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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)

VOLUNTARY ANNOUNCEMENT – MEMORANDUM OF UNDERSTANDING IN RELATION TO THE POSSIBLE ACQUISITION OF A HOLDING COMPANY OF A WIND FARM PROJECT

This announcement is made by China Shuifa Singyes Energy Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis to provide the shareholders and potential investors of the Company with the latest update on the Group’s business development.

THE MEMORANDUM OF UNDERSTANDING

The board (“**Board**”) of directors (“**Directors**”) of the Company is pleased to announce that on 24 May 2022 (after trading hours), (i) Hunan Shuifa Singyes Green Energy Co., Ltd.* (湖南水發興業綠色能源股份有限公司), an indirectly wholly-owned subsidiary of the Company, as the purchaser (“**Purchaser**”); (ii) Shuifa Energy Group Limited* (水發能源集團有限公司), a controlling shareholder of the Company, as the vendor (“**Vendor**”); and (iii) Shuifa Energy (Tongyuxian) Co. Ltd.* (水發能源(通榆縣)有限公司) as the target company (“**Target Company**”) entered into a non-legally binding memorandum of understanding (“**MOU**”) in relation to the possible acquisition by the Purchaser (or its nominee) of the non-controlling stake of the equity of the Target Company (“**Possible Acquisition**”) and the possible grant by the Vendor of option exercisable at the discretion of the Purchaser to purchase up to all of the remaining equity of the Target Company held by the Vendor after the Possible Acquisition (“**Possible Grant of Option**”, together with the Possible Acquisition, the “**Possible Transactions**”).

Within 360 days from the date of signing of the MOU (or such longer period as agreed by the parties to the MOU in writing) (the “**Exclusivity Period**”), the Vendor and the Purchaser shall negotiate in good faith and use their best endeavour to enter into legally binding agreements in relation to the Possible Acquisition and the Possible Grant of Option (the “**Formal Agreements**”).

The MOU does not create legally binding obligations on the parties in relation to the Possible Transactions but is legally binding as to the Exclusivity Period, within which the Purchaser has the exclusive right to negotiate with the Vendor on the Possible Transactions.

The MOU will be automatically terminated upon the expiry of the Exclusivity Period, or upon the execution of the Formal Agreements, whichever is earlier. The MOU will also be terminated upon the occurrence of certain events including the breach of the obligations relating to the Exclusivity Period and the parties agree in writing to terminate the MOU.

INFORMATION OF THE PARTIES

The Purchaser

The Purchaser is a company established in the People’s Republic of China (“**PRC**”) with limited liability and is an indirectly wholly-owned subsidiary of the Company. It is principally engaged in the investment in and the operations of photovoltaic power stations and wind power projects.

The Vendor

The Vendor is a company established in the PRC with limited liability which is principally engaged in the investment in and the operations of clean energy assets and is the controlling shareholder of the Company indirectly holding 1,687,008,585 Shares, representing approximately 66.92 % of the total issued share capital of the Company as at the date of this announcement. It is a wholly-owned subsidiary of Shuifa Group Co., Ltd.* (水發集團有限公司) (“**Shuifa Group**”). Shuifa Group is a state-owned enterprise established in the PRC with limited liability 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). The businesses of Shuifa Group cover the four sectors, namely hydraulic development, modern agriculture, environmental protection and clean energy.

The Target Company

The Target Company is a company established in the PRC with limited liability and is the holding company of a 500MW wind farm project which is located in Xianghai Mongolian Township, Tongyu County, Baicheng City, Jilin Province, the PRC* (中國吉林省白城市通榆縣向海蒙古族鄉). As at the date of this announcement, the Target Company is owned as to 60% by the Vendor and 40% by Shuifa Fengyuan Energy Co., Ltd.* (水發豐遠能源有限公司) (“**Shuifa Fengyuan**”). Shuifa Fengyuan is in turn owned as to 51% by Shuifa Zhongxing Group Co., Ltd.* (水發眾興集團有限公司) (“**Shuifa Zhongxing**”) and 49% by an independent third party which is not connected to the Company and its connected person (“**Independent Third Party**”). Shuifa Zhongxing is owned as to approximately 64.1% by Shuifa Group and approximately 35.9% by the Independent Third Party.

REASONS FOR AND BENEFITS OF THE POSSIBLE TRANSACTIONS

The Company is a company incorporated in Bermuda with limited liability. The Group is a professional renewable energy and green construction solution provider. Its principal businesses are the design and management of the operation and maintenance of curtain wall, green building and renewable energy projects (including building integrated photovoltaic, distributable and concentrated photovoltaic projects and wind power projects).

The mid-term and long-term strategic goal of the Group in the field of clean energy is to take wind power, photovoltaic and energy storage as its leading business drive, and focus on the development of clean energy power station project investments, mergers and acquisitions, operations and EPC business, striving to become a professional green electricity operator.

As disclosed in the annual report of the Company for the financial year ended 31 December 2021, considering the impact caused by the increase in the price of photovoltaic upstream raw materials, the Group proactively slowed down its EPC business and shifted its business focus to wind power EPC in 2021. In 2021, the Group involved in a number of sizable Wind Power EPC projects and recorded a remarkable increase in the revenue from the Group’s wind power EPC business. In second half of 2021, the Group also started to build a 100MW wind farm in Tongyu County in Jilin Province, which is expected to complete in 2022.

The Board considers that the Group has accumulated extensive technology and management experience in respect of wind power project investment, construction and operation, and the Possible Transactions are in line with the clean energy business and development strategies of the Group. Further, the Possible Transactions will help the Group expand its assets scale and elevate its profitability.

Based on the aforesaid, the Directors (including the independent non-executive Directors) consider that the terms of the MOU and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group, are fair and reasonable, on normal commercial terms, and are in the interests of the Company and its shareholders as a whole.

The MOU is not legally binding with regard to the Possible Transactions. As the terms and consideration for the Possible Transactions will be subject to further negotiation between the Purchaser and the Vendor, it may or may not proceed. The Possible Transactions, if materialised, may constitute notifiable and connected transactions for the Company under the Listing Rules. The Company will make further announcement(s) as and when appropriate and comply with all other applicable requirements under the Listing Rules. As the Possible Transactions may or may not be materialised, shareholders and investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 24 May 2022

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 Mr. Xie Wen and Ms. Li Li, and the independent non-executive Directors are Dr. Wang Ching, Mr. Yick Wing Fat, Simon and Dr. Tan Hongwei.