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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 – REDUCTION OF LOSS

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

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 for the Year 2022, it is expected that the Group will record a loss of approximately RMB179 million for the Year 2022, as compared to the restated loss of approximately RMB691 million for the Year 2021, the restatement of which was due to the restatement of relevant assets and liabilities relating to the terminated disposals of the four target companies to China Power Investment Xinjiang Energy Chemical Engineering Group Akesu Co., Ltd.* (中電投新疆能源化工集團阿克蘇有限公司) during the Year 2022.

As the Company is still in the process of gathering information to finalise the annual results of the Group for the Year 2022, 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 Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) (the “**SFO**”).

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 for the year ended 31 December 2022 (the “**Year 2022**”), it is expected that the Group will record a loss of approximately RMB179 million for the Year 2022, as compared to the restated loss of approximately RMB691 million for the year ended 31 December 2021 (the “**Year 2021**”), the restatement of which was due to the restatement of relevant assets and liabilities relating to the terminated disposals of the four target companies to China Power Investment Xinjiang Energy Chemical Engineering Group Akesu Co., Ltd.* (中電投新疆能源化工集團阿克蘇有限公司) during the Year 2022. The loss for the Year 2022 was mainly attributable to the following reasons:

- (i) Reference is made to (i) the announcement dated 24 August 2021, pursuant to which Shanghai Shunneng Investment Co., Ltd* (上海順能投資有限公司) (“**Shanghai Shunneng**”) entered into the sale and purchase agreement with China Power Investment Xinjiang Energy Chemical Engineering Group Akesu Co., Ltd* (中電投新疆能源化工集團阿克蘇有限公司), whereby Shanghai Shunneng has conditionally agreed to sell 100% of its equity interests in Wushi Longbai Electricity Investment Co., Ltd* (烏什龍柏電力投資有限公司), at an aggregate consideration of approximately RMB120 million (the “**One Target Company of 2021 First Disposal**”); (ii) the announcement dated 6 October 2021, pursuant to which Jiangsu Sanfeng Guanghua Investment Co., Ltd* (江蘇三豐光華投資有限公司), Shijiazhuang Huaiyuan New Energy Development Company Limited* (石家莊懷遠新能源開發有限公司) and Hebei Zhenlong Electricity Equipment Technology Co., Ltd* (河北臻龍電力設備科技有限公司) entered into two sale and purchase agreements with Zhonghe Huineng Co., Ltd.* (中核匯能有限公司), whereby Jiangsu Sanfeng Guanghua Investment Co., Ltd, Shijiazhuang Huaiyuan New Energy Development Company Limited and Hebei Zhenlong Electricity Equipment Technology Co., Ltd has conditionally agreed to sell 100% of the equity interests in Hebei Sanlong Electricity Technology Co. Ltd* (河北三龍電力科技有限公司) and Shangyi County Shunneng Photovoltaic Electricity Co., Ltd* (尚義縣順能光伏電力有限公司) at an aggregate consideration of RMB414.7 million (the “**2021 Second Disposals**”) and (iii) the announcement dated 4 July 2022, pursuant to which Shunfeng Photovoltaic Holdings Limited, Xinjiang Pu Xin Cheng Da Energy Technology Limited* (新疆普新誠達能源科技有限公司), Jiangxi Shunfeng Photovoltaic Investment Co., Ltd* (江西順風光電投資有限公司), Shunfeng Photovoltaic Investments (China) Company Limited* (順風光電投資(中國)有限公司) and the Company, entered into the sale and purchase agreement with Sino Alliance Capital Ltd., whereby Shunfeng Photovoltaic Holdings Limited has conditionally agreed to sell 100% of the equity interests in Pu Xin Cheng Da (BVI) Limited which holds 100% entity interest in Xinjiang Pu Xin Cheng Da Energy Technology Limited, at an aggregate Consideration of approximately RMB664.3 million, which is equivalent to approximately HK\$777.5 million (the “**2022 Second Proposed Disposal**”). The Group has recognized a gain on disposal of approximately RMB127 million in relation to the One Target Company of 2021 First Disposal, the 2021 Second Disposals and the 2022 Second Proposed Disposal for the Year 2022, while a loss on disposal of subsidiaries was recognized approximately RMB272 million for the Year 2021.

- (ii) Reference is made to the announcement dated 21 October 2022, pursuant to which the Company entered into a settlement agreement with SQN Asset Servicing, LLC and SLF Realisation Fund Limited, whereby the Group recorded a gain on settlement on a financial guarantee of approximately RMB191 million for the Year 2022, while no such gain was recorded for the Year 2021.
- (iii) The Group's impairment loss on solar power plants decreased by approximately RMB123 million, or approximately 94.6% from approximately RMB130 million for the Year 2021 to approximately RMB7 million for the Year 2022.
- (iv) The Group's finance costs decreased by approximately RMB162 million, or approximately 27.3% from approximately RMB593 million for the Year 2021 to approximately RMB431 million for the Year 2022.
- (v) Despite the above reasons leading to the reduction of loss for the Year 2022 as compared to the Year 2021, the Group still recorded (i) a net foreign exchange loss of approximately RMB229 million for the Year 2022, while a net foreign exchange gain of approximately RMB57 million was recorded for the Year 2021 and (ii) a profit of approximately RMB127 million from the disposal of 100% of the equity interests of Lattice Power (Jiangxi) Co., Ltd* (晶能光電(江西)有限公司) for the Year 2021, while there was no such profit recognized for the Year 2022.

The Company is still in the process of gathering information to finalise the annual results of the Group for the Year 2022. 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 2022 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 2022, which is expected to be released by the end of March 2023.

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

Wang Yu
Chairman

Hong Kong, 21 March 2023

As at the date of this announcement, the executive Directors are Mr. Wang Yu, Mr. Zhang Fubo, 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.

* *For identification purpose only*