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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)

(1) DISCLOSEABLE AND CONNECTED TRANSACTION DISPOSAL OF INTEREST IN SUBSIDIARY AND (2) DISCLOSEABLE TRANSACTION CAPITAL COMMITMENTS TO NON-WHOLLY-OWNED SUBSIDIARY

THE INVESTMENT AGREEMENT

Reference is made to the Company's announcement of dated 30 May 2022 and circular dated 26 October 2022 in relation to the establishment of the Limited Partnership. The Board announces that on 16 December 2024 (after trading hours), China Cinda and Xingye Holdings (a wholly-owned subsidiary of the Company) entered into the Investment Agreement, pursuant to which the parties have agreed to the Disposal, the Reorganisation and the Capital Commitments. By the Disposal, as a further investment into the Group by China Cinda, China Cinda will indirectly acquire 40.05% of 48% of the equity interest (i.e. an effective interest of 19.2%) in Shuifa Clean Energy to be injected by the Group into the Investment Company. The Reorganisation switches the holding vehicle of 99.38% equity interest in Xinjiang Xingye and 99.48% equity interest in Wuwei Dongrun, but does not involve any acquisition or disposal by the Group. The Capital Commitments, i.e. committed injections of RMB158,254,500 and RMB63,341,903 in cash into the Investment Company by Xingye Holdings and China Cinda, respectively, have been agreed under the Investment Agreement.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as calculated under Rule 14.07 of the Listing Rules) in respect of each of the Disposal and the Xingye Holdings Capital Commitment contemplated under the Investment Agreement exceed 5% but all are less than 25%, each of the

Disposal and the Xingye Holdings Capital Commitment contemplated under the Investment Agreement constitutes a discloseable transaction of the Company and is therefore subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

As China Cinda is interested in approximately 40.05% of partnership interest in the Limited Partnership (which is a non-wholly owned subsidiary of the Company), China Cinda is a substantial shareholder of the Limited Partnership and hence a connected person of the Company at the subsidiary level under the Listing Rules. The Board has approved the Investment Agreement and the Disposal contemplated thereunder and the independent non-executive Directors have confirmed that the terms of the Investment Agreement are fair and reasonable and the Disposal contemplated thereunder are on normal commercial terms or better and in the interests of the Company and its shareholders as a whole, the Disposal (which is on normal commercial terms or better) is exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

As the China Cinda Capital Commitment in the proportional investment part of the Capital Commitments is made in proportion to China Cinda's shareholding interest in the Investment Company, the China Cinda Capital Commitment will be fully exempt from the announcement, reporting and shareholders' approval requirements under Rule 14A.92(1) of the Listing Rules.

INTRODUCTION

Reference is made to the Company's announcement of dated 30 May 2022 and circular dated 26 October 2022 in relation to the establishment of the Limited Partnership. The Board announces that on 16 December 2024 (after trading hours), China Cinda and Xingye Holdings (a wholly-owned subsidiary of the Company) entered into the Investment Agreement, pursuant to which the parties have agreed to the Disposal, the Reorganisation and the Capital Commitments. By the Disposal, as a further investment into the Group by China Cinda, China Cinda will indirectly acquire 40.05% of 48% of the equity interest (i.e. an effective interest of 19.2%) in Shuifa Clean Energy to be injected by the Group into the Investment Company. The Reorganisation switches the holding vehicle of 99.38% equity interest in Xinjiang Xingye and 99.48% equity interest in Wuwei Dongrun, but does not involve any acquisition or disposal by the Group. The Capital Commitments, i.e. committed injections of RMB158,254,500 and RMB63,341,903 in cash into the Investment Company by Xingye Holdings and China Cinda, respectively, have been agreed under the Investment Agreement.

THE INVESTMENT AGREEMENT

The principal terms of the Investment Agreement are summarised below.

Date

16 December 2024

Parties

1. 水發興業控股有限公司 (Shuifa Xingye Holdings Co., Ltd.*)
2. 中國信達資產管理股份有限公司 (China Cinda Asset Management Co., Ltd.)

Subject matter

China Cinda and Xingye Holdings (a wholly-owned subsidiary of the Company) have agreed to the Disposal, the Reorganisation and the Capital Commitments.

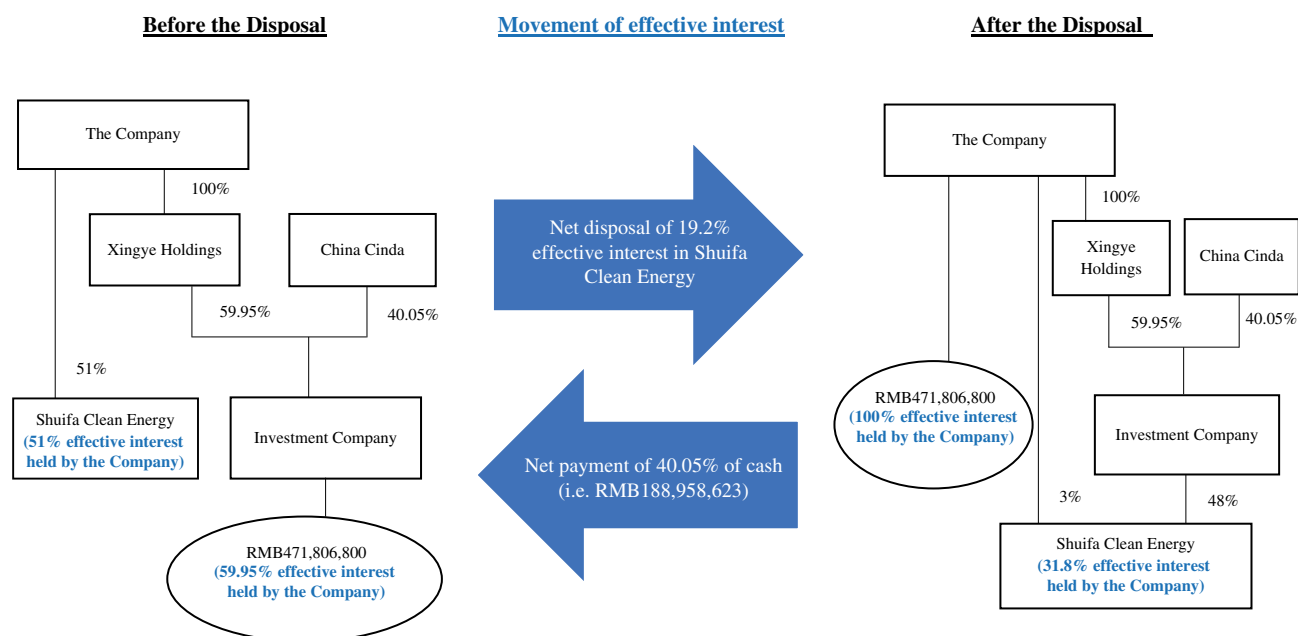
The Disposal

Pursuant to the Disposal under the Investment Agreement, the Investment Company shall acquire and the Company shall transfer 48% of the equity interest in Shuifa Clean Energy. It is expected that the Disposal will be completed by the end of 2024.

The consideration for the transfer of 48% equity interest in Shuifa Clean Energy was determined after arm's length negotiations between the Company and China Cinda with reference to (i) the appraised value of 48% equity interest in Shuifa Clean Energy in the amount of approximately RMB471.7 million based on a valuation report prepared by an independent qualified PRC valuer engaged by the Company using asset-based approach; and after taking into account (ii) the historical performance and prospect of the business of Shuifa Clean Energy.

As the Investment Company is a 59.95%-owned subsidiary of the Company, the net effect of the Disposal would be (i) a decrease in the Group's effective indirect interest in Shuifa Clean Energy by 19.2% (i.e. 48% (equity interest in Shuifa Clean Energy to be transferred) x 40.05% (minority interest in the Investment Company held by China Cinda)); and (ii) a net increase in cash of the Group by an additional amount of RMB188,958,623.40 from China Cinda, being the net cash consideration for the Disposal to be paid to the Investment Company forthwith after the Investment Agreement (i.e. the appraised value of 48% equity interest in Shuifa Clean Energy of RMB471,806,800 x 40.05%).

Set out below is a simplified chart showing the movement of effective interest on the basis of the net disposal of 19.2% of equity interest in Shuifa Clean Energy before the Disposal and after the Disposal:



The Reorganisation

As at the date of this announcement, the Limited Partnership (being a limited partnership the partnership interest in which is held as to 59.95% by the Group and 40.05% by Cinda) holds 99.38% equity interest in Xinjiang Xingye and 99.48% equity interest in Wuwei Dongrun.

China Cinda and the Group have agreed in the Investment Agreement to adopt a limited liability company structure in place of a limited partnership structure to enhance the governance of investment vehicles but without affecting their respective percentage of interest held in the holding vehicle. Pursuant to the Investment Agreement, the parties have agreed to the Reorganisation which has a net effect of a parallel substitution of the holding vehicle of the underlying assets (99.38% equity interest in Xinjiang Xingye and 99.48% equity interest in Wuwei Dongrun) by the replacement of the Limited Partnership with the Investment Company. The underlying assets of the holding vehicle are not changed by the Reorganisation. It is expected that the Reorganisation will be completed by the end of 2024.

After completion of the Reorganisation, there will be no change in (i) the respective shareholding percentage of the Group (59.95%) and Cinda (40.05%) in the holding vehicle (i.e. the Limited Partnership or the Investment Company, as the case may be); and (ii) the Group's and Cinda's indirect effective shareholding in the underlying assets, Xinjiang Xingye and Wuwei Dongrun.

Following completion of the Reorganisation, Xinjiang Xingye and Wuwei Dongrun will continue to be accounted for as subsidiaries of the Company, and their results will continue to be consolidated into the Group's financial statements.

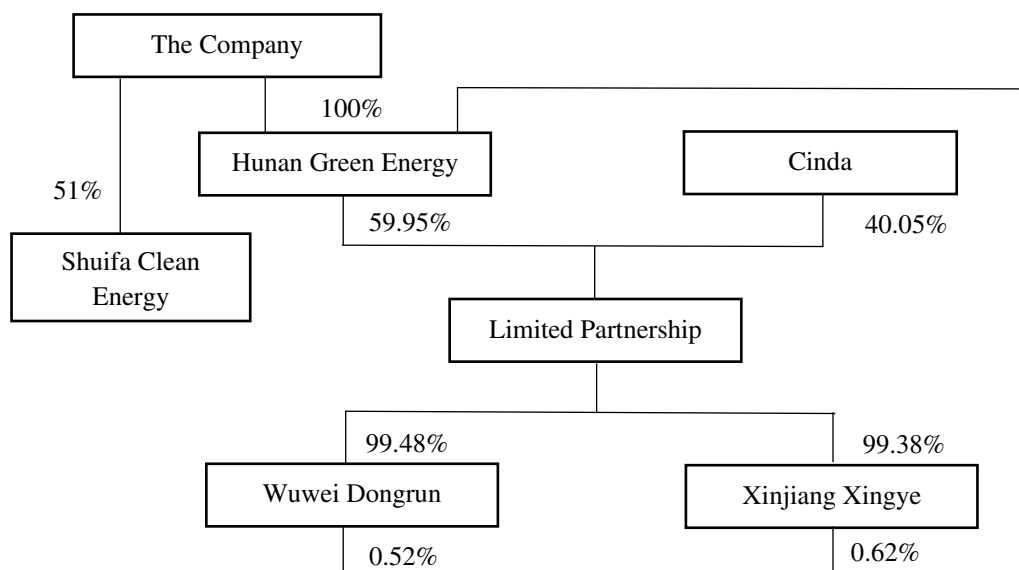
The Capital Commitments

Pursuant to the Capital Commitments under the Investment Agreement, further to the Reorganisation, each of Xingye Holdings and China Cinda has agreed to inject capital into the Investment Company. The Capital Commitments comprise (i) a proportional investment by Xingye Holdings (RMB94,815,158) and China Cinda (RMB63,341,903) in proportion to their shareholding in the Investment Company and (ii) an additional capital commitment by Xingye Holdings of RMB63,439,342 into the Investment Company. Under the Capital Commitments, (i) Xingye Holdings has agreed to inject an aggregate of RMB158,254,500 in cash as capital commitment into the Investment Company (the “**Xingye Holdings Capital Commitment**”); and (ii) China Cinda has agreed to inject an aggregate of RMB63,341,903 in cash as Capital Commitment into the Investment Company (the “**China Cinda Capital Commitment**”). The Capital Commitments will have to be fully paid within five years from the date of establishment of the Investment Company, being the time limit prescribed under the Company Law of the PRC. It is expected that the China Cinda Capital Commitment will be made by the end of 2024.

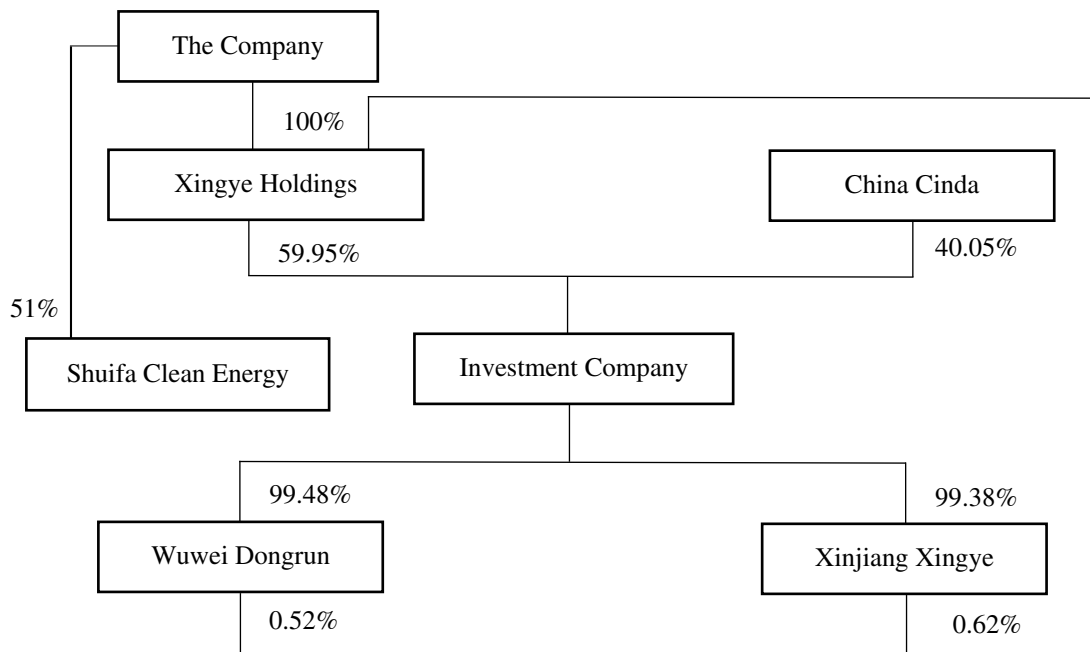
Group structure

Set out below is the simplified group structure (i) as at the date of this announcement; (ii) immediately after the Reorganisation; and (iii) immediately after the Reorganisation and the Disposal.

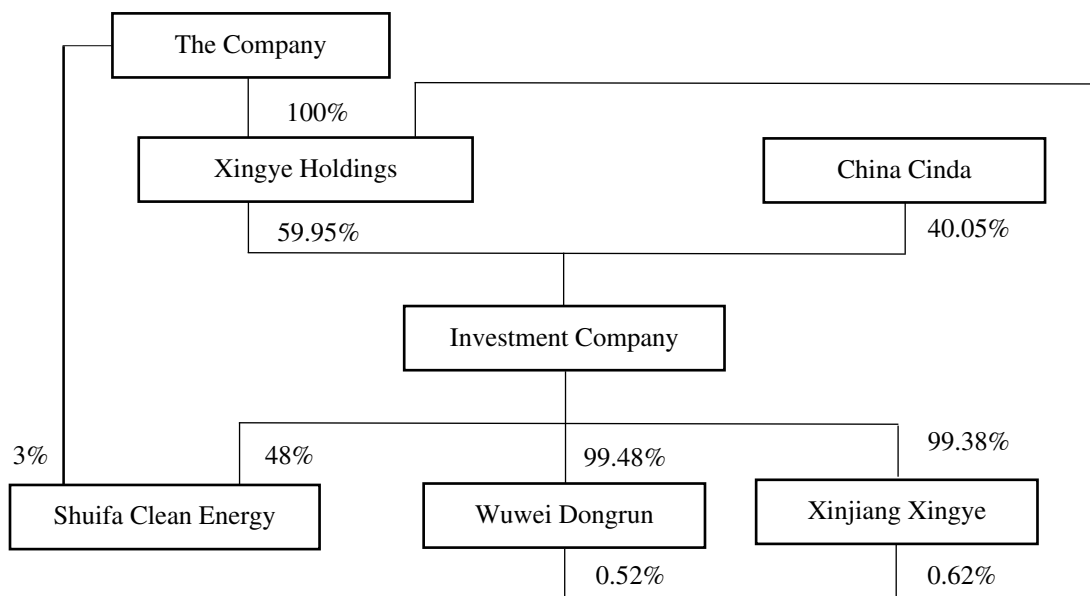
As at the date of this announcement:



Immediately after the Reorganisation:



Immediately after the Reorganisation and the Disposal:



INFORMATION ON SHUIFA CLEAN ENERGY

Shuifa Clean Energy a company incorporated in Hong Kong with limited liability and is principally engaged in the sales of photovoltaic equipment and other product materials. Shuifa Clean Energy is owned as to 51% of its equity interest by the Group and 48% of its equity interest by 水發清潔能源科技有限公司 (Shuifa Clean Energy Technology Co., Ltd.*) (a company controlled by 水發集團有限公司 (Shuifa Group Co., Ltd.*, a controlling shareholder of the Company)) as at the date of this announcement.

The consolidated financial information of Shuifa Clean Energy and its subsidiaries for the two years ended 31 December 2023 and for the six months ended 30 June 2024 is set out below:

| | For the six months ended 30 June 2024 | For the year ended 31 December | |
|-------------------|--|---|---|
| | <i>RMB' million</i> (unaudited) | 2023 <i>RMB' million</i> (audited) | 2022 <i>RMB' million</i> (audited) |
| Revenue | 146.58 | 204.95 | 232.02 |
| Profit before tax | 35.61 | 50.80 | 96.72 |
| Profit after tax | 34.58 | 42.98 | 88.22 |

The audited consolidated net asset value of Shuifa Clean Energy and its subsidiaries as at 31 December 2023 was approximately RMB914.02 million and the unaudited consolidated net asset value of Shuifa Clean Energy and its subsidiaries as at 30 June 2024 was approximately RMB950.75 million.

REASONS FOR AND BENEFITS OF THE DISPOSAL AND THE CAPITAL COMMITMENTS

The Disposal in effect represents an investment of China Cinda in Shuifa Clean Energy. The investment by the Investment Company in Shuifa Clean Energy contemplated under the Investment Agreement will enable Shuifa Clean Energy to benefit from a wealth of attractive investment opportunities from China Cinda in the future by way of introducing a strategic investor. Furthermore, the Disposal will also strengthen the Group's liquidity and replenish its working capital. The Capital Commitments would increase the capital of the Investment Company (which is a non-wholly owned subsidiary of the Company) and enable the further development and expansion of the Group's business in photovoltaic power generation and enhance the growth and development of the Group.

In view of the above, the Board considers that the terms of the Investment Agreement are on normal commercial terms, and the Disposal, the Reorganisation and the Capital Commitments are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

None of the Directors has a material interest in the Investment Agreement and the transactions contemplated thereunder, and hence none of the Directors is required to abstain from voting on the resolutions of the Board approving the same.

FINANCIAL EFFECT AND USE OF PROCEEDS

The Company does not expect to record any significant gain or loss on the completion of the Reorganisation and the Disposal.

The above financial impact is shown for illustrative purpose only and the final gain or loss as a result of the Disposal, the Reorganisation and the Capital Commitments to be recorded by the Company is subject to the audit results which will be assessed after completion of the Disposal, the Reorganisation and the Capital Commitments.

Following completion of the Reorganisation, the Disposal and the Capital Commitments, the Investment Company, Xinjiang Xingye, Wuwei Dongrun and Shuifa Clean Energy will all be accounted for as subsidiaries of the Company, and their results will be consolidated into the Group's financial statements.

The Company intends to utilise the proceeds from the Disposal for the development of the Group's renewable and clean energy business (such as acquisition of equipment and potential targets), repayment of indebtedness and general working capital.

INFORMATION ON THE PARTIES

The Company and the Group

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 design, construction, operation and maintenance of curtain wall, green building and renewable energy projects (including Building Integrated Photovoltaic (BIPV), distributable and concentrated solar projects and wind power projects). The Group also has certain solar power station projects, which provide stable cash flow for the Group.

China Cinda

China Cinda is a joint stock company established under the laws of the PRC with limited liability, the H shares of which are listed on the Main Board of the Stock Exchange (stock code: 1359) and is principally engaged in distressed asset management, and provides customised financial solutions and differentiated asset management services to its clients through its diversified business platforms. Cinda Capital is a subsidiary of China Cinda. The ultimate beneficial owner of China Cinda is the Ministry of Finance of the PRC.

Xingye Holdings

Xingye Holdings is a company established in the PRC with limited liability and a direct wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as calculated under Rule 14.07 of the Listing Rules) in respect of each of the Disposal and the Xingye Holdings Capital Commitment contemplated under the Investment Agreement exceed 5% but all are less than 25%, each of the Disposal and the Xingye Holdings Capital Commitment contemplated under the Investment Agreement constitutes a discloseable transaction of the Company and is therefore subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

As China Cinda is interested in approximately 40.05% of partnership interest in the Limited Partnership (which is a non-wholly owned subsidiary of the Company), China Cinda is a substantial shareholder of the Limited Partnership and hence a connected person of the Company at the subsidiary level under the Listing Rules. The Board has approved the Investment Agreement and the Disposal contemplated thereunder and the independent non-executive Directors have confirmed that the terms of the Investment Agreement are fair and reasonable and the Disposal contemplated thereunder are on normal commercial terms or better and in the interests of the Company and its shareholders as a whole, the Disposal (which is on normal commercial terms or better) is exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

As the China Cinda Capital Commitment in the proportional investment part of the Capital Commitments is made in proportion to China Cinda's shareholding interest in the Investment Company, the China Cinda Capital Commitment will be fully exempt from the announcement, reporting and shareholders' approval requirements under Rule 14A.92(1) of the Listing Rules.

DEFINITIONS

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

| | |
|-----------------------|--|
| “associate(s)” | has the meaning ascribed to it under the Listing Rules |
| “Board” | the board of Directors |
| “Capital Commitments” | the committed injections of RMB158,254,500 and RMB63,341,903 in cash as capital into the Investment Company by Xingye Holdings and China Cinda, respectively, pursuant to the Investment Agreement |

| | |
|----------------------------------|---|
| “China Cinda Capital Commitment” | has the meaning ascribed to it under the sub-section headed “The Investment Agreement – The Capital Commitments” |
| “China Cinda” | 中國信達資產管理股份有限公司 (China Cinda Asset Management Co., Ltd.), a company established in the PRC, the H shares of which are listed on the Stock Exchange (stock code: 1359) |
| “Cinda” | China Cinda and Cinda Capital |
| “Cinda Capital” | 信達資本管理有限公司 (Cinda Capital Management Co., Ltd.), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of China Cinda |
| “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, and the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 750) |
| “connected person(s)” | has the meaning ascribed to it under the Listing Rules |
| “controlling shareholder” | has the meaning ascribed to it under the Listing Rules |
| “Disposal” | the transfer of the Group’s 48% equity interest in Shuifa Clean Energy to the Investment Company pursuant to the Investment Agreement, which represents the deemed net disposal of 19.2% effective indirect interest in Shuifa Clean Energy |
| “Director(s)” | the director(s) of the Company |
| “Investment Agreement” | the agreement entered into between Xingye Holdings and China Cinda on 16 December 2024 in respect of the Reorganisation, the Disposal and the Capital Commitments |
| “Investment Company” | a company being established in the PRC with limited liability with the proposed name of 信興新能 (廣東) 投資有限責任公司 (Xinxing New Energy (Guangdong) Investment Co., Ltd.*) |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |

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|-------------------------|--|
| “Hunan Green Energy” | 湖南水發興業綠色能源股份有限公司 (Hunan Shuifa Singyes Green Energy Co., Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company as at the date of this announcement |
| “Limited Partnership” | 南京信發能股權投資合夥企業(有限合夥) (Nanjing Xinfaneng Equity Investment Partnership (Limited Partnership)*), a limited partnership established in the PRC. As at the date of this announcement, Cinda Capital (as general partner) and China Cinda (as limited partner) collectively hold 40.05% partnership interest in the Limited Partnership and Hunan Green Energy (as limited partner) holds 59.95% partnership interest in the Limited Partnership |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “PRC” | the People’s Republic of China, which, for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan region |
| “Partnership Agreement” | the partnership agreement entered into between Hunan Green Energy and China Cinda (both as limited partner), and Cinda Capital (as general partner) on 30 May 2022 in respect of the establishment of the Limited Partnership |
| “Reorganisation” | the group reorganisation involving the substitution of the holding vehicle of 99.38% equity interest in Xinjiang Xingye and 99.48% equity interest in Wuwei Dongrun by the replacement of the Limited Partnership with the Investment Company through corporate restructuring and fund transfer procedures |
| “Share(s)” | ordinary share(s) of US\$0.01 each in the share capital of the Company |
| “Shareholder(s)” | holder(s) of the Share(s) |
| “Shuifa Clean Energy” | 水發清潔能源股份有限公司 (Shuifa Clean Energy Co., Ltd.*), a company incorporated in Hong Kong with limited liability. It is owned as to 51% of its equity interest by the Group and is a direct non-wholly-owned subsidiary of the Company as at the date of this announcement |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |

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|--------------------------------------|--|
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Wuwei Dongrun” | 武威東潤太陽能開發有限公司 (Wuwei Dongrun Solar Energy Development Co., Ltd.*), a company established in the PRC with limited liability. It is owned as to 99.48% of its equity interest by the Limited Partnership and is an indirect wholly-owned subsidiary of the Company as at the date of this announcement |
| “Xinjiang Xingye” | 新疆興業新能源有限公司 (Xinjiang Xingye New Energy Co., Ltd.*), a company established in the PRC with limited liability. It is owned as to 99.38% of its equity interest by the Limited Partnership and is an indirect wholly-owned subsidiary of the Company as at the date of this announcement |
| “Xingye Holdings” | 水發興業控股有限公司 (Shuifa Xingye Holdings Co., Ltd.*), a company established in the PRC with limited liability and a direct wholly-owned subsidiary of the Company as at the date of this announcement |
| “Xingye Holdings Capital Commitment” | has the meaning ascribed to it under the sub-section headed “The Investment Agreement – The Capital Commitments” |
| “%” | per cent. |

By order of the Board
China Shuifa Singyes Energy Holdings Limited
Wang Jian
Chairman

Hong Kong, 16 December 2024

As at the date of this announcement, the executive Directors are Mr. Wang Jian (Chairman), Mr. Zhou Guangyan (Vice Chairman) and Mr. Chen Fushan, the non-executive Directors are Ms. Wang Suhui and Mr. Hu Xiao, and the independent non-executive Directors are Dr. Wang Ching, Mr. Yick Wing Fat, Simon and Dr. Tan Hongwei.

** For identification purpose only*