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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 TRANSACTION: ISSUE OF CONVERTIBLE BONDS**

#### **Placing Agent**



**博大證券有限公司**

Partners Capital Securities Limited

#### **ISSUE OF CONVERTIBLE BONDS**

On 14 April 2014 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement in respect of the issue of the Convertible Bonds in the principal amount of not more than HK\$2,300,000,000. Completion is subject to all conditions as set out in the paragraph headed “Conditions precedent” below. Detailed terms of the Convertible Bonds are set out in the paragraph headed “Principal terms of the Convertible Bonds”. 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 project and for general corporate purposes.

## **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, Mr. Cheng is a substantial shareholder of the Company. Partners Capital is an associate of Mr. Cheng and is, therefore, a connected person 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 and selling concession of not more than HK\$34,500,000 in cash, to be deducted from the proceeds of the Bond Issue. As the relevant percentage ratio in respect of the 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 Bond Issue is only subject to the reporting and announcement requirements and is exempted from independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **GENERAL MANDATE FOR THE BOND ISSUE**

At the annual general meeting of the Company held on 28 June 2013, 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 28 June 2013, which amounted to 312,000,000 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 312,000,000 Shares pursuant to such general mandate. The Conversion Shares will be issued under such general mandate.

## **PLACING AGREEMENT**

### **1. Parties and Date**

Date: 14 April 2014 (after trading hours)

Issuer: the Company

Placing Agent: Partners Capital Securities Limited

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\$2,300,000,000.

To the best of the Directors' knowledge, information and belief, save for the Placing Agent and its associates, the Subscribers are Independent Third Parties.

## 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\$2,300,000,000
Interest rate:	4% per annum payable semi-annually in arrear (interest to be repaid in RMB based 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.
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.
Conversion:	<p>The conversion rights under the Convertible Bonds shall only be exercisable so long as:</p> <ol style="list-style-type: none"><li>(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</li><li>(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.</li></ol>
Compulsory Conversion:	If at any time after Completion, the closing price per Share (as adjusted for by any sub-division or consolidation) exceeds HK\$18.00 in any 20 days during 30 consecutive trading days, the Company shall have the right to require the holder(s) of the Convertible Bonds to exercise their conversion rights under the Convertible Bonds at the then prevailing Conversion Price.

- 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\$10.00 per 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 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 Subscribers are registered as the holder 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.
- 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 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, financial condition; or which default is incapable of remedy or is not remedied according to any holder(s) of the Convertible Bonds reasonable opinion within 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, 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 obligations 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, 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, 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 in aggregate exceed HK\$5,000,000 and which will constitute a material adverse effect on the Group's business, operations, assets, financial condition.

Based on the Conversion Price of HK\$10.00 per Conversion Share, subject to adjustments, a maximum number of 230,000,000 Conversion Shares will be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds in full, which represent: (i) approximately 10.80% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 9.75% 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 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.

The Conversion Price of HK\$10.00 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 119.21% 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 13.51% to the closing price of HK\$8.81 per Share as quoted on the Stock Exchange on 14 April 2014, being the Last Trading Day;
- (ii) a premium of approximately 13.61% to the average of the closing prices per Share of HK\$8.802 for the last five trading days up to and including the Last Trading Day;
- (iii) a premium of approximately 19.21% to the average of the closing prices per Share of HK\$8.388 for the last thirty trading days up to and including the Last Trading Day.

### **3. Conditions precedent**

Completion 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; and
- (ii) 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, 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 or before 31 August 2014 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 fulfillment of the above conditions, Completion shall take place on 30 June 2014 (or such other date as the parties to the Placing Agreement may agree). If any of the conditions precedent is not fulfilled on or before 30 June 2014, Completion shall take place on the fourth (4th) Business Day after the satisfaction of all of the conditions precedent.

### **REASON FOR THE ISSUE OF CONVERTIBLE BONDS AND USE OF PROCEEDS**

In 2013, the Group had gone through a successful process of expanding and integrating into downstream development of solar power generation business. As of 23 March 2014, the Group had in total achieved a grid-connected annual design capacity of 890MW and expected designed capacity of 1,718MW. The Group is also targeting to have a total of 10GW grid-connected annual 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 project and for general corporate purposes.

## SHAREHOLDING STRUCTURE

The shareholding structure of the Company as at the date of this announcement and immediately after the full conversion of the Convertible Bonds is as follows (assuming there being no other change in the share capital of the Company):

Shareholders	At the date of this announcement		Immediately after the issue and allotment of the Conversion Shares upon full conversion of the current tranche of 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, the bonds announced on 29 November 2013 and the current tranche of Convertible Bonds	
	No. of Shares	Approximate percentage	No. of Shares	Approximate percentage	No. of Shares	Approximate percentage
Peace Link (Note 1)	632,594,457	29.70	632,594,457	26.80	4,171,721,000	66.23
Endless Rocket International Limited (Note 2)	274,248,000	12.87	274,248,000	11.62	274,248,000	4.35
Coherent Gallery International Limited (Note 3)	226,161,000	10.62	226,161,000	9.58	226,161,000	3.59
Other public Shareholders	997,090,000	46.81	997,090,000	42.25	1,397,090,000	22.18
Holder(s) of the Convertible Bonds	<u>0</u>	<u>0</u>	<u>230,000,000</u>	<u>9.75</u>	<u>230,000,000</u>	<u>3.65</u>
<b>Total</b>	<b><u>2,130,093,457</u></b>	<b><u>100.00</u></b>	<b><u>2,360,093,457</u></b>	<b><u>100.00</u></b>	<b><u>6,299,220,000</u></b>	<b><u>100.00</u></b>

### 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.
- Coherent Gallery International Limited is wholly owned by Mr. Tang Guoqiang, a former non-executive Director.
- The shareholding structure set out in this column is shown for illustration purposes only. As mentioned in the paragraph headed “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 being held in public hands and 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 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
28 June 2013	Issue of convertible bonds to Peace Link in the principal amount of HK\$930,500,000	Approximately HK\$929.5 million	Development and construction of solar power stations	Used as intended
17 September 2013, 10 October 2013 and 11 October 2013	Placing of 400,000,000 new shares at the placing price of HK\$2.80 per placing share under a specific mandate	Approximately HK\$1,102.0 million	It is expected that 95% of the proceeds from the placing will be used to finance part of the capital expenditure required for the development and construction of the solar power stations, whilst 5% of the proceeds from the placing will be used for general working capital purposes	Remains to be used according to the intended plan
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 (not yet completed)	Approximately HK\$3,580,000,000 (not yet completed)	It is expected that all of the proceeds are to be applied to ultimately fund the proposed acquisition of Wuxi Suntech	(not yet completed)

## IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Mr. Cheng is a substantial Shareholder of the Company. Partners Capital is an associate of Mr. Cheng and is, therefore, a connected person 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 and selling concession of not more than HK\$34,500,000 in cash, to be deducted from the proceeds of the Bond Issue. As the relevant percentage ratio in respect of the 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 Bond Issue is only subject to the reporting and announcement requirements and is exempted from independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **GENERAL MANDATE FOR THE BOND ISSUE**

At the annual general meeting of the Company held on 28 June 2013, 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 28 June 2013, which amounted to 312,000,000 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 312,000,000 Shares pursuant to such general mandate. The Conversion Shares will be issued under such general mandate.

## **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
“Bond Issue”	the issue of the Convertible Bonds
“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
“Completion”	completion of the Placing Agreement
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Conversion Price”	the initial conversion price of HK\$10.00 (subject to adjustment and 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) 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 4% convertible Bonds in principal amount of not more than HK\$2,300,000,000 to be issued by the Company pursuant to the Placing Agreement
“Director(s)”	Director(s) of the Company
“GW”	Gigawatts
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“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”	14 April 2014, being the last trading day immediately before the entering into of the Placing Agreement
“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 fifth (5th) anniversary of the date of issue of the Convertible Bonds
“Mr. Cheng”	Mr. Cheng Kin Ming, the sole beneficial owner of Peace Link
“MW”	Megawatts
“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 14 April 2014 entered into between the Company and the Placing Agent
“RMB”	renminbi, the lawful currency of the People’s Republic of China
“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
“substantial shareholder(s)”	has the meaning ascribed thereto in the Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Wuxi Suntech”	Wuxi Suntech Power Co., Ltd
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 14 April 2014

*As at the date of this announcement, the executive Directors are Mr. Zhang Yi, Mr. Wang Xiangfu, Mr. Shi Jianmin and Mr. Wang Yu; the non-executive Directors are Mr. Lu Bin and Mr. Yue Yang; and the independent non-executive Directors are Mr. Tao Wenquan, Mr. Zhao Yuwen and Mr. Siu Wai Keung Francis.*