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

### **中國瑞風新能源控股有限公司**

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

**(Stock Code: 527)**

#### **DISCLOSEABLE TRANSACTION IN RELATION TO (1) THE EQUIPMENT PURCHASE AGREEMENTS AND (2) THE FINANCE LEASE AGREEMENT**

##### **EQUIPMENT PURCHASE AGREEMENTS**

On 7 February 2018, Baotou Yinfeng, an indirect wholly owned subsidiary of the Company, Hengqin FI, Tianshun and Suzlon Tianjin entered into the Equipment Purchase Agreements, pursuant to which Hengqin FI agreed to purchase Equipment 1 and Equipment 2 from Tianshun and Suzlon Tianjin respectively, upon Baotou Yinfeng's selection of supplier and equipment, at an aggregate consideration of RMB159,657,394.00.

##### **FINANCE LEASE AGREEMENT**

On the same date, Baotou Yinfeng and Hengqin FI also entered into the Finance Lease Agreement, pursuant to which Hengqin FI agreed to lease the Equipment to Baotou Yinfeng for a period of sixty (60) months at a total lease payment of RMB154,960,017.93.

##### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios in respect of the Finance Lease Arrangement is/ are more than 5% but are all less than 25%, the transactions under the Finance Lease Arrangement, and as aggregated under Rules 14.22 and 14.23 of the Listing Rules, constitute a discloseable transaction of the Company and are subject to the reporting and announcement requirements but is exempt from shareholder's approval under Chapter 14 of the Listing Rules.

## **INTRODUCTION**

On 7 February 2018, Baotou Yinfeng, an indirect wholly owned subsidiary of the Company, Hengqin FI, Tianshun and Suzlon Tianjin entered into the Equipment Purchase Agreements, pursuant to which Hengqin FI agreed to purchase Equipment 1 and Equipment 2 from Tianshun and Suzlon Tianjin respectively, upon Baotou Yinfeng's selection of supplier and equipment, at an aggregate consideration of RMB159,657,394.00.

On the same date, Baotou Yinfeng and Hengqin FI also entered into the Finance Lease Agreement, pursuant to which Hengqin FI agreed to lease the Equipment to Baotou Yinfeng for a period of sixty (60) months at a total lease payment of RMB154,960,017.93.

## **THE EQUIPMENT PURCHASE AGREEMENTS**

The principal terms of the Equipment Purchase Agreements are summarised as follows:

### **Equipment Purchase Agreement 1**

#### ***Date***

7 February 2018

#### ***Parties***

- (i) Baotou Yinfeng (as lessee);
- (ii) Hengqin FI (as purchaser/lessor); and
- (iii) Tianshun (as supplier).

#### ***Subject matter***

Pursuant to the Equipment Purchase Agreement 1, Hengqin FI shall purchase the Equipment 1 from Tianshun at a consideration of RMB23,282,000.00.

#### ***Consideration***

The purchase price shall be paid by Hengqin FI to Tianshun in separate instalments in accordance with the Equipment Purchase Agreement 1. The total consideration was agreed among the relevant parties after arm's length negotiations with reference to the prevailing market price of Equipment 1.

The first instalment of the purchase price which amounts to RMB6,984,600.00 shall be satisfied by the payment of RMB6,984,600.00 made by Baotou Yinfeng to Tianshun under the First Equipment Purchase Agreement 1.

The repayment of the aforesaid first instalment by Hengqin FI to Baotou Yinfeng shall be off-set with the first instalment of the Lease Payments payable by Baotou Yinfeng to Hengqin FI under the Finance Lease Agreement.

## **Equipment Purchase Agreement 2**

### ***Date***

7 February 2018

### ***Parties***

- (i) Baotou Yinfeng (as lessee);
- (ii) Hengqin FI (as purchaser/lessor); and
- (iii) Suzlon Tianjin (as supplier).

### ***Subject matter***

Pursuant to the Equipment Purchase Agreement 2, Hengqin FI shall purchase the Equipment 2 from Suzlon Tianjin at a consideration of RMB136,375,394.00.

### ***Consideration***

The purchase price shall be paid by Hengqin FI to Suzlon Tianjin in separate instalments in accordance with the Equipment Purchase Agreement 2. The total consideration was agreed among the relevant parties after arm's length negotiations with reference to the prevailing market price of Equipment 2.

The first instalment of the purchase price which amounts to RMB24,645,394.00 shall be satisfied by the payment of RMB24,645,394.00 made by Baotou Yinfeng to Suzlon Tianjin under the First Equipment Purchase Agreement 2.

The repayment of the aforesaid first instalment by Hengqin FI to Baotou Yinfeng shall be off-set with the first instalment of the Lease Payments payable by Baotou Yinfeng to Hengqin FI under the Finance Lease Agreement.

## ***Supersedure of the First Equipment Purchase Agreement 2***

Upon execution of the Equipment Purchase Agreement 2, the Equipment Purchase Agreement 2 shall supersede the First Equipment Purchase Agreement 2 in respect of the Equipment 2 and Hengqin FI shall become the purchaser of Equipment 2 in place of Baotou Yinfeng, as stipulated in the First Equipment Purchase Agreement 2.

## **THE FINANCE LEASE AGREEMENT**

The principal terms of the Finance Lease Agreement are summarised as follows:

### **Date**

7 February 2018

### **Parties**

- (i) Baotou Yinfeng (as lessee); and
- (ii) Hengqin FI (as lessor).

### **Subject matter**

Pursuant to the Finance Lease Agreement, Hengqin FI shall lease the Equipment to Baotou Yinfeng for a term of sixty (60) months commencing from the date of payment of the second instalment of purchase price of the Equipment under the Equipment Purchase Agreements.

### **Lease payments**

The total amount of lease payment is RMB154,960,017.93 which shall be paid by Baotou Yinfeng to Hengqin FI as to RMB141,929,817.44 in twenty (20) instalments for the first phrase and as to RMB13,030,200.49 in another twenty (20) instalments for the second phrase.

The lease payment (subject to adjustment pursuant to the adjustment of the interest rate published by the People's Bank of China in respect of loan with a five-year term) together with the deposit and service fee (as detailed below) shall be funded by internal or available external resources of the Group and was agreed after arm's length negotiations between the parties with reference to the purchase price payable by Hengqin FI for the purchase of the Equipment, the principal amounts of the lease and the prevailing market interest rate for finance leases of comparable machines and equipment.

The obligations of Baotou Yinfeng under the Finance Lease Agreement will be secured by, among others, (a) pledge of the entire equity interest in Baotou Yinfeng; (b) a corporate guarantee from Beijing Yinfeng, Hongsong and Zhuhai Dong Fang; and (c) a pledge on the electricity bill receivables by Baotou Yinfeng.

### **Deposit**

Baotou Yinfeng shall make the first payment of RMB31,629,994.00 to Tianshun and Suzlon Tianjin, which will be used to offset the first instalment of purchase price payable by Tianshun and Suzlon Tianjin under the Equipment Purchase Agreements, as the deposit payable by Baotou Yinfeng to Hengqin FI under the Finance Lease Agreement.

### **Service fee**

Baotou Yinfeng shall also pay Hengqin FI the service fee of RMB6,400,000.00 in relation to the lease service in the following manner:

- (1) RMB5,861,840.00 shall be payable upon signing of the Finance Lease Agreement; and
- (2) RMB538,160.00 shall be payable before Hengqin FI makes payment of the third instalment of the purchase price of the Equipment.

### **Ownership of the Equipment**

During the Lease Period, the ownership of the Equipment will vest in Hengqin FI. Upon expiry of the Lease Period and subject to full payment of all the rents and other payables by Baotou Yinfeng under the Finance Lease Agreement, Hengqin FI shall transfer the ownership of the Equipment to Baotou Yinfeng at a nominal price of RMB100.00.

## **REASONS FOR AND BENEFIT OF THE FINANCE LEASE ARRANGEMENT**

The transactions contemplated under the Finance Lease Arrangement are beneficial to the Company in expanding its financing channel, replenishing capital required for its production and operations as well as reducing its financial pressure. Besides, through customised finance lease services solution provided to Baotou Yinfeng by Hengqin FI, both the Company and Baotou Yinfeng can effectively increase the liquidity of their assets and optimise their asset structures.

In view of the above, the Board considers that the Finance Lease Arrangement and the transactions contemplated thereunder are arrived at after arm's length negotiations between the parties thereto, and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **INFORMATION OF THE COMPANY, BAOTOU YINFENG, HENGQIN FI, TIANSHUN AND SUZLON TIANJIN**

The Company is a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange. The Group is principally engaged in the businesses of wind power generation.

Baotou Yinfeng is a indirect wholly-owned subsidiary of the Company and is principally engaged in wind farm operation.

Hengqin FI is a company incorporated in the PRC with limited liability and is principally engaged in financial leasing, purchase of leased assets, lease advisory and guarantees.

Tianshun is a company incorporated in the PRC with limited liability and is principally engaged in the manufacturing and sales of wind tower drum for wind farm operation.

Suzlon Tianjin is a company incorporated in the PRC with limited liability and is principally engaged in the manufacturing and sales of wind power machinery and facilities for wind farm operation.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Hengqin FI, Tianshun, Suzlon Tianjin and their respective ultimate beneficial owners are independent of and not connected with the Company and its connected persons.

## LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Finance Lease Arrangement is/are more than 5% but are all less than 25%, the transactions under the Finance Lease Arrangement, and as aggregated under Rules 14.22 and 14.23 of the Listing Rules, constitute a discloseable transaction of the Company and are subject to the reporting and announcement requirements but is exempt from shareholder's approval under Chapter 14 of the Listing Rules.

The delay in disclosure and other compliance matters under Chapter 14 of the Listing Rules is due to the Company's inadvertent oversight regarding the nature of the abovementioned transactions. Subsequently, it has come to the Company's awareness that the Equipment Purchase Agreements, the Finance Lease Agreement and the arrangement contemplated thereunder, should be subject to the reporting, announcement and requirements under Chapter 14 of the Listing Rules and the Company has taken steps to rectify the omission by way of this announcement.

Going forward, the Company will closely monitor the effectiveness and efficiency of its compliance system and the relevant corporate governance measures, particularly in the areas of, among other things, notifiable and connected transactions, so as to prevent the future occurrence of any similar incidents.

## DEFINITIONS

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

“Beijing Yinfeng”	Beijing Yin Feng Hui Li Investment Limited* (北京銀風滙利投資有限公司), a company established in the PRC with limited liability and an indirect wholly owned subsidiary of the Company;
“Board”	the board of Directors;
“Company”	China Ruifeng Renewable Energy Holdings Limited (中國瑞風新能源控股有限公司) (Stock code: 527), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange;
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules;
“Director(s)”	director(s) of the Company;
“Equipment”	Equipment 1 and Equipment 2;
“Equipment 1”	certain machinery and equipment for the construction project of a wind farm in the PRC, being the subject matter of the Equipment Purchase Agreement 1;

“Equipment 2”	certain machinery and equipment for the construction project of a wind farm in the PRC, being the subject matter of the Equipment Purchase Agreement 2;
“Equipment Purchase Agreement 1”	the sale and purchase agreement entered into among Baotou Yinfeng, Hengqin FI and Tian Shun dated 7 February 2018 in relation to Equipment 1;
“Equipment Purchase Agreement 2”	the sale and purchase agreement entered into among Baotou Yinfeng, Hengqin FI and Suzlon Tianjin dated 7 February 2018 in relation to Equipment 2;
“Equipment Purchase Agreements”	Equipment Purchase Agreement 1 and Equipment Purchase Agreement 2;
“Finance Lease Agreement”	the finance lease agreement dated 7 February 2018 entered into between Baotou Yinfeng and Hengqin FI in relation to the finance leasing of the Equipment;
“Finance Lease Arrangement”	the finance lease arrangement contemplated under the Equipment Purchase Agreements and the Finance Lease Agreement in relation to the Equipment;
“First Equipment Purchase Agreement 1”	the sale and purchase agreement entered into between Baotou Yinfeng and Tianshun dated 22 August 2016 in relation to Equipment 1;
“First Equipment Purchase Agreement 2”	the sale and purchase agreement entered into between Baotou Yinfeng and Suzlon Tianjin dated 18 September 2015 in relation to Equipment 2;
“Group”	the Company and its subsidiaries;
“Hongsong”	Hebei Hongsong Wind Power Co., Ltd.* (河北紅松風力發電股份有限公司), a sino-foreign equity joint venture company and indirectly owned as at 86.55% by the Company;
“Hengqin FI”	Hengqin Financial Investment Leasing Company Limited* (橫琴金投國際融資租賃有限公司), a company established in the PRC with limited liability;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Lease Period”	a period of sixty (60) months which commences from the date of payment of the second instalment of purchase price of the Equipment under the Equipment Purchase Agreements;



“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan;
“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Suzlon Tianjin”	Suzlon Energy (Tianjin) Limited* (蘇司蘭能源(天津)有限公司), a company established in the PRC with limited liability;
“Tianshun”	Baotou Tianshun Wind Power Equipment Company Limited* (包頭天順風電設備有限公司), a company established in the PRC with limited liability
“Baotou Yinfeng”	Baotou City Yinfeng Huili New Energy Investment Limited* (包頭市銀風滙利新能源投資有限公司), a company established in the PRC with limited liability and an indirect wholly owned subsidiary of the Company; and
“Zhuhai Dong Fang”	Zhuhai Dong Fang Renewable Energy Limited* (珠海東方新能源有限公司), a company established in the PRC with limited liability and an indirect wholly owned subsidiary of the Company.

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

Hong Kong, 13 April 2018

*As at the date of this announcement, the executive Directors are Mr. Zhang Zhixiang (Chief Executive Officer), Mr. Ning Zhongzhi, Mr. Li Tian Hai and Mr. Peng Ziwei; and the independent non-executive Directors are Ms. Wong Wai Ling, Mr. Qu Weidong and Ms. Hu Xiaolin.*

*\* For identification purpose only*