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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)

ANNOUNCEMENT

DEED OF SETTLEMENT

AND

PROPOSED ISSUE OF SETTLEMENT SHARES

UNDER GENERAL MANDATE

DEED OF SETTLEMENT

On 30 June 2022 (after trading hours), the Company entered into the Deed of Settlement with Well Foundation, one of the holders of 2019 Convertible Bonds, pursuant to which the Company has agreed to redeem the entire Settlement Sum in the amount of HK\$27,850,000 by cash in the sum of HK\$10,000,000 and by the issue of 70,000,000 Settlement Shares at the Issue Price of HK\$0.255 per Settlement Share. The Settlement Shares are to be issued under the General Mandate.

The Issue Price of HK\$0.255 per Settlement Share represents (i) a premium of approximately 45.71% over the closing price of HK\$0.175 per Share as quoted on the Stock Exchange on the date of this announcement; and (ii) a premium of approximately 44.89% over the average closing price of approximately HK\$0.176 per Share as quoted on the Stock Exchange from 24 June 2022 to 30 June 2022, both dates inclusive, being the last five consecutive trading days prior to the date of this announcement.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Deed of Settlement, 70,000,000 Settlement Shares represent (i) approximately 3.54% of the existing issued share capital of the Company of 1,979,140,800 Shares as at the date of this announcement; and (ii) approximately 3.42% of the issued share capital of the Company as enlarged by the issue of the Settlement Shares.

The Shareholders and potential investors should be aware that the Deed of Settlement and the transactions contemplated thereunder are subject to the fulfilment of certain conditions, and therefore may or may not proceed.

BACKGROUND

References are made to the announcements of the Company dated 24 March 2021 and 28 January 2022 and the circular of the Company dated 29 March 2022, in relation to, among other things, the issue and maturity of the 2019 Convertible Bonds.

As at the date of this announcement, the Settlement Sum payable to Well Foundation under the 2019 Convertible Bonds shall be HK\$27,850,000. The Company and Filled Converge, the other holder of the 2019 Convertible Bonds reached an agreement that the Company issued the 2022 Convertible Bonds to Filled Converge in the principal amount of HK\$356,375,000 to fully settle the total outstanding amount owed to Filled Converge under the 2019 Convertible Bonds. The Company has been negotiating and discussing with Well Foundation since January 2021 for the settlement plans in relation to the outstanding amount payable to Well Foundation under the 2019 Convertible Bonds and eventually the parties agreed on a settlement proposal upon the terms and conditions of the Deed of Settlement.

On 30 June 2022 (after trading hours), the Company entered into the Deed of Settlement with Well Foundation, one of the holders of 2019 Convertible Bonds, pursuant to which the Company has agreed to redeem the entire Settlement Sum in the amount of HK\$27,850,000 by cash in the sum of HK\$10,000,000 and by the issue of 70,000,000 Settlement Shares at the Issue Price of HK\$0.255 per Settlement Share. The Settlement Shares are to be issued under the General Mandate.

DEED OF SETTLEMENT

Date 30 June 2022 (after trading hours)

Parties (i) the Company (as the issuer); and
(ii) Well Foundation (as the subscriber).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Well Foundation and any member of China Tonghai Group, is an independent third party and not connected with, the Company and its connected persons as defined under the Listing Rules.

SETTLEMENT OF THE 2019 CONVERTIBLE BONDS PAYABLE TO WELL FOUNDATION

Pursuant to the Deed of Settlement, subject to satisfaction of the conditions and at Completion, the Settlement Sum shall be fully settled in the following manner:

- (i) the Company shall pay cash in the sum of HK\$5,000,000 on 30 June 2022 and HK\$5,000,000 on or before 31 July 2022 to partially settle the Settlement Sum payable to Well Foundation under the 2019 Convertible Bonds; and
- (ii) the Company shall duly issue and allot 70,000,000 Settlement Shares at the Issue Price of HK\$0.255 per Settlement Share to Well Foundation or any member of China Tonghai Group on or before 22 July 2022, and the aggregate Issue Price of the Settlement Shares in the sum of HK\$17,850,000 shall set off against the remaining Settlement Sum payable to Well Foundation. No cash shall be payable by Well Foundation in respect of such aggregate Issue Price.

The Settlement Shares are to be issued under the General Mandate.

The Company shall obtain all necessary approvals and consents as may be required in respect of the issuance and allotment of the Settlement Shares which shall include but not limited to the Listing Committee of the Stock Exchange granting or agreeing to grant approval for listing of and permission to deal in the Settlement Shares.

If, among other things, for any reason the Settlement Shares cannot be issued and allotted by 22 July 2022, the Settlement in Kind shall have no effect and the Company shall forthwith settle the remaining outstanding balance of HK\$17,850,000 in cash on or before 22 July 2022.

Settlement Shares

The Issue Price of HK\$0.255 per Settlement Share represents (i) a premium of approximately 45.71% over the closing price of HK\$0.175 per Share as quoted on the Stock Exchange on the date of this announcement; and (ii) a premium of approximately 44.89% over the average closing price of approximately HK\$0.176 per Share as quoted on the Stock Exchange from 24 June 2022 to 30 June 2022, both dates inclusive, being the last five consecutive trading days prior to the date of this announcement. The Issue Price was determined between the Company and Well Foundation with reference to the latest market price of the Shares. The Directors are of the view that the Issue Price is fair and reasonable and is in the interests of the Company and the Shareholders as a whole. The net issue price of the Settlement Shares is approximately HK\$0.255 per Settlement Share. The Directors are of the view that the Issue Price is fair and reasonable.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Deed of Settlement, 70,000,000 Settlement Shares represent (i) approximately 3.54% of the existing issued share capital of the Company of 1,979,140,800 Shares as at the date of this announcement; and (ii) approximately 3.42% of the issued share capital of the Company as enlarged by the issue of the Settlement Shares. The aggregate nominal value of the Settlement Shares is HK\$700,000.

The Settlement Shares, when allotted and issued, will rank pari passu in all respects among themselves and with the Shares in issue on the date of allotment and issue thereof.

General mandate to issue the Placing Shares

The Settlement Shares will be allotted and issued under the General Mandate granted to the Directors at the annual general meeting of the Company held on 16 June 2022. Pursuant to the General Mandate, the Directors are authorized to allot and issue up to 395,828,160 new Shares. Up to the date of this announcement, no new Shares have been issued under the General Mandate and the Settlement Shares will utilize up to approximately 17.68% of the General Mandate. The issue of the Settlement Shares will not be subject to the approval of the Shareholders.

Application for Listing

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Settlement Shares.

SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) upon Completion of the issue and allotment of the Settlement Shares are set out below, assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the Completion of the Deed of Settlement:

Shareholders	As at the date of this announcement		Upon Completion of the issue and allotment of the Settlement		Assuming the shareholdings of Diamond Era and Filled Converge at 29.9% in aggregate		Assuming full exercise of the conversion rights attaching to the 2022 Convertible Bonds by Filled Converge		Assuming full exercise of the conversion rights attaching to the 2022 Convertible Bonds by Filled Converge, and upon Completion of the issue and allotment of the Settlement Shares	
	Number of	%	Number of	%	Number of	%	Number of	%	Number of	%
	Shares (approximately)		Shares (approximately)		Shares (approximately)		Shares (approximately)		Shares (approximately)	
Diamond Era (Note 1)	421,618,325	21.30	421,618,325	20.57	421,618,325	18.98	421,618,325	10.65	421,618,325	10.46
Filled Converge (Notes 1, 2 and 3)	—	—	—	—	242,717,224	10.92	1,979,861,111	50.01	1,979,861,111	49.14
Well Foundation (Note 4)	—	—	70,000,000	3.42	—	—	—	—	70,000,000	1.74
Public Shareholders	1,557,522,475	78.70	1,557,522,475	76.01	1,557,522,475	70.10	1,557,522,475	39.34	1,557,522,475	38.66
Total	1,979,140,800	100	2,049,140,800	100	2,221,858,024	100	3,959,001,911	100	4,029,001,911	100

Notes:

- Mr. Zhang is the beneficial owner of the entire issued shares of Diamond Era and Filled Converge. Mr. Zhang is deemed, or taken to be, interested in the Shares in which Diamond Era and Filled Converge are interested for the purpose of the SFO. Mr. Zhang is an executive Director and a substantial Shareholder.
- As at the date of this announcement, Filled Converge holds the 2022 Convertible Bonds issued by the Company on 28 April 2022 in the principal amount of HK\$356,375,000. Assuming Filled Converge's conversion right under the 2022 Convertible Bonds were exercised in full, the total of 1,979,861,111 new Shares will be issued to Filled Converge, representing approximately 100.04% of total issued Shares issued by the Company as at the date of this announcement.
- The shareholdings of the Company set out in the above table are for illustration purpose only. As the Conversion Restrictions stipulate that any exercise of the Conversion Rights shall (i) be complied with the obligation under Rules 26 of the Takeovers Code by Filled Converge; or (ii) not render the Company no longer be able to maintain the minimum 25% public float of the Shares as required under the Listing Rules.

4. As at the date of this announcement, Well Foundation holds the 2019 Convertible Bonds issued by the Company on 25 March 2019 in the principal amount of HK\$19,612,000. To fully settle the Settlement Sum in the amount of HK\$27,850,000, (i) the Company shall pay cash in the sum of HK\$10,000,000 to partially settle the Settlement Sum payable to Well Foundation under the 2019 Convertible Bonds; and (ii) the Company shall duly issue and allot 70,000,000 Settlement Shares at the Issue Price of HK\$0.255 per Settlement Share to Well Foundation or any designated group company of China Tonghai International Financial Limited, and the aggregate Issue Price of the Settlement Shares in the sum of HK\$17,850,000 shall set off against the remaining sum payable to Well Foundation. No cash shall be payable by Well Foundation in respect of such aggregate Issue Price. The 2019 Convertible Bonds payable to Well Foundation are fully redeemed upon Completion.
5. As at the date of this announcement, the total number of 179,900,000 share options of the Company have been granted to various grantees with the exercise price per Share of HK\$0.18. Mr. Zhang holds 19,700,000 share options. For further details, please refer to the announcement of the Company dated 29 January 2021. No share option has been exercised as at the date of this announcement.
6. As at the date of this announcement, the Company has a total of 395,000,000 outstanding warrants with an amended warrant exercise price of HK\$0.22 per warrant share. For further details, please refer to the announcement of the Company dated 5 August 2021. No outstanding warrants have been exercised as at the date of this announcement.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE TWELVE MONTHS IMMEDIATELY PRECEDING THE DATE OF THIS ANNOUNCEMENT

Date of announcement(s)	Fund raising activities	Net proceeds	Intended use of proceeds as announced	Actual use of proceeds
5 August 2021	Placing of up to 395,828,160 warrants each carrying the right to subscribe for one (1) Share pursuant to the placing agreement with Zhongtai International Securities Limited	HK\$5,600,000	Payment of salaries and emoluments	Payment of salaries and emoluments <i>(Note 1)</i>
28 April 2022	Issuance of HK\$356,375,000 10% convertible bonds due 2025 under specific mandate	HK\$356,045,000	Fully settle the outstanding amount payable to Filled Converge under the 2019 Convertible Bonds	Fully settle the outstanding amount payable to Filled Converge under the 2019 Convertible Bonds

Note:

1. As at the date of this announcement, approximately HK\$3.2 million of the net proceeds raised had been utilized. The unused portion of the net proceeds are expected to be utilized during 2022 in accordance with the proposed use of proceeds as set out in the relevant announcement of the Company. Such unutilized proceeds have been placed as deposits with licensed banks in the PRC and Hong Kong.

Save as disclosed above, the Company has not conducted any fund raising activities in the past 12 months before the date of this announcement.

REASONS FOR AND BENEFITS OF THE DEED OF SETTLEMENT

The Directors consider that the way of settlement under the Deed of Settlement represents an appropriate means of meeting the Company's payment obligations to Well Foundation under the 2019 Convertible Bonds taking into account the fact that the Settlement in Kind represents an opportunity for the Company to reduce its cash outflow and working capital pressure as the Company is not required to pay the Settlement Sum entirely by cash. The full redemption of 2019 Convertible Bonds payable to Well Foundation can reduce the current borrowings and interest burden of the Group. The issuance of Settlement Shares can enlarge the Shareholders' base of the Company which may in turn enhance the liquidity of the Shares.

In light of the above, the Directors consider that the terms of the Deed of Settlement are on normal commercial terms, fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

The Shareholders and potential investors should be aware that the Deed of Settlement and the transactions contemplated thereunder are subject to the fulfilment of certain conditions, and therefore may or may not proceed.

DEFINITIONS

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

“Board”	the Board of Directors
“Business Day”	a day (other than a Saturday, Sunday or a public holiday) on which banks are open for business in Hong Kong

“China Tonghai Group”	any designated group company of China Tonghai International Financial Limited, the shares of which are listed on the Stock Exchange (stock code: 00952) and the holding company of Well Foundation
“Company”	China Ruifeng Renewable Energy Holdings Limited (stock code: 00527), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange
“Completion”	the completion of the Deed of Settlement upon the satisfaction of the requirements under the Deed of Settlement
“connected person”	has the meaning set out in the Listing Rules
“Deed of Settlement”	deed of settlement executed by the Company and Well Foundation on 30 June 2022 in relation to the settlement of the Settlement Sum upon the terms under the 2019 Convertible Bonds
“Diamond Era”	Diamond Era Holdings Limited, a company incorporated under the laws of BVI with limited liability and a substantial Shareholder holding 421,618,325 Shares as at the date of this announcement and is wholly-owned by Mr. Zhang
“Director(s)”	the director(s) of the Company
“Filled Converge”	贏匯有限公司 (Filled Converge Limited), a company incorporated under the laws of BVI with limited liability holding the 2022 Convertible Bonds as at the date of this announcement and is wholly owned by Mr. Zhang
“General Mandate”	the general mandate granted to the Directors at the annual general meeting of the Company held on 16 June 2022 to issue, allot or otherwise deal with up to 395,828,160 new Shares
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Issue Price”	HK\$0.255 per Settlement Share
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Settlement in Kind”	partial settlement of the Settlement Sum by way of the issue and allot of Settlement Shares
“Settlement Share(s)”	70,000,000 new Shares to be issued and allotted by the Company at the Issue Price of HK\$0.255 pursuant to the terms and conditions of the Deed of Settlement
“Settlement Sum”	the aggregate sum in the amount of HK\$27,850,000, comprising the outstanding principal amount, accrued and unpaid interest and default interest of the 2019 Convertible Bonds payable to Well Foundation
“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	the ordinary share(s) of HK0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Well Foundation”	Well Foundation Company Limited, a company incorporated in Hong Kong with limited liability, holding the 2019 Convertible Bonds in the principal amount of HK\$19,612,000 as at the date of this announcement

- “2019 Convertible Bonds” the convertible bonds in the aggregate amount of HK\$313,795,000 issued by the Company under a specific mandate to Filled Converge and Well Foundation on 25 March 2019, pursuant to the subscription agreement dated 31 December 2018 entered into between the Company, Filled Converge and Well Foundation
- “2022 Convertible Bonds” the 10% unsecured convertible bonds in the aggregate principal amount of HK\$356,375,000 due 2025 issued by the Company to Filled Converge on 28 April 2022
- “%” per cent.

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

Hong Kong, 30 June 2022

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.