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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 AND CONNECTED TRANSACTIONS IN RELATION TO THE ACQUISITION OF THE TARGET COMPANIES**

### **THE ACQUISITIONS**

On 30 September 2021, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreements with the Vendor and the respective Target Companies, pursuant to which, subject to the fulfilment of the conditions precedent, the Purchaser has agreed to purchase and the Vendor has agreed to sell (i) 100% of the equity interest in Shuifa Guangyao; (ii) 86% of the equity interest in Xintaishi Zhongmu; and (iii) 68% of the equity interest in Dongying Tianze, at an aggregate consideration of RMB103.18 million (equivalent to approximately HK\$123.82 million).

Upon Completions, Shuifa Guangyao will become a wholly-owned subsidiary of the Company, and Xintaishi Zhongmu and Dongying Tianze will become non-wholly owned subsidiaries of the Company.

### **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio in respect of the Acquisitions (when aggregated under Rule 14A.81 of the Listing Rules), is greater than 5% but less than 25%, as calculated under Rule 14.07 of the Listing Rules, the Acquisitions, if materialised, will constitute a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of the Sale and Purchase Agreements, Shuifa Energy is the controlling shareholder of the Company indirectly holding 1,687,008,585 Shares, representing approximately 66.92% of the issued share capital in the Company. As the Vendor is directly wholly owned by Shuifa Energy, the Vendor is a connected person of the Company pursuant to Chapter 14A of the Listing Rules. As Shuifa Guangyao, Xintaishi Zhongmu and Dongying Tianze are being owned as to 100%, 86% and 68% respectively by the Vendor, and therefore each an associate of the Vendor, are also each a connected person of the Company. Accordingly, the transactions contemplated under the Sale and Purchase Agreements constitute connected transactions of the Company and are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **GENERAL**

An Independent Board Committee has been formed to advise and provide recommendations to the Independent Shareholders in respect of the Acquisitions. Red Sun Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Acquisitions.

The SGM will be convened for the Independent Shareholders to consider, and if thought fit, to approve the Acquisitions and the transactions contemplated under the Sale and Purchase Agreements and the Transfer of Rights Agreements. Shuifa Energy and its associates will abstain from voting for the resolutions regarding the Acquisitions, the Sale and Purchase Agreements and the Transfer of Rights Agreements at the SGM.

A circular containing, among others, (i) the material terms of and further information in relation to the Acquisitions; (ii) the recommendation and advice of the Independent Board Committee; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) other information as required under the Listing Rules together with a notice convening the SGM, is expected to be dispatched to the Shareholders on or before 25 October 2021.

**Shareholders and potential investors should note that the Completions are subject to the fulfilment or waiver (as the case may be) of a number of conditions precedent as set out in the Sale and Purchase Agreements and the Acquisitions may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.**

## THE ACQUISITIONS

On 30 September 2021, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreements with the Vendor and the respective Target Companies, pursuant to which, subject to the fulfilment of the conditions precedent, the Purchaser has agreed to purchase and the Vendor has agreed to sell (i) 100% of the equity interest in Shuifa Guangyao; (ii) 86% of the equity interest in Xintaishi Zhongmu; and (iii) 68% of the equity interest in Dongying Tianze, at an aggregate consideration of RMB103.18 million (equivalent to approximately HK\$123.82 million).

The principal terms of each of the Sale and Purchase Agreements are set out as follows:

### (i) Shuifa Guangyao Sale and Purchase Agreement

#### *Date*

30 September 2021

#### *Parties*

- (1) Hunan Singyes Green Energy Co., Ltd.\* (湖南興業綠色能源股份有限公司), a wholly-owned subsidiary of the Company, as the Purchaser;
- (2) Shandong Shuifa Clean Energy Technology Co., Ltd.\* (山東水發清潔能源科技有限公司), as the Vendor; and
- (3) Heze Kaifaqu Shuifa Guangyao New Energy Co., Ltd.\* (荷澤開發區水發光耀新能源有限公司), as the target company.

As at the date of the Shuifa Guangyao Sale and Purchase Agreement, the Vendor is a directly wholly owned subsidiary of Shuifa Energy, which is a controlling shareholder (and therefore a connected person) of the Company indirectly holding approximately 66.92% of the issued share capital of the Company. Shuifa Guangyao, being owned as to 100% by the Vendor and therefore an associate of the Vendor, is also a connected person of the Company.

#### *Subject Matter*

The subject matter of the sale and purchase under the Shuifa Guangyao Sale and Purchase Agreement is 100% equity interest in Shuifa Guangyao held by the Vendor.

### ***Consideration***

The consideration payable by the Purchaser to the Vendor for the Shuifa Guangyao Acquisition is RMB3.16 million (equivalent to approximately HK\$3.79 million), which shall be payable by the Purchaser to the Vendor by cash or by wire transfer in two instalments as follows:

<b>Instalment</b>	<b>Amount</b> <i>(RMB)</i>	<b>Due date</b>
1	1,896,000	Within five business days after all the Shuifa Guangyao CPs are being satisfied.
2	1,264,000	Within six months after the date of completion of registration of the change of shareholding.

The consideration for the Shuifa Guangyao Acquisition was determined after arm's length negotiation between the Purchaser and the Vendor by reference to, among others, the historical financial performance of Shuifa Guangyao, the comparable transactions and the assets and liabilities of Shuifa Guangyao. In addition, the Purchaser also took into account the valuation of the 100% equity interest in Shuifa Guangyao at approximately RMB9,000,000 by using the market-based approach as at 30 April 2021 by the Valuer in the Valuation Report.

### ***Conditions Precedent***

The Purchaser shall pay the first instalment of the consideration to the Vendor within five business days after all of the following conditions precedent (“**Shuifa Guangyao CPs**”) are being satisfied:

- (a) the board of directors and shareholders of the Purchaser having approved the Shuifa Guangyao Acquisition;
- (b) the Independent Shareholders having approved the transactions contemplated under the Shuifa Guangyao Sale and Purchase Agreement in accordance with the Listing Rules;

- (c) the Vendor having completed the internal approval procedures of state-owned enterprise of the PRC in respect of the Shuifa Guangyao Acquisition, including but not limited to obtaining internal approvals from the Vendor Group and approvals from the State-owned Assets Supervision and Administration Commission of the State Council (if necessary);
- (d) the Vendor not having materially breached any of the warranties given by it under the Shuifa Guangyao Sale and Purchase Agreement;
- (e) Jiangsu Financial having agreed to cooperate with the Vendor to discharge the pledge on 100% equity interest in Shuifa Guangyao; and
- (f) there has not been any material adverse impact on Shuifa Guangyao since 30 April 2021.

### ***Completion***

Completion of Shuifa Guangyao Acquisition shall take place on the date of completion of all of the following (the “**Shuifa Guangyao Completion Date**”):

- (a) the submission of the relevant documents and the completion of registration with the local Administration for Industry and Commerce in respect of changes in relation to the Shuifa Guangyao Acquisition. Within three business days after the completion of registration, Shuifa Guangyao shall provide the Purchaser with the relevant supporting documents (including the new articles of association filed with the local Administration for Industry and Commerce); and

- (b) the transfer of all financial books (electronic and manual), account information, bank account information, cash, deposits, financial seals, bills, vouchers and information necessary for the daily operation and management of Shuifa Guangyao, various documents and Shuifa Guangyao's assets including but not limited to fixed assets, land certificates, real estate certificates, personnel files, various certificates (business licenses, tax registration certificates, organization code certificates and other approval certificates, permit certificates, qualification certificates, approvals and proofs, etc.), agreements, contracts, company seals, seals of legal representatives, business records, vehicle licenses and insurance policies, and completion information and drawings of projects to the Purchaser (upon confirmation, to perform the handover procedures).

### ***Consideration Adjustment***

The transition period shall start from 30 April 2021 and end on the Shuifa Guangyao Completion Date, and the Vendor shall ensure that the shareholders' equity in Shuifa Guangyao shall not be reduced during the transition period. Within one month from the date of signing of the Shuifa Guangyao Sale and Purchase Agreement, the Vendor and the Purchaser agree to conduct a subsequent audit on the transition period of Shuifa Guangyao by the Original Auditor, and the audit results shall be approved by both parties. If, after audit, the shareholders' equity has abnormally reduced, the consideration shall be reduced accordingly. If, after the reduction, the amount paid by the Purchaser has exceeded the reduced consideration, the Vendor shall return the excess to the Purchaser within ten business days or deduct it directly from subsequent costs. If the shareholders' equity has increased during the transition period, the increase shall belong to Shuifa Guangyao and the consideration will not be adjusted.

### ***Special Agreement and Undertakings***

- (a) The project construction formalities of Shuifa Guangyao have been duly completed. In the event that Shuifa Guangyao suffers any administrative penalties or any losses due to issues with the project formalities, the Vendor shall be liable for such losses suffered by Shuifa Guangyao.
- (b) Vendor warrants that Shuifa Guangyao and Jiangsu Financial have signed the Jiangsu Financial Lease Agreement with a total rental amount of RMB7,088,700.00. Upon the signing of the Shuifa Guangyao Sale and Purchase Agreement, Shuifa Guangyao has paid the rent in full and on time to Jiangsu Financial in accordance with the Jiangsu Financial Lease Agreement, and there was no breach of the Jiangsu Financial Lease Agreement. As at 30 April 2021, Shuifa Guangyao was still required to pay RMB5,048,400.00 to Jiangsu Financial, and Shuifa Guangyao shall continue to perform its obligations under the Jiangsu Financial Lease Agreement after the Shuifa Guangyao Acquisition.

- (c) The Vendor shall be liable for any losses suffered by Shuifa Guangyao arising from or resulting from acts or facts already existing prior to the Shuifa Guangyao Completion Date, including but not limited to construction, operation, labour employment, taxation and debts (including contingent liabilities).
- (d) The Vendor shall be liable for any costs incurred by Shuifa Guangyao for the compliance of social insurance and provident fund contributions payment, or any adverse consequences such as disputes with the employees or administrative penalties arising from non-compliance of social insurance and provident fund contributions payment.

**(ii) Xintaishi Zhongmu Sale and Purchase Agreement**

***Date***

30 September 2021

***Parties***

- (1) Hunan Singyes Green Energy Co., Ltd.\* (湖南興業綠色能源股份有限公司), a wholly-owned subsidiary of the Company, as the Purchaser;
- (2) Shandong Shuifa Clean Energy Technology Co., Ltd.\* (山東水發清潔能源科技有限公司), as the Vendor; and
- (3) Xintaishi Zhongmu New Energy Technology Co., Ltd.\* (新泰市中穆新能源科技有限公司), as the target company.

As at the date of the Xintaishi Zhongmu Sale and Purchase Agreement, the Vendor is a directly wholly owned subsidiary of Shuifa Energy, which is a controlling shareholder (and therefore a connected person) of the Company indirectly holding approximately 66.92% of the issued share capital of the Company. Xintaishi Zhongmu, being owned as to 86% by the Vendor and therefore an associate of the Vendor, is also a connected person of the Company.

***Subject Matter***

The subject matter of the sale and purchase under the Xintaishi Zhongmu Sale and Purchase Agreement is 86% equity interest in Xintaishi Zhongmu held by the Vendor.

### ***Consideration***

The consideration payable by the Purchaser to the Vendor for the Xintaishi Zhongmu Acquisition is RMB49.02 million (equivalent to approximately HK\$58.82 million), which shall be payable by the Purchaser to the Vendor by cash or by wire transfer as follows:

<b>Amount (RMB)</b>	<b>Due date</b>
29,412,000	Upon all the Xintaishi Zhongmu CPs are being satisfied.
7,905,000	<p>According to the Xintaishi Zhongmu Transfer of Rights Agreement, as Wang Qingchun* (王慶春) has not yet satisfied the payment conditions, a balance of RMB7,905,000 payable by the Vendor to Wang Qingchun is outstanding.</p> <p>Parties agree that pursuant to the signing of the Xintaishi Zhongmu Transfer of Rights Agreement, and upon all the payment conditions are being satisfied by Wang Qingchun, the Purchaser shall pay RMB7,905,000 to Wang Qingchun directly.</p>
11,703,000	Within six months after the date of completion of registration of the change of shareholding.

The consideration for the Xintaishi Zhongmu Acquisition was determined after arm's length negotiation between the Purchaser and the Vendor by reference to, among others, the historical financial performance of Xintaishi Zhongmu, the comparable transactions and the assets and liabilities of Xintaishi Zhongmu. In addition, the Purchaser also took into account the valuation of the 86% equity interest in Xintaishi Zhongmu at approximately RMB136,000,000 by using the market-based approach as at 30 April 2021 by the Valuer in the Valuation Report.



### ***Conditions Precedent***

The Purchaser shall pay the first instalment of the consideration to the Vendor within five business days after all of the following conditions precedent (“**Xintaishi Zhongmu CPs**”) are being satisfied:

- (a) the board of directors and shareholders of the Purchaser having approved the Xintaishi Zhongmu Acquisition;
- (b) the Independent Shareholders having approved the transactions contemplated under the Xintaishi Zhongmu Sale and Purchase Agreement in accordance with the Listing Rules;
- (c) the Vendor having completed the internal approval procedures of state-owned enterprise of the PRC in respect of the Xintaishi Zhongmu Acquisition, including but not limited to obtaining internal approvals from the Vendor Group and approvals from the State-owned Assets Supervision and Administration Commission of the State Council (if necessary);
- (d) the Vendor not having materially breached any of the warranties given by it under the Xintaishi Zhongmu Sale and Purchase Agreement;
- (e) Cpi Ronghe having agreed to cooperate with the Vendor to discharge the pledge on 86% equity interest in Xintaishi Zhongmu; and
- (f) there has not been any material adverse impact on Xintaishi Zhongmu since 30 April 2021.

### ***Completion***

Completion of Xintaishi Zhongmu Acquisition shall take place on the date of completion of all of the following (the “**Xintaishi Zhongmu Completion Date**”):

- (a) the submission of the relevant documents and the completion of registration with the local Administration for Industry and Commerce in respect of changes in relation to the Xintaishi Zhongmu Acquisition. Within three business days after the completion of registration, Xintaishi Zhongmu shall provide the Purchaser with the relevant supporting documents (including the new articles of association filed with the local Administration for Industry and Commerce); and

- (b) the transfer of all financial books (electronic and manual), account information, bank account information, cash, deposits, financial seals, bills, vouchers and information necessary for the daily operation and management of Xintaishi Zhongmu, various documents and Xintaishi Zhongmu's assets including but not limited to fixed assets, land certificates, real estate certificates, personnel files, various certificates (business licenses, tax registration certificates, organization code certificates and other approval certificates, permit certificates, qualification certificates, approvals and proofs, etc.), agreements, contracts, company seals, seals of legal representatives, business records, vehicle licenses and insurance policies, and completion information and drawings of projects to the Purchaser (upon confirmation, to perform the handover procedures).

### ***Consideration Adjustment***

The transition period shall start from 30 April 2021 and end on the Xintaishi Zhongmu Completion Date, and the Vendor shall ensure that the shareholders' equity in Xintaishi Zhongmu shall not be reduced during the transition period. Within one month from the date of signing of the Xintaishi Zhongmu Sale and Purchase Agreement, the Vendor and the Purchaser agree to conduct a subsequent audit on the transition period of Xintaishi Zhongmu by the Original Auditor, and the audit results shall be approved by both parties. If, after audit, the shareholders' equity has abnormally reduced, the consideration shall be reduced accordingly. If, after the reduction, the amount paid by the Purchaser has exceeded the reduced consideration, the Vendor shall return the excess to the Purchaser within ten business days or deduct it directly from subsequent costs. If the amount paid by the Purchaser is unable to make up the reduced consideration, it shall be made up by the Purchaser in cash. If the shareholders' equity has increased during the transition period, the increase shall belong to Xintaishi Zhongmu and the consideration will not be adjusted.

### ***Special Agreement and Undertakings***

- (a) The project construction formalities of Xintaishi Zhongmu have been duly completed. In the event that Xintaishi Zhongmu suffers any administrative penalties or any losses due to issues with the project formalities, the Vendor shall be liable for such losses suffered by Xintaishi Zhongmu.
- (b) The Vendor shall be liable for any losses suffered by Xintaishi Zhongmu arising from or resulting from acts or facts already existing prior to the Xintaishi Zhongmu Completion Date, including but not limited to construction, operation, labour employment, taxation, debts (including contingent liabilities) and change of industry and commerce registration.

- (c) The Vendor shall be liable for any costs incurred by Xintaishi Zhongmu before the Xintaishi Zhongmu Completion Date for the compliance of social insurance and provident fund contributions payment, or any adverse consequences such as disputes with the employees or administrative penalties arising from non-compliance of social insurance and provident fund contributions payment.
- (d) In relation to the compliance of Xintaishi Zhongmu's paid-up registered capital in accordance with the law before the Xintaishi Zhongmu Completion Date, the Vendor shall be liable for any adverse consequences suffered by Xintaishi Zhongmu as a result of the conversion of dividend payable into increased registered capital, such as penalties imposed on Xintaishi Zhongmu by the tax authorities.
- (e) In relation to the compliance of Xintaishi Zhongmu's houses and buildings in applying for the real property ownership certificate in accordance with the law, if Xintaishi Zhongmu is punished by the competent authorities or is required to mandatorily demolish the house(s) that were built without approval due to its construction of properties without complying with the construction formalities, thereby affecting the production and operation of Xintaishi Zhongmu, the Vendor shall be liable for all such losses suffered by Xintaishi Zhongmu.
- (f) In relation to the compliance of Xintaishi Zhongmu in performing the Xintaishi Zhongmu Sale and Purchase Agreement in accordance with the law, the Vendor shall be liable for any losses suffered by Xintaishi Zhongmu as a result of the breach of contract in performing the Xintaishi Zhongmu Sale and Purchase Agreement.
- (g) In relation to the compliance of Xintaishi Zhongmu in leasing land, the Vendor shall be liable for any losses suffered by Xintaishi Zhongmu as a result of disputes arising from land leasing matters.
- (h) Xintaishi Zhongmu has performed its obligations under the Cpi Ronghe Financial Lease Agreement 2017, with a total rental amount of RMB48,946,251.37, in accordance with the law. Upon the signing of the Xintaishi Zhongmu Sale and Purchase Agreement, Xintaishi Zhongmu shall pay the rent in full and on time to Cpi Ronghe. Xintaishi Zhongmu warrants that there was no breach of the Cpi Ronghe Financial Lease Agreement 2017. As at 30 April 2021, Xintaishi Zhongmu was still required to pay RMB39,850,005.41 to Cpi Ronghe, and Xintaishi Zhongmu shall continue to perform its obligations under the Cpi Ronghe Financial Lease Agreement 2017 after the Xintaishi Zhongmu Acquisition.

- (i) Xintaishi Zhongmu has performed its obligations under the Cpi Ronghe Financial Lease Agreement 2016, with a total rental amount of RMB121,496,613.90, in accordance with the law. Upon the signing of the Xintaishi Zhongmu Sale and Purchase Agreement, Xintaishi Zhongmu shall pay the rent in full and on time to Cpi Ronghe. Xintaishi Zhongmu warrants that there was no breach of the Cpi Ronghe Financial Lease Agreement 2016. As at 30 April 2021, Xintaishi Zhongmu was still required to pay RMB76,265,472.36 to Cpi Ronghe, and Xintaishi Zhongmu shall continue to perform its obligations under the Cpi Ronghe Financial Lease Agreement 2016 after the Xintaishi Zhongmu Acquisition.

**(iii) Dongying Tianze Sale and Purchase Agreement**

***Date***

30 September 2021

***Parties***

- (1) Hunan Singyes Green Energy Co., Ltd.\* (湖南興業綠色能源股份有限公司), a wholly-owned subsidiary of the Company, as the Purchaser;
- (2) Shandong Shuifa Clean Energy Technology Co., Ltd.\* (山東水發清潔能源科技有限公司), as the Vendor; and
- (3) Dongying Tianze New Energy Technology Co., Ltd.\* (東營天澤新能源科技有限公司), as the target company.

As at the date of the Dongying Tianze Sale and Purchase Agreement, the Vendor is a directly wholly owned subsidiary of Shuifa Energy, which is a controlling shareholder (and therefore a connected person) of the Company indirectly holding approximately 66.92% of the issued share capital of the Company. Dongying Tianze, being owned as to 68% by the Vendor and therefore an associate of the Vendor, is also a connected person of the Company.

### ***Subject Matter***

The subject matter of the sale and purchase under the Dongying Tianze Sale and Purchase Agreement is 68% equity interest in Dongying Tianze held by the Vendor.

### ***Consideration***

The consideration payable by the Purchaser to the Vendor for the Dongying Tianze Acquisition is RMB51.00 million (equivalent to approximately HK\$61.20 million), which shall be payable by the Purchaser to the Vendor by cash or by wire transfer in two instalments as follows:

<b>Instalment</b>	<b>Amount (RMB)</b>	<b>Due date</b>
1	30,600,000	Upon all the Dongying Tianze CPs are being satisfied.
2	20,400,000	Within six months after the date of completion of registration of the change of shareholding.

The consideration for the Dongying Tianze Acquisition was determined after arm's length negotiation between the Purchaser and the Vendor by reference to, among others, the historical financial performance of Dongying Tianze, the comparable transactions and the assets and liabilities of Dongying Tianze. In addition, the Purchaser also took into account the valuation of the 68% equity interest in Dongying Tianze at approximately RMB92,000,000 by using the market-based approach as at 30 April 2021 by the Valuer in the Valuation Report.

### ***Conditions Precedent***

The Purchaser shall pay the first instalment of the consideration to the Vendor within five business days after all of the following conditions precedent ("**Dongying Tianze CPs**") are being satisfied:

- (a) the board of directors and shareholders of the Purchaser having approved the Dongying Tianze Acquisition;
- (b) the Independent Shareholders having approved the transactions contemplated under the Dongying Tianze Sale and Purchase Agreement in accordance with the Listing Rules;

- (c) the Vendor having completed the internal approval procedures of state-owned enterprise of the PRC in respect of the Dongying Tianze Acquisition, including but not limited to obtaining internal approvals from the Vendor Group and approvals from the State-owned Assets Supervision and Administration Commission of the State Council (if necessary);
- (d) the Vendor not having materially breached any of the warranties given by it under the Dongying Tianze Sale and Purchase Agreement;
- (e) Huarun Lease having agreed to cooperate with the Vendor to discharge the pledge on 68% equity interest in Dongying Tianze; and
- (f) there has not been any material adverse impact or change on Dongying Tianze since 30 April 2021.

### ***Completion***

Completion of Dongying Tianze Acquisition shall take place on the date of completion of all of the following (the “**Dongying Tianze Completion Date**”):

- (a) the submission of the relevant documents and the completion of registration with the local Administration for Industry and Commerce in respect of changes in relation to the Dongying Tianze Acquisition. Within three business days after the completion of registration, Dongying Tianze shall provide the Purchaser with the relevant supporting documents (including the new articles of association filed with the local Administration for Industry and Commerce); and
- (b) the transfer of all financial books (electronic and manual), account information, bank account information, cash, deposits, financial seals, bills, vouchers and information necessary for the daily operation and management of Dongying Tianze, various documents and Dongying Tianze’s assets including but not limited to fixed assets, land certificates, real estate certificates, personnel files, various certificates (business licenses, tax registration certificates, organization code certificates and other approval certificates, permit certificates, qualification certificates, approvals and proofs, etc.), agreements, contracts, company seals, seals of legal representatives, business records, vehicle licenses and insurance policies, and completion information and drawings of projects to the Purchaser (upon confirmation, to perform the handover procedures).

### ***Consideration Adjustment***

The transition period shall start from 30 April 2021 and end on the Dongying Tianze Completion Date, and the Vendor shall ensure that the shareholders' equity in Dongying Tianze shall not be reduced during the transition period. Within one month from the date of signing of the Dongying Tianze Sale and Purchase Agreement, the Vendor and the Purchaser agree to conduct a subsequent audit on the transition period of Dongying Tianze by the Original Auditor, and the audit results shall be approved by both parties. If, after audit, the shareholders' equity has abnormally reduced, the consideration shall be reduced accordingly. If, after the reduction, the amount paid by the Purchaser has exceeded the reduced consideration, the Vendor shall return the excess to the Purchaser within ten business days or deduct it directly from subsequent costs. If the shareholders' equity has increased during the transition period, the increase shall belong to Dongying Tianze and the consideration will not be adjusted.

### ***Special Agreement and Undertakings***

- (a) The Vendor shall be liable for any losses suffered by Dongying Tianze arising from or resulting from acts or facts already existing prior to the Dongying Tianze Completion Date, including but not limited to construction, operation, labour employment, taxation and debts (including contingent liabilities).
- (b) The Vendor shall be liable for any losses and damages suffered by Dongying Tianze before 30 April 2021, arising from the performance of employment relationship, including but not limited to disputes with the employees or administrative penalties.
- (c) The Vendor warrants that after the Purchaser becomes the shareholder of Dongying Tianze, any disputes, losses and compensation arising from the performance of employment relationship by employees of Dongying Tianze before the Dongying Tianze Completion Date, shall be properly handled by the Vendor. Any losses caused to Dongying Tianze or the Purchaser as a result of such, shall be fully borne by the Vendor.
- (d) Vendor warrants that Dongying Tianze and Huarun Lease have signed the Huarun Financial Lease Agreement with a total rental amount of RMB214,317,447.80. Upon the signing of the Dongying Tianze Sale and Purchase Agreement, Dongying Tianze has paid the rent in full and on time to Huarun Lease in accordance with the Huarun Financial Lease Agreement, and there was no breach of the Huarun Financial Lease Agreement. As at 30 April 2021, Dongying Tianze was still required to pay RMB188,967,547.80 to Huarun Lease, and Dongying Tianze shall continue to perform its obligations under the Huarun Financial Lease Agreement after the Dongying Tianze Acquisition.



## **XINTAISHI ZHONGMU TRANSFER OF RIGHTS AGREEMENT**

Upon the signing of the Xintaishi Zhongmu Sale and Purchase Agreement, the Purchaser will enter into the Xintaishi Zhongmu Transfer of Rights Agreement with the Vendor, Shuifa Energy, Wang Qingchun and Xintaishi Zhongmu, pursuant to which, the parties agree that:

- (a) Wang Qingchun fully agrees and has no objection to the Share Transfer Agreement of Xintai Zhongmu 20MW Photovoltaic Power Project and the succession by the Vendor to all of Shuifa Energy's rights in the Share Transfer Agreement of Xintai Zhongmu 20MW Photovoltaic Power Project.
- (b) From the effective date of the Xintaishi Zhongmu Transfer of Rights Agreement, the Purchaser shall enjoy all rights enjoyed by the Vendor under the Share Transfer Agreement of Xintai Zhongmu 20MW Photovoltaic Power Project.
- (c) Shuifa Energy, Wang Qingchun and Xintaishi Zhongmu undertake that they will perform their respective obligations under the Share Transfer Agreement of Xintai Zhongmu 20MW Photovoltaic Power Project in favour of the Purchaser.
- (d) If the Purchaser subsequently gives written notice to Wang Qingchun and requests to enforce its rights under the Share Transfer Agreement of Xintai Zhongmu 20MW Photovoltaic Power Project, Wang Qingchun shall, within three business days of receipt of such written notice, send a written request to Shuifa Energy to release the pledge on the shares of Xintaishi Zhongmu, and Shuifa Energy shall agree to cooperate in the release procedure and within three business days from the date of Shuifa Energy's agreement to cooperate in the release procedure: (i) release the pledged shares of Xintaishi Zhongmu and (ii) pledge the shares of Xintaishi Zhongmu to the Purchaser and complete the registration of the pledge.
- (e) From the effective date of the Xintaishi Zhongmu Transfer of Rights Agreement, the Purchaser shall assume all obligations of the Vendor under the Share Transfer Agreement of Xintai Zhongmu 20MW Photovoltaic Power Project. The parties agree that, upon all payment conditions are being satisfied by Wang Qingchun, the Purchaser shall pay RMB7,905,000 to Wang Qingchun directly and RMB7,905,000 shall be deducted from the consideration of the Xintaishi Zhongmu Acquisition.

The signing of the Xintaishi Zhongmu Transfer of Rights Agreement is interconditional with the Xintaishi Zhongmu Acquisition.



## DONGYING TIANZE TRANSFER OF RIGHTS AGREEMENT

Upon the signing of the Dongying Tianze Sale and Purchase Agreement, the Purchaser will enter into the Dongying Tianze Transfer of Rights Agreement with the Vendor, Shandong Landi New Energy Development Co., Ltd.\* (山東藍迪新能源開發有限公司) (“**Shandong Landi**”), Shandong Tianrong Ruilin New Energy Co., Ltd.\* (山東天融瑞麟新能源有限公司) (“**Shandong Tianrong Ruilin**”), Jinan Ruipu Investment Partnership Enterprise (Limited Partnership)\* (濟南瑞璞投資合夥企業(有限合夥)) (“**Jinan Ruipu Partnership**”) and Dongying Tianze, pursuant to which, the parties agree that, from the effective date of the Dongying Tianze Transfer of Rights Agreement:

- (a) the Purchaser shall enjoy all rights enjoyed by the Vendor under the Share Transfer Agreement of Dongying Tianze 25MW Fishery and Solar Power Project, the Supplementary Agreement to the Share Transfer Agreement of Dongying Tianze and the Dongjiu Tianze PV Plant Operation and Maintenance Escrow Agreement; and
- (b) Shandong Landi, Shandong Tianrong Ruilin, Jinan Ruipu Partnership and Dongying Tianze undertake that they will perform their respective obligations and warranties under such agreements in favour of the Purchaser.

The signing of the Dongying Tianze Transfer of Rights Agreement is interconditional with the Dongying Tianze Acquisition.

## FINANCIAL EFFECTS OF THE ACQUISITIONS

Immediately after the Completions, Shuifa Guangyao will be owned by the Purchaser as to 100% and will become a wholly-owned subsidiary of the Company, and Xintaishi Zhongmu and Dongying Tianze will be owned by the Purchaser as to 86% and 68% respectively and will become non-wholly owned subsidiaries of the Company. Accordingly, the financial results of the Target Companies will be consolidated into the Company’s consolidated financial statements upon the Completions.

## INFORMATION ON THE VENDOR

The Vendor is an investment holding company incorporated in the PRC with a primary focus on the energy business segments. It is wholly-owned by Shuifa Energy. Shuifa Energy is a company established in the PRC and a wholly-owned subsidiary of Shuifa Group. Shuifa Group is owned, directly and indirectly, as to 90% by 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) and as to 10% by the Shandong Provincial Council for Social Security Fund (山東省社會保障基金理事會), which is directly under the Shandong Provincial Government. Shuifa Group is principally engaged in the operation of water projects and environment management, modern agriculture, cultural tourism and renewable energy business segments in the PRC.

## INFORMATION ON THE TARGET COMPANIES

### Information on Shuifa Guangyao

Shuifa Guangyao is a company with limited liability established in the PRC with a total registered capital of RMB1,000,000, which has been fully paid-up. Shuifa Guangyao is owned as to 100% by the Vendor.

Shuifa Guangyao is principally engaged in clean energy technology development and technical consultation, contract energy management, construction project management, business management consultation, technology development, technology transfer and technical consultation of photovoltaic power projects, sale of photovoltaic materials and equipment, sale of electric power equipment, power generation equipment and accessories, subcontracting of construction labour, construction of electric power project and environmental protection project, and electricity sales services.

Shuifa Guangyao has invested in the construction of the 2MW distributed photovoltaic power generation project of Heze Zhongxing Water Environment Co., Ltd.\* (荷澤眾興水環境有限公司). The project was constructed at Heze No.2 Sewage Treatment Plant, Economic and Technological Development Zone, Heze City, Shandong Province, the PRC, which covers an area of 30,000m<sup>2</sup>, and with an investment amount of RMB14,000,000. The project uses 6,154 photovoltaic modules, utilises a steel structure to construct the framework and arranges the battery components with a flexible support structure, and together with 30 sets of 60KW string inverters which are connected to the 380V side of the sewage treatment plant after converging the power through the combining manifolds in order to achieve grid connection. The project adopts a “self-generating for self-use, feed excess into the grid” mode, hence the electricity generated from the project will be supplied to Heze No.2 Sewage Treatment Plant for use. The project was completed and connected to the grid on 30 November 2019. It is expected that the annual power generation of the project will be 2.4 million kWh.

The Vendor was the sole shareholder of Shuifa Guangyao. On 30 November 2020, the board of directors of the Vendor resolved that the Vendor shall pay the subscribed registered capital by converting the RMB1,000,000 debt receivable from Shuifa Guangyao into equity.

## Financial information of Shuifa Guangyao

Based on the consolidated financial statements of Shuifa Guangyao prepared in accordance with the PRC Generally Accepted Accounting Principles (“**PRC GAAP**”), the profit or loss of Shuifa Guangyao before and after taxation is as follows:

	<b>For the six months ended 30 June 2021</b>	<b>For the financial year ended 31 December</b>	
	<b>(audited)</b>	<b>2020</b>	<b>2019</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Net Profit/(Loss) before tax	276,902.6	423,547.4	(109.3)
Net Profit/(Loss) after tax	276,902.6	423,547.4	(109.3)

As at 30 June 2021, the audited consolidated net assets value of Shuifa Guangyao under PRC GAAP was RMB1,225,735.9.

## Information on Xintaishi Zhongmu

Xintaishi Zhongmu is a company with limited liability established in the PRC with a total registered capital of RMB36,000,000, which has been fully paid-up. Xintaishi Zhongmu is owned as to 86% by the Vendor and 14% by Wang Qingchun.

Save as disclosed above, to the best of knowledge, information and belief of the Directors having made all reasonable enquiries, Wang Qingchun, as at the date of the Xintaishi Zhongmu Sale and Purchase Agreement, is a third party independent of the Company and connected persons of the Company.

Xintaishi Zhongmu is principally engaged in research and development of solar photovoltaic power generation technology and investment, development, construction and management of solar photovoltaic power generation projects, electricity supply, development and sale of computer software and accessories, cultivation and sale of Chinese herbs, and breeding and sale of livestock and poultry.

Xintaishi Zhongmu adopts a concept of “green energy, harmonious development” and mainly devotes its efforts to the investment and development of photovoltaic power generation projects, focusing on the development of environmental friendly and efficient photovoltaic industry, and strives to promote the construction of ecological civilization. Xintaishi Zhongmu has invested in the 20MW grid-connected photovoltaic power generation project. The project is located in the southwest of Shilai Town, Xintai City, the PRC, the east of Liuzhiyuan Village and between Xishilai Third Village and Xishilai Fourth Village, covering an area of approximately 615.3 mu. The project adopts a block power generation and centralised grid connection scheme, dividing the system into 20 grid-connected photovoltaic power generation units with a capacity of 1MW, which are connected to a 35kV wire via inverters and 35kV step-up transformers and subsequently converged to a 35kV switching station in the photovoltaic power station, and finally connected to 35kV Nanmu wire (Nanliuquan 220kV substation to Muchangyu 35kV substation) via a 35kV line “T”, and connected to the Shandong power grid with the 35kV voltage level. As at the date of the Xintaishi Zhongmu Sale and Purchase Agreement, the installed capacity of Xintaishi Zhongmu’s photovoltaic power plant is 20MW, and the average annual power generation is approximately 27 million kWh.

85% equity interest of Xintaishi Zhongmu was acquired by the Vendor from Shuifa Energy (i.e. the then controlling shareholder of Xintaishi Zhongmu) on 7 November 2018 at a consideration of RMB18,445,000. The Company was informed by the Vendor that this was the result of extended discussions and negotiations between the Vendor and Shuifa Energy. The Company was also informed by the Vendor that the consideration was determined by reference to, among others, the market situation at the time of the transaction.

Further, pursuant to the Share Transfer Agreement of Xintai Zhongmu 20MW Photovoltaic Power Project, upon meeting certain conditions, a further 1% equity interest of Xintaishi Zhongmu shall be transferred by Wang Qingchun to Shuifa Energy without consideration. Pursuant to the acquisition of 85% equity interest of Xintaishi Zhongmu by the Vendor from Shuifa Energy, all of Shuifa Energy’s rights under the Share Transfer Agreement of Xintai Zhongmu 20MW Photovoltaic Power Project was succeeded by the Vendor. On 21 July 2021, 1% equity interest of Xintaishi Zhongmu was transferred by Wang Qingchun to the Vendor without consideration.

## Financial information of Xintaishi Zhongmu

Based on the consolidated financial statements of Xintaishi Zhongmu prepared in accordance with the PRC GAAP, the profit or loss of Xintaishi Zhongmu before and after taxation is as follows:

	<b>For the six months ended 30 June 2021 (audited) RMB</b>	<b>For the financial year ended 31 December 2020 (audited) RMB</b>	<b>2019 (audited) RMB</b>
Net Profit/(Loss) before tax	3,160,594.3	6,477,253.0	7,610,641.0
Net Profit/(Loss) after tax	2,988,961.0	5,646,573.0	7,200,622.7

As at 30 June 2021, the audited consolidated net assets value of Xintaishi Zhongmu under PRC GAAP was RMB46,791,179.3.

## Information on Dongying Tianze

Dongying Tianze is a company with limited liability established in the PRC with a total registered capital of RMB60,000,000, which has been fully paid-up. Dongying Tianze is owned as to 68% by the Vendor, 15% by Shandong Landi, 15% by Shandong Tianrong Ruilin and 2% by Jinan Ruipu Partnership. As at the date of the Dongying Tianze Sale and Purchase Agreement, Shandong Landi was ultimately owned by Cao Yugang\* (曹玉剛) and Qin Pingping\* (秦萍萍) as to 95% and 5% respectively, Shandong Tianrong Ruilin was ultimately owned by Mu Ruiling\* (牟瑞玲) and Cui Yunling\* (崔雲玲) as to 55% and 45% respectively, and Jinan Ruipu Partnership was ultimately owned by Zheng Guozhen\* (鄭國貞), Gao Yusheng\* (高玉生), Miao Qing\* (苗青) and Li Hong\* (李紅) as to approximately 32%, 31%, 31% and 6% respectively.

Save as disclosed above, to the best of knowledge, information and belief of the Directors having made all reasonable enquiries, Shandong Landi, Shandong Tianrong Ruilin and Jinan Ruipu Partnership, and their respective ultimate beneficial owners, as at the date of the Dongying Tianze Sale and Purchase Agreement, are third parties independent of the Company and connected persons of the Company.

Dongying Tianze is principally engaged in technology development, technical service and technical consultation of new energy technology and photovoltaic application products, electricity sales services, development, construction and operation of photovoltaic power generation projects, and sales of photovoltaic power generation equipment.

Dongying Tianze has invested in the 49MW fishery-solar complementary photovoltaic grid-connected power generation project. The project obtained the “Registration Record Certificate” issued by Dongying City Development and Reform Commission\* (東營市發展和改革委員) in December 2015 for the construction of, including but not limited to, the 49MW fishery-solar complementary photovoltaic grid-connected power generation system, inverter, transformer, combining manifolds and distribution facility. The project began construction in May 2016, and completed 25MW grid-connected power generation. In view of the fact that the project only obtained the 25MW scale indicator issued in 2016 and it was difficult for the project to obtain the remaining 24MW scale indicator in the short term, at the request of State Grid Shandong Province Electric Power Company\* (國網山東省電力公司), Dongying Tianze applied to change the final grid-connected capacity of the project to 25MW, and the remaining 24MW will not be built. The application was agreed by Dongying City Development and Reform Commission\* (東營市發展和改革委員) on 15 May 2018. Since 1 August 2018, Dongying Tianze has entrusted Shandong Tianrong Ruilin with the operation and maintenance of the entire power plant. The average annual power generation is approximately 36 million kWh.

The 68% equity interest in Dongying Tianze, being the subject matter of the Dongying Tianze Acquisition, was acquired by the Vendor from Shandong Landi (i.e. the then controlling shareholder of Dongying Tianze) on 29 April 2019 at a consideration of RMB12,185,600. Pursuant to the share transfer agreement between the Vendor, Shandong Landi and others in relation to the acquisition of 68% equity interest in Dongying Tianze by the Vendor, the Vendor was also required to inject RMB16,660,000 as capital contributions into Dongying Tianze on or before 10 May 2019. The Company was informed by the Vendor that this was the result of extended discussions and negotiations between the Vendor and Shandong Landi. The Company was also informed by the Vendor that the consideration and the capital contributions were determined by reference to, among others, the market situation at the time of the transaction.

### Financial information of Dongying Tianze

Based on the consolidated financial statements of Dongying Tianze prepared in accordance with the PRC GAAP, the profit or loss of Dongying Tianze before and after taxation is as follows:

	<b>For the six months ended 30 June 2021 (audited) RMB</b>	<b>For the financial year ended 31 December 2020 (audited) RMB</b>	<b>2019 (audited) RMB</b>
Net Profit/(Loss) before tax	3,867,980.1	5,661,574.1	6,417,255.5
Net Profit/(Loss) after tax	3,738,799.4	5,661,574.1	6,417,255.5

As at 30 June 2021, the audited consolidated net assets value of Dongying Tianze under PRC GAAP was RMB64,261,769.1.

## **INFORMATION ON THE PURCHASER AND THE REASONS FOR AND BENEFITS OF THE ACQUISITIONS**

The Purchaser is a company incorporated in the PRC engaged in solar farm engineering, procurement and construction and solar farm operations. It is wholly-owned by the Company, the investment holding company that holds the other members of the Group.

The Group is a professional renewable energy solution provider and building contractor. Its main businesses are design, fabrication and installation of curtain wall, green building and solar projects (including Building Integrated Photovoltaic (BIPV) system, roof top solar system and ground mounter solar systems, collection Solar EPC). It also engages in the production and sale of renewable energy goods, including smart grid system and solar thermal products such as air-source heat pump, solar heat collectors and solar heating system. Since the year ended 31 December 2014, the Group has also self-developed solar projects some of which the Group has sold in prior years to enhance its cashflow position and allow the Group to reallocate its resources for future development.

Following completion of the whitewash transaction by which Shuifa Energy became a majority shareholder of the Company in late November 2019 and completion of the debt restructuring scheme in December 2019, the Company has been exploring ways by which the Group can expand its clean energy business and strengthen its financial performance going forward. As stated in its 2019 annual report, 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 Group has more than six years of experience in solar farm operations and currently owns more than 480MW of grid-connected solar farms within and outside the Mainland China, accounting for approximately 7.8% of the Group's revenue (including tariff adjustment) and approximately 23.0% of the Group's gross profit (including tariff adjustment) for the period ended 30 June 2021. As the Target Companies are solar farm operators, the principal businesses of the Target Companies are in line with the Group's existing businesses.



The Acquisitions are in line with the Group's strategy to strengthen its financial performance while the Group seeks to expand its portfolio of power generation projects. The Target Companies are fully operational and can generate a positive income (and profit) while the Group needs not seek for investment opportunities in other new solar power projects with the risks of cost overruns, delays in completion and production and lower tariff. In addition, as the Target Companies carry out their business in Shandong province, it allows the Group to extend its solar projects footprint to Northern part of China and leverage on the resources of the Shuifa Group in Shandong province.

Considering that the Acquisitions are in line with the future development plans of the Group and the Target Companies are fully operational and can generate a positive income (and profit) with limited capital investment in the future, the Directors (excluding the independent non-executive Directors whose views will be set out in the circular) are of the view that the terms of the Sale and Purchase Agreements, the Acquisitions, the Transfer of Rights Agreements and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio in respect of the Acquisitions (when aggregated under Rule 14A.81 of the Listing Rules), is greater than 5% but less than 25%, as calculated under Rule 14.07 of the Listing Rules, the Acquisitions, if materialised, will constitute a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of the Sale and Purchase Agreements, Shuifa Energy is the controlling shareholder of the Company indirectly holding 1,687,008,585 Shares, representing approximately 66.92% of the issued share capital in the Company. As the Vendor is directly wholly owned by Shuifa Energy, the Vendor is a connected person of the Company pursuant to Chapter 14A of the Listing Rules. As Shuifa Guangyao, Xintaishi Zhongmu and Dongying Tianze are being owned as to 100%, 86% and 68% respectively by the Vendor, and therefore each an associate of the Vendor, are also each a connected person of the Company. Accordingly, the transactions contemplated under the Sale and Purchase Agreements constitute connected transactions of the Company and are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of the Directors attended the Board meeting has a material interest in the Sale and Purchase Agreements, the Acquisitions, the Transfer of Rights Agreements and the transactions contemplated thereunder.



## GENERAL

The Independent Board Committee, comprising all the independent non-executive Directors, namely Dr. Wang Ching, Mr. Yick Wing Fat, Simon and Dr. Tan Hongwei, has been established to consider the terms of the Sale and Purchase Agreements, the Transfer of Rights Agreements and the transactions contemplated thereunder, and to advise the Independent Shareholders as to whether they are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. None of the members of the Independent Board Committee has any interest or involvement in the transactions contemplated under the Sale and Purchase Agreements and the Transfer of Rights Agreements.

Red Sun Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Acquisitions.

The SGM will be convened for the Independent Shareholders to consider, and if thought fit, to approve the Acquisitions and the transactions contemplated under the Sale and Purchase Agreements and the Transfer of Rights Agreements. Shuifa Energy and its associates will abstain from voting for the resolutions regarding the Acquisitions, the Sale and Purchase Agreements and the Transfer of Rights Agreements at the SGM. Save for as set out above, as at the date of the Sale and Purchase Agreements, to the best of knowledge of the Directors, no other Shareholders would be required to abstain from voting at the SGM.

A circular containing, among others, (i) the material terms of and further information in relation to the Acquisitions; (ii) the recommendation and advice of the Independent Board Committee; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) other information as required under the Listing Rules together with a notice convening the SGM, is expected to be dispatched to the Shareholders on or before 25 October 2021.

Shareholders and potential investors should note that the Completions are subject to the fulfilment or waiver (as the case may be) of a number of conditions precedent as set out in the Sale and Purchase Agreements and the Acquisitions may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

## DEFINITIONS

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

“Acquisitions”	Shuifa Guangyao Acquisition, Xintaishi Zhongmu Acquisition and Dongying Tianze Acquisition;
“associate(s)”	has the meaning ascribed thereto in the Listing Rules;
“Board”	the board of directors of the Company;
“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: 750);
“Completions”	the completion of the Acquisitions pursuant to the Sale and Purchase Agreements;
“controlling shareholder”	has the meaning ascribed thereto in the Listing Rules;
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules;
“Cpi Ronghe”	Cpi Ronghe Financial Leasing Co., Ltd. (中電投融和融資租賃有限公司), the pledgee of 86% equity interest in Xintaishi Zhongmu pursuant to the Cpi Ronghe Financial Lease Agreement 2017 and Cpi Ronghe Financial Lease Agreement 2016;
“Cpi Ronghe Financial Lease Agreement 2016”	the finance lease (direct lease) agreement between Xintaishi Zhongmu and Cpi Ronghe, being contract number: RHZL-2016-102-180-ZMXNY and the supplemental finance lease (direct lease) agreement between Xintaishi Zhongmu and Cpi Ronghe, being contract number: RHZL-2016-102-180-ZMXNY-B2;

“Cpi Ronghe Financial Lease Agreement 2017”	the finance lease (sale and lease back) agreement between Xintaishi Zhongmu and Cpi Ronghe, being contract number: RHZL-2017-101-505-ZMXNY, together with the breakdown of rental payments (amendments);
“Director(s)”	the director(s) of the Company;
“Dongjiu Tianze PV Plant Operation and Maintenance Escrow Agreement”	the operation and maintenance escrow agreement of Dongjiu Tianze PV Plant dated 1 June 2018 between Dongying Tianze and Shandong Tianrong Ruilin and attached as Appendix 3 to the Dongying Tianze Transfer of Rights Agreement
“Dongying Tianze”	Dongying Tianze New Energy Technology Co., Ltd.* (東營天澤新能源科技有限公司), one of the Target Companies;
“Dongying Tianze Acquisition”	the acquisition of 68% equity interest in Dongying Tianze for a consideration of RMB51.00 million (equivalent to approximately HK\$61.20 million) as contemplated under the Dongying Tianze Sale and Purchase Agreement;
“Dongying Tianze Completion Date”	the date of completion of Dongying Tianze Acquisition;
“Dongying Tianze CPs”	the conditions precedent for Dongying Tianze Acquisition as stipulated in the Dongying Tianze Sale and Purchase Agreement;
“Dongying Tianze Sale and Purchase Agreement”	the sale and purchase agreement dated 30 September 2021 between the Purchaser, the Vendor and Dongying Tianze with respect to the Dongying Tianze Acquisition;
“Dongying Tianze Transfer of Rights Agreement”	the agreement to be entered into between the Purchaser, the Vendor, Shandong Landi, Shandong Tianrong Ruilin, Jinan Ruipu Partnership and Dongying Tianze to transfer certain contractual rights enjoyed by the Vendor, Shandong Landi, Shandong Tianrong Ruilin, Jinan Ruipu Partnership and Dongying Tianze under a series of agreement to the Purchaser;
“Group”	at any time, the Company and each of its subsidiaries from time to time, and “Group Company” means any one of them accordingly;

“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Huarun Lease”	Huarun Lease Co., Ltd.* (華潤租賃有限公司), the pledgee of 68% equity interest in Dongying Tianze pursuant to the Huarun Financial Lease Agreement;
“Huarun Financial Lease Agreement”	the finance lease agreement between Dongying Tianze and Huarun Lease, being contract number: CRL-ES-2019-008-L01;
“Independent Board Committee”	an independent committee of the Board comprising all of the independent non-executive Directors, established for the purpose of advising the Independent Shareholders, on the terms of the Sale and Purchase Agreements, the Acquisitions, the Transfer of Rights Agreements and the transactions contemplated thereunder;
“Independent Shareholders”	Shareholders other than Shuifa Energy and its associates who have a material interest in the transactions contemplated under the Sale and Purchase Agreements and the Transfer of Rights Agreements;
“Jiangsu Financial”	Jiangsu Financial Leasing Co., Ltd. (江蘇金融租賃股份有限公司), the pledgee of 100% equity interest in Shuifa Guangyao pursuant to the Jiangsu Financial Lease Agreement;
“Jiangsu Financial Lease Agreement”	the finance lease agreement between Shuifa Guangyao and Jiangsu Financial, being contract number: JFL19C01L011116-01;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Original Auditor”	Unitax Zhenqing Accountant Firm (Special General Partnership)* (尤尼泰振青會計師事務所(特殊普通合夥));

“PRC”	the People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“Purchaser”	Hunan Singyes Green Energy Co., Ltd.* (湖南興業綠色能源股份有限公司), a wholly-owned subsidiary of the Company;
“Red Sun Capital” or “Independent Financial Adviser”	Red Sun Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Acquisitions;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale and Purchase Agreements”	Shuifa Guangyao Sale and Purchase Agreement, Xintaishi Zhongmu Sale and Purchase Agreement and Dongying Tianze Sale and Purchase Agreement;
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong);
“SGM”	the special general meeting of the Company to be convened for approving, among other things, the Acquisitions and the transactions contemplated under the Sale and Purchase Agreements and the Transfer of Rights Agreements;
“Share(s)”	ordinary share(s) of US\$0.01 each in the share capital of the Company;
“Share Transfer Agreement of Dongying Tianze 25MW Fishery and Solar Power Project”	the share transfer agreement of Dongying Tianze 25MW Fishery and Solar Power Project dated 4 April 2019 between the Vendor, Shandong Landi, Shandong Tianrong Ruilin and Jinan Ruipu Partnership and attached as Appendix 1 to the Dongying Tianze Transfer of Rights Agreement;

“Share Transfer Agreement of Xintai Zhongmu 20MW Photovoltaic Power Project”	the share transfer agreement of Xintai Zhongmu 20MW Photovoltaic Power Project dated November 2017 between Shuifa Energy, Wang Qingchun and Xintaishi Zhongmu;
“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 wholly owned subsidiary of Shuifa Group 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);
“Shuifa Group”	Shuifa Group Co., Ltd.* (水發集團有限公司);
“Shuifa Guangyao”	Heze Kaifagu Shuifa Guangyao New Energy Co., Ltd.* (菏澤開發區水發光耀新能源有限公司), one of the Target Companies;
“Shuifa Guangyao Acquisition”	the acquisition of 100% equity interest in Shuifa Guangyao for a consideration of RMB3.16 million (equivalent to approximately HK\$3.79 million) as contemplated under the Shuifa Guangyao Sale and Purchase Agreement;
“Shuifa Guangyao Completion Date”	the date of completion of Shuifa Guangyao Acquisition;
“Shuifa Guangyao CPs”	the conditions precedent for Shuifa Guangyao Acquisition as stipulated in the Shuifa Guangyao Sale and Purchase Agreement;
“Shuifa Guangyao Sale and Purchase Agreement”	the sale and purchase agreement dated 30 September 2021 between the Purchaser, the Vendor and Shuifa Guangyao with respect to the Shuifa Guangyao Acquisition;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Supplementary Agreement to the Share Transfer Agreement of Dongying Tianze”	the supplementary agreement to the share transfer agreement of Dongying Tianze dated 3 December 2019 between the Vendor, Shandong Landi, Shandong Tianrong Ruilin and Jinan Ruipu Partnership and attached as Appendix 2 to the Dongying Tianze Transfer of Rights Agreement
“Target Companies”	Dongying Tianze, Shuifa Guangyao and Xintaishi Zhongmu;
“Transfer of Rights Agreements”	Xintaishi Zhongmu Transfer of Rights Agreement and Dongying Tianze Transfer of Rights Agreement;
“Valuation Report”	the valuation report prepared by the Valuer dated 30 September 2021 in relation to the valuation of Shuifa Guangyao, Xintaishi Zhongmu and Dongying Tianze;
“Valuer”	Roma Appraisals Limited, the independent valuer appointed by the Company in relation to the Acquisitions;
“Vendor”	Shandong Shuifa Clean Energy Technology Co., Ltd.* (山東水發清潔能源科技有限公司), a wholly owned subsidiary of Shuifa Energy;
“Vendor Group”	the Vendor, the Vendor’s holding company and its subsidiaries, excluding the Group;
“Xintaishi Zhongmu”	Xintaishi Zhongmu New Energy Technology Co., Ltd.* (新泰市中穆新能源科技有限公司), one of the Target Companies;
“Xintaishi Zhongmu Acquisition”	the acquisition of 86% equity interest in Xintaishi Zhongmu for a consideration of RMB49.02 million (equivalent to approximately HK\$58.82 million) as contemplated under the Xintaishi Zhongmu Sale and Purchase Agreement;
“Xintaishi Zhongmu Completion Date”	the date of completion of Xintaishi Zhongmu Acquisition;
“Xintaishi Zhongmu CPs”	the conditions precedent for Xintaishi Zhongmu Acquisition as stipulated in the Xintaishi Zhongmu Sale and Purchase Agreement;

“Xintaishi Zhongmu Sale and Purchase Agreement”	the sale and purchase agreement dated 30 September 2021 between the Purchaser, the Vendor and Xintaishi Zhongmu with respect to the Xintaishi Zhongmu Acquisition;
“Xintaishi Zhongmu Transfer of Rights Agreement”	the agreement to be entered into between the Purchaser, the Vendor, Shuifa Energy, Wang Qingchun and Xintaishi Zhongmu to transfer the contractual rights and obligations of the Vendor under the Share Transfer Agreement of Xintai Zhongmu 20MW Photovoltaic Power Project to the Purchaser;
“%”	per cent.

*In this announcement, if there is any inconsistency between the Chinese names of the entities or enterprises established in the PRC or Chinese government authorities or departments and their English translations, the Chinese names shall prevail.*

*Unless otherwise specified in this announcement, translations of RMB into HK\$ are made in this announcement, for illustration only, at the rate of RMB1 = HK\$1.2. No representation is made that any amounts in RMB or HK\$ could have been or could be converted at that rate or at any other rate.*

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

Hong Kong, 30 September, 2021

*\* for identification purpose only*

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