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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)

CONTINUING CONNECTED TRANSACTION

PROPERTY LEASING AGREEMENT

BACKGROUND

On 14 February 2014, Bank of China (as the landlord) entered into the 2014 Property Leasing Agreement with the Company, Tiancheng International, Jingmin Fisheries and Asia Pacific Resources (collectively as the tenants). Pursuant to the 2014 Property Leasing Agreement, (i) Bank of China shall lease to the tenants the premises located on 30/F Bank of China Tower, 1 Garden Road, Central, Hong Kong for a term of 3 years commencing on 15 February 2014 and expiring on 14 February 2017 for the business administrative purpose of the tenants; (ii) Bank of China shall let and the Company shall take 2,616 square feet of net lettable premises area, representing approximately 16.66% of the total net lettable premises area under the 2014 Property Leasing Agreement; and (iii) the Company shall pay to Tiancheng International the rent, government rates, service and utility charges on a monthly basis, and Tiancheng International shall pay the relevant fees to Bank of China.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Ms. Zheng Yan, being the wife of Mr. Lu Bin (a non-executive Director) and the sister of Mr. Cheng Kin Ming (a substantial shareholder of the Company), holds 90% of the total share capital of Tiancheng International. Therefore, Tiancheng International is a connected person of the Company under the Listing Rules. As such, the transaction under the 2014 Property Leasing Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Since the highest applicable percentage ratio for the largest annual cap for the continuing connected transaction under the 2014 Property Leasing Agreement is more than 0.1% but less than 5%, the continuing connected transaction under the 2014 Property Leasing Agreement is only subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules and is exempted from the independent shareholders' approval requirement.

The Board (including the independent non-executive Directors) considers that the terms of the 2014 Property Leasing Agreement (including the annual caps) are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole.

BACKGROUND

Reference is made to the announcement of the Company dated 30 April 2013 in connection with the property leasing agreement entered into between Bank of China (as the landlord) and the Company, Tiancheng International, Jingmin Fisheries and Asia Pacific Resources (collectively as the tenants) regarding the leasing of property by the tenants from Bank of China during the period from 1 May 2013 to 14 February 2014.

In view of the forthcoming expiry of the above agreement, on 14 February 2014, Bank of China (as the landlord) entered into the 2014 Property Leasing Agreement with the Company, Tiancheng International, Jingmin Fisheries and Asia Pacific Resources (collectively as the tenants). Pursuant to the 2014 Property Leasing Agreement, (i) Bank of China shall lease to the tenants the premises located on 30/F Bank of China Tower, 1 Garden Road, Central, Hong Kong for a term commencing on 15 February 2014 and expiring on 14 February 2017 for the business administrative purpose of the tenants; (ii) Bank of China shall let and the Company shall take 2,616 square feet of net lettable premises area, representing approximately 16.66% of the total net lettable premises area under the 2014 Property Leasing Agreement; and (iii) the Company shall pay to Tiancheng International the rent, government rates, service and utility charges on a monthly basis, and Tiancheng International shall pay the relevant fees to Bank of China.

THE 2014 PROPERTY LEASING AGREEMENT

Date:	14 February 2014
Landlord:	Bank of China
Tenants:	The Company, Tiancheng International, Jingmin Fisheries and Asia Pacific Resources
Premises:	30/F Bank of China Tower, 1 Garden Road, Central, Hong Kong
Leased area to the Company:	2,616 square feet
Usage:	Office premises
Term of the lease:	The period commencing on 15 February 2014 and expiring on 14 February 2017 (both days inclusive)
Rental payable by the Company to Tiancheng International:	HK\$257,518 per month

Government rates payable by the Company to Tiancheng International: HK\$12,640 per month

Other fees payable by the Company to Tiancheng International: Services and utilities charges, including equipment and facilities charges, electricity, air-conditioning, security system and service charges, which shall be charged on actual incurred basis

ANNUAL FEE PAYMENT TO TIANCHENG INTERNATIONAL AND ANNUAL CAPS

Under the Listing Rules, the value of the annual payment by the Company to Tiancheng International pursuant to the 2014 Property Leasing Agreement is required to be capped. The annual caps for the rental, government rates and service and utility charges payable by the Company to Tiancheng International under the 2014 Property Leasing Agreement are set out as follows:

	For the ten and a half months ending 31 December 2014	For the twelve months ending 31 December 2015	For the twelve months ending 31 December 2016	For the one and a half months ending 14 February 2017
Annual Caps	HK\$3,830,400	HK\$4,377,600	HK\$4,377,600	HK\$547,200

The rentals under the 2014 Property Leasing Agreement have been determined by Bank of China and the tenants after arm's length negotiation with reference to the prevailing market rates for comparable properties in the vicinity of the leased properties.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Group has been leasing the properties from Bank of China for the use as office premises and will continue such leasing arrangement to meet the Group's operation need. The rental and related service charge fees have been determined by Bank of China and the tenants with reference to the prevailing market rental and service charge fees of comparable properties in the area where the premises are situated. During this term of the 2014 Property Leasing Agreement, monthly rental payable by the Company is the same amount as previous property leasing agreement on 30 April 2013.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Ms. Zheng Yan, being the wife of Mr. Lu Bin (a non-executive Director) and the sister of Mr. Cheng Kin Ming (a substantial shareholder of the Company), holds 90% of the total share capital of Tiancheng International. Therefore, Tiancheng International is a connected person of the Company under the Listing Rules. As such, the transaction under the 2014 Property Leasing Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Since the highest applicable percentage ratio for the largest annual cap for the continuing connected transaction under the 2014 Property Leasing Agreement is more than 0.1% but less than 5%, the continuing connected transaction under the 2014 Property Leasing Agreement is only subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules and is exempted from the independent shareholders' approval requirement.

The Board (including the independent non-executive Directors) considers that the terms of the 2014 Property Leasing Agreement (including the annual caps) are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole.

Except Mr. Lu Bin, no Director has a material interest in the transaction under the 2014 Property Leasing Agreement. Mr. Lu Bin has abstained from voting on the meeting of the Board for considering and approving the 2014 Property Leasing Agreement and its annual caps.

GENERAL INFORMATION

The Group is principally engaged in solar power generation; development, operation and maintenance of solar power plants; and manufacturing and sales of solar cells, solar modules, solar wafers and related products.

Tiancheng International is principally engaged in the businesses of auction.

Bank of China is principally engaged in the businesses of banking.

Jingmin Fisheries is principally engaged in the businesses of fishing.

Asia Pacific Resources is principally engaged in the businesses of investment.

DEFINITIONS

Unless the context otherwise requires, the terms used in this announcement shall have the following meanings:

“Asia Pacific Resources”	Asia Pacific Resources Development Investment Limited, a limited liability company incorporated in the British Virgin Islands, which is 100% owned by Mr. Cheng Kin Ming and therefore a connected person of the Company
“Bank of China”	Bank of China (Hong Kong) Limited, a limited liability company incorporated in Hong Kong, which is an independent third party
“Board”	the board of Directors

“Company”	Shunfeng Photovoltaic International Limited (順風光電國際有限公司), a company incorporated in the Cayman Islands whose shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to such term under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jingmin Fisheries”	Jingmin Fisheries Investments Management Limited, a limited liability company incorporated in Hong Kong, which is 54% owned by Mr. Cheng Kin Ming and therefore a connected person of the Company.
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratio(s)”	has the meaning ascribed to such term under the Listing Rules
“PRC”	the People’s Republic of China
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to this term under the Listing Rules
“Tiancheng International”	Tiancheng International Auctioneer Limited, a limited liability company incorporated in Hong Kong, which is a connected person of the Company
“2014 Property Leasing Agreement”	the property leasing agreement entered into between Bank of China (as the landlord) and the Company, Tiancheng International, Jingmin Fisheries and Asia Pacific Resources (collectively as the tenants) dated 14 February 2014
“%”	per cent

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

Hong Kong, 14 February 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.