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順風國際清潔能源有限公司

SHUNFENG INTERNATIONAL CLEAN ENERGY LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 01165)**

## **DISCLOSEABLE TRANSACTION**

The Board is pleased to announce that on 26 August 2016 (after trading hours), the Seller, an indirectly wholly-owned subsidiary of the Company, and the Purchaser entered into the Sale and Purchase Agreement in relation to the Proposed Disposal. Pursuant to the Sale and Purchase Agreement, the Seller agreed to sell and the Purchaser agreed to purchase 100% equity interest in the Target Company at the consideration of RMB517,400,000 (subject to adjustment).

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

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

## **THE PROPOSED DISPOSAL**

The Board is pleased to announce that on 26 August 2016 (after trading hours), the Seller, an indirect wholly-owned subsidiary of the Company, and the Purchaser entered into the Sale and Purchase Agreement in relation to the Proposed Disposal, being the disposal of 100% equity interest in the Target Company by the Seller to the Purchaser.

## THE SALE AND PURCHASE AGREEMENT

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

Date : 26 August 2016

Parties : (i) Seller

(ii) Purchaser

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

Assets to be disposed of : 100% equity interest in the Target Company. Upon Completion, the Target Company will cease to be a subsidiary of the Company.

Consideration : The Consideration is RMB517,400,000 which shall be payable in cash within five (5) working days after the Completion. The Consideration is comprised of the following:

- (i) RMB 26,600,000 as the consideration of the Rooftop Solar Energy Project calculated at RMB3.325 per watt based on the designed capacity (i.e. 8 MW) ; and
- (ii) RMB 490,800,000 as the consideration of the Farming Solar Energy Project calculated at RMB8.18 per watt based on the designed capacity (i.e. 60 MW).

Pursuant to the Sale and Purchase Agreement, the Consideration is to be adjusted downwards in accordance with the final capacity installed for the Target Projects based on the same price per watt as stated above, less any outstanding liabilities of the Target Company as of 30 September 2016.

Basis of the Consideration : The Consideration was determined after arm's length negotiations between the parties to the Sale and Purchase Agreement taking into account, among other things, the costs incurred for the construction and development of the Target Projects held by the Target Company.

- Conditions Precedent : Completion of the Proposed Disposal is conditional upon the following conditions having been fulfilled (or, if applicable, waived):
- (a) the Target Projects having been connected to the power grid in respect of the capacity installed;
  - (b) the entering into of the power purchase agreements between the Target Company and relevant local power grid companies; and
  - (c) certification having been issued by the Certification Agency in relation to the Target Projects.
- Completion : Completion will take place upon all the necessary registrations and filings in respect of the Proposed Disposal having been completed at the local administration for industry and commerce, or at such other time as the parties may agree in writing. The Target Company will cease to be a subsidiary of the Company and the Company will cease to hold any interest in the Target Company.

## **REASONS FOR AND BENEFITS OF THE PROPOSED DISPOSAL**

### **Reasons for and Benefits of the Transaction**

The Board believed that the disposal of the Target Projects conforms to the prescribed operating strategies of the Group as a whole and will bring the following benefits:

As a leading developer of solar power plants around the globe and the largest independent private large scale ground-mounted solar power service provider in PRC, the Company has developed solar power plants and completed on-grid connection with capacity of 1.78GW in PRC. In its early stage of development, the Company makes it an operating strategy that solar power plants would grow as a category of products generating fixed incomes and would continue with further development. With the market position secured in the past few years and the experience and expertise in the development, operation and maintenance of solar power plants, the Company now puts more emphasis on overall efficiency and the revenues generated from the operation and maintenance of solar power plants. The Company therefore disposes in an appropriate manner some part of its power plant assets to selected investors, while continuing with its business of developing and constructing solar power plants. Such a move provides more cash income to the Company and enables the Company to provide the new operators of the solar power plants with professional operation and maintenance services on an ongoing basis, helping it to realize the strategic transition of owning less assets and putting more emphasis on providing services.

## **INFORMATION OF THE GROUP**

### **The Company**

The Company strives to become the world's largest provider of comprehensive low-carbon and energy-saving solutions. Via strategic acquisition and consolidation, the Group owns numerous renowned product and technology brand names. The Group makes constant efforts to improve energy production quality, and endeavours to advance the widespread utilization of clean energies through energy management and storage. The Group aims to offer a whole set of clean energy solution to public and commercial institutions, such as commercial facilities, data centres, hotels, large public facilities, industrial enterprises, office buildings, schools, hospitals, gymnasiums and households, saving energy consumption by 50% to 70% and helping customers reduce carbon emission and cut down costs related to energy consumption.

### **The Seller**

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

## **INFORMATION OF THE PURCHASER**

The Purchaser is mainly engaged in developing micro-grid engineering technologies and constructing micro-grids, designing, manufacturing and installing solar power equipment, developing and manufacturing electrical control devices and providing related technical services.

## **INFORMATION OF THE TARGET COMPANY**

The Target Company is a company established in the PRC and is a wholly-owned subsidiary of the Seller. The Target Company owns and operates the Target Projects, which are located in Inner-Mongolia Autonomous Region, the PRC. The Farming Solar Energy Project is currently under construction, and expected to be connected to the power grid by 30 September 2016.

Based on the audited financial information provided by the Target Company, the net and total assets of the Target Company as at 31 December 2015 are approximately RMB74,000,000 and approximately RMB304,050,636.18, respectively.

As the Target Projects were not in operation as at 31 December 2015, no net profit was recorded for each of the two financial years ended 31 December 2014 and 2015.

## **FINANCIAL EFFECT OF THE PROPOSED DISPOSAL**

The Target Company will no longer be a subsidiary of the Company upon Completion. The actual financial effects from the Proposed Disposal will be computed based on the financial information of the Target Company on the date of Completion. It is estimated that there is an estimated gain after tax of approximately HK\$13.9 million arising from the Proposed Disposal based on the initial Consideration and the net assets value attributable to owners of the Company of approximately HK\$11.7 million as at 31 July 2016, net of estimated taxes and transaction costs of approximately HK\$0.6 million for the Proposed Disposal. For the purpose of this indicative calculation only, amounts stated in Renminbi has been converted into Hong Kong dollar amounts at RMB1=HK\$1.166, being the exchange rate prevailing on 26 August 2016. No representation is made that RMB amounts have been, could have been or could be converted to HK\$, or vice versa, at the applied or at any other rates or at all. The actual gain or loss that the Company can realise will depend on the actual net assets value attributable to owners of the Company on the date of Completion. It is expected that the Proposed Disposal will increase the equity attributable to owners of the Company due to the aforesaid estimated gain from the Proposed Disposal and improve the net debt to equity attributable to owners of the Company.

The Company intends to use the proceeds received from the Proposed Disposal for general working capital.

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

## **IMPLICATIONS UNDER THE LISTING RULES**

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

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

## **DEFINITIONS**

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

“Board”	the board of Directors
“Certification Agency”	one of the following three independent technical inspection certification agencies, i.e. TUV Rheinland (Shanghai) Co. Ltd, TUV NORD (Hangzhou) Co., Ltd. Shanghai Branch and TUV SUD Certification and Testing (China) Co. Ltd Shanghai Branch as nominated by the Seller
“Company”	Shunfeng International Clean Energy Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Proposed Disposal in accordance with the Sale and Purchase Agreement
“Consideration”	the total purchase price payable by the Purchaser to the Seller under the Sale and Purchase Agreement for the Proposed Disposal, being RMB517,400,000, subject to adjustment pursuant to the Sale and Purchase Agreement
“Directors”	the directors of the Company

“Farming Solar Energy Project”	Fengshuiliang Solar Energy Project for integrated confined farming with a designed capacity of 60MW (內蒙古達拉特旗風水梁結合舍飼養殖60MW光伏發電項目)
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Proposed Disposal”	the proposed disposal of the Target Company by the Seller to the Purchaser as contemplated under the Sale and Purchase Agreement
“Purchaser”	江蘇華航微電網有限公司 (Jiangsu Huahang Micro-grid Co., Ltd.*), a company established in the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Rooftop Solar Energy Project”	Fengshuiliang Rooftop Solar Energy Project with a designed capacity of 8MW (內蒙古風水梁8MW屋頂金太陽光伏發電項目)
“Sale and Purchase Agreement”	the agreement dated 26 August 2016 entered into between the Seller and the Purchaser in relation to the Proposed Disposal
“Seller”	順風光電投資(中國)有限公司 (Shunfeng Photovoltaic Investment (China) Co., Ltd*), a company incorporated in the PRC and wholly owned by the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	內蒙古風水梁光伏電力有限公司 (Inner Mongolia Fengshuiliang Photovoltaic Power Energy Co., Ltd.*), a company established in the PRC and a wholly-owned subsidiary of the Seller

“Target Projects”	(i) the Rooftop Solar Energy Project and (ii) the Farming Solar Energy Project
“%”	per cent

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

Hong Kong, 26 August 2016

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

\* *For identification purpose only*