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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)

CONNECTED TRANSACTIONS: ISSUE OF CONVERTIBLE BONDS

Placing Agent



博大證券有限公司

Partners Capital Securities Limited

ISSUE OF CONVERTIBLE BONDS

On 28 October 2014 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement A in respect of the issue of the Convertible Bonds A in the principal amount of not more than HK\$2,100,000,000. Based on the initial Conversion Price of HK\$7.00, the maximum number of Conversion Shares A that may be allotted and issued upon full conversion of the Convertible Bonds A is no more than 300,000,000 Shares. Completion of the Placing Agreement A is subject to all conditions as set out in the paragraph headed “Placing Agreement A — Conditions precedent” below. Detailed terms of the Convertible Bonds A are set out in the paragraph headed “Placing Agreement A — Principal terms of the Convertible Bonds A” below.

On the same date (after trading hours), the Company and the Placing Agent entered into the Placing Agreement B in respect of the issue of the Convertible Bonds B in the principal amount of not more than HK\$700,000,000. Based on the initial Conversion Price of HK\$7.00, the maximum number of Conversion Shares B that may be allotted and issued upon full conversion of the Convertible Bonds B is no more than 100,000,000 Shares. Completion of the Placing Agreement B is subject to all conditions as set out in the paragraph headed “Placing Agreement B — Conditions precedent” below. Detailed terms of the Convertible Bonds B are set out in the paragraph headed “Placing Agreement B — Principal terms of the Convertible Bonds B” below.

All of the proceeds from the issuance of the Convertible Bonds shall 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.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, 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 B 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. Each of the transactions between the Company and Partners Capital under the Placing Agreement A and the Placing Agreement B is therefore a connected transaction under Chapter 14A of the Listing Rules. Partners Capital is expected to receive, in aggregate, a maximum placing commission of not more than HK\$42,000,000 in cash under the Placing Agreement A and the Placing Agreement B. As the relevant percentage ratio in respect of the total commission to be paid to Partners Capital in connection with the placings under Rule 14.07 of the Listing Rules is, in aggregate, more than 0.1% but less than 5%, the transactions between the Company and Partners Capital under the Placing Agreement A and the Placing Agreement B are only subject to the reporting and announcement requirements and are exempted from Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL MANDATE AND SPECIFIC MANDATE

At the annual general meeting of the Company held on 27 June 2014, an ordinary resolution was passed to grant a general and unconditional mandate to the Directors to allot, issue and deal with additional Shares up to a limit of 20% of the aggregate nominal value of the issued share capital of the Company as at 27 June 2014, which amounted to 432,553,291 Shares. The Directors have not exercised the power to allot and issue any new Shares pursuant to the general mandate granted. As at the date of this announcement, the Company is entitled to issue up to 432,553,291 Shares pursuant to such general mandate. The Conversion Shares A will be issued under such general mandate.

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

EGM

The EGM will be convened at which resolution(s) will be proposed to seek approval of the Placing Agreement B, the issue of the Convertible Bonds B and the Conversion Shares B to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds B. Pursuant to the Listing Rules, Peace Link and its associates are required to abstain from voting on the relevant resolution at the EGM.

GENERAL

The Independent Board Committee, comprising all the independent non-executive Directors, will be formed to advise the Independent Shareholders as to the fairness and reasonableness of the issue of the Convertible Bonds B to Peace Link who is a connected person. An independent financial adviser will be appointed to advise the Independent Board Committee in this regard.

A circular containing, among other matters, further information on the issue of the Convertible Bonds B, the letter from the independent financial adviser to the Independent Board Committee and the Independent Shareholders and the letter from the Independent Board Committee to the Independent Shareholders, is expected to be despatched to the Shareholders on or before 18 November 2014.

The transactions contemplated under the Placing Agreement A and the Placing Agreement B, and their respective completion, are separate and not conditional upon each other. Therefore, the completion of only one (but not both) of the placings may take place, and the Convertible Bonds A or the Convertible Bonds B may or may not be issued. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

PLACING AGREEMENT A

1. Parties and Date

Date: 28 October 2014 (after trading hours)

Issuer: the Company

Placing Agent: Partners Capital

Pursuant to the Placing Agreement A, the Placing Agent shall use its best endeavours to procure Subscribers to subscribe for the Convertible Bonds A in the principal amount of not more than HK\$2,100,000,000. Based on the initial Conversion Price of HK\$7.00, the maximum number of Conversion Shares A that may be allotted and issued upon full conversion of the Convertible Bonds A is no more than 300,000,000 Shares.

To the best of the Directors' knowledge, information and belief, save for the Placing Agent and its associates, the Subscribers are Independent Third Parties. The Placing Agent will use its best endeavours to place the Convertible Bonds A to Subscribers who are Independent Third Parties.

2. Principal terms of the Convertible Bonds A

The principal terms of the Convertible Bonds A 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\$2,100,000,000
- 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 A 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 A.
- Ranking: The Convertible Bonds A constitute direct, unconditional, unsubordinated and unsecured obligations of the Company and at all times ranks *pari passu* among any part thereof and equally with all other present and future unsecured and unsubordinated obligations of the Company.
- Conversion: The conversion rights under the Convertible Bonds A shall only be exercisable so long as:
- (1) the exercise of the conversion rights under the Convertible Bonds A will not result in the relevant holder of the Convertible Bonds A, 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 A are held in public hands.
- Conversion period: The holder(s) of the Convertible Bonds A shall have the right to convert the whole or part of the principal amount of the Convertible Bonds A into Conversion Shares A on any Business Day from date of issue of the Convertible Bonds A 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 A (upon conversion, both the principal amount of the Convertible Bonds A 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 A 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 A.
- Transfer:** Subject to the restricted transfer period described below, with the prior consent of the Company, the Convertible Bonds A are freely transferable at any time during the period from the date on which the subscriber(s) of the Convertible Bonds A are registered as the holder(s) of the Convertible Bonds A provided that no transfer or assignment of the Convertible Bonds A shall be made to any connected person of the Company and its associates.
- Restricted transfer period:** The Company will not register any transfer of Convertible Bonds A: (i) during the seven (7) days prior to and including the date of payment of any principal amount in respect of the Convertible Bonds A; (ii) after the delivery of a conversion notice by the holder of the Convertible Bonds A; or (iii) during the seven (7) days prior to and including the date of interest payment pursuant to the terms of the Convertible Bonds A.
- Events of default:** If, among others, any of the following events occurs, the holder(s) of the Convertible Bonds A may give notice to the Company that the Convertible Bonds A 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 A 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 A within fourteen (14) days after notice is sent from the holder(s) of the Convertible Bonds A 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
- (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 A will rank *pari passu* in all respects with the Shares in issue as at the date of allotment and issue of the Conversion Shares A.

No application will be made for listing of, or permission to deal in, the Convertible Bonds A 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 A.

3. Conditions precedent

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

- (i) the Listing Committee granting listing of and permission to deal in the Conversion Shares A; and
- (ii) all necessary consents and approvals in relation to the Placing Agreement A 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 A, 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 A.

If any of the above conditions are not fulfilled on or before 28 November 2014 or such other date as the Company and the Placing Agent may agree, the Placing Agreement A 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 A, save in respect of any antecedent breach of any obligation thereof.

4. Completion

Subject to the fulfillment of the above conditions precedent, completion of the Placing Agreement A shall take place by 28 November 2014 (or such other date as the parties to the Placing Agreement A may agree).

PLACING AGREEMENT B

1. Parties and Date

Date: 28 October 2014 (after trading hours)

Issuer: the Company

Placing Agent: Partners Capital

Pursuant to the Placing Agreement B, the Placing Agent shall use its best endeavours to procure subscribers to subscribe for the Convertible Bonds B in the principal amount of not more than HK\$700,000,000. Based on the initial Conversion Price of HK\$7.00, the maximum number of Conversion Shares B that may be allotted and issued upon full conversion of the Convertible Bonds B is no more than 100,000,000 Shares.

To the best of the Directors' knowledge, information and belief, it is currently expected that the subscriber of the Convertible Bonds B will, subject to obtaining the Independent Shareholders' approval at the EGM, be Peace Link.

2. Principal terms of the Convertible Bonds B

The principal terms of the Convertible Bonds B were arrived at after arm's length negotiations between the Company and the Placing Agent. Other than those summarised below, the principal terms of the Convertible Bonds B are substantially the same as the principal terms of the Convertible Bonds A as set out in the paragraph headed "Placing Agreement A — Principal terms of the Convertible Bonds A" above, except that all references therein as to "Convertible Bonds A" and "Conversion Shares A" shall be replaced by "Convertible Bonds B" and "Conversion Shares B", respectively:

Principal amount: Not more than HK\$700,000,000

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

No application will be made for listing of, or permission to deal in, the Convertible Bonds B 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 B.

3. Conditions precedent

Completion of the Placing Agreement B is conditional upon the fulfillment 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 B 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 B;
- (ii) the Listing Committee granting listing of and permission to deal in the Conversion Shares B; and
- (iii) all necessary consents and approvals in relation to the Placing Agreement B 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 B, 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 B.

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 transaction under the Placing Agreement B at the EGM or such other date as the Company and the Placing Agent may agree, the Placing Agreement B 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 B, save in respect of any antecedent breach of any obligation thereof.

4. Completion

Subject to the fulfillment of the above conditions precedent, completion of the Placing Agreement B shall take place on the earlier of 31 January 2015 or within one month after obtaining the Independent Shareholders' approval with respect to the transaction under the Placing Agreement B at the EGM (or such other date as the parties to the Placing Agreement B 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 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;
- (ii) 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;
- (iii) 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

With the successful acquisitions of solar power plants completed in 2013 and early 2014, the Group had expanded into and integrated the downstream development of solar power generation business. As disclosed in its interim report for the six months ended 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. The Group is also targeting to have a total of 10 GW grid-connected designed capacity by the end of 2016. The Group intends to apply all of the proceeds from the issuance of the Convertible Bonds 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.

Taking into account the terms of the Convertible Bonds, 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.

The Directors (including the independent non-executive Directors) consider that the terms of the Placing Agreement A and the Convertible Bonds A, including the placing commission, which were arrived at after arm's length negotiations between the Company and the Placing Agent, are fair and reasonable, on normal commercial terms and are in the interests of the Company and the Shareholders as a whole. Other than Mr. Lu Bin (who is the brother-in-law of Mr. Cheng), no other Directors has a material interest in the transaction under the Placing Agreement A. Mr. Lu Bin has abstained from voting on the meeting of the Board for considering and approving the Placing Agreement A.

The Directors (except the independent non-executive Directors who will express their view in a separate letter to be included in the circular relating to the Placing Agreement B) consider that the terms of the Placing Agreement B and the Convertible Bonds B, including the placing commission, which were arrived at after arm's length negotiations between the Company and the Placing Agent, are fair and reasonable, on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

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\$2,757.5 million.

SHAREHOLDING STRUCTURE

Based on the Conversion Price of HK\$7.00, subject to adjustments, a maximum number of 300,000,000 Conversion Shares A will be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds A in full, which represent: (i) approximately 12.28% of the issued share capital of the Company as at the date of this announcement; (ii) approximately 10.94% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares A to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds A in full and (iii) approximately 10.55% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares A and the Conversion Shares B to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds A and the Convertible Bonds B in full.

Based on the Conversion Price of HK\$7.00, subject to adjustments, a maximum number of 100,000,000 Conversion Shares B will be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds B in full, which represent: (i) approximately 4.09% of the issued share capital of the Company as at the date of this announcement; (ii) approximately 3.93% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares B to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds B in full; and (iii) approximately 3.52% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares A and the Conversion Shares B to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds A and the Convertible Bonds B in full.

The shareholding structure of the Company as at the date of this announcement 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 and 16 June 2014, is as follows (assuming there being no other change in the share capital of the Company):

Shareholders	As at the date of this announcement		Immediately after the issue and allotment of the Conversion Shares upon full conversion of the Convertible Bonds (Note 3)		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 and the Convertible Bonds	
	No. of Shares	Approximate percentage	No. of Shares	Approximate percentage	No. of Shares	Approximate percentage
	Peace Link (Note 1)	632,594,457	25.90%	732,594,457	25.77%	4,052,094,832
Endless Rocket International Limited (Note 2)	274,248,000	11.23%	274,248,000	9.65%	274,248,000	4.10%
Directors	512,000	0.02%	512,000	0.02%	512,000	0.01%
Other public Shareholders	1,535,038,168	62.85%	1,535,038,168	54.01%	2,056,088,168	30.77%
Holder(s) of the Convertible Bonds A	<u>0</u>	<u>0%</u>	<u>300,000,000</u>	<u>10.55%</u>	<u>300,000,000</u>	<u>4.49%</u>
Total	<u>2,442,392,625</u>	<u>100%</u>	<u>2,842,392,625</u>	<u>100%</u>	<u>6,682,943,000</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. Zhang Ying and as to 48% by Mr. Lam Chit Wing.
- The shareholding structure set out in this column is shown for illustration purposes only. As mentioned in the paragraphs headed “Placing Agreement A - Principal terms of the Convertible Bonds A” and “Placing Agreement B - Principal terms of the Convertible Bonds B” above, the conversion rights under both the Convertible Bonds A and Convertible Bonds B 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 A and the Conversion Shares B are held in public hands and will not result in the relevant holder(s) of the Convertible Bonds A or the Convertible Bonds B (as the case may be), 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.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS PRIOR TO THE DATE OF THIS ANNOUNCEMENT

Save as disclosed below, the Company has not conducted any other fund raising activities in the past twelve months before the date of this announcement.

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	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

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 date of this announcement, Peace Link is a substantial Shareholder of the Company and, accordingly, Peace Link is a connected person under the Listing Rules. As at the date of this announcement, Peace Link also holds the convertible bonds with the aggregate principal amount of HK\$3,527,900,000 issued by the Company on 28 February 2013, 19 August 2013 and 16 April 2014.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, 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 B 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. Each of the transactions between the Company and Partners Capital under the Placing Agreement A and the Placing Agreement B is therefore a connected transaction under Chapter 14A of the Listing Rules. Partners Capital is expected to receive, in aggregate, a maximum placing commission of not more than HK\$42,000,000 in cash under the Placing Agreement A and the Placing Agreement B. As the relevant percentage ratio in respect of the total commission to be paid to Partners Capital in connection with the placings under Rule 14.07 of the Listing Rules is, in aggregate, more than 0.1% but less than 5%, the transactions between the Company and Partners Capital under the Placing Agreement A and the Placing Agreement B are only subject to the reporting and announcement requirements and are exempted from Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL MANDATE AND SPECIFIC MANDATE

At the annual general meeting of the Company held on 27 June 2014, an ordinary resolution was passed to grant a general and unconditional mandate to the Directors to allot, issue and deal with additional Shares up to a limit of 20% of the aggregate nominal value of the issued share capital of the Company as at 27 June 2014, which amounted to 432,553,291 Shares. The Directors have not exercised the power to allot and issue any new Shares pursuant to the general mandate granted. As at the date of this announcement, the Company is entitled to issue up to 432,553,291 Shares pursuant to such general mandate. The Conversion Shares A will be issued under such general mandate.

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

EGM

The EGM will be convened at which resolution(s) will be proposed to seek approval of the Placing Agreement B, the issue of the Convertible Bonds B and the Conversion Shares B to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds B. Pursuant to the Listing Rules, Peace Link and its associates are required to abstain from voting on the relevant resolution at the EGM.

GENERAL

The Independent Board Committee, comprising all the independent non-executive Directors, will be formed to advise the Independent Shareholders as to the fairness and reasonableness of the issue of the Convertible Bonds B to Peace Link who is a connected person. An independent financial adviser will be appointed to advise the Independent Board Committee in this regard.

A circular containing, among other matters, further information on the issue of the Convertible Bonds B, the letter from the independent financial adviser to the Independent Board Committee and the Independent Shareholders and the letter from the Independent Board Committee to the Independent Shareholders, is expected to be despatched to the Shareholders on or before 18 November 2014.

The transactions contemplated under the Placing Agreement A and the Placing Agreement B, and their respective completion, are separate and not conditional upon each other. Therefore, the completion of only one (but not both) of the placings may take place, and the Convertible Bonds A or the Convertible Bonds B may or may not be issued. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meaning 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 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 A or the Convertible Bonds B (as the case may be) and the Conversion Price to be converted into RMB at a fixed exchange rate) per Conversion Share A or Conversion Share B (as the case may be) upon conversion of the Convertible Bonds A or the Convertible Bonds B (as the case may be)

“Conversion Shares”	the Conversion Shares A and the Conversion Shares B
“Conversion Shares A”	the Shares which may fall to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds A
“Conversion Shares B”	the Shares which may fall to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds B
“Convertible Bonds”	the Convertible Bonds A and the Convertible Bonds B
“Convertible Bonds A”	the 5% convertible bonds in principal amount of not more than HK\$2,100,000,000 to be issued by the Company pursuant to the Placing Agreement A
“Convertible Bonds B”	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 B
“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 B and the transactions contemplated thereunder, the issue of the Convertible Bonds B and the Conversion Shares B
“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
“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 B, the Placing Agreement B 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 A and the Placing Agreement B

“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 A or the Convertible Bonds B, as the case may be
“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 A”	the placing agreement dated 28 October 2014 entered into between the Company and the Placing Agent in respect of the Convertible Bonds A
“Placing Agreement B”	the placing agreement dated 28 October 2014 entered into between the Company and the Placing Agent in respect of the Convertible Bonds B
“RMB”	renminbi, the lawful currency of the People’s Republic of China
“SFO”	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
“Subscriber(s)”	the subscriber(s) procured by the Placing Agent to subscribe for the Convertible Bonds A
“substantial shareholder(s)”	has the meaning ascribed thereto in the Listing Rules

“Takeovers Code”

The Hong Kong Code on Takeovers and Mergers

“%”

per cent.

By order of the Board
Shunfeng Photovoltaic International Limited
Zhang Yi
Chairman

Hong Kong, 28 October 2014

As at the date of this announcement, 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.