
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in **China Ruifeng Renewable Energy Holdings Limited**, you should at once hand this circular together with the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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This circular appears for information only and does not constitute an invitation or offer to Shareholders or any other persons to acquire, purchase, or subscribe for securities of the Company.



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



結好融資有限公司
GET NICE CAPITAL LIMITED

Placing Agent to the Company



結好證券有限公司
GET NICE SECURITIES LIMITED

Independent Financial Adviser to the Independent Board Committee



紅日資本有限公司
RED SUN CAPITAL LIMITED

A letter from the Board is set out on pages 9 to 39 of this circular and a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 40 to 41 of this circular. A letter from the Independent Financial Adviser containing its recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 42 to 80 of this circular.

It should be noted that the Consolidated Shares will be dealt in on an ex-rights basis from Friday, 7 July 2023. Dealings in the Rights Shares in nil-paid form are expected to take place from Friday, 21 July 2023 to Friday, 28 July 2023 (both days inclusive). If the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed. Any person contemplating dealing in the nil-paid Rights Shares during the period from Friday, 21 July 2023 to Friday, 28 July 2023 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed. Any person contemplating dealing in the Consolidated Shares and/or the Rights Shares in their nil-paid form are recommended to consult his/her/its/their own professional advisers.

A notice convening the EGM to be held at Room 1002, 10/F, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong on Tuesday, 4 July 2023 at 3 p.m. is set out on pages EGM-1 to EGM-4 of this circular. Whether you are able to attend the EGM or not, you are requested to complete the enclosed proxy form in accordance with the instructions printed on it and return the completed proxy form to the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event so that it is received at least 48 hours before the time appointed (i.e. Sunday, 2 July 2023 at 3 p.m.) for the EGM or adjourned meeting (as the case may be). Submission of a proxy form shall not preclude you from attending the EGM (or any adjournment of such meeting) and voting in person should you so wish.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares and is subject to the fulfilment of conditions. Please refer to the section headed "Conditions of the Rights Issue" in this circular. In the event that the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders or holders of nil-paid Rights Shares together with the ES Unsold Rights Shares will be placed to independent placees on a best effort basis under the Compensatory Arrangements. Any Unsubscribed Rights Shares or 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.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares and/or nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled.

14 June 2023

CONTENTS

	<i>Page</i>
Expected timetable	ii
Definitions	1
Letter from the Board	9
Letter from the Independent Board Committee	40
Letter from the Independent Financial Adviser	42
Appendix I — Financial information of the Group	I-1
Appendix II — Unaudited pro forma financial information of the Group	II-1
Appendix III — General Information	III-1
Notice of EGM	EGM-1

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.

All times and dates in this circular refer to Hong Kong local times and dates. In the event that any special circumstances arise, such dates and deadlines may be adjusted by the Board if it considers appropriate. Any changes to the expected timetable will be published or notified to the Shareholders by way of announcement(s) on the website of the Stock Exchange and on the website of the Company as and when appropriate.

Event	Date and time
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

EXPECTED TIMETABLE

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

EXPECTED TIMETABLE

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

EXPECTED TIMETABLE

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 the new board lot size of 12,000 Rights Shares commence	9:00 a.m. on Wednesday, 23 August 2023
Payment of Net Gain to relevant No Action Shareholders (if any)	Tuesday, 5 September 2023

EXPECTED TIMETABLE

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:

- (i) 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
- (ii) 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.

DEFINITIONS

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

“acting in concert”	has the same meaning ascribed thereto under the Takeovers Code
“Announcement”	the announcement of the Company dated 12 May 2023 in relation to, among other things, the Capital Reorganisation, the Rights Issue and the Placing
“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 circular
“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

DEFINITIONS

“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 circular
“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

DEFINITIONS

“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 circular 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 Shareholders”	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 circular
“Financial Resources Rule”	Securities and Futures (Financial Resources) Rules (Chapter 574N of the Laws of Hong Kong)
“Group”	the Company and its subsidiaries

DEFINITIONS

“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 circular
“Last Trading Day”	12 May 2023, being the last trading day of the Shares on the Stock Exchange immediately prior to the publication of the Announcement

DEFINITIONS

“Latest Practicable Date”	12 June 2023, being the latest practicable date for the purpose of ascertaining certain information contained in this circular prior to its publication
“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

DEFINITIONS

“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 agreed in writing between the Placee and 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

DEFINITIONS

“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
“RMB”	Renminbi, the lawful currency of the PRC
“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

DEFINITIONS

“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 circular
“%”	per cent.

LETTER FROM THE BOARD



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)

Executive Directors

Mr. Yuan Wanyong (*Chairman*)
Mr. Zhang Zhixiang (*Chief Executive Officer*)
Mr. Ning Zhongzhi
Mr. Li Tian Hai (*retired at the annual general meeting of the Company on 1 June 2023*)
Mr. Peng Ziwei (*retired at the annual general meeting of the Company on 1 June 2023*)

Independent Non-executive Directors

Mr. Qu Weidong
Ms. Hu Xiaolin
Mr. Jiang Senlin

Registered Office

Windward 3, Regatta Office Park,
PO Box 1350, Grand Cayman KY1-1108,
Cayman Islands

Head Office

Room 1002, 10/F, Shui On Centre,
6-8 Harbour Road, Wanchai,
Hong Kong

14 June 2023

To the Qualifying Shareholders and, for information only, the Excluded Shareholders (if any)

Dear Sirs

**(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**

INTRODUCTION

References are made to the Announcement in relation to, among other matters, the Capital Reorganisation, the Rights Issue and the Placing.

The purpose of this circular is to provide you with, among other things, (i) further details of the Capital Reorganisation, the Rights Issue and the Placing; (ii) a letter from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iii) a letter from

LETTER FROM THE BOARD

the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue; (iv) other information required under the Listing Rules; and (v) a notice convening the EGM.

PROPOSED SHARE CONSOLIDATION

The Board intends to put forward a proposal to the Shareholders to effect the Share Consolidation which involves the consolidation of every five (5) Existing Shares in the issued and unissued share capital of the Company be consolidated into one (1) Consolidated Share. As none of the Shareholders or their respective associates would have any interest in the Share Consolidation, no Shareholder would be required to abstain from voting in favour of the resolution relating to the Share Consolidation at the EGM.

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 Latest Practicable Date, 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 Latest Practicable Date 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

LETTER FROM THE BOARD

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,

LETTER FROM THE BOARD

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 Latest Practicable Date, 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.

LETTER FROM THE BOARD

The new share certificates for the Consolidated Shares will be issued in grey colour in order to distinguish them from the existing share certificates in green colour.

Proposed Authorised Share Capital Increase

As at the Latest Practicable Date, 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 Latest Practicable Date, 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 Latest Practicable Date, (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.

LETTER FROM THE BOARD

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 Latest Practicable Date, 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

LETTER FROM THE BOARD

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 Latest Practicable Date, save as disclosed in this circular, 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.

LETTER FROM THE BOARD

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\$0.179 per Rights Share
Number of Shares in issue at the Latest Practicable Date	:	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 (assuming exercise of all outstanding Share Options)
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

LETTER FROM THE BOARD

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 Latest Practicable Date, 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. Upon the Share Consolidation becoming effective, there shall be (i) 35,980,000 outstanding Share Options granted by the Company exercisable into 35,980,000 Consolidated Shares, at the exercise price of HK\$0.9 per Share; and (ii) Convertible Bonds with an aggregate principal amount of HK\$356,375,000 convertible into 395,972,222 Consolidated Shares, at the conversion price of HK\$0.9 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 Latest Practicable Date, 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.

LETTER FROM THE BOARD

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 Latest Practicable Date, 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 Latest Practicable Date, 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.

LETTER FROM THE BOARD

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 52% to the theoretical closing price of HK\$0.375 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the closing price of HK\$0.075 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) 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;
- (c) 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;
- (d) 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;
- (e) 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 Latest Practicable Date of approximately HK\$0.0496 per Existing Share); and

LETTER FROM THE BOARD

- (f) 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) 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 circular.

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.

LETTER FROM THE BOARD

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.

LETTER FROM THE BOARD

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 will not be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholders, if any, may not be eligible to take part in the Rights Issue.

The basis for excluding the Excluded Shareholder(s), if any, from the Rights Issue will be set out in the Prospectus. The Company will send the Prospectus (without the PAL) to the Excluded Shareholders for their information only.

In compliance with the necessary requirements of the Listing Rules, the Company will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholder(s) (if any). If, based on legal opinions, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholder(s) on account either of the legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body or stock exchange in that (those) place(s), the Rights Issue will not be extended to such Overseas Shareholder(s).

LETTER FROM THE BOARD

As at the Latest Practicable Date, there was one Overseas Shareholder, namely Xu Yingjie, with registered address located in the PRC, which is interested in 325,666,666 Shares, representing approximately 13.7% of the total number of the existing issued Shares. Pursuant to Rule 13.36(2) of the Listing Rules, the Company has made enquiries with legal adviser as to PRC laws regarding the feasibility of extending the offer of the Rights Shares to the Overseas Shareholder in the PRC. The legal advisers to the Company as to the PRC laws are of view that given the Rights Issue is made by the Company in Hong Kong and is being made by the Company to the Overseas Shareholder in the PRC solely by the reason that it is an existing Shareholder, there are no restrictions under securities law or other similar laws in the PRC which would prevent the Company from including the aforementioned Shareholder in the Rights Issue. Accordingly, the extension of the Rights Issue to Xu Yingjie and the offering of the Rights Shares to him will not violate any applicable law or regulations in the PRC. Based upon such advice, Xu Yingjie will not be excluded from the Rights Issue and Xu Yingjie shall therefore be a Qualifying Shareholder.

Arrangements will be made for Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholder(s) to be sold in the market 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 and stamp duty, of more than HK\$100 will be paid pro rata to the Excluded Shareholder(s). The Company will retain individual amounts of HK\$100 or less for the benefit of the Company.

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.

LETTER FROM THE BOARD

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 circular, 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.

LETTER FROM THE BOARD

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.

LETTER FROM THE BOARD

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

LETTER FROM THE BOARD

- 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.

LETTER FROM THE BOARD

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.

LETTER FROM THE BOARD

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

LETTER FROM THE BOARD

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;

LETTER FROM THE BOARD

- (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. As at the Latest Practicable Date, none of the above conditions has been fulfilled.

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 exercise of all outstanding Share Options before the Record Date, in the event of full acceptance of the Right Shares by all Qualifying Shareholders and no Placing has to be conducted, the relevant expenses which would be incurred in the Rights Issue would be approximately HK\$1.7 million; on the other hand, in the event of 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 are placed by the Placing Agent, the relevant expenses would be approximately HK\$3.9 million.

Accordingly, the gross proceeds from the Rights Issue will be up to approximately HK\$229.9 million and the maximum net proceeds (after deducting the estimated expenses) of the Rights Issue are estimated to be approximately HK\$228.2 million. The net subscription price per Rights Share is expected to be approximately HK\$0.179.

The Company intends to use the net proceeds from the Rights Issue for the following purposes: (i) approximately HK\$92 million (or approximately 40.3% of the total net proceeds) for repayment of the Group's bonds; (ii) approximately HK\$70.0 million (or approximately 30.7% of the total net proceeds) for repayment of the Group's notes payables; (iii) approximately HK\$45.0 million (or approximately 19.7% of the total net proceeds) for future business development; and (iv) the remaining balance of approximately HK\$21.2 million (or approximately 9.3% of the total

LETTER FROM THE BOARD

net proceeds) for general working capital of the Group. As at the Latest Practicable Date, the Group has not yet identified any suitable investment opportunities for future business development.

Having said that, as set out in the 2022 Annual Report, the Group will continue to consolidate its resources on the development and operation of various renewable energy systems such as wind farms in the future, with the aim of becoming one of the pillar companies in the renewable energy industry in northern China. Through joint development and acquisitions, the Group will continue seeking opportunities to develop its renewable energy business in new and clean energy areas other than wind power. Moreover, the Group will continue looking for and acquiring power stations with good development prospects and established operations to strengthen its existing business of operating and maintaining wind farms in northern China, gradually expanding its business coverage to surrounding areas, and increasing its interaction with other business sectors. At the same time, the Group is actively seeking opportunities to expand its business scope to hydrogen-related businesses including the production of hydrogen vehicles, wind power to hydrogen generation, hydrogen storage, and building and operation of a hydrogen fuel station.

The Group has set up two joint venture companies in 2022 to expand the Group's renewable energy business layout, enlarge the Group's installed capacity in renewable energy projects and explore business opportunities in agricultural-photovoltaic projects. The Group has been actively seeking and researching business opportunities as mentioned above. Upon completion of the Rights Issue, the Group will take further steps in potential projects and targets to utilise the funds raised for the aforementioned purposes in the twelve months following the completion of the Rights Issue.

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

LETTER FROM THE BOARD

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.

LETTER FROM THE BOARD

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 Latest Practicable Date; (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 Latest Practicable Date		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	13.71	65,133,333 ^(Note 1)	13.71	227,966,663 ^(Note 2)	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 placees	—	—	—	—	—	—	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	2,374,807,466	100.00	474,961,493	100.00	1,662,365,223	100.00	1,662,365,223	100.00

LETTER FROM THE BOARD

Assuming the Share Options are fully exercised:

	As at the Latest Practicable Date		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 ^(Note1)	12.75	227,966,663 ^(Note2)	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
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.

LETTER FROM THE BOARD

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 Latest Practicable Date:

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 Latest Practicable Date.

POSSIBLE ADJUSTMENTS RELATING TO THE SHARE OPTIONS AND THE CONVERTIBLE BONDS

As at the Latest Practicable Date, 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 Latest Practicable Date. 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. 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 as a result of the Rights Issue. Further announcement relating to such adjustments will be made by the Company in this regard as and when appropriate.

LETTER FROM THE BOARD

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 Latest Practicable Date, 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.

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.

Subject to the approval of the Rights Issue by the Independent Shareholders at the EGM, 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).

LETTER FROM THE BOARD

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 circular 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).

RECOMMENDATIONS

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Qu Weidong, Ms. Hu Xiaolin and Mr. Jiang Senlin, has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM. Redsun Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable.

Your attention is drawn to the letter from the Independent Board Committee set out on pages 40 to 41 of this circular which contains its recommendation to the Independent Shareholders in relation to the Rights Issue, and the letter from the Independent Financial Adviser set out on pages 42 to 80 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders.

LETTER FROM THE BOARD

The Directors (including the independent non-executive Directors whose views are expressed in the letter from the Independent Board Committee) consider that the terms of the Rights Issue and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors whose views are expressed in the letter from the Independent Board Committee) recommend the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

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



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)

14 June 2023

To the Independent Shareholders

Dear Sirs

**PROPOSED RIGHTS ISSUE ON THE BASIS OF FIVE (5) RIGHTS
SHARES FOR EVERY TWO (2) CONSOLIDATED SHARES HELD ON
THE RECORD DATE**

We refer to the circular of the Company dated 14 June 2023 (the “**Circular**”) of which this letter forms part. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM.

Red Sun Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable. Details of its recommendation, together with the principal factors and reasons taken into consideration in arriving at such recommendation, are set out on pages 42 to 80 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 9 to 39 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the factors and reasons considered by, and the opinion of, the Independent Financial Adviser as set out in its letter of advice to the Independent Shareholders and the Independent Board Committee on pages 40 to 41 of the Circular, we are of the opinion that the terms of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM to approve the Rights Issue.

Yours faithfully

For and on behalf of

The Independent Board Committee

Mr. Jiang Senlin

Mr. Qu Weidong

Ms. Hu Xiaolin

Independent non-executive Directors

CHINA RUIFENG RENEWABLE ENERGY HOLDINGS LIMITED

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from the Independent Financial Adviser which sets out its advice to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder, which has been prepared for the purpose of inclusion in this circular.



紅日資本有限公司
RED SUN CAPITAL LIMITED

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Tel: (852) 2857 9208

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14 June 2023

*To: The Independent Board Committee and the Independent Shareholders of
China Ruifeng Renewable Energy Holdings Limited*

RIGHTS ISSUE ON THE BASIS OF FIVE (5) RIGHTS SHARES FOR EVERY TWO (2) CONSOLIDATED SHARES HELD ON THE RECORD DATE

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of Rights Issue, the Placing Agreement and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular dated 14 June 2023 issued by the Company (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

Reference is made to the Announcement in relation to, among others, the Rights Issue and the Placing. As set out in the Announcement, on 12 May 2023, the Company proposed 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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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 maximum net proceeds from the Rights Issue after deducting all necessary expenses will be approximately HK\$228.2 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\$92.0 million (or approximately 40.3% of the total net proceeds) for repayment of the Group's bonds; (ii) approximately HK\$70.0 million (or approximately 30.7% of the total net proceeds) for repayment of the Group's notes payables; (iii) approximately HK\$45.0 million (or approximately 19.7% of the total net proceeds) for future business development; and (iv) the remaining balance of approximately HK\$21.2 million (or approximately 9.3% of the total net proceeds) for general working capital of the Group.

LISTING RULES IMPLICATIONS

As set out in the Letter from the Board, 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 Latest Practicable Date, 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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising three independent non-executive Directors, namely Mr. Jiang Senlin, Mr. Qu Weidong and Ms. Hu Xiaolin, has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder, are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM, taking into account the recommendations of the Independent Financial Adviser.

We have been appointed as the Independent Financial Adviser with the approval by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in this respect.

OUR INDEPENDENCE

We did not have any business relationship with or interest in the Company that could reasonably be regarded as relevant in assessing our independence as at the Latest Practicable Date. Save for our appointment as the Independent Financial Adviser, we did not act as an independent financial adviser of the Company in the past two years. Apart from the normal professional fee paid or payable to us in connection with our appointment as the Independent Financial Adviser, no arrangements exist whereby we shall receive, directly or indirectly, any other fees or benefits from the Company. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules and suitable to give independent advice to the Independent Board Committee.

BASIS OF OUR ADVICE

In formulating our advice, we have relied solely on the statements, information, opinions, beliefs and representations for matters relating to the Group, their respective shareholders and management contained in the Circular and the information and representations provided to us by the Group, its senior management (the “**Management**”) and/or the Directors. We have assumed that all information, representations and opinions contained or referred to in the Circular for which the Company, the Directors and the Management are solely and wholly responsible, were true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have assumed that all such statements, information, opinions, beliefs and representations contained or referred to in the Circular (including this letter) or otherwise provided or made or given by the Group, the Management and/or the Directors and for which it is/they are solely responsible were true and accurate, and valid and complete in all material respects at the time they were made and given and continue to be true and accurate, and valid and complete in all material respects as at the date of the Circular. We have assumed that all the opinions, beliefs and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

representations for matters relating to the Group, made or provided by the Management and/or the Directors contained in the Circular have been reasonably made after due and careful enquiry. We have also sought and obtained confirmation from the Company, the Management and/or the Directors that no material facts have been omitted from the information provided and referred to in the Circular.

We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules, which included, among others, (i) reviewing the Placing Agreement and the terms thereunder; (ii) reviewing announcement of the Company dated 12 May 2023 (i.e. the Announcement); (iii) reviewing the contents as set out in the Circular, including but not limited to, the reasons for and benefits of the Rights Issue and use of proceeds; (iv) reviewing the information as set out in the 2021 Annual Report and the 2022 Annual Report (defined hereafter) for our analysis on the background and historical financial performance of the Group; (v) conducting market research on the share price performance against the Subscription Price; (vi) reviewing the trading volume of the Shares and conducting the analysis on the trading liquidity of Shares; (vii) identifying the Rights Issue comparables for the purpose of our fairness and reasonableness analysis on the terms of the Rights Issue; (viii) conducting analysis on the terms of the Placing Agreement; (ix) conducting analysis on the potential dilution effect of the Rights Issue; and (x) conducting analysis on the possible financial effects of the Rights Issue. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by the Group, the Directors and/or the Management and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents.

This letter is issued to the Independent Board Committee and the Independent Shareholders solely for their consideration of the Rights Issue, the Placing Agreement and the transactions as contemplated thereunder, and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

We have taken into consideration the following principal factors and reasons in arriving at our opinion in respect of the Rights Issue:

1. BACKGROUND AND FINANCIAL INFORMATION OF THE GROUP

As disclosed in the Letter from the Board, the Group is engaged in the business of wind farms operation and is continuing to search for investment opportunities in the energy sectors.

Set out below is the summary of the Group's audited consolidated statements of profit or loss and consolidated statements of financial position for the years ended 31 December 2020, 2021 and 2022 as set out in the annual report of the Group for the year ended 31 December 2021 (the "2021 Annual Report") and the annual report of the Group for the year ended 31 December 2022 (the "2022 Annual Report"):

Summary of consolidated statements of profit or loss

	For the year ended 31 December		
	2020	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Audited)	(Audited)	(Audited)
Revenue			
— Sales of electricity	251,404	253,816	220,602
— Tariff adjustment	94,997	96,179	78,268
— Incineration of medical wastage	—	2,412	5,573
Total Revenue	346,401	352,407	304,443
Gross profit	123,373	112,770	64,114
Loss before income tax	(173,877)	(342,603)	(156,055)
Loss for the year attributable to the owners of the Company	(213,010)	(368,557)	(154,448)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The year ended 31 December 2022 compared to the year ended 31 December 2021

For the year ended 31 December 2022, the revenue of the Group decreased by approximately RMB48.0 million or 13.6%, from approximately RMB352.4 million for the year ended 31 December 2021 to approximately RMB304.4 million for the year ended 31 December 2022.

The decrease in revenue of the Group was mainly attributable to the decrease in revenue from sales of electricity and tariff adjustment. As set out in the 2022 Annual Report, revenue from sales of electricity decreased by approximately RMB33.2 million or 13.1% from approximately RMB253.8 million for the year ended 31 December 2021 to approximately RMB220.6 million for the year ended 31 December 2022. Revenue from tariff adjustment decreased by approximately RMB17.9 million or 18.6% from approximately RMB96.2 million for the year ended 31 December 2021 to approximately RMB78.3 million for the year ended 31 December 2022. Revenue from incineration of medical wastage increased by approximately RMB3.2 million or 131.1% from approximately RMB2.4 million for the year ended 31 December 2021 to approximately RMB5.6 million for the year ended 31 December 2022.

For the year ended 31 December 2022, the gross profit of the Group decreased by approximately RMB48.7 million or 43.1%, from approximately RMB112.8 million for the year ended 31 December 2021 to approximately RMB64.1 million for the year ended 31 December 2022. The decrease in gross profit of the Group was mainly attributable to the decrease in revenue as discussed above and the increase in cost of sales. The gross profit margin for the year ended 31 December 2022 was approximately 21.1%, as compared to approximately 32.0% for the year 31 December 2021. The decrease in gross profit margin was mainly due to the increasing proportion of the cost of raw materials, staff costs, depreciation, repair and maintenance cost, water, electricity, gas, and other ancillary materials in the cost of sales.

It is noted that loss for the year attributable to the owners of the Company decreased by approximately RMB214.1 million or 58.1%, from approximately RMB368.6 million for the year ended 31 December 2021 to approximately RMB154.4 million for the year ended 31 December 2022. As stated in the 2022 Annual Report, the decrease in loss for the year attributable to owners of the Company for the year ended 31 December 2022 was primarily attributable to the decrease in provision for expected credit losses on other receivables recognised for the year ended 31 December 2022 of approximately RMB27.5 million, as compared to approximately RMB234.2 million for the year ended 31 December 2021.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The year ended 31 December 2021 compared to the year ended 31 December 2020

For the year ended 31 December 2021, the revenue of the Group increased by approximately RMB6.0 million or 1.7%, from approximately RMB346.4 million for the year ended 31 December 2020 to approximately RMB352.4 million for the year ended 31 December 2021.

The increase in revenue of the Group was mainly attributable to (i) the increase in revenue from sales of electricity and tariff adjustment; and (ii) the increase in revenue from incineration of medical waste. As advised by the Management, revenue from sales of electricity increased by approximately RMB2.4 million or 1.0% from approximately RMB251.4 million for the year ended 31 December 2020 to approximately RMB253.8 million for the year ended 31 December 2021. As set out in the 2021 Annual Report, revenue from tariff adjustment increased by approximately RMB1.2 million or 1.2% from approximately RMB95.0 million for the year ended 31 December 2020 to approximately RMB96.2 million for the year ended 31 December 2021. Revenue from incineration of medical waste of approximately RMB2.4 million was recorded as a new income stream for the year ended 31 December 2021. No revenue from incineration of medical waste was recognized for the year ended 31 December 2020.

For the year ended 31 December 2021, the gross profit of the Group decreased by approximately RMB10.6 million or 8.6%, from approximately RMB123.4 million for the year ended 31 December 2020 to approximately RMB112.8 million for the year ended 31 December 2021. The decrease in gross profit of the Group was mainly attributable to the increase in cost of sales. The gross profit margin for the year ended 31 December 2021 was approximately 32.0%, as compared to approximately 35.6% for the year 31 December 2020. The decrease in gross profit margin was mainly due to the increasing proportion of the cost of raw materials, staff costs, depreciation, repair and maintenance cost, water, electricity, gas, and other ancillary materials in the cost of sales.

It is noted that loss for the year attributable to the owners of the Company increased by approximately RMB155.5 million or 73.0%, from approximately RMB213.0 million for the year ended 31 December 2020 to approximately RMB368.6 million for the year ended 31 December 2021. As stated in the 2021 Annual Report, the increase in loss for the year attributable to owners of the Company for the year ended 31 December 2021 was primarily attributable to (i) the provision for expected credit losses on other receivables of approximately RMB234.2 million was recognised for the year ended 31 December 2021 as compared to approximately RMB47.7 million for the year ended 31 December 2020; and (ii) the recognition of impairment loss on property, plant and equipment amounted to approximately RMB40.7 million based on impairment assessment for the year ended 31 December 2021, which the Group did not recognise any for the year ended 31 December 2020.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Summary of consolidated statement of financial position

	As at 31 December		
	2020	2021	2022
	<i>RMB million</i> (Audited)	<i>RMB million</i> (Audited)	<i>RMB million</i> (Audited)
Non-current assets	1,428.2	1,271.9	1,102.3
Current assets	1,670.6	965.1	905.9
Total assets	3,098.8	2,237.0	2,008.2
Non-current liabilities	1,405.3	1,136.5	1,413.3
Current liabilities	1,060.3	819.3	479.8
Total liabilities	2,465.6	1,955.8	1,893.1
Net assets	633.2	281.2	115.1

Financial position of the Group as at 31 December 2022 compared to 31 December 2021

The Group's total assets decreased by approximately RMB228.8 million or 10.2% from approximately RMB2,237.0 million as at 31 December 2021 to approximately RMB2,008.2 million as at 31 December 2022. It is noted that the Group's non-current assets decreased by approximately RMB169.6 million or 13.3% from approximately RMB1,271.9 million as at 31 December 2021 to approximately RMB1,102.3 million as at 31 December 2022. Such decrease was primarily attributable to (i) the decrease in property, plant and equipment from approximately RMB1,063.7 million as at 31 December 2021 to approximately RMB878.9 million as at 31 December 2022; and (ii) the decrease in right-of-use assets from approximately RMB25.4 million as at 31 December 2021 to approximately RMB20.2 million as at 31 December 2022, and partially offset by the increase in prepayments and other receivables from approximately RMB168.5 million as at 31 December 2021 to approximately RMB184.0 million as at 31 December 2022. It is noted that the Group's current assets decreased by approximately RMB59.2 million or 6.1% from approximately RMB965.1 million as at 31 December 2021 to approximately RMB905.9 million as at 31 December 2022. Such decrease was primarily attributable to the decrease in trade and other receivables from approximately RMB719.5 million as at 31 December 2021 to approximately RMB482.1 million as at 31 December 2022, and partially offset by the increase in cash and cash equivalents from approximately RMB243.3 million as at 31 December 2021 to approximately RMB420.8 million as at 31 December 2022.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at 31 December 2022, assets of the Group mainly comprised of (i) property, plant and equipment of approximately RMB878.9 million; (ii) trade and other receivables of approximately RMB482.1 million; and (iii) cash and cash equivalents of approximately RMB420.8 million, which accounted for approximately 43.8%, 24.0% and 21.0% of the total assets, respectively.

The Group's total liabilities decreased by approximately RMB62.7 million or 3.2%, from approximately RMB1,955.8 million as at 31 December 2021 to approximately RMB1,893.1 million as at 31 December 2022. It is noted that the Group's non-current liabilities increased by approximately RMB276.8 million or 24.4% from approximately RMB1,136.5 million as at 31 December 2021 to approximately RMB1,413.3 million as at 31 December 2022. Such increase was mainly attributable to (i) the increase in non-current portion of borrowings of approximately RMB279.7 million from approximately RMB1,120.9 million as at 31 December 2021 to approximately RMB1,400.6 million as at 31 December 2022; and (ii) the increase in non-current portion of lease liabilities of approximately RMB2.5 million from approximately RMB0.9 million as at 31 December 2021 to approximately RMB3.4 million as at 31 December 2022, and partially offset by the decrease in deferred income tax liabilities of approximately RMB4.9 million from approximately RMB14.1 million as at 31 December 2021 to approximately RMB9.2 million as at 31 December 2022. It is noted that the Group's current liabilities decreased by approximately RMB339.5 million or 41.4% from approximately RMB819.3 million as at 31 December 2021 to approximately RMB479.8 million as at 31 December 2022. Such decrease was primarily attributable to (i) the decrease in trade and other payables of approximately RMB78.9 million from approximately RMB230.3 million as at 31 December 2021 to approximately RMB151.4 million as at 31 December 2022; and (ii) the decrease in current portion of borrowings of approximately RMB260.3 million from approximately RMB582.8 million as at 31 December 2021 to approximately RMB322.5 million as at 31 December 2022.

As at 31 December 2022, liabilities of the Group mainly comprised of (i) borrowings of approximately RMB1,723.1 million; and (ii) trade and other payables of approximately RMB151.4 million, which accounted for approximately 91.0% and 8.0% of the total liabilities, respectively.

Financial position of the Group as at 31 December 2021 compared to 31 December 2020

The Group's total assets decreased by approximately RMB861.8 million or 27.8% from approximately RMB3,098.8 million as at 31 December 2020 to approximately RMB2,237.0 million as at 31 December 2021. It is noted that the Group's non-current assets decreased by approximately RMB156.3 million or 10.9% from approximately RMB1,428.2 million as at 31 December 2020 to approximately RMB1,271.9 million as at 31 December 2021. Such decrease was primarily attributable to the decrease in property, plant and equipment from approximately RMB1,246.8 million as at 31 December 2020 to approximately RMB1,063.7 million as at 31 December 2021, and partially offset by the increase in prepayments of other receivables from

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

approximately RMB155.4 million as at 31 December 2020 to approximately RMB168.5 million as at 31 December 2021. It is noted that the Group's current assets decreased by approximately RMB705.5 million or 42.2% from approximately RMB1,670.6 million as at 31 December 2020 to approximately RMB965.1 million as at 31 December 2021. Such decrease was primarily attributable to the decrease in (i) cash and cash equivalents from approximately RMB858.8 million as at 31 December 2020 to approximately RMB243.3 million as at 31 December 2021; and (ii) trade and other receivables from approximately RMB809.0 million as at 31 December 2020 to approximately RMB719.5 million as at 31 December 2021.

As at 31 December 2021, assets of the Group mainly comprised of property, plant and equipment of approximately RMB1,063.7 million, trade and other receivables of approximately RMB719.5 million and cash and cash equivalents of approximately RMB243.3 million, which accounted for approximately 47.6%, 32.2% and 10.9% of the total assets, respectively.

The Group's total liabilities decreased by approximately RMB509.8 million or 20.7%, from approximately RMB2,465.6 million as at 31 December 2020 to approximately RMB1,955.8 million as at 31 December 2021. It is noted that the Group's non-current liabilities decreased by approximately RMB268.8 million or 19.1% from approximately RMB1,405.3 million as at 31 December 2020 to approximately RMB1,136.5 million as at 31 December 2021. Such decrease was mainly attributable to the decrease in non-current portion of borrowings of approximately RMB265.2 million from approximately RMB1,386.1 million as at 31 December 2020 to approximately RMB1,120.9 million as at 31 December 2021. It is noted that the Group's current liabilities decreased by approximately RMB241.0 million or 22.7% from approximately RMB1,060.3 million as at 31 December 2020 to approximately RMB819.3 million as at 31 December 2021. Such decrease was primarily attributable to (i) the decrease in current portion of borrowings of approximately RMB252.8 million from approximately RMB835.6 million as at 31 December 2020 to approximately RMB582.8 million as at 31 December 2021, and partially offset by the increase in trade and other payables of approximately RMB22.4 million from approximately RMB207.8 million as at 31 December 2020 to approximately RMB230.3 million as at 31 December 2021; and (ii) the decrease in current income tax liabilities of approximately RMB11.9 million from approximately RMB16.9 million as at 31 December 2020 to approximately RMB5.0 million as at 31 December 2021.

As at 31 December 2021, liabilities of the Group mainly comprised of borrowings of approximately RMB1,703.7 million and trade and other payables of approximately RMB230.3 million, which accounted for approximately 87.1% and 11.8% of the total liabilities, respectively.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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

As set out in the Letter from the Board, assuming exercise of all outstanding Share Options before the Record Date, in the event of full acceptance of the Right Shares by all Qualifying Shareholders and no Placing has to be conducted, the relevant expenses which would be incurred in the Rights Issue would be approximately HK\$1.7 million; on the other hand, in the event of 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 are placed by the Placing Agent, the relevant expenses would be approximately HK\$3.9 million.

As set out in the Letter from the Board, the gross proceeds from the Rights Issue will be up to approximately HK\$229.9 million and the maximum net proceeds (after deducting the estimated expenses) of the Rights Issue are estimated to be approximately HK\$228.2 million. The net subscription price per Rights Share is expected to be approximately HK\$0.179.

As set out in the Letter from the Board, the Company intends to use the net proceeds from the Rights Issue for the following purposes: (i) approximately HK\$92.0 million (or approximately 40.3% of the total net proceeds) for repayment of the Group's bonds; (ii) approximately HK\$70.0 million (or approximately 30.7% of the total net proceeds) for repayment of the Group's notes payables; (iii) approximately HK\$45.0 million (or approximately 19.7% of the total net proceeds) for future business development; and (iv) the remaining balance of approximately HK\$21.2 million (or approximately 9.3% of the total net proceeds) for general working capital of the Group. As at the Latest Practicable Date, the Group has not yet identified any suitable investment opportunities for future business development.

As set out in the Letter from the Board, we noted that approximately HK\$92.0 million and HK\$70.0 million of the net proceeds from the Rights Issue shall be applied to the repayment bonds and notes payables, respectively. We then perform an analysis on the bonds and notes payables of the Group. As set out in the 2022 Annual Report and as advised by the Management, as at 31 December 2022, the aggregated principal amount of the bonds issued by the Company amounted to approximately HK\$151.3 million, with maturity in one to three years and fixed interest rates in the range of 7% to 10% per annum. The aggregate principal amount of the notes payables issued by the Company amounted to approximately HK\$64.8 million with effective interest rate of 16% per annum.

As disclosed in the 2022 Annual Report, the total borrowings of the Group as at 31 December 2022 amounted to approximately RMB1,723.1 million, representing an increase of approximately 1.1% as compared to the total borrowings of the Group as at 31 December 2021 of approximately RMB1,703.7 million. Furthermore, we noted that the net debt-to-equity ratio of the Group, which

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

was calculated by dividing net debt of the Group, being the Group's total borrowings less cash and cash equivalents, by its total equity, increased from approximately 519.4% as at 31 December 2021 to approximately 1,130.8% as at 31 December 2022 as a result of the decrease in equity of the Group. In addition, we noted that the Group incurred a total interest expense of approximately RMB156.5 million for the year ended 31 December 2022, representing an increase of approximately 6.7% as compared to approximately RMB146.7 million for the year ended 31 December 2021.

Furthermore, as stated in the Letter from the Board, we noted that approximately HK\$45.0 million of the net proceeds from the Rights Issue shall be applied for future business development. As disclosed in the 2022 Annual Report, we noted that the Group recorded loss for the year for five consecutive financial years since 2018, from approximately RMB37.3 million for the year ended 31 December 2018 to approximately RMB162.0 million for the year ended 31 December 2022. In this connection, we considered that the Group has funding needs for future business development so as to enhance the possible rate of return of the Group and Shareholders' value in the future.

Besides, as set out in the 2022 Annual Report, the Group will continue to consolidate its resources on the development and operation of various renewable energy systems such as wind farms in the future, with the aim of becoming one of the pillar companies in the renewable energy industry in northern China. Through joint development and acquisitions, the Group will continue seeking opportunities to develop its renewable energy business in new and clean energy areas other than wind power. Moreover, the Group will continue looking for and acquiring power stations with good development prospects and established operations to strengthen its existing business of operating and maintaining wind farms in northern China, gradually expanding its business coverage to surrounding areas, and increasing its interaction with other business sectors. At the same time, the Group is actively seeking opportunities to expand its business scope to hydrogen-related businesses including the production of hydrogen vehicles, wind power to hydrogen generation, hydrogen storage, and building and operation of a hydrogen fuel station.

As set out in the Letter from the Board, the Board has set up two joint venture companies in 2022 to expand the Group's renewable energy business layout, enlarge the Group's installed capacity in renewable energy projects and explore business opportunities in agricultural-photovoltaic projects. The Group has been actively seeking and researching business opportunities as mentioned above. Upon completion of the Rights Issue, the Group will take further steps in potential projects and targets to utilise the funds raised for the aforementioned purposes in the twelve months following the completion of the Rights Issue. As such, the Directors are of the view, and we concur, the application of HK\$45 million of the net proceeds from the Rights Issues towards future business development is fair and reasonable to the Shareholders and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In view of (i) the gearing ratio of the Group will be reduced to a more desirable level after the repayment of bonds and notes payables and the Rights Issue can strengthen the financial position of the Group; (ii) the interest burden of the Group will be reduced upon the repayment of bonds and notes payable and hence the financial performance might be improved upon the repayment of bonds and notes payable; and (iii) the intended allocation of net proceeds for future business development and general working capital allow the Group to have enhanced internal resources and financing capacity for future business development should suitable opportunities arise, with an aim to enhance the possible rate of return of the Group and Shareholders' value in the future.

Funding needs and fundraising alternatives considered by the Group

As set out in the Letter from the Board, 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) considered that it is in the interests of the Company and the Shareholders as a whole to raise capital through the Rights Issue.

As set out in the Letter from the Board, 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.

As set out in the Letter from the Board, it was considered that bank borrowings, if available, incur additional interest costs and create pressure to the liquidity of the Company. As disclosed in the 2022 Annual Report, as at 31 December 2022, gearing ratio of the Group, which was calculated by dividing the Group's total liabilities by its total assets, was approximately 94.3%, as compared to approximately 87.4% as at 31 December 2021. The finance costs of the Group, which, mainly comprises interest expense on bank loans and other loans, bonds and convertible bonds, amounted to approximately RMB146.7 million and RMB156.5 million for the year ended 31 December 2021 and 2022, respectively, compared to the loss for the year of approximately RMB358.7 million and RMB162.0 million for the year ended 31 December 2021 and 2022, respectively. Such finance cost represented approximately 41.6% and 51.4% of revenue of the Group for the year ended 31 December 2021 and 2022, respectively. Additional debt financing would increase the interest burden as well as driving up the gearing ratio of the Group and increasing finance cost burden to the Group. The interest rate is expected to be further increased in

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

prevailing borrowing market, which may not be beneficial to the financial performance of the Group in future. Based on the above, the Directors considered, and we concur, that debt financing is a less preferable option for fund raising of the Group currently.

As advised by the Board, the Board has also considered other equity fund raising options, such as placement of Shares. As set out in the Letter from the Board, placing of new shares dilutes the interests of existing Shareholders without giving them the opportunity to take part in the Rights Issue. We have discussed with the Directors and understand that it is the view of the Directors, and we concur that, placing, as an equity fundraising (i) would involve substantial issuance of securities and it is not uncommon that the subscriber(s) request for a relatively deeper discount to the trading price of the Shares in view of the substantial amount of securities involved; and (ii) would dilute the shareholding of the existing Shareholders without offering them the opportunity to maintain their shareholding interests in the Company. Regarding open offer, it does not provide an option to the Shareholders to trade their rights entitlement in the open market, although it offers qualifying shareholders to participate, similar to a rights issue. Based on the above, the Directors considered that other equity fund raising options are less preferable for fund raising of the Group currently.

Previous fundraising exercises involving issue of securities in prior 12-month period

During the 12 months immediately preceding the Latest Practicable Date, the Company has carried out the following equity fund-raising activities:

Date of announcements	Event	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds
20 December 2022 and 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 Latest Practicable Date.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Principal terms of the Rights Issue

Set out below is a summary of principal terms of the Rights Issue:

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\$0.179 per Rights Share
Number of Shares in issue at the Latest Practicable Date:	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 (assuming exercise of all outstanding Share Options)
Number of Rights Shares to be issued pursuant to the Rights Issue:	Up to 1,277,353,730 Rights Shares (assuming exercising 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)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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)
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As at the Latest Practicable Date, 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. Upon the Share Consolidation becoming effective, there shall be (i) 35,980,000 outstanding Share Options granted by the Company exercisable into 35,980,000 Consolidated Shares, at the exercise price of HK\$0.9 per Share; and (ii) Convertible Bonds with an aggregate principal amount of HK\$356,375,000 convertible into 395,972,222 Consolidated Shares, at the conversion price of HK\$0.9 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 Latest Practicable Date, 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.

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);

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (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 Latest Practicable Date, 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 Latest Practicable Date, 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 Latest Practicable Date.

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

As set out in the Letter from the Board, 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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Subscription Price represents:

- (a) a discount of 52% to the theoretical closing price of HK\$0.375 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the closing price of HK\$0.075 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) 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;
- (c) 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;
- (d) a discount of 10% to the theoretical ex-rights price of approximately 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;
- (e) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 20%, represented by the theoretical diluted price of approximately 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 Latest Practicable Date of approximately HK\$0.0496 per Existing Share); and
- (f) 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 based on the exchange rate of RMB1=HKD1.129 on the Last Trading Day) and the total number of issued Consolidated Shares after the Share Consolidation, which will be 474,961,493).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As set out in the Letter from the Board, 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 head “Reasons for and benefits of the Rights Issue and use of proceeds” in the Letter from the Board.

As set out in the Letter from the Board, 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.

As the Rights Shares is only available to the Qualifying Shareholders, the Directors wish to set the Subscription Price at a level that will attract Qualifying Shareholders to participate in the Rights Issue. The Directors (excluding the independent non-executive Directors) consider that the terms of the Rights Issue, including the Subscription Price which has been set as 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 and maintain their shareholdings in the Company, particularly in view of (i) the historical trading prices of the Shares displayed a downward trend during the past twelve months before the Last Trading Day; and (ii) the low average trading volume of shares in the past twelve months before the Last Trading Day.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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.

Analysis on the Subscription Price

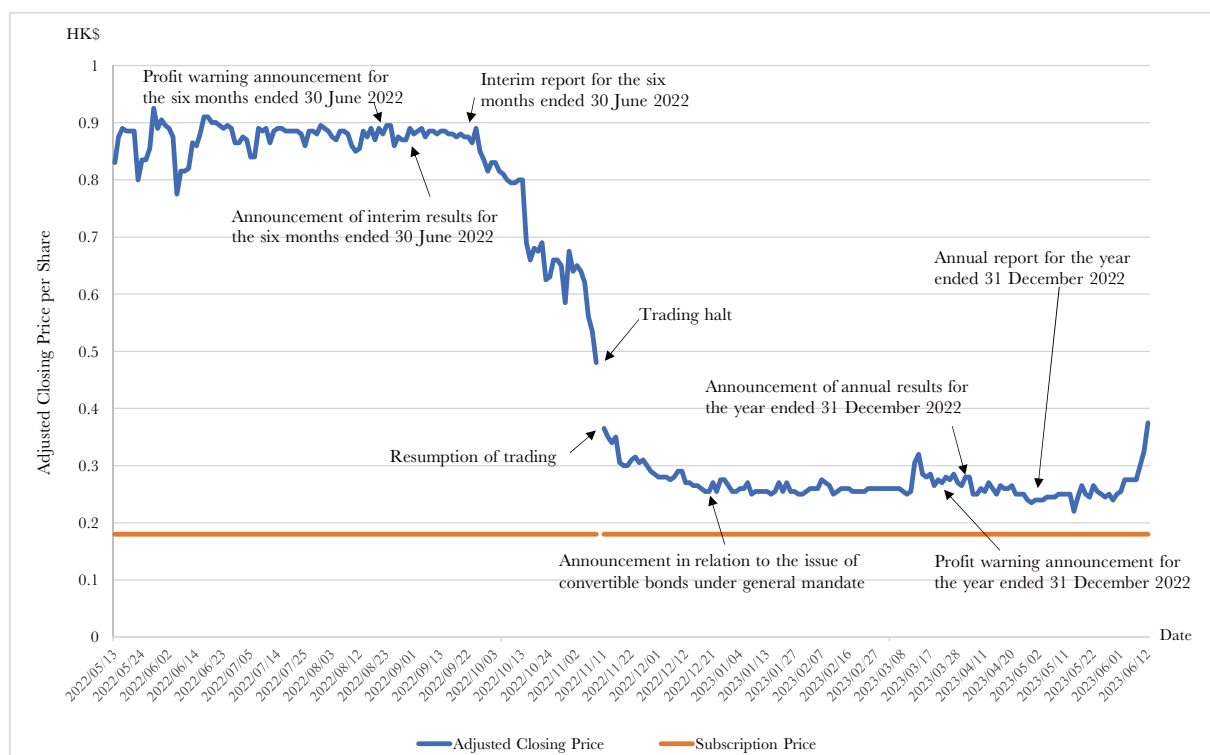
We set out the following analysis for the purposes of assessing the fairness and reasonableness of the Subscription Price:

Analysis on historical Share price performance

We have reviewed the movements in the adjusted closing price per Consolidated Share during the period from 13 May 2022, being 12 months prior to the Last Trading Day, up to and including the Latest Practicable Date (the “**Share Price Review Period**”) in order to assess the fairness and reasonableness of the Subscription Price. We consider that the Share Price Review Period is sufficient to illustrate the recent price movements of the Shares for conducting a reasonable comparison between the Subscription Price and the theoretical adjusted closing price of the Shares, calculated by aggregating the relevant closing price of 5 Existing Shares with a view to providing a meaningful comparison to the Subscription Price under the Rights Issue, which is conditional upon, among others, the completion of the Share Consolidation (the “**Adjusted Closing Price**”).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Share price chart during the Share Price Review Period



Source: the website of the Stock Exchange (<http://www.hkex.com.hk>)

Note: During the Share Price Review Period, the trading in the Shares was halted at 9:00 a.m. on 10 November 2022 and was then resumed at 9:00 a.m. on 11 November 2022.

As illustrated in the above chart, since late September 2022, the Adjusted Closing Price per Share has been on a decreasing trend in general. The Adjusted Closing Price was HK\$0.850 per Share on 27 September 2022 and decreased to HK\$0.250 per Share on the Last Trading Day, with the highest and lowest Adjusted Closing Price per Share of HK\$0.925 on 27 May 2022 and HK\$0.220 on 15 May 2023, respectively.

Since the commencement of the Share Price Review Price and up to 26 September 2022, being the trading day immediately after the publication of the interim report of the Group for the six months ended 30 June 2022 on 23 September 2022, the Adjusted Closing Price per Share has been fluctuated in the range of HK\$0.885 and HK\$0.890.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Subsequently, from 27 September 2022 up to and including the Last Trading Day, the Adjusted Closing Price per Share generally experienced a downward trend from HK0.850 as at 27 September 2022 to HK\$0.250 as at the Last Trading Day. The Adjusted Closing Price per Share was HK\$0.250 as at the Last Trading Day.

Overall, the Adjusted Closing Price experienced a downward trend during the Share Price Review Period, in particular since late September 2022, which may have been attributable to the market reactions on the financial performance or position and development of the Group at the relevant time.

The Subscription Price represents (i) a discount of approximately 80.5% to the highest adjusted closing price per Consolidated Share; (ii) a discount of approximately 18.2% to the lowest adjusted closing price per Consolidated Share; and (iii) a discount of approximately 66.3% from the average daily adjusted closing price per Consolidated Share during the Share Price Review Period.

The Directors are of the view, and we concur that, the Subscription Price at a discount to the market price could enhance the attractiveness of the Rights Issue for encouraging Qualifying Shareholders to participate in the Rights Issue and accordingly maintain their respective shareholding interest in the Company and participate in the future growth of the Company. Given the genuine and imminent funding needs of the Group as discussed in the section headed “Reasons for the Rights Issue and the intended use of proceeds” in the Letter from the Board, we consider the Subscription Price is fair and reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Analysis on historical trading volume and liquidity

We have also conducted analysis on the historical trading volume and liquidity of the Shares as well as setting out a summary of number of trading days, average daily trading volume of the Shares and the percentages of daily trading volume of the Shares as compared to the total number of issued Shares and the Shares held by the public during the Share Price Review Period in the table below.

Month/period	Number of trading days	Average daily trading volume of the Shares approximately	Average daily trading volume to the total number of Shares in issue (Note 1) %	Average daily trading volume to the total number of Shares held by the public (Note 2) %
2022				
May (from 13 May 2022)	13	3,548,615	0.179%	0.204%
June	21	2,350,476	0.119%	0.135%
July	20	1,887,000	0.095%	0.108%
August	23	2,101,565	0.103%	0.121%
September	21	470,476	0.023%	0.027%
October	20	341,600	0.017%	0.020%
November	21	1,596,190	0.078%	0.092%
December	20	1,063,000	0.052%	0.061%
2023				
January	18	1,605,778	0.078%	0.092%
February	20	1,543,600	0.075%	0.089%
March	23	7,764,696	0.379%	0.446%
April	17	4,784,431	0.232%	0.275%
May (up to the Last Trading Day)	9	2,115,556	0.089%	0.122%
May	21	11,776,762	0.496%	0.677%
June (up to the Latest Practicable Date)	8	5,953,000	0.251%	0.342%
Average			0.153%	0.192%
Maximum			0.496%	0.677%
Minimum			0.017%	0.020%

Source: the website of the Stock Exchange (<http://www.hkex.com.hk>)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Notes:

1. Calculated based on the total number of the Shares in issue on the respective trading day.
2. Calculated based on the total number of the Shares held by public Shareholders as at the Last Trading Day.

As set out in the table above, during the Share Price Review Period, average daily trading volume of the Shares by month/period to the total number of the Shares in issue on the respective trading day were in the range of approximately 0.017% to approximately 0.496% with an average of approximately 0.153%; while the average daily trading volume of the Shares by month/period to the total number of Shares held by the public were in the range of approximately 0.020% to approximately 0.677% with an average of approximately 0.192%.

Based on the above results, we also observe from the above table that the trading liquidity of the Shares had been relatively thin during the Review Period. As advised by the Directors, the Directors considered, and we concurred, that the Company is unlikely to raise fund by way of placing without substantial discount. Even if the Company is able to conduct a placing of new Shares to new investors or one or few existing Shareholders with a substantial discount, it may not be able to raise a sufficient level of funds as compared to the Rights Issue. On this basis and that the closing price of the Shares demonstrated a generally decreasing trend during the Share Price Review Period, we concur with the Directors that the Subscription Price, which represents a discount to the Adjusted Closing Price as at the Last Trading Day would encourage Qualifying Shareholders to participate in the Rights Issue and accordingly maintain their respective existing shareholding interest in the Company. For this reason, we are of the view that the discount to the Adjusted Closing Price as represented by the Subscription Price is justifiable.

Analysis on recent rights issue market comparables

With a view to further assess the fairness and reasonableness of the terms of the Rights Issue, we have conducted market research on recent proposed rights issue transactions based on the following selection criteria: (i) the shares of the company are listed on the Stock Exchange; (ii) the rights issue transaction with gross proceeds less than HK\$500 million having considered the estimated size of gross proceeds from the Rights Issue, being up to approximately HK\$229.9 million; (iii) the exclusion of rights issue transactions of A-Shares and H-Shares; and (iv) the proposed rights issues announced during the 6-month period (the “**Review Period**”) commencing on 13 November 2022 up to and including the Last Trading Day, which we considered to be an appropriate timeframe to identify a representative sample set of similar rights issues conducted by other listed companies on the Stock Exchange and can serve as a general market reference for the purposes of our analysis (the “**Criteria**”).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have, based on the Criteria, identified 26 rights issues comparables (the “**Rights Issue Comparable(s)**”) for the purpose of our analysis. Although the Rights Issue Comparables may be different from the Group in terms of business nature, financial performance, financial position and fund raising purposes, we considered the Rights Issue Comparables to be a useful general market reference for recent market practice in relation to terms of other rights issues in the market during the Review Period for the purpose of our analysis.

Date of announcement	Company name (Stock code)	Basis of entitlement	Premium/(Discount) of subscription price over/to				Theoretical dilution effect (%)	Underwriting commission (Note 2) (%)	Placing commission (Note 3)	Excess application (Yes/No)
			Gross proceeds (HK\$' million)	the closing price on the last trading day (%)	theoretical ex-rights price (%)	NAV per share (Note 1) (%)				
05-May-23	Tongda Hong Tai Holdings Limited (2363)	2 for 1	95.30	(16.70)	(6.60)	N/A	(11.10)	N/A	2.50%	No
05-May-23	China Medical & HealthCare Group Limited (383)	1 for 2	318.60	(15.40)	(11.10)	(59.10)	(5.70)	2.50	N/A	Yes
28-Apr-23	PT International Development Corporation Limited (372)	1 for 2	36.30	(69.20)	(60.00)	(87.30)	(23.10)	0.50	0.25%	No
13-Apr-23	Finet Group Limited (8317)	1 for 2	33.90	(52.40)	(42.20)	96.10	(17.97)	No	HK\$20,000	No
13-Apr-23	Pinestone Capital Limited (804)	1 for 2	30.46	(40.79)	(31.47)	(62.97)	(13.60)	N/A	1.50%	No
11-Apr-23	China Wantian Holdings Limited (1854)	1 for 5	111.40	(41.94)	(37.61)	350.00	(6.99)	7.07	N/A	Yes
06-Apr-23	Luk Hing Entertainment Group Holdings Limited (8052)	1 for 1	43.90	(5.88)	(3.03)	N/A	(2.94)	3.00	3.00%	No
06-Apr-23	Kingland Group Holdings Limited (1751)	1 for 2	14.92	(70.40)	(61.30)	262.75	(23.47)	N/A	3.50%	No
27-Mar-23	Sandmartin International Holdings Limited (482)	3 for 2	88.60	(16.67)	(7.41)	(22.38)	(10.00)	1.00	2.00%	No
16-Mar-23	Golden Power Group Holdings Limited (3919)	1 for 2	19.80	(19.70)	(14.06)	(87.07)	(9.00)	4.00	N/A	Yes
06-Mar-23	CBK Holdings Limited (8428)	5 for 1	20.61	(15.87)	(2.93)	(70.62)	(13.23)	N/A	3.50%	No
03-Mar-23	Diwang Industrial Holdings Limited (1950)	3 for 2	289.44	1.52	0.60	(37.44)	(6.76)	N/A	0.50%	No
24-Feb-23	Bossini International Holdings Limited (592)	1 for 2	465.00	(21.28)	(3.19)	236.00	(8.45)	1.50	N/A	Yes
17-Feb-23	State Innovation Holdings Limited (8275)	3 for 2	35.30	(26.50)	(12.50)	(64.74)	(16.00)	N/A	2.50%	No
10-Feb-23	WINDMILL Group Limited (1850)	2 for 1	130.56	(1.45)	0.00	(54.05)	(2.82)	N/A	1.00%	No
27-Jan-23	Alco Holdings Limited (328)	4 for 1	90.69	(25.00)	(6.25)	N/A	(20.00)	N/A	0.50%	No
11-Jan-23	Add New Energy Investment Holdings Group Limited (2623)	1 for 3	99.85	(13.60)	(10.90)	(10.50)	(3.40)	0.00	1.00%	No

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Date of announcement	Company name (Stock code)	Basis of entitlement	Premium/(Discount) of subscription price over/to the closing consolidated				Theoretical dilution effect	Underwriting commission (Note 2)	Placing commission (Note 3)	Excess application (Yes/No)
			Gross proceeds (HK\$ million)	price on the last trading day (%)	theoretical ex-rights price (%)	NAV per share (Note 1) (%)				
10-Jan-23	Kinetix Systems Holdings Limited (8606)	1 for 2	31.30	(29.35)	(21.69)	(47.01)	(9.78)	N/A	1.30%	No
06-Jan-23	SDM Education Group Holdings Limited (8363)	1 for 2	23.84	—	—	N/A	—	4.00	N/A	Yes
28-Dec-22	New Amante Group Limited (8412)	1 for 2	12.60	(10.60)	(7.30)	N/A	(4.20)	1.50	N/A	Yes
28-Dec-22	Jiading International Group Holdings Limited (8153)	1 for 2	51.00	(50.00)	(40.12)	77.30	(17.28)	N/A	3.50%	No
09-Dec-22	Hope Life International Holdings Limited (1683)	2 for 1	120.96	(16.67)	(6.04)	(77.00)	(11.11)	N/A	0.50%	No
02-Dec-22	Tibet Water Resources Ltd. (1115)	1 for 3	392.62	(12.50)	(9.70)	(61.88)	(3.13)	N/A	1.00%	No
29-Nov-22	Enterprise Development Holdings Limited (1808)	3 for 2	106.16	(39.72)	(20.86)	(55.96)	(23.83)	1.00	N/A	Yes
28-Nov-22	CCIAM Future Energy Limited (145)	1 for 2	31.40	(21.88)	(15.97)	66.70	(7.63)	2.50	N/A	Yes
14-Nov-22	Contel Technology Company Limited (1912)	2 for 5	20.20	(23.20)	(18.20)	(80.90)	(7.10)	N/A	3.50%	No
	Maximum		465.00	1.52	0.60	350.00	0.00	7.07	3.50%	
	Minimum		12.60	(70.40)	(61.30)	(87.30)	(23.83)	0.00	0.25%	
	Average		104.41	(25.20)	(17.30)	6.35	(10.72)	2.38	1.86%	
	Median		12.60	(20.49)	(11.00)	(54.05)	(9.39)	2.00	1.50%	
12-May-22	The Company	5 for 2	229.90	(28.00)	(10.00)	(34.23)	(20.00)	N/A	(i) a fixed fee of HK\$70,000; and (ii) 1.50% of gross proceeds under the Rights Issue	No

Source: the website of the Stock Exchange (<http://www.hkex.com.hk>)

Notes:

- The net asset value (the “NAV”) per share is calculated based on the latest published audited/unaudited consolidated NAV divided by total number of shares in issue as at the date of the respective announcements. “N/A” denotes that the NAV of the listed issuer recorded net liabilities position according to their respective latest published audited/unaudited consolidated financial statements.
- “N/A” denotes that the rights issue was conducted on a non-underwritten basis.
- “N/A” denotes that the rights shares were not placed by the placing agent.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As set out in the table above, we noted that:

- (i) the subscription price over / to the closing price on the last trading day of the respective Rights Issue Comparables ranged from a discount of approximately 70.40% to a premium of approximately 1.52% (the “**Comparable LTD Range**”), with the average and median of discounts of approximately 25.20% and 20.49%, respectively. The Subscription Price, which represents a discount of approximately 28.00% to the theoretical closing price per Consolidated Share based on the closing price per Existing Share as quoted on the Stock Exchange on the Last Trading Day, is within the Comparable LTD Range with a higher discount than the average and median of the Comparable LTD Range;
- (ii) the subscription price over / to the theoretical ex-rights price of the respective Rights Issue Comparables ranged from a discount of approximately 61.30% to a premium of 0.60% (the “**Comparable TERP Range**”), with the average and median of discounts of approximately 17.30% and 11.00%, respectively. The Subscription Price, which represents a discount of approximately 10.00% to the theoretical ex-rights price per Consolidated Share based on the closing price per Existing Share as quoted on the Stock Exchange on the Last Trading Day, is within the Comparable TERP Range with a lower discount than the average and median of the Comparable TERP Range;
- (iii) the subscription price over / to the consolidated NAV per share of the respective Rights Issue Comparables ranged from a discount of approximately 87.30% to a premium of approximately 350.00% (the “**Comparable NAV Range**”), with the average of premium of approximately 6.35% and median of discount of approximately 54.05%. The Subscription Price, which represents 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 total number of issued Consolidated Shares after the Share Consolidation, which will be 474,961,493), is within the Comparable NAV Range but with a higher discount than the average and lower discount than the median of the Comparable NAV Range;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (iv) the theoretical dilution effect of the respective Rights Issue Comparables ranged from approximately 0.00% (i.e. no dilution effect) to a premium of 23.83% (the “**Comparable Dilution Range**”), with average and median of approximately 10.72% and 9.39%, respectively. The theoretical dilution effect of the Rights Issue of approximately 20% is within the Comparable Dilution Range, and higher than average and median dilution effects of the Comparable Rights Issue. As the theoretical dilution effect of the Rights Issue is below 25%, it is in compliance with Rule 7.27B of the Listing Rules;
- (v) from our analysis on the Rights Issue Comparables, we noted that 18 out of 26 Rights Issue Comparables did not offer excess application as part of their respective rights issues. On this basis, we considered the absence of excess application to be not uncommon market practice. As such, we considered that the absence of excess application arrangement for the Rights Issue is acceptable so far as the Independent Shareholders are concerned;
- (vi) the Rights Issue is on a non-underwritten basis, which is considered to be in line with market practice, given 13 out of 26 Rights Issue Comparables were also conducted on a non-underwritten basis. Furthermore, under the Compensatory Arrangements, the Company entered into the Placing Agreement with the Placing Agent to place the Placing Shares during the Placing Period to independent placees on a best effort basis; and
- (vii) the placing commission of the Rights Issue Comparables, where applicable, ranged from 0.25% to 3.50%, with the average and median of 1.86% and 1.50%, respectively. Pursuant to the terms of the Placing Agreement, the Placing Agent shall be entitled to a commission and expenses of a fixed fee of HK\$70,000 and 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 Placing 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 of a fixed fee of HK\$70,000. Such placing commission under the Placing Agreement is within the aforesaid range of the Rights Issue Comparables.

In determining the Subscription Price, we understand from the Director that the Company has considered various factors, including (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 the Letter from the Board.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In view of (i) the Subscription Price which represents a discount of approximately 28% to the theoretical closing price per Consolidated Share based on the closing price per Existing Share on the Last Trading Day is within the Comparable LTD Range; (ii) the theoretical ex-rights price per Consolidated Share based on the closing price per Existing Share on the Last Trading Day as represented by the Subscription Price is within the Comparable TERP Range; (iii) the adjusted consolidated net asset value per Consolidated Share as represented by the Subscription Price is within the Comparable NAV Range; (iv) the theoretical dilution effect of the Rights Issue is within the Comparable Dilution Range; (v) the Rights Issue is on a non-underwritten basis with Compensatory Arrangements is in line with the market practice of excess application arrangement; and (vi) the Subscription Price is applicable to all Qualifying Shareholders without any prejudice or favouritism towards any particular shareholder, we consider that the principal terms of the Rights Issue (including the Subscription Price) to be fair and reasonable to the Shareholders and in the interests of the Company and the Shareholders as a whole.

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

Set out below is a summary of principal terms of the Placing Agreement:

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (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;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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.

We understand that the Compensatory Arrangements is at the cost of the Company that would protect the interest of the Company's minority Shareholders in the Rights Issue. The placing of the Unsubscribed Rights Shares and ES Unsold Rights Shares may be placed to independent places under the Compensatory Arrangements which will expand the shareholders' base. As there will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 7.21(1)(a) of the Listing Rules, the Company has put in place the Compensatory Arrangements as required by Rule 7.21(1)(b) of the Listing Rules. Given that the Compensatory 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, we are of the view that the Compensatory Arrangements are fair and reasonable to the Independent Shareholders.

Taking into account the principal terms of the Rights Issue as highlighted above, we considered the terms of the Rights Issue and the Placing Agreement are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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

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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Potential dilution effect of the Rights Issue

The table below illustrates the shareholding structure of the Company as at the Latest Practicable Date and the possible changes upon completion of the Rights Issue.

Assuming the Share Options are not exercised at all:

	As at the Latest Practicable Date		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	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 placees	—	—	—	—	—	—	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	2,374,807,466	100.00	474,961,493	100.00	1,662,365,223	100.00	1,662,365,223	100.00

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Assuming the Share Options are fully exercised:

	As at the Latest Practicable Date		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 <i>(Note 1)</i>	12.75	227,966,663 <i>(Note 2)</i>	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 Share 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.

Assuming there will be no exercise of the Share Options and no change in the shareholding structure of the Company before completion of the Rights Issue, if (i) all Right Shares are subscribed by the Qualifying Shareholders, the shareholding of the public Shareholders will remain at 73.28%; and (ii) assuming none of the 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 and all remaining Unsubscribed Rights Shares and ES Unsold Rights Shares have

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

been placed by the Placing Agent, the shareholding of the public Shareholder will decrease from approximately 73.28% as at the Latest Practicable Date to approximately 20.94% immediately upon completion of the Rights Issue, representing a possible dilution of approximately 52.34% in their shareholding interests arising from Rights Issue. The above scenario is for illustrative purpose only and the actual changes in the shareholding structure of the Company upon completion of the Rights Issue are subject to various factors, including the results of acceptance of the Rights Issue.

Assuming there will be full exercise of the Share Options and no change in the shareholding structure of the Company before completion of the Rights Issue, if (i) all Right Shares are subscribed by the Qualifying Shareholders, the shareholding of the public Shareholders will remain at 68.12%; and (ii) assuming none of the 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 and all remaining Unsubscribed Rights Shares and ES Unsold Rights Shares have been placed by the Placing Agent, the shareholding of the public Shareholder will decrease from approximately 68.12% as at the Latest Practicable Date to approximately 19.46% immediately upon completion of the Rights Issue, representing a possible dilution of approximately 48.66% in their shareholding interests arising from Rights Issue. The above scenario is for illustrative purpose only and the actual changes in the shareholding structure of the Company upon completion of the Rights Issue are subject to various factors, including the results of acceptance of the Rights Issue.

We are aware of the potential dilution effect as a result of the Rights Issue. However, having taken into account that (i) all Qualifying Shareholders are offered an equal opportunity to maintain their shareholding interests in the Company and allowed but not obligated to participate in the business growth of the Company; (ii) the theoretical dilution effect of 20% of the Rights Issue is within the range of that of the Rights Issue Comparables; (iii) the shareholding of the Qualifying Shareholders would not be diluted if they choose to subscribe for their entitled Rights Shares in full; (iv) 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; (v) the Rights Issue would enable the Group to improve its financial position as well as to have additional resources for future business developments; and (vi) the Compensatory Arrangements will provide a compensatory mechanism at the cost of the Company that would protect the interest of the Company's minority Shareholders in the Rights Issue to address the concern that the No Action Shareholders and the Excluded Shareholders has the potential to increase its equity interests in the Company at a lower cost because the Subscription Price is at discounts to the recent prevailing market price, we are of the opinion that the potential dilution effect of the Rights Issue is justifiable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Possible financial effects of the Rights Issue

Liquidity

According to the 2022 Annual Report, as at 31 December 2022, the Group had cash and cash equivalents of approximately RMB420.8 million, current asset of approximately RMB905.9 million and current liabilities of approximately RMB479.8 million. Accordingly, the current ratio of the Group, being the current assets of the Group divided by the current liabilities of the Group, as at 31 December 2022 was approximately 1.89 times. Assuming 1,277,353,730 Rights Shares are issued on the basis of five (5) Rights Share for every two (2) Consolidated Shares at the close of business on the Record Date at the Subscription Price of HK\$0.18 per Rights Share, upon completion of the Rights Issue, the total liabilities of the Group will decrease by, according to the intended use of proceeds stated in the Letter from the Board, approximately HK\$92 million and HK\$70.0 million will be applied for repayment of the Group's bonds and notes payables, respectively.

Net Assets

According to the unaudited pro forma financial information of the Group set out in Appendix II to the Circular, the unaudited consolidated net tangible liabilities, before any adjustments, of the Group attributable to the equity holders of the Company was approximately RMB73.9 million as at 31 December 2022. Assuming 1,277,353,730 Rights Shares are issued on the basis of five (5) Rights Share for every two (2) Consolidated Shares in issue as at 31 December 2022 at the Subscription Price of HK\$0.18 per Rights Share, upon completion of the Rights Issue, the unaudited consolidated net tangible assets of the Group attributable to the equity holders of the Company would improve from approximately RMB73.9 million to unaudited consolidated net tangible assets of the Group attributable to the equity holders of the Company of approximately RMB157.0 million as at 31 December 2022.

Working capital

Upon completion of the Rights Issue and assuming it is subscribed in full and before the repayment of the Group's bonds, notes payables and utilizing for the Group's future business development, the bank balances of the Company is expected to increase by an amount equivalent to the net proceeds from the Rights Issue, which is estimated to be approximately HK\$228.2 million.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Gearing ratio

With reference to the 2022 Annual Report, the gearing ratio of the Company (the “**Gearing Ratio**”), as calculated by dividing the Group’s total liabilities by its total assets, was approximately 94% as at 31 December 2022. Since part of the net proceeds from the Rights Issue are intended to be used to repay the Group’s bonds and notes payables, the total liabilities of the Company are expected to decrease as a result of the Rights Issue.

Having considered that the Rights Issue will have a positive financial effect on the liquidity, net assets, working capital and gearing ratio of the Group, we are of the view that the Rights Issue are fair and reasonable as far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

It should be noted that the aforementioned analysis is for illustrative purposes only and does not purport to represent and without any assurance or indication on how the financial position of the Group will be upon completion of the Rights Issue.

RECOMMENDATION

In respect to our recommendation to the Independent Board Committee and the Independent Shareholders, we have considered the above principal factors and reasons, in particular, the following:

- (i) the reasons for and benefits of the Rights Issue as discussed under the section headed “Reasons for and Benefits of the Rights Issue and Use of Proceeds” in this letter;
- (ii) taking into account the benefits and costs of each of the alternatives of fund-raising options considered by the Group, the Rights Issue represents an appropriate means for fund raising to improve the Group’s financial position as discussed under the section headed “Fund raising alternatives considered by the Group” in this letter;
- (iii) our analysis on the trading volume and liquidity of the Shares as set out under the section headed “Analysis on historical trading volume and liquidity” in this letter showing relatively thin trading liquidity of the Shares and are of the view that the discount to the Adjusted Closing Price as represented by the Subscription Price is justifiable;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (iv) our analysis on the Rights Issue Comparables, including our findings on the Subscription Price and the respective discounts it represents are in line with market practice based on our analysis, as set out under the section headed “Analysis on recent rights issue market comparables” in this letter;
- (v) the terms of the Placing Agreement are fair and reasonable as discussed in the section headed “Principal terms of the Placing Agreement” in this letter;
- (vi) the Rights Issue, which the net proceeds of approximately HK\$92.0 million, HK\$70.0 million, HK\$45.0 million and HK\$19.0 million would be contributed for repayment of bonds, repayment of notes payables, future business development and general working capital of the Group, respectively, it is expected to have a positive financial effects of the Group; and
- (vii) the Rights Issue is conducted on the basis that all the Qualifying Shareholders have been offered the equal opportunity to maintain their respective pro-rata shareholdings in the Company and enable all Qualifying Shareholders to participate in the future development of the Company.

In light of the above, we are of the view that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable so far as the Independent Shareholders are concerned, and therefore is in the interests of the Company and the Shareholders as a whole.

Taking into consideration the reasons for and possible benefits of the Rights Issue, we recommend and advise the Independent Board Committee to recommend, the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM to approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Red Sun Capital Limited
Robert Siu
Managing Director

Mr. Robert Siu is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Red Sun Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 25 years of experience in corporate finance industry.

1. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for the three financial years ended 31 December 2022 are disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.c-ruifeng.com), respectively:

- (i) the audited consolidated financial information of the Group for the year ended 31 December 2020 is disclosed in the annual report of the Company for the year ended 31 December 2020 published on 24 June 2021, from pages 78 to 172 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0624/2021062400289.pdf>);
- (ii) the audited consolidated financial information of the Group for the year ended 31 December 2021 is disclosed in the annual report of the Company for the year ended 31 December 2021 published on 5 May 2022, from pages 80 to 178 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0505/2022050500873.pdf>);
and
- (iii) the audited consolidated financial information of the Group for the year ended 31 December 2022 is disclosed in the annual report of the Company for the year ended 31 December 2022 published on 27 April 2023, from pages 86 to 192 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0427/2023042701197.pdf>).

Qualified opinion was issued in respect of each of all three financial years ended 31 December 2022, which is extracted as below:

For the year ended 31 December 2020***Qualified Opinion***

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRSs issued by the HKICPA and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for qualified opinion***1. Interest in an associate***

We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the carrying amount of the interest in an associate on the consolidated statement of financial position of approximately RMBNil as at 31 December 2020, and to the related share of loss of an associate on the consolidated statement of profit or loss of approximately RMB92,803,000 for the year ended 31 December 2020.

2. Amount due from an associate

We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the carrying amount of the amount due from an associate included in the prepayments and other receivables on the consolidated statement of financial position of approximately RMBNil as at 31 December 2020, and to the expected credit losses on amount due from an associate on the consolidated statement of profit or loss of approximately RMB29,187,000 for the year ended 31 December 2020.

3. Other receivables

We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the recoverability of certain other receivables included in the prepayments and other receivables on the consolidated statement of financial position of approximately RMB78,423,000 as at 31 December 2020. There are no other satisfactory audit procedures that we could adopt to determine whether the expected credit losses on certain other receivables of approximately RMBNil for the year ended 31 December 2020 are properly recognised.

For the year ended 31 December 2021***Qualified Opinion***

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for qualified opinion***1. Interest in an associate and amount due from an associate***

As set out in predecessor auditor's report dated 14 May 2021 on the Group's consolidated financial statements for the year ended 31 December 2020, the predecessor auditor had qualified their opinion due to a limitation on the scope of their audit in relation to the carrying amounts of: (i) interest in an associate; and (ii) amount due from an associate, as they were unable to obtain sufficient appropriate audit evidence to satisfy themselves on whether any adjustments were necessary to the carrying amounts as at 31 December 2020 in respect of the interest in an associate carried at RMBNil and the amount due from an associate carried at RMBNil and the corresponding share of loss of an associate of approximately RMB92,803,000 and expected credit losses on amount due from an associate of approximately RMB29,187,000 recognised respectively for the year ended 31 December 2020. As further described in Notes 18 and 24 to the consolidated financial statements for the year ended 31 December 2021, based on the management accounts of the associate, the company and legal searches on the associate and the recoverability assessment works on the associate's debtors conducted by the Group's external legal advisers, their legal opinion and recovery efforts including the demand repayment made by the Group, the management are of the view that any recovery of the carrying amounts of the interest in an associate and amount due from an associate to be minimal. As a result, as at 31 December 2021, the interest in an associate and amount due from an associate continued to be fully impaired. Despite the above, given the lack of sufficient appropriate audit evidence to assess the appropriateness of the key assumptions adopted by the management in their previous year's assessments of the valuation of the interest in an associate and amount due from an associate, as of the date of this report we were unable to determine whether any adjustments were necessary to the opening balances of the interest in an associate carried at RMBNil and the amount due from an associate carried at RMBNil as at 1 January 2021. Any adjustments to the opening balances of the carrying amounts of interest in an associate and amount due from an associate as at 1 January 2021 could have a significant consequential effect on the consolidated losses as reported by the Group for the year ended 31 December 2021 and the corresponding figures for the year ended 31 December 2020. There were no other satisfactory audit procedures that we could perform to determine whether any adjustments to the share of loss of an associate of RMBNil and the expected credit losses on amount due from an associate of RMBNil recognised in the consolidated statement of profit or loss for the year ended 31 December 2021, were necessary.

2. Other receivables

As set out in predecessor auditor's report dated 14 May 2021 on the Group's consolidated financial statements for the year ended 31 December 2020, the predecessor auditor had qualified their opinion due to a limitation on the scope of their audit in relation to the carrying amounts of

certain other receivables of approximately RMB78,423,000, as they were unable to obtain sufficient appropriate audit evidence to satisfy themselves on whether any adjustments were necessary to the carrying amounts as at 31 December 2020 in respect of these other receivables of approximately RMB78,423,000 and the corresponding expected credit losses on these other receivables of RMBNil recognised for the year ended 31 December 2020. As further described in Note 24 to the consolidated financial statements for the year ended 31 December 2021, based on the company and legal searches conducted by the Group's external legal advisers and their legal opinion, recovery efforts including the demand repayment made by the Group and the legal action taken by the Group, the management are of the view that any recovery of the carrying amounts of these other receivables of approximately RMB78,423,000 to be minimal. As a result, as at 31 December 2021, the carrying amounts of these other receivables were written down to RMBNil on the consolidated statement of financial position such that the expected credit losses on these other receivables of approximately RMB78,423,000 were recognised in the consolidated statement of profit or loss for the year ended 31 December 2021. Despite the above, given the lack of sufficient appropriate audit evidence to assess the appropriateness of the key assumptions adopted by the management in their previous year's assessments of the carrying amounts of these other receivables, as of the date of this report we were unable to determine whether any adjustments were necessary to the opening balances of these other receivables carried at approximately RMB78,423,000 as at 1 January 2021. Any adjustments to the opening balances of the carrying amounts of these other receivables as at 1 January 2021 could have a significant consequential effect on the consolidated losses as reported by the Group for the year ended 31 December 2021 and the corresponding figures for the year ended 31 December 2020. There were no other satisfactory audit procedures that we could perform to determine whether any adjustments to the expected credit losses on these other receivables of approximately RMB78,423,000 recognised in the consolidated statement of profit or loss for the year ended 31 December 2021 were necessary.

For the year ended 31 December 2022

Qualified Opinion

In our opinion, except for the possible effects on the comparability of the current year's figures and the corresponding figures of the matter described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for qualified opinion

Comparability of the current year's figures and the corresponding figures for the year ended 31 December 2021 in the consolidated statement of profit or loss and the consolidated statement of changes in equity The Group has the interest in an associate, the amount due from an associate and certain other receivables which are further described in Note 18 and Note 24 to the consolidated financial statements for the year ended 31 December 2022. As set out in predecessor auditor's report dated 14 May 2021 on the Group's consolidated financial statements for the year ended 31 December 2020, the predecessor auditor have previously qualified their opinion due to a limitation on the scope of their audit in relation to the carrying amounts of: (i) the interest in an associate; (ii) the amount due from an associate and (iii) certain other receivables, as they were unable to obtain sufficient appropriate audit evidence to satisfy themselves on whether any adjustments were necessary to the carrying amounts as at 31 December 2020 in respect of the interest in an associate carried at RMBNil, the amount due from an associate carried at RMBNil and these other receivables carried at approximately RMB78,423,000 and the corresponding share of losses of associates of approximately RMB92,803,000, expected credit losses on amount due from an associate of approximately RMB29,187,000 and expected credit losses on these other receivables of RMBNil recognised respectively for the year ended 31 December 2020. During the year ended 31 December 2021, as further set out in Note 18 and Note 24 to the consolidated financial statements for the year ended 31 December 2022, the Group has made full provision for these other receivables. Our audit opinion on the consolidated financial statements for the year ended 31 December 2021 was qualified because of the limitation in scope on the opening balances of the interest in an associate, the amount due from an associate and these other receivables as at 1 January 2021, which could have a significant consequential impact to the share of losses of associates, the expected credit losses on amount due from an associate and the expected credit losses on these other receivables included in the Group's consolidated losses for the year ended 31 December 2021. Because of the possible effects of this matter on the comparability of the current year's figures and the corresponding figures for the year ended 31 December 2021 in the consolidated statement of profit or loss and the consolidated statement of changes in equity and the related notes disclosures, our opinion on the consolidated financial statements for the year ended 31 December 2022 is therefore qualified.

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 April 2023, being the latest practicable date for the purpose of this indebtedness statement, the Group had the following indebtedness:

	<i>Notes</i>	<i>RMB'000</i>
Bank loans, secured and guaranteed	<i>(a)</i>	8,000
Other loans, secured and guaranteed	<i>(b)</i>	1,127,686
Other loans, unsecured and unguaranteed		49,865
Corporate bonds, unsecured and unguaranteed		139,333
Convertible bonds, unsecured and unguaranteed		319,649
Notes, unsecured and unguaranteed		59,449
Lease liabilities, unsecured and unguaranteed		5,462
		<u>1,709,444</u>

Notes:

- (a) As at 30 April 2023, the Group's interest-bearing bank borrowings are secured and guaranteed by a company of which Mr. Li Baosheng, a former executive director of the Company, is the beneficial owner of that company.
- (b) As at 30 April 2023, the Group's other loans are secured and guaranteed by certain property, plant and equipment, deposits and trade receivables of the Group, charges over the paid registered capital of certain subsidiaries of the Company, personal guarantees provided by Mr. Zhang and his spouse to the extent of the indebtedness of certain other loans and guarantee provided by the Company to the extent of the indebtedness of certain other loans.

Save as disclosed above, and apart from intra-group liabilities and normal accounts payables in the ordinary course of business of the Group, as at 30 April 2023, being the latest practicable date for the purpose of preparing this statement of indebtedness, the Group did not have any debt securities issued and outstanding, or authorised or otherwise created but unissued, any other term loans, any other borrowings or indebtedness in the nature of borrowing (including but not limited to bank overdrafts and liabilities under acceptance (other than normal trade bills)), acceptance credits, finance lease or hire purchase commitments, which are either guaranteed, unguaranteed, secured or unsecured, any other mortgages and charges or any other material contingent liabilities or guarantees.

The Directors confirmed that there has been no material change in the indebtedness and contingent liabilities of the Group since 30 April 2023 up to the Latest Practicable Date.

3. WORKING CAPITAL STATEMENT

The Directors, after due and careful consideration, are of the opinion that in the absence of unforeseeable circumstances, taking into account the financial resources available to the Group and the estimated net proceeds from the Rights Issue, the Group will have sufficient working capital for its present requirements for at least the next twelve (12) months following the date of this circular.

4. MATERIAL CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Company since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Company were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

To promote its goals of achieving peak carbon emissions and carbon neutrality, China will gradually promulgate plans for key areas and industries to peak carbon emissions and implement a series of supporting measures to construct a “1+N” policy framework for carbon peak and carbon neutrality. China will firmly implement its new concept of green development, promote resource conservation and recycling in all aspects, continue to adjust industrial and energy structures, and vigorously develop renewable energy sources by accelerating the construction of large-scale wind and photovoltaic grid projects in Gobi and other desert areas.

On 1 June 2022, nine PRC authorities including the National Development and Reform Commission of China and the National Energy Administration jointly issued the “14th Five-Year Plan for Renewable Energy Development” (《“十四五” 可再生能源發展規劃》) which sets out the goals for development and utilisation of renewable energy. During the second year of the 14th Five-year Plan, China has been steadily developing its wind and solar power industries. Its offshore and decentralised wind power projects and domestic photovoltaic projects garnered attention. The grid-connected installed capacities of its wind and photovoltaic power were 37.63 gigawatts and 87.41 gigawatts, respectively. Offshore wind power capacity increased by 5.16 gigawatts, and the accumulated installed capacity reached 30.51 gigawatts, thereby allowing China to be the largest wind power generator in the world. Abandoned wind and photovoltaic power rates remained stable during 2022, with consumption rates amounting to 96.8% and 98.2%, respectively. Under its “dual carbon” goals, China has entered into a new era in relation to its wind and solar energy. National policies will continue to be optimised and adjusted to solve restrictive factors such as the assessment mechanism, consumption conditions, and industry-finance integration, in

order to create a standardised market environment, delegate administrative powers and improve government services, give a full play to the dynamics of local governments and market entities, and bring new momentum to the wind and solar power industries.

With technological advancement, wind energy price decreases because of equipment manufacturers' ability to build larger and lighter wind turbine products. On the other hand, as a result of the Chinese government's increasing investment in smart grids and ultra-high-voltage electrical transmission cables, abandoned wind rates and power rationing hours have been decreasing every year, while utilisation hours for wind power have been increasing. At present, wind power has achieved grid parity, and its economic benefits have become increasingly prominent.

In the future, the Group will continue to consolidate its resources on the development and operation of various renewable energy systems such as wind farms, with the aim of becoming one of the pillar companies in the renewable energy industry in northern China. Through joint development and acquisitions, the Group will continue seeking opportunities to develop its renewable energy business in new and clean energy areas other than wind power. Moreover, the Group will continue looking for and acquiring power stations with good development prospects and established operations to strengthen its existing business of operating and maintaining wind farms in northern China, gradually expanding its business coverage to surrounding areas, and increasing its interaction with other business sectors. At the same time, the Group is actively seeking opportunities to expand its business scope to hydrogen-related businesses including the production of hydrogen vehicles, wind power to hydrogen generation, hydrogen storage, and building and operation of a hydrogen fuel station. It is believed that 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 will primarily raise fund in the capital market to achieve future development projects.

In the long-run, the Group will focus its effort on the development and optimisation of existing renewable energy resources. In parallel to the expansion of wind farm's operational scale and the enhancement of efficiency, the Group will integrate the advantages of all cooperating parties and itself in order to explore more development opportunities in other new areas of clean energy and further consolidate the Group's position in the industry of renewable energy. During the course of business integration and resources integration, possible synergistic opportunities among different business segments will be explored for business expansions and growth in revenues and profits. The Group is committed to becoming a renewable energy supplier and integrated service provider with relatively strong competitiveness, establishing a stable and comprehensive foundation for long-term growth of the Group, creating more value for the society, and seeking higher returns for the Shareholders and investors of the Company.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

For illustrative purpose only, set out below is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group after completion of the Rights Issue. Although reasonable care has been exercised in preparing the unaudited pro forma financial information, Shareholders who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a complete picture of the Group's financial results and positions for the financial periods concerned.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company (the “**Unaudited Pro Forma Financial Information**”) has been prepared by the Directors in accordance with Rule 4.29 of the Listing Rules to illustrate the effect of the Rights Issue on the audited consolidated net tangible liabilities of the Group attributable to the owners of the Company as if the Rights Issue had taken place on 31 December 2022.

The Unaudited Pro Forma Financial Information is prepared for illustrative purpose only and based on the judgements, estimates and assumptions of the Directors, and because of the hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to the owners of the Company as at the date to which it is made up or at any future date.

Audited consolidated net tangible liabilities of the Group attributable to the owners of the Company as at 31 December 2022 <i>RMB'000</i> <i>(Note 1)</i>	Estimated net proceeds from the Rights Issue <i>RMB'000</i> <i>(Note 2)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2022 after completion of the Rights Issue <i>RMB'000</i>	Unaudited consolidated net tangible liabilities attributable to the owners of the Company per Share as at 31 December 2022 <i>RMB</i> <i>(Note 3)</i>	Unaudited pro forma adjusted consolidated net tangible assets attributable to the owners of the Company per Share as at 31 December 2022 after completion of the Rights Issue <i>RMB</i> <i>(Note 4)</i>
Based on 1,187,403,730 Rights Shares to be issued at a Subscription Price of HK\$0.18 per Rights Share	(73,903)	187,832	113,929	(0.18)
	(73,903)	187,832	113,929	(0.18)

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

Notes:

1. The audited consolidated net tangible liabilities of the Group attributable to the owners of the Company as at 31 December 2022 is extracted from the published annual report of the Company for the year ended 31 December 2022, which is equal to the consolidated net liabilities attributable to the owners of the Company as at 31 December 2022 of approximately RMB73,903,000.
2. The estimated net proceeds from the Rights Issue are based on 1,187,403,730 Rights Shares (assuming no exercise of all outstanding Share Options and no other change in number of Consolidated Shares in issue on or before the Record Date) to be issued at the Subscription Price of HK\$0.18 each per Rights Share, after deduction of the related expenses including, among others, placing commission and other professional fees. The estimated net proceeds are approximately RMB187,832,000.
3. The audited consolidated net tangible liabilities of the Group attributable to the owners of the Company per Share as at 31 December 2022 was approximately RMB73,903,000, which was based on the audited consolidated net tangible liabilities of the Group attributable to the owners of the Company as at 31 December 2022 of approximately RMB73,903,000, divided by 409,828,160 Consolidated Shares in issue as at 31 December 2022 which being adjusted for immediately after the Share Consolidation having become effective.
4. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per Share as at 31 December 2022 immediately after completion of the Rights Issue is determined based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2022 immediately after completion of Rights Issue of approximately RMB113,929,000, divided by 1,662,365,223 Consolidated Shares which represents (i) 409,828,160 Consolidated Shares in issue as at 31 December 2022, which being adjusted for immediately after the Share Consolidation having become effective; (ii) 65,133,333 Consolidated Shares allotted and issued to Mr. Xu, which being adjusted for immediately after the Share Consolidation having become effective (details please refer to the announcement of the Company dated 28 April 2023); and (iii) 1,187,403,730 Rights Shares to be issued under the Rights Issue.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

Assuming full exercise of subscription rights attached to the 35,980,000 outstanding Share Options (being adjusted for immediately after the Share Consolidation having become effective), the unaudited pro forma adjusted consolidated net tangible assets (including proceeds from full exercise of the Share Options of approximately RMB28,682,000 and estimated net proceeds from the Rights Issue of approximately RMB202,173,000) per Share as at 31 December 2022 is approximately RMB0.09 per Share. The calculation is illustrated in below table:

Audited consolidated net tangible liabilities of the Group attributable to the owners of the Company as at 31 December 2022 <i>RMB'000</i>	Proceeds from full exercise of the Share Options <i>RMB'000</i>	Estimated net proceeds from the Rights Issue <i>RMB'000</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company assuming full exercise of the outstanding Share Options as at 31 December 2022 after completion of the Rights Issue <i>RMB'000</i>	Unaudited pro forma adjusted consolidated net tangible assets attributable to the owners of the Company per Share assuming full exercise of the outstanding Share Options as at 31 December 2022 after completion of the Rights Issue <i>RMB</i>
Based on 1,277,353,730 Rights Shares to be issued at a Subscription Price of HK\$0.18 per Rights Share	(73,903)	28,682	202,173	156,952 0.09

The estimated net proceeds from the Rights Issue of approximately RMB202,173,000 included approximately RMB187,832,000 (disclosed in Note 2) and RMB14,341,000 based on the issuance of 89,950,000 Rights Shares attaching to the Share Options at the Subscription Price of HK\$0.18 each per Rights Share, after deduction of the related expenses including, among others, placing commission and other professional fees.

The 1,277,353,730 Rights Shares included 1,187,403,730 Rights Shares to be issued based on 474,961,493 Consolidated Shares in issue as at the Latest Practicable Date, which being adjusted for immediately after the Share Consolidation having become effective, under Rights Issue and the 89,950,000 Rights Shares attaching to the Share Options.

The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per Share per Share assuming full exercise of the outstanding Share Options as at 31 December 2022 is determined based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company assuming full exercise of the outstanding Share Options as at 31 December 2022 immediately after completion of Rights Issue of approximately RMB156,952,000, divided by 1,788,295,223 Consolidated Shares which represents (i) 409,828,160 Consolidated Shares in issue as at 31 December 2022, which being adjusted for immediately after the Share Consolidation having become effective; (ii) 65,133,333 Consolidated Shares allotted and issued to Mr. Xu, which being adjusted for immediately after the Share Consolidation having become effective (details please refer to the announcement of the Company dated 28 April 2023; (iii) 35,980,000 Consolidated Shares upon full exercise of the outstanding Share Options; and (iv) 1,277,353,730 Rights Shares to be issued under the Rights Issue.

5. No adjustment has been made to reflect any trading results or other transactions of the Group subsequent to 31 December 2022.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT

The following is the text of a report received from the independent reporting accountants, LINKSFIELD CPA LIMITED, Certified Public Accountants, Hong Kong, in respect of the Group's unaudited pro forma financial information for the purpose of inclusion in this circular



LINKSFIELD CPA LIMITED
金道連城會計師事務所有限公司
Units 2001-02, 20/F., Podium Plaza, 5 Hanoi Road,
Tsim Sha Tsui, Hong Kong
香港尖沙咀河內道5號普基商業中心20樓2001-02室

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

To the Directors of China Ruifeng Renewable Energy Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of China Ruifeng Renewable Energy Holdings Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 31 December 2022, and related notes (the “**Unaudited Pro Forma Financial Information**”) as set out on pages II-1 to II-3 of the Company’s circular dated 14 June 2023 (the “**Circular**”), in connection with (i) the proposed capital reorganisation; and (ii) the proposed rights issue on the basis of five (5) rights shares for every two (2) consolidated shares held on the record date (the “**Transaction**”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-3 of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Transaction on the Group’s financial position as at 31 December 2022 as if the Transaction had taken place at 31 December 2022. As part of this process, information about the Group’s financial position has been extracted by the Directors from the Group’s financial statements for the year ended 31 December 2022, on which an audit report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7, Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in a Circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Transaction at 31 December 2022 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Company, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

LINKSFIELD CPA LIMITED
Certified Public Accountants

Engagement Director: Kwok Chi Kan
Practising Certificate Number: P06958
Hong Kong, 14 June 2023

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company (a) as at the Latest Practicable Date; (b) immediately upon completion of the Capital Reorganisation (assuming no other change in the number of issued Shares); (c) immediately after completion of the Rights Issue (assuming no other change in the number of issued Shares and full acceptance of Rights Shares by all Qualifying Shareholders); and (d) immediately after completion of the Rights Issue (assuming no other change in the number of issued Shares other than the full exercise of the Share Options and full acceptance of Rights Shares by all Qualifying Shareholders) are set out as follows:

	(a)	(b)	(c)	(d)
Authorised share capital	HK\$100,000,000	HK\$500,000,000	HK\$500,000,000	HK\$500,000,000
Issued share capital	2,374,807,466	474,961,493	1,662,365,223	1,788,295,223

The Rights Shares, when allotted and issued, shall rank *pari passu* in all respects with the Shares then in issue. Holder of the Rights Shares in their fully-paid form will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the fully-paid Rights Shares.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms. 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.

As at the Latest Practicable Date, 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.

As at the Latest Practicable Date, there was no arrangement under which future dividends are waived or agreed to be waived.

3. DISCLOSURE OF INTERESTS IN THE SHARES

(a) Directors and chief executive's interests in the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions, if any, of each Director and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were deemed or taken to have under provisions of the SFO), or which were required to be and are recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules as adopted by the Company, to be notified to the Company and the Stock Exchange were as follows:

Long position in the Shares

Name of Director	Nature/Capacity	Number of shares/underlying shares		Share Options (Note 1)	Total	Approximate percentage of shareholdings
		Corporate interests	Convertible Bonds			
Mr. Zhang	Beneficial owner/Interest of controlled corporation	308,867,000 (Note 2)	1,979,861,111 (Notes 3 and 4)	19,700,000	2,308,428,111	97.2%
Mr. Ning Zhongzhi	Beneficial owner	—	—	19,700,000	19,700,000	0.83%
Mr. Qu Weidong	Beneficial owner	—	—	5,200,000	5,200,000	0.22%
Ms. Hu Xiaolin	Beneficial owner	—	—	5,200,000	5,200,000	0.22%
Mr. Jiang Senlin	Beneficial owner	—	—	5,200,000	5,200,000	0.22%

Notes:

1. These shares were the shares which would be allotted and issued upon exercise in full of the share options granted to such Director under the share option scheme of the Company, details of which are set out in the announcement of the Company dated 29 January 2021.
2. Mr. Zhang is the beneficial owner of the entire issued shares of Diamond Era. As at the Latest Practicable Date, Diamond Era is interested in 308,867,000 Shares. Mr. Zhang is deemed, or taken to be, interested in the Shares in which Diamond Era is interested for the purpose of the SFO.
3. Mr. Zhang is the beneficial owner of the entire issued shares of Filled Converge. As at the Latest Practicable Date, Filled Converge holds the Convertible Bonds in the principal amount of HK\$356,375,000. Assuming Filled Converge's 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. Mr. Zhang is deemed, or taken to be, interested in the Shares in which Filled Converge is interested for the purpose of the SFO.
4. On 6 June 2023 (after trading hours), the assignors and Mr. Yuan Wanyong ("Mr. Yuan") as the second assignee entered into a deed of assignment, pursuant to which Mr. Yuan is entitled to acquire the 80% of the assignors' respective rights and interests (including the assets and the assigned interest) under the assigned contracts and the debts pursuant to the facility agreement and the security documents if the account charge has become enforceable. The total consideration for such acquisition is HK\$240 million which shall be paid in the manner set out in the deed of assignment. Please refer to the Company's announcement dated 8 June 2023 for further details.

Long position in the ordinary shares of associated corporation

Names of Director	Name of associated corporation	Nature/capacity	Number of Shares held/interested	Approximate percentage of shareholdings
Mr. Zhang	Diamond Era	Beneficial owner	9	100%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor chief executive had any interests or short positions in any Shares, underlying shares or debentures of the Company or any of its associated corporations as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange under the Model Code.

(b) Substantial shareholders and other persons' interests in Shares and underlying Shares

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were directly

or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meetings of any other member of the Group were as follows:

Name of Shareholder	Number of Shares held/interested	Nature/capacity	Approximate percentage of shareholdings
Diamond Era	308,867,000 (L) <i>(Notes 1 and 2)</i>	Beneficial owner	13.0%
Filled Converge	1,979,861,111 (L) <i>(Notes 3 and 4)</i>	Beneficial owner	83.4%
Mr. Xu	325,666,666 (L)	Beneficial owner	13.7%

Notes:

- As at the Latest Practicable Date, Diamond Era was interested in 308,867,000 Shares. Diamond Era is wholly-owned by Mr. Zhang, an executive Director and a Substantial Shareholder.
- “L” stands for a long position in the Shares.
- Mr. Zhang is the beneficial owner of the entire issued shares of Filled Converge. As at the Latest Practicable Date, Filled Converge holds the Convertible Bonds in the principal amount of HK\$356,375,000. Assuming Filled Converge’s 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. Mr. Zhang is deemed, or taken to be, interested in the Shares in which Filled Converge is interested for the purpose of the SFO.
- On 6 June 2023 (after trading hours), the assignors and Mr. Yuan as the second assignee entered into a deed of assignment, pursuant to which Mr. Yuan is entitled to acquire the 80% of the assignors’ respective rights and interests (including the assets and the assigned interest) under the assigned contracts and the debts pursuant to the facility agreement and the security documents if the account charge has become enforceable. The total consideration for such acquisition is HK\$240 million which shall be paid in the manner set out in the deed of assignment. Please refer to the Company’s announcement dated 8 June 2023 for further details.

Save as disclosed above, so far as is known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, no other person (other than a Director or chief executive of the Company) had, or was deemed or taken to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or held any option in respect of such capital.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was a director or employee of a company (or its subsidiary) which has an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. DIRECTORS' INTERESTS IN CONTRACT AND ASSET

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2022, the date to which the latest published audited accounts of the Group were made up.

There was no contract or arrangement entered into by any member of the Group, subsisting as at the Latest Practicable Date, in which any of the Directors was materially interested and which was significant in relation to the business of the Group as a whole.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into or proposed to enter into any service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

6. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors or Controlling Shareholders or their respective associates had any business or interest which competes or may compete with the business of the Group, or have or may have any other conflicts of interest with the Group.

7. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

8. MATERIAL CONTRACTS

Save as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by any member of the Group within the two years immediately preceding the date of this circular:

- (a) the Placing Agreement;
- (b) the Irrevocable Undertaking; and
- (c) the Bondholder's Undertaking.

9. EXPERTS AND CONSENTS

The following are the qualifications of the experts which have given advice which is contained in this Scheme Document:

Name	Qualification
Red Sun Capital Limited	a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO
Linksfield CPA Limited	Certified Public Accountants Registered Public Interest Entity Auditor

As at the Latest Practicable Date, each of the above Experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letters or reports and the reference to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, none of the Experts had any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, none of the Experts had any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2022, being the date to which the latest published audited accounts of the Company were made up.

10. EXPENSES

Assuming exercise of all outstanding Share Options before the Record Date, in the event of full acceptance of the Right Shares by all Qualifying Shareholders and no Placing has to be conducted, the relevant expenses which would be incurred in the Rights Issue would be approximately HK\$1.7 million; on the other hand, in the event of 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 are placed by the Placing Agent, the relevant expenses would be approximately HK\$3.9 million.

Accordingly, the gross proceeds from the Rights Issue will be up to approximately HK\$229.9 million and the maximum net proceeds (after deducting the estimated expenses) of the Rights Issue are estimated to be approximately HK\$228.2 million. The net subscription price per Rights Share is expected to be approximately HK\$0.179.

11. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Board of Directors

*Executive Directors*Mr. Yuan Wanyong (*Chairman*)Mr. Zhang Zhixiang (*Chief Executive Officer*)

Mr. Ning Zhongzhi

Mr. Li Tian Hai (*retired at the annual general meeting
of the Company on 1 June 2023*)Mr. Peng Ziwei (*retired at the annual general meeting
of the Company on 1 June 2023*)*Independent non-executive Directors*

Mr. Qu Weidong

Ms. Hu Xiaolin

Mr. Jiang Senlin

Audit committee

Mr. Jiang Senlin (*chairman of the Audit Committee*)

Mr. Qu Weidong

Ms. Hu Xiaolin

Nomination committee	Mr. Qu Weidong (<i>chairman of the Nomination Committee</i>) Mr. Zhang Zhixiang Ms. Hu Xiaolin Mr. Jiang Senlin
Remuneration committee	Ms. Hu Xiaolin (<i>chairman of the Remuneration Committee</i>) Mr. Zhang Zhixiang Mr. Qu Weidong Mr. Jiang Senlin
Registered office	Windward 3, Regatta Office Park P.O. Box 1350 Grand Cayman KY1-1108 Cayman Islands
Principal place of business in Hong Kong	Room 1002, 10/F Shui On Centre 6–8 Harbour Road, Wanchai Hong Kong
Authorised representatives	Mr. Zhang Zhixiang Ms. Wong Yuk Ki
Business address of all Directors and authorised representatives	Room 1002, 10/F Shui On Centre 6–8 Harbour Road, Wanchai Hong Kong
Company secretary	Ms. Wong Yuk Ki
Hong Kong branch share registrar and transfer office	Tricor Investor Services Limited 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong

Principal banker

In Hong Kong:

Bank of China (Hong Kong) Limited
China Minsheng Banking Corporation Limited
Hong Kong Branch
China Construction Bank (Asia) Corporation Limited
Hang Seng Bank Limited
The Bank of East Asia Limited

In the PRC:

Bank of China Limited
Agricultural Development Bank of China
Industrial and Commercial Bank of China Limited
Bank of Chengde Company Limited
China Construction Bank Corporation
Bank of Hebei Company Limited

Auditor

Linksfield CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditor
Room 2001-02, 20/F., Podium Plaza
5 Hanoi Road
Tsim Sha Tsui
Hong Kong

Legal adviser to the Company as to
Hong Kong laws

Khoo & Co.
15th & 16th Floor
Tern Centre Tower 2
251 Queen's Road Central
Hong Kong

Independent Financial Adviser to
the Independent Board Committee
and the Independent Shareholders

Red Sun Capital Limited
Room 310, 3/F,
China Insurance Group Building,
141 Des Voeux Road Central,
Hong Kong

Placing Agent
Get Nice Securities Limited
G/F-3/F, Cosco Tower,
Grand Millennium Plaza,
183 Queen's Road Central,
Hong Kong

12. PARTICULARS OF THE DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Yuan (袁萬永) (“**Mr. Yuan**”), aged 52, graduated from Hebei University of Architecture with a bachelor's degree in the Department of Mechanical and Electrical Engineering. Mr. Yuan is a senior engineer and a member of the Communist Party of the PRC. Mr. Yuan started his own business after graduation and established a company in the PRC, namely Ever Bright Real Estate. Mr. Yuan currently holds an 80% equity interest in Ever Bright Real Estate, which is a multinational company with its headquarter in the PRC. The principal businesses of its subsidiaries include property development, sports management, cultural tourism, trading and renewable energy. Mr. Yuan is currently the chairman, general manager and legal representative of Ever Bright Real Estate and is the director, legal representative or senior management of subsidiaries of Ever Bright Real Estate.

On 6 June 2023 (after trading hours), the assignors and Mr. Yuan as the second assignee entered into a deed of assignment, pursuant to which Mr. Yuan is entitled to acquire the 80% of the assignors' respective rights and interests (including the assets and the assigned interest) under the assigned contracts and the debts pursuant to the facility agreement and the security documents if the account charge has become enforceable. The total consideration for such acquisition is HK\$240 million which shall be paid in the manner set out in the deed of assignment. Please refer to the Company's announcement dated 8 June 2023 for further details.

Mr. Zhang Zhixiang (張志祥) (“**Mr. Zhang**”), aged 55, is the chief executive officer (the “**Chief Executive Officer**”) of the Company and an executive Director. He is also an authorised representative of the Company, a member of each of the remuneration committee and nomination committee of the Company. He was appointed as an executive Director on 7 July 2010. He graduated from the School of Taxation of the Central Institute of Finance (中央財政金融學院) (now known as the Central University of Finance and Economics (中央財經大學)) in 1991 and received a bachelor's degree in economics. He joined Hexigten Qi Langcheng Ruifeng Electric Development Co., Ltd, a former subsidiary of the Group, as the vice general manager in December 2005. He was appointed as a director and the chairman of the board of Hongsong in May 2013. Mr. Zhang is a director of, and the sole beneficial owner of the share capital in, Diamond Era Holdings Limited, a substantial shareholder of the Company interested in 308,867,000 shares,

representing approximately 13.0% of the issued share capital of the Company as at the Latest Practicable Date. Mr. Zhang is also the sole beneficial owner of the share capital in Filled Converge which holds the Convertible Bonds issued by the Company in the principal amount of HK\$356,375,000. For his interest in the shares of the Company within the meaning of Part XV of the SFO, please refer to the section headed “Disclosure of interests” of this circular.

Mr. Ning Zhongzhi (寧忠志) (“**Mr. Ning**”), aged 59, was appointed as an executive Director on 28 January 2013. Mr. Ning graduated from Huabei Electric Workers Intermediate Specialised College (華北電業職工中等專業學校) and Hebei Radio and TV University (河北廣播電視大學) in labour and remuneration in October 1984 and in human relation management in July 1988, respectively. Mr. Ning was qualified as a senior economist by the Senior Specialty and Technology Qualification Judging Committee of the State Power Corporation of China (國家電力公司高級專業技術資格評審委員會) in April 2001. Mr. Ning has long been working in the electricity power industry, being a key responsible staff of county-level power supply enterprise, and was the head of human resources department since March 2003. Mr. Ning was the director and chairman of Hongsong from May 2010 to May 2013.

Independent non-executive Directors

Mr. Qu Weidong (屈衛東) (“**Mr. Qu**”), aged 56, is an independent non-executive Director, the chairman to the nomination committee of the Company and a member of each of the audit committee and remuneration committee of the Company. Mr. Qu was appointed as an independent non-executive Director on 11 December 2010. Mr. Qu graduated from the Tsing Hua University (清華大學) in the PRC in 1990 with a bachelor’s degree in engineering. He obtained a master’s degree in international business at the University of Auckland in 1999. Mr. Qu is now the chairman of Beijing Eastern Forest JS Investment Limited (北京東霖鉅盛投資有限公司). Mr. Qu has over 22 years of in the field of investment, of which 8 years of experience in investment banking. He was a director and general manager of Beijing Zero2IPO Venture Investment Management Centre (北京清科創業投資管理中心). He was the investment director of Bluerun Investment Consulting (Beijing) Co., Ltd. from June 2007 to September 2010, and Capinfo Company Limited (首都信息發展股份有限公司) from April 2005 to July 2007. He worked at the headquarters of the investment bank of China Galaxy Securities Co., Limited (中國銀河證券股份有限公司投資銀行總部) from March 2003 to July 2005.

Ms. Hu Xiaolin (胡曉琳) (“**Ms. Hu**”), aged 55, is an independent non-executive Director, the chairman to the remuneration committee and a member of each of the audit committee and nomination committee of the Company. Ms. Hu was appointed as an independent non-executive Director on 9 May 2011. Ms. Hu graduated from Northwest University (西北大學), the PRC, with a bachelor’s degree in literature in July 1990. She obtained a master of literature from Capital Normal University (首都師範大學), the PRC in July 1995. Ms. Hu worked in the news

commentary department and sports centre of Beijing Television (北京電視台) from 1995 to 2005. She had worked as a producer and a general director (總導演) of a section in Shanghai China Business Network Co. Ltd. (上海第一財經傳媒有限公司) from January 2005 to March 2008. She has been a director and a general manager of Shanghai Shile Yongdao Culture Communication Co., Ltd. (上海世樂永道文化傳播有限公司) since March 2008. Since February 2016, Ms. Hu is the president of Fortune Media Communication Co., Ltd. (財富視點傳媒有限責任公司).

Mr. Jiang Senlin (姜森林) (“**Mr. Jiang**”), aged 51, is an independent non-executive Director, the chairman to the audit committee of the Company and a member of each of the nomination committee and remuneration committee of the Company. Mr. Jiang was appointed as an independent non-executive Director on 31 January 2019. Mr. Jiang, has been the vice-president and chief financial officer in Wonderland International Financial Holdings Limited (華德國際金融控股有限公司) since January 2018 and an executive director of Enviro Energy International Holdings Limited (stock code: 1102) since 28 June 2019. Mr. Jiang worked in Beijing Renge Technology Corp. Ltd (北京仁歌科技股份有限公司) (NEEQ Code: 837824, voluntarily delisted in December 2018) as vice general manager and chief financial officer from September 2015 to December 2017. He also worked as chief financial officer (Asia) in Morningstar, Inc. (NASDAQ: MORN) from August 2009 to September 2015. Mr. Jiang qualified as an accountant in the PRC in May 1998 and as an intermediate financial officer conferred by the Ministry of Personnel, the PRC in November 1997. Mr. Jiang completed his research program in Art and Culture (文藝學) at Sichuan University in July 2000 and obtained his bachelor’s degree in accountancy at the Central Institute of Finance (中央財政金融學院) (now known as the Central University of Finance and Economics) in June 1993.

Senior management

Mr. Wang Jian (王劍) (“**Mr. Wang**”), aged 55, is the director and general manager of Hongsong, responsible for the daily operation of Hongsong. Mr. Wang was graduated in 2004 from China Agricultural University (中國農業大學) majoring at economic management professional. He obtained senior operating qualification in 2005 and obtained advanced project management qualification in 2006. Mr. Wang joined Hongsong in 1999 and involved in the establishment of Hongsong. He was appointed as the director and general manager of Hongsong since 2001, and he has over 14 years working experience in wind farm operation and management.

Mr. Fan Guoliang (范國亮) (“**Mr. Fan**”), aged 42, is the secretary of the Board of Hongsong. He is mainly responsible for the Board and the administrative management of the Group. Mr. Fan was graduated from Hebei University of Science and Technology majoring Business Administration in 2005 and received a bachelor’s degree in Management. He received a master’s

degree in economics from Central University of Finance and Economics in 2014. In March 2005, he joined Hongsong and served as the head of the secretary office of the Board, deputy director, directors of certain subsidiaries of the Group in the PRC, secretary of the board and deputy general manager.

Company secretary

Ms. Wong Yuk Ki (黃鈺琪) (“**Ms. Wong**”), has been appointed as Company secretary and authorised representative of the Company since 31 December 2019. Ms. Wong holds a bachelor degree of Business Administration in Professional Accountancy from The Chinese University of Hong Kong. Ms. Wong is a member of the Hong Kong Institute of Certified Public Accountants. She has over ten years of working experience in the auditing and accounting fields.

13. AUDIT COMMITTEE

As at the Latest Practicable Date, the audit committee of the Board (the “**Audit Committee**”) comprised all of the independent non-executive Directors, namely Mr. Jiang Senlin (the chairman of the Audit Committee), Mr. Qu Weidong and Ms. Hu Xiaolin. The background, directorship and past directorship (if any) of each of the members of the Audit Committee are set out in the section headed “Particulars of the Directors and senior management” in this appendix. The primary duties of the Audit Committee include, among other things, reviewing and supervising the financial reporting process and internal control systems, as well as the overall risk management of the Group, reviewing the consolidated financial statements and the interim and annual reports of the Group, reviewing the terms of engagement and scope of audit work of the external auditor, and performing the corporate governance function.

14. DOCUMENTS AVAILABLE FOR DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.c-ruifeng.com) from the date of this circular up to and including the date of the EGM:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for the three financial years ended 31 December 2022;
- (c) the Placing Agreement;
- (d) the letter from the Board, the text of which is set out on pages 9 to 39 of this circular;

- (e) the letter from the Independent Board Committee, the text of which is set out on pages 40 to 41 of this circular;
- (f) the letter from the Independent Financial Adviser, the text of which is set out on pages 42 to 80 of this circular;
- (g) the report on the unaudited pro forma financial information of the Group issued by Linksfild CPA Limited, the text of which is set out in Appendix II to this circular;
- (h) the written consents referred to in the section headed “Experts and Consents” of this appendix;
- (i) the Irrevocable Undertaking;
- (j) the Bondholder’s Undertaking; and
- (k) this circular.

15. MISCELLANEOUS

- (a) As at the Latest Practicable Date, to the best knowledge of the Directors, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (b) As at the Latest Practicable Date, the Group had no exposure to foreign exchange liabilities.
- (c) In the event of any inconsistency, the English texts of this circular and the accompanying form of proxy shall prevail over their respective Chinese texts.

NOTICE OF EGM



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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**Meeting**”) of China Ruifeng Renewable Energy Holdings Limited (the “**Company**”) will be held at Room 1002, 10/F, Shui On Centre, 6–8 Harbour Road, Wanchai, Hong Kong on Tuesday, 4 July 2023 at 3 p.m., or at any adjournment thereof, for the purpose of considering and, if thought fit, passing (with or without amendment) the following resolutions which will be proposed as ordinary resolutions:

ORDINARY RESOLUTIONS

1. “**THAT** subject to the satisfaction of the conditions set out in the letter from the board under the heading “Conditions of the Share Consolidation” in the circular of the Company dated 14 June 2023 (“**Circular**”), with effect from the second business day immediately following the day of passing of this resolution, being a day on which the shares of the Company are traded on The Stock Exchange of Hong Kong Limited:
 - (a) every five (5) issued and unissued shares of HK\$0.01 each in the share capital of the Company be consolidated into one (1) share of HK\$0.05, and such Consolidated Share(s) shall rank pari passu in all respects with each other and have the rights and privileges and be subject to the restrictions in respect of ordinary shares contained in the articles of association of the Company;
 - (b) all fractional Consolidated Shares resulting from the Share Consolidation will be disregarded and will not be issued to holders of the same but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company in such manner and on such terms as the Directors may think fit; and
 - (c) any one or more Directors be and is/are hereby authorised to do all such acts, deeds and things, to sign and execute all such further documents or deeds and to take such steps as he/they may in his/their absolute discretion consider necessary, appropriate, desirable or expedient to carry out or to give effect to or in connection with the Share Consolidation.”

NOTICE OF EGM

2. **“THAT**
- (a) subject to and conditional upon the passing of the resolution numbered 1, the authorised share capital of the Company be and is hereby increased from HK\$100,000,000 divided into 2,000,000,000 Consolidated Shares of HK\$0.05 each to HK\$500,000,000 divided into 10,000,000,000 Consolidated Shares by the creation of an additional 8,000,000,000 Consolidated Shares, and that each such new Share, upon issue and fully paid, shall rank pari passu in all respects with the existing issued Shares and have the rights and privileges and be subject to the provisions contained in the memorandum and articles of association of the Company (the **“Authorised Share Capital Increase”**); and
 - (b) any one or more Directors be and is/are hereby authorised to do all such acts, deeds and things, to sign and execute all such further documents or deeds and to take such steps as he/they may in his/their absolute discretion consider necessary, appropriate, desirable or expedient to carry out or to give effect to or in connection with the Authorised Share Capital Increase.”
3. **“THAT** conditional upon the passing of the resolutions numbered 1 and 2 as set out above and subject to the conditions set out in the letter from the board under the heading **“Conditions of the Rights Issue”** in the circular of the Company dated 14 June 2023:
- (a) the allotment and issue of up to 1,277,353,730 new Consolidated Shares (assuming no change in the number of Consolidated Shares in issue on or before the Record Date (as defined below) other than the exercise of all outstanding share options as at the date of the Circular 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 **“Rights Shares”**) pursuant to an offer by way of rights to the shareholders of the Company (the **“Shareholders”**) at the subscription price of HK\$0.18 per Rights Share (the **“Subscription Price”**) on the basis of five (5) Rights Share for every two (2) Consolidated Share held by the Shareholders (**“Qualifying Shareholders”**) whose names appear on the register of members of the Company on Tuesday, 4 July 2023, or such other date as may be determined by the Company for determining entitlements of Shareholders to participate in the Rights Issue (as defined below) (the **“Record Date”**), as described in further details in a circular issued by the Company dated 14 June 2023 (a copy of which has been produced to the Meeting marked **“A”** and signed by the chairman of the Meeting for the purpose of identification), save for the Shareholders whose addresses as of the Record Date are outside of Hong Kong (if any) to whom the Directors, based on legal opinions to be provided by the legal advisers to the Company, consider it necessary or expedient not to offer the Rights Shares on account either of the legal restrictions under the laws of the relevant place(s) of their registered address(es) or the requirements of the relevant regulatory body(ies) or stock exchange(s) in such place(s) (**“Excluded Shareholders”**), and on and subject to such terms and conditions as may be determined by the Directors (the **“Rights Issue”**), be and is hereby approved, confirmed and ratified;

NOTICE OF EGM

- (b) the placing agreement dated 12 May 2023 (the “**Placing Agreement**”) and entered into between the Company and Get Nice Securities Limited (a copy of which has been produced to the Meeting marked “B” and signed by the chairman of the Meeting for the purpose of identification), in relation to the placing of the Rights Shares not subscribed by the Qualifying Shareholders and/or the Rights Share(s) which would otherwise has/have been provisionally allotted to the Excluded Shareholder(s) in nil-paid form that has/have not been sold by the Company at the placing price of not less than the Subscription Price on a best effort basis, and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (c) the board of Directors or a committee thereof be and is hereby authorised to allot and issue the Rights Shares pursuant to or in connection with the Rights Issue notwithstanding that the same may be offered, allotted or issued otherwise than pro rata to the existing Shareholders and, in particular, the Directors may make such exclusions or other arrangements in relation to any Excluded Shareholders, and to do all such acts and things or make such arrangements as it considers necessary, desirable or expedient to give effect to any or all other transactions contemplated in this resolution; and
- (d) any one or more Directors be and is/are hereby authorised to do all such acts, deeds and things, to sign and execute all such further documents or deeds and to take such steps as he/they may in his/their absolute discretion consider necessary, appropriate, desirable or expedient to carry out or to give effect to or in connection with the Rights Issue, the Placing Agreement and the transactions contemplated thereunder.”

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

Hong Kong, 14 June 2023

Notes:

1. Unless otherwise defined in this notice or the context otherwise requires, terms defined in Circular shall have the same meanings when used in this notice.
2. Voting at the EGM will be taken by poll as required under the Listing Rules.
3. The register of members of the Company will be closed from Thursday, 29 June 2023 to Tuesday, 4 July 2023 (both days inclusive), during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the extraordinary general meeting, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar of the Company, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 28 June 2023.

NOTICE OF EGM

4. Any member entitled to attend and vote at the meeting of the Company shall be entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A member who is the holder of two or more shares may appoint more than one proxy to represent him/her and vote on his/her behalf at the meeting of the Company. A proxy need not be a member of the Company.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorized in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorized to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof it shall be assumed, unless the contrary appears, that such officer was duly authorized to sign such instrument of proxy on behalf of the corporation without further evidence of the facts.
6. The instrument appointing a proxy and (if required by the board of directors of the Company) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote.
7. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.
8. Where there are joint holders of any share any one of such joint holder may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at the meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
9. The English text of this notice of extraordinary general meeting shall prevail over the Chinese text in case of inconsistency.
10. If a black rainstorm warning signal, a tropical cyclone warning signal no. 8 or above or “extreme conditions” caused by super typhoons is in force at or at any time after 7:00 a.m. on the date of the meeting, the meeting will be postponed. The Company will publish an announcement on the Company’s website at www.c-ruifeng.com and the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk to notify members of the date, time and place of the rescheduled meeting.
11. If member has any particular access requirements or needs special arrangements for participating at the meeting, please contact the Hong Kong branch share registrar of the Company and transfer office.
12. As at the date hereof, the executive Directors are Mr. Yuan Wanyong (Chairman), Mr. Zhang Zhixiang (Chief Executive Officer) and Mr. Ning Zhongzhi; and the independent non-executive Directors are Mr. Jiang Senlin, Mr. Qu Weidong and Ms. Hu Xiaolin.