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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)

MEMORANDUM OF UNDERSTANDING IN RELATION TO A PROPOSED ACQUISITION

MEMORANDUM OF UNDERSTANDING

The board of directors of the Company (the “**Board**”) is pleased to announce that after trading hours on 23 March 2015, the Company entered into a memorandum of understanding (“**MOU**”) with Lattice Power Corporation in relation to the proposed acquisition (“**the Proposed Acquisition**”) by the Company of 51% of the issued share capital of Lattice Power Corporation from existing shareholders of Lattice Power Corporation (the “**Vendors**”). Subject to the execution of a formal sale and purchase agreement between the parties, it is proposed that the consideration for the Proposed Acquisition shall be fully satisfied by the Company by way of issuing and allotting new shares of the Company to the Vendors.

The MOU does not create legally binding obligations on the parties in relation to the Proposed Acquisition but is legally binding as to such terms relating to confidentiality, fees and cost, and governing law. The Proposed Acquisition is subject to the negotiation and execution of a formal sale and purchase agreement between the parties.

INFORMATION ON LATTICE POWER CORPORATION

Lattice Power Corporation is a company incorporated in Cayman Islands. Lattice Power Corporation is principally engaged in the production of LED chips for extensive use in the sectors of general lighting, monitors, LCD backlighting and industries. Lattice Power Corporation, the global leader possessing the technology for the epitaxial overgrowth of GaN on silicon substrate as well as the chip processing, is the first company engaged in the mass production of high power GaN-on-Silicon LED chips featuring high performance.

REASONS FOR ENTERING INTO THE MOU

1. The Company has committed itself to become the world leading provider for the overall clean energy solutions. Through strategic acquisition and integration, the Company currently owns various product technologies of many famous brands in the industry, leading to the overall solutions for clean energies. At present, the product technologies owned by the Company are capable of realizing the on-going optimization for the generation of energies, such as solar and wind energy, seawater power generation and geothermal heat pump. The Company is capable of providing integrated solutions, coupled with energy management and storage, for the users of large-scale government public facilities, the commercial users including large-scale gymnasiums, commercial facilities, offices, schools and hospitals and the household users. Such solutions are able to save up to overall 50%–70% energy effectively on the basis of realizing green environmental protection.
2. LED lighting is an important link in the solutions for low-carbon cities, low-carbon communities, and low-carbon families, in compliance with the development strategies of the Company as a provider for comprehensive low-carbon and energy-saving solutions.
3. Lattice Power Corporation owns the disruptive 6-inch and 8-inch GaN-on-Silicon LED technology, with over 200 global patents awarded. Its vertical integration of the LED industrial chain and successful commercial mass production have resulted in the supply of low-cost LED lighting products featuring high performance for the purpose of general lighting, smart phone and automobile lighting.
4. As a persistent, reliable, energy-saving lighting technology featuring high performance, LED lighting has vast and bright market prospects. LED lighting, which saves 50%–80% energy in comparison to the ordinary lighting, will definitely replace the traditional lighting in every aspect. The revolutionary GaN-on-Silicon LED technology of Lattice Power Corporation leads to the drastic reduction in production cost when compared to the traditional GaN-on-Sapphire LED, which will result in the tremendous contribution to the profit of the Company. By virtue of the prominent core technology of Lattice Power Corporation, the Company will proceed with the timely integration of the industrial chain on global basis in order to secure greater benefits.

As the MOU is not legally binding with regards to the Proposed Acquisition, it may or may not proceed. Shareholders of the Company (the “Shareholders”) and investors are advised to exercise caution when dealing in the shares of the Company.

As Lattice Power Corporation is an associate (as defined in the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong) of Mr. Cheng Kin Ming, a substantial Shareholder, in the event that the Proposed Acquisition materialises, it may constitute a notifiable and connected transaction for the Company under the Listing Rules which may require independent Shareholders’ approval. Further announcement(s) will be made by the Company in accordance with all applicable requirements of the Listing Rules as and when appropriate.

This announcement is made by the Company on a voluntary basis.

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

Hong Kong, 23 March 2015

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; the non-executive Director is Mr. Yue Yang; and the independent non-executive Directors are Mr. Tao Wenquan, Mr. Zhao Yuwen, Mr. Siu Wai Keung Francis and Mr. Kwong Wai Sun Wilson.