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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)

CONTINUING CONNECTED TRANSACTION

PROPERTY LEASING AGREEMENT

BACKGROUND

On 2 March 2017, Bank of China (as the landlord) entered into the Property Leasing Agreement with Shunfeng Holdings, a directly wholly-owned subsidiary of the Company, Tiancheng International and Asia Pacific Resources (collectively as the Tenants). Pursuant to the 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 2017 and expiring on 14 February 2020 for the purpose of business administration of the Tenants; (ii) Bank of China shall let and Shunfeng Holdings shall take 2,616 square feet of net lettable premises area, representing approximately 16.66% of the total net lettable premises area under the Property Leasing Agreement; and (iii) Shunfeng Holdings 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 payment arrangement between Shunfeng Holdings and Tiancheng International is necessary for the administrative convenience in respect of the collection of the relevant fees by Bank of China and such arrangement has been in place in respect of the Previous Property Leasing Agreement.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Ms. Zheng Yan, being the wife of Mr. Lu Bin (an executive Director) and the sister of Mr. Cheng Kin Ming (a substantial shareholder of the Company), holds 100% equity share of Tiancheng International. Therefore, Tiancheng International is a connected person of the Company under the Listing Rules. As such, the transaction under the Property Leasing Agreement constitutes a continuing connected transaction of the Company contemplated 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 Property Leasing Agreement is more than 0.1% but less than 5%, accordingly pursuant to Rule 14A.76(2)(a) of the Listing Rules, the continuing connected transaction under the Property Leasing Agreement is only subject to the reporting, annual review by the independent non-executive Directors and announcement requirements under Chapter 14A of the Listing Rules and is exempted from the independent shareholders' approval requirement.

Except Mr. Lu Bin, no Director has a material interest in the transaction contemplated under the Property Leasing Agreement. Mr. Lu Bin has abstained from voting on the resolutions of the Board for approving the Property Leasing Agreement and its Annual Caps.

BACKGROUND

Reference is made to the Announcement of the Company dated 14 February 2014 in relation to the entering into of the Previous Property Leasing Agreement. On 2 March 2017, Bank of China (as the landlord) entered into the Property Leasing Agreement with Shunfeng Holdings, a directly wholly-owned subsidiary of the Company, Tiancheng International and Asia Pacific Resources (collectively as the Tenants). Pursuant to the 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 2017 and expiring on 14 February 2020 for the purpose of business administration of the Tenants; (ii) Bank of China shall let and Shunfeng Holdings shall take 2,616 square feet of net lettable premises area, representing approximately 16.66% of the total net lettable premises area under the Property Leasing Agreement; and (iii) Shunfeng Holdings 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 payment arrangement between Shunfeng Holdings and Tiancheng International is necessary for the administrative convenience in respect of the collection of the relevant fees by Bank of China and such arrangement has been in place in respect of the Previous Property Leasing Agreement.

THE PROPERTY LEASING AGREEMENT

Date: 2 March 2017

Landlord: Bank of China

Tenants: Shunfeng Holdings, Tiancheng International, and Asia Pacific Resources

Asia Pacific Resources is 100% owned by Mr. Cheng Kin Ming (a substantial shareholder of the Company) and therefore a connected person of the Company.

Tiancheng International is 100% owned by Ms. Zheng Yan, who is the wife of Mr. Lu Bin (an executive Director) and the sister of Mr. Cheng Kin Ming (a substantial shareholder of the Company) and therefore a connected person of the Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Bank of China and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

Premises:	30/F Bank of China Tower, 1 Garden Road, Central, Hong Kong
Leased area to Shunfeng Holdings:	2,616 square feet
Usage:	Office premises
Term of the lease:	The period commencing on 15 February 2017 and expiring on 14 February 2020 (both days inclusive)
Rental payable by Shunfeng Holdings to Tiancheng International:	HK\$293,873 per month
Government rates payable by Shunfeng Holdings to Tiancheng International:	HK\$12,029 per month
Service charges payable by Shunfeng Holdings to Tiancheng International:	HK\$32,720 per month
Security deposit:	HK\$1,008,594
Other fees payable by Shunfeng Holdings to Tiancheng International:	Services and utilities charges, including electricity, air-conditioning, security system and service charges, which shall be charged on actual incurred basis.

Early termination: Bank of China shall have an option to early terminate the Property Leasing Agreement, upon giving to the Tenants not less than two months' prior notice in writing of its intention so to do:

- (a) at any time after the expiration of the first 12 months of the term of the lease, at Bank of China's absolute discretion; or
- (b) if, at any time after the expiration of the first 12 months of the term of the lease, Bank of China should decide or intend to change its overall business direction such that, in the opinion of Bank of China, the premises shall be thereby affected (which decision or intention shall be notified in writing by Bank of China to the Tenants and, when so notified, shall be deemed to be sufficiently and conclusively evidenced and proven that Bank of China decides or intends to change its overall business direction and that the premises shall be thereby affected).

ANNUAL FEE PAYMENT TO TIANCHENG INTERNATIONAL AND ANNUAL CAPS

Pursuant to Rule 14A.53 of the Listing Rules, the value of the annual payment by Shunfeng Holdings to Tiancheng International pursuant to the Property Leasing Agreement is required to be capped. The previous Annual Caps under the Previous Property Leasing Agreement as disclosed in the Announcement were 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

In arriving at the Annual Caps for the rental, government rates and service and utility charges payable by Shunfeng Holdings to Tiancheng International under the Property Leasing Agreement, the Directors have taken into account (i) the previous Annual Caps under the Previous Property Leasing Agreement and (ii) the amounts payable or estimated figures to be paid by the Group during the term of the Property Leasing Agreement, and the Annual Caps for the rental, government rates and service and utility charges payable by Shunfeng Holdings to Tiancheng International under the Property Leasing Agreement are as follows:

	For the ten and a half months ending 31 December 2017	For the twelve months ending 31 December 2018	For the twelve months ending 31 December 2019	For the one and a half months ending 14 February 2020
Annual Caps	HK\$4,257,900	HK\$4,866,200	HK\$4,866,200	HK\$608,300

The rentals and related service charge fees under the 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. Shunfeng Holdings intends to settle the payment through the internal funds of the Group.

The Directors (including the independent non-executive Directors) are of the view that the Annual Caps are in line with the prevailing market rates and are fair and reasonable.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Group leased the premise from Bank of China for the use as office premises pursuant to the Previous Property Leasing Agreement. In order to meet the Group's continuous operation need, the Group entered into the Property Leasing Agreement. The rental and related service charge fees have been determined by Bank of China and the Tenants with reference to (i) the prevailing market rental and service charge fees of comparable properties in the area where the premises are situated, and (ii) the Annual Caps in the Previous Property Leasing Agreement.

The Directors (including the independent non-executive Directors) believe that the transactions under the Property Leasing Agreement have been entered into in the ordinary and usual course of business of the Company, are on normal commercial terms and are fair and reasonable and in the interests of the Company and its Shareholders as a whole. The Directors (including the independent non-executive Directors) also believe that the Annual Caps of the Property Leasing Agreement are fair and reasonable.

INFORMATION OF THE PARTIES

The Group and Shunfeng Holdings

The Group is principally engaged purely in solar power business into a diversified leading integrated provider of clean energies and low-carbon and energy-saving solutions with international influences. Shunfeng Holdings is a limited liability company incorporated in Hong Kong and a wholly-owned subsidiary of the Company, which principally engages in investment holdings.

Bank of China

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

Tiancheng International

Tiancheng International is a limited liability company incorporated in Hong Kong and is principally engaged in the businesses of auction.

Asia Pacific Resources

Asia Pacific Resources is a limited liability company incorporated in the British Virgin Islands and is principally engaged in the businesses of investment.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Ms. Zheng Yan, being the wife of Mr. Lu Bin (an executive Director) and the sister of Mr. Cheng Kin Ming (a substantial shareholder of the Company), holds 100% equity shares of Tiancheng International. Therefore, Tiancheng International is a connected person of the Company under the Listing Rules. As such, the transaction under the Property Leasing Agreement constitutes a continuing connected transaction of the Company contemplated 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 Property Leasing Agreement is more than 0.1% but less than 5%, accordingly pursuant to Rule 14A.76(2)(a) of the Listing Rules, the continuing connected transaction under the Property Leasing Agreement is only subject to the reporting, annual review by the independent non-executive Directors and announcement requirements under Chapter 14A of the Listing Rules and is exempted from the independent shareholders' approval requirement.

Except Mr. Lu Bin, no Director has a material interest in the transaction contemplated under the Property Leasing Agreement. Mr. Lu Bin has abstained from voting on the resolutions of the Board for approving the Property Leasing Agreement and its Annual Aaps.

DEFINITIONS

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

“Annual Cap(s)”	the maximum annual aggregate value for the transaction under the Property Leasing Agreement
“Announcement”	the announcement of the Company dated 14 February 2014 in relation to the entering into of the Previous Property Leasing Agreement
“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 (a substantial shareholder of the Company) 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 International Clean Energy Limited (順風國際清潔能源有限公司), 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 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
“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
“Previous Property Leasing Agreement”	the property leasing agreement entered into between Bank of China (as the landlord) and the Company, Tiancheng International, Jingmin Fisheries Investments Management Limited and Asia Pacific Resources (collectively as the tenants) dated 14 February 2014
“Property Leasing Agreement”	the property leasing agreement entered into between Bank of China (as the landlord) and Shunfeng Holdings, Tiancheng International, and Asia Pacific Resources (collectively as the Tenants) dated 2 March 2017
“Shunfeng Holdings”	Shunfeng Photovoltaic Holdings Limited (順風光電控股有限公司), a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to this term under the Listing Rules
“Tenants”	Shunfeng Holdings, Tiancheng International and Asia Pacific Resources
“Tiancheng International”	Tiancheng International Auctioneer Limited, a limited liability company incorporated in Hong Kong, which is a connected person of the Company
“%”	per cent

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

Hong Kong, 2 March 2017

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.