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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)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO DISCLOSEABLE TRANSACTION

TERMINATION OF ACQUISITION OF EQUITY INTERESTS IN CH-AUTO TECHNOLOGY AND ENTERING INTO CAPITAL INJECTION AGREEMENT

Reference is made to the announcement of China Ruifeng Renewable Energy Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 28 February 2023 in relation to the Capital Injection in CH-Auto Technology by the Company which constituted a discloseable transaction under Chapter 14 of the Listing Rules (the “**Announcement**”). Capitalised terms used herein shall have the same meanings as those defined in the Announcement unless the context requires otherwise.

This announcement is made to provide certain supplemental information as to the Capital Injection in CH-Auto Technology.

REASONS FOR AND BENEFITS OF THE CAPITAL INJECTION

The Subscription Agreement was part of CH-Auto Technology’s Series T financing (the “**Series T Financing**”). The Company paid RMB20 million to CH-Auto Technology in December 2021 for the subscription. Subsequent to the Subscription Agreement, CH-Auto Technology signed a merger agreement with a special purpose acquisition company, Mountain Crest Acquisition Corp. IV (the “**SPAC**”), on 30 April 2022 for the purpose of listing CH-Auto Technology on NASDAQ (the “**Merger**”) in the United States of America (the “**US**”). CH-Auto Technology is in the process of reorganization for the purpose of the Merger which required the Subscription Agreement to be terminated and substituted by the Capital Injection Agreement with all investors of the Series T Financing. The Board is

of the view the Merger will be beneficial to CH-Auto Technology's operation by raising funds in the capital market and enhancing CH-Auto Technology's entity value which will in turn benefit the Company as a shareholder. Therefore, the Company's subsidiary, Chengde Ruifeng, entered into the Capital Injection Agreement to honour the Company's contractual obligation under the Subscription Agreement. The valuation of CH-Auto Technology under the Capital Injection Agreement and other terms shall be in line with that of the Subscription Agreement as both are under Series T Financing. The price per share of Series T Financing for all investors is RMB2.5.

Based on the Merger agreement, the pre-money equity value of CH-Auto Technology as agreed between CH-Auto Technology and the SPAC is US\$1.2 billion (equivalent to approximately RMB8.3 billion), subject to certain adjustments, as the SPAC sought an approximately 60% discount in price-to-sales ("P/S") multiple to the average of the P/S multiples of the comparable companies of 9.86x, i.e. 3.9x, when applying to CH-Auto Technology's estimated 2023 revenue of US\$310 million.

The Directors considered that the valuation of Series T Financing has already been discounted after taking into consideration of the scale-down in operation and poor financial performance of CH-Auto Technology prior to the Subscription Agreement. Though the electric vehicle market in the PRC may become increasingly competitive, CH-Auto Technology's Qiantu K50, initially released in 2018, is the first volume-produced all-electric super sports car in the PRC, which demonstrated CH-Auto Technology's first mover advantage in volume production of electric vehicles over other electric vehicle companies that have shorter operational history and/or are yet to reach volume production. CH-Auto Technology can also benefit from the growth in the global electric vehicle market.

INFORMATION ON CH-AUTO TECHNOLOGY

No audit report has been prepared by CH-Auto Technology under PRC GAAP. For the purpose of the Merger, CH-Auto Technology has prepared audit report under the generally accepted accounting principles in the United States of America ("US GAAP") for the years ended 31 December 2020 and 2021. Based on the information provided by CH-Auto Technology, the reason for the discrepancy between the unaudited financial information for the year ended 31 December 2020 as disclosed in the Company's Announcement and the announcements dated 10 December 2021 and 14 December 2021 was mainly due to certain adjustments were made to the management accounts of CH-Auto Technology prepared under PRC GAAP based on review by its auditors. Such adjustments were related to construction-in-progress, inventories, fixed assets, provisions for liabilities and others.

Set out below is the extract of the consolidated financial information of CH-Auto Technology and its subsidiaries for the years ended 31 December 2020 and 2021, respectively, prepared under the US GAAP (in US dollars):-

	For the year ended 31	
	December	
	2020	2021
	(audited)	(audited)
	US\$'000	US\$'000
Loss before taxation	85,735	67,571
Loss after taxation	85,735	67,571
Net liabilities	133,592	206,804

CH-Auto Technology is in the process of obtaining listing approval from the United States Securities and Exchange Commission. CH-Auto Technology expects to be listed on NASDAQ by the first half of 2023.

The additional information as disclosed above does not affect any other information contained in the Announcement. This supplemental announcement is supplemental to and should be read in conjunction with the Announcement.

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

Hong Kong, 23 March 2023

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.