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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 assessment with reference to the unaudited consolidated management accounts of the Group, it is expected that the Group will record a loss of approximately RMB1,154 million for the six months ended 30 June 2018, as compared to unaudited loss of approximately RMB328 million for the six months ended 30 June 2017.

This profit warning announcement is made only based on the 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 assessment with reference to the unaudited consolidated management accounts of the Group, it is expected that the Group will record a loss of approximately RMB1,154 million for the six months ended 30 June 2018 (“**First Half of 2018**”), as compared to the unaudited loss of approximately RMB328 million for the six months ended 30 June 2017 (“**First Half of 2017**”), and is mainly attributable to the following reasons:

- (i) Since the competition in the sales market of solar energy products continued to be intense, the Group’s sale volume of solar energy products during the First Half of 2018 recorded 1,969 MW, representing an increase of only approximately 0.5% as compared to 1,960 MW for the same period of the First Half of 2017. At the same time, the average selling price of the Group’s solar module and solar cell decreased by approximately 2.1% and 17.6% respectively as compared with the First Half of 2017. Besides, the gross profit margin of the Group’s solar module sales decreased from 10.3% in the First Half of 2017 to 8.2% for the First Half of 2018, and the gross profit margin of the Group’s solar cells sales decreased from 7.8% in the First Half of 2017 to 5.9% in the First Half of 2018. In view of the above, and as the sales and gross profit of solar products do not have significant improvement as of the date of this announcement, the Board determined the provision for impairment of approximately RMB681 million for the property, plant and equipment and the goodwill of the Group under the solar energy products segment;
- (ii) According to the five-year profit forecast of Wuxi Suntech Power Co., Ltd, a wholly-owned-subsiary of the Group, it is expected that no sufficient taxable income will be generated in the foreseeable future. As such, the Group reversed the expected deferred tax assets of approximately RMB119 million in the First Half of 2018, such that income tax expense for the First Half of 2018 increased by approximately RMB119 million, while there was no such income tax expense incurred for the same reason in the First Half of 2017; and
- (iii) 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 the First Half of 2018, which resulted in an estimated loss of approximately 208,000,000kWh in terms of power generation volume and approximately RMB160 million in revenue of the Group for the First Half of 2018 from power generation. In view of this, the Group strived to seek other solutions for trading power generated in the First Half of 2018, 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 RMB51 million; and

The Company is reviewing the consolidated interim results of the Group for the six months ended 30 June 2018. Therefore, the information contained in this announcement is only based on the assessment by the Board with reference to the unaudited consolidated management accounts of the Group for the six months ended 30 June 2018 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 interim results announcement of the Group for the six months ended 30 June 2018, which is expected to be released by the end of August 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, 27 August 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.