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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**

### **PAYMENT OF GUARANTEE FEES AND PROVISION OF COUNTER-GUARANTEES**

#### **PAYMENT OF GUARANTEE FEES AND PROVISION OF COUNTER-GUARANTEES**

On 31 July 2018 (after trading hours), Shunfeng Materials, Jiangsu Shunfeng and Shunfeng Investment, all of which are wholly-owned subsidiaries of the Company, entered into the Shunfeng Materials Principal Guarantee Contract, the Jiangsu Shunfeng Principal Guarantee Contract and the Shunfeng Investment Principal Guarantee Contract respectively, pursuant to which the Principal Guarantor agreed to provide guarantee in respect of the repayment obligations of each of Shunfeng Materials, Jiangsu Shunfeng and Shunfeng Investment under the Loan Agreements entered into by Shunfeng Materials, Jiangsu Shunfeng and Shunfeng Investment in consideration of the payment of a guarantee fee at a rate of 2% per annum of the aggregate principal amount of RMB80,000,000 (equivalent to approximately HK\$92,112,838) under the loan facilities granted during the term of the Loan Agreements.

On 31 July 2018 (after trading hours), at the request of the Principal Guarantor, the Company entered into the Shunfeng Material Counter-Guarantee Contract, the Jiangsu Shunfeng Counter-Guarantee Contract and the Shunfeng Investment Counter-Guarantee Contract, pursuant to which the Company agreed to provide the Counter-Guarantees in respect of the respective obligations of the Principal Guarantor under each of the Shunfeng Materials Principal Guarantee Contract, the Jiangsu Shunfeng Principal Guarantee Contract and the Shunfeng Investment Principal Guarantee Contract, each in favour of the Principal Guarantor.

#### **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in relation to the transactions contemplated under the Principal Guarantee Contracts and the Counter-Guarantee Contracts is more than 5% but less than 25% and all other applicable percentage ratios are less than 25%, the transactions contemplated under the Principal Guarantee Contracts and the Counter-Guarantee Contracts constitute a discloseable transaction of the Company, and are therefore subject to the requirements of reporting and announcement, but is exempted from the requirement of shareholders' approval, pursuant to Chapter 14 of the Listing Rules.

## **INTRODUCTION**

On 20 June 2018, Shunfeng Materials, Jiangsu Shunfeng and Shunfeng Investment, all of which are wholly-owned subsidiaries of the Company, entered into the Shunfeng Materials Loan Agreement, the Jiangsu Shunfeng Loan Agreement and the Shunfeng Investment Loan Agreement, respectively, with the Lender, pursuant to which the Lender agreed to provide the loan facility in the principal amount of up to (i) RMB30,000,000 (equivalent to approximately HK\$34,542,314) to Shunfeng Materials; (ii) RMB20,000,000 (equivalent to approximately HK\$23,028,210) to Jiangsu Shunfeng; and (iii) RMB30,000,000 (equivalent to approximately HK\$34,542,314) to Shunfeng Investment. The aggregate principal loan amount granted to Shunfeng Materials, Jiangsu Shunfeng and Shunfeng Investment is RMB80,000,000 (equivalent to approximately HK\$92,112,838). Each of the loan facilities under the respective Loan Agreements bears an interest rate of 1.25% per month and is for a term of 3 months, which is payable on the 20<sup>th</sup> day of each month on a monthly basis.

For the purpose of guaranteeing the obligations of Shunfeng Materials, Jiangsu Shunfeng and Shunfeng Investment under each of the respective Loan Agreements and at the request of the Lender, on 31 July 2018 (after trading hours), Shunfeng Materials, Jiangsu Shunfeng and Shunfeng Investment, entered into the Shunfeng Materials Principal Guarantee Contract, the Jiangsu Shunfeng Principal Guarantee Contract and the Shunfeng Investment Principal Guarantee Contract respectively, pursuant to which the Principal Guarantor agreed to provide guarantee in respect of the repayment obligations of each of Shunfeng Materials, Jiangsu Shunfeng and Shunfeng Investment under the respective Loan Agreements in consideration of the payment of a guarantee fee at a rate of 2% per annum of the aggregate principal amount of RMB80,000,000 (equivalent to approximately HK\$92,112,838) under the loan facilities granted during the term of the Loan Agreements.

On 31 July 2018 (after trading hours), at the request of the Principal Guarantor, the Company entered into the Shunfeng Material Counter-Guarantee Contract, the Jiangsu Shunfeng Counter-Guarantee Contract and the Shunfeng Investment Counter-Guarantee Contract, pursuant to which the Company agreed to provide the Counter-Guarantees in respect of the respective obligations of the Principal Guarantor under each of the Shunfeng Materials Principal Guarantee Contract, the Jiangsu Shunfeng Principal Guarantee Contract and the Shunfeng Investment Principal Guarantee Contract, each in favour of the Principal Guarantor.

## **THE PRINCIPAL GUARANTEE CONTRACTS**

The principal terms of each of the Principal Guarantee Contracts are summarised as follows:

Date : 31 July 2018

- Parties : (a) The Principal Guarantor, as the guarantor; and
- (b) each of the following parties:
- (i) Shunfeng Materials (in respect of the Shunfeng Materials Principal Guarantee Contract);
- (ii) Jiangsu Shunfeng (in respect of the Jiangsu Shunfeng Principal Guarantee Contract); and
- (iii) Shunfeng Investment (in respect of the Shunfeng Investment Principal Guarantee Contract).

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Principal Guarantor and its respective ultimate beneficial owner(s) are third parties independent of, and not connected with the Company and its connected persons as at the date of this announcement.

- Guaranteed obligations : The Principal Guarantor shall provide a corporate guarantee for the due repayment of the debts by each of Shunfeng Materials, Jiangsu Shunfeng and Shunfeng Investment to the Lender pursuant to the Shunfeng Materials Loan Agreement, the Jiangsu Shunfeng Loan Agreement and the Shunfeng Investment Loan Agreement respectively.

- Guarantee fee : Each of Shunfeng Materials, Jiangsu Shunfeng and Shunfeng Investment shall pay to the Principal Guarantor a guarantee fee at a rate of 2% per annum of the principal amount of the loan facility granted during the term of the Loan Agreements:–
- (a) in respect of the Shunfeng Materials Principal Guarantee Contract, the fee payable amounts to RMB150,000 (equivalent to approximately HK\$172,712);
- (b) in respect of the Jiangsu Shunfeng Principal Guarantee Contract, the fee payable amounts to RMB100,000 (equivalent to approximately HK\$115,141); and
- (c) in respect of the Shunfeng Investment Principal Guarantee Contract, the fee payable amounts to RMB150,000 (equivalent to approximately HK\$172,712).

The guarantee fee was determined after arm's length negotiation between the parties taking into account the market rate charged by similar institutions providing guarantee services in respect of transactions of a similar nature and size, and the risks involved in the guarantees provided under the Principal Guarantee Contracts.

## THE COUNTER-GUARANTEE CONTRACTS

The principal terms of each of the Counter-Guarantee Contracts are summarised as follows:

Date : 31 July 2018

Parties : (a) The Company, as the counter-guarantor; and  
(b) The Principal Guarantor, as the counter-guarantee.

Counter-Guaranteed Obligations : The Company shall provide Counter-Guarantees to the Principal Guarantor for the amount payable by each of Shunfeng Materials, Jiangsu Shunfeng and Shunfeng Investment to the Principal Guarantor under the Shunfeng Materials Principal Guarantee Contract, the Jiangsu Shunfeng Principal Guarantee Contract and the Shunfeng Investment Principal Guarantee Contract, respectively, which includes:

- (a) all amounts paid by the Principal Guarantor due to the provision of guarantee for Shunfeng Materials, Jiangsu Shunfeng and Shunfeng Investment under the respective Principal Guarantee Contracts, including the outstanding principal amount of any loans owed by Shunfeng Materials, Jiangsu Shunfeng and Shunfeng Investment to the Lender under the Loan Agreements, together with any interest (including default interest) accrued thereto, penalties, liquidated damages and all other relevant costs and expenses incurred for the realisation of the Lender's rights;
- (b) penalty payable by any of Shunfeng Materials, Jiangsu Shunfeng and Shunfeng Investment to the Principal Guarantor under the respective Principal Guarantee Contract; and
- (c) all losses, costs and expenses incurred by the Principal Guarantor in connection with the recovery of the debts owed to the Principal Guarantor under the respective Principal Guarantee Contracts,

together, the "**Counter-Guaranteed Obligations**".

Term : From the commencement date of the Principal Guarantee Contracts to which each of the Counter-Guarantee Contracts relates, to the earlier of:

- (a) the 3<sup>rd</sup> anniversary after the date on which the Principal Guarantor is required to perform its guarantee obligations pursuant to the relevant Principal Guarantee Contract; and
- (b) the date on which all outstanding amount payable by Shunfeng Materials, Jiangsu Shunfeng and Shunfeng Investment pursuant to the respective Loan Agreements has been repaid respectively.

Security : As part of the Counter-Guarantees, on 31 July 2018, Jiangsu Shunfeng, a wholly-owned subsidiary of the Company, as the pledgor, entered into the following Share Pledge Agreements with the Principal Guarantor, as the pledgee:

- (a) Shunfeng Materials Share Pledge Agreement, pursuant to which Jiangsu Shunfeng agreed to pledge 76,500,000 shares in Shunfeng New Energy in favour of the Principal Guarantor as security for the Counter-Guaranteed Obligations arising from the Shunfeng Materials Principal Guarantee Contract;
- (b) Jiangsu Shunfeng Share Pledge Agreement, pursuant to which Jiangsu Shunfeng agreed to pledge 51,000,000 shares in Shunfeng New Energy in favour of the Principal Guarantor as security for the Counter-Guaranteed Obligations arising from the Jiangsu Shunfeng Principal Guarantee Contract; and
- (c) Shunfeng Investment Share Pledge Agreement, pursuant to which Jiangsu Shunfeng agreed to pledge 76,500,000 shares in Shunfeng New Energy in favour of the Principal Guarantor as security for the Counter-Guaranteed Obligations arising from the Shunfeng Investment Principal Guarantee Contract.

The term of the Shunfeng Materials Share Pledge Agreement, the Jiangsu Shunfeng Share Pledge Agreement and Shunfeng Investment Pledge Agreement shall be from the commencement date of the Principal Guarantee Contracts to which each of the Share Pledge Agreements relates, to the date on which all outstanding amount payable by the Company in respect of the Counter-Guaranteed Obligations pursuant to the relevant Share Pledge Agreement has been repaid.

## **REASONS FOR AND BENEFITS OF THE COUNTER-GUARANTEES**

The Lender requested the provision of the guarantee under the Principal Guarantee Contracts by the Principal Guarantor, and the Counter-Guarantees provide a back-to-back guarantee in respect of the Principal Guarantor's guarantee obligations under the Principal Guarantee Contracts. Hence, the objective behind the transactions contemplated under the Principal Guarantee Contracts and the Counter-Guarantee Contracts is to facilitate the loan application of Shunfeng Materials, Jiangsu Shunfeng and Shunfeng Investment, which would provide capital necessary for the operation of the Group.

The Directors consider that the terms of the Principal Guarantee Contracts (including the payment of the guarantee fees thereunder) and the Counter-Guarantee Contracts are on normal commercial terms, are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

## **INFORMATION ON THE PRINCIPAL GUARANTOR**

The Principal Guarantor is a company incorporated in the PRC, and is principally engaged in providing financial guarantee service to banks or financial institutions in the PRC.

## **INFORMATION ON THE PRC SUBSIDIARIES**

### **Shunfeng Materials**

Shunfeng Materials is a wholly-owned subsidiary of the Company, and is principally engaged in manufacturing and sales of silicon ingots and wafers.

### **Jiangsu Shunfeng**

Jiangsu Shunfeng is a wholly-owned subsidiary of the Company, and is principally engaged in manufacturing and sales of solar cells and related products.

### **Shunfeng Investment**

Shunfeng Investment is a wholly-owned subsidiary of the Company, and is principally engaged in investments holding and provision of technical advisory services.

## **INFORMATION ON THE COMPANY**

The Company has evolved from engaging purely in solar power business into a diversified leading integrated provider of clean energies and low-carbon and energy-saving solutions with global influences. The Company is continuing to proactively exploring various kinds of clean energy resources with an aim to lay a solid foundation for its development into a global leading supplier which provides low-carbon and energy-saving integrated solutions.

## LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in relation to the transactions contemplated under the Principal Guarantee Contracts and the Counter-Guarantee Contracts is more than 5% but less than 25% and all other applicable percentage ratios are less than 25%, the transactions contemplated under the Principal Guarantee Contracts and the Counter-Guarantee Contracts constitute a discloseable transaction of the Company, and are therefore subject to the requirements of reporting and announcement, but is exempted from the requirement of shareholders' approval, pursuant to Chapter 14 of the Listing Rules.

## DEFINITIONS

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

“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
“Counter-Guarantees”	the provision of the counter-guarantees by the Company in favour of the Principal Guarantor pursuant to the terms of the Counter-Guarantee Contracts and the Share Pledge Agreements
“Counter-Guarantee Contracts”	the Shunfeng Materials Counter-Guarantee Contract, the Jiangsu Shunfeng Counter-Guarantee Contract and the Shunfeng Investment Counter-Guarantee Contract
“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
“Jiangsu Shunfeng”	江蘇順風光電科技有限公司 (Jiangsu Shunfeng Photovoltaic Technology Co., Ltd), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Jiangsu Shunfeng Counter-Guarantee Contract”	the counter-guarantee dated 31 July 2018 entered into between the Company and the Principal Guarantor in respect of the Jiangsu Shunfeng Principal Guarantee Contract

“Jiangsu Shunfeng Loan Agreement”	the loan agreement dated 20 June 2018 entered into between the Lender as lender and Jiangsu Shunfeng as borrower in relation to a 3-month loan facility in the principal amount of up to RMB20,000,000
“Jiangsu Shunfeng Principal Guarantee Contract”	the principal guarantee contract dated 31 July 2018 entered into between the Principal Guarantor and Jiangsu Shunfeng in respect of the Jiangsu Shunfeng Loan Agreement
“Jiangsu Shunfeng Share Pledge Agreement”	the share pledge agreement dated 31 July 2018 pursuant to which Jiangsu Shunfeng agreed to pledge in favour of the Principal Guarantor 51,000,000 shares in Shunfeng New Energy
“Lender”	常州市武進區和正農村小額貸款股份有限公司 (Changzhou City Wujin District Hezheng Rural Microfinance Company Limited*), a company established in the PRC with limited liability and an independent third party of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreements”	the Shunfeng Materials Loan Agreement, the Jiangsu Shunfeng Loan Agreement and the Shunfeng Investment Loan Agreement
“PRC”	the People’s Republic of China
“Principal Guarantee Contracts”	the Shunfeng Materials Principal Guarantee Contract, the Jiangsu Shunfeng Principal Guarantee Contract and the Shunfeng Investment Principal Guarantee Contract
“Principal Guarantor”	常州市武進高新技術融資擔保有限公司 (Changzhou City Wujin Advanced Technology Financing and Guarantee Company Limited*), a company established in the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Share Pledge Agreements”	the Shunfeng Materials Share Pledge Agreement, the Jiangsu Shunfeng Share Pledge Agreement and the Shunfeng Investment Share Pledge Agreement
“Shunfeng Investment”	順風光電投資(中國)有限公司 (Shunfeng Photovoltaic Investment (China) Co., Ltd.), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Shunfeng Investment Counter-Guarantee Contract”	the counter-guarantee dated 31 July 2018 entered into between the Company and the Principal Guarantor in respect of the Shunfeng Investment Principal Guarantee Contract

“Shunfeng Investment Loan Agreement”	the loan agreement dated 20 June 2018 entered into between the Lender as lender and Shunfeng Investment as borrower in relation to a 3-month loan facility in the principal amount of up to RMB30,000,000
“Shunfeng Investment Principal Guarantee Contract”	the principal guarantee dated 31 July 2018 entered into between the Principal Guarantor and Shunfeng Investment in respect of the Shunfeng Investment Loan Agreement
“Shunfeng Investment Share Pledge Agreement”	the share pledge agreement dated 31 July 2018 pursuant to which Jiangsu Shunfeng agreed to pledge in favour of the Principal Guarantor 76,500,000 shares in Shunfeng New Energy
“Shunfeng Materials”	常州順風光電材料有限公司 (Changzhou Shunfeng Photovoltaic Materials Co., Ltd.), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Shunfeng Materials Counter-Guarantee Contract”	the counter-guarantee dated 31 July 2018 entered into between the Company and the Principal Guarantor in respect of the Shunfeng Materials Principal Guarantee Contract
“Shunfeng Materials Loan Agreement”	the loan agreement dated 20 June 2018 entered into between the Lender as lender and Shunfeng Materials as borrower in relation to a 3-month loan facility in the principal amount of up to RMB30,000,000
“Shunfeng Materials Principal Guarantee Contract”	the principal guarantee dated 31 July 2018 entered into between the Principal Guarantor and Shunfeng Materials in respect of the Shunfeng Materials Loan Agreement
“Shunfeng Materials Share Pledge Agreement”	the share pledge agreement dated 31 July 2018 pursuant to which Jiangsu Shunfeng agreed to pledge in favour of the Principal Guarantor 76,500,000 shares in Shunfeng New Energy
“Shunfeng New Energy”	江蘇順風新能源科技有限公司 (Jiangsu Shunfeng New Energy Technology Co., Ltd.), a company established in the PRC with limited liability and an indirect subsidiary of the Company in holding 51% equity interest
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

*\* In this announcement, the English names of the PRC entities are translation of their Chinese names, and are included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.*

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

Hong Kong, 31 July 2018

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