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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)

(I) PROPOSED CAPITAL REORGANISATION; (II) RIGHTS ISSUE ON THE BASIS OF FIVE (5) RIGHTS SHARES FOR EVERY TWO (2) CONSOLIDATED SHARES HELD ON THE RECORD DATE

Financial Adviser to the Company



Placing Agent to the Company



Independent Financial Adviser to the Independent Board Committee



PROPOSED CAPITAL REORGANISATION

Share Consolidation

The Company proposes to implement the Share Consolidation on the basis that every five (5) Existing Shares in the issued and unissued share capital of the Company be consolidated into one (1) Consolidated Share. The Share Consolidation is conditional upon, among other things, the approval by the Shareholders by way of poll at the EGM.

As at the date of this announcement, the authorised share capital of the Company is HK\$100,000,000 divided into 10,000,000,000 existing Shares of HK\$0.01 each, of which 2,374,807,466 existing Shares have been issued and are fully paid or credited as fully paid. Upon the Share Consolidation becoming effective but before the completion of the Rights Issue and assuming no change in the number of Shares in issue from the date of this announcement to the effective date of the Share Consolidation, the authorised share capital of the Company will become HK\$100,000,000 divided into 2,000,000,000 Consolidated Shares of HK\$0.05 each, of which 474,961,493 Consolidated Shares (which are fully paid or credited as fully paid) will be in issue (assuming no exercise of the outstanding Share Options) and 510,941,493 Consolidated Shares (which are fully paid or credited as fully paid) will be in issue (assuming exercise of all outstanding Share Options).

No Shareholder is involved or interested in or has a material interest in the Share Consolidation and the transactions contemplated thereunder and therefore no Shareholder is required to abstain from voting in favour of the resolution to approve the Share Consolidation and the transactions contemplated thereunder by way of poll at the EGM.

Shareholders and potential investors should note that the Share Consolidation is conditional upon satisfaction of the conditions as set out in the paragraph headed “Conditions of the Share Consolidation” in this announcement. Accordingly, the Share Consolidation may or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. If they are in any doubt, they should consult their professional advisers.

Authorised Share Capital Increase

As at the date of this announcement, the authorised share capital of the Company is HK\$100,000,000 divided into 10,000,000,000 existing Shares of HK\$0.01 each. Following the Share Consolidation, the authorised share capital of the Company will become HK\$100,000,000 divided into 2,000,000,000 Consolidated Shares of HK\$0.05 each. It is proposed that the authorised share capital of the Company be increased to HK\$500,000,000 divided into 10,000,000,000 Consolidated Shares of a par value of HK\$0.05 each, by the creation of 8,000,000,000 Consolidated Shares of a par value of HK\$0.05 each after the Share Consolidation becoming effective.

Change in Board Lot Size

As at the date of this announcement, the existing Shares are traded on the Stock Exchange in the board lot size of 4,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 4,000 Existing Shares to 12,000 Consolidated Shares upon the Share Consolidation becoming effective.

PROPOSED RIGHTS ISSUE

The Company proposes to implement the Rights Issue on the basis of five (5) Rights Shares for every two (2) Consolidated Shares held on the Record Date at the Subscription Price of HK\$0.18 per Rights Share, to raise gross proceeds of approximately HK\$229.9 million before expenses (assuming no change in the number of Shares in issue on or before the Record Date other than the exercise of all outstanding Share Options), by way of the Rights Issue of up to 1,277,353,730 Rights Shares to the Qualifying Shareholders (assuming exercise of all outstanding Share Options). The Company will provisionally allot to the Qualifying Shareholders five (5) Rights Shares in nil-paid form for every two (2) Existing Share in issue and held on the Record Date. The Rights Issue will not be available to the Excluded Shareholders.

The estimated net proceeds from the Rights Issue after deducting all necessary expenses will be approximately HK\$226 million (assuming no change in the number of Shares in issue on or before the Record Date other than the exercise of all outstanding Share Options), which are intended to be applied in following manners: (i) approximately HK\$92 million (or approximately 40.7% of the total net proceeds) for repayment of the Group's bonds; (ii) approximately HK\$70.0 million (or approximately 31.0% of the total net proceeds) for repayment of the Group's notes payables; (iii) approximately HK\$45.0 million (or approximately 19.9% of the total net proceeds) for future business development; and (iv) the remaining balance of approximately HK\$19.0 million (or approximately 8.4% of the total net proceeds) for general working capital of the Group.

There will be no excess application arrangements in relation to the Rights Issue and the Rights Issue is not underwritten. Any Unsubscribed Rights Shares and ES Unsold Rights Shares, which do not include any Rights Shares to be provisionally allotted to Mr. Xu and Diamond Era for which subscription of Rights Shares will be subject to the Irrevocable Undertaking as set out in the section headed "Irrevocable Undertaking" in this announcement, will be placed to independent placees on a best effort basis. Any of the Rights Shares which remain unsold in the market will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

There are no statutory requirements regarding the minimum subscription levels in respect of the Rights Issue. There is no minimum amount to be raised under the Rights Issue. As the Rights issue will proceed on a non-underwritten basis, any Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s) may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code, or may result in the non-compliance by the Company of the Public Float Requirement under Rule 8.08 of the Listing Rules. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken-up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which (i) does not trigger an obligation on the part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance with the note to Rule 7.19(5)(b) of the Listing Rules; and/or (ii) does not result in the non-compliance of the Public Float Requirement on the part of the Company.

The Rights Issue is only available to Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and be a Qualifying Shareholder. In order to be registered as a member of the Company on the Record Date, all transfers of the Consolidated Shares (together with the relevant share certificate(s)) must be lodged with the Registrar by no later than 10 July 2023.

The last day of dealing in the Consolidated Shares on cum-rights basis is 6 July 2023. The Consolidated Shares will be dealt with on an ex-rights basis from 7 July 2023.

According to Rule 7.21(1)(b) of the Listing Rules, the Company will make arrangements to dispose of the Unsubscribed Rights Shares and ES Unsold Rights Shares by offering the Unsubscribed Rights Shares and ES Unsold Rights Shares to independent placees, who and whose ultimate beneficial owners(s) shall be Independent Third Party(ies), for the benefit of the Shareholders to whom they were offered by way of the Rights Issue. Accordingly, on 12 May 2023 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent in relation to the placing of the Unsubscribed Rights Shares and ES Unsold Rights Shares to independent placees on a best effort basis. For details of the Placing Agreement, please refer to the section headed “Placing Agreement” in this announcement.

THE IRREVOCABLE UNDERTAKING

As at the date of this announcement, Mr. Xu and Diamond Era are interested directly in 325,666,666 Shares and 308,867,000 Shares respectively (representing approximately 13.7% and 13.0% of all issued Shares as at the date hereof). Mr. Zhang is the beneficial owner of the entire issued shares of Diamond Era Holdings Limited.

On 12 May 2023, the Company received from each of Mr. Xu and Diamond Era the Irrevocable Undertaking, pursuant to which each of Mr. Xu and Diamond Era has irrevocably undertaken to the Company, among other things, that it:

- (a) shall not sell, transfer or otherwise dispose of the Shares held by it during the period from the date of the Irrevocable Undertaking up to and including the date on which the Rights Issue has become unconditional or the date on which the Company announces that the Rights Issue will not proceed, whichever is earlier (both dates inclusive);

- (b) shall accept and subscribe, and procure its nominee(s) (if applicable) to accept and subscribe, in full for all the Rights Shares in which it is beneficially entitled under the Rights Issue on and subject to the terms and conditions of the Rights Issue provided that the total number of Rights Shares to be subscribed by Mr. Xu and Diamond Era under the Rights Issue will be scaled down to the extent that Mr. Xu and Diamond Era and its associate(s) will not trigger a general offer obligation under the Takeovers Code in accordance with the note to Rule 7.19(5)(b) of the Listing Rules; and
- (c) shall procure its nominee(s) (if applicable) to, lodge the PAL(s) despatched to it together with remittance for the full amount payable on acceptance in accordance with the instructions printed on the Prospectus and the PAL and, in any event, not later than the time specified therefor in the PAL.

Save for the Irrevocable Undertaking given by each of Mr. Xu and Diamond Era, the Company has not received, as at the date of this announcement, any information or irrevocable undertaking from any other Shareholders of their intention to take up the Rights Shares to be provisionally allotted to them under the Rights Issue.

THE BONDHOLDER'S UNDERTAKING

As at the date of this announcement, Filled Converge holds the Convertible Bonds. Assuming the conversion right of the Convertible Bonds were exercised in full, the total of 1,979,861,111 new Shares will be issued to Filled Converge, representing approximately 83.4% of total issued shares assuming full exercise of the conversion rights attached to all Convertible Bonds issued by the Company as at the date of the announcement.

On 12 May 2023, the Company received from Filled Converge the Bondholder's Undertaking, pursuant to which Filled Converge has irrevocably undertaken to the Company not to exercise the conversion rights attached to the Convertible Bonds before the Record Date.

THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors has been established to provide recommendations to the Independent Shareholders in connection with the Rights Issue (including the Placing Agreement).

Red Sun Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Rights Issue (including the Placing Agreement), and as to voting.

LISTING RULES IMPLICATIONS

Since the proposed Rights Issue will increase the issued share capital or the market capitalisation of the Company by more than 50%, in accordance with Rule 7.19(A) of the Listing Rules, the proposed Rights Issue must be made conditional on approval by the Independent Shareholders in general meeting by a resolution on which any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the proposed Rights Issue. The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

As at the date of this announcement, the Company has no controlling Shareholder as defined under the Listing Rules and Mr. Zhang, an executive Director and Chief Executive Officer, is interested in 308,867,000 Shares through Diamond Era. Accordingly, Mr. Zhang and his respective associates are required to abstain from voting in favour of the proposed resolutions to approve the Rights Issue, the Placing Agreement and the transaction contemplated thereunder at the EGM. Except as disclosed above, no Shareholder shall abstain from voting in favour of the proposed resolution approving the Rights Issue at the EGM and no Director shall abstain from voting in favour of the Rights Issue at the meeting of the Board.

GENERAL

The EGM will be convened for the Shareholders to consider and, if thought fit, approve the Capital Reorganisation, the Rights Issue and the Placing. A circular containing, among other things, (i) further details of the Capital Reorganisation, the Rights Issue and the Placing; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice convening the EGM, is expected to be despatched to the Shareholders on or before Wednesday, 14 June 2023.

In order to be registered as a member of the Company on the record date for attendance and voting at the EGM, all transfers of Shares (together with the relevant share certificate(s)) must be lodged with the Registrar by no later than 4:30 p.m. (Hong Kong time) on Wednesday, 28 June 2023.

The Company will despatch the Prospectus Documents containing, among other things, the Rights Issue, including information on acceptances of the Rights Shares and other information of the Group, and PAL(s) to the Qualifying Shareholders on or before Wednesday, 19 July 2023. The Company will, to the extent reasonably practicable and legally permitted and subject to the advice of legal advisers in the relevant jurisdictions in respect of applicable local laws and regulations, send the Prospectus to the Excluded Shareholders (if any) for their information only, but the Company will not send the PAL to the Excluded Shareholders (if any).

WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

The Consolidated Shares are expected to be dealt in on an ex-rights basis from 7 July 2023. Dealings in the Rights Shares in nil-paid form in the new board lot size of 12,000 Rights Shares are expected to take place from 21 July 2023 (both dates inclusive). If the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed. Please refer to the section headed “Conditions of the Rights Issue” in this announcement below.

Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

Any Shareholder or other person dealings in the Shares and/or the nil-paid Rights Shares up to the time at which the Rights Issue becomes unconditional will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

Proposed Share Consolidation

The Company proposes to implement the Share Consolidation on the basis that every five (5) Existing Shares in the issued and unissued share capital of the Company be consolidated into one (1) Consolidated Share.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon the fulfillment of the following conditions:

- (i) the passing of the ordinary resolution by the Shareholders to approve the Capital Reorganisation at the EGM;
- (ii) the Listing Committee granting the listing of, and permission to deal in, the Consolidated Shares; and

(iii) the compliance with the relevant procedures and requirements under the Cayman Islands laws (where applicable) and the Listing Rules to effect the Share Consolidation.

The Share Consolidation will become effective on the second Business Day immediately following the fulfillment of the above conditions.

Effects of the Share Consolidation

As at the date of this announcement, the authorised share capital of the Company is HK\$100,000,000 divided into 10,000,000,000 Existing Shares of HK\$0.01 each, of which 2,374,807,466 Shares have been issued and are fully paid or credited as fully paid. Upon the Share Consolidation becoming effective but before the completion of the Rights Issue and assuming no change in the number of Shares in issue from the date of this announcement to the effective date of the Share Consolidation, the authorised share capital of the Company will become HK\$100,000,000 divided into 2,000,000,000 Consolidated Shares of HK\$0.05 each, of which not less than 474,961,493 Consolidated Shares (assuming no exercise of outstanding Share Options) and up to 510,941,493 Consolidated Shares (assuming exercise of all outstanding Share Options) will be in issue.

Upon the Share Consolidation becoming effective, the Consolidated Shares will rank pari passu in all respects with each other in accordance with the Company's articles of association. Other than the expenses to be incurred in relation to the Share Consolidation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Group or the interests or rights of the Shareholders, save for any fractional Consolidated Shares to which the Shareholders may be entitled.

Listing Application

An application will be made by the Company to the Listing Committee for the listing of, and the permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective. Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becoming effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Fractional entitlement to Consolidated Shares

Fractional Consolidated Shares will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares of the Company regardless of the number of share certificates held by such holder. Shareholders concerned about losing out on any fractional entitlement are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser and may wish to consider the possibility of buying or selling Shares in a number sufficient to make up an entitlement to receive a whole number of Consolidated Shares.

Other securities of the Company

As at the date of this announcement, there are (i) 179,900,000 outstanding Share Options granted by the Company exercisable into 179,900,000 Shares; and (ii) Convertible Bonds with an aggregate principal amount of HK\$356,375,000 convertible into 1,979,861,111 Shares, at the conversion price of HK\$0.18 per Share.

Save for the aforesaid, the Company had no outstanding options, warrants or other securities in issue which are convertible into or giving rights to subscribe for, convert or exchange into, any Existing Shares or Consolidated Shares, as the case may be.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots of the Consolidated Shares arising from the Share Consolidation, the Company will appoint a designated broker to provide a matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Further details in respect of the odd lots matching arrangement will be set out in the circular to be despatched by the Company to the Shareholders.

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed.

Exchange of share certificates

Subject to the Share Consolidation having become effective, Shareholders may, during the period from Thursday, 6 July 2023 to 4:30 p.m. on Friday, 11 August 2023 (both days inclusive), submit the existing share certificates for the Existing Shares to the Registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, to exchange, at the expense of the Company, for new share certificates for the Consolidated Shares. Thereafter, existing share certificates for Existing Shares will continue to be good evidence of legal title and may be exchanged for new share certificates for Consolidated Shares at the expense of the Shareholders on payment of a fee of HK\$2.50 (or such higher amount as may be allowed by the Stock Exchange from time to time) for each existing share certificate cancelled or each new share certificate issued for Consolidated Shares (whichever is higher) but are not acceptable for delivery, trading and settlement purposes.

The colour of the new share certificates for the Consolidated Shares will be announced by the Company in due course.

Proposed Authorised Share Capital Increase

As at the date of this announcement, the authorised share capital of the Company is HK\$100,000,000 divided into 10,000,000,000 existing Shares of HK\$0.01 each. Following the Share Consolidation, the authorised share capital of the Company will become HK\$100,000,000 divided into 2,000,000,000 Consolidated Shares of HK\$0.05 each. It is proposed that the authorised share capital of the Company be increased to HK\$500,000,000 divided into 10,000,000,000 Consolidated Shares of a par value of HK\$0.05 each, by the creation of 8,000,000,000 Consolidated Shares of a par value of HK\$0.05 each after the Share Consolidation becoming effective.

Proposed Change in Board Lot Size

As at the date of this announcement, the existing Shares are traded on the Stock Exchange in board lot of 4,000 existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 4,000 existing Shares to 12,000 Consolidated Shares upon the Share Consolidation becoming effective.

Based on the closing price of HK\$0.05 per Existing Share (equivalent to the theoretical closing price of HK\$0.25 per Consolidated Share) as at the date of this announcement, (i) the value of each existing board lot of 4,000 Existing Shares is HK\$200; (ii) the value of each board lot of 4,000 Consolidated Shares would be HK\$1,000 assuming the Share Consolidation becoming effective; and (iii) the estimated value per board lot of 12,000 Consolidated Shares would be HK\$3,000 assuming that the Share Consolidation and the Change in Board Lot Size becoming effective.

The Change in Board Lot Size will not result in change in the relative rights of the Shareholders.

Effect of the Capital Reorganisation

The following table illustrates the share capital structure of the Company before and after the Capital Reorganisation:

	Immediately before the Capital Reorganisation	Immediately after the Capital Reorganisation
Number of authorised Shares	10,000,000,000	10,000,000,000
Authorised share capital	HK\$100,000,000	HK\$500,000,000
Par value	HK\$0.01	HK\$0.05

Shareholders and potential investors should note that the Capital Reorganisation is conditional upon satisfaction of the conditions as set out in the paragraph headed “Conditions of the Share Consolidation” above. Accordingly, the Capital Reorganisation may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. If they are in any doubt, they should consult their professional advisers.

Reasons for the Capital Reorganisation

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities.

The “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and last updated on 1 October 2020 has further stated that (i) market price of the Shares at a level less than HK\$0.1 each will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000.

As at the date of this announcement, the closing price of the Existing Share was HK\$0.05 per Share, with a board lot size of 4,000, the existing board lot value is less than HK\$2,000. The Directors consider that the proposed Capital Reorganisation will bring about a corresponding upward adjustment in the expected value per board lot and increase the value of each board lot of the Consolidated Shares to HK\$3,000. As such, it would enable the Company to comply with the trading requirements under the Listing Rules. Further, the Share Consolidation would reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot, since most of the banks/securities houses will charge a minimum transaction costs for each securities trade.

The Authorised Share Capital Increase will provide the Company with greater flexibility for future fundraising by way of equity issuance as and when the circumstances arise.

Accordingly, the Board considers that the Capital Reorganisation would maintain the trading amount for each board lot at a reasonable level in order to attract potential investors and to extend the shareholder base of the Company. The Board believes that the Capital Reorganisation are in the interests of the Company and the Shareholders as a whole and that will not have any material adverse effect on the financial position of the Group nor result in any changes in the relative rights of the Shareholders.

As at the date of this announcement, save as disclosed in this announcement, the Company currently (i) does not have any agreement, arrangement, understanding, intention, or negotiation (either concluded or in process) on any potential fundraising activities which will involve issue of equity securities of the Company; and (ii) has no other plan or intention to carry out any future corporate actions in the next twelve months which may have an effect of undermining or negating the intended purpose of the Capital Reorganisation. The Board is of the view that, having considered the corporate plan of the Company for the next twelve months, the proposed Capital Reorganisation are fair and reasonable, and in the interest of the Company and the Shareholders as a whole. However, in the event there is any change to the business environment and/or financial position of the Company due to unforeseeable circumstances, and the Company is required to conduct further fundraising exercises when suitable opportunities arise in order to support future development of the Group, the Company will publish further announcement(s) in compliance with the Listing Rules, as and when appropriate.

PROPOSED RIGHTS ISSUE

The Company proposes to raise gross proceeds of up to approximately HK\$229.9 million (assuming full subscription under the Rights Issue) by way of a rights issue of up to 1,277,353,730 Rights Shares at the Subscription Price of HK\$0.18 per Rights Share on the basis of five (5) Rights Share for every two (2) Consolidated Shares held by the Qualifying Shareholders at the close of business on the Record Date. Details of the Rights Issue are set out below:

Basis of the Rights Issue	: Five (5) Rights Shares for every two (2) Consolidated Shares held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	: HK\$0.18 per Rights Share
Net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue)	: Approximately HK\$0.177 per Rights Share
Number of Shares in issue at the date of this announcement	: 2,374,807,466 Existing Shares
Number of Consolidated Shares in issue upon the Capital Reorganisation having become effective	: Up to 510,941,493 Consolidated Shares
Number of Rights Shares to be issued pursuant to the Rights Issue	: Up to 1,277,353,730 Rights Shares (assuming exercise of all outstanding Share Options and no other change in the number of Consolidated Shares in issue on or before the Record Date)

The aggregate nominal value of the Rights Shares will be HK\$63,867,686.5

- Total number of Shares in issue upon completion of the Rights Issue : Up to 1,788,295,223 Consolidated Shares (assuming exercise of all outstanding Share Options and no other change in the number of Consolidated Shares in issue on or before the Record Date and that no new Consolidated Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)
- Gross proceeds from the Rights Issue : Up to approximately HK\$229.9 million before expenses (assuming exercise of all outstanding Share Options and no other change in the number of Shares in issue on or before the Record Date)

As at the date of this announcement, there are (i) 179,900,000 outstanding Share Options granted by the Company exercisable into 179,900,000 Shares; and (ii) Convertible Bonds with an aggregate principal amount of HK\$356,375,000 convertible into 1,979,861,111 Shares, at the conversion price of HK\$0.18 per Share.

Assuming no change in the number of issued Consolidated Shares on or before the Record Date and that no new Consolidated Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the 1,187,403,730 Rights Shares to be issued pursuant to the terms of the proposed Rights Issue represents (i) approximately 250% of the issued share capital of the Company immediately upon completion of the Share Consolidation; and (ii) approximately 71.4% of the issued share capital of the Company after completion of the Share Consolidation and as enlarged by the allotment and issue of the Rights Shares.

The Irrevocable Undertaking

As at the date of this announcement, Mr. Xu and Diamond Era are interested directly in 325,666,666 Shares and 308,867,000 Shares respectively (representing approximately 13.7% and 13.0% of all issued Shares as at the date hereof). Mr. Zhang is the beneficial owner of the entire issued shares of Diamond Era Holdings Limited.

On 12 May 2023, the Company received from each of Mr. Xu and Diamond Era the Irrevocable Undertaking, pursuant to which each of Mr. Xu and Diamond Era has irrevocably undertaken to the Company, among other things, that it:

- (a) shall not sell, transfer or otherwise dispose of the Shares held by it during the period from the date of the Irrevocable Undertaking up to and including the date on which the Rights Issue has become unconditional or the date on which the Company announces that the Rights Issue will not proceed, whichever is earlier (both dates inclusive);

- (b) shall accept and subscribe, and procure its nominee(s) (if applicable) to accept and subscribe, in full for all the Rights Shares in which it is beneficially entitled under the Rights Issue on and subject to the terms and conditions of the Rights Issue provided that the total number of Rights Shares to be subscribed by Mr. Xu and Diamond Era under the Rights Issue will be scaled down to the extent that Mr. Xu and Diamond Era and its associate(s) will not trigger a general offer obligation under the Takeovers Code in accordance with the note to Rule 7.19(5)(b) of the Listing Rules; and
- (c) shall procure its nominee(s) (if applicable) to, lodge the PAL(s) despatched to it together with remittance for the full amount payable on acceptance in accordance with the instructions printed on the Prospectus and the PAL and, in any event, not later than the time specified therefor in the PAL.

Save for the Irrevocable Undertaking given by each of Mr. Xu and Diamond Era, the Company has not received, as at the date of this announcement, any information or irrevocable undertaking from any other Shareholders of their intention to take up the Rights Shares to be provisionally allotted to them under the Rights Issue.

The Bondholder's Undertaking

As at the date of this announcement, Filled Converge holds the Convertible Bonds. Assuming the conversion right of the Convertible Bonds were exercised in full, the total of 1,979,861,111 new Shares will be issued to Filled Converge, representing approximately 83.4% of total issued shares assuming full exercise of the conversion rights attached to all Convertible Bonds issued by the Company as at the date of the announcement.

On 12 May 2023, the Company received from Filled Converge the Bondholder's Undertaking, pursuant to which Filled Converge has irrevocably undertaken to the Company not to exercise the conversion rights attached to the Convertible Bonds before the Record Date.

The Subscription Price

The Subscription Price of HK\$0.18 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (a) a discount of 28% to the theoretical closing price of HK\$0.25 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the closing price of HK\$0.05 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;

- (b) a discount of approximately 27.71% to the theoretical average closing price of approximately HK\$0.249 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the average closing price of approximately HK\$0.0498 per Existing Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (c) a discount of 10% to the theoretical ex-rights price of HK0.20 per Consolidated Share (after taking into account the effect of the Share Consolidation), based on the closing price of HK\$0.05 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;
- (d) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of 20%, represented by the theoretical diluted price of HK\$0.20 per Consolidated Share to the theoretical benchmarked price of HK\$0.25 per Consolidated Share (after taking into account the effect of the Share Consolidation) (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price on the Last Trading Day of HK\$0.05 per Existing Share and the average of the closing prices of the Existing Shares as quoted on the Stock Exchange for the five (5) consecutive trading days prior to the date of this announcement of approximately HK\$0.0496 per Existing Share); and
- (e) a discount of approximately 34.23% to the adjusted consolidated net asset value per Consolidated Share of approximately HK\$0.274 (based on the audited consolidated net asset value of the Company as at 31 December 2022 of approximately RMB115.16 million and the exchange rate of RMB1=HKD1.129 on the Last Trading Day) million and the total number of issued Consolidated Shares after the Share Consolidation, which will be 474,961,493).

The Subscription Price was determined by the Company with reference to, among others, (i) the recent closing price of the Existing Shares; (ii) the latest business performance and financial position of the Group; and (iii) the reasons for and benefits of the Rights Issue as discussed in the section headed “Reasons for and benefits of the Rights Issue and use of proceeds” in this announcement.

The Board (excluding the members of the Independent Board Committee whose opinion will be set forth in the circular) consider that the terms of the Rights Issue, including the Subscription Price which has been set at a discount to the recent closing prices of the Share with an objective to encourage existing Shareholders to take up their entitlements so as to participate in the potential growth of the Company, are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Additionally, despite any potential dilution impact of the proposed Rights Issue on the shareholding interests of the Shareholders, the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole, after

taking into account that (i) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the Rights Issue can sell the nil-paid rights in the market; (ii) the Rights Issue allows the Qualifying Shareholders to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company at a relatively low price as compared to the historical market price of the Shares and discount to the recent closing prices of the Shares; and (iii) the proceeds from the Rights Issue can fulfil the funding needs of the Group.

Status of the Rights Shares

The Rights Shares (when allotted, fully-paid or credited as fully-paid and issued) will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the fully paid Rights Shares. Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company as at the close of business on the Record Date and not be an Excluded Shareholder. In order to be registered as members of the Company prior to the close of business on the Record Date, all transfers of the Shares (together with the relevant share certificate(s)) must be lodged with the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. (Hong Kong time) on Monday, 10 July 2023.

It is expected that the last day of dealings in the Consolidated Shares on a cum-rights basis is Thursday, 6 July 2023, and the Consolidated Shares will be dealt with on an ex-rights basis from Friday, 7 July 2023. Subject to the passing of the resolution to approve the Rights Issue by the Independent Shareholders at the EGM and the registration of the Prospectus Documents in accordance with the applicable laws and regulations, the Company will despatch the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date and will despatch the Prospectus (without the PAL(s)) to the Excluded Shareholders for their information only.

Beneficial owners of the Consolidated Shares whose Consolidated Shares are held by a nominee company (including HKSCC Nominees Limited) should note that for the purpose of the Rights Issue, the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, the beneficial owners of the Shares whose Shares are registered in name of nominee companies are advised to

consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

For those beneficial owners of the Shares whose Consolidated Shares are held by their nominee(s) (including HKSCC Nominees Limited) and who would like to have their names registered on the register of members of the Company, they must lodge all necessary documents with the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for completion of the relevant registration not later than 4:30 pm on Monday, 10 July 2023.

The Qualifying Shareholders who take up their pro-rata entitlement in full will not experience any dilution to their interests in the Company. If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its shareholding in the Company will be diluted.

Closure of register of members

The register of members of the Company will be closed from Thursday, 29 June 2023 to Tuesday, 4 July 2023 (both days inclusive) for determining the entitlements to attend and vote at the EGM.

The register of members of the Company will be closed from Tuesday, 11 July 2023 to Tuesday, 18 July 2023 (both days inclusive) for determining the entitlements to the Rights Issue.

No transfer of the Shares will be registered during the book closure periods above.

Basis of provisional allotments

The Rights Shares will be allotted on the basis of five (5) Rights Shares for every two (2) Consolidated Shares held by the Qualifying Shareholders as at the close of business on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Prospectus Documents. Acceptance for all or any part of a Qualifying Shareholder's provisional allotment should be made only by lodging a duly completed PAL with a remittance for the Rights Shares being accepted with the Registrar by the Latest Time for Acceptance.

There will be no excess application arrangements in relation to the Rights Issue.

Rights of Overseas Shareholders (if any)

The Prospectus Documents to be issued in connection with the Rights Issue will not be registered or filed under the securities law of any jurisdiction other than Hong Kong. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

The Board will comply with Rule 13.36(2) of the Listing Rules and make necessary enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders (if any) under the laws of the relevant overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges. If, based on legal advice, the Board is of the opinion that it would be necessary or expedient not to offer the Rights Shares to any Overseas Shareholders on account either of the legal restrictions under the laws of relevant place(s) or the requirements of the relevant overseas regulatory body or stock exchange, no provisional allotment of the nil-paid Rights Shares or allotment of fully-paid Rights Shares will be made to such Overseas Shareholders. In such circumstances, the Rights Issue will not be extended to the Excluded Shareholders. The basis for excluding the Excluded Shareholders, if any, from the Rights Issue will be set out in the Prospectus to be issued.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders, to be sold in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, will be paid pro rata (but rounded down to the nearest cent) to the Excluded Shareholders in Hong Kong dollars, except that the Company will retain individual amounts of less than HK\$100 for its own benefit.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue, subject to the results of enquiries made by the Directors pursuant to Rule 13.36(2) of the Listing Rules. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares.

Certificates of the Rights Shares and refund cheques for the Rights Issue

Subject to fulfilment of the conditions of the Rights Issue, share certificates for the fully-paid Rights Shares are expected to be sent on or before 22 August 2023 to those entitled thereto by ordinary post, at their own risk, to their registered addresses. Refund cheques in respect of wholly or partially unsuccessful applications for Rights Shares (if any) are expected to be posted on or before 22 August 2023, by ordinary post to the applicants, at their own risk, to their registered addresses.

Fractional entitlement to the Rights Shares

No fractional entitlements to the Rights Shares shall be issued to the Shareholders and no entitlements of the Excluded Shareholders to the Rights Shares shall be issued to the Excluded Shareholders. All fractions of the Rights Shares shall be rounded down to the nearest whole number of Rights Shares and aggregated and, if a premium (net of expenses) can be achieved, sold in the market by the Company.

Odd lots matching services

In order to facilitate the trading of odd lots of the Rights Shares arising from the Rights Issue, the Company will procure an arrangement with an agent to stand in the market to provide matching services for sale and purchase of odd lots arising from the Rights Issue on a best effort basis. Further details in respect of the odd lots arrangements will be set out in the circular to be despatched to the Shareholders in relation to, among others, the Rights Issue.

Holders of odd lots arising from the Rights Issue should note that successful matching of the sale and purchase of odd lots arising from the Rights Issue are not warranted. Any Shareholder who is in any doubt about the odd lots arrangements is recommended to consult his/her/its own professional advisers.

Taxation

Shareholders are advised to consult their professional advisers if they are in any doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the Rights Shares and, regarding the Excluded Shareholders, their receipt of the net proceeds, if any, from sale of the nil-paid Rights Shares on their behalf.

Non-underwritten basis

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. In the event that the Rights Issue is not fully-subscribed, any Unsubscribed Rights Shares and ES Unsold Rights Shares, which do not include any Rights Shares to be provisionally allotted to Mr. Xu and Diamond Era for which subscription of Rights Shares will be subject to the Irrevocable Undertaking as set out in the section headed “The Irrevocable Undertaking” in this announcement, will be placed to independent places on a best effort basis under the Compensatory Arrangements. Any Unsubscribed Rights Shares and ES Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

There are no statutory requirements regarding the minimum subscription levels in respect of the Rights Issue. There is no minimum amount to be raised under the Rights Issue. As the Rights Issue will proceed on a non-underwritten basis, any Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s) may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code, or may result in the non-compliance by the Company of the Public Float Requirement under Rule 8.08 of the Listing Rules. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken-up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which (i) does not trigger an obligation on the part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance with the note to Rule 7.19(5)(b) of the Listing Rules; and/or (ii) does not result in the non-compliance of the Public Float Requirement on the part of the Company.

Procedures in respect of the Unsubscribed Rights Shares and ES Unsold Rights Shares and the Compensatory Arrangements

According to Rule 7.21(1)(b) of the Listing Rules, the Company will make arrangements to dispose of the Unsubscribed Rights Shares and ES Unsold Rights Shares by offering the Unsubscribed Rights Shares and ES Unsold Rights Shares to independent placees for the benefit of the Shareholders to whom they were offered by way of the Rights Issue. Accordingly, on 12 May 2023 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent in relation to the placing of the Unsubscribed Rights Shares and ES Unsold Rights Shares to the independent placees on a best effort basis.

Pursuant to the Placing Agreement, the Company has appointed the Placing Agent to place the Unsubscribed Rights Shares and ES Unsold Rights Shares during the Placing Period to independent placees on a best effort basis, and any premium over the Subscription Price for those Rights Shares that is realised will be paid to those No Action Shareholders on a pro-rata basis. The Placing Agent will, on a best effort basis, procure, by not later than 4:00 p.m. on Tuesday, 15 August 2023, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares and ES Unsold Rights Shares. Any Unsubscribed Rights Shares and ES Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Net Gain (if any) will be paid (without interest) to the No Action Shareholders as set out below on pro rata basis (but rounded down to the nearest cent):

- A. the relevant Qualifying Shareholders (or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed) whose nil-paid rights are not validly applied for in full, by reference to the extent that Shares in his/her/its nil-paid rights are not validly applied for; and

B. the relevant Excluded Shareholders with reference to their shareholdings in the Company on the Record Date.

If and to the extent in respect of any Net Gain, any No Action Shareholders become entitled on the basis described above to an amount of HK\$100 or more, such amount will be paid to the relevant No Action Shareholder(s) in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefits.

Placing Agreement for the Unsubscribed Rights Shares and ES Unsold Rights Shares

The principal terms of the Placing Agreement are summarized below:

- Date : 12 May 2023
- Issuer : The Company
- Placing Agent : Get Nice Securities Limited
- Placing Period : The period commencing from 8 August 2023 and ending at 4:00 p.m. 15 August 2023 or such other dates as the Company may announce, being the period during which the Placing Agent will seek to effect the Placing
- Commission and expenses : The Company shall pay to the Placing Agent
- (1) a fixed fee of HK\$70,000; and
 - (2) subject to completion of the Placing, a placing commission in Hong Kong Dollars, of 1.5% of the amount which is equal to the placing price multiplied by the number of Unsubscribed Rights Shares and ES Unsold Rights Shares that have been successfully placed by the Placing Agent and/or its sub-placing agent(s) pursuant to the terms of the Placing Agreement, deducting the amounts referred to in paragraph (1) above.
- Placing price of the Unsubscribed Rights Shares and ES Unsold Rights Shares : The placing price of the Unsubscribed Rights Shares and ES Unsold Rights Shares shall be not less than the Subscription Price.

- Placees : The Unsubscribed Rights Shares and ES Unsold Rights Shares are expected to be placed to placee(s), who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies).
- Ranking of the placed Unsubscribed Rights Shares and ES Unsold Rights Shares : The placed Unsubscribed Rights Shares and ES Unsold Rights Shares (when allotted, issued and fully paid, if any) shall rank pari passu in all respects among themselves and with the Consolidated Shares in issue as at the date of completion of the Rights Issue.
- Conditions of the Placing Agreement : The obligations of the Placing Agent under the Placing Agreement are conditional upon, among others, the following conditions being fulfilled:
- (i) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Rights Shares;
 - (ii) the Capital Reorganisation having become effective;
 - (iii) all necessary consents and approvals to be obtained on the part of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained;
 - (iv) none of the representations, warranties or undertakings contained in the Placing Agreement being or having become untrue, inaccurate or misleading in any material respect at any time before the completion, and no fact or circumstance having arisen and nothing having been done or omitted to be done which would render any of such undertakings, representations or warranties untrue or inaccurate in any material respect if it was repeated as at the time of completion of the Placing Agreement; and
 - (v) the Placing Agreement not having been terminated in accordance with the provisions thereof, including force majeure events.

The Placing Agent may, in its absolute discretion, waive the fulfilment of all or any or any part of the conditions (other than those set out in paragraphs (i) to (iii) above) by notice in writing to the Company.

In the event that the above condition precedents have not been fulfilled on or before the Placing Long Stop Date, all rights, obligations and liabilities of the parties thereunder in relation to the Placing shall cease and determine and none of the parties shall have any claim against the other in respect of the Placing (save for any antecedent breaches thereof).

The engagement between the Company and the Placing Agent of the Unsubscribed Rights Shares and ES Unsold Rights Shares (including the commission payable) was determined after arm's length negotiation between the Placing Agent and the Company and is on normal commercial terms with reference to the market comparables.

As explained above, the Unsubscribed Rights Shares and ES Unsold Rights Shares will be placed by the Placing Agent and/or its sub-placing agent(s) to Independent Third Parties on a best effort basis for the benefits of the No Action Shareholders. If all or any of the Unsubscribed Rights Shares and ES Unsold Rights Shares are successfully placed, any premium over the Subscription Price will be distributed to the relevant No Action Shareholders.

The Board is of the view that the above Compensatory Arrangements are fair and reasonable and are in the interests of the Company and the Shareholders as a whole since the arrangements would provide (i) a distribution channel of the Placing Shares to the Company; (ii) an additional channel of participation in the Rights Issue for the Qualifying Shareholders and the Excluded Shareholders; and (iii) a compensatory mechanism for the No Action Shareholders and the Excluded Shareholders.

Application for listing of the Rights Shares

The Company will apply to the Listing Committee for the listing of, and the permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) to be issued and allotted pursuant to the Rights Issue. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

Dealing in the Rights Shares in both their nil-paid and fully-paid forms will be in the new board lot size of 12,000 Rights Shares.

Subject to the granting of the listing of, and the permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares (in both their nil-paid and fully-paid forms) will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange, or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Conditions of the Rights Issue

The Rights Issue is conditional upon:

- (a) the passing of all the necessary resolution(s) at the EGM to approve the Capital Reorganisation, the Rights Issue, the Placing and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Rights Shares) by the Shareholders (other than those who are required to abstain from voting according to the Listing Rules or other applicable laws and regulations if necessary);
- (b) the Capital Reorganisation having become effective;
- (c) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of the Prospectus Documents each duly signed by two Directors (or by their agents duly authorised in writing) in accordance with section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) as having been approved by resolutions of the Directors (and all other documents required to be attached hereto) and otherwise in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) not later than the Prospectus Posting Date;
- (d) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and a letter in the agreed form to the Excluded Shareholders, if any, for information purpose explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date;
- (e) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Rights Shares;

- (f) compliance with and performance of all undertakings and obligations of (1) Mr. Xu and Diamond Era under the Irrevocable Undertaking; and (2) Filled Converge under the Bondholder's Undertaking in all material respects;
- (g) the Placing Agreement not having been terminated in accordance with the provisions thereof, including force majeure events; and
- (h) compliance with the requirements under the applicable laws and regulations of Hong Kong and the Cayman Islands.

None of the above conditions can be waived. If any of the conditions referred to above is not fulfilled by the Placing Long Stop Date, the Rights Issue will not proceed.

REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS

The Group is engaged in the business of wind farms operation and is continuing to search for investment opportunities in the energy sectors.

Assuming full subscription under the Rights Issue, the gross proceeds from the Rights Issue will be up to approximately HK\$229.9 million (assuming exercise of all outstanding Share Options) and the relevant expenses would be approximately HK\$3.9 million. The net subscription price per Rights Share is expected to be approximately HK\$0.177. Accordingly, the maximum net proceeds (after deducting the estimated expenses) of the Rights Issue are estimated to be approximately HK\$226 million.

The Company intends to use the net proceeds from the Rights Issue for the following purposes: (i) approximately HK\$92 million (or approximately 40.7% of the total net proceeds) for repayment of the Group's bonds; (ii) approximately HK\$70.0 million (or approximately 31.0% of the total net proceeds) for repayment of the Group's notes payables; (iii) approximately HK\$45.0 million (or approximately 19.9% of the total net proceeds) for future business development; and (iv) the remaining balance of approximately HK\$19.0 million (or approximately 8.4% of the total net proceeds) for general working capital of the Group.

In the event that there is an undersubscription of the Rights Issue, the net proceeds will be prioritised and utilised as follows: (i) to settle outstanding sums of bonds and/or notes payables to the greatest extent; and (ii) any remaining amount (if any) shall be applied to the general working capital of the Group. Further details of the use of proceeds will be disclosed by the Company in the announcement of results of the Rights Issue.

Funding needs of the Group

Having taken into account the state of the global and local economies, the Board (excluding the members of the Independent Board Committee whose opinion will be set forth in the circular) considers that the Rights Issue provides a good opportunity for the Group to raise additional funding for general working capital of the Group and repayment of liabilities, improve the financial position and provide additional financial resources for capturing suitable business expansion and investment opportunities as they arise, while at the same time the Rights Issue will enable all Qualifying Shareholders to participate in the future development of the Company on equal terms to maintain their respective pro-rata shareholdings in the Company.

Apart from the Rights Issue, the Directors (excluding independent non-executive Directors) have considered other debt or equity fundraising alternatives such as bank borrowings or placing. It was considered that bank borrowings, if available, carry additional interest costs and create pressure to the liquidity of the Company, and placing of new shares dilutes the interests of existing Shareholders without giving them the opportunity to take part in the exercise. Hence, the Board (excluding the members of the Independent Board Committee whose opinion will be set forth in the circular) considered that it is in the interests of the Company and the Shareholders as a whole to raise capital through the Rights Issue.

As disclosed in the annual report of the Group for the year ended 31 December 2022, The Group recorded a deficit attributable to the owners of the Company amounted to approximately RMB73.9 million and the total liabilities of the Group amounted to approximately RMB1,893.06 million as at 31 December 2022. The Group's gearing ratio was approximately 94% as at 31 December 2022 which was calculated by dividing the Group's total liabilities by its total assets. The Group incurred loss attributable to the owners of the Company since 2015 which was partially contributed by the finance costs incurred.

As at 31 December 2022, the aggregated principal amount of the bonds amounted to approximately HK\$151.31 million with maturity in one to three years. The bonds carry fixed interest rate at 7%–10% per annum. The principal amount of the notes payables amounted to approximately HK\$64.8 million which carry effective interest rate of 16% per annum.

The net proceeds from the Rights Issue are expected to be used to enhance the Group's capital base and strengthen its financial position by reducing its current liabilities.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately upon completion of the Share Consolidation; (iii) immediately upon completion of the Rights Issue assuming full acceptance by all Qualifying Shareholders; and (iv) immediately upon completion of the Rights Issue assuming no acceptance by any Qualifying Shareholders other than Mr. Xu and Diamond Era which will take up the Rights Shares in accordance with the terms of the Irrevocable Undertaking, for illustration purposes only:

Assuming the Share Options are not exercised at all:

	As at the date of this announcement		Immediately upon completion of the Share Consolidation		Immediately upon completion of the Rights Issue assuming full acceptance by all Qualifying Shareholders		Immediately upon completion of the Rights Issue assuming no acceptance by any Qualifying Shareholder other than Mr. Xu and Diamond Era which will take up the Rights Shares in accordance with the terms of the Irrevocable Undertaking and all remaining Unsubscribed Rights Shares and ES Unsold Rights Shares have been placed by the Placing Agent	
	<i>Number of issued Shares</i>	<i>%</i>	<i>Number of issued Shares</i>	<i>%</i>	<i>Number of issued Shares</i>	<i>%</i>	<i>Number of issued Shares</i>	<i>%</i>
Mr. Xu	325,666,666	13.71	65,133,333 <i>(Note 1)</i>	13.71	227,966,663 <i>(Note 2)</i>	13.71	227,966,663	13.71
Diamond Era	308,867,000	13.01	61,773,400	13.01	216,206,900	13.01	216,206,900	13.01
Independent places	—	—	—	—	—	—	870,136,900	52.34
Other public Shareholders	1,740,273,800	73.28	348,054,760	73.28	1,218,191,660	73.28	348,054,760	20.94
Total	<u>2,374,807,466</u>	<u>100.00</u>	<u>474,961,493</u>	<u>100.00</u>	<u>1,662,365,223</u>	<u>100.00</u>	<u>1,662,365,223</u>	<u>100.00</u>

Assuming the Share Options are fully exercised:

	As at the date of this announcement		Immediately upon completion of the Share Consolidation		Immediately upon completion of the Rights Issue assuming full acceptance by all Qualifying Shareholders		Immediately upon completion of the Rights Issue assuming no acceptance by any Qualifying Shareholder other than Mr. Xu and Diamond Era which will take up the Rights Shares in accordance with the terms of the Irrevocable Undertaking and all remaining Unsubscribed Rights Shares and ES Unsold Rights Shares have been placed by the Placing Agent	
	Number of issued Shares	%	Number of issued Shares	%	Number of issued Shares	%	Number of issued Shares	%
Mr. Xu	325,666,666	12.75	65,133,333 (Note 1)	12.75	227,966,663 (Note 2)	12.75	227,966,663	12.75
Diamond Era	308,867,000	12.09	61,773,400	12.09	216,206,900	12.09	216,206,900	12.09
Holder of the Share Options	179,900,000	7.04	35,980,000	7.04	125,930,000	7.04	35,980,000	2.01
Independent placees	—	—	—	—	—	—	960,086,900	53.69
Other public Shareholders	1,740,273,800	68.12	348,054,760	68.12	1,218,191,660	68.12	348,054,760	19.46
Total	2,554,707,466	100.00	510,941,493	100.00	1,788,295,223	100.00	1,788,295,223	100.00

Notes:

- (1) Fractional Consolidated Shares will be disregarded and will not be issued to the Shareholders. As such, only 65,133,333 Consolidated Shares will be issued to Mr. Xu.
- (2) No fractional entitlements to the Rights Shares shall be issued to the Shareholders. As such, only 162,833,330 Rights Shares will be issued to Mr. Xu.

FUND RAISING ACTIVITIES OF THE COMPANY FOR THE PAST TWELVE MONTHS

The Company had carried out the following equity fund-raising activities in the 12 months immediately preceding the date of this announcement:

Date of announcement(s)	Event	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds
20 December 2022, 6 February 2023	Issue of convertible bonds under General Mandate	HK\$19,400,000	(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	Used as intended

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

POSSIBLE ADJUSTMENTS RELATING TO THE SHARE OPTIONS AND THE CONVERTIBLE BONDS

As at the date of this announcement, there are (i) 179,900,000 outstanding Share Options granted by the Company exercisable into 179,900,000 Shares; and (ii) Convertible Bonds with an aggregate principal amount of HK\$356,375,000 convertible into 1,979,861,111 Shares, at the conversion price of HK\$0.18 per Share.

Save for the aforesaid, there are no other options, warrants or other convertible securities granted by the Company that are subsisting as at the date of this announcement. Adjustments to the exercise prices and numbers of the Share Options will be required under the Share Option Scheme as a result of the Rights Issue and the Rights Issue may also lead to adjustments to the conversion price and/or the number of Shares to be issued upon exercise of the conversion right attached to the Convertible Bonds. The auditor of the Company will be appointed to certify the necessary adjustments to the Share Options and the Convertible Bonds. Further announcement relating to such adjustments will be made by the Company in this regard as and when appropriate.

EXPECTED TIMETABLE

Set out below is the expected timetable for the proposed Capital Reorganisation, the Rights Issue and the Placing which is indicative only and has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled:

Event	Date and time
Publication of this announcement	Friday, 12 May 2023
Expected despatch date of the circular, proxy form and notice of the EGM	Wednesday, 14 June 2023
Latest time for lodging transfers of Shares to qualify for attendance and voting at the EGM	4:30 p.m. on Wednesday, 28 June 2023
Closure of register of members of the Company for transfer of the Shares to determine the right to attend and vote at the EGM (both days inclusive).	Thursday, 29 June 2023 to Tuesday, 4 July 2023
Latest time for lodging proxy forms for the EGM.	3:00 p.m. on Sunday, 2 July 2023
Record date for attendance and voting at the EGM.	Tuesday, 4 July 2023
Expected date and time of the EGM to approve the Capital Reorganisation (including the Share Consolidation, the Authorised Share Capital Increase and the Change in Board Lot Size), the Rights Issue and the Placing	3:00 p.m. on Tuesday, 4 July 2023
Announcement of the poll results of the EGM	Tuesday, 4 July 2023
Register of members of the Company re-opens.	Wednesday, 5 July 2023
Effective date of the Capital Reorganisation (including the Share Consolidation, the Authorised Share Capital Increase and the Change in Board Lot Size)	Thursday, 6 July 2023
Commencement of dealings in the Consolidated Shares.	9:00 a.m. on Thursday, 6 July 2023
Original counter for trading in Existing Shares in the board lot size of 4,000 Existing Shares (in the form of existing share certificates) temporarily closes.	9:00 a.m. on Thursday, 6 July 2023

Temporary counter for trading in the Consolidated Shares in board lot size of 800 Consolidated Shares (in the form of existing share certificates) opens	9:00 a.m. on Thursday, 6 July 2023
First day of free exchange of existing shares certificates for new share certificates for Consolidated Shares	Thursday, 6 July 2023
Last day of dealings in Consolidated Shares on a cum-rights basis	Thursday, 6 July 2023
First day of dealings in Consolidated Shares on an ex-rights basis	Friday, 7 July 2023
Latest time for lodging transfers of Consolidated Shares to qualify for the Rights Issue	4:30 p.m. on Monday, 10 July 2023
Register of members of the Company closes (both dates inclusive)	Tuesday, 11 July 2023 to Tuesday, 18 July 2023
Record Date for the Rights Issue	Tuesday, 18 July 2023
Register of members of the Company re-opens.	Wednesday, 19 July 2023
Expected despatch date of the Prospectus Documents (including the PAL and the Prospectus), and in the case of the Excluded Shareholders, the Prospectus only	Wednesday, 19 July 2023
Original counter for trading in the Consolidated Shares in the board lot size of 12,000 Consolidated Shares (in the form of new share certificates) reopens.	Thursday, 20 July 2023
Parallel trading in the Consolidated Shares (in the form of both existing share certificates and new share certificates) commences.	Thursday, 20 July 2023
Designated broker starts to stand in the market to provide matching services for odd lots of the Consolidated Shares	Thursday, 20 July 2023
First day of dealings in nil-paid Rights Shares in the new board lot size of 12,000 Rights Shares	Friday, 21 July 2023
Latest time for splitting of the PALs	4:30 p.m. on Tuesday, 25 July 2023

Last day of dealings in nil-paid Rights Shares in the new board lot size of 12,000 Rights Shares	Friday, 28 July 2023
Latest time for lodging transfer documents of nil-paid Rights Shares in order to qualify for the Compensatory Arrangements	4:00 p.m. on Wednesday, 2 August 2023
Latest time for acceptance of and payment for the Rights Shares	4:00 p.m. on Wednesday, 2 August 2023
Announcement of the number of Unsubscribed Rights Shares and ES Unsold Rights Shares subject to the Compensatory Arrangements	Monday, 7 August 2023
Commencement of placing of Unsubscribed Rights Shares and ES Unsold Rights Shares by the Placing Agent	Tuesday, 8 August 2023
Designated broker ceases to provide matching services for odd lots of the Consolidated Shares	4:00 p.m. on Wednesday, 9 August 2023
Temporary counter for trading in the Consolidated Shares in the board lot size of 800 Consolidated Shares (in the form of existing share certificates) closes	4:10 p.m. on Wednesday, 9 August 2023
Parallel trading in Consolidated Shares (represented by both existing share certificates and new share certificates) ends	4:10 p.m. on Wednesday, 9 August 2023
Latest time for free exchange of existing share certificates for new share certificates	4:30 p.m. on Friday, 11 August 2023
Latest time of placing of Unsubscribed Rights Shares and ES Unsold Rights Shares subject to Compensatory Arrangements	4:00 p.m. on Tuesday, 15 August 2023
The Placing Long Stop Date	4:00 p.m. on Wednesday, 16 August 2023
Rights Issue settlement date and Placing completion date	Wednesday, 16 August 2023

Announcement of the allotment results of the Rights Issue
(including results of the placing of Unsubscribed Rights Shares
and ES Unsold Rights Shares and the amount of the Net Gain
per Unsubscribed Rights Share and per ES Unsold Rights
Share under the Compensatory Arrangements) Monday, 21 August 2023

Despatch of share certificates of fully-paid Rights Shares and
refund cheques, if any, in respect of wholly or partially
unsuccessful applications Tuesday, 22 August 2023

Expected first day of dealings in fully-paid Rights Shares in 9:00 a.m. on Wednesday,
the new board lot size of 12,000 Rights Shares commence 23 August 2023

Payment of Net Gain to relevant No Action Tuesday,
Shareholders (if any) 5 September 2023

All times and dates stated above refer to Hong Kong local times and dates. Dates or
deadlines specified in the expected timetable above or in other parts of this announcement
are indicative only and may be extended, amended or varied by the Company. Any changes
to the expected timetable will be published or notified to the Shareholders and the Stock
Exchange as and when appropriate.

**EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON
THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE
RIGHTS SHARES**

The Latest Time for Acceptance of and payment for the Rights Shares will not take place
if there is a tropical cyclone warning signal no. 8 or above, “extreme conditions” caused
by super typhoons as announced by the Government of Hong Kong or a “black” rainstorm
warning:

- (a) in force in Hong Kong at any local time before 12:00 noon and no longer in force after
12:00 noon on Wednesday, 2 August 2023. Instead, the latest time for acceptance of
and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business
Day; or
- (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on
Wednesday, 2 August 2023. Instead, the latest time for acceptance of and payment
for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business
Day which does not have either of those warnings in force in Hong Kong at any time
between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance of and payment for the Rights Shares does not take place on or before 4:00 p.m. on Wednesday, 2 August 2023, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event.

THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors has been established to provide recommendations to the Independent Shareholders in connection with the Rights Issue (including the Placing Agreement). Red Sun Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Rights Issue (including the Placing Agreement), and as to voting.

LISTING RULES IMPLICATIONS

Since the proposed Rights Issue will increase the issued share capital or the market capitalisation of the Company by more than 50%, in accordance with Rule 7.19(A) of the Listing Rules, the proposed Rights Issue must be made conditional on approval by the Independent Shareholders in general meeting by a resolution on which any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the proposed Rights Issue.

The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

As at the date of this announcement, the Company has no controlling Shareholder as defined under the Listing Rules and Mr. Zhang, an executive Director and chief executive officer, is interested in 308,867,000 Shares through Diamond Era. Accordingly, Mr. Zhang and his respective associates are required to abstain from voting in favour of the proposed resolutions to approve the Rights Issue, the Placing Agreement and the transaction contemplated thereunder at the EGM. Except as disclosed above, no Shareholder shall abstain from voting in favour of the proposed resolution approving the Rights Issue at the EGM and no Director shall abstain from voting in favour of the Rights Issue at the meeting of the Board.

GENERAL

The EGM will be convened for the Shareholders to consider and, if thought fit, approve the Capital Reorganisation, the Rights Issue and the Placing. A circular containing, among other things, (i) further details of the Capital Reorganisation, the Rights Issue and the Placing; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice convening the EGM, is expected to be despatched to the Shareholders on or before Wednesday, 14 June 2023.

In order to be registered as a member of the Company on the record date for attendance and voting at the EGM, all transfers of Shares (together with the relevant share certificate(s)) must be lodged with the Registrar by no later than 4:30 p.m. (Hong Kong time) on Wednesday, 28 June 2023.

The Company will despatch the Prospectus Documents containing, among other things, the Rights Issue, including information on acceptances of the Rights Shares and other information of the Group, and PAL(s) to the Qualifying Shareholders on or before Wednesday, 19 July 2023. The Company will, to the extent reasonably practicable and legally permitted and subject to the advice of legal advisers in the relevant jurisdictions in respect of applicable local laws and regulations, send the Prospectus to the Excluded Shareholders (if any) for their information only, but the Company will not send the PAL to the Excluded Shareholders (if any).

WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

The Consolidated Shares are expected to be dealt in on an ex-rights basis from Friday, 7 July 2023. Dealings in the Rights Shares in nil-paid form in the new board lot size of 12,000 Rights Shares are expected to take place from Friday, 21 July 2023 to Friday, 28 July 2023 (both dates inclusive). If the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed. Please refer to the section headed “Conditions of the Rights Issue” in this announcement above.

Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

Any Shareholder or other person dealings in the Shares and/or the nil-paid Rights Shares up to the time at which the Rights Issue becomes unconditional will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

DEFINITIONS

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

“acting in concert”	has the same meaning ascribed thereto under the Takeovers Code
“associate(s)”	has the same meaning ascribed thereto under the Listing Rules
“Authorised Share Capital Increase”	the proposed increase of the authorised share capital of the Company to HK\$500,000,000 divided into 10,000,000,000 Consolidated Shares of a par value of HK\$0.05 each, by the creation of 8,000,000,000 Consolidated Shares of a par value of HK\$0.05 each after the Share Consolidation becoming effective
“Board”	the board of Directors
“Bondholder’s Undertaking”	a letter of irrevocable undertaking executed by Filled Converge in favour of the Company, the principal terms of which are disclosed in the section headed “The Bondholder’s Undertaking” in this announcement
“Business Day(s)”	a day (excluding Saturday and Sunday and any day on which “extreme conditions” caused by super typhoons is announced by the Government of Hong Kong or a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
“Capital Reorganisation”	the proposed reorganisation of the share capital of the Company comprising the Share Consolidation, the Authorised Share Capital Increase and the Change in Board Lot Size
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC

“Change in Board Lot Size”	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 4,000 Existing Shares to 12,000 Consolidated Shares
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong
“Company”	China Ruifeng Renewable Energy Holdings Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands
“Compensatory Arrangements”	the compensatory arrangements pursuant to Rule 7.21(1) (b) of the Listing Rules as described in the section headed “Procedures in respect of the Unsubscribed Rights Shares and ES Unsold Rights Shares and the Compensatory Arrangements” in this announcement
“Consolidated Share(s)”	ordinary shares of HK\$0.05 each in the share capital of the Company after the Share Consolidation becoming effective
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Convertible Bonds”	the 10% unsecured convertible bonds in the aggregate principal amount of HK\$356,375,000 due 2025 issued by the Company, details of which have been disclosed in the Company’s announcements dated 28 January 2022 and 28 April 2022
“Diamond Era”	Diamond Era Holdings Limited, a company incorporated in the BVI with limited liability and a substantial Shareholder holding 308,867,000 Shares as at the date of this announcement and is wholly-owned by Mr. Zhang
“Director(s)”	the director(s) of the Company
“ES Unsold Rights Share(s)”	the Rights Share(s) which would otherwise has/have been provisionally allotted to the Excluded Shareholders (if any) in nil-paid form that has/have not been sold by the Company

“Excluded Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary, or expedient not to offer the Rights Shares to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“EGM”	the extraordinary general meeting of the Company to be convened and held at which resolutions will be proposed to consider, and, if thought fit, to approve, among other things, the Capital Reorganisation, the Rights Issue and the Placing
“Existing Share(s)/Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company prior to the Share Consolidation becoming effective
“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
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Board Committee”	the independent committee of the Board, comprising all three independent non-executive Directors, namely Mr. Jiang Senlin, Mr. Qu Weidong and Ms. Hu Xiaolin, established to give a recommendation to the Independent Shareholders in respect of the Rights Issue and the Placing Agreement
“Independent Financial Adviser”	Red Sun Capital Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the terms of the Rights Issue and the Placing Agreement
“Independent Shareholder(s)”	any Shareholder(s) other than any controlling shareholders and their associates or, where there are no controlling shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and any of its connected persons
“Irrevocable Undertaking”	a letter of irrevocable undertaking executed by each of Mr. Xu and Diamond Era in favour of the Company, the principal terms of which are disclosed in the section headed “The Irrevocable Undertaking” in this announcement
“Last Trading Day”	12 May 2023, being the last trading day of the Shares on the Stock Exchange before the release of this announcement
“Latest Time for Acceptance”	2 August 2023 or other time or date as may be determined by the Company, being the latest time for acceptance of, and payment for, the Rights Shares
“Listing Committee”	has the meaning as defined in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Zhang”	Mr. Zhang Zhixiang, an executive Director and chief executive officer of the Company

“Mr. Xu”	Mr. Xu Yingjie
“Net Gain”	the aggregate of any premiums (being the aggregate amount paid by the placees after deducting the aggregate amount of the Subscription Price for the Unsubscribed Rights Shares and ES Unsold Rights Shares placed by the Placing Agent and/or its sub-placing agent(s) under the Placing Agreement) under the Compensatory Arrangements
“No Action Shareholders”	Qualifying Shareholders who do not subscribe for the Rights Shares (whether partially or fully) under the PALs or their renounees, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed, and/or the Excluded Shareholders (if any)
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose registered address(es) as shown on such register at that time is (are) in (a) place(s) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Placing”	the offer by way of private placing of the Unsubscribed Rights Shares and ES Unsold Rights Shares on a best effort basis by the Placing Agent and/or its sub-placing agent(s), who and whose ultimate beneficial owners shall not be the Shareholder(s) and shall be Independent Third Party(ies), to the independent placee(s) during the Placing Period on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agreement”	the placing agreement dated 12 May 2023 and entered into between the Company and the Placing Agent in relation to the placing of Unsubscribed Rights Shares and ES Unsold Rights Shares
“Placing Agent”	Get Nice Securities Limited, a corporation licensed to engage in type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO

“Placing Long Stop Date”	16 August 2023 or such other time or date as the Placing Agent may agree in writing with the Company
“Prospectus”	the prospectus to be despatched to the Shareholders containing details of the Rights Issue
“Prospectus Documents”	the Prospectus and the PAL
“Prospectus Posting Date”	19 July 2023 or such other date as may be determined by the Company, being the date of despatch of the Prospectus Documents to the Qualifying Shareholders and the Prospectus for information only to the Excluded Shareholders
“Qualifying Shareholder(s)”	Shareholder(s), other than the Excluded Shareholders, whose name(s) appear(s) on the register of members of the Company on the Record Date
“Record Date”	18 July 2023 or such other date as may be determined by the Company, being the date for determining entitlements of the Shareholders to participate in the Rights Issue
“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, being Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
“Rights Issue”	the proposed issue by way of rights on the basis of five (5) Rights Share for every two (2) Consolidated Shares held by the Qualifying Shareholders on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Prospectus Documents
“Rights Share(s)”	up to 1,277,353,730 Shares (assuming exercise of all outstanding Share Options and no other change in the number of Shares in issue on or before the Record Date) to be allotted and issued pursuant to the Rights Issue
“SFO”	the Securities and Futures Ordinance (Cap 571 of the laws of Hong Kong)

“Share Consolidation”	proposed consolidation of the issued and unissued existing Shares in the share capital of the Company on the basis of five (5) existing Shares into one (1) Consolidated Share
“Share Option Scheme”	the share option scheme of the Company approved and adopted on 1 June 2015
“Share Options”	the share options granted by the Company pursuant to the Share Option Scheme
“Shareholder(s)”	holder(s) of issued Share(s)
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.18 per Rights Share
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Unsubscribed Rights Shares”	the Rights Shares that are not subscribed by the Qualifying Shareholders or holders of nil-paid rights, which do not include any Rights Shares to be provisionally allotted to Mr. Xu and Diamond Era for which subscription of Rights Shares will be subject to the Irrevocable Undertaking as set out in the section headed “The Irrevocable Undertaking” in this announcement
“%”	per cent.

By Order of the Board
CHINA RUIFENG RENEWABLE ENERGY HOLDINGS LIMITED
Zhang Zhixiang
Executive Director and Chief Executive Officer

Hong Kong, 12 May 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.