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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 annual results for the Year 2015 would record a considerable decrease in the consolidated profit attributable to the owners of the Company for more than 90% as compared to that for the Year 2014.

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 and potential investors that, based on the preliminary assessment of the unaudited consolidated management accounts of the Group, it is expected that the Group's annual results for the year ended 31 December 2015 (the “**Year 2015**”) would record a decrease in the consolidated profit attributable to the owners of the Company for more than 90% as compared to that for the year ended 31 December 2014 (the “**Year 2014**”).

Based on preliminary assessment, such considerable decrease in the Group's consolidated profit was primarily attributable to the following factors:

- (i) Despite an increase in the sales volume of the Group's solar products by approximately 31% in the Year 2015 amidst intense competition, the Group has recorded a decline in average selling prices of its solar products as compared to that in the Year 2014 which resulted in a decrease in the Group's gross profit margin to approximately 16% from 22% in the Year 2014;

- (ii) Revenue from solar power generation has reduced due to the effect of electricity limitation in Xinjiang from September to December 2015, which was approximately 92,000,000 kWh (or approximately 45%) less than the power generation in Xinjiang in the corresponding period in 2014;
- (iii) The Group's expansion in overseas markets in 2015 after the acquisitions of certain assets of S.A.G. Solarstorm AG and 59% of equity interest in Lattice Power Corporation by the Group (which were completed in October 2014 and August 2015 respectively) has contributed to an increase in distribution and administrative expenses for over 50% in the Year 2015;
- (iv) The convertible bonds issued by the Group in December 2014 and January 2015 in support of its business expansion and new loans and financing obtained by the Group to finance its solar power generation business in the Year 2015 have contributed to an increase of over 90% in finance costs incurred by the Group;
- (v) After various solar power plants had commenced normal operation in the Year 2015, the Group ceased the capitalization of a portion of interest expenses that concerns the construction of such solar power plants which resulted in an increase in the Group's total expenses;
- (vi) Unforeseen depreciation of the Renminbi against major currencies in the second half of Year 2015 generally has resulted in an increase of foreign exchange loss recorded by the Group; and
- (vii) The Group has not recorded any income from extraordinary item in the Year 2015 which is of a magnitude similar the one recorded in the Year 2014, namely a sum of RMB992,024,000 arising from a change in amortization period of the liability component of convertible bonds issued in 2014 (please refer to the Group's 2014 Annual Report for details).

The Company is still in the process of finalizing the annual results for the Year 2015. 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 Year 2015 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 Company for the Year 2015, which is expected to be released in March 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, 14 January 2016

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