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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 TARGET COMPANY

ACQUISITION AGREEMENT

On 11 January 2021, the Purchaser has entered into the Acquisition Agreement with the Vendor, pursuant to which the Purchaser has agreed to purchase and the Vendor has agreed to sell the entirety of the equity interest in the Target Company. The total Consideration under the Acquisition is RMB147,600,000, which comprises an Acquisition Sum of RMB9,600,000 and the Shareholder's Loan of RMB138,000,000.

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 constitute a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

ACQUISITION AGREEMENT

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Summarised below are the principal terms of the Acquisition Agreement:

Date

11 January 2021

Parties

- (a) the Purchaser; and
- (b) the Vendor

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

Consideration

The total Consideration under the Acquisition is RMB147,600,000, which comprises an acquisition sum of RMB9,600,000 (the "**Acquisition Sum**") and the Shareholder's Loan of RMB138,000,000.

The Consideration shall be paid and settled by the Purchaser in the manner set out below by way of bank transfer:

1. Within seven (7) business days from the completion of (i) the procedures in respect of the change in equity interest of the Target Company (the "**Equity Registration**"); (ii) provision of proof of the Settlement of Debts (as defined below); and (iii) the handover of licenses, certificates and seals of the Target Company by the Vendor to the Purchaser (the "**Payment Conditions**"), the Purchaser shall pay the Acquisition Sum of RMB9,600,000 to the Vendor.
2. (i) If the Photovoltaic Project is entered into the eighth batch of the national subsidies catalog (i.e. where the grid power price reaches RMB0.8/kWh) before the fulfilment of the Payment Conditions:
 - (a) Within seven (7) business days from the completion of the Payment Conditions, the Purchaser shall through the Target Company pay RMB19,920,000 of the Shareholder's Loan to the Vendor;

- (b) Within 20 business days from the completion of the Equity Registration, the Purchaser shall through the Target Company pay RMB44,280,000 of the Shareholder's Loan to the Vendor;
- (c) Within 120 business days from the completion of the Equity Registration and upon the completion of certain grid connection procedures and also the provision of relevant government approval certificates by the Vendor to the Purchaser (the "**Further Payment Conditions**"):
 - (A) if the first tranche of government subsidies has not yet been received by the Target Company, within seven (7) business days from the completion of the Further Payment Conditions, the Purchaser shall through the Target Company pay RMB51,660,000 of the Shareholder's Loan to the Vendor; and within seven (7) business days after the receipt of the first tranche of government subsidies, the Purchaser shall through the Target Company pay RMB14,760,000 of the Shareholder's Loan to the Vendor;
 - (B) if the first tranche of government subsidies has been received by the Target Company, regardless of the amount, the Purchaser shall through the Target Company pay RMB66,420,000 of the Shareholder's Loan to the Vendor.
- (d) If the Further Payment Conditions could not be completed within 120 business days from the completion of the Equity Registration, the Purchaser shall through the Target Company pay RMB66,420,000 to the Vendor within seven (7) business days after the completion of the Further Payment Conditions.
- (e) RMB7,380,000 of the Shareholder's Loan shall be caution money for a guaranteed period of one (1) year (the "**Guaranteed Period**") commencing from the completion of the actual transfer of the Photovoltaic Project, which shall be paid by the Purchaser through the Target Company to the Vendor within 10 business days from the expiry of the Guaranteed Period.
- (ii) If the Photovoltaic Project is not entered into the eighth batch of the national subsidies catalog (i.e. where the grid power price does not reach RMB0.8/kWh) before the fulfilment of the Payment Conditions:
 - (a) Within seven (7) business days from the completion of the Payment Conditions, the Purchaser shall through the Target Company pay RMB19,920,000 of the Shareholder's Loan to the Vendor;
 - (b) Within 20 business days from the completion of the Equity Registration, the Purchaser shall through the Target Company pay RMB43,680,000 of the Shareholder's Loan to the Vendor;

- (c) Within 120 business days from the completion of the Equity Registration and within seven (7) business days from the completion of the Further Payment Conditions, the Purchaser shall through the Target Company pay RMB15,340,000 of the Shareholder's Loan to the Vendor; and within 15 business days after the Photovoltaic Project is entered into the eighth batch of the national subsidy catalog, if the first tranche of government subsidies has not yet been received by the Target Company, the Purchaser shall through the Target Company pay RMB36,320,000 of the Shareholder's Loan to the Vendor. Within seven (7) business days after the receipt of the first tranche of government subsidies by the Target Company, regardless the amount, the Purchaser shall through the Target Company pay RMB15,360,000 of the Shareholder's Loan to the Vendor.
- (d) If the first tranche of government subsidies has been received by the Target Company, regardless of the amount, the Purchaser shall through the Target Company pay RMB51,680,000 of the Shareholder's Loan to the Vendor.
- (e) The caution money of RMB7,380,000 shall be paid by the Purchaser through the Target Company to the Vendor within 10 business days from the expiry of the Guaranteed Period.

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser and with reference to the (i) the unit price of RMB7.38/W and the 20MW installed capacity of the Photovoltaic Project determined with reference to the price of solar farms in the vicinity of the Photovoltaic Project and with similar conditions; and (ii) the valuation of the Target Company performed by an independent valuer.

The Consideration will be satisfied by the internal resources of the Group.

Other terms

The Vendor shall provide (at its cost, as applicable) all information as specified in the Acquisition Agreement to the Purchaser in relation to the Photovoltaic Project, including but not limited to all contracts entered into by the Target Company, all financial information and construction information.

The Vendor shall be liable for payment and/or settlement of all debts (or contingent liabilities) or undisclosed contracts or agreements other than the Shareholder's Loan before Completion and furnish the Purchaser with such proof that the settlement has been completed (the "**Settlement of Debts**"). The Purchaser is entitled to deduct any debts other than the Shareholder's Loan and damages from any payments to be paid to the Vendor.

Completion

Completion shall take place on or before the Completion Date.

The parties to the Acquisition Agreement shall complete the registration of corporate changes in respect of the change in equity interest of the Target Company and the change in legal representative, directors and supervisors of subsidiaries of the Target Company.

The Completion Date shall be seven (7) business days after signing the Acquisition Agreement.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company established under the laws of the PRC with limited liability and is principally engaged in the planning and design, construction, operation and management of clean energy projects. It is a green energy intelligent solutions provider and the operator of the Photovoltaic Project.

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 and the eight months ended 31 August 2020, respectively, prepared under the PRC GAAP:

	For the year ended		For the eight
	31 December		months ended
	2018	2019	31 August 2020
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
(Loss)/profit before taxation	(2,325)	4,619	1,857
(Loss)/profit after taxation	(2,325)	4,619	1,857

The audited (net deficit)/net asset value of the Target Company as at 31 December 2018 and 31 December 2019 was approximately RMB(4,328,000) and RMB291,000, respectively; and the audited net assets of the Target Company as at 31 August 2020 was approximately RMB2,148,000.

Upon Completion, the Target Company will become a wholly-owned 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

The Group is committed to building a leading large-scale clean energy listed company in the industry, coordinating the layout of the clean energy industry, continuously consolidating the existing advantages of the photovoltaic power businesses, and taking the regions with power channels and consumption conditions as the main battlefield for future project development.

The Target Company is located in the northwest region of the PRC and has high-quality photovoltaic power station assets. The Acquisition will help the Group expand its scale of photovoltaic assets and improve the Company's profitability. Hence, the Company considers that the Acquisition would contribute stable income of power fee, which would enhance the long-term performance and growth of the Group and bring greater returns to the Shareholders. The Company plans to tap into the broader clean energy sector and develop other forms of clean energy business, such as gas, heating and hydrogen energy, on the back of its established solar energy, wind energy and stored energy businesses with an ultimate goal to developing into a clean energy industry cluster with multiple capabilities and complementary advantages.

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 Vendor

The Vendor is a company established in the PRC with limited liability. It is principally engaged in solar farm operation. Its ultimate beneficial owner is Ai Jianlong.

Information on the Purchaser

The Purchaser is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in the investment and development, planning and design, engineering construction and operation management of clean energy projects, such as photovoltaic, wind energy and others.

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.

LISTING RULES IMPLICATIONS

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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 the entirety of the equity interest in the Target Company by the Purchaser under the Acquisition Agreement
“Acquisition Agreement”	the acquisition agreement dated 11 January 2021 entered into among the Vendor and the Purchaser in relation to the Acquisition
“Board”	the board of Directors
“business day”	a PRC working 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)
“Complete Date”	Seven (7) business days after signing the Acquisition Agreement
“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
“Consideration”	a sum of RMB147,600,000, being the total consideration for the Acquisition to be paid by the Group to the Vendor under the terms and conditions of the Acquisition Agreement

“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
“Photovoltaic Project”	the photovoltaic project of the Target Company located at Dunhuang (敦煌), the PRC with an installed capacity of 20MW
“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”	Hunan Singyes Green Energy Co., Ltd.* (湖南興業綠色能源股份有限公司), 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)
“Shareholder’s Loan”	a loan of RMB138,000,000 owed by the Target Company to the Vendor
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Dunhuang Anjie New Energy Co., Ltd.* (敦煌安潔新能源有限公司), a company established in the PRC with limited liability

“Vendor”	Jiangxi Xinqing Photovoltaic Power Co., Ltd.* (江西鑫慶光伏電力有限公司), a company established in the PRC with limited liability
“kWh”	kilo-Watt-hour
“MW”	megawatt
“W”	watt

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

Hong Kong, 11 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.