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CHERISH SUNSHINE INTERNATIONAL LIMITED

承輝國際有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 1094)

DISCLOSEABLE TRANSACTION IN RESPECT OF CAPITAL INCREASE IN JOINT VENTURE

CAPITAL INCREASE AGREEMENT

The Board hereby announces that on 6 September 2024, Chenghui New Energy and Jiangyin Daxiang has entered into a Capital Increase Agreement, pursuant to which the registered capital of JV Company I will be increased from RMB130 million (equivalent to approximately HK\$142.6 million) to RMB280 million (equivalent to approximately HK\$307.2 million).

Under the Capital Increase Agreement, Chenghui New Energy and Jiangyin Daxiang shall respectively contribute RMB28.5 million (equivalent to approximately HK\$31.3 million) and RMB121.5 million (equivalent to approximately HK\$133.3 million) of the increased capital. Accordingly, Chenghui New Energy and Jiangyin Daxiang shall respectively contribute in aggregate RMB53.2 million (equivalent to approximately HK\$58.4 million) and RMB226.8 million (equivalent to approximately HK\$248.8 million) to JV Company I, accounting for approximately 19.0% and 81.0% of the total registered capital of JV Company I. Chenghui New Energy will remain a minority shareholder of JV Company I and the financial results of JV Company I will not be consolidated to the Company's financial statements.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Capital Increase Agreement (based on the aggregate investment of RMB53.2 million (equivalent to approximately HK\$58.4 million) by Chenghui New Energy) exceed 5% but are less than 25%, the entering into of the Capital Increase Agreement and the transactions contemplated thereunder constitute a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

Reference is made to the announcement of Cherish Sunshine International Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 21 August 2024 in respect of, among others, the formation of JV Company I with Jiangyin Daxiang (the “**JV Announcement**”). Unless otherwise defined, capitalised terms used herein shall have the same meaning as defined in the JV Announcement.

The Board hereby announces that on 6 September 2024, Chenghui New Energy and Jiangyin Daxiang has entered into a capital increase agreement (the “**Capital Increase Agreement**”), pursuant to which the registered capital of JV Company I will be increased from RMB130 million (equivalent to approximately HK\$142.6 million) to RMB280 million (equivalent to approximately HK\$307.2 million). Under the Capital Increase Agreement, Chenghui New Energy and Jiangyin Daxiang shall respectively contribute RMB28.5 million (equivalent to approximately HK\$31.3 million) and RMB121.5 million (equivalent to approximately HK\$133.3 million) of the increased capital. Accordingly, Chenghui New Energy and Jiangyin Daxiang shall respectively contribute in aggregate RMB53.2 million (equivalent to approximately HK\$58.4 million) and RMB226.8 million (equivalent to approximately HK\$248.8 million) to JV Company I, accounting for approximately 19.0% and 81.0% of the total registered capital of JV Company I. Chenghui New Energy will remain a minority shareholder of JV Company I and the financial results of JV Company I will not be consolidated to the Company’s financial statements.

THE CAPITAL INCREASE AGREEMENT

The principal terms of the Capital Increase Agreement are set out below:

Date

6 September 2024

Parties:

- (i) Chenghui New Energy; and
- (ii) Jiangyin Daxiang.

Information of JV Company I

JV Company I, namely Ruoqiang Huiheng Industrial Group Limited* (若羌輝恆實業集團有限公司) has been established on 22 August 2024 as a limited liability company in Rouqiang County, Xinjiang Uygur Autonomous Region, the PRC, in accordance with the laws of the PRC and the provisions of the JV Agreement I. The main business scope of JV Company I, as set out in the JV Announcement, comprised, among others, (1) the provision of super power computing service to clients from various industries in the PRC; and (2) the generation and provision of electricity by way of solar power, as a source of green energy, generated from the solar power generation farms to be constructed and controlled by JV Company I, in its region of establishment.

As at the date of this announcement, JV Company I, which is newly established, is yet to commence any businesses.

Capital contribution

Pursuant to the Capital Increase Agreement, the registered capital of JV Company I shall increase to RMB280 million, of which:

1. Chenghui New Energy shall contribute RMB28.5 million (equivalent to approximately HK\$31.3 million) of the increased registered capital, representing in aggregate RMB53.2 million (equivalent to approximately HK\$58.4 million), accounting for approximately 19.0% of the registered capital of JV Company I; and
2. Jiangyin Daxiang shall contribute RMB121.5 million of the increased registered capital (equivalent to approximately HK\$133.3 million), representing in aggregate RMB226.8 million (equivalent to approximately HK\$248.8 million), accounting for 81.0% of the registered capital of JV Company I.

The Parties shall pay up their respective capital contribution in cash within five years from 22 August 2024, being the date of establishment of JV Company I.

The amount of increased capital contribution was determined after arm's length negotiations between the Parties with reference to the expected capital requirements, the current business plan of JV Company I, and the Parties' interest in JV Company I. The Group intends to finance its increased portion of the capital contribution in JV Company I by internal resources.

As at the date of this announcement, Chenghui New Energy had paid up RMB24.7 million (equivalent to approximately HK\$27.1 million) of its responsible capital contribution through its internal resources, with RMB28.5 million (equivalent to approximately HK\$31.3 million) being the portion of the increased register capital that Chenghui New Energy is responsible for under the Capital Increase Agreement, remaining outstanding.

INFORMATION ON THE PARTIES

The Group and Chenghui New Energy

The Group is principally engaged in provision of procurement services and other IT services, trading business, leasing of the Group's investment properties located in Wuhan, Hubei Province, the PRC, and energy management contracting business in the PRC.

Chenghui New Energy is a company established in Hangzhou City, Zhejiang Province, the PRC, with limited liability and is a wholly-owned subsidiary of the Company. It is principally engaged in solar power-related business.

Jiangyin Daxiang

Jiangyin Daxiang is a limited partnership established in Jiangyin City, Jiangsu Province, the PRC. Its main business areas comprise enterprise consulting and management, information development and consulting, solar power investment and so on.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, Jiangyin Daxiang is ultimately wholly-owned by Ms. Bao Xueru and Ms. Bao Xueru are third parties independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF THE CAPITAL INCREASE

The Capital Increase Agreement was entered into upon the Parties' further assessment and negotiation on the business plan and investment need into the operations of JV Company I. JV Company I is currently planning to invest in the establishment of solar power stations with the capacity of 50 megawatt, therefore requiring further capital support. The increase in capital will provide new financial liquidity to JV Company I for its investment in the solar power stations, allowing JV Company I, and the Group, to further expand their presence in the new energy sector.

The Directors consider that the Capital Increase Agreement and the transactions contemplated thereunder are entered into after arm's length negotiation and agreed on normal commercial terms which are fair and reasonable, and in the interest of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Capital Increase Agreement (based on the aggregate investment of RMB53.2 million (equivalent to HK\$58.4 million) by Chenghui New Energy) exceed 5% but are less than 25%, the entering into of the Capital Increase Agreement and the transactions contemplated thereunder constitute a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

GENERAL INFORMATION

Save as disclosed and except for the aforesaid increase in registered capital, all other terms of the JV Agreement I and the information in respect of JV Company I as previously disclosed in the JV Announcement remain unchanged.

By Order of the Board
Cherish Sunshine International Limited
Yang Hua
Chairman and Chief Executive

Hong Kong, 6 September 2024

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Yang Hua and Ms. He Qian; and three independent non-executive Directors, namely Mr. Zhong Dengyu, Ms. Yang Xiaoyan and Ms. Deng Hua.

For the purpose of this announcement, the exchange rate of RMB1 to HK\$1.097 has been adopted.