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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)

DISCLOSEABLE TRANSACTION ACQUISITION OF EQUITY INTERESTS IN CH-AUTO TECHNOLOGY

On 10 December 2021, the Company and CH-Auto Technology, its wholly-owned subsidiary, and its shareholder entered into the Subscription Agreement pursuant to which the Company will subscribe for not more than 4% of the equity interests in CH-Auto Technology.

CH-Auto Technology is a company incorporated in the PRC with limited liability which was previously listed on the NEEQ and is principally engaged in vehicle design and development services, vehicle production and sales, vehicle research and development.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules exceed 5% but are less than 25%, the entering into the Subscription Agreement constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under the Listing Rules.

The Board is pleased to announce that on 10 December 2021 (after trading hours), the Company and CH-Auto Technology, its wholly-owned subsidiary, and its shareholder entered into the Subscription Agreement. CH-Auto Technology is currently conducting a round of fundraising activities wherein it intends raise approximately RMB200 million to RMB240 million through the subscription of new shares by investors, and the Subscription Agreement forms part of such fundraising. Pursuant to the Subscription Agreement, the actual number of shares to be issued and the number of shares to be subscribed for by the Company in CH-Auto Technology is subject to the total funds raised by CH-Auto Technology in its current round of fundraising, but the Company's shareholding shall be no more than 4% of CH-Auto Technology's total issued share capital.

THE SUBSCRIPTION AGREEMENT

Date: 10 December 2021

Parties: The Company (as subscriber);
CH-Auto Technology (as the target company);
Qiantu Motor (Suzhou) (as warrantor); and
Mr. Lu Qun* (as the shareholder of the target company).

Investment: Pursuant to the Subscription Agreement, the Company shall contribute not less than RMB20 million and up to RMB70 million in aggregate to subscribe for certain shares of the target company, the actual number and per share price of which shall be determined based on the pre-fundraising valuation of the target company and the total funds raised by the target company in the round of fundraising of which the Subscription Agreement forms part of, but shall in any case be not more than 4% of the target company's total issued share capital.

Method of subscription and payment: The Company shall subscribe not less than RMB20 million and up to RMB70 million in cash and transfer the relevant subscription price to a designated bank account of CH-Auto Technology.

Conditions precedent: Payment of the subscription amount(s) is conditional upon the satisfaction of the following salient conditions:-

- (1) no law, rule or regulation having been enacted, issued or promulgated which restrains, prohibits or otherwise voids the consummation of the transactions contemplated under the Subscription Agreement, and there being no administrative penalty, litigation or arbitration proceedings which have not been settled and which may have a material adverse effect on the same;
- (2) issuance of a capital injection payment notice by CH-Auto Technology to the Company;
- (3) the existing shareholders of CH-Auto Technology having confirmed in writing that they have agreed to waive their pre-emptive rights in relation to the fundraising exercise conducted by CH-Auto Technology of which the Subscription Agreement forms part of;
- (4) the Company having conducted and completed due diligence on CH-Auto Technology, including having obtained any confirmation it deems necessary in respect of any liabilities of CH-Auto Technology;
- (5) each of CH-Auto Technology and the Company having obtained all necessary consents, approvals and permissions for the entering into of the Subscription Agreement and performance and completion of the transactions contemplated thereunder

Closing: Payment of the sum of RMB20 million by the Company for shares of the CH-Auto Technology within 10 business days of the issuance of a capital injection payment notice by CH-Auto Technology. CH-Auto Technology shall complete capital verification and registration procedures within 30 business days of the Company's payment, and make delivery of the relevant shares to the Company on the day of the capital verification report.

If, pursuant to the Subscription Agreement, the Company wishes to subscribe for further shares and invest up to the stipulated aggregate sum of RMB70 million, it shall notify CH-Auto Technology of the further subscription amount of not more than RMB50 million, upon which CH-Auto Technology will issue a capital injection payment notice for the same amount, and the Company shall make payment within 10 business days of such notice, with completion for such additional subscription amount being the same as for the initial RMB20 million subscription amount.

Rights of the Company after subscription

Pursuant to the Subscription Agreement, following the subscription of the Company of shares of CH-Auto Technology, the Company shall have certain rights as its shareholder, including but not limited to tag-along right, anti-dilution rights, and pre-emptive rights. The Company will also share in the profit of CH-Auto Technology together with its existing shareholders in proportion to its shareholding.

INFORMATION ON THE PARTIES

The Company

The principal activity of the Company is investment holding. The Group is principally engaged in the businesses of wind power generation energy sectors in the PRC.

CH-Auto Technology

CH-Auto Technology is a company incorporated in the PRC with limited liability which was previously listed on the NEEQ of the PRC (NEEQ: 833581, voluntarily delisted on 19 April 2019). Established in 2012, it is principally engaged in vehicle design and development services, vehicle production and sales, and vehicle research and development. CH-Auto Technology and its subsidiaries' product and services cover traditional vehicles, new energy vehicles and military vehicles, and are also involved in projects relating to cutting edge vehicle technologies such as self-driving cars, internet of things and smart traffic.

Set out below is the extract of the consolidated financial information of CH-Auto Technology and its subsidiaries for the year ended 31 December 2019 and 2020, respectively:-

	For the year ended	
	31 December	
	2019	2020
	(audited)	(unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
Loss before taxation	971,960	396,757
Loss after taxation	971,602	396,500

Qiantu Motor (Suzhou)

Qiantu Motor (Suzhou) is a company incorporated in the PRC with limited liability in 2015 and a wholly-owned subsidiary of CH-Auto Technology. It is principally engaged in the production and sale of electric vehicles. Based on Jiangsu with its own production base for electric vehicles, it is known for its electric cars in the PRC market, including the Qiantu K50 electric sports cars.

Mr. Lu Qun*

Mr. Lu Qun* is the chairman, legal representative and executive director of CH-Auto Technology and its shareholder and ultimate beneficiary as to an aggregate of approximately 13.35%, and the legal representative and executive director of Qiantu Motor (Suzhou).

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, CH-Auto Technology, Qiantu Motor (Suzhou) and their ultimate beneficial owner(s), and Mr. Lu Qun*, are Independent Third Parties and not connected to the Company and its connected persons.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AGREEMENT

As disclosed in its 2017, 2018, 2019 and 2020 Annual Reports respectively, in addition to its principal business of operating wind farms, the Group continues to search for investment opportunities in the energy and renewable energy sectors.

In addition to the overall shift in the market in recent years towards cleaner new energies, the electric vehicles market in the PRC has also benefitted from strong support from the PRC government, which has promulgated favourable policies in recent years. In particular, on 20 October 2020, the State Council of the PRC announced the Development Plan on New Energy Vehicle Industry (2021–2035) (新能源汽車產業發展規劃 (2021–2035年)) (the “**Development Plan**”), which aims to guide the development of the new energy vehicle

market. As outlined in the Development Plan, the PRC government will, among other things, intensify and encourage research and development of electric vehicle systems and batteries, support the integration of new energy vehicles and increase the development of related infrastructure, with the aim of having electric vehicles sales reach 20% of the total sales volume of new passenger vehicles in the PRC in 2025. Other favourable policies such as the exemption of vehicle purchase tax on electric vehicles, financial subsidies for promotion and application of new energy vehicles, and tightening emissions requirements for traditional vehicles has led to strong growth in the electric vehicles market in the PRC. According to the China Association of Vehicle Manufacturers, sales of new energy vehicles reached 1.1 million units for the first eleven months of 2021, representing a year-on-year increase of 104.9%.

On top of the robust electric vehicles market in the PRC, CH-Auto Technology and its subsidiaries are well-established in both the traditional and new energy vehicles industry, with both technological expertise and production capabilities in the new energy vehicles arena. It has in the past established strategic partnerships with globally renowned automobile companies such as Bosch and the International Automotive Components Group. The flagship Qiantu K50 electric vehicle of its wholly-owned subsidiary, Qiantu Motor (Suzhou), also entered the North American market through cooperation with the Mullen group, a California-based electric vehicle developer and automobile dealer with an online auto-retail platform which is listed on NASDAQ (NASDAQ: MULN).

Having considered the market outlook and demand for new energy vehicles, the historical financial and operation performance and business prospects of CH-AutoTechnology, and the alignment of CH-Auto Technology's business with the Group's own positioning and business in the new renewable energy sector, the Directors are of the view that the Subscription Agreement represented a valuable opportunity for the Group to implement its stated investment goals.

Taking into account the abovementioned reasons and benefits, the Board considers that the terms of the Subscription Agreement are negotiated at arm's length basis and on normal commercial terms and are fair and reasonable and that it is in the interest of the Company and the Shareholders as a whole to enter into the Subscription Agreement to subscribe for shares in CH-Auto Technology.

IMPLICATION UNDER THE LISTING RULES

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Subscription Agreement exceed 5% but are less than 25%, the entering into of the Subscription Agreement and the transactions contemplated thereunder constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules and are subject to the reporting and announcement requirements set out in the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall, unless context requires otherwise, have the following meanings:

“Board”	The board of Directors of the Company
“Company”	China Ruifeng Renewable Energy Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose Shares are listed on the Stock Exchange
“CH-Auto Technology”	CH-Auto Technology Corporation Ltd.* (北京長城華冠汽車科技股份有限公司), a company incorporated in the PRC with limited liability and whose shares was previously listed on the NEEQ (NEEQ: 833581, voluntarily delisted on 19 April 2019), and is beneficially held by Mr. Lu Qun* as to approximately 13.35%
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	party(ies) who is (are) not connected person(s) of the Company and its subsidiaries and is (are) third party(ies) independent of the Company and connected persons of the Company
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Lu Qun”	陸群, the chairman of the board, legal representative, executive director and shareholder of CH-Auto Technology, and the legal representative and executive director of Qiantu Motor (Suzhou)*
“NASDAQ”	National Association of Securities Dealers Automated Quotations exchange of the United States of America
“NEEQ”	National Equities Exchange and Quotations (全國中小企業股份轉讓系統) of the PRC
“PRC”	the People’s Republic of China

“Qiantu Motor (Suzhou)”	Qiantu Motor (Suzhou) Co., Ltd* (前途汽車 (蘇州) 有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of CH-Auto Technology
“RMB”	Renminbi, the lawful currency of the PRC
“Subscription Agreement”	the agreement entered into between the Company, CH-Auto Technology, Qiantu Motor (Suzhou) and Mr. Lu Qun on 10 December 2021 for the issue by CH-Auto Technology, and the subscription by the Company, of certain shares of CH-Auto Technology
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“2017 Annual Report”	the annual report of the Company for the year ended 31 December 2017
“2018 Annual Report”	the annual report of the Company for the year ended 31 December 2018
“2019 Annual Report”	the annual report of the Company for the year ended 31 December 2019
“2020 Annual Report”	the annual report of the Company for the year ended 31 December 2020

* *The English translation in this announcement is for reference only. The official names are in Chinese.*

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

Hong Kong, 10 December 2021

As at the date of this announcement, the executive Directors are Mr. Zhang Zhixiang (Chief Executive Officer), Mr. Ning Zhongzhi, Mr. Li Tian Hai and Mr. Peng Ziwei; and the independent non-executive Directors are Mr. Jiang Senlin, Mr. Qu Weidong and Ms. Hu Xiaolin.