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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)

PROFIT WARNING

This announcement is made by the Company pursuant to Inside Information Provisions under Part XIVA of the SFO and Rule 13.09(2)(a) of the Listing Rules.

The Board wishes to inform the shareholders and potential investors of the Company that based on the preliminary assessment with reference to the unaudited consolidated management accounts of the Group, it is expected that the Group will record a loss for the year ended 31 December 2017, as compared to the loss of approximately RMB2,399 million for the year ended 31 December 2016, it is expected that the Group will record a loss of approximately RMB830 million for the year ended 31 December 2017.

As the Company is still in the process of gathering information to finalise the annual results of the Group for the year ended 31 December 2017, this announcement is made only based on the preliminary assessment with reference to the unaudited consolidated management accounts of the Group which have not been audited or reviewed by the Company's auditors and the information currently available to the Board, and is not based on any information or figures which have been audited or reviewed by the Company's auditors or the audit committee of the Board.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by Shunfeng International Clean Energy Limited (the "**Company**", together with its subsidiaries the "**Group**") pursuant to the Inside Information Provisions (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**")) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) (the "**SFO**") and Rule 13.09(2)(a) of the Listing Rules.

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders (the “**Shareholders**”) and potential investors of the Company that based on the preliminary assessment with reference to the unaudited consolidated management accounts of the Group, it is expected that the Group will record a loss for the year ended 31 December 2017 (“**Year 2017**”), as compared to the loss of approximately RMB2,399 million for the year ended 31 December 2016 (“**Year 2016**”), it is expected that the Group will record a loss of approximately RMB830 million for the Year 2017, and is mainly attributable to the following reasons:

- (i) although the sales volume of the Group’s solar energy products increased by approximately 30% as compared to the Year 2016, as disclosed in the profit warning announcement of the Company dated 31 July 2017, the competition in the sales market of solar energy products continued to be intense and the average selling price of solar energy products for the whole year of 2017 dropped by approximately 17% as compared to the whole year of 2016, which resulted in an expected decrease of the Group’s gross profit from approximately RMB737 million (gross profit margin of approximately 12%) for the Year 2016 to approximately RMB650 million (gross profit margin of approximately 9%) for the Year 2017;
- (ii) despite the volume of electricity generated by the Group increased as a result of an increase in the total on-grid scale for power generation and that the restriction on limiting the use of electricity has been partly relieved in the provinces and regions where the power plants of the Group are located (including Xinjiang, Gansu, Qinghai and Ningxia of the People’s Republic of China (the “**PRC**”), there is still restriction on limiting the use of electricity in regions such as Xinjiang and Gansu in 2017, which resulted in an estimated loss of approximately 467,000,000kWh in terms of power generation volume and approximately RMB370 million in revenue of the Group for the Year 2017 from power generation. In view of this, the Group strived to seek other solutions for trading power generated in the Year 2017, such as actively participating in cross-border power trading and direct power supply transactions etc., to ease the impact of the restriction on the use of electricity on the Group, but this resulted in a slight decrease in the average selling price of power generation leading to an estimated loss of revenue of approximately RMB90 million; and
- (iii) the Group has received continuous support from financial institutions and obtained new loans and financing to develop its solar energy products and power generation business. Further, as the newly constructed solar power plants commenced operation in the Year 2017, the Group ceased the capitalization of a portion of interest expenses related to the construction of those solar power plants in the Year 2017. As a result, the finance costs of the Group for the Year 2017 is expected to be increased by approximately 43% as compared to the Year 2016 to RMB1,500 million in total.

The Company would also like to confirm that various investments made by the Group do not record any substantial impairment losses for the Year 2017 similar to those of the Year 2016 as disclosed in the profit warning announcement of the Company dated 6 January and 23 March 2017. The Group recorded impairment losses of approximately RMB1,470 million for the Year 2016.

The Company is still in the process of gathering information to finalise the annual results of the Group for the Year 2017. Therefore, the information contained in this announcement is only based on the preliminary assessment by the Board with reference to the unaudited consolidated management accounts of the Group for the Year 2017 currently available, and is not based on any information or figures which have been audited or reviewed by the Company's auditors or the audit committee of the Board. Shareholders and potential investors of the Company are advised to peruse with care the annual results announcement of the Group for the Year 2017, which is expected to be released in March 2018.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 14 February 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.