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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)

DISCLOSEABLE TRANSACTION
ACQUISITION OF 60% EQUITY INTEREST
IN THE TARGET COMPANY

ACQUISITION AGREEMENT

On 5 January 2021, the Purchaser, the Vendors and the Target Company have entered into the Acquisition Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendors have conditionally agreed to sell an aggregate of 60% equity interest in the Target Company at the total consideration of RMB19.80 million.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Acquisition are greater than 5% but all are less than 25%, as calculated under Rule 14.07 of the Listing Rules, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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Summarised below are the principal terms of the Acquisition Agreement:

Date

5 January 2021

Parties

- (a) Zhang Jian (張建);
- (b) Zhang Yue (張越);
- (c) the Purchaser; and
- (d) the Target Company.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Vendors, the Target Company and their ultimate beneficial owner(s) are independent of and not connected with the Company and its connected persons.

Effective Conditions

The Acquisition Agreement will only come into effect, and the Purchaser and Vendor shall only be obligated to perform their respective obligations under the Acquisition Agreement, upon the satisfaction of the conditions below:

- (a) the Parties having agreed to and entered into the Acquisition Agreement (including all appendices or necessary supplemental agreements (if any));
- (b) the Target Company having taken all necessary corporate actions (including but not limited to a board meeting and shareholders' meeting), including the approval of the execution and performance of the Acquisition Agreement, the Acquisition contemplated thereunder, and the shareholders of the Target Company having waived the right of first offer/right of first refusal in relation to the Acquisition; and
- (c) the Purchaser having completed its internal decision making procedures and external approval/filing procedures (including relevant procedures in respect of listed companies).

Consideration

Pursuant to the Acquisition Agreement, it was agreed that the Purchaser shall acquire, and Zhang Jian (張建) and Zhang Yue (張越) shall sell 29% and 31% of the equity interest in the Target Company at the considerations of RMB9.57 million and RMB10.23 million, respectively. Upon Completion, the Purchaser will be interested in 60% of the equity interest in the Target Company.

The Purchaser shall within five (5) business days transfer the total consideration of RMB19.80 million into a joint custodian account under the joint control of the Purchaser and the Vendors (the “**Joint Custodian Account**”). Within five (5) business days after the satisfaction or waiver of all the conditions precedent under the Acquisition Agreement, the funds in the Joint Custodian Account shall be transferred to the Vendors’ bank accounts in the amounts set out above respectively.

The considerations for the Acquisition were determined after arm’s length negotiations between the Parties and with reference to the audited net asset value of the Target Company at as 31 July 2020 of approximately RMB34,710,876.

The considerations for the Acquisition will be satisfied by the internal resources of the Group.

Conditions Precedent

The Completion shall be subject to the fulfilment or waiver of the following conditions:

The Vendors conditions precedent

- (a) the representations and warranties given by the Purchaser remaining true, accurate, complete and not misleading as at the date of the Acquisition Agreement and the date of Completion; and
- (b) the Purchaser having executed and delivered each of the transaction documents to which it is a party to the Vendors and the Target Company.

Within three (3) business days from the satisfaction (or wavier of the Vendors) of all the above-mentioned conditions precedent (the “**Vendors Conditions Precedent**”), the Purchaser shall issue a notice to the Vendors specifying the satisfaction of the same.

The Purchaser conditions precedent

- (a) the representations and warranties given by the Vendors remaining true, accurate, complete and not misleading as at the date of the Acquisition Agreement and the date of Completion under the Acquisition Agreement;
- (b) the Vendors having complied with and performed in full the obligations to be fulfilled before Completion;
- (c) there having been no laws or government directions enacted, published, promulgated, implemented or passed by any government departments which would cause the transactions under any transaction documents illegal or otherwise restrain or prohibit such transactions;

- (d) there having been no claims occurred or could reasonably be expected to occur, and such claims intending to restrain or prohibit the proposed transactions under the transaction documents; or under the reasonable judgment of the Vendors in good faith, may cause the completion of such transactions impossible or illegal;
- (e) the Target Company having obtained all third party consents (if any) in respect of the Acquisition, and the consent to the Acquisition and the execution and performance of the transaction documents thereof from the shareholders of the Target Company, and such consent(s) not having substantively changed the terms and conditions under the transaction documents;
- (f) the Vendors having executed and delivered each of the transaction documents to which they are parties;
- (g) the Purchaser having completed legal and financial due diligence on the Target Company, and the results of such due diligence being satisfactory to the Purchaser;
- (h) there having been no single or multiple events occurred and could reasonably be expected to occur that would, individually or collectively, have material adverse effects to the Target Company's business, operations, assets, financial or other conditions;
- (i) the Vendors having completed the requirements under the Acquisition, including but not limited to registration of business changes, amendment to articles of association and documents such as a renewed business license reflecting the transfer of equity interest;
- (j) the Vendors having returned the original certificate of capital contribution (if any), which is to be cancelled by the Target Company in exchange for a new certificate of capital contribution; and
- (k) the Target Company having entered into non-disclosure agreements and non-competition agreements with its core employees (the core employees should not compete with the Target Company within two years after his/her departure).

Within three (3) business days from the satisfaction (or waiver of the Purchaser) of all the above-mentioned conditions precedent (the "**Purchaser Conditions Precedent**"), the Vendors shall provide relevant proof and information to the Purchaser (the legality and completeness of which shall be ensured by the Vendor), and issue a notice to the Purchaser specifying the satisfaction of the same.

The Vendors have undertaken to use all reasonable efforts to ensure the satisfaction of all Purchaser Conditions Precedent as soon as reasonably practicable, and in any event no later than 20 business days after the date of the Acquisition Agreement, unless otherwise agreed to be extended by the Parties (the "**Long Stop Date**").

In respect of the Purchaser Conditions Precedent, if such conditions are not fulfilled on or before the Long Stop Date (unless waived by the Purchaser), the Purchaser may by notice in writing to the other Parties terminate the Acquisition Agreement and the Purchaser shall not be liable for any breaches in relation thereof; and the Vendors shall within three (3) business days from receiving such notice unconditionally refund all the transaction sums to the Purchaser.

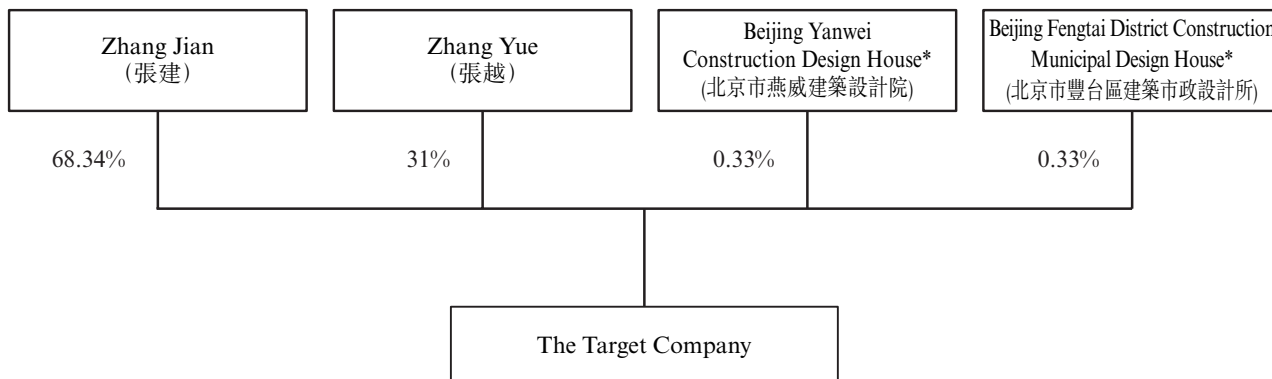
In respect of the Vendors Conditions Precedent, if such conditions are not fulfilled on or before the Long Stop Date (unless waived by the Vendors), the Vendors may by notice in writing to the other Parties terminate the Acquisition Agreement and none of the Parties shall be liable for any breaches in relation thereof.

INFORMATION ON THE TARGET COMPANY

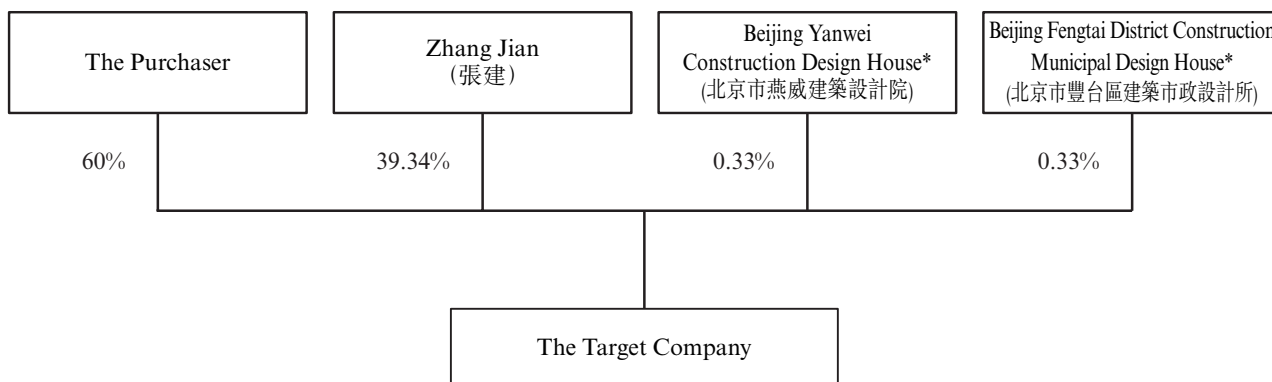
The Target Company is a company incorporated under the laws of the PRC with limited liability and is principally engaged in construction surveying and design, real estate operation and development consultancy, development of computer software technology, technology consultancy and urban planning.

Shareholding structure of the Target Company

The shareholding structure of the Target Company as at the date of this announcement



The shareholding structure of the Target Company upon Completion of the Acquisition



Financial information of the Target Company

Set out below is a summary of the audited financial information of the Target Company for the two financial years ended 31 December 2018 and 31 December 2019 respectively prepared under the PRC GAAP:

	For the year ended	
	31 December	
	2018	2019
	(RMB)	(RMB)
	Approx.	Approx.
Profit before taxation	9,043,189	786,275
Net profit after taxation	7,876,044	169,343

The audited net asset value of the Target Company for each of the two years ended 31 December 2018 and 31 December 2019 was approximately RMB33,850,760 and RMB33,525,752, respectively.

Upon Completion, the Target Company will become a subsidiary of the Company and its financial statements will be consolidated into the financial statements of the Group.

REASONS FOR AND BENEFITS OF THE ACQUISITION

Following the completion of the whitewash transaction by which Shuifa Energy became a majority shareholder of the Company in late November 2019 and the completion of the debt restructuring scheme in December 2019, the Company has been exploring ways by which the Group can expand its green building and clean energy business and strengthen its financial performance going forward. As stated in its 2019 annual report, the Company plans to organically integrate construction technology, energy-saving technology and new energy technology, and gradually expand into the fields of construction design, general engineering contracting, and engineering professional subcontracting. The ultimate goal of the Company is to improve and extend the green building industry chain, and become a benchmarking enterprise for general contracting of green building.

The Board considers that the Target Company has strong strength in business qualifications and professional talents, and the Acquisition will enable the Group to diversify the scope of its operations and enhance the overall competitiveness of the green building business. The Acquisition is also in line with the Group's strategy to strengthen its financial performance.

The Directors (including independent non-executive Directors) consider that the terms of the Acquisition Agreement are on normal commercial terms and are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

Information on the Vendors

Zhang Jian (張建) is a natural person and a PRC resident, who is a third party independent of and not connected with the Company and its connected persons. He is the founder of the Target Company and is expected to continue to oversee and manage the daily operations of the Target Company after Completion. Zhang Jian (張建) has extensive experience in the construction, design and surveying industry.

Zhang Yue (張越) is a natural person and a PRC resident, who is a third party independent of and not connected with the Company and its connected persons.

Information on the Purchaser

The Purchaser is a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in curtain walls and green building business.

Information on the Company and the Group

The Group is a high-tech enterprise specializing in the three major industries of clean energy, green building and new materials. Its main businesses are the new energy industrial investment, such as photovoltaic, wind energy, gas, heating, hydrogen energy, stored energy and others, system integration and operation and maintenance management; green building design consultancy, building curtain wall engineering construction and operation and maintenance management of ultra-low energy consumption building; system integration of ITO film materials, smart light-adjusting series products and smart laser projection series products. The Company also has strong R&D capabilities and participates in the preparation of national, industry and local industry standards.

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DEFINITION

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

“Acquisition”	the acquisition of an aggregate of 60% equity interest in the Target Company by the Purchaser under the Acquisition Agreement
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“Acquisition Agreement”	the acquisition agreement dated 5 January 2021 and entered into among the Purchaser, the Vendors and the Target Company in relation to the Acquisition
“Board”	the board of Directors
“business day”	a day other than Saturday, Sunday or statutory holidays in the PRC
“Company”	China Shuifa Singyes Energy Holdings Limited (中國水發興業能源集團有限公司), a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 0750)
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Acquisition Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Party(ies)”	party(ies) to the Acquisition Agreement
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“PRC GAAP”	the generally accepted accounting principles in the PRC
“Purchaser”	Zhuhai Singyes Green Construction Technology Co., Ltd.* (珠海興業綠色建築科技有限公司), a company incorporated in the PRC with limited liability, which is an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of US\$0.01 each in the share capital of the Company

“Shareholder(s)”	holder(s) of the Share(s)
“Shuifa Energy”	Shuifa Energy Group Limited* (水發能源集團有限公司), a controlling shareholder of the Company whose ultimate controlling shareholder is the State-owned Assets Supervision and Administration Commission of the State Council of the Shandong Province of the PRC* (山東省國有資產監督管理委員會)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Beijing Guanya Weiye Civil Construction Design Co., Ltd.* (北京冠亞偉業民用建築設計有限公司), a company incorporated in the PRC with limited liability
“Vendors”	Zhang Jian (張建) and Zhang Yue (張越)

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.

* for identification purposes only