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CHINA RUIFENG RENEWABLE ENERGY HOLDINGS LIMITED

中國瑞風新能源控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00527)

ISSUE OF CONVERTIBLE BONDS UNDER GENERAL MANDATE

ISSUE OF CONVERTIBLE BONDS

On 20 December 2022 (after trading hours of the Stock Exchange), the Company and the Subscribers entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to issue, and the Subscribers have conditionally agreed to subscribe for, the Convertible Bonds in an aggregate principal amount of HK\$19,540,000. The outstanding principal amount of the Convertible Bonds is convertible into Conversion Shares at the Conversion Price of HK\$0.06 (subject to price adjustments) per Conversion Share during the conversion period.

Assuming the Conversion Rights are exercised in full at the Conversion Price upon Completion, 325,666,666 new shares will be allotted and issued to the Subscribers (subject to the Conversion Restrictions), representing approximately 15.89% of the total number of issued Shares as at the date of this announcement and approximately 13.71% of the total number of issued Shares as enlarged by the allotment and issue of the Conversion Shares, assuming that there are no other changes to the total number of Shares from the date of this announcement to the Completion Date.

The initial Conversion Price of HK\$0.06 per Conversion Share represents: (i) a premium of approximately 17.65% to the closing price of HK\$0.051 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement; and (ii) a premium of approximately 15.38% to the average closing price of HK\$0.052 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately prior to and including the Last Trading Date. The gross proceeds from the issue of the Convertible Bonds will be HK\$19,540,000 and the net proceeds from the issue of the Convertible Bonds, after deduction of the expenses related to the issue of the Convertible Bonds, is estimated to be approximately HK\$19,400,000, which is intended to be used as to (a) approximately HK\$6,000,000 for general working capital of the Group; and (b) the remaining amount of approximately HK\$13,400,000 for the repayment of the Group's loans.

GENERAL

The Conversion Shares will be issued under the General Mandate and is not subject to the Shareholders' approval. An application will be made by the Company for the listing of, and permission to deal in, the Conversion Shares on the Stock Exchange. No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange.

Completion is subject to the fulfillment and/or waiver (as the case may be) of the conditions precedent set out in the Subscription Agreement and therefore may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

INTRODUCTION

On 20 December 2022 (after trading hours of the Stock Exchange), the Company and the Subscribers entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to issue, and the Subscribers have conditionally agreed to subscribe for, the Convertible Bonds in an aggregate principal amount of HK\$19,540,000. The outstanding principal amount of the Convertible Bonds is convertible into Conversion Shares at the Conversion Price of HK\$0.06 (subject to price adjustments) per Conversion Share during the conversion period. Details of the Subscription Agreement are set out below.

THE SUBSCRIPTION AGREEMENT

Date

20 December 2022 (after trading hours of the Stock Exchange)

Parties to the Subscription Agreement

Issuer: the Company

Subscribers:

- (i) Mr. Xu Yingjie to subscribe for the Convertible Bonds in the amount of HK\$9,769,920
- (ii) Mr. Cao Zhiwei to subscribe for the Convertible Bonds in the amount of HK\$4,884,880; and
- (iii) Ms. Chen Li to subscribe for the Convertible Bonds in the amount of HK\$4,885,200.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Subscribers are third parties independent of the Company and the connected persons of the Company and that they are third parties independent to each other as at the date of this announcement.

Subscription price

The Subscribers conditionally agreed to subscribe for the Convertible Bonds in an aggregate principal amount of HK\$19,540,000, which shall be payable in full by cash by the Subscribers to the Company at the completion of the Subscription Agreement.

Conditions precedent

Completion of the Subscription Agreement is conditional upon:

- (a) the Subscribers having conducted due diligence exercise (technical, financial and legal) on the Company and satisfied with the results thereof;
- (b) the warranties of the Company being true, accurate, correct and complete in all material respects when made and remaining true, accurate, correct and complete and not misleading as at the Completion Date;
- (c) the Listing Committee having granted (either unconditionally or subject to conditions to which neither the Company or the Subscribers objects) listing of and permission to deal in the Conversion Shares falling to be issued and allotted upon the exercise of the Conversion Rights or otherwise pursuant to the Subscription Agreement;

- (d) the compliance by the Company of any other requirements under the Listing Rules or otherwise of the Stock Exchange which requires compliance in relation to the Subscription Agreement and the transactions contemplated thereunder (including but not limited to, the issue of the Convertible Bonds, the execution of the instrument constituting the Convertible Bonds, the allotment and issue of the Conversion Shares);
- (e) (where required) having obtained all necessary approvals and consents from any government or regulatory authority or any person and the completion of all necessary registration and filings with any government or regulatory authority required for the entering into of the Subscription Agreement and/or the performance of its obligations thereunder by the Company (including but not limited to, the issue of the Convertible Bonds, the execution of the instruments constituting the Convertible Bonds, the issue of the certificates for the Convertible Bonds, the allotment and issue of the Conversion Shares); and
- (f) (where applicable and required) having obtained all necessary approvals and consents from any government or regulatory authority or any person and the completion of all necessary filings with any government or regulatory authority required for the entering into of the Subscription Agreement and/or the performance of its obligations thereunder by the Subscribers (including but not limited to the Subscription).

The Company and the Subscribers may at their absolute discretion, waive compliance with any or all of the above condition precedent, save and except conditions (c) and (d), which shall not be waivable at all times and the Company shall use its best endeavours to procure the fulfillment of the conditions precedent. If the above conditions precedent have not been fulfilled (or, if applicable, waived) on or before 31 March 2023, or such other date as the parties may agree in writing, the Subscription Agreement will lapse and the parties will be released from all obligations thereunder, save for the liabilities for any antecedent breach thereof (if any).

Completion

Completion shall take place on the date falling within seven Business Days after the date on which all conditions precedent have been fulfilled or waived (or such other date as the parties may agree in writing).

Principal terms of the Convertible Bonds

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|--------------------------|--|
| Issuer: | The Company |
| Principal amount: | HK\$19,540,000 |
| Interest rate: | 7% per annum, payable every anniversary from the issue date in arrears until maturity, conversion or early redemption of the Convertible Bonds. |
| Maturity date: | The date falling on the third anniversary of the date of issue of the Convertible Bonds. |
| Status: | The Convertible Bonds constitute direct, secured, unsubordinated and unconditional obligations of the Company and shall at all times rank pari passu and without any preference or priority among themselves. The payment obligations of the Company under the Convertible Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable laws and shall at all times rank at least pari passu with all of the Company's other present and future direct, secured, unsubordinated and unconditional obligations. No application will be made for a listing of the Convertible Bonds. |
| Conversion Restrictions: | Conversion shall be subject to the following conditions: <ul style="list-style-type: none">(i) the Bondholder(s) shall comply with the obligation under Rule 26 of the Takeovers Code upon any exercise of the Conversion Rights; and(ii) any exercise of the Conversion Rights shall not render the Company no longer be able to maintain the minimum public float of the Shares as required under the Listing Rules. |
| Conversion period: | Subject to the terms and conditions of the Convertible Bonds and in particular, the Conversion Restrictions, the Bondholder(s) may exercise its right to convert all or any part of the principal amount of the Convertible Bonds in integral multiple of HK\$1,000 into Conversion Shares at any time during the period from and including the second Business Day from the issue date up to the close of business on the maturity date of the Convertible Bonds. |

Conversion Price:

The Conversion Price of HK\$0.06 per Conversion Share, which shall be subject to price adjustment in accordance with the terms and conditions of the Convertible Bonds.

The initial Conversion Price represents:

- (a) a premium of approximately 17.65% to the closing price of HK\$0.051 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement; and
- (b) a premium of approximately 15.38% to the average closing price of HK\$0.052 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to and including the Last Trading Date.

Based on the estimated net proceeds from the issue of the Convertible Bonds of approximately HK\$19,400,000 and a total of 325,666,666 Conversion Shares to be issued at the initial Conversion Price of HK\$0.06 each upon exercise of the Conversion Rights in full, the net issue price per Conversion Share is approximately HK\$0.06.

HK\$0.06 per Conversion Share, subject to adjustment which include consolidation, sub-division and reclassification of the Shares, capitalisation issue, capital distributions, rights issues of Shares or options over Shares or other securities of the Company, issue of Shares or other securities of the Company in discount, modification of rights of conversion and other offer of securities. The Conversion Price may not be reduced so that, on conversion of the Convertible Bonds, Shares would fall to be issued at a discount to their par value.

The Conversion Price was determined after arm's length negotiations between the Company and the Subscribers with reference to the recent market prices of the Shares and the prevailing market conditions. The Directors consider that the initial Conversion Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conversion Shares: As at the date of this announcement, the Company has a total of 2,049,140,800 Shares in issue. The Convertible Bonds carry the Conversion Rights to convert into the Conversion Shares at the Conversion Price of HK\$0.06 per Conversion Share (subject to price adjustment). For illustrative purpose, assuming the Conversion Rights are exercised in full at the Conversion Price upon Completion, 325,666,666 new Shares will be allotted and issued to the Subscribers (subject to the Conversion Restrictions), representing approximately 15.89% of the total number of issued Shares as at the date of this announcement and approximately 13.71% of the total number of issued Shares as enlarged by the allotment and issue of the Conversion Shares, assuming that there is no other changes to the total number of Shares from the date of this announcement to the Completion Date. The details of the shareholdings of the Company before and after the Completion are set out in the section headed “EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY” below.

The Conversion Shares will be allotted and issued under the General Mandate and is not subject to Shareholders’ approval. An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares that may be allotted and issued upon conversion of the Convertible Bonds.

Default interest: 20% per annum on any outstanding amount due under the Convertible Bonds accrued from the due date to the date of payment in full.

Redemption: Unless previously redeemed, converted, purchased or cancelled, the Convertible Bonds will be redeemed on the maturity date at such amount equivalent to (i) 100% of the principal amount of the outstanding Convertible Bonds plus any accrued and unpaid interest; and (ii) with respect to the outstanding Convertible Bonds as at the date of the maturity date, (a) an amount equal to a gross yield to maturity of 7% per annum (calculated on the principal amount of the outstanding Convertible Bonds for the period from and including the issue date up to and including the actual date of payment) minus (b) all interest paid on or prior to the maturity date.

The Company may at any time from the issue date but not less than fourteen Business Days prior to the maturity date, redeem any amount of the Convertible Bonds at the amount equivalent to (i) the principal amount of the redeemed Convertible Bonds plus any accrued and unpaid interest up to and including the date of the redemption notice and (ii) with respect to the redeemed Convertible Bonds as at the date of the redemption notice, (a) an amount equal to a gross yield to maturity of 7% per annum (calculated on the principal amount of the redeemed Convertible Bond for the period from and including the issue date up to and including the actual date of payment) minus (b) all interest paid thereon on or prior to the date of the redemption notice.

Upon occurrence of any event of default, the Subscribers may demand the Company to redeem all or such part of the Convertible Bonds at (i) 100% of the principal amount of outstanding Convertible Bonds plus any accrued and unpaid interest on the date of the relevant written notice being served to the Company and (ii) with respect to the outstanding Convertible Bonds as at the date of the relevant written notice, (a) an amount equal to a gross yield to maturity of 7% per annum (calculated on the principal amount of the outstanding Convertible Bonds for the period from and including the issue date up to and including the actual date of payment) minus (b) all interest paid thereon on or prior to the date of the relevant written notice.

- Transferability: the Convertible Bonds are transferrable in integral multiple of HK\$1,000 except to connected persons (as defined in the Listing Rules) or direct competitors of the Company.
- Listing: no applications shall be made for the listing of the Convertible Bonds on the Stock Exchange or in any other jurisdiction.
- Voting: the Convertible Bonds shall not confer on the Bondholder(s) any right to attend or vote at any shareholders' meeting of the Company.

GENERAL MANDATE

The Conversion Shares will be allotted and issued under the General Mandate granted to the Directors at the annual general meeting of the Company held on 16 June 2022. Pursuant to the General Mandate, the Directors are authorized to allot and issue up to 395,828,160 new Shares. Up to the date of this announcement, 70,000,000 Shares have been issued under the General Mandate as disclosed in the Company's announcements dated 30 June 2022 and 9 August 2022. The Conversion Shares will utilize up to approximately 82.27% of the General Mandate. The issue of the Conversion Shares will not be subject to the approval of the Shareholders.

INFORMATION OF THE COMPANY

The Company is a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange. The Group is principally engaged in the businesses of wind power generation sectors in the PRC.

REASONS FOR THE ISSUE OF THE CONVERTIBLE BONDS AND USE OF PROCEEDS

The gross proceeds from the issue of the Convertible Bonds will be HK\$19,540,000. The net proceeds from the Subscription, after deduction of the expenses related thereto, is estimated to be approximately HK\$19,400,000 and are expected to be used as to (a) approximately HK\$6,000,000 for general working capital of the Group; and (b) the remaining amount of approximately HK\$13,400,000 for the repayment of the Group's loans.

The issue of the Convertible Bonds shall enable the Company to raise additional funding for general working capital of the Group and repayment of liabilities. The Directors consider that the Subscription represents an appropriate means of meeting its payment obligations under the borrowings taking account into the fact that the Subscription represents an opportunity for the Company to release the liquidity and working capital pressure of the Company in the coming financial year, that the Subscription would not have an immediate dilution effect on the shareholdings of the existing Shareholders and the interest payable under the Convertible Bonds is more stable and predictable than bank borrowings, and that exercise of the conversion rights attached to the Convertible Bonds would strengthen the Company's financial position.

The Conversion Price was arrived at after arm's length negotiations among the Company and the Subscribers, taking into account of, among others, the recent market prices of the Shares and the prevailing market conditions. The Directors consider the terms of the Subscription Agreement, which were negotiated on an arm's length basis and agreed on normal commercial terms between the parties thereto, are fair and reasonable, and the issue of the Convertible Bonds is in the interests of the Company and the Shareholders as a whole.

EQUITY FUNDRAISING ACTIVITIES IN THE PAST TWELVE MONTHS

| Date of announcement | Fund raising activity | Approximate net proceeds raised | Actual use of proceeds |
|--------------------------------------|---|---------------------------------|--|
| 28 January 2022 and 28 April 2022 | Issue of HK\$356,375,000 10% convertible bonds due 2025 under specific mandate | HK\$356,045,000 | Settlement of outstanding convertible bonds issued in 2019 |

Save as disclosed above, the Directors confirm that the Company has not conducted any fund raising activities involving the issue of its equity securities in the 12 months immediately preceding the date of this announcement.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has a total of 2,049,140,800 Shares in issue. Set out below are the shareholding structures of the Company (i) as at the date of this announcement; (ii) assuming full conversion of the Convertible Bonds into the Conversion Shares upon Completion; and (iii) assuming full conversion of the Convertible Bonds and the 2022 Convertible Bonds into the Conversion Shares upon Completion, and there are no other changes to the total number of Shares from the date of this announcement to the Completion Date:

| Shareholders | As at the date of this announcement | | Upon Completion and assuming full exercise of the Conversion Rights attaching to the 2022 Convertible Bonds (Note 3) | | Upon Completion and assuming full exercise of the Conversion Rights attaching to the Convertible Bonds and the 2022 Convertible Bonds (Note 3) | |
|---------------------------------------|-------------------------------------|------------|--|------------|--|------------|
| | Number of Shares | % | Number of Shares | % | Number of Shares | % |
| | (approximately) | | (approximately) | | (approximately) | |
| Diamond Era (Note 1) | 391,618,325 | 19.11 | 391,618,325 | 9.72 | 391,618,325 | 8.99 |
| Filled Converge (Notes 1, 2 and 3) | — | — | 1,979,861,111 | 49.14 | 1,979,861,111 | 45.47 |
| Subscribers: | | | | | | |
| Mr. Xu Yingjie | — | — | — | — | 162,832,000 | 3.74 |
| Mr. Cao Zhiwei | — | — | — | — | 81,414,666 | 1.87 |
| Ms. Chen Li | — | — | — | — | 81,420,000 | 1.87 |
| Public Shareholders | 1,657,522,475 | 80.89 | 1,657,522,475 | 41.14 | 1,657,522,475 | 38.06 |
| Total | 2,049,140,800 | 100 | 4,029,001,911 | 100 | 4,354,668,577 | 100 |

Notes:

1. Mr. Zhang is the beneficial owner of the entire issued shares of Diamond Era and Filled Converge. Mr. Zhang is deemed, or taken to be, interested in the Shares in which Diamond Era and Filled Converge are interested for the purpose of the SFO. Mr. Zhang is an executive Director and a substantial Shareholder of the Company.
2. As at the date of this announcement, Filled Converge holds the 2022 Convertible Bonds issued by the Company on 25 March 2019 in the principal amount of HK\$356,375,000. Assuming the conversion right of the 2022 Convertible Bonds were exercised in full, the total of 1,979,861,111 new shares will be issued to Filled Converge, representing approximately 96.62% of total issued shares assuming full exercise of the conversion rights attached to the 2022 Convertible Bonds issued by the Company as at the date of this announcement.
3. The shareholdings of the Company set out in the above table are for illustration purpose only. As the Conversion Restrictions stipulate that any exercise of the Conversion Rights shall (i) be complied with the obligation under Rule 26 of the Takeovers Code by Filled Converge; or (ii) not render the Company no longer be able to maintain the minimum 25% public float of the Shares as required under the Listing Rules.
4. As at the date of this announcement, the total number of 179,900,000 share options of the Company have been granted to various grantees with the exercise price per share of HK\$0.18. For further details, please refer to the announcement of the Company dated 29 January 2021. No share option has been exercised as at the date of the announcement.
5. As at the date of this announcement, the Company has a total of 395,000,000 outstanding warrants with an amended warrant exercise price of HK\$0.22 per warrant share. For further details, please refer to the announcement of the Company dated 5 August 2021. No outstanding warrants have been exercised as at the date of this announcement.

Assuming full conversion of the principal amount of the Convertible Bonds of HK\$19,540,000 at the Conversion Price, a total of maximum 325,666,666 Shares will be issued, representing approximately 15.89% of the total existing share capital of the Company and approximately 13.71% of the Company's total issued share capital as enlarged by the issue of the Conversion Shares.

Completion is subject to the fulfillment and/or waiver (as the case may be) of the conditions precedent set out in the Subscription Agreement and therefore may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, the following terms have the meanings set out below, unless the context requires otherwise:

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|---------------------------|--|
| “2022 Convertible Bonds” | the 10% unsecured convertible bonds in the aggregate principal amount of HK\$356,375,000 due 2025 issued by the Company to Filled Converge |
| “Board” | the board of Directors |
| “BVI” | the British Virgin Islands |
| “Bondholder(s)” | the holder(s) of the Convertible Bonds |
| “Business Day(s)” | any day(s) (except any Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours |
| “Company” | China Ruifeng Renewable Energy Holdings Limited (中國瑞風新能源控股有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange |
| “Completion” | completion of the Subscription pursuant to the terms and conditions of the Subscription Agreement |
| “Completion Date” | the date of the Completion pursuant to the Subscription Agreement |
| “connected person(s)” | has the meaning ascribed to it under the Listing Rules |
| “Conversion Price” | HK\$0.06 per Conversion Share (subject to price adjustments) |
| “Conversion Restrictions” | the restrictions imposed on the conversion of the Convertible Bonds into Conversion Shares |
| “Conversion Rights” | the rights to convert the Convertible Bonds into Conversion Shares |

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| “Conversion Share(s)” | the Share(s) to be issued by the Company upon the holder(s) of the Convertible Bonds exercising its/their Conversion Rights attached to the Convertible Bonds in accordance with the terms and conditions of the instrument constituting the Convertible Bonds |
| “Convertible Bonds” | the 7% unsecured convertible bonds in the aggregate principal amount of HK\$19,540,000 due 2026 to be issued by the Company pursuant to the Subscription Agreement |
| “Diamond Era” | Diamond Era Holdings Limited, a company incorporated in BVI with limited liability and a substantial Shareholder holding 391,618,325 Shares as at the date of this announcement and is wholly-owned by Mr. Zhang |
| “Director(s)” | the director(s) of the Company |
| “Filled Converge” | 贏匯有限公司 (Filled Converge Limited), a company incorporated under the laws of BVI with limited liability and wholly-owned by Mr. Zhang as at the date of this announcement |
| “General Mandate” | the general mandate granted to the Directors at the annual general meeting of the Company held on 16 June 2022 to issue, allot or otherwise deal with up to 395,828,160 new Shares |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollar(s), the lawful currency of Hong Kong |
| “Hong Kong” | Hong Kong Special Administrative Region of the PRC |
| “Last Trading Date” | 20 December 2022, being the last full trading day of the Shares on the Stock Exchange immediately prior to the signing of the Subscription Agreement |
| “Listing Committee” | the listing sub-committee of the board of directors of the Stock Exchange |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |

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| “Mr. Zhang” | Mr. Zhang Zhixiang (張志祥), an executive Director and a substantial Shareholder |
| “PRC” | the People’s Republic of China, which, for the purposes of this announcement only, does not include Hong Kong, Macau Special Administrative Region of the PRC and Taiwan |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| “Share(s)” | ordinary share(s) of the Company |
| “Shareholder(s)” | holder(s) of the Share(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Subscriber(s)” | Mr. Xu Yingjie, Mr. Cao Zhiwei and Ms. Chen Li |
| “Subscription” | the proposed subscription by the Subscribers of the Convertible Bonds as contemplated under the Subscription Agreement |
| “Subscription Agreement” | the subscription agreement entered into among the Company and the Subscribers dated 20 December 2022 in relation to the subscription for the Convertible Bonds in the aggregate principal amount of HK\$19,540,000 |
| “Takeovers Code” | the Hong Kong Code on Takeovers and Mergers |
| “%” | per cent. |

By Order of the Board
China Ruifeng Renewable Energy Holdings Limited
Zhang Zhixiang
Executive Director and Chief Executive Officer

Hong Kong, 20 December 2022

As at the date of this announcement, the board of directors comprises Mr. Zhang Zhixiang, Mr. Ning Zhongzhi, Mr. Li Tian Hai and Mr. Peng Ziwei as executive directors of the Company; Mr. Jiang Senlin, Mr. Qu Weidong and Ms. Hu Xiaolin as independent non-executive directors of the Company.