
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Shunfeng International Clean Energy Limited, you should at once hand this circular together with the enclosed form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.

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順風國際清潔能源有限公司

SHUNFENG INTERNATIONAL CLEAN ENERGY LIMITED

(formerly known as Shunfeng Photovoltaic International Limited 順風光電國際有限公司)
(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01165)

**(1) CONNECTED TRANSACTION
ISSUE OF CONVERTIBLE BONDS
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

Placing Agent



博大證券有限公司
Partners Capital Securities Limited

**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**



Capitalised terms used on this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular.

A notice convening an extraordinary general meeting of the Company to be held at 99 Yanghu Road, Wujin Hi-Tech Industrial Development Zone, Changzhou City, Jiangsu, the People's Republic of China on 29 December 2014 at 10:30 a.m. is set out on pages 35 to 36 of this circular. Whether or not you are able to attend the extraordinary general meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the extraordinary general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the extraordinary general meeting should you so wish.

A letter from the Board is set out on pages 4 to 14 and a letter from the Independent Board Committee is set out on page 15 of this circular. A letter of advice from Fortune Financial Capital Limited containing its advice to the Independent Board Committee and the Independent Shareholders on the Placing Agreement and the transactions contemplated thereunder, including, amongst others, the issue of the Convertible Bonds and the Conversion Shares, is set out on pages 16 to 31 of this circular.

9 December 2014

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the meanings ascribed to them below:

“acting in concert”	has the meaning ascribed thereto in the Takeovers Code
“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	board of the Directors
“Business Day(s)”	a day (excluding Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are open for business
“Company”	Shunfeng International Clean Energy Limited (formerly known as Shunfeng Photovoltaic International 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
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Conversion Price”	the initial conversion price of HK\$7.00 (subject to adjustment and upon conversion, both the principal amount of the Convertible Bonds and the Conversion Price to be converted into RMB at a fixed exchange rate) per Conversion Share upon conversion of the Convertible Bonds
“Conversion Share(s)”	the Share(s) which may fall to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds
“Convertible Bonds”	the 5% convertible bonds in principal amount of not more than HK\$700,000,000 to be issued by the Company pursuant to the Placing Agreement
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of Company to be convened to consider and, if thought fit, approve the Placing Agreement and the transactions contemplated thereunder, the issue of the Convertible Bonds and the Conversion Shares
“Group”	the Company and its subsidiaries
“GW”	gigawatt, which equals to one billion watts
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Independent Board Committee”	the board committee comprising all the independent non-executive Directors to advise the Independent Shareholders as to fairness and reasonableness of the issue of the Convertible Bonds, the Placing Agreement and the transactions contemplated thereunder
“Independent Financial Adviser” or “Fortune Financial Capital”	Fortune Financial Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO, which has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Placing Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than Peace Link and its associates
“Independent Third Party(ies)”	a person who is not a connected person of the Company or an associate of such connected person
“Last Trading Day”	28 October 2014, being the last trading day immediately before the entering into of the Placing Agreement
“Latest Practicable Date”	4 December 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Committee”	the listing committee of the Stock Exchange for considering applications for listing and the granting of listing
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	the third (3rd) anniversary of the date of issue of the Convertible Bonds
“Mr. Cheng”	Mr. Cheng Kin Ming, the sole beneficial owner of Peace Link
“MW”	megawatt, which equals to one million watts
“Peace Link”	Peace Link Services Limited, a company incorporated in the British Virgin Islands whose issued share capital is wholly and beneficially owned by Mr. Cheng
“Placing Agent” or “Partners Capital”	Partners Capital Securities Limited
“Placing Agreement”	the placing agreement dated 28 October 2014 entered into between the Company and the Placing Agent in respect of the Convertible Bonds

DEFINITIONS

“Placing Agreement A”	the placing agreement dated 28 October 2014 entered into between the Company and the Placing Agent in respect of the 5% convertible bonds in principal amount of not more than HK\$2,100,000,000 of the Company
“RMB”	renminbi, the lawful currency of the People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws 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 Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed thereto in the Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“%”	per cent.

LETTER FROM THE BOARD



順風國際清潔能源有限公司

SHUNFENG INTERNATIONAL CLEAN ENERGY LIMITED

(formerly known as Shunfeng Photovoltaic International Limited 順風光電國際有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01165)

Executive Directors:

Mr. Zhang Yi (Chairman and Chief Executive Officer)

Mr. Shi Jianmin (Vice Chairman)

Mr. Wang Yu

Mr. Luo Xin

Mr. Lei Ting

Mr. Lu Bin

Non-executive Director:

Mr. Yue Yang

Independent Non-executive Directors:

Mr. Tao Wenquan

Mr. Zhao Yuwen

Mr. Siu Wai Keung Francis

Mr. Kwong Wai Sun Wilson

Registered Office:

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Principal place of business in

Hong Kong:

Portion A, 10/F

World-Wide House

No.19 Des Voeux

Road Central,

Hong Kong

9 December 2014

To the Shareholders

Dear Sir or Madam,

**(1) CONNECTED TRANSACTION
ISSUE OF CONVERTIBLE BONDS
AND**

(2) NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the announcement of the Company dated 28 October 2014 of which the Board announced that on 28 October 2014 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement A and the Placing Agreement under substantially the same terms, in respect of the issue of convertible bonds in the aggregate principal amount of not more than HK\$2,100,000,000, and the Convertible Bonds in the aggregate principal amount of not more than HK\$700,000,000, respectively. To the best of the Directors' knowledge, information and belief, the subscriber for the Convertible Bonds is, subject to obtaining the Independent Shareholders' approval at the EGM, Peace Link. The transactions contemplated under the Placing Agreement A and the Placing Agreement, and their respective completion, are separate and not conditional upon each other.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) further information regarding the Placing Agreement and the proposed issue of Convertible Bonds; (ii) the letter of recommendation from the Independent Board Committee on the terms of the Placing Agreement and the proposed issue of Convertible Bonds; (iii) the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and Independent Shareholders regarding the terms of the Placing Agreement and the proposed issue of Convertible Bonds; and (iv) the notice of EGM.

PLACING AGREEMENT

1. Parties and Date

Date:	28 October 2014 (after trading hours)
Issuer:	the Company
Placing Agent:	Partners Capital

Pursuant to the Placing Agreement, the Placing Agent shall use its best endeavours to procure subscribers to subscribe for the Convertible Bonds in the principal amount of not more than HK\$700,000,000.

To the best of the Directors' knowledge, information and belief, the subscriber of the Convertible Bonds is Peace Link.

2. Principal terms of the Convertible Bonds

The principal terms of the Convertible Bonds were arrived at after arm's length negotiations between the Company and the Placing Agent and are summarised as follows:

Principal amount:	Not more than HK\$700,000,000
Interest rate:	5% per annum payable annually in arrear (interest to be repaid in RMB based on a fixed exchange rate)
Maturity date and redemption:	Unless previously converted, any outstanding Convertible Bonds shall be redeemed at its principal amount (plus any accrued but unpaid interests) (to be repaid in RMB based on a fixed exchange rate) on the Maturity Date.
Placing commission:	The Company agrees to pay to the Placing Agent a placing commission of 1.5% of the principal amount of the Convertible Bonds.
Ranking:	The Convertible Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Company and at all times ranks <i>pari passu</i> among any part thereof and equally with all other present and future unsecured and unsubordinated obligations of the Company.

LETTER FROM THE BOARD

- Conversion: The conversion rights under the Convertible Bonds shall only be exercisable so long as:
- (1) the exercise of the conversion rights under the Convertible Bonds will not result in the relevant holder of the Convertible Bonds, its associates and parties acting in concert with it will, in aggregate, control or be interested in 30% or more of the voting rights of the Company unless: (i) a whitewash waiver is obtained in accordance with the requirement of the Takeovers Code; or (ii) a general offer is made in accordance with the requirement of the Takeovers Code; and
 - (2) not less than 25% of the then issued share capital of the Company as enlarged by the issue of the Conversion Shares are held in public hands.
- Conversion period: The holder(s) of the Convertible Bonds shall have the right to convert the whole or part of the principal amount of the Convertible Bonds into Conversion Shares on any Business Day from date of issue of the Convertible Bonds up to and including the date falling one (1) day prior to the Maturity Date at the then prevailing Conversion Price.
- Conversion Price The Conversion Price is initially HK\$7.00 per Conversion Share (upon conversion, both the principal amount of the Convertible Bonds and the Conversion Price are to be converted into RMB at a fixed exchange rate), subject to customary adjustment for, among other matters, subdivision or consolidation of Shares, capitalisation of profits or reserves, capital distributions and rights issue. Adjustment(s) to the Conversion Price will be reviewed either by the auditor of the Company for the time being or a merchant bank.
- Voting: The holder(s) of the Convertible Bonds will not be entitled to attend or vote at any meeting of the Company by reason only of it being the holder of the Convertible Bonds.
- Transfer: Subject to the restricted transfer period described below, with the prior consent of the Company, the Convertible Bonds are freely transferable at any time during the period from the date on which the subscriber(s) of the Convertible Bonds are registered as the holder(s) of the Convertible Bonds provided that no transfer or assignment of the Convertible Bonds shall be made to any connected person of the Company and its associates.

LETTER FROM THE BOARD

Restricted transfer period:

The Company will not register any transfer of Convertible Bonds: (i) during the seven (7) days prior to and including the date of payment of any principal amount in respect of the Convertible Bonds; (ii) after the delivery of a conversion notice by the holder of the Convertible Bonds; or (iii) during the seven (7) days prior to and including the date of interest payment pursuant to the terms of the Convertible Bonds.

Events of default:

If, among others, any of the following events occurs, the holder(s) of the Convertible Bonds may give notice to the Company that the Convertible Bonds are due and payable immediately upon the receipt of such notice by the Company at its principal amount:

- i. the Company fails to pay the principal when due unless non-payment of such amount is due solely to administrative or technical error or payment is made within five (5) Business Days after the due date for the payment thereof; or
- ii. the Company defaults in performance or observance or compliance with any of its other obligations set out in the Convertible Bonds which default will constitute a material adverse effect on the Group's business, operations, assets or financial condition; and which default is incapable of remedy or is not remedied according to the reasonable opinion of any holder(s) of the Convertible Bonds within fourteen (14) days after notice is sent from the holder(s) of the Convertible Bonds to the Company; or
- iii. an encumbrancer takes possession or a receiver, manager or other similar officer is appointed of the whole or any part of the undertaking, property, assets or revenues of the Company or its major subsidiaries and which will constitute a material adverse effect on the Group's business, operations, assets or financial condition; or

LETTER FROM THE BOARD

- iv. the Company or any of its major subsidiaries becomes insolvent or is unable to pay its debts as they mature or applies for or consents to or suffers the appointment of any administrator, liquidator or receiver of the Company or its subsidiaries or the whole or any part of the undertaking, property, assets or revenues of the Company or its subsidiaries or takes any proceeding under any law for a readjustment or deferment of its debts or any part of them or makes or enters into a general assignment or compromise with or for the benefit of its creditors and which will constitute a material adverse effect on the Group's business, operations, assets or financial condition; or
- v. an order is made or an effective resolution passed for winding-up of the Company or any of its major subsidiaries except in the case of winding-up of subsidiaries in the course of internal reorganisation; or
- vi. suspension of trading of the Shares on the Stock Exchange or a recognised stock exchange for a continuous period of fourteen (14) trading days and which will constitute a material adverse effect on the Group's business, operations, assets or financial condition; or
- vii. the Company or any of its major subsidiaries fails to comply with or pay any sum due from it under any final judgment or any final order made or given by any court of competent jurisdiction which in aggregate exceed HK\$5,000,000 and which will constitute a material adverse effect on the Group's business, operations, assets or financial condition.

The Conversion Shares will rank *pari passu* in all respects with the Shares in issue as at the date of allotment and issue of the Conversion Shares.

No application will be made for listing of, or permission to deal in, the Convertible Bonds on the Stock Exchange or any other stock exchange. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

LETTER FROM THE BOARD

3. Conditions precedent

Completion of the Placing Agreement is conditional upon the fulfilment of the following conditions precedent:

- i. the passing of all necessary resolution(s) by the Independent Shareholders to approve the transaction under the Placing Agreement in accordance with the Listing Rules at the EGM, including but not limited to the granting by the Independent Shareholders of a specific mandate for the allotment and issue of the Conversion Shares;
- ii. the Listing Committee granting listing of and permission to deal in the Conversion Shares; and
- iii. all necessary consents and approvals in relation to the Placing Agreement having been obtained by the Company, the Placing Agent and the subscriber(s), and the Company, the Placing Agent and the subscriber(s) having complied with the relevant laws and rules (including but not limited to the Listing Rules and the relevant laws of Hong Kong), and such consents and approvals remaining valid up to the date of completion of the Placing Agreement, and there having been no rules or regulations imposed by the relevant authorities to forbid or seriously delay the performance and completion of the Placing Agreement.

If any of the above conditions are not fulfilled on the earlier of 31 January 2015 or within one month after obtaining the Independent Shareholders' approval with respect to the transactions under the Placing Agreement at the EGM or such other date as the Company and the Placing Agent may agree, the Placing Agreement will cease and determine and no party shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Placing Agreement, save in respect of any antecedent breach of any obligation thereof.

4. Completion

Subject to the fulfilment of the above conditions precedent, completion of the Placing Agreement shall take place on the earlier of 31 January 2015 or within one month after obtaining the Independent Shareholders' approval with respect to the transactions under the Placing Agreement at the EGM (or such other date as the parties to the Placing Agreement may agree).

COMPARISON OF CONVERSION PRICE

The Conversion Price of HK\$7.00 per Conversion Share was arrived at after arm's length negotiation between the Company and the Placing Agent with reference to the past trading prices of the Company. The Conversion Price equals approximately 93.52% of the average closing prices of the last thirty trading days up to and including the Last Trading Day.

The Conversion Price represents:

- (i) a premium of approximately 18.64% to the closing price of HK\$5.90 per Share as quoted on the Stock Exchange on 4 December 2014, being the Latest Practicable Date;

LETTER FROM THE BOARD

- (ii) a premium of approximately 1.89% to the closing price of HK\$6.87 per Share as quoted on the Stock Exchange on 28 October 2014, being the Last Trading Day;
- (iii) a premium of approximately 1.04% to the average of the closing prices per Share of HK\$6.928 for the last five trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 6.48% to the average of the closing prices per Share of HK\$7.485 for the last thirty trading days up to and including the Last Trading Day.

REASON FOR THE ISSUE OF CONVERTIBLE BONDS AND USE OF PROCEEDS

The net proceeds (after deducting all relevant costs and expenses, as well as the placing commission payable to the Placing Agent) from the issue of the Convertible Bonds is approximately HK\$689.1 million.

As disclosed in the annual report of the Company for the year ended 31 December 2013, the Group has been targeting to expand its business by developing a total of 10GW grid-connected annual designed capacity by 2016. With the successful acquisitions of solar power plants completed in 2013 and early 2014, the Group had expanded and integrated into the downstream development of solar power generation business.

As disclosed in its interim report for the six months ended 30 June 2014, the Group targets to achieve an expected annual designed capacity of 1,757MW solar power plant projects. Out of the expected annual designed capacity of 1,757MW, 876MW were under construction. It is expected that the capital expenditure for the 876MW solar power plant projects to be incurred by the Group to complete the construction will amount to approximately RMB7,800 million. The Group expects to partly fund the amounts payable by the Group for the 876MW existing solar power plant projects with the net proceeds of approximately RMB1,630 million from the issue of the Convertible Bonds and the convertible bonds issued pursuant to the Placing Agreement A, with the remaining amount of capital expenditure to be funded through bank facilities from financial institutions or debt and/or equity capital offerings.

Taking into account the terms of the Convertible Bonds and the amount of capital expenditure to be incurred in respect of the existing solar power plant projects, the Company believes that it is in the interests of the Company to issue the Convertible Bonds, which is an appropriate means of fund raising for the Company. In addition, the Directors consider that the issue of the Convertible Bonds will provide the Company with immediate funding without immediate dilution of the shareholding of the existing Shareholders. Having considered that the interest rate of the Convertible Bonds and the conversion restrictions under the Convertible Bonds, the Directors consider that the issue of the Convertible Bonds is an appropriate means of fund raising for the Company.

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURE

Based on the Conversion Price of HK\$7.00, subject to adjustments, a maximum number of 100,000,000 Conversion Shares will be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds in full, which represent: (i) approximately 3.58% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 3.46% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds in full.

The shareholding structure of the Company as at the Latest Practicable Date and immediately after the full conversion of (i) the Convertible Bonds; and (ii) the Convertible Bonds and the convertible bonds issued by the Company on 28 February 2013, 19 August 2013, 16 April 2014, 16 June 2014 and 28 November 2014, is as follows (assuming there being no other change in the share capital of the Company):

Shareholders	As at the Latest Practicable Date		Immediately after the issue and allotment of the conversion Shares upon full conversion of the Convertible Bonds (Note 4)		Immediately after the issue and allotment of the conversion shares upon full conversion of the convertible bonds issued by the Company on 28 February 2013, 19 August 2013, 16 April 2014, 16 June 2014, 28 November 2014 and the Convertible Bonds (Note 4)	
	No. of Shares	Approximate Percentage	No. of Shares	Approximate Percentage	No. of Shares	Approximate Percentage
Peace Link (Note 1)	632,594,457	22.65%	732,594,457	25.33%	4,052,094,832	61.57%
Endless Rocket International Limited (Note 2)	274,248,000	9.82%	274,248,000	9.48%	274,248,000	4.17%
Coherent Gallery International Limited (Note 3)	126,161,000	4.52%	126,161,000	4.36%	126,161,000	1.92%
Directors	512,000	0.02%	512,000	0.02%	512,000	0.01%
Other public Shareholders	<u>1,758,877,168</u>	<u>62.99%</u>	<u>1,758,877,168</u>	<u>60.81%</u>	<u>2,127,927,168</u>	<u>32.33%</u>
Total	<u>2,792,392,625</u>	<u>100%</u>	<u>2,892,392,625</u>	<u>100%</u>	<u>6,580,943,000</u>	<u>100%</u>

Notes:

- Peace Link is wholly owned by Faithsmart Limited which is in turn wholly owned by Mr. Cheng.
- Endless Rocket International Limited is wholly owned by Triocean Investments Limited which is owned as to 52% by Mr. Tang Guoqiang and as to 48% by Mr. Lam Chit Wing.
- Coherent Gallery International Limited is wholly owned by Mr. Tang Guoqiang.
- The shareholding structure set out in this column is shown for illustration purposes only. As mentioned in the paragraph headed "Placing Agreement — Principal terms of the Convertible Bonds" above, the conversion rights under the Convertible Bonds shall only be exercisable so long as not less than 25% of the then issued share capital of the Company as enlarged by the issue of the Conversion Shares are held in public hands and will not result in the relevant holder(s) of the Convertible Bonds, their respective associates and parties acting in concert with them will, in aggregate, control or be interested in 30% or more of the voting rights of the Company unless: (i) a whitewash waiver is obtained in accordance with the requirements of the Takeovers Code; or (ii) a general offer is made in accordance with the requirements of the Takeovers Code.

LETTER FROM THE BOARD

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS PRIOR TO THE LATEST PRACTICABLE DATE

Save as disclosed below, the Company has not conducted any other fund raising activities in the past twelve months before the Latest Practicable Date.

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds
29 November 2013	Issue of convertible bonds to Peace Link, Zhao Zhengya, Lan Hen, Wang Chuan, Li Yi and Power Triumph Investment Development Limited in the principal amount of HK\$3,580,000,000	Approximately HK\$3,580.0 million	It is expected that all of the proceeds are to be applied to ultimately fund the proposed acquisition of Wuxi Suntech Power Co., Ltd.	Used as intended
14 April 2014	Issue of convertible bonds in the principal amount of not more than HK\$2,300,000,000	Approximately HK\$2,105.2 million	It is expected that the proceeds will be used to fund the Group's capital expenditure for its existing solar power projects and for general corporate purposes	Used as intended
28 October 2014	Issue of convertible bonds in the principal amount of not more than HK\$2,100,000,000	Approximately HK\$1,365.0 million	It is expected that the proceeds will be used to fund the Group's capital expenditure for its existing solar power projects and for general corporate purposes	Remains to be used according to the intended plan

INFORMATION ON THE PARTIES

(a) The Company

The Company is an investment holding company. The Group is an integrated solar enterprise which manufactures and sells solar wafers, solar cells, solar modules and related products as well as developing and operating solar power plants.

(b) Partners Capital

Partners Capital is a corporation licensed under the SFO to carry on Type 1 (dealing in securities) regulated activities as defined under the SFO.

(c) Peace Link

Peace Link is a company incorporated in the British Virgin Islands whose issued share capital is wholly and beneficially owned by Mr. Cheng. As at the Latest Practicable Date, Peace Link is a substantial Shareholder of the Company and, accordingly, Peace Link is a connected person under the

LETTER FROM THE BOARD

Listing Rules. As at the Latest Practicable Date, Peace Link also holds the convertible bonds with the aggregate principal amount of HK\$3,444,500,000 issued by the Company on 28 February 2013, 19 August 2013 and 16 April 2014.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Peace Link is a substantial Shareholder of the Company and therefore a connected person of the Company under the Listing Rules. As a result, the proposed issue of the Convertible Bonds to Peace Link constitutes a non-exempted connected transaction of the Company under the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Partners Capital is an associate of Mr. Cheng, the sole beneficial owner of Peace Link, and therefore, Partners Capital is also a connected person of the Company under the Listing Rules. The transaction between the Company and Partners Capital under the Placing Agreement is therefore a connected transaction under Chapter 14A of the Listing Rules. Partners Capital is expected to receive a maximum placing commission of not more than HK\$10,500,000 in cash under the Placing Agreement. As the relevant percentage ratio in respect of the total placing commission to be paid to Partners Capital in connection with the placing under Rule 14.07 of the Listing Rules is more than 0.1% but less than 5%, the transaction between the Company and Partners Capital under the Placing Agreement is only subject to the reporting and announcement requirements and are exempted from Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

SPECIFIC MANDATE

The Company will seek a specific mandate from the Independent Shareholders for the allotment and issue of the Conversion Shares.

EGM

The EGM will be convened at which resolutions will be proposed to seek approval of the Placing Agreement, the issue of the Convertible Bonds and the Conversion Shares to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds. Pursuant to the Listing Rules, Peace Link and its associates, interested in 22.65% of the total issued share capital of the Company as at the Latest Practicable Date, are required to abstain from voting on the relevant resolutions at the EGM.

A notice convening the EGM is set out on pages 35 to 36 of this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

LETTER FROM THE BOARD

The resolutions to approve the Placing Agreement, the issue of the Convertible Bonds and the Conversion Shares to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds at the EGM will be taken by poll and an announcement will be made by the Company after the EGM on the results of the EGM.

GENERAL

The Independent Board Committee, comprising all the independent non-executive Directors, has been formed to advise the Independent Shareholders as to the fairness and reasonableness of the issue of the Convertible Bonds to Peace Link who is a connected person. Fortune Financial Capital, the Independent Financial Adviser, has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

Other than Mr. Lu Bin (being the brother-in-law of Mr. Cheng), no other Directors has a material interest in the transaction under the Placing Agreement. Mr. Lu Bin has abstained from voting on the meeting of the Board for considering and approving the Placing Agreement and the transactions contemplated thereunder.

RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the terms of the Placing Agreement and the issue of the Convertible Bonds are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Independent Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the ordinary resolution as set out in the notice of the EGM to approve the Placing Agreement and the transactions contemplated thereunder.

Your attention is also drawn to the letter from the Independent Board Committee set out on page 15 of this circular which contains its views in relation to the issue of the Convertible Bonds to Peace Link who is a connected person, under the Placing Agreement. The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, the text of which is set out on pages 16 to 31 of this circular, considers that the terms of the issue of the Convertible Bonds to Peace Link who is a connected person, under the Placing Agreement are fair and reasonable so far as the Company and the Independent Shareholders are concerned as a whole. Accordingly, the Independent Board Committee recommends that the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM to approve the Placing Agreement and the transactions contemplated thereunder, including but not limited to the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares upon exercise of the conversion rights attaching to the Convertible Bonds.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendix to this circular.

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



順風國際清潔能源有限公司

SHUNFENG INTERNATIONAL CLEAN ENERGY LIMITED

(formerly known as Shunfeng Photovoltaic International Limited 順風光電國際有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01165)

9 December 2014

To the Independent Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION
ISSUE OF CONVERTIBLE BONDS**

We refer to the circular of the Company dated 9 December 2014 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall bear the same meanings as those defined in the Circular unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to consider the issue of the Convertible Bonds to the subscriber who is a connected person, under the Placing Agreement and to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the issue of the Convertible Bonds to the subscriber who is a connected person, under the Placing Agreement, and to recommend how the Independent Shareholders should vote at the EGM. Fortune Financial Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to the letter from the Board, as set out on pages 4 to 14 of the Circular, and the letter from Fortune Financial Capital to the Independent Board Committee and the Independent Shareholders which contains its advice in respect of the Placing Agreement and the transactions contemplated thereunder, as set out on pages 16 to 31 of this Circular.

Having taken into account the advice of Fortune Financial Capital, we consider that the terms of the issue of the Convertible Bonds to the subscriber who is a connected person, under the Placing Agreement are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Placing Agreement and the transactions contemplated thereunder.

Yours faithfully,

For and on behalf of the Independent Board Committee

**Mr. Siu Wai Keung
Francis**

*Independent non-
executive Director*

**Mr. Kwong Wai Sun
Wilson**

*Independent non-
executive Director*

Mr. Tao Wenquan

*Independent non-
executive Director*

Mr. Zhao Yuwen

*Independent non-
executive Director*

LETTER FROM INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice to the Independent Board Committee and the Independent Shareholders from the Independent Financial Adviser which has been prepared for inclusion in this circular.



Fortune Financial Capital Limited

35th Floor

Office Tower Convention Plaza

1 Harbour Road, Wanchai

Hong Kong

9 December 2014

*The Independent Board Committee and the Independent Shareholders
of Shunfeng International Clean Energy Limited*

Dear Sirs,

CONNECTED TRANSACTION ISSUE OF CONVERTIBLE BONDS

INTRODUCTION

We refer to our engagement to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Placing Agreement and the transactions contemplated thereunder, particulars of which are set out in the section headed “Letter from the Board” (the “**Board Letter**”) contained in the circular issued by the Company to the Shareholders dated 9 December 2014 (the “**Circular**”), of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as given to them under the definitions section of the Circular.

Reference is made to the Company’s announcement dated 28 October 2014 in relation to, amongst other matters, the issuance of the Convertible Bonds. Background of and reasons for the issuance of the Convertible Bonds are set out in the Board Letter. Our role as the Independent Financial Adviser is to give our opinion as to whether the issuance of the Convertible Bonds to Peace Link who is a connected person is on normal commercial terms, fair and reasonable insofar as the Independent Shareholders are concerned and in the interests of the Company and Shareholders as a whole.

As at the Latest Practicable Date, Peace Link held an aggregate of 632,594,457 Shares, representing approximately 22.65% of the entire issued share capital of the Company, and is a substantial shareholder of the Company. Accordingly, the Peace Link is a connected person of the Company and the proposed issuance of the Convertible Bonds to Peace Link constitutes a non-exempted connected transaction of the Company under the Listing Rules and is subject to reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules. Pursuant to the Listing Rules, Peace Link and its associates are required to abstain from voting on the relevant resolution at the EGM.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising Mr. Tao Wenquan, Mr. Zhao Yuwen, Mr. Siu Wai Keung Francis and Mr. Kwong Wai Sun Wilson (being all the independent non-executive Directors), has been established by the Company to advise the Independent Shareholders as to (i) whether the terms of the issuance of the Convertible Bonds to Peace Link, who is a connected person, are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Independent Shareholders as a whole; and (ii) how the Independent Shareholders should vote in respect of the relevant resolution to approve the issuance of the Convertible Bonds to Peace Link, who is a connected person, at the EGM.

BASIS OF OUR OPINION

In formulating our recommendation to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations provided to us by the Directors and/or the management of the Company. We have assumed that all information and representations provided by the Directors and/or the management of the Company, for which they are solely and wholly responsible for are true, accurate and complete in all material respects and not misleading or deceptive at the time when they were provided or made and will continue to be so up to the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquires and careful consideration by the Directors and there are no other facts not contained in the Circular the omission of which would make any such statement contained in the Circular misleading. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations and opinions made to us untrue, inaccurate or misleading. We have not, however, carried out any independent verification of the information provided by the Directors and/or the management of the Company nor have we conducted any independent investigation into the business, financial conditions and affairs of the Group or its future prospect.

The Directors have collectively and individually accepted full responsibility for all information given with regard to the Company including particulars given in compliance with the Listing Rules. The Directors have confirmed, after having made all reasonable enquires, which to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or the Circular misleading.

This letter is issued to the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Placing Agreement and the transactions contemplated thereunder.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED IN RELATION TO THE ISSUANCE OF THE CONVERTIBLE BONDS

In arriving at our opinion and recommendations to the Independent Board Committee and the Independent Shareholders, we have taken into consideration the following factors and reasons. Our conclusions are based on the results of our analyses taken as a whole.

(1) Background of and reasons for the issuance of Convertible Bonds

The Company and its subsidiaries are principally engaged in the manufacturing and sales of solar wafers, solar cells and solar modules as well as involving in solar power generation business.

As set out in the Board Letter, on 28 October 2014 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Company agreed to issue and the Placing Agent agreed to use its best endeavours to procure subscribers to subscribe for the Convertible Bonds. To the best of the Directors' knowledge, information and belief, the subscriber for the Convertible Bonds is Peace Link, who is a connected person of the Company. It is intended that the net proceeds of approximately HK\$689.1 million from the issuance of the Convertible Bonds will be applied to fund the Group's capital expenditure for its existing solar power projects as well as business expansions (including but not limited to acquisitions) and for general corporate purposes.

As disclosed in the interim report of the Company for the six months ended 30 June 2014 ("IR 2014"), the Group is planning to transform itself into a new energy enterprise mainly engaging in solar power generation business with an integrated photovoltaic industry chain and will strive to become a leading enterprise in global photovoltaic industry. As at 30 June 2014, the Group had in total achieved a grid-connected annual designed capacity of 910MW and expected annual designed capacity of 1,757MW, with 876MW under construction. As at 30 June 2014, completed solar power plants and solar power plants under construction amounted to RMB3,966.7 million and RMB3,920.8 million, respectively.

It is noted from the IR 2014 that the Company and the Shanghai Branch of China Minsheng Banking Corporation Limited (the "CMBC") entered into a strategic cooperation agreement in August 2014. Pursuant to the aforementioned agreement, the CMBC has agreed to provide to the Group banking credit and facilities of up to RMB 20 billion. However, as advised by the Directors, any drawdown of funds under the strategic cooperation agreement is subject to separate approval process from the CMBC on a project-by-project basis. There is no guarantee that the Company is able to gain access to this particular source of funding.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

As disclosed in the annual report of the Company for the year ended 31 December 2013 (“**AR 2013**”), the Group has grown from a leading high quality solar cells manufacturer to an integrated solar enterprise with significant market share of installed solar power generation capacity in the PRC. It is the intention of the Group to expand the solar power generation capacity by acquiring solar power generation projects with a total expected annual designed capacity of 2,608MW by 2014.

As the operation of the grid-connected solar power plants and the construction of solar power plants mentioned above require extensive funding, we are of the view that the issuance of the Convertible Bonds is crucial in providing the Group with immediate funding and financial flexibility for its business development in being an integrated solar enterprise which is in line with the Group’s long-term development strategy as mentioned in the AR 2013.

Furthermore, as disclosed in the announcement of the Company dated 12 June 2014, the Company has always been exploring opportunities to further expand the Group’s businesses and scope of operation as well as striving to establish the Group as a fully-integrated clean energy enterprise. The Company’s intention in expanding its businesses is evidenced by its investment in a company which is specialised in research and application of energy storage technology for scalable grid-level and commercial energy storage systems, electric vehicle charging stations and transportation as announced on 7 August 2014. And, taking one step further, as disclosed in the announcement of the Company dated 31 August 2014, the Company also acquired the assets of a company in Germany which is principally engages in the provision of engineering, procurement and construction services, and operation and monitoring services for solar power generation projects in Europe as well as the operation of solar power generation. As the Company may identify other investment opportunities which might be beneficial to the Company from time to time, we remain the view that if any future business expansion is materialised, extra financial resource will be required.

We have discussed with the Directors in respect of the use of proceeds from the issuance of Convertible Bonds, we are being informed that the current liabilities of the Company are still under credit terms without overdue and repayment of the liabilities is on schedule. The Directors considered that (i) the development of downstream solar power generation business of the Group enables the Group to diversify its business and strengthen its position as a fully integrated renewable and clean energy provider; and (ii) the power generation business will generate future revenue and cash flow to the Group and hence, improve the Group’s both operating and financial performance as well as increase the Group’s overall profitability and financial position (e.g. improving the position of net current liabilities) in the long run. Taken into account the matters considered above, the Directors are of the view that it will be more appropriate to allocate the net proceeds of approximately HK\$689.1 million from the issuance of Convertible Bonds to the existing solar power projects as well as business expansions (including but not limited to acquisitions) and for general corporate purposes of the Group.

After considering the Directors’ view in respect of the use of proceeds set out above and taking into account that i) the expenditure to be utilised in solar power plants construction; ii) the access to the banking credit and facilities granted by the CMBC is subject to separate approval process and is only available to the Company at the discretion of the CMBC; iii) any future business expansion of the Group will bring extra financial burden to the Group if materialised; iv) the Group may identify other potential acquisition target from time to time; v) the financial status of the Group as discussed in “Financial information of the Group” below and vi) other factors as stated in this letter, we consider

LETTER FROM INDEPENDENT FINANCIAL ADVISER

that the allocation of net proceeds for existing solar power projects as well as business expansions (including but not limited to acquisitions) and for general corporate purposes by the Group is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

(2) Principal terms of the Convertible Bonds

Principal terms of the Convertible Bonds are summarised as follows:

- | | | |
|------------------------------|---|--|
| Principal Amount | : | Not more than HK\$700,000,000 |
| Interest Rate | : | 5% per annum payable annually in arrear (interest to be repaid in RMB based on a fixed exchange rate) |
| Maturity Date and Redemption | : | Unless previously converted, any outstanding Convertible Bonds shall be redeemed at its principal amount (plus any accrued but unpaid interests) (to be repaid in RMB based on a fixed exchange rate) on the Maturity Date. |
| Conversion | : | The conversion rights under the Convertible Bonds shall only be exercisable so long as: <ol style="list-style-type: none">(1) the exercise of the conversion rights under the Convertible Bonds will not result in the relevant holder of the Convertible Bonds, its associates and parties acting in concert with it will, in aggregate, control or be interested in 30% or more of the voting rights of the Company unless: (i) a whitewash waiver is obtained in accordance with the requirement of the Takeovers Code; or (ii) a general offer is made in accordance with the requirement of the Takeovers Code; and(2) not less than 25% of the then issued share capital of the Company as enlarged by the issue of the Conversion Shares being held in public hands. |

LETTER FROM INDEPENDENT FINANCIAL ADVISER

Conversion Period : The holder(s) of the Convertible Bonds shall have the right to convert the whole or part of the principal amount of the Convertible Bonds into Conversion Shares on any Business Day from the date of issue of the Convertible Bonds up to and including the date falling one (1) day prior to the Maturity Date at the then prevailing Conversion Price.

Conversion Price : The Conversion Price is initially HK\$7.00 per Conversion Share (upon conversion, both the principal amount of the Convertible Bonds and the Conversion Price are to be converted into RMB at a fixed exchange rate), subject to customary adjustment for, among other matters, subdivision or consolidation of Shares, capitalisation of profits or reserves, capital distributions and rights issue.

Adjustment(s) to the Conversion Price will be reviewed either by the auditor of the Company for the time being or a merchant bank.

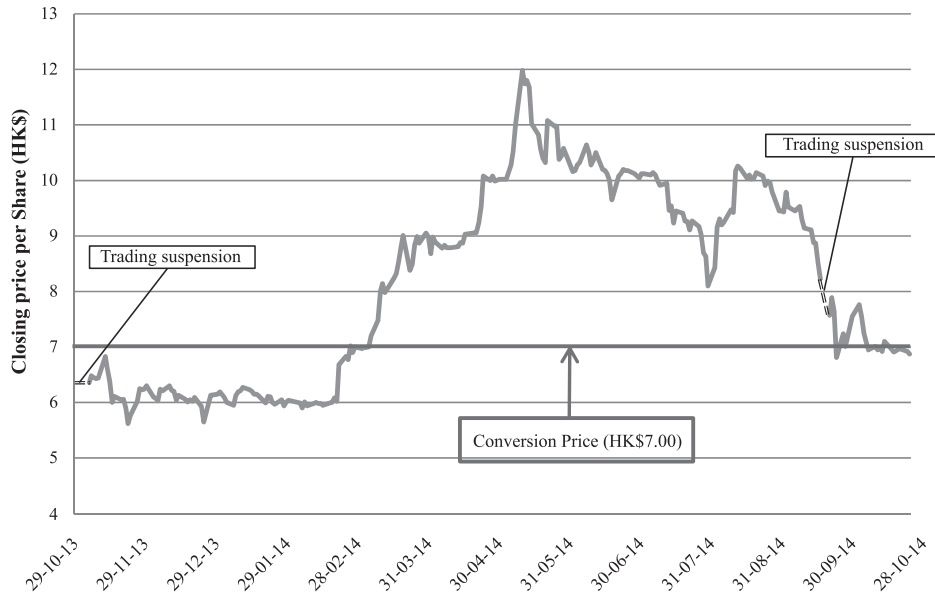
Further details of the major terms of the Convertible Bonds are outlined in the Board Letter.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

(a) *Conversion Price as compared to the historical trading price of the Shares*

Set out below is the chart showing the closing prices of the Shares on the Hong Kong Stock Exchange for the 12 months period ended 28 October 2014 (the “**Review Period**”), being the last trading day immediately before entering into of the Placing Agreement (the “**Last Trading Day**”).

Closing price per Share on the Stock Exchange



Source: <http://www.hkex.com.hk>

The initial Conversion Price of HK\$7.00 per Conversion Share was arrived at after arm’s length negotiation between the Company and the Placing Agent with reference to the past trading prices of the Company and represents:

- (i) a discount of approximately 14.49% to the average closing price of HK\$8.186 per Share for the Review Period;
- (ii) a premium of approximately 1.89% over the closing price of HK\$6.87 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 1.04% over the average of the closing prices per Share of HK\$6.928 for the last five trading days up to and including the Last Trading Day;
- (iv) a premium of approximately 0.69% over the average of the closing prices per Share of HK\$6.952 for the last ten trading days up to and including the Last Trading Day;

LETTER FROM INDEPENDENT FINANCIAL ADVISER

- (v) a discount of approximately 6.48% to the average of the closing prices per Share of HK\$7.485 for the last thirty trading days up to and including the Last Trading Day; and
- (vi) a premium of approximately 18.64% over the closing price of HK\$5.90 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

During the Review Period, the lowest closing price was HK\$5.62 per Share and the highest closing price was HK\$11.98 per Share. The Conversion Price represents a premium of approximately 24.56% over the said lowest closing price per Share, and a discount of approximately 41.57% to the said highest closing price per Share during the Review Period.

Although the Conversion Price represents a discount of 14.49% to the average closing price of HK\$8.186 per Share for the Review Period, it represents a slight premium of 0.69% to 1.89% over the closing price per Share on the Last Trading Day, the average closing price per Share for last five trading days up to and including the Last Trading Day and last ten trading days up to and including the Last Trading Day, respectively. Taking into consideration factors including i) the Conversion Price was determined after arm's length negotiations between the Company and the Placing Agent with reference to the past trading prices of the Share; ii) the Conversion Price does not represent a deep discount when compared to the recent shares prices of the Shares; iii) the issuance of Convertible Bonds will provide immediately funding and liquidity to the Company for its long-term strategic business development in existing solar power projects as discussed in section headed "Background of and reasons for the issuance of Convertible Bonds" above; and iv) the issuance of Convertible Bonds is more feasible as compared with other financing alternatives as discussed in the paragraph headed "Other financial alternatives" below, we are of the opinion that the Conversion Price is justifiable, fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

(b) Comparable analysis

To assess the fairness and reasonableness of the terms of the Convertible Bonds, we have identified, after taken reasonable efforts, an exhaustive list of companies listed on the Stock Exchange which had announced the issuance of convertible securities during the three months prior to and including the Last Trading Day (the "**Comparable Period**"). During the Comparable Period, 28 issues of convertible securities had been announced. Nonetheless, in light of maintaining a representative sample population, we decided to carve out the those issues which i) did not contain a definite exercise period; ii) contained floating interest rate; iii) were issued by companies listed in the Growth Enterprise Market of the Stock Exchange and iv) was issued by way of open offer. As such, eight issuance of convertible securities, conducted by HSBC Holdings Plc (stock code: 0005), Rising Development Holdings Limited (stock code: 1004), ZMFY Automobile Glass Services Limited (stock code: 8135), Venturpharm Laboratories Limited (stock code: 8225), Netel Technology (Holdings) Limited (stock code: 8256) and Paladin Limited (stock code: 495), were excluded from our comparable analysis. By excluding the aforementioned issues, we have identified 20 issues (the "**Comparables**"), which represent a fair and representative sample population for the present comparison purpose. We consider that the terms of the Comparables are determined under similar market conditions and sentiments as the Convertible Bonds and we believe that the Comparables may reflect the recent trend of the issuance of convertible securities in the market. Nevertheless, Shareholders should note that the businesses,

LETTER FROM INDEPENDENT FINANCIAL ADVISER

operations and prospects of the Company are not exactly the same as the issuers of the Comparables and we have not conducted any in-depth investigation into the businesses, operations and prospects of the issuers of the Comparables. Details of the Comparables are summarised in the following table:

Date of Announcement	Name of Company	Stock code	(Maximum) Principal amount (HK\$)	Conversion Price (HK\$)	Interest per annum	Maturity (years)#	Premium/(Discount) of the conversion price over/to the last trading day prior to the date of the corresponding announcement	Premium/(Discount) of the conversion price over/to the average closing price of the last 5 trading days prior to the date of the corresponding announcement
24 October 2014	Haitong International Securities Group Limited	665	776,000,000	6	1.25%	5	30.15%	33.63%
22 October 2014	Golden Meditech Holdings Limited	801	155,000,000	1.4	5%	3	12%	15.70%
21 October 2014	Zhongtian International Limited	2379	23,000,000	1.07	6%	1	10.83%	8.55%
20 October 2014	Chun Wo Development Holdings Limited	711	84,266,000	0.463	0	3	*N/A	*N/A
9 October 2014	China Renji Medical Group Ltd	648	86,688,720	0.32	8%	1	-13.51%	2.56%
7 October 2014	Blue Sky Power Holdings Limited	6828	213,045,259	3.79	0	3	-7.82%	-5.01%
7 October 2014	Madex International (Holdings) Limited	231	412,000,000	0.183	5%	1.5	-3.68%	-15.67%
3 October 2014	China Aluminum Cans Holdings Limited	6898	780,000,000	1.08	0	5	2%	2%
30 September 2014	Blue Sky Power Holdings Limited	6828	50,000,000	3.94	8%	3	1.55%	3.41%
28 September 2014	China Resources And Transportation Group Limited	269	600,000,000	0.4	9%	3	56.90%	42.40%
19 September 2014	Legend Strategy International Holdings Group Company Limited	1355	80,000,000	0.8	8%	1	3.90%	6.38%
19 September 2014	Mongolia Energy Corporation Limited	276	3,470,117,547	0.23	3%	5	1.30%	1.80%
28 August 2014	China Resources And Transportation Group Limited	269	600,000,000	0.4	9%	3	21.21%	24.61%
7 August 2014	SMI Corporation Limited	198	200,000,000	0.34	9%	3	7.94%	11.11%
5 August 2014	Beijingwest Industries International Limited	2339	300,000,000	0.39	0	5	-11.36%	-9.72%
31 July 2014	Birmingham International Holdings Limited	2309	120,000,000	0.1	7.50%	2	-7.41%	-17.63%
30 July 2014	Icube Technology Holdings Limited	139	133,200,000	0.15	5%	4	-38.78%	-23.08%
29 July 2014	China Kingstone Mining Holdings Limited	1380	78,750,000	0.27	0	5	-8.47%	-4.93%
28 July 2014	United Pacific Industries Ltd	176	77,000,000	0.47142	0	2	-17.29%	-19.00%
25 July 2014	Sinogreen Energy International Group Limited	1159	55,650,000	0.35	0	3	-94.31%	-94.40%
Average					4.19%	3.08	-2.89%	-1.96%
Median					5.00%	3.00	1.30%	2.00%
Maximum					9.00%	5.00	56.90%	42.40%
Minimum					0.00%	1.00	-94.31%	-94.40%

Source: www.hkexnews.hk

* Note: The share of Chun Wo Development Holdings Limited has undergone trading suspension for 26 trading days

Note: For illustrative purpose and easy calculation only, the maturity, where applicable, is rounded up to nearest half year or full year

LETTER FROM INDEPENDENT FINANCIAL ADVISER

(i) *Maturity*

When compared to the maturity of the Comparables, the maturity of the Convertible Bonds is within the range of the Comparables, which ranges from one year to five years. The average maturity of the Comparables is approximately 3.08 years. The maturity of the Convertible Bonds is close to the average maturity of the Comparables. As such, we consider that the maturity of three years is acceptable.

(ii) *Interest rate*

Interest rates charged under the Comparables ranges from 0.00% to 9.00% per annum with an average of 4.19%. The interest rate charged under the Convertible Bonds is 5.00% per annum which is slightly higher than the average of the interest charged under the Comparables. Nevertheless, the interest attached to the Convertible Bonds is the same as the median of the interest charged under Comparables. We are of the view that the interest rate charged under the Convertible Bonds is not an outlier and substantially deviated from the interest charged by Comparables. Furthermore, as disclosed in AR 2013, the weighted average interest rate of the fixed rate borrowing of the Group was 6.23% which is less favourable to the current interest charged under the Convertible Bonds. As such, we consider that the interest rate of 5% attached to the Convertible Bonds is fair and acceptable.

(iii) *Conversion Price*

The premium of the Conversion Price over the closing price of the Shares on the Last Trading Day and the average closing price of the Shares for the last five trading days up to and including the Last Trading Day is 1.89% and 1.04% respectively, while the Comparables has an average discount of 2.89% and 1.96% to the closing price on last trading day and the average closing price of the last five trading days up to and including the last trading day of respective shares of the issuers of the Comparables, respectively. Nevertheless, given the premium of the Conversion Price over the closing price of the Shares on the Last Trading Day and the average closing price of the Shares for the last five trading days up to and including the Last Trading Day are within the range of the Comparables for respective periods, as such, we are of the view that such Conversion Price is fair and reasonable.

Based on all of the abovementioned factors, we are of the view that the terms of the Convertible Bonds are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

(3) Financial information of the Group

Set out below is a summary table showing the key financial data of the Group for the three years ended 31 December 2011, 2012 and 2013, and the six months ended 30 June 2013 and 2014 as extracted from the Group's annual report for the year ended 31 December 2012 and 2013, and IR 2014, respectively:

In RMB million	For the year ended 31 December			For the six months ended 30 June	
	2011 <i>(audited)</i>	2012 <i>(audited)</i>	2013 <i>(audited)</i>	2013 <i>(unaudited)</i>	2014 <i>(unaudited)</i>
Revenue	1,971.5	1,059.5	1,529.7	416.0	2,946.0
Gross profit	210.3	65.0	151.2	51.1	750.0
Profit/(Loss) attributable to Shareholders	57.2	(186.3)	(1,815.6)	(670.8)	502.5

In RMB million	As at 31 December			As at 30 June
	2011 <i>(audited)</i>	2012 <i>(audited)</i>	2013 <i>(audited)</i>	2014 <i>(unaudited)</i>
Total assets	2,626.2	2,051.6	9,638.6	18,047.8
Total liabilities	1,923.6	1,620.3	7,857.4	13,271.6
Net assets	702.6	431.3	1,781.2	4,776.2

For the year ended 31 December 2013, the Group recorded an audited revenue of approximately RMB1,529.7 million, consisting of approximately RMB265.4 million from sale of monocrystalline solar cells, approximately RMB823.9 million from the sale of multicrystalline solar cells, approximately RMB85.6 million from the sale of solar modules and approximately RMB354.8 million from the sale of solar wafers. The total revenue increased by RMB470.2 million, or 44.4%, from RMB1,059.5 million for the year ended 31 December 2012 to RMB1,529.7 million for the year ended 31 December 2013. The gross profit and loss attributable to Shareholders for the year ended 31 December 2013 of the Group were approximately RMB151.2 million and RMB1,815.6 million respectively, recording an increase of gross profit of approximately RMB86.2 million, or 132.6% and an increase in loss attributable to Shareholders of approximately RMB1,629.3 million, or 874.6% respectively. As stated in the AR 2013, the loss attributable to Shareholders was mainly due to (i) the decrease in average unit price for the Group's monocrystalline solar cells, multicrystalline solar cells and solar modules; (ii) the increase in administrative expenses as a result of increased in staff costs and legal and professional fee; and (iii) the significant fair value loss on convertible bonds of the Company.

As at 31 December 2013, the Group had audited net assets of approximately RMB1,781.2 million. Total assets and total liabilities of approximately RMB9,638.6 million and RMB7,857.4 million, respectively. The Group also recorded a net current liabilities of approximately RMB5,971.8 million, with current assets and current liabilities of approximately RMB1,098.2 million and RMB7,069.9 million respectively. In particular, under the current liabilities, trade and other payables amounted to approximately RMB4,249.3 million and borrowings amounted to approximately RMB2,067.7 million; while bank balances and cash amounted to approximately RMB207.6 million. It is expected that the Group may not have sufficient cash flow to repay all outstanding short-term obligations of the Group.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

As disclosed in the consolidated statement of cash flows in the AR 2013, the net cash from operating activities of the Group amounted to approximately RMB717.0 million; net cash used in investing activities was approximately RMB4,189.6 million; and net cash from financing activities was approximately RMB3,666.7 million. It is noted that the Group was able to maintain a positive cash flow position of approximately RMB194.0 million for the year ended 31 December 2013. However, the apparent favourable cash flow position of the Group was mainly due to a significant increase in bank borrowings raised during the year, which is a long term liability to the Group. It is inevitable that the Group's flexibility in applying its available fund and making any investment for the growth of the Group are reduced by the long term financial burden. In addition, the Group was committed to an amount of approximately RMB1,673.4 million of capital expenditure contracted for but not provided in the consolidated financial statements as at 31 December 2013, which further deepened the financial burden of the Group.

Taking into account (i) the effect caused by anti-dumping and countervailing investigations launched by the United States and the European Union, which in turn decreased the average selling price of the solar products; (ii) the increase in impairment recognised in trade and other receivables; (iii) the increase in finance cost due to additional bank loans borrowed; (iv) the existence of net current liabilities which the Group may have insufficient funds to repay its outstanding short-term obligations; and (v) the capital commitments of the Group as detailed above, we consider that additional funding, in the form of cash, from the Convertible Bonds is required for the Group to maintain its existing business operations and support its vertical expansion activities as detailed under the paragraph headed "Background of and reasons for the issuance of Convertible Bonds", without facing severer liquidity and short-term insolvency issues.

(4) Fund raising activities in the past twelve months

As set out in the Board Letter, saved as disclosed below, the Company has not conducted any other fund raising activities in the past twelve months immediately preceding the Latest Practicable Date:

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds
29 November 2013	Issue of convertible bonds to Peace Link, Zhao Zhengya, Lan Heng, Wang Chuan, Li Yi and Power Triumph Investment Development Limited in the principal amount of HK\$3,580,000,000	Approximately HK\$3,580.0 million	To fund the acquisition of Wuxi Suntech Power Co., Ltd.	Used as intended
14 April 2014	Issue of convertible bonds in the principal amount of not more than HK\$2,300,000,000	Approximately HK\$2,105.2 million	It is expected that the proceeds will be used to fund the Group's capital expenditure for its existing solar power projects and for general corporate purposes	Used as intended
28 October 2014	Issue of convertible bonds in the principal amount of not more than HK\$2,100,000,000	Approximately HK\$1,365.0 million	It is expected that the proceeds will be used to fund the Group's capital expenditure for its existing solar power projects and for general corporate purposes	Remains to be used according to the intended plan

LETTER FROM INDEPENDENT FINANCIAL ADVISER

As disclosed above, all net proceeds of HK\$5,685.2 million arising from the issuance of the previous convertible bonds in November 2013 and April 2014 has been fully utilised as intended. Given that the funding need in running the existing solar power projects and funding need in possible business expansion as described under the paragraph “Background of and reasons for the issuance of Convertible Bonds” above, we are of the view that the issuance of Convertible Bonds is crucial in providing the Group with prompt and adequate source of funding.

(5) Other financial alternatives

Upon our enquiry with the Directors in this respect, we understand that apart from the issuance of the Convertible Bonds, the Company has also considered other financing methods, such as bank borrowings, open offer or rights issue. As noted from the AR 2013, the effective interest rate range of the Group on the existing borrowings is from 2.26% to 7.28%, the interest rate charged under the Convertible Bonds is approximately in mid-range of the Group’s effective interest rate range. We are advised by the Directors that it would be difficult for the Group to obtain additional unsecured bank loans with favourable terms and the interest rate may be exceeding 5.00% per annum taking into account the Group’s bank borrowings of approximately RMB1,940.3 million as at 31 December 2013 and the loss making financial position as set out in the AR 2013.

As for equity financing, the Directors are of the view that such financing method may not be favourable because of (i) the loss making financial position of the Group and the uncertainties in global financial market might cause huge difficulties in reaching enough acceptances for the equity financing activities and the Group may not be able to identify any underwriter(s) for the same; (ii) it is more costly and time-consuming for rights issue or open offer than raising fund by way of issuance of the Convertible Bonds; and (iii) the prevailing poor market sentiment towards the solar energy sector due to the European Union anti-dumping policies imposed on Chinese solar photovoltaic manufacturers and the investigation conducted by U.S. International Trade Commission on certain crystalline silicon photovoltaic products from China has restricted Company’s ability to raise fund through equity financing method. Furthermore, as compared to the issuance of the Convertible Bonds, open offer or rights issue of new Shares would cause immediate dilution to the existing shareholding of the Company.

In addition, we have considered that (i) in order to finance the development of solar power projects as discussed in the paragraph headed “Background of and reasons for the issuance of Convertible Bonds” above, an immediate funding is needed by the Group within a short period of time; (ii) the outstanding short-term bank borrowings as shown in the AR2013; (iii) difficulties in timely obtaining such a huge amount of funding in the equity market with a lower transaction cost; and (iv) the immediate dilution effect of the other equity financing methods as discussed above will be immediate as compared with the issuance of Convertible Bonds.

Due to the above circumstances, we are of the view that it is unlikely that the Group can raise sufficient fund through equity financing on terms that are favourable to the Group in a timely manner. As such, we consider that fund raising by means of issuance of the Convertible Bonds is reasonable taking into account the factors considered above and is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

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(6) Potential dilution to the shareholdings of the Shareholders

The shareholding structure of the Company as at the Latest Practicable Date and immediately after the full conversion of i) the Convertible Bonds; and ii) the Convertible Bonds and the convertible bonds issued by the Company on 28 February 2013, 19 August 2013, 16 April 2014, 16 June 2014 and 28 November 2014, is as follows (assuming there being no other change in the share capital of the Company):

Shareholders	As at the Latest Practicable Date		Immediately after the issue and allotment of the Conversion Shares upon full conversion of the Convertible Bonds (Note 4)		Immediately after the issue and allotment of the conversion shares upon full conversion of the convertible bonds issued by the Company on 28 February 2013, 19 August 2013, 16 April 2014, 16 June 2014, 28 November 2014 and the Convertible Bonds (Note 4)	
	No. of Shares	Approximate Percentage (%)	No. of Shares	Approximate Percentage (%)	No. of Shares	Approximate Percentage (%)
Peace Link (Note 1)	632,594,457	22.65%	732,594,457	25.33%	4,052,094,832	61.57%
Endless Rocket International Limited (Note 2)	274,248,000	9.82%	274,248,000	9.48%	274,248,000	4.17%
Coherent Gallery International Limited (Note 3)	126,161,000	4.52%	126,161,000	4.36%	126,161,000	1.92%
Directors	512,000	0.02%	512,000	0.02%	512,000	0.01%
Other public Shareholders	<u>1,758,877,168</u>	<u>62.99%</u>	<u>1,758,877,168</u>	<u>60.81%</u>	<u>2,127,927,168</u>	<u>32.33%</u>
TOTAL	<u>2,792,392,625</u>	<u>100.00%</u>	<u>2,892,392,625</u>	<u>100.00%</u>	<u>6,580,943,000</u>	<u>100.00%</u>

Notes:

- Peace Link is wholly owned by Faithsmart Limited which is in turn wholly-owned by Mr. Cheng.
- Endless Rocket International Limited is wholly-owned by Triocean Investments Limited which is owned as to 52% by Mr. Tang Guoqiang and as to 48% by Mr. Lam Chit Wing.
- Coherent Gallery International Limited is wholly owned by Mr. Tang Guoqiang.
- The shareholding structure set out in this column is shown for illustration purpose only. As mentioned in the Board Letter, the conversion rights under the Convertible Bonds shall only be exercisable so long as not less than 25% of the then issued share capital of the Company as enlarged by the issue of the Conversion Shares are held in public hands and will not result in the relevant holder(s) of the Convertible Bonds, their respective associates and parties acting in concert with them will, in aggregate, control or be interested in 30% or more of the voting rights of the Company unless: (i) a whitewash waiver is obtained in accordance with the requirements of the Takeovers Code; or (ii) a general offer is made in accordance with the requirements of the Takeovers Code.

We noted from the above that the dilution effect of the Convertible Bonds is significant. However, taking into account that (i) conversion of the Convertible Bonds would not be immediate as compared to issuance of new Shares; (ii) the fund raised from the Convertible Bonds will provide the Company with necessary financial resources and flexibility to operate existing solar power projects and capture future

LETTER FROM INDEPENDENT FINANCIAL ADVISER

business expansion when such opportunities arise and these opportunities may help to improve the Company's performance; and (iii) Peace Link may be subject to making a mandatory offer under the Takeovers Code upon its exercise of the conversion rights attaching to all convertible bonds, we are of the view that dilution effect of the Convertible Bonds is acceptable.

(7) Financial Impact of the Convertible Bonds

(a) *Net assets*

As disclosed in the IR 2014, the net assets value of the Group was approximately RMB4,776.2 million as at 30 June 2014. As advised by the Directors, immediately upon completion of the issuance of the Convertible Bonds, the Group's cash and cash equivalents would increase by approximately HK\$689.1 million before the Group utilises the said net proceeds. Given that the fair value of the Convertible Bonds depends on certain instant market conditions, and that the equity portion and the liability portion of the Convertible Bonds recognised into the financial statements of the Group in accordance with the International Financial Reporting Standards will subject to assessment and valuation by a professional valuer, the Company is unable to assess the impacts of the Convertible Bonds on the Group's net asset value until reliable estimations of the value of Convertible Bonds can be made.

(b) *Liquidity and working capital*

As disclosed in the IR 2014, the Group had cash and cash equivalents of approximately RMB786.9 million as at 30 June 2014. Immediately upon completion of the issuance of the Convertible Bonds, the Company will raise net proceeds of approximately HK\$689.1 million from the issuance of the Convertible Bonds and the liability portion of the Convertible Bonds will be treated as a non-current liability of the Group. Accordingly, the liquidity and working capital position of the Group will be improved upon completion of the issuance of the Convertible Bonds.

(c) *Earnings*

As advised by the Directors, the liability portion of the Convertible Bonds will be carried at amortised cost using the effective interest method in subsequent periods. The effective interest expenses of the Convertible Bonds will be charged to the consolidated income statement subsequent to completion of issuance of the Convertible Bonds and for the three years onward. The effective interest expenses of the Convertible Bonds will continuously be incurred by the Group until conversion and/or redemption of the Convertible Bonds in full.

Although the carrying interest of the Convertible Bonds will create negative impact on the future earnings of the Group, the issuance of the Convertible Bonds is considered necessary in order to allow the Group to raise additional fund with strong support from its largest Shareholder. It is intended that the net proceeds will be applied for development and construction of existing solar power stations as well as business expansions (including but not limited to acquisitions) and for general corporate purposes as discussed in paragraph headed "Background of and reasons for the issuance of Convertible Bonds" above.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

By taking into account the factors and reasons as mentioned above, we are of the view that the terms of the Placing Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and the entering into the Placing Agreement is in the interests of the Company and the Shareholders as a whole. Accordingly, we would recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the proposed resolution to approve the Placing Agreement and the transactions contemplated thereunder at the upcoming EGM.

Yours faithfully,

For and on behalf of

FORTUNE FINANCIAL CAPITAL LIMITED

Eric Koo

Managing Director

Stanley Chung

Director

Mr. Eric Koo is a responsible officer under the SFO to engage in type 6 (advising on corporate finance) regulated activities and has over 14 years of experience in corporate finance.

Mr. Stanley Chung is a responsible officer under the SFO to engage in type 6 (advising on corporate finance) regulated activities and has over 14 years of experience in corporate finance.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regards to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DIRECTORS' INTERESTS

(a) Director's interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, were as follows:

Long position in the Shares

Name of Director	Capacity	Number of Shares held	Approximate percentage of issued share capital as at the Latest Practicable Date
Zhang Yi	Beneficial interest	512,000	0.02%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests and short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

(b) Director's interests in assets, contracts or arrangements of the Group

There was no contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date of which any Director is materially interested and which is significant in relation to the business of the Group. As at the Latest Practicable Date, none of the Directors had, or has had, any direct or indirect interest in any assets which have been acquired, disposed of by or leased to, or which are proposed to be acquired, disposed of by or leased to, any member of the Group since 31 December 2013, the date of which the latest published and audited consolidated financial statements of the Company were made up.

(c) Service contract

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

(d) Other disclosures under the SFO

As at the Latest Practicable Date, none of the Directors was a director or employee of a company which had, or was deemed to have, an interest or short position in the Shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. EXPERT'S QUALIFICATION AND CONSENT

The following is the qualification of the expert who has given its opinions or advice which are included in this circular:

Name	Qualifications
Fortune Financial Capital	A corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, Fortune Financial Capital did not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Fortune Financial Capital did not have any interests, either direct or indirect, in any assets which have been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by, or leased to any member of the Group since 31 December 2013, the date to which the latest published and audited consolidated financial statements of the Group were made up.

Fortune Financial Capital has given and has not withdrawn its written consent to the issue of this circular, with the inclusion herein of its letter and report and references to its name in the form and context in which it appears.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial position or trading position of the Group since 31 December 2013, being the date to which the latest published and audited financial statements of the Group were made up.

5. COMPETING INTERESTS

As at the Latest Practicable Date, to the best knowledge of the Directors, none of the Directors nor their respective associates had any interests in businesses which competes or is likely to compete, either directly or indirectly, with the business of the Group, other than those businesses which the Directors were appointed as Directors to represent the interests of the Group.

6. MISCELLANEOUS

In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection during normal business hours from 9:00 a.m. to 5:00 p.m. on any weekday except public holidays at the principal place of business of the Company in Hong Kong at Portion A, 10/F, World-Wide House, No. 19 Des Voeux Road Central, Hong Kong from the date of this circular up to and including the date of the EGM:

- (a) the Placing Agreement;
- (b) the letter of recommendation from the Independent Board Committee, the text of which is set out on page 15 of this circular;
- (c) the letter of advice from Fortune Financial Capital to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 16 to 31 in this circular;
- (d) the letter of consent from Fortune Financial Capital referred to in the above paragraph headed “Expert’s Qualification and Consent” in the Appendix; and
- (e) this circular.

NOTICE OF EGM



順風國際清潔能源有限公司

SHUNFENG INTERNATIONAL CLEAN ENERGY LIMITED

(formerly known as Shunfeng Photovoltaic International Limited 順風光電國際有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01165)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of Shunfeng International Clean Energy Limited (the “**Company**”) to be held at 99 Yanghu Road, Wujin Hi-Tech Industrial Development Zone, Changzhou City, Jiangsu, the People’s Republic of China on 29 December 2014 at 10:30 a.m. for the purpose of considering and, if thought fit, passing the following resolution with or without amendments as ordinary resolution:

ORDINARY RESOLUTION

1. “**THAT:**

- (a) the placing agreement dated 28 October 2014 (the “**Placing Agreement**”) entered into between the Company and Partners Capital Securities Limited, a connected person of the Company, in relation to the proposed placing of the convertible bonds in the principal amount of not more than HK\$700,000,000 (the “**Convertible Bonds**”) to Peace Link Services Limited, a connected person of the Company (“**Peace Link**”), a copy of the Placing Agreement having been produced to the EGM marked “A” and signed by the chairman of the EGM for identification purpose, and the transactions contemplated thereby be and is hereby approved, confirmed and ratified;
- (b) the allotment and issue of the shares of the Company upon the exercise of the conversion rights attaching to the Convertible Bonds (the “**Conversion Shares**”) be and is hereby approved and the directors (the “**Directors**”) of the Company be and are hereby authorised to allot and issue the Conversion Shares; and
- (c) the Directors be and are hereby authorised to do all such acts and things as they consider necessary, desirable or expedient for the implementation of and giving effect to the Placing Agreement, the issue of the Convertible Bonds to Peace Link, the allotment and issue of the Conversion Shares upon exercise of the conversion rights attaching to the Convertible Bonds and the transactions contemplated thereunder.”

By order of the Board

Shunfeng International Clean Energy Limited

Zhang Yi

Chairman

Hong Kong, 9 December 2014

NOTICE OF EGM

Notes:

- (1) Any shareholder of the Company entitled to attend and vote at the EGM is entitled to appoint another person as his proxy to attend and vote instead of him. A shareholder of the Company who is the holder of two or more Shares may appoint more than one proxy to attend on the same occasion. A proxy need not be a shareholder of the Company.
- (2) In order to be valid, a form of proxy and the power of attorney (if any) or other authority (if any) under which it is signed, or a certified copy of such power or authority, must be deposited with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the EGM or any adjournment thereof.
- (3) The register of members of the Company will be closed from 24 December 2014 to 29 December 2014, both days inclusive, during which period no transfer of shares in the Company will be effected. In order to qualify for the right to attend and vote at the EGM, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 23 December 2014.
- (4) Delivery of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the EGM convened and in such event, the form of proxy shall be deemed to be revoked.
- (5) In the case of joint registered holders of any Share, any one of such joint registered holders may vote at the EGM, either in person or by proxy, in respect of such Share as if he/she were solely entitled thereto, but if more than one of such joint registered holders be present at the EGM, the vote of the senior who tenders a vote either personally or by proxy shall be accepted to the exclusion of the votes of the other joint registered holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

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