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**China Shuifa Singyes Energy Holdings Limited**  
**中國水發興業能源集團有限公司**

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 750)**

**FURTHER INFORMATION ON  
DISCLOSEABLE TRANSACTION  
CAPITAL INJECTION AND ACQUISITION OF EQUITY INTEREST**

Reference is made to the announcement of China Shuifa Singyes Energy Holdings Limited (the “**Company**”) dated 15 December 2020 (the “**Announcement**”) in relation to the capital injection agreement and acquisition agreements entered into by the Company, which constitute a discloseable transaction of the Company. Unless the context otherwise requires, capitalized terms used in this announcement shall have the same meaning as those defined in the Announcement.

The Company would like to provide its Shareholders with the following further information in relation to the Capital Injection and Acquisitions:

**Basis for determining the price of the Capital Injection and the consideration of the Acquisitions**

The price of the Capital Injection and the consideration of the Acquisitions were determined after arm’s length negotiations between the Investor, the Target Shareholders and the Target Company and with reference to (i) the audited net asset value of the Target Company as at 30 June 2020 of RMB46.2 million; (ii) the appraised fair value of the Target Company as at 30 June 2020 of RMB46.3 million based on a valuation conducted by an independent valuer appointed by the Group; and (iii) the pro-forma valuation of 51% equity interest in the Target Company of RMB48 million on an enlarged basis after the completion of the Acquisitions and Capital Injection, determined with reference to the net asset value of the Target Company of RMB46.2 million as at 30 June 2020. Based on the above, the Total Consideration of RMB39.90 million represents a discount of approximately 17% compared to the pro-forma valuation of 51% of the equity interest in the Target Company.

## **The Performance Guarantee**

In view of the nature of the Capital Injection and Acquisitions and as a measure to protect the interest of the Group, the Group has requested the Target Shareholders to provide a performance guarantee. In particular, the Target Shareholders have undertaken and guaranteed to the Investor the Guaranteed Profits of not less than RMB30 million, RMB60 million and RMB90 million for the three years ending 21 December 2021, 2022 and 2023, respectively (the “**Performance Guarantee**”).

The Target Company has recorded an audited net profit after tax of RMB11.9 million and an audited revenue of RMB1,143 million for the six months ended 30 June 2020. Based on the above, it could be observed that there has been a substantial growth in the profit and revenue of the Target Company for 2020 compared to the same for 2018 and 2019.

The Group understands that the Target Company faces difficulty in securing sizable and reputable projects due to funding and capital constrains. The Group considers that the Acquisitions and Capital Injection would represent a combination of the strengths of both the Group and the Target Company, thus allowing the Target Company to further develop its capacities and potential with the support of the Group. After the Acquisitions and Capital Injection, the Target Company would become a non-wholly owned subsidiary of the Group, and hence would be able to enjoy the benefit of the Group’s state-owned background, strong technical support of the Group’s technical team and resources sharing within the Group.

The Group believes that it would benefit from the synergetic effect brought about by the Capital Injection and Acquisitions on the Group’s green building and curtain wall business and thereby improves its market share in the green building/curtain wall area. As such, the Directors (including independent non-executive Directors) consider that the terms of each of the Acquisition Agreements and the Capital Injection Agreement (including the Performance Guarantee) are on normal commercial terms and are fair and reasonable, and the Acquisitions and Capital Injection are in the interests of the Company and the Shareholders as a whole.

By order of the Board  
**China Shuifa Singyes Energy Holdings Limited**  
**Zheng Qingtao**  
*Chairman*

Hong Kong, 5 January 2021

*As at the date of this announcement, the executive Directors are Mr. Zheng Qingtao (Chairman), Mr. Liu Hongwei (Vice Chairman), Mr. Wang Dongwei and Mr. Chen Fushan, the non-executive Directors are Ms. Wang Suhui and Mr. Zhang Jianyuan, and the independent non-executive Directors are Dr. Wang Ching, Mr. Yick Wing Fat, Simon and Dr. Tan Hongwei.*