	31.67	Grid-connected	2014
Qinghai	30.39	Grid-connected	2011-2013
Jiangsu	30.34	Grid-connected	2014-2017
Shandong	25.71	Grid-connected	2014-2015
Hunan	14.95	Grid-connected	2014
Hunan	3.08	Pending grid-connection	(2019)
Tibet	9.75	Grid-connected	2013

### *Finance costs and high debt level of the PRC Power Generation Business*

Further, as explained above, the development of the business of the Group, in particular the construction of the solar power farms in the PRC, was extremely capital intensive. Despite a substantial growth on a year-on-year basis, one important factor that had hindered the Group's financial performance (including the financial performance of the PRC Manufacturing Business) has been the high level of finance costs (i.e. interest expenses) associated with its high debt level from the construction of the PRC solar power farms. The Group's financial performance suffers a vicious cycle of increasing financial costs as the Group continues to make losses due to such increasing financial costs and negated the growth brought by the PRC Power Generation Business. Upon Completion, the debt of the Remaining Group, partly as a result of the construction of the Group's solar power plants, will be reduced by approximately RMB3,000 million.

### *Unfavourable prospect of the PRC Manufacturing Business*

In contrast, despite that the PRC Manufacturing Business only started to become loss making for the six months ended 30 June 2018, the global market for the solar cells, modules and panel has been very vulnerable to factors such as policies in recent years. The Group's PRC Manufacturing Business is also increasingly subject to anti-dumping tariffs and other trade restrictions imposed by the United States as well as the change in government policies in the PRC regarding the reduction in subsidies by the PRC government in respect of the PRC Manufacturing Business in May 2018, which have reduced the Group's pricing advantage significantly in particular during the second half of year 2018. The average unit price of a multicrystalline module has also continued to drop during the first 9-month period in 2018. As disclosed in the 2017 annual report of the Company, the market of the Group's manufacturing and sales of solar products business is highly competitive in terms of price, quality and brand awareness. The pricing of similar products by competitors may adversely affect the pricing of the products and could result in keen competition in price, lower business revenue and profitability level or the Group suffering from loss of market share. There is also a trend that the profit margin of the PRC Manufacturing Business is becoming very thin due to volatility of the market. In addition, developing and maintaining the PRC Manufacturing Business requires intensive capital investment, which is not conducive to the Company's financial performance. Given the uncertainties and risks in respect of the prospect of the Group's PRC Manufacturing Business, the Group plans to focus its business on the investment and operation of solar power plants, allowing the Group to reduce its upstream manufacturing business and focus on and deploy resources for its downstream clean energy business.

### *Performance of the Overseas Business*

Furthermore, the Overseas Business is proposed to be disposed of by the Company as the performance and progress of the Overseas Business have not met the expectations of the Company. In particular, the management costs of the Overseas Business in Europe were relatively high and disproportional. The Overseas Business also recorded a net loss in respect of the Overseas Business for the three years ended 31 December 2017. In addition, the Overseas Business was previously championed by certain management member of the Company who resigned from the Group. Given that the non-performance of the Overseas Business continues to affect the financial performance of the Group and also the reasons stated above, the Company is of the view that simultaneous disposal of the Overseas Business together with the PRC Manufacturing Business will help the Company focus on developing its downstream clean energy business in the PRC.

## **The Group's strategy after the Disposal**

After the Disposal, the Remaining Group will continue to own solar power generation business in the PRC and the LED Business. The Group's strategy after the Disposal is:

- (a) to continue to operate solar power generation business in the PRC, which includes (i) managing the existing solar power plants (both currently on-grid and those to become on-grid after construction) to derive revenue from electricity power generation; and (ii) the development and construction of new solar power plants projects;
- (b) in alignment with the Group's clean energy business, to develop and operate other clean energy power generation business, such as nuclear energy; and
- (c) to continue to operate the LED Business.

It is expected that the Disposal will streamline the Group's existing business segments and operations, provide investors with greater clarity on the Group's business model, risk and return profile and growth prospects, and sharpen management's strategic focus on the Group's PRC Power Generation Business and LED Business.

Based on the above, the Directors (excluding (i) Mr. Lu Bin, a Director who is the brother-in-law of Mr. Cheng and (ii) the independent non-executive Directors whose views will be contained in the circular to be published by the Company after considering the advice from the Independent Financial Adviser) are of the view that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are made on an arm's length basis and on normal commercial terms that are fair and reasonable, and the Disposal is in the interest of the Company and the Shareholders as a whole.

## **FINANCIAL EFFECTS OF THE DISPOSAL**

The details of the gain or loss attributable to the owners of the Company expected to be recognized by the Group from the Disposal and the basis for calculating such gain or loss are subject to finalization by the Company, and will be disclosed in the circular to be despatched by the Company in accordance with the requirements of the Listing Rules and the Takeovers Code.

## **USE OF PROCEEDS**

The Company intends to use the net proceeds from the Disposal (after deducting relevant costs and expenses) as follows:

- (a) RMB200 million of the Consideration will be used as working capital of the Group (which will not be used to repay the outstanding amount of the Third CB);
- (b) RMB1,745 million (namely, the Second Payment) will be used to repay the Relevant Payables, which are debts borrowed by the PRC Power Generation Business for the purposes of constructing solar power plants, repaying existing loans and interests and supplementing working capital; and
- (c) HK\$1,200 million of the Consideration will be satisfied through the Purchaser taking assignment of a loan in the same amount lent to the Company by Sino Alliance to the Purchaser;

### **Reasons for repaying the Relevant Payables with the Second Payment**

The transaction is structured such that the inter-company balances owed between the Remaining Group and the Disposal Group are repaid so as to achieve delineation and independence.

As disclosed in the sub-section headed “Reasons for and benefits of the Disposal-Working capital needs and reducing debt level” above, the Company is not expected to have sufficient cash to make repayment of the Relevant Payables without borrowing further debts, which is expected to incur additional interest expenses. The Company considers that the incurring of such additional interest expenses would not necessarily be in the interests of the Company in the circumstances. The arrangement involving first receiving the Second Payment from the Purchaser before repayment of the Relevant Payables – as opposed to the Company having to repay the Relevant Payables before Completion – will therefore facilitate the Remaining Group in repaying the Relevant Payables without incurring additional interest expense.

## **INFORMATION ON THE DISPOSAL GROUP**

### **Information on the Target Company**

The Target Company is a company established under the laws of the PRC with limited liability and an indirect wholly owned subsidiary of the Company, which operates the following businesses of the Group:

- (i) the upstream PRC Manufacturing Business, being the power module manufacturing business which primarily consists of solar cells, modules and panel manufacturing in the PRC operated via a number of operating subsidiaries of the Target Company; and
- (ii) the Overseas Business, which primarily consists of the following:
  - (a) the Overseas Plants business, being the construction, operations and sale of solar power plants in Europe and Japan; and



- (b) the Plant Management business, being the power plant management and energy solution services that are primarily provided via Solarstorm AG, a German headquartered subsidiary of the Target Company.

Other than the assets of the PRC Manufacturing Business currently held by a wholly owned subsidiary of the Vendor (namely, Jiangsu Shunfeng Electricity) which shall be transferred to the Disposal Group as part of the pre-completion internal reorganization steps as disclosed in the sub-section headed “The Sale and Purchase Agreement – Pre-completion internal reorganization steps” above, the Disposal Group does not hold any part of the Remaining Group’s business.

Further details of the Target Company and the principal subsidiaries and joint venture of the Target Company are set out as follows:

No.	Name	Principal businesses	Production capacity/installed capacity	Principal place of business	Equity interest held by the Group
1.	Target Company	Production and sales of solar cells	Solar cells: 1.2GW	Wujin, Changzhou, Jiangsu Province, PRC	100%
2.	Wuxi Suntech	Production and sales of solar cells and modules	Solar cells: 1.8GW Solar modules: 3.0GW	Xinwu District, Wuxi, Jiangsu, Province, PRC	100%
3.	Suntech Power Japan Corporation	Sales of solar modules and systems	N/A	Tokyo, Japan	100%
4.	Luoyang Suntech Solar Power Co., Ltd.* (洛陽尚德太陽能電力有限公司)	Production and sales of solar cells, systems engineering	Solar cells: 400MW	Luoyang, Henan Province, PRC	100%
5.	Jiangsu Shunfeng New Energy Technology Co., Ltd.* (江蘇順風新能源科技有限公司)	Production and sales of solar cells	Solar cells: 1.5GW	Wujin, Changzhou, Jiangsu Province, PRC	51%
		<i>Note: This is a joint venture of the Group</i>			
6.	meteocontrol GmbH	Solar power plant monitoring services and sales of solar power products	N/A	Augsburg, Germany	100%
7.	J Energy Power L.P.	Operation of solar power plants	Installed capacity of solar power plants: 12.75MW	Tenzan, Japan, Shirakanezaka, Japan and Muroran, Japan	100%

No.	Name	Principal businesses	Production capacity/installed capacity	Principal place of business	Equity interest held by the Group
8.	SF SolPower AG	Operation of solar power plants	Installed capacity of solar power plants: 8.34MW	Germany, Switzerland and Czech Republic	100%
9.	Changzhou Shunfeng Photovoltaic Materials Co., Ltd.* (常州順風光電材料有限公司)	Production and sales of solar wafers (production and operation have ceased to continue)	Solar wafers: 500MW	Wujin, Changzhou, Jiangsu Province, PRC	100%

### Financial information on the Disposal Group

Based on the unaudited combined financial statement of the Disposal Group prepared by the management of the Group, the financial information of the Disposal Group for the two years ended 31 December 2017 and for the six months ended 30 June 2018 is as follows:

	For the year ended 31 December		For the six months ended 30 June
	2016 RMB'000 (unaudited)	2017 RMB'000 (unaudited)	2018 RMB'000 (unaudited)
Net profit/(loss) before taxation	132,759	421,943	(549,026)
Net profit/(loss) after taxation	152,870	356,184	(660,111)

The unaudited net asset value and the unaudited total asset value of the Disposal Group as at 30 June 2018 was approximately RMB4,183 million and RMB9,619 million, respectively.

As at the date of this announcement, the entire equity interest in the Target Company is held by the Vendor. Upon Completion, each entity of the Disposal Group will cease to be a subsidiary of the Company and the financial positions and results of the Disposal Group will no longer be consolidated into the financial statements of the Group.

Pursuant to Rules 14.58(6) and (7) of the Listing Rules, the Company is required to disclose the above financial information relating to the Disposal Group in this announcement (the “**Target Financial Information**”). Pursuant to Rule 10 of the Takeovers Code, the Target Financial Information constitutes unaudited financial information which is required to be reported on by the relevant financial adviser and auditors or accountants of the Company (the “**Reports**”) under Rule 10.4 of the Takeovers Code. However, as the relevant financial adviser and auditors or accountants of the Company will require additional time to report on the Target Financial Information in compliance with the requirements of Rule 10 of the Takeovers Code, the Company would like to draw to the attention of Shareholders and

potential investors of the Company that the Target Financial Information does not meet the standard required by Rule 10 of the Takeovers Code, and is subject to review by the relevant financial adviser and auditors or accountants of the Company and is therefore subject to change.

The Reports prepared in compliance with the requirements of the Takeovers Code will be included in the circular to be despatched to the Shareholders. Shareholders should note that there may be differences between the financial information relating to the Disposal Group as presented in this announcement and the financial information to be presented in the circular to be despatched to the Shareholders.

**Shareholders and potential investors should exercise caution in placing reliance on the Target Financial Information when assessing the merits and demerits of the Sale and Purchase Agreement and the transactions contemplated thereunder and when dealing in the securities of the Company. Shareholders and potential investors should refer to the Reports which will be set out in the circular to be despatched to the Shareholders.**

## **INFORMATION ON THE PARTIES**

### **Information on the Group**

The Company has evolved from engaging purely in solar power business into a diversified leading integrated provider of clean energies and low-carbon and energy-saving solutions with global influences. The Company is continuing to proactively explore various kinds of clean energy resources with an aim to lay a solid foundation for its development into a global leading supplier which provides low-carbon and energy-saving integrated solutions.

### **Information on the Vendor**

The Vendor is a company incorporated under the laws of Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company. The Vendor is principally engaged in investment holding.

Apart from the Disposal Group, the Vendor holds the entire equity interest of Shunfeng Photovoltaic China, which is the holding company of the entire PRC Power Generation Business.

### **Information on the Purchaser**

The Purchaser is a company incorporated under the laws of the BVI with limited liability. The Purchaser is principally engaged in investment holding.

As at the date of this announcement, the Purchaser is held as to 100% by Mr. Cheng, a substantial shareholder of the Company holding approximately 29.98% of the total issued shares of the Company. The Purchaser is therefore an associate of Mr. Cheng and a connected person of the Company.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder exceed 75%, the Sale and Purchase Agreement and the transactions contemplated thereunder constitute a very substantial disposal of the Company which is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the Purchaser is held as to 100% by Mr. Cheng, a substantial shareholder of the Company, and is therefore a connected person of the Company, the Sale and Purchase Agreement and the transactions contemplated thereunder also constitute a connected transaction of the Company which is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As Mr. Cheng is interested in the Sale and Purchase Agreement and the transactions contemplated thereunder, Mr. Lu Bin, a Director who is the brother-in-law of Mr. Cheng, has abstained from voting on the relevant Board resolutions approving the Sale and Purchase Agreement and the transactions contemplated thereunder. Save as aforementioned, none of the other Directors has a material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder and hence no other Director has abstained from voting on such Board resolutions.

## **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee (comprising all the independent non-executive Directors) has been formed in accordance with Chapter 14A of the Listing Rules to advise the Independent Shareholders on the Sale and Purchase Agreement and the transactions contemplated thereunder.

In this connection, Platinum has been appointed as the Independent Financial Adviser by the Company to advise the Independent Board Committee and the Independent Shareholders on the Sale and Purchase Agreement and the transactions contemplated thereunder.

## **EGM**

An EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

Pursuant to Rule 14A.36 of the Listing Rules, any Shareholder with a material interest in the relevant connected transaction must abstain from voting on the relevant resolution at the EGM. As disclosed in the section headed "Information on the Purchaser" above, the Purchaser is held as to 100% by Mr. Cheng, a substantial shareholder of the Company, and is therefore a connected person of the Company. Mr. Cheng and his associates are considered to have a material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder. In addition, the Disposal constitutes a special deal of the Company under Rule 25 of Takeovers Code and requires the consent of the Executive. As such, Shareholder(s) other than (i) Mr. Cheng, his associates and parties acting in concert with Mr. Cheng and his associates, (ii) the Subscriber, its associates and parties acting in concert with it and its associates and (iii) all other parties who are interested or involved in the Subscription, the Sale

and Purchase Agreement and the transactions contemplated thereunder will be required to abstain from voting on the resolution in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder.

Save for (i) Mr. Cheng, his associates and parties acting in concert with Mr. Cheng and his associates, (ii) the Subscriber, its associates and parties acting in concert with it and its associates and (iii) all other parties who are interested or involved in the Subscription, the Sale and Purchase Agreement and the transactions contemplated thereunder, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholder has a material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder and therefore, no other Shareholder is required to abstain from voting at the EGM for the relevant resolution.

## **TAKEOVERS CODE IMPLICATIONS**

Reference is made to the joint announcement of the Company and the Subscriber dated 9 January 2019, in which the Board announced that the Company entered into the Subscription Agreement with the Subscriber (as subscriber) and the Target Company (as guarantor), pursuant to which the Company conditionally agreed to allot and issue to the Subscriber, and the Subscriber conditionally agreed to subscribe for 7,591,153,464 Subscription Shares. Immediately upon completion of the Subscription, assuming there is no change in the issued share capital of the Company other than the issue of the Subscription Shares, the Subscriber (together with parties acting in concert with it) will be interested in 7,591,153,464 Subscription Shares, representing approximately 60.37% of the issued share capital of the Company as enlarged by the allotment and issuance of the Subscription Shares.

In view of the Subscription, the Disposal, if materialises, is an arrangement between the Company and the Purchaser (a wholly-owned subsidiary of the substantial shareholder of the Company), which is not capable of being extended to all Shareholders, therefore the Disposal constitutes a special deal of the Company under Rule 25 of Takeovers Code and requires the consent of the Executive. Such consent, if granted, will be subject to (i) the opinion of an Independent Financial Adviser that the terms of the Disposal are fair and reasonable; and (ii) the approval of the Disposal by the Independent Shareholders by way of poll at the EGM. The Company will apply for the consent of the Executive as described above. Such consent may or may not be granted by the Executive. If such consent is not granted by the Executive, or if such consent is granted but the Sale and Purchase Agreement and the transactions contemplated thereunder are not approved by the Independent Shareholders, the Disposal will not proceed. The Company currently has no plan with respect to the Disposal if it fails to proceed. Nonetheless, in such event, further announcement(s) will be made by the Company on its future plan as and when appropriate.

## **DESPATCH OF CIRCULAR**

A circular containing, among other things, (i) further information on the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) a letter from the Independent Board Committee to the Independent Shareholders containing its recommendation in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder; (iii) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders containing its recommendation in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder; (iv) further information required in relation to the special deal of the Company under Rule 25 of Takeovers Code; (v) the financial and other information on the Remaining Group and the Disposal Group; (vi) the pro forma financial information of the Remaining Group upon Completion; and (vii) the notice of the EGM, is expected to be despatched to the Shareholders on or before 30 April 2019, which is more than 15 business days after the publication of this announcement as more time will be needed for the preparation of certain information to be included in the circular.

## **GENERAL**

**Shareholders and potential investors should note that the Disposal is subject to certain Conditions and may or may not materialise. There is no assurance that the Disposal will proceed.**

**In addition, the completion of the Subscription is subject to the satisfaction of such conditions precedent to completion as may be specified in the Subscription Agreement. The Subscription may or may not proceed.**

**Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional adviser(s).**

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange has been halted from 9:00 a.m. on Tuesday, 11 December 2018 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:00 a.m. on Monday, 25 March 2019.

## DEFINITIONS

Unless the context otherwise requires, the terms used in this announcement shall have the following meanings:

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“CNNC-IFMC”	CNNC Industry Fund Management Corporation* (中核產業基金管理(北京)有限公司), a private equity fund manager established by China National Nuclear Corporation in China on 4 July 2011 and is registered with the Asset Management Association of China
“Company”	Shunfeng International Clean Energy Limited (順風國際清潔能源有限公司), a company incorporated under the laws of the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Disposal on or before the Long Stop Date, including the completion of the transfer registration in respect of the Target Interest in the name of the Purchaser in accordance with the terms and conditions of the Sale and Purchase Agreement
“Condition(s)”	the condition(s) precedent to Completion under the Sale and Purchase Agreement
“Consideration”	the consideration for the Disposal payable by the Purchaser to the Vendor under the Sale and Purchase Agreement, being RMB3,000 million
“connected person”	has the meaning ascribed to it under the Listing Rules
“Cornucopiae”	Cornucopiae Asset Management Limited, a company incorporated in Hong Kong with limited liability and a licensed corporation registered under the Securities and Futures Ordinance to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance
“Directors”	the directors of the Company
“Disposal”	the disposal of the Target Interest by the Vendor to the Purchaser pursuant to the Sale and Purchase Agreement

“Disposal Group”	the Target Company and its subsidiaries engaging in the PRC Manufacturing Business and the Overseas Business
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegates of the Executive Director
“Group”	the Company and its subsidiaries
“GW”	gigawatt, which equals to 1,000,000,000 watts
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	a committee of the Board comprising Mr. Tao Wenquan, Mr. Zhao Yuwen and Mr. Kwong Wai Sun Wilson, being the independent non-executive Directors, which is formed to advise the Independent Shareholders on the Sale and Purchase Agreement and the transactions contemplated thereunder
“Independent Financial Adviser” or “Platinum”	Platinum Securities Company Limited, a licensed corporation registered under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, which has been appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder
“Independent Shareholder(s)”	Shareholder(s) other than (i) Mr. Cheng, his associates and parties acting in concert with any of Mr. Cheng and his associates, (ii) the Subscriber, its associates and parties acting in concert with it and its associates and (iii) all other parties who are interested or involved in the Subscription, the Sale and Purchase Agreement and the transactions therein
“Independent Third Party”	a person who is not a connected person under Chapter 14A of the Listing Rules



“Jiangsu Shunfeng Electricity”	Jiangsu Shunfeng Photovoltaic Electricity Company Limited* (江蘇順風光電電力有限公司), a company established under the laws of the PRC with limited liability, a wholly owned subsidiary of the Vendor
“LED Business”	the manufacturing business of LED, an energy efficient lighting device, which is operated via Lattice Power Corporation, a subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Liyang Shuneng”	Liyang Shuneng Photovoltaic Power Co., Ltd.* (溧陽順能光電電力有限公司), a company intended to be established by Jiangsu Shunfeng Electricity by way of separation pursuant to the terms of the Sale and Purchase Agreement
“Long Stop Date”	30 June 2019 or a later date as agreed between the Parties
“Mr. Cheng”	Mr. Cheng Kin Ming, a substantial shareholder of the Company holding approximately 29.98% of the total issued shares of the Company
“MW”	megawatt, which equals to 1,000,000 watts
“Overseas Business”	collectively, the Overseas Plants business and the Plant Management business
“Overseas Plants”	the construction, operations and sale of solar power plants in Europe and Japan by the Group
“Party(ies)”	the Vendor and the Purchaser
“Peace Link”	Peace Link Services Limited, a company incorporated under the laws of the BVI with limited liability and beneficially owned by Mr. Cheng
“percentage ratio”	has the meaning ascribed to it under the Listing Rules
“Plant Management”	power plant management and energy solution services that are primarily provided via Solarstorm AG, a German headquartered subsidiary of the Company

“PRC”	the People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“PRC Manufacturing Business”	the manufacturing and sales of solar cells, modules and panel in the PRC operated by the Disposal Group
“PRC Power Generation Business”	the operations of solar power plants in the PRC by the Group or the Remaining Group (as the case may be)
“Purchaser”	Asia Pacific Resources Development Investment Limited (亞太資源開發投資有限公司), a company incorporated under the laws of the BVI with limited liability and directly and wholly owned by Mr. Cheng and a connected person of the Company
“Remaining Group”	the Company and its subsidiaries (excluding the Disposal Group) after Completion
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 10 December 2018 entered into between the Vendor and the Purchaser in relation to the Disposal (as amended and supplemented on 24 March 2019 and from time to time)
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Shunfeng Photovoltaic China”	Shunfeng Photovoltaic Investment (China) Co., Ltd.* (順風光電投資(中國)有限公司), a company established under the laws of PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Sino Alliance”	Sino Alliance Capital Ltd., an Independent Third Party who had provided a loan facility to the Company in the amount of HK\$2,500 million as at the date of the Sale and Purchase Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscriber”	CAM SPC – CNNC-IFMC HK Industry Fund SP, a company incorporated in Cayman Islands and a fund jointly managed by CNNC-IFMC and Cornucopiae in their capacity as investment manager, or its nominee, and is wholly-owned by Ms. Xiao Yanming (肖豔明女士) at the date of this announcement
“Subscription”	the subscription of the 7,591,153,464 Subscription Shares by the Subscriber subject to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 14 December 2018 and entered into among the Company, the Subscriber (as subscriber) and the Target Company (as guarantor) in relation to the Subscription (as amended and supplemented pursuant to the terms therein from time to time)
“Subscription Shares”	subject to the fulfilment of the Conditions and the terms of the Subscription Agreement, 7,591,153,464 Shares to be subscribed by the Subscriber upon completion of the Subscription
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Target Company”	Jiangsu Shunfeng Photovoltaic Technology Company Limited* (江蘇順風光電科技有限公司), a company established under the laws of the PRC with limited liability
“Target Interest”	100% of the equity interest in the Target Company, together with all the rights, benefits and obligations of a shareholder corresponding to such equity interest
“Third CB”	the third batch of outstanding convertible bonds issued by the Company and held by Peace Link in the principal amount of HK\$2,148 million with a maturity date of 15 April 2024
“Vendor”	Shunfeng Photovoltaic Holdings Limited (順風光電控股有限公司), a company incorporated under the laws of Hong Kong with limited liability and a direct wholly owned subsidiary of the Company

“Wuxi Suntech”

Wuxi Suntech Power Co., Ltd.\* (無錫尚德太陽能電力有限公司) a company established under the laws of the PRC with limited liability and a subsidiary of the Target Company

“%”

per cent

By order of the Board  
**Shunfeng International Clean Energy Limited**  
**Zhang Fubo**  
*Chairman*

Hong Kong, 25 March 2019

*For the purpose of this announcement, translations of HK\$ into RMB or vice versa have been calculated by using an exchange rate of HK\$1.00 equal to RMB0.88. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were, may have been or will be exchanged at such rate or any other rates or at all.*

*As at the date of this announcement, the executive Directors are Mr. Zhang Fubo, Mr. Wang Yu, Mr. Lu Bin and Mr. Chen Shi; and the independent non-executive Directors are Mr. Tao Wenquan, Mr. Zhao Yuwen and Mr. Kwong Wai Sun Wilson.*

*All Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*

\* *For identification purpose only*