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## **CHINA RUIFENG RENEWABLE ENERGY HOLDINGS LIMITED**

### **中國瑞風新能源控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 00527)**

## **DISCLOSEABLE TRANSACTION IN RESPECT OF THE PROPOSED FORMATION OF JOINT VENTURE COMPANY**

### **THE JV AGREEMENT**

The Board is pleased to announce that on 4 November 2022 (after trading hours), a non-wholly owned subsidiary indirectly held by the Company, Hebei Hongsong Renewable Energy, entered into the JV Agreement with Kang Bai Ke in relation to the Proposed JV Formation.

Pursuant to the JV Agreement, the JV Company shall be, after its establishment, owned as to 60% by Hebei Hongsong Renewable Energy and 40% by Kang Bai Ke. The registered capital of the JV Company is expected to be RMB80 million, which shall be contributed by Hebei Hongsong Renewable Energy and Kang Bai Ke in the respective amounts of RMB48 million and RMB32 million.

The JV Company shall be involved in, among others, renewable energy project developments and operations in Dongying, Shandong Province, the PRC, and the subsequent capital operation.

### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios in respect of the Capital Contribution by Hebei Hongsong Renewable Energy under the JV Agreement is or are more than 5% but less than 25%, and all of the percentage ratios are less than 25%, the entering into of the JV Agreement and the transactions contemplated thereunder constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **INTRODUCTION**

The Board is pleased to announce that on 4 November 2022 (after trading hours), a non-wholly owned subsidiary indirectly held by the Company, Hebei Hongsong Renewable Energy, entered into the JV Agreement with Kang Bai Ke in relation to the Proposed JV Formation.

The principal terms of the JV Agreement are summarised below.

## **THE JV AGREEMENT**

### **Date**

4 November 2022 (after trading hours)

### **Parties**

- (1) Hebei Hongsong Renewable Energy; and
- (2) Kang Bai Ke.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Kang Bai Ke and its respective ultimate beneficial owners are Independent Third Parties.

### **Proposed JV Formation**

The JV Company, with its proposed name of 紅松新能源(東營)有限公司 (Hongsong Renewable Energy (Dongying) Company Limited\*), will be established as a limited liability company, with its office to be located in Dongying, Shandong Province, the PRC. The term of operation of the JV Company shall be long term from the date on which its business license is to be issued.

Each of the JV Shareholders shall be held responsible to the JV Company to the extent of their respective Capital Contribution, and shall share profit, risk or loss in proportion to their respective Capital Contribution.

### **Purpose of the Proposed JV Formation**

The JV Company aims at expanding the Group's business operations in the renewable energy sector.

## Scope of business

The JV Company shall be principally engaged in the development of renewable energy business (including solar energy investment, wind power investment, infrastructure, manufacture and trade of hydrogen, methanol and ammonia, and manufacture of biomass energy equipment) in Dongying, Shandong Province, the PRC.

## Total investment, registered capital and Capital Contribution

Pursuant to the terms of the JV Agreement, the total investment of the JV Company is expected to be RMB80,000,000 and its registered capital is expected to be RMB80,000,000, which shall be contributed by the JV Shareholders in cash as follows:

| JV Shareholders                 | Manner of Capital Contribution | Capital Contribution<br>(RMB) | Shareholding Percentage |
|---------------------------------|--------------------------------|-------------------------------|-------------------------|
| Hebei Hongsong Renewable Energy | In cash                        | 48,000,000                    | 60%                     |
| Kang Bai Ke                     | In cash                        | 32,000,000                    | 40%                     |
| <b>Total</b>                    |                                | <b>80,000,000</b>             | <b>100%</b>             |

The JV Shareholders shall contribute their respective Capital Contribution before 31 December 2025 and the registered capital of the JV Company shall not be reduced during the term of its operation generally. The financial results of the JV Company will be consolidated into the Group's consolidated financial statements as its indirect non-wholly owned subsidiary.

The amount of capital contribution has been determined after arm's length negotiations among the parties to the JV Agreement, with reference to the business prospects as well as development potential of the JV Company and the capital requirement of its business development. The Capital Contribution by Hebei Hongsong Renewable Energy will be funded by the Group out of its internal resources and/or other fund-raising activities to be conducted by the Group.

## Transfer of the equity interests in the JV Company

In case of transfer of all or part of its equity interests by any of the JV Shareholders to any third party other than the JV Shareholders, consent from the other JV Shareholder shall be obtained and the other JV Shareholder shall be granted the right of first refusal with respect to such transfer on the same terms. In addition, such transfer shall be approved by the relevant authority.

## **JV Board composition**

The JV Board shall comprise three JV Directors, with two JV Directors to be appointed by Hebei Hongsong Renewable Energy and one JV Director to be appointed by Kang Bai Ke. The JV Chairman shall be any one of the two JV Directors appointed by Hebei Hongsong Renewable Energy. The office of the JV Directors shall be three years, being eligible for renewal upon continuous appointment by their respective designated parties.

## **JV Supervisor**

The JV Company shall, for the time being, have no committee of supervisors but shall have one JV Supervisor to be appointed by Kang Bai Ke.

## **JV General Manager and Head of Finance**

The JV Company shall have one JV General Manager and one Head of Finance, each of whom to be appointed by Hebei Hongsong Renewable Energy for the daily operation of the JV Company.

## **Dissolution of the JV Company**

When the JV Company is to be declared dissolved, it shall be liquidated in accordance with applicable laws, and the remaining assets after its liquidation shall be distributed to the JV Shareholders in proportion to their respective Capital Contribution.

## **Amendment of the JV Agreement**

Any amendment of the JV Agreement shall be agreed by each JV Shareholder in writing, which shall take effect after approval by the relevant authority.

## **Breach of the JV Agreement**

If any of the JV Shareholders fails to timely make its relevant Capital Contribution in accordance with the JV Agreement, it shall constitute a breach of the JV Agreement and that defaulting JV Shareholder shall be held liable for such breach.

In the event that the JV Agreement cannot be performed or cannot be fully performed due to default of any of the JV Shareholders, the relevant defaulting JV Shareholder(s) shall be held liable for the relevant breach.

## **Effective Date of the JV Agreement**

The JV Agreement (and its amendment) shall take effect after approval by each JV Shareholder and the relevant authority.

## **INFORMATION ON THE GROUP AND THE PARTIES TO THE JV AGREEMENT**

The Company is a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange. The Group is principally engaged in the businesses of wind power generation. Hebei Hongsong Renewable Energy is an indirect non-wholly-owned subsidiary of the Company and is principally engaged in investment holding.

Kang Bai Ke is a company established in the PRC with limited liability. It is principally engaged in the rural revitalization industry sector including desertification and alkaline land treatment, agricultural upgrade and intelligent construction, green and low-carbon treatment for agricultural purpose in the PRC. Kang Bai Ke is beneficially held by two individuals namely Mr. Yu Mao (于懋) and Ms. Gong Li (公麗).

## **REASONS FOR AND BENEFITS OF THE PROPOSED JV FORMATION**

As disclosed in the Company's annual report for the year ended 31 December 2021, in addition to its principal business of operating wind farms, the Group continues to search for investment opportunities in the energy and renewable energy sectors. The Group believes that the JV Company can bring high quality investment opportunities and enhance the Group's business operations in the renewable energy sector. Such expansion is in line with the climate commitments of the Central Government of the PRC to achieve peak carbon emissions before 2030 and carbon neutrality by 2060. The Group is committed to becoming a renewable energy supplier and an integrated service provider with relatively strong competitiveness and establishing a stable and comprehensive foundation for the long term growth of the Group. The Group strives to contribute in rural revitalization and low-carbon agricultural development in the PRC.

Accordingly, the Board is of the view that the Proposed JV Formation and the terms of the JV Agreement are fair and reasonable and on normal commercial terms, and the entering into of the JV Agreement is in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios in respect of the Capital Contribution by Hebei Hongsong Renewable Energy under the JV Agreement is or are more than 5% but less than 25%, the entering into of the JV Agreement and the transactions contemplated thereunder constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## DEFINITIONS

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

|                                   |  |
|-----------------------------------|--|
| “Board”                           | the board of Directors of the Company  |
| “Capital Contribution”            | the actual capital contribution to the JV Company to be made by the JV Shareholder(s)  |
| “Company”                         | China Ruifeng Renewable Energy Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose Shares are listed on the Stock Exchange (stock code: 527)   |
| “connected person(s)”             | has the meaning ascribed thereto in the Listing Rules  |
| “Director(s)”                     | the director(s) of the Company   |
| “Group”                           | the Company and its subsidiaries   |
| “Head of Finance”                 | the head of finance of the JV Company  |
| “Hebei Hongsong Renewable Energy” | 河北紅松新能源投資有限公司 (Hebei Hongsong Renewable Energy Investment Company Limited*), a company established in the PRC with limited liability and a non-wholly owned subsidiary indirectly held by the Company (79.06% of the shares in Hebei Hongsong Renewable Energy is held by the Company) |
| “HK\$”                            | Hong Kong dollar, the lawful currency of Hong Kong   |
| “Hong Kong”                       | the Hong Kong Special Administrative Region of the PRC   |
| “Independent Third Party(ies)”    | party(ies) who is (are) not connected person(s) of the Company and its subsidiaries and is (are) third party(ies) independent of the Company and connected persons of the Company  |
| “JV Agreement”                    | the agreement dated 4 November 2022 between Hebei Hongsong Renewable Energy and Kang Bai Ke in relation to the formation and management of the JV Company  |

|                         |   |
|-------------------------|---|
| “JV Board”              | the board of the JV Directors   |
| “JV Chairman”           | the chairman of the JV Board  |
| “JV Company”            | the joint venture company to be established in the PRC with limited liability under the JV Agreement and named as 紅松新能源(東營)有限公司 (Hongsong Renewable Energy (Dongying) Company Limited*) |
| “JV Director(s)”        | the director(s) of the JV Company   |
| “JV General Manager”    | the general manager of the JV Company   |
| “JV Shareholder(s)”     | the shareholder(s) of the JV Company, namely, Hebei Hongsong Renewable Energy and Kang Bai Ke   |
| “JV Supervisor”         | the supervisor(s) of the JV Company   |
| “Kang Bai Ke”           | 康百可(北京)科技有限公司 (Kang Bai Ke (Beijing) Technology Company Limited*), a company established in the PRC with limited liability  |
| “Listing Rules”         | The Rules Governing the Listing of Securities on the Stock Exchange   |
| “PRC”                   | the People’s Republic of China  |
| “Proposed JV Formation” | the proposed establishment of the JV Company by Hebei Hongsong Renewable Energy and Kang Bai Ke   |
| “RMB”                   | Renminbi, the lawful currency of the PRC  |
| “Shareholders”          | holder of the Shares  |
| “Shares”                | ordinary shares of HK\$0.01 each in the share capital of the Company  |

“Stock Exchange”            The Stock Exchange of Hong Kong Limited

“%”                                per cent

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

Hong Kong, 4 November 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.*

\* *for identification purposes*