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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: 1165)

DISCLOSEABLE TRANSACTION

The Board is pleased to announce that on 16 December 2015 (after trading hours), the Seller and Shanghai Shunneng, both being an indirectly wholly-owned subsidiary of the Company, the Purchaser and the Target Company entered into the Sale and Purchase Framework Agreement in relation to the Proposed Disposal. Pursuant to the Sale and Purchase Framework Agreement, the Seller agrees to sell and the Purchaser agrees to purchase 100% equity interest in the Target Company at the consideration of RMB1,199,600,000 (subject to adjustment).

The Target Company will, immediately after the completion of the Reorganization, become the holding company of the Target Subsidiaries whose business are mainly to construct, develop and operate different photovoltaic projects and power plants in different provinces in the PRC.

As certain applicable ratios set forth under Rule 14.07 of the Listing Rules in respect of the Proposed Disposal are more than 5% but less than 25%, the Proposed Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements but exempt from shareholders' approval requirement under Chapter 14 of the Listing Rules.

Pursuant to the Sale and Purchase Framework Agreement, the Consideration is to be adjusted in accordance with the value of the Disposal Group to be determined by the Independent Valuer. As the valuation method has not been determined, which may or may not constitute a profit forecast under Rule 14.61 of the Listing Rules, the Company will make further announcement in compliance with the Listing Rules once the valuation is finalised.

As the Proposed Disposal is subject to the fulfilment of certain conditions precedent and may or may not proceed, shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

REASONS FOR AND BENEFITS OF THE PROPOSED DISPOSAL

As a leading developer of solar projects globally and the largest private developer in the PRC, the Company has already developed and connected over 1.6GW of solar plants right across the country. With the ongoing development and maturation of the PRC's solar market, more and more companies and investors are keen to enter the clean energy market. The Group is adapting to this trend. Leverage on the leading market position and expertise in the development, operation and maintenance of solar projects, the Group will continue to focus on solar power plants construction and development, and at the same time engage in the sale of developed solar projects to investors as standardized fixed income products. This business model enables the Group to generate its capital to fund the development of its other projects in the pipeline.

THE PROPOSED DISPOSAL

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THE SALE AND PURCHASE FRAMEWORK AGREEMENT

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

Date : 16 December 2015

Parties : (i) Seller
(ii) Shanghai Shunneng
(iii) Purchaser
(iv) Target Company

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are not connected with the Company and its connected persons as at the date of this announcement.

Assets to be sold : 100% equity interest in the Target Company. For further information relating to the Target Company and the Disposal Group, please refer to the section headed "Information of the Target Company and Disposal Group" below.

- Consideration : The initial Consideration is RMB1,199,600,000 which shall be payable in cash. Pursuant to the Sale and Purchase Framework Agreement, the Consideration is to be adjusted in accordance with the value of the Disposal Group to be determined by the Independent Valuer. As the valuation method has not been determined, which may or may not constitute a profit forecast under Rule 14.61 of the Listing Rules, the Company will make further announcement in compliance with the Listing Rules once the valuation is finalised.
- Terms of payment : The Consideration shall be payable in cash by the Purchaser to the Seller in the following manner:
- (1) RMB650,000,000 shall be payable within three (3) days after completion of the transfer of the equity interest of the Target Subsidiaries held by the Seller to the Target Company and completion of registration for the change of key personnel of the Target Company;
 - (2) RMB499,600,000 shall be payable within ten (10) days after the obtaining of the consent of the relevant authority by the Purchaser in respect of the Proposed Disposal, the obtaining of the relevant capital by the Purchaser for the purpose of the Proposed Disposal, and the obtaining of certain permits, consents and approvals from the relevant authorities in respect of the projects held by the Target Subsidiaries by the Seller on or before 30 June 2016; and
 - (3) RMB50,000,000 shall be payable after three (3) years upon completion of the Proposed Disposal and obtaining of all necessary permits, consents and approvals from the relevant authorities in respect of the projects held by the Target Subsidiaries by the Seller.
- Basis of the Consideration : The Consideration was determined after arm's length negotiations between the parties to the Sale and Purchase Framework Agreement taking into account the historical operating and financial performance of the Disposal Group.

- Repurchase Undertakings : (a) Upon occurrence of following events, subject to the Company's compliance with all applicable rules and regulations, the Seller and Shanghai Shunneng undertake to the Purchaser that it shall have the rights (but not the obligations) to request the Seller and/or Shanghai Shunneng to repurchase the equity interests of the relevant Target Subsidiary:
- (i) where any Target Subsidiary fails to allocate land, obtain land concessions or land use rights in relation to its photovoltaic projects within two years from the date on which the equity interest of the Target Company having been transferred to the Purchaser, such that such Target Subsidiary is unable to operate normally, or continue to fulfill its obligations with respect to the photovoltaic projects, or where the land use rights for the photovoltaic projects are in dispute and cause material adverse impact on the continued operation of the photovoltaic projects;
 - (ii) where any Target Subsidiary fails to obtain the property ownership certificate necessary in relation to the photovoltaic projects within three years from the date on which the equity interest of the Target Company having been transferred to the Purchaser, such that any Target Subsidiary is unable to operate normally;
 - (iii) for the photovoltaic projects which are not able to obtain electricity subsidies as at the date of the Sale and Purchase Framework Agreement, such photovoltaic projects fail to be listed under the renewable energy electricity subsidies programme by the relevant PRC authorities and fail to obtain electricity subsidies during the relevant application period or before 31 December 2016, whichever is earlier;
 - (iv) where siting defects cause material adverse impact on the continued operation of the photovoltaic projects such that any Target Subsidiary is unable to operate normally; or
 - (v) where an incident occur at any photovoltaic projects sustaining a material loss exceeding RMB20 million and the Seller and/or Shanghai Shunneng are unable to rectify such loss within three months of such incident.

- (b) The parties confirm that the Seller and/or Shanghai Shunneng shall repurchase all the equity interests in the relevant Target Subsidiaries at the repurchase price as determined according to the following formula:

repurchase price = total repurchase amount of the Target Subsidiaries x (1 + 9%/360 x n days), where “n” represents the number of days from the date of the Sale and Purchase Framework Agreement to the date that the Seller and/or Shanghai Shunneng make all payment of the repurchase price to the Purchaser, deducting the proceeds which the Purchaser has obtained from the relevant Target Subsidiaries.

- (c) Upon delivery of the written notice to repurchase by the Purchaser (or any third party specified by the Purchaser), the Seller and Shanghai Shunneng have to, within 10 business days (the “**Repurchase Payment Period**”), transfer the repurchase price to the Purchaser’s bank account. If the Seller and Shanghai Shunneng fail to pay the purchase price to the Purchaser within the Repurchase Payment Period, an interest rate of 12% per annum is payable as from the end of the Repurchase Payment Period to the date payment is duly made.
- (d) The parties agree to cooperate to effect the transfer of any equity interests of the Target Subsidiaries back to the Seller and Shanghai Shunneng by completing the business registration and filing procedures at the relevant administration for industry and commerce of the relevant place of registration of Target Subsidiaries upon 15 days of the repurchase price being fully paid.

Profit Guarantee : The Seller and Shanghai Shunneng undertake to the Purchaser that the Disposal Group shall reach the following profit targets for the year 2016 to 2019 (the “**Profit Guarantee Period**”):

- (a) net profits of RMB144,730,000 in 2016
- (b) net profits of RMB144,730,000 in 2017
- (c) net profits of RMB144,730,000 in 2018
- (d) net profits of RMB144,730,000 in 2019

If the Disposal Group is unable to realise the above profits for any year during the Profit Guarantee Period, the Seller and Shanghai Shunneng shall pay the shortfall between the net profit actually realised by the Disposal Group and the amount guaranteed to the Purchaser. If the Target Company is unable to attain 80% of its net profit targets for any year within the Profit Guarantee Period, the Purchaser shall have the right to request the Seller and Shanghai Shunneng to repurchase the entire equity interests of any Target Subsidiary for a photovoltaic project which in the opinion of Purchaser has the least profitability in accordance with the repurchase undertakings specified above.

INFORMATION OF THE GROUP

The Company

The Company has committed itself to become the world leading provider for overall clean energy solutions. Through strategic acquisition and integration, the Company currently owns various product technologies of many famous brands in the industry, leading to the overall solutions for clean energies. At present, the product technologies owned by the Company are capable of realizing the on-going optimization for the generation of energies, such as solar energy and seawater power generation. The Company is capable of providing integrated solutions, coupled with energy management and storage, for the users of large-scale government public facilities, the commercial users including large-scale gymnasiums, commercial facilities, offices, schools and hospitals and the household users. Such solutions are able to save up to overall 50% to 70% energy effectively on the basis of realizing green environmental protection.

The Seller

The Seller is a company established in the PRC and is a wholly-owned subsidiary of the Company. The Seller is principally engaged in investments holding.

Shanghai Shunneng

The Shanghai Shunneng is a company established in the PRC and is a wholly-owned subsidiary of the Company. Shanghai Shunneng is principally engaged in industrial investment, investment management, investment consultation, commercial consultation, wholesale of photovoltaic products as well as the business of import and export of goods and technology.

INFORMATION OF THE PURCHASER

The Purchaser is a wholly-owned subsidiary of Chongqing Guo Xin Investment Holding Company Limited. The Purchaser is principally engaged in industrial investment, equity investment, market development and investment, operation and management of assets (the above scope of operation does not include finance business which involves the receipt of private funds), domestic trading (excluding commodities subject to specific management requirements), development and sales of computer technology and the development of high and new technology projects (except projects which require prior approval and review under the applicable laws and regulations) with its own funds.

INFORMATION OF THE TARGET COMPANY AND DISPOSAL GROUP

The Target Company is a company recently incorporated in the PRC and is principally engaged in investment holding. The Target Company will, immediately after the completion of the Reorganization, become the holding company of the Target Subsidiaries whose business are mainly to construct, develop and operate different photovoltaic projects and power plants in different provinces in the PRC.

The following table sets forth the nine Target Subsidiaries in the Disposal Group:

Name of the Target Subsidiaries	Constructed Capacity (MW)
Hejing Tianhong Solar Energy Technology Co., Ltd.* (和靜天宏陽光太陽能科技有限公司)	30
Hejing Photovoltaic Electronics Co., Ltd.* (和靜正信光伏電子有限公司)	20
Yanqi ENN Solar Energy Co., Ltd.* (焉耆新奧太陽能源有限公司)	20
Jinghe County Hairun PV Power Co., Ltd.* (精河縣海潤光伏發電有限公司)	20
Yuli Jiangyin Jun Xin PV Power Co., Ltd.* (尉犁縣江陰浚鑫光伏發電有限公司)	20
Suntech (Ulan) Solar Power Co., Ltd.* (尚德 (烏蘭) 太陽能發電有限公司)	10
Turpan City Hai Xin PV Power Co., Ltd.* (吐魯番市海鑫光伏發電有限公司)	20
Hebei Sulong PV Power Co. Ltd.* (河北蘇龍光伏發電有限公司)	20
Tumxuk Hidenobu New Energy Co., Ltd.* (圖木舒克市榮信新能源有限公司)	20

Set out below is the combined unaudited net profit (before taxation) and the unaudited net profit (after taxation) for the six months ended 30 June 2015 and the twelve months ended 31 December 2014 based on the unaudited accounts of the nine Target Subsidiaries prepared based on PRC Accounting Standards for Business Enterprises:

	For the six months ended 30 June 2015 (unaudited) <i>RMB'000</i>	For the twelve months ended 31 December 2014 (unaudited) <i>RMB'000</i>
Net profit before taxation	36,851	87,067
Net profit after taxation	36,144	86,617

FINANCIAL EFFECT OF THE PROPOSED DISPOSAL

The Target Company will no longer be a subsidiary of the Company upon completion of the Proposed Disposal. The actual financial effects from the Proposed Disposal will be computed based on the financial information of the Disposal Group on the date of completion of the Proposed Disposal. It is estimated that there is an estimated gain after tax of approximately HK\$55.4 million arising from the Proposed Disposal based on the initial Consideration and the net assets value attributable to owners of the Company of approximately HK\$1,378.9 million as at 30 November 2015, net of estimated taxes and transaction costs of approximately HK\$2.8 million for the Proposed Disposal (including Reorganization). For the purpose of this indicative calculation only, amounts stated in Renminbi has been converted into Hong Kong dollar amounts at RMB1=HK\$1.198, being the exchange rate prevailing on 16 December 2015. No representation is made that RMB amounts have been, could have been or could be converted to HK\$, or vice versa, at the applied or at any other rates or at all. The actual gain or loss that the Company can realise will depend on the actual net assets value attributable to owners of the Company on the date of completion of the Proposed Disposal. It is expected that completion of the Proposed Disposal will increase the equity attributable to owners of the Company due to the aforesaid estimated gain from the Proposed Disposal and improve the net debt to equity attributable to owners of the Company.

The Company intends to use the proceeds received from the Proposed Disposal for general working capital and construction and development of other photovoltaic projects.

The Directors (including the independent non-executive Directors) consider that the Proposed Disposal (including the terms of the Sale and Purchase Framework Agreement) is fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As certain applicable ratios set forth under Rule 14.07 of the Listing Rules in respect of the Proposed Disposal are more than 5% but less than 25%, the Proposed Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements but exempt from shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to the Sale and Purchase Framework Agreement, the Consideration is to be adjusted in accordance with the value of the Disposal Group to be determined by the Independent Valuer. As the valuation method has not been determined, which may or may not constitute a profit forecast under Rule 14.61 of the Listing Rules, the Company will make further announcement in compliance with the Listing Rules once the valuation is finalised.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Board”	the board of Directors
“Company”	Shunfeng International Clean Energy Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
“Consideration”	the total purchase price payable by the Purchaser to the Seller under the Sale and Purchase Framework Agreement for the Proposed Disposal, being RMB1,199,600,000 (subject to adjustment)
“Directors”	the directors of the Company
“Disposal Group”	the Target Company and Target Subsidiaries
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Valuer”	銀信資產評估有限公司 (Silver Assets Appraisal Co., Ltd.*), an independent third party valuer in respect of the valuation of the Disposal Group
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange

“PRC”	the People’s Republic of China
“Proposed Disposal”	the proposed disposal of the Disposal Group by the Seller to the Purchaser as contemplated under the Sale and Purchase Framework Agreement
“Purchaser”	重慶未來投資有限公司 (Chongqing Future Investment Co., Ltd.*), a company established in the PRC
“Reorganization”	the corporate reorganization to be undertaken by the Group upon signing of the Sale and Purchase Framework Agreement, such that Target Subsidiaries will be held by the Target Company upon completion of the Reorganization
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Framework Agreement”	the agreement dated 16 December 2015 entered into among the Seller, the Purchaser, Shanghai Shunneng and the Target Company in relation to the Proposed Disposal
“Seller”	江西順風光電投資有限公司 (Jiangxi Shunfeng Photovoltaic Investment Co. Ltd.*), a company established in the PRC and a wholly-owned subsidiary of the Company
“Shanghai Shunneng”	上海順能投資有限公司 (Shanghai Shunneng Investment Co., Ltd.*), a company established in the PRC and a wholly-owned subsidiary of the Company
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	江蘇長順信合新能源有限公司 (Jiangsu Changshun Xinhe New Energy Co., Ltd.*), a company established in the PRC and a wholly-owned subsidiary of the Seller

“Target Subsidiaries”

和靜天宏陽光太陽能科技有限公司 (Hejing Tianhong Solar Energy Technology Co., Ltd.*), 和靜正信光伏電子有限公司 Hejing Photovoltaic Electronics Co., Ltd.*), 焉耆新奧太陽能源有限公司 (Yanqi ENN Solar Energy Co., Ltd.*), 精河縣海潤光伏發電有限公司 (Jinghe County Hairun PV Power Co., Ltd.*), 尉犁縣江陰浚鑫光伏發電有限公司 (Yuli Jiangyin Jun Xin PV Power Co., Ltd.*), 尚德(烏蘭)太陽能發電有限公司 (Suntech (Ulan) Solar Power Co., Ltd.*), 吐魯番市海鑫光伏發電有限公司 (Turpan City Hai Xin PV Power Co., Ltd.*), 河北蘇龍光伏發電有限公司 (Hebei Sulong PV Power Co. Ltd.*) and 圖木舒克市榮信新能源有限公司 (Tumxuk Hidenobu New Energy Co., Ltd.*), which are currently subsidiaries of the Seller and/or Shanghai Shunneng, and will become the subsidiaries of the Target Company upon completion of Reorganization

“%”

per cent

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

Hong Kong, 17 December 2015

As at the date of this announcement, the executive Directors are Mr. Zhang Yi, Mr. Luo Xin, Mr. Shi Jianmin, Mr. Wang Yu, Mr. Lei Ting and Mr. Lu Bin; and the independent non-executive Directors are Mr. Tao Wenquan, Mr. Zhao Yuwen and Mr. Kwong Wai Sun Wilson.

* *For identification purposes*