

Hong Kong Exchange and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

ANNOUNCEMENT
DISCLOSEABLE TRANSACTION
ACQUISITION OF ASSETS OF THE S.A.G. SELLERS

THE ACQUISITION

The Company is pleased to announce that on 30 August 2014, SF Suntech, the Administrator in his capacity as insolvency administrator of the S.A.G. Sellers, the Current General Partner and the Future General Partner entered into the Agreement, pursuant to which SF Suntech has conditionally agreed to purchase and the Administrator in his capacity as insolvency administrator of the S.A.G. Sellers has conditionally agreed to sell, the Sale Assets and Sale Equity Interests.

The Sale Assets, being all of the tangible and intangible assets, mobile goods and rights pertaining to the respective businesses of the S.A.G. Sellers, including:

- (1) all technical know-how of the S.A.G. Sellers;
- (2) all commercial know-how and the customer and supplier relationships pertaining to the respective businesses of the S.A.G. Sellers;
- (3) the assets attributable to the 56 PV plants in Germany operated by the S.A.G. Sellers;
- (4) the other fixed assets of the S.A.G. Sellers, including technical assets and machinery, office furniture and equipment, progress payments, assets under construction and low-value assets;
- (5) all stock (*Vorräte*) attributable to the respective businesses of the S.A.G. Sellers, namely raw materials and supplies, unfinished goods and services, finished goods, services and progress payment; and
- (6) all intangible assets attributable to the respective businesses of the S.A.G. Sellers, including, among others, patents, domain names, and rights to use certain software.

The Sale Equity Interests are the equity interests in the S.A.G. Sale Entities held by S.A.G. and S.A.G. Solarstrom Vertriebsgesellschaft mbH i.L., i.e. two of the S.A.G. Sellers, and include:

- (1) equity interest in Meteocontrol and effective equity interests in a number of companies held by Meteocontrol, which amongst other things provide services across the planning, construction and operational phases of PV systems;
- (2) effective equity interests in a number of entities that are held by the S.A.G. Sale Entities that hold the rights and assets necessary for certain projects in the design, development and construction of PV plants; and

- (3) effective equity interests in a number of entities that are held by the S.A.G. Sale Entities that hold rights and assets pertaining to the operation of PV plants (power production).

The aggregate Consideration is EUR65 million payable in cash, as adjusted by: (i) the escrow arrangement as detailed in this announcement; and (ii) the purchase price adjustment mechanism as detailed in this announcement. In addition, SF Suntech will be obliged to pay German statutory value added tax payable on the Consideration if the competent tax authorities come to the conclusion that the transaction or parts thereof are, contrary to the parties' view, subject to German value added tax.

LISTING RULES IMPLICATION

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceed 5% but all the applicable percentages ratios are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. **As Completion is subject to the fulfillment (or if applicable, waiver) of the Conditions set out in the Agreement, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.**

The Company is pleased to announce that on 30 August 2014, SF Suntech, the Administrator in his capacity as insolvency administrator of the S.A.G. Sellers, the Current General Partner and the Future General Partner entered into the Agreement, pursuant to which SF Suntech has conditionally agreed to purchase and the Administrator in his capacity as insolvency administrator of the S.A.G. Sellers has conditionally agreed to sell, the Sale Assets and Sale Equity Interests.

THE AGREEMENT

The principal terms of the Agreement are set out as follows:

Date

30 August 2014, notarised on 29 and 30 August 2014

Parties

- (i) SF Suntech, as the purchaser;
- (ii) the Administrator, the insolvency administrator of the S.A.G. Sellers appointed by order of the Local — Insolvency — Court Freiburg, Germany, in his capacity as insolvency administrator of the S.A.G. Sellers, as the vendor;
- (iii) the Current General Partner; and
- (iv) the Future General Partner.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of the S.A.G. Sellers, the Administrator, the Current General Partner and the Future General Partner is an Independent Third Party.

Assets to be acquired

- (A) The Sale Assets, being all of the tangible and intangible assets, mobile goods and rights pertaining to the respective businesses of the S.A.G. Sellers, and include:
 - (1) all technical know-how of the S.A.G. Sellers;
 - (2) all commercial know-how and the customer and supplier relationships pertaining to the respective businesses of the S.A.G. Sellers;
 - (3) the assets attributable to 56 PV plants in Germany operated by the S.A.G. Sellers;

- (4) the other fixed assets of the S.A.G. Sellers, including technical assets and machinery, office furniture and equipment, progress payments, assets under construction and low-value assets;
- (5) all stock (*Vorräte*) attributable to the respective businesses of the S.A.G. Sellers, namely raw materials and supplies, unfinished goods and services, finished goods, services and progress payment; and
- (6) all intangible assets attributable to the respective businesses of the S.A.G. Sellers, including, among others, patents, domain names, and rights to use certain software.
- (B) The Sale Equity Interests are the equity interests in the S.A.G. Sale Entities held by S.A.G. and S.A.G. Solarstrom Vertriebsgesellschaft mbH i.L., i.e. two of the S.A.G. Sellers, and include:
- (1) 100% equity interest in Meteocontrol and mc Beteiligungsgesellschaft mbH, which provide services across the planning, construction and operational phases of PV systems, and 100% effective equity interests in each of METEOCONTROL ITALIA s.r.l., Meteocontrol France SAS, meteocontrol Iberica S.L., which are wholly-owned subsidiaries of Meteocontrol, and 100% effective equity interest in meteocontrol North America, Inc., a wholly-owned subsidiary of mc Beteiligungsgesellschaft mbH.
- (2) equity interests in the following S.A.G. Sale Entities and effective equity interests in the following entities held by them, which hold the rights and assets necessary for certain projects in the design, development and construction of PV plants:

S.A.G. Sale Entities	Equity interest held by S.A.G. Sellers
S.A.G. Solar Calzadilla S.L.	100.00%
S.A.G. Solar Mexico Holding GmbH	76.00%
S.A.G. Solar Peru Holding GmbH	

Entities held by the S.A.G. Sale Entities	Effective equity interest held by S.A.G. Sellers
S.A.G. Solar Mexico S.A. de C.V.	76.00%
Iberia Termosolar 2008, S.L.	51.00%
Iberia Termosolar 1, S.L., Iberia Termosolar 2, S.L., Iberia Termosolar 3, S.L., Iberia Gestion de Aguas, S.L.	

- (3) equity interests in the following S.A.G. Sale Entities and effective equity interests in the following entities held by them, which hold rights and assets pertaining to the operation of PV plants (power production):

S.A.G. Sale Entities	Equity interest held by S.A.G. Sellers
S.A.G. Solarstrom Handels- und Betriebsgesellschaft mbH	100.00%
S.A.G. Solarstrom AG (CH)	
Solarpark Rain GmbH & Co. KG	
Solarpark Kamenicna s.r.o.	
Solarpark Dortmund GmbH & Co. KG	
S.A.G. Solarkraftwerke GmbH	
Paymar Avante S.L.	
S.A.G. Solarstrom Beteiligungsgesellschaft mbH	
Solar Stribro s.r.o.	50.00%
SSP Gut Erlasee GmbH & Co. KG	30.67%
Energia Rinnovabile s.r.l.	15.00%
Energy Power s.r.l.	
Orosolar GmbH & Co. KG (including its Spanish branch)	37.07%

Entities held by the S.A.G. Sale Entities	Effective equity interest held by S.A.G. Sellers
Paterna FV 1 SC, Paterna FV 2 SC, Paterna FV 3 SC, Paterna FV 4 SC, Paterna FV 5 SC, Paterna FV 6 SC, Paterna FV 7 SC, Paterna FV 8 SC, Paterna FV 9 SC, Paterna FV 10 SC, Paterna FV 11 SC, Paterna FV 12 SC, Paterna FV 13 SC, Paterna FV 14 SC, Paterna FV 15 SC, Paterna FV 16 SC, Paterna FV 17 SC, Paterna FV 18 SC, Paterna FV 19 SC	37.70%
Orosolar Zwei GmbH & Co. KG Orosolar Zwei Komplementär GmbH Orosolar Zwei GmbH Societe d'exploitation Photovoltaïque du Midi SNC	29.93%

Consideration

The aggregate Consideration is EUR65 million payable in cash, as adjusted by: (i) the escrow arrangement detailed below; and (ii) the purchase price adjustment mechanism detailed below.

In addition, SF Suntech will be obliged to pay German statutory value added tax payable on the Consideration if the competent tax authorities come to the conclusion that the transaction or parts thereof are, contrary to the parties' view, subject to German value added tax.

On the Closing Day, SF Suntech shall pay the amount of EUR6 million of the Consideration to an escrow account as security for any claims of SF Suntech for indemnification against the S.A.G. Sellers for potential tax liabilities of the S.A.G. Entities relating to the pre-Effective Date periods. The amount of any potential tax liabilities shall be assessed and determined as soon as possible following notarisation of the Agreement, and, at the latest within five years following notarisation of the Agreement. After determination, the amounts relating to any tax liabilities shall be transferred to SF Suntech. Following the final determination, any amounts remaining in the escrow account, shall, in principle, be distributed to the S.A.G. Sellers. If the potential pre-Effective Date tax liabilities of Meteocontrol have been finally assessed prior to this, an amount of EUR2 million (less any amounts required for indemnification of SF Suntech) may be released to the S.A.G. Sellers. To the extent that the escrow amount is not sufficient to cover potential tax liabilities, SF Suntech will bear the risk of such excess exposure.

The Consideration is also subject to the following purchase price adjustment mechanisms:

- (1) The Consideration shall be reduced by the net present value of such PV plants (whether an own plant of S.A.G. or a PV plant of a S.A.G. Entity) which the S.A.G. Sellers do not deliver to SF Suntech. A PV plant shall, in principle, be deemed to have not been delivered if and to the extent that (a) certain lease agreements or loan agreements relating to the PV plants are not able to be transferred; and (b) shares in certain of the S.A.G. Sale Entities and the loan agreements entered into by such entities are not able to be transferred or continued.
- (2) The Consideration shall further be reduced by the amount by which the aggregate amount of any net financial debt of Meteocontrol, Meteocontrol's subsidiaries, and certain other S.A.G. Entities exceeds EUR 20,000.

SF Suntech will provide the S.A.G. Sellers with a calculation of the purchase price adjustment not later than four months following notarisation of the Agreement, which calculation shall become final and binding if S.A.G. fails to object within two weeks following receipt of the calculation. If S.A.G. objects and the parties fail to reach an agreement, any dispute shall be submitted to the Institute of Public Auditors in Germany for appointment of an auditor to decide the dispute, and such auditor shall deliver a binding decision within 20 business days after his appointment.

SF Suntech has provided S.A.G. with a bank guarantee in the aggregate amount of EUR65 million issued by Bank of China, Frankfurt Branch in favour of the Administrator as security for the payment of the Consideration.

The proposed sale of the Sale Assets and Sale Equity Interests was put through a competitive bidding process. The Company and the Company's subsidiary, Wuxi Suntech, made a bid for the Sale Assets and Sale Equity Interests and the Consideration was offered as part of such competitive bid. Whilst determining the amount of Consideration, the Company considered various factors, including the background of the S.A.G. Sellers, financial performance and position of the S.A.G. Sellers, prospects of the S.A.G. Sellers and value of the S.A.G. Sellers. The Company also considered the equity valuations of each of S.A.G.'s business segments individually.

The Board currently contemplates that the Company will finance the Acquisition through internal resources of the Company.

Conditions precedents

Completion of the Acquisition is conditional upon the fulfilment of the following conditions precedent:

1. notice by the Administrator that the creditors' committees (*Gläubigerausschüsse*) in the insolvency proceedings of the legal estates of the S.A.G. Sellers each have approved the Agreement – the Administrator has confirmed that the approvals have already been granted and that such condition is fulfilled;
2. notice by the Administrator that the creditors of the S.A.G. Sellers, Sparkasse Freiburg and Ing. Ludwig Freitag GmbH & Co. KG, have duly released their security over the Sale Assets and the equity interests in the S.A.G. Entities and have released Meteoccontrol from a joint liability for their claims;
3. obtaining of merger clearance from the German Federal Cartel Office; and
4. if required by the Listing Rules, the shareholders of the Company having approved the transactions contemplated under this Agreement.

If Condition 1 or 2 above has not been fulfilled within two weeks following the notarisation of the Agreement, each party to the Agreement may withdraw from the Agreement.

If Condition 3 above has not been fulfilled by 1 March 2015, the S.A.G. Sellers (jointly with the Current General Partner) and SF Suntech may each withdraw from this Agreement.

Other key terms

Pursuant to the terms of the Agreement, SF Suntech has agreed to, amongst others, the following key terms:

1. SF Suntech will take over and assume from the S.A.G. Sellers by way of assumption of contracts with liability release (*Vertragsübernahme mit schuldbefreiender Wirkung*) and, with economic effect as of the Effective Date, any and all rights and obligations arising out of certain contracts entered into by the S.A.G. Sellers;
2. the Future General Partner and the Current General Partner were included as parties to the Agreement for the purposes of exchanging the general partner of SP Dortmund. Such change had become necessary because the S.A.G. Sellers intended to sell its equity interest in SP Dortmund but not the Current General Partner.

The parties to the Agreement share the view that the sale of the Sale Assets leads, by operation of mandatory law, to a transfer of the employees of the S.A.G. Sellers, i.e. a transfer of all employer-employee relationships including all rights and duties pertaining thereto.

INFORMATION ON THE PARTIES

The Company

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

The Administrator

The Administrator was appointed as the insolvency administrator of the S.A.G. Sellers by an order of the Local — Insolvency — Court Freiburg, Germany dated 1 March 2014.

S.A.G. Sellers

S.A.G. is a company incorporated in Germany in 1998 with a registered capital of EUR33,565,570.56 and has been listed in the General Standard of the Frankfurt Stock Exchange since 2010, changed to the Prime Standard of the Frankfurt Stock Exchange in 2011, and returned to the General Standard of the Frankfurt Stock Exchange in 2014.

S.A.G. 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. S.A.G. currently operates 116 PV plants in Europe, with a total output of 26.5 MWp. Meteocontrol, a 100% subsidiary of S.A.G., monitors over 35,000 solar systems globally with a total output of over 8.8 GWp.

S.A.G. Solarstrom Vertriebsgesellschaft mbH i.I. and S.A.G. Technik GmbH i.I. are wholly-owned subsidiaries of S.A.G.

Each of the S.A.G. Sellers filed for insolvency under self-administration on 13 December 2013. Insolvency proceedings opened on 1 March 2014 under the Administrator.

The Current General Partner

The Current General Partner is a company incorporated in Germany and a general partner of SP Dortmund, which is a limited partnership registered in Germany, being one of the S.A.G. Sale Entities. The Current General Partner is engaged in the operation of PV plants.

The Future General Partner

The Future General Partner is a company incorporated in Germany, one of the S.A.G. Sale Entities and a general partner of certain S.A.G. Sale Entities. The Future General Partner is engaged in the operation of PV plants.

FINANCIAL INFORMATION ON THE SALE ASSETS AND SALE EQUITY INTERESTS

The following is certain financial information of the Sale Assets and the Sale Equity Interests prepared by S.A.G. for the financial years ended 31 December 2012 and 31 December 2013:

	2012	2013
	(unaudited)	(unaudited)
	<i>Thousand</i>	<i>Thousand</i>
	<i>Euros</i>	<i>Euros</i>
Profit/(Loss) attributable to the Sale Assets and the Sale Equity Interests before tax	3,081	(2,165)
Profit/(Loss) attributable to the Sale Assets and the Sale Equity Interests after tax	2,332	(2,954)
Net asset value	44,170	41,216

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Board believes that the Acquisition is a strategic opportunity that would be in the best interests of the Group for the following reasons:

(a) The Acquisition is consistent with the Group's long-term business strategies

The Group is gradually changing itself from a Chinese solar cell and module manufacturer into a global clean energy service provider which will offer end-to-end energy solutions that vertically integrate solar services and solutions, together with other forms of renewable energy. The Board believes that the Acquisition will enhance the Group's capability in solar project development, EPC (engineering, procurement and construction), PV plant monitoring and O&M businesses in both the European Union and United States region. S.A.G. offers a broad range of services within the solar industry and its 100% subsidiary Meteocontrol is one of the world's largest independent PV plant monitoring service providers. Meteocontrol has extensive PV plant monitoring and O&M experience in the residential, commercial & utility sectors and has one of the world's largest PV plant performance databases. Furthermore, S.A.G. is expanding into emerging solar markets, such as the United Kingdom, Turkey, the Middle East, North Africa and Latin America. In light of this, the Board believes S.A.G. will significantly improve the Group's presence in the European Union and United States and will strongly fit with the Group's strategy which focuses on providing a full range of clean energy products and services globally.

(b) The Acquisition will enhance the business performance of Group

S.A.G. is a highly recognized international PV specialist with more than 15 years of experience. Leveraging on the long established engineering capability of S.A.G., the Acquisition is expected to allow the Group to implement the global best practices in project development, engineering, procurement and construction from S.A.G., so the Group is able to

improve its current PV plant energy yield, reduce its O&M costs, lower PV plant outage frequency and achieve a better business performance. The Meteocontrol 8.8 GWp knowledge asset can provide a clearer picture of different types of PV plant components' long term reliability performance under different environmental conditions. It will help the Group to make better component purchasing decisions, and optimise the design of future PV plants under different environmental conditions, which will improve PV plant performance during its lifecycle. Meteocontrol's experience in the residential and commercial solar market will help the Group to put together the best operation strategy to capitalise on the growth opportunity in the Chinese distribution PV market.

(c) The Acquisition will accelerate the Group's global PV project development progress

S.A.G. has a wealth of knowledge in global PV project development and a strong PV project pipeline. The Board believes that the Acquisition will further strengthen the Group's global project development capability and improve its presence in the local market of each continent. It will accelerate the Group's progress to build a global solar asset portfolio and provide clean energy products and services in global regions.

(d) The Acquisition will enable the Group to enter the high growth PV monitoring and O&M market

In 2013, 6.3 GWp of monitoring retrofits happened, mainly in Europe. It was the first time that monitoring retrofits on existing plants outgrew the installation of monitoring systems on new plants. Market research has forecasted that the monitoring market could grow to nearly 80 GWp in the next four years, mainly from the Asian market. The Board believes that the Acquisition will enhance the Group's capability to offer monitoring and O&M services globally, especially in high growth Asian markets like China and Japan. With the help of the Group, it is expected Meteocontrol will be able to enter the fast growing China PV market, which has few well-established local monitoring service providers.

The Directors consider that the terms of the Agreement, which were arrived at after arm's length negotiations between the Company and the parties thereto, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceed 5% but all the applicable percentages ratios are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

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

Acquisition	the acquisition of the Sale Assets and Sale Equity Interests pursuant to the terms and conditions under the Agreement
Administrator	Dr. Joerg Nerlich, the insolvency administrator of the S.A.G. Sellers
Agreement	the conditional sale and purchase agreement dated 30 August 2014 entered into between SF Suntech, the Administrator in his capacity as insolvency administrator of the S.A.G. Sellers, the Current General Partner and the Future General Partner in relation to the acquisition of the Sale Assets and the Sale Equity Interests
associate	has the meaning ascribed to it under the Listing Rules
Board	the board of Directors
Closing Day	the day agreed by the parties which is at the latest on the third business day (Mondays to Fridays in Cologne) following the fulfilment of the Conditions, but not earlier than 1 October 2014
Company	Shunfeng Photovoltaic International Limited, a company incorporated under the laws of the Cayman Islands and the issued Shares of which are listed on the Main Board of the Stock Exchange
Completion	completion of the Agreement after satisfaction of all Conditions
Conditions	the conditions to Completion as referred to in the paragraph headed "Conditions precedents" in this announcement
connected person(s)	has the meaning ascribed thereto under the Listing Rules

Consideration	the consideration payable in respect of the Acquisition pursuant to the Agreement
Current General Partner	S.A.G. Solarstrom Komplementär GmbH, a company incorporated in Germany and a general partner of SP Dortmund
Directors	the director(s) of the Company
EUR	Euro, the lawful currency of the Eurozone
Effective Date	the day of the notarisation of the Agreement
Future General Partner	S.A.G. Solarstrom Beteiligungsgesellschaft mbH, a company incorporated in Germany and registered with the commercial register of the Local Court Freiburg under HRB 6964, being one of the S.A.G. Entities
Group	the Company and its subsidiaries
GWp	gigawatt peak
HK\$	Hong Kong dollars, the lawful currency of Hong Kong
Hong Kong	the Hong Kong Special Administrative Region of the People's Republic of China
Independent Third Party(ies)	third party(ies) and their ultimate beneficial owner(s) which are independent of the Company and its connected persons (as defined under the Listing Rules)
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange
Meteocontrol	meteocontrol GmbH, a company incorporated in Germany, a wholly-owned subsidiary of S.A.G.
MWp	megawatt peak
O&M	operation and maintenance
PV	photovoltaic
S.A.G.	S.A.G. Solarstrom AG i.I., a company incorporated in Germany and the shares of which are listed in the General Standard of the Frankfurt stock exchange
S.A.G. Sellers	S.A.G., S.A.G. Solarstrom Vertriebsgesellschaft mbH i.I. and S.A.G. Technik GmbH i.I.
S.A.G. Entities	50 entities in which S.A.G has a direct or indirect interest and one entity in which S.A.G Solarstrom Vertriebsgesellschaft mbH i.I. has a direct interest
S.A.G. Sale Entities	17 entities in which S.A.G. has a direct interest and one entity in which S.A.G. Solarstrom Vertriebsgesellschaft mbH has a direct interest
Sale Assets	all of the tangible and intangible assets, mobile goods and rights pertaining to the respective businesses of the S.A.G. Sellers
Sale Equity Interests	equity interests in the S.A.G. Sale Entities
SF Suntech	SF Suntech Deutschland GmbH, a company incorporated in Germany, a wholly-owned indirect subsidiary of the Company
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)
SP Dortmund	Solarpark Dortmund GmbH & Co. KG, a limited partnership registered in Germany, being one of the S.A.G. Entities
Stock Exchange	The Stock Exchange of Hong Kong Limited
Wuxi Suntech	Wuxi Suntech Power Co., Ltd., a wholly-owned subsidiary of the Company
%	per cent

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

Hong Kong, 31 August 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.