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HKC (HOLDINGS) LIMITED
香港建設(控股)有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 190)

(website: www.hkcholdings.com)



CHINA RENEWABLE ENERGY INVESTMENT LIMITED

中國再生能源投資有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 987)

(Warrant code: 1677)

(website: www.cre987.com)

**ACQUISITION OF WIND
TURBINES AND TURBINE
TOWERS CONSTITUTING A
DISCLOSEABLE TRANSACTION**

**ACQUISITION OF WIND
TURBINES AND TURBINE
TOWERS CONSTITUTING A
MAJOR TRANSACTION**

On 5 July 2017, Songxian HKE, a wholly-owned subsidiary of CRE, entered into the Agreements relating to the acquisition of certain wind power generation equipments, including wind turbines and turbine towers. It is expected that further contracts will be entered into by the CRE Group for the Project.

The Wind Turbine Agreement and the Turbine Tower Agreement entered into by Songxian HKE with 浙江運達風電股份有限公司 (Zhejiang Windey Co., Ltd.*) and 山東中車同力鋼構有限公司 (Shandong CRRC Tongli Steel Structure Co., Ltd.*) respectively, are related to the Project and hence the transactions contemplated under the Wind Turbine Agreement and the Turbine Tower Agreement respectively will be aggregated under Rule 14.22 of the Listing Rules.

* For identification purposes only

As one of the applicable percentage ratios in respect of the Acquisition are more than 25% but less than 100% for CRE, it constitutes a major transaction for CRE and is therefore subject to the notification, announcement, circular and shareholders' approval requirements in Chapter 14 of the Listing Rules. To the best of the knowledge, information and belief of the CRE Directors having made all reasonable enquiries, no CRE Shareholders or any of their respective associates have any material interest in the Acquisition. As such, no CRE Shareholder is required to abstain from voting under the Listing Rules if CRE were to convene a general meeting for the approval of the Acquisition. The Controlling Shareholders are currently holding approximately 54.11% of the entire issued share capital of CRE. Pursuant to Rule 14.44 of the Listing Rules, the Controlling Shareholders which hold more than 50% of the voting rights, had issued a written shareholders' approval to approve the Acquisition. Accordingly, no extraordinary general meeting will be convened by CRE to approve the Acquisition.

As CRE is a non-wholly owned subsidiary of HKC and one of the applicable percentage ratios in respect of the Acquisition exceeds 5% for HKC, the Acquisition also constitutes a discloseable transaction for HKC and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

A circular containing the information required under the Listing Rules, among other things, (i) further details of the Wind Turbine Agreement; and (ii) further details of the Turbine Tower Agreement will be despatched to the CRE Shareholders for information purposes on or before 26 July 2017.

A. THE WIND TURBINE AGREEMENT AND THE TURBINE TOWER AGREEMENT

The principal terms of the Wind Turbine Agreement and the Turbine Tower Agreement are set out below:

1. The Wind Turbine Agreement

- Date : 5 July 2017
- Counterparty : 浙江運達風電股份有限公司 (Zhejiang Windey Co., Ltd.*)
- Principal business of the counterparty : Development, design and sale of wind power general equipments
- Equipment purchased : 37 sets of wind turbines
- Contract sum : RMB284,715,668 (approximately HK\$327,223,717)
- Payment schedule : – 10% of the contract sum shall be paid within 30 days after (i) signing of the Wind Turbine Agreement; (ii) getting all necessary government approval in relation to the Project; and (iii) Songxian HKE getting the Wind Turbine Performance Guarantee Letter;
- 10% of the contract sum shall be paid after receipt of the invoice from the counterparty in relation to the order of the main parts of wind turbines;
- 10% of the contract sum shall be paid after receipt of the confirmation from the counterparty that wind turbines are ready for delivery;

- 30% of the contract sum shall be paid after (i) delivery of the wind turbines to the agreed wind turbine location and Songxian HKE confirming satisfactory completion of installation of the wind turbines; and (ii) receipt of the invoice from the counterparty;
- 15% of the contract sum shall be paid after Songxian HKE confirming satisfactory completion of all trial running;
- 15% of the contract sum shall be paid after (i) completion of the Project; (ii) receipt of the power curve certification report from the counterparty; and (iii) the satisfactory completion notice issued by Songxian HKE; and
- 10% of the contract sum shall be paid (i) upon the second year of the warranty period after the completion of the Project; and (ii) after Songxian HKE getting the Wind Turbine Warranty Guarantee Letter.

Termination Clause : The obligations of the parties to the Wind Turbine Agreement shall be terminated if Songxian HKE cannot get any consent from the Stock Exchange (if needed) in relation to the Wind Turbine Agreement and the transactions contemplated thereunder.

2. The Turbine Tower Agreement

- Date : 5 July 2017
- Counterparty : 山東中車同力鋼構有限公司 (Shandong CRRC Tongli Steel Structure Co., Ltd.*)
- Principal business of the Counterparty : Manufacture of turbine towers and related components
- Equipment purchased : 37 sets of turbine towers and related components
- Contract sum : RMB47,433,260 (approximately HK\$54,515,046)
- Payment schedule : – 20% of the contract sum shall be paid within 15 days after (i) signing of the Turbine Tower Agreement; (ii) receipt of the invoice; and (iii) Songxian HKE getting the Turbine Tower Performance Guarantee Letter;
- a total of 50% of the contract sum (such payment shall first reduce the initial 20% of the contract sum as mentioned above) shall be paid in installment proportion to the number of turbine towers delivered within 20 days after (i) delivery to the agreed wind turbine location and Songxian HKE confirming satisfactory of the preliminary inspection of the turbine towers and related components; and (ii) receipt of the invoice from the counterparty;
- 15% of the contract sum shall be paid in installment proportion to the number of turbine towers delivered within 20 days after (i) installation and satisfactory pre-acceptance notice issued by Songxian HKE of part of the turbine towers or within 6 months after the acknowledgement receipt issued by Songxian HKE in relation to delivery of part of the turbine towers; and (ii) receipt of the invoice from the counterparty;

- 25% of the contract sum shall be paid within 20 days after (i) installation and satisfactory pre-acceptance notice issued by Songxian HKE or within 6 months after the acknowledgement receipt issued by Songxian HKE in relation to delivery of all the turbine towers; and (ii) receipt of the invoice from the counterparty; and
- 10% of the contract sum shall be paid after (i) the final acceptance certificate notice issued by Songxian HKE or within 18 months after the acknowledgement receipt issued by Songxian HKE in relation to delivery of all the turbine towers; (ii) the satisfactory performance of the turbine towers within the first year of the warranty period; and (iii) after Songxian HKE getting the Turbine Tower Warranty Guarantee Letter.

Conditions Precedent : The obligations of the parties to the Turbine Tower Agreement shall be conditional upon:

- (a) the entering into the Turbine Tower Agreement by the signature of the legal representative or the entrusted agent (who shall be authorized in writing by the legal representative) together with the common seal; and
- (b) since Songxian HKE is a subsidiary of CRE which is a company listed in the Stock Exchange and would need to comply with the requirements of the Listing Rules and the internal guidance of CRE and HKC, such requirements shall include the notification, announcement, and passing of the necessary resolution(s) by the CRE Shareholders at an extraordinary general meeting (if needed) to approve the entering into the Turbine Tower Agreement and the transactions contemplated thereunder. Upon the relevant transaction has been approved at the extraordinary general meeting (if needed), Songxian HKE shall inform the counterparty in writing and the Turbine Tower Agreement shall take effect after such written notice is received.

To the best of the knowledge, information and belief of the HKC Directors and the CRE Directors, having made all reasonable enquiries, the above counterparties and their respective ultimate beneficial owners are third parties independent of HKC and CRE and their respective connected persons.

The above counterparties were selected in 2017 through a tender process with the participation of 6 tenderers for the Wind Turbine Agreement; and 4 tenderers for the Turbine Tower Agreement. The tenders of the Agreements were open for approximately one month and a selection committee, comprising the senior management of the CRE Group, was formed to consider the tenders submitted. During the evaluation process, various technical and commercial factors have been considered including but not limited to the market price, quality, delivery schedule, track record and reputation of the suppliers when making the decisions.

B. REASONS FOR, AND BENEFITS OF, ENTERING INTO THE AGREEMENTS

The HKC Group is principally engaged in the business of property development and investment and renewable energy investment and operation.

The CRE Group is principally engaged in the renewable energy business with its primary focus in the development, construction and operation of wind farms in Mainland China.

The contract sum of each of the Wind Turbine Agreement and the Turbine Tower Agreement was determined through the abovementioned tender processes and Songxian HKE with reference to, among other things, the market price, quality, delivery schedule, track record and reputation of the suppliers as at the date of this announcement. The HKC Directors and the CRE Directors consider that the terms of each of the Wind Turbine Agreement and the Turbine Tower Agreement and the Acquisition to be fair and reasonable and in the interest of HKC and CRE and their respective shareholders as a whole.

C. LISTING RULES IMPLICATIONS

The Wind Turbine Agreement and the Turbine Tower Agreement entered into by Songxian HKE with 浙江運達風電股份有限公司 (Zhejiang Windey Co., Ltd.*) and 山東中車同力鋼構有限公司 (Shandong CRRC Tongli Steel Structure Co., Ltd.*) respectively, are related to the Project and hence the transactions contemplated under the Wind Turbine Agreement and the Turbine Tower Agreement respectively will be aggregated under Rule 14.22 of the Listing Rules.

As one of the applicable percentage ratios in respect of the Acquisition are more than 25% but less than 100% for CRE, it constitutes a major transaction for CRE and is therefore subject to the notification, announcement, circular and shareholders' approval requirements in Chapter 14 of the Listing Rules. To the best of the knowledge, information and belief of the CRE Directors having made all reasonable enquiries, no CRE Shareholders or any of their respective associates have any material interest in the Acquisition. As such, no CRE Shareholder is required to abstain from voting under the Listing Rules if CRE were to convene a general meeting for the approval of the Acquisition. The Controlling Shareholders are currently holding approximately 54.11% of the entire issued share capital of CRE. Pursuant to Rule 14.44 of the Listing Rules, the Controlling Shareholders which hold more than 50% of the voting rights, had issued a written shareholders' approval to approve the Acquisition. Accordingly, no extraordinary general meeting will be convened by CRE to approve the Acquisition.

As CRE is a non-wholly owned subsidiary of HKC and one of the applicable percentage ratios in respect of the Acquisition exceeds 5% for HKC, the Acquisition also constitutes a discloseable transaction for HKC and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

A circular containing the information required under the Listing Rules, among other things, (i) further details of the Wind Turbine Agreement; and (ii) further details of the Turbine Tower Agreement will be despatched to the CRE Shareholders for information purposes on or before 26 July 2017.

D. DEFINITIONS

In this announcement, the following terms shall have the meanings set opposite them unless the context otherwise requires:

“Acquisition”	the acquisition of the wind turbines and the turbine towers by Songxian HKE pursuant to the terms of the Agreements and the transactions contemplated thereunder
“Agreements”	collectively, the Wind Turbine Agreement and the Turbine Tower Agreement
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Controlling Shareholders”	HKC and its relevant wholly-owned subsidiaries, namely Noble Quest Enterprises Limited holding 1,274,835,292 shares of CRE and Hong Kong Construction (Hong Kong) Limited holding 705,632 shares of CRE, which together constitute a closely allied group of CRE Shareholders for the purposes of Rule 14.44 of the Listing Rules and hold in aggregate of 1,275,540,924 shares of CRE, representing approximately 54.11% of the entire issued share capital of CRE
“CRE”	China Renewable Energy Investment Limited, a Cayman Islands company whose shares are listed on the main board of the Stock Exchange
“CRE Director(s)”	the director(s) of CRE
“CRE Group”	CRE and its subsidiaries
“CRE Shareholder(s)”	the shareholder(s) of CRE
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“HKC”	HKC (Holdings) Limited, a Bermuda company whose shares are listed on the main board of the Stock Exchange
“HKC Director(s)”	the director(s) of HKC

“HKC Group”	HKC and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	People’s Republic of China
“Project”	the wind farm project at Songxian County, Luoyang City, Henan Province, the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Songxian HKE”	嵩縣港能風電有限公司 (Songxian HKE Wind Power Limited), a wholly-owned subsidiary of CRE
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Turbine Tower Agreement”	the agreement dated 5 July 2017 entered into between Songxian HKE and 山東中車同力鋼構有限公司 (Shandong CRRC Tongli Steel Structure Co., Ltd.*) in respect of the purchase of 37 sets of turbine towers and related components
“Turbine Tower Performance Guarantee Letter”	a bank guarantee in the amount of 10% of the contract sum of the Turbine Tower Agreement (i.e. RMB4,743,326) arranged by the counterparty in favour of Songxian HKE to guarantee the performance of its obligations under the Turbine Tower Agreement starting from the date of signing the Turbine Tower Agreement to a date up to 30 days after the acknowledgement receipt issued by Songxian HKE in relation to the installation and satisfactory pre-acceptance notice of all the turbine towers and related components
“Turbine Tower Warranty Guarantee Letter”	a bank guarantee in the amount of 10% of the contract sum of the Turbine Tower Agreement (i.e. RMB4,743,326) arranged by the counterparty in favour of Songxian HKE to guarantee its performance of warranty obligations under the Turbine Tower Agreement for a warranty period of 1 year starting from the date of entering into this bank guarantee

“Wind Turbine Agreement”	the agreement dated 5 July 2017 entered into between Songxian HKE and 浙江運達風電股份有限公司 (Zhejiang Windey Co., Ltd.*) in respect of the purchase of 37 sets of wind turbines
“Wind Turbine Performance Guarantee Letter”	a bank guarantee in the amount of 10% of the contract sum of the Wind Turbine Agreement (i.e. RMB28,471,566.8) arranged by the counterparty in favour of Songxian HKE to guarantee the performance of its obligations under the Wind Turbine Agreement from the date of signing the Wind Turbine Agreement to the date of completion of the Project
“Wind Turbine Warranty Guarantee Letter”	a bank guarantee in the amount of 10% of the contract sum of the Wind Turbine Agreement (i.e. RMB28,471,566.8) arranged by the counterparty in favour of Songxian HKE to guarantee its performance of warranty obligations under the Wind Turbine Agreement for a warranty period of 3 years starting from the date of entering into this bank guarantee

By order of the board
HKC (Holdings) Limited
OEI Kang, Eric
Executive Director and Chief Executive Officer

By order of the board
China Renewable Energy Investment Limited
OEI Kang, Eric
Chairman and Chief Executive Officer

Hong Kong, 5 July 2017

As at the date of this announcement, the board of directors of HKC comprises eight directors, of which Mr. OEI Kang, Eric, Mr. LEE Shiu Yee, Mr. WONG Jake Leong, Sammy and Mr. LEUNG Wing Sum, Samuel are executive directors; Mr. OEI Tjie Goan is non-executive director; and Mr. CHUNG Cho Yee, Mico, Mr. CHENG Yuk Wo and Mr. Albert Thomas DA ROSA, Junior are independent non-executive directors.

As at the date of this announcement, the board of directors of CRE comprises six directors, of which Mr. OEI Kang, Eric, Mr. LEUNG Wing Sum, Samuel and Mr. WONG Jake Leong, Sammy are executive directors; and Mr. YU Hon To, David, Mr. TIAN Yuchuan and Mr. ZHANG Songyi are independent non-executive directors.

For the purpose of this announcement, the translation of RMB into HK\$ is based on the approximate exchange rate of RMB1.00 = HK\$1.1493.

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