SHUNFENG PHOTOVOLTAIC INTERNATIONAL LTD:
IT IS GOING TO BE A ROUGH ROAD AHEAD FOR THIS COMPANY

Give It A Wide Berth

To put it very bluntly, Shunfeng Photovoltaic International Ltd () (Code: 1165, Main Board, The Stock Exchange of Hongkong Ltd) is pitching an **I**nitial **P**ublic **O**ffering (**IPO**) in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) because things are getting a little too hot to handle for Management.

This Company published and disseminated its Global Offering Prospectus on June 30, 2011, Offering 390 million, one-cent Shares at an Offer Price Per Share, ranging from $HK1.09 and $HK1.42.

The Company is in the business of manufacturing and selling what it describes as *'high-performance, solar cells and related solar products ...'*.

At the mid-point of the indicative Offer Price Range Per Share, being $HK1.26, the Net Proceeds of the IPO will come in at about $HK461 million, one is told at Page 185 of the Global Offering Prospectus.

That amount of money is earmarked for the following purposes:

- About $HK207 million *'to expand our solar cell[1] production capacity …'*;
- About $HK207 million *'to expand our silicon wafer[2] production capacity …'*;
- About $HK37 million *'to expand our solar module[3] production capacity …'*; and,
- About $HK10 million to be tipped into the Working Capital Account.

Notes:

1. A solar cell is defined as being an electric cell that converts solar radiation directly into electricity.
2. A silicon wafer is defined as being a thin disk, made by slicing an ingot and used to manufacture solar cells.
3. A solar module is defined as being interconnected solar cells, encapsulated and protected in transparent materials.

The above definitions of certain technical terms may sound difficult to comprehend by the uninitiated, but, actually, in terms of the advancement of electrical energy, there is little that is complicated about any one of them.

Germany, for instance, has been experimenting with photovoltaic energy for commercial purposes for quite

a number of years, but, thus far, it has proved to be not particularly financially efficacious due to a number of factors, the most important of which is that this source of energy generation cannot compete in terms of dollars and cents (or, in the case of Germany, in euros) with many other alternate sources of power generation.

Photovoltaic energy, photovoltaics, is, put simply, **p**hoto**v**oltaic (**PV**) cells taking advantage of the photovoltaic effect that occurs when a junction of 2 suitable materials, such as metal and a semiconductor, or 2 opposite polarity semiconductors, is exposed to electromagnetic radiation. As solar radiation (sunlight) is absorbed by a PV cell, electrons are mobilised at the negative contact, and, if a suitable circuit is made to the positive contact, an electrical current is generated.

Several cells **...**