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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 of the unaudited consolidated management accounts of the Group, it is expected that the Group's net profit for the six months ended 30 June 2016 would record a considerable decrease for more than 80% as compared to the unaudited net profit of RMB172.5 million for the six months ended 30 June 2015.

This profit warning announcement is only based on the preliminary assessment of the unaudited consolidated management accounts of the Group, which have not been audited or reviewed by the Company's auditor, and the information currently available to 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 of the Company (the “**Shareholders**”) and potential investors that, based on the preliminary assessment of the unaudited consolidated management accounts of the Group, it is expected that the net profit for the six months ended 30 June 2016 (“**first half of 2016**”) would record a considerable decrease for more than 80% as compared to the unaudited net profit of RMB172.5 million for the six months ended 30 June 2015 (“**first half of 2015**”).

Based on preliminary assessment of the unaudited consolidated management accounts of the Group, such considerable decrease was primarily attributable to the following factors:

- (i) despite the volume of power generated by the Group increased as a result of the increase of the total on-grid scale for power generation, the restriction in limiting the use of electricity in the region of Xinjiang of the People’s Republic of China (the “**PRC**”) resulted in an estimated loss of approximately 300,300,000 kWh in terms of power generation volume and approximately RMB246 million in revenue;
- (ii) as the Group proactively expanded its sale of solar products to overseas markets and maintained its share in the domestic market in the PRC, the distribution and administrative expenses in the first half of 2016 increased approximately 30% as compared to the first half of 2015;
- (iii) the Group continuously obtained supports from the financial institutions and received new loans and financing to develop its solar power generation business. Further, as a number of newly constructed solar power plants commenced operation in the first half of 2016, the Group ceased the capitalization of a portion of interest expenses in relation to the construction of such solar power plants in the first half of 2016. As a result, the finance costs of the Group in the first half of 2016 increased more than 60% as compared to the first half of 2015;
- (iv) the Group completed the acquisition of 63.13% of the equity interests in Suniva Inc. in October 2015 which became a joint venture of the Group. The Group shared the loss of Suniva Inc. of RMB44 million in the first half of 2016 while no such loss was recorded for the corresponding period in 2015;
- (v) the Group completed the acquisition of 59% of the equity interests in Lattice Power Corporation in August 2015 which became an indirect non-wholly owned subsidiary of the Group. Lattice Power Corporation recorded a loss of approximately RMB100 million in the first half of 2016 while no such loss was recorded for the corresponding period in 2015; and
- (vi) the Group recorded RMB430 million in the non-recurring income collected from the impaired bad debts in the first half of 2015, while the Group only recorded approximately RMB70 million in the non-recurring income collected from the impaired bad debts in the first half of 2016.

The Company is still in the process of finalising the Group's consolidated interim results for the six months ended 30 June 2016. As such, 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 six months ended 30 June 2016 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 Company for the six months ended 30 June 2016, which is expected to be released in August 2016.

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
Shunfeng International Clean Energy Limited
Zhang Yi
Chairman

Hong Kong, 20 July 2016

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