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**China Singyes Solar Technologies Holdings Limited**

**中國興業太陽能技術控股有限公司**

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 750)**

**US\$260,000,000 7.95% senior notes due 2019**

**(Stock Code: 5372)**

**RMB930 million 5% USD settled convertible bonds due 2019**

**(Stock Code: 5790)**

**(1) TERMINATION OF PROPOSED ISSUE OF HK\$230 MILLION  
12.00% CONVERTIBLE BONDS DUE 2021**

**AND**

**(2) LAPSE OF PLACING AND SUBSCRIPTION AGREEMENT**

**AND**

**(3) INSIDE INFORMATION**

**AND**

**(4) UPDATE ON SUSPENSION ON TRADING**

**1. INTRODUCTION**

This announcement is made by China Singyes Solar Technologies Holdings Limited (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the inside information provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

## 2. **INSIDE INFORMATION**

Reference is made to the announcement (the “**Update Announcement**”) of China Singyes Solar Technologies Holdings Limited (the “**Company**”) dated 18 October 2018 in relation to, among other things, updates on the status of debt securities of the Company. Unless the context requires otherwise, capitalised terms used in the following paragraphs shall bear the same meanings as defined in the Update Announcement.

### **Loan defaults of the Group**

Other than the 2018 Notes, 2019 Notes and 2019 CBs, as of 31 October 2018, the total amount of offshore loans amounted to approximately RMB219.6 million; and the total amount of offshore loans in default was approximately RMB202.1 million. The Payment Default constitutes an event of default under certain offshore loans of the Group and certain offshore loans are immediately payable on demand in accordance with their terms.

With respect to onshore loans, as at 31 October 2018, the total amount of loans in the PRC amounted to approximately RMB2,436.2 million, an aggregate amount of approximately RMB765.3 million of such loans may be regarded as being in default.

As of the date of this announcement, the onshore lenders have not demanded early repayment of their respective loans. The Group has been in close discussions with the onshore lenders. It is understood that, based on the current on-going discussions, the onshore lenders do not intend to demand immediate repayment of their respective loans and are open to considering extension of payment schedules under their respective loans.

### **Operations of the Group**

The following describes the impact to date on the Group’s principal lines of business resulting from the Payment Default, other events of default experienced by the Group, the direct and indirect consequences of such defaults and its understanding of the intentions of its onshore lenders:

**(i) *Curtain Wall and Green Building Business***

The curtain wall and green building business of the Group includes (1) construction contracts, (2) sale of goods, and (3) rendering of design and other services, which accounted respectively for 28.7%, 7.1% (among which 3.2% was generated from offshore markets and 3.9% was generated in the PRC market) and 0.2% of the total revenue (after tariff adjustment) of the Group for the year ended 31 December 2017. The business is generally funded by the Group's working capital. The majority of the construction works of ongoing projects are continuing in normal order since they generally do not involve the utilization of a large amount of working capital and the Group has been able to receive regular and recurring payments from customers, generally on a monthly basis. Payments of curtain wall projects are generally received as usual (on specified milestone dates as stipulated in the respective construction contracts), and are expected to provide consistent cash inflows to the Group. However, a considerable portion of the Group's offshore sale of goods business has been suspended due to the on-going negotiations with the Group's offshore creditor banks for cash deposits and receivables collection arrangements.

As a liquidity preserving measure, for the time being, the Group will not bid for any new projects which have tight execution timetable and significant cash investment requirements. The Group will otherwise selectively take on any new projects which it considers to be appropriate from both profit and cashflow perspective.

**(ii) *Renewable Energy Business***

The renewable energy business of the Group includes the sale of renewable energy goods, rendering of operation and maintenance service, the sale of electricity (after tariff adjustment), and solar EPC projects, which accounted respectively for 12.8%, 0.2%, 4.8%, and 44.3% of the total revenue of the Group (after tariff adjustment) for the year ended 31 December 2017.

As at 30 June 2018, the Group owned photovoltaic power station projects with a total output of 467.8 MW. These projects are mainly funded by onshore project financing loans and finance leases. The Group receives government subsidies and tariffs from its on-grid solar farms in Guangdong monthly, and majority of the Group's on-grid solar farms in North West China are under the 6th or 7th batch of the government's subsidy program and hence the government subsidies are received on a regular basis. As at the date of this announcement, the income from sale of electricity and government subsidies is sufficient to cover the operating expenses and the interest and principal payment under the onshore loans and finance leases associated with all the power stations.

The ability of the Group to meet such interest and principal repayment obligations in the future will depend on whether the government subsidies and tariffs can continue to be received on time. The Group's financial position may be negatively impacted if there is any change in payment intervals of government subsidies in future.

Solar EPC projects generally require significant progress cash payments from the Group to its suppliers, and payments from customers are only received upon completion of a majority of the construction works for these projects. Given its current liquidity condition, the Group has failed to make various cash payments to suppliers for certain ongoing solar EPC projects. As a result, these projects under construction are delayed or suspended. As a liquidity preserving measure, for the time being, the Group is not seeking to bid for any new sizable solar EPC projects which require significant cash payments. The Group continues to closely monitor its cashflow position and regularly review its liquidity condition; it may resume suspended solar EPC projects as and when it considers appropriate from both a profit and cashflow perspective. It is the intention of the Group to resume and complete these projects when internal cash resources are available from other segments, disposal of assets and/or any other financing sources so the Group can complete these projects under construction on time and to collect customer payments according to the contractual schedules.

***(iii) New Materials Business***

The new materials business of the Group, which accounted for 1.9% of the total revenue (after tariff adjustment) of the Group for the year ended 31 December 2017, is operated under China Singyes New Materials Holdings Limited, a separate company listed on the GEM board of the Stock Exchange (stock code: 8073) and a non-wholly owned subsidiary of the Company, the finances and operations of which are independent of and segregated from the Company. As a result, the Board is of the view that the new materials business of the Group is generally unaffected by the Group's recent financial difficulties.

***(iv) New Projects***

During the period from 17 October 2018 to 31 October 2018, the Group has won the bidding for certain new curtain wall projects with a total contract amount of approximately RMB120 million.

***(v) Employees and Factory Production***

Currently, the Group does not have any redundancy plan to effect large-scale reduction to its labour force. However, it has reduced the production activities at its two factories, switching daily operation hours from 24 hours (3-shift) to 8-16 hours (1-2 shift).

***(vi) Suppliers***

Currently, the relationship between the Group and its suppliers remains largely stable. The Group is actively engaging with its suppliers and seeking their understanding and support of the current financial condition of the Group.

**Other Updates**

The Group has been actively exploring opportunities to sell photovoltaic power station projects, including but not limited to those in Guangdong and other provinces of the PRC. Further announcement(s) regarding any significant disposals will be made by the Company if and when appropriate.

A majority of the Group's curtain wall and green building EPC business is operating normally since the working capital requirement is not high and the Group is able to receive payment from customers, generally on a monthly basis. On the other hand, the Group has temporarily suspended majority of its solar EPC business and sale of renewable energy goods business in order to save working capital.

Given the Group's financial difficulties and the loan defaults, it is uncertain whether the Group has sufficient working capital to maintain its business operations and to meet its financial obligations. In the PRC, the Group is in close discussions with onshore lenders, suppliers, customers and other stakeholders including key employees, local governments and regulators to seek their understanding and support and to stabilize the business operations. Outside the PRC, the Group has also been in close discussions with the lenders, holders of Debt Securities and its overseas suppliers and customers. The Group expects that its working capital will be sufficient for its operations at a reduced business scale if such discussions with its stakeholders result in a positive and constructive outcome. As at the date of this announcement, the Group is not aware of any application having been made to or order having been issued by any applicable court (in the PRC, Hong Kong or elsewhere) for the preservation of the assets or winding up of any member of the Group. The Group urges all interested parties to refrain from precipitous action that could be damaging to the Group's business and operations and detrimental to the interests of all stakeholders at this stage. The Company understands that an onshore creditor group committee has been formed by the onshore lenders and an agreement has been entered into by the onshore creditors to jointly coordinate all lending arrangements with the Group, and that an offshore bondholder ad hoc committee is being formed with which the Company is working towards a possible restructuring plan. The Group appreciates the efforts taken by both onshore and offshore creditor groups and encourages all bondholders to join the offshore bondholder ad hoc committee to facilitate discussions for a consensual debt restructuring plan.

The Company will keep shareholders, the holders of the Debt Securities, other stakeholders and potential investors updated by way of further announcement(s) as and when appropriate.

### **3. TERMINATION OF PROPOSED ISSUE OF HK\$230 MILLION 12.00% CONVERTIBLE BONDS DUE 2021**

Reference is made to the announcement (the “**CB Announcement**”) of the Company dated 11 October 2018 in relation to, among other things, the proposed placement and subscription of HK\$230 million 12.00% convertible bonds due 2021 of the Company. Unless the context requires otherwise, capitalised terms used in the following paragraph shall bear the same meanings as defined in the CB Announcement.

Pursuant to the PSAs dated 10 October 2018: (i) it was anticipated that completion of the Placement would take place on the date on which all conditions precedent to the Placement had been satisfied and (ii) in the event that the conditions precedent were not fulfilled by the Closing Date or such later date not later than 29 October 2018 as the parties to the PSAs might agree, the PSAs would terminate and lapse. As: (1) certain of the conditions precedent outlined in the PSAs were not fulfilled by the Closing Date (in particular, the Company did not maintain a cash amount of not less than US\$80,000,000 or its equivalent in other currencies in either of the designated accounts in the name of the Company on or prior to the Closing Date); and (2) the parties to the PSAs failed to agree on an extension of time to fulfill the conditions precedent to completion of the Placement, the Placement has been terminated.

### **4. LAPSE OF SUBSCRIPTION UNDER THE PLACING AND SUBSCRIPTION AGREEMENT AND POTENTIAL REVERSAL OF THE PLACING**

Reference is made to the announcement (the “**Top-up Placing Announcement**”) dated 12 October 2018 issued by the Company in relation to the Placing of the Placing Shares and Subscription for the Subscription Shares pursuant to the Placing and Subscription Agreement entered into by the Company, the Subscriber and the Placing Agent on 10 October 2018. Unless the context requires otherwise, capitalised terms used in this section of this Announcement shall bear the same meaning as defined in the Top-up Placing Announcement.

In view of the financial position of the Company, the Company had been unable to raise sufficient funds by the top-up placing of shares (which was intended to make use of a substantial portion of the remaining general mandate granted to the Board at the Company's annual general meeting of 4 June 2018) and the Placement referred to in the CB Announcement failed. Taking into consideration of the fact that the Placement referred to in the CB Announcement has fallen through and that further fundraising efforts did not reach intended results, the trading in the Shares and debt securities of the Company has been halted since 9:00 a.m. on 15 October 2018, following which the Subscription has lapsed. Strong Eagle has since been negotiating with the Placees to purchase back the Shares acquired by the Placees at the Placing Price.

### Shareholding structure

The shareholding structures of the Company before and after the completion of the Placing are summarised as follows:

	As at the date of the Placing and Subscription Agreement		As at the date of the completion of the Placing (Note 2)	
	Number of Shares	Approximate (%)	Number of Shares	Approximate (%)
Subscriber	320,283,750	38.40%	302,483,750 (Note 1)	36.27%
Placees	—	—	17,800,000	2.13%
Others	513,789,445	61.6%	513,789,445	61.60%
	<u>834,073,195</u>	<u>100.00%</u>	<u>834,073,195</u>	<u>100.00%</u>

Notes:

- (1) The Subscriber was the beneficial owner of the 302,483,750 Shares and the Subscriber is owned by Mr. Liu Hongwei (the chairman of the Company and an executive Director), Mr. Sun Jinli, Mr. Xie Wen (an executive Director), Mr. Xiong Shi (an Executive Director) and Mr. Zhuo Jianming (a non-executive Director), as to 53%, 15%, 13%, 10% and 9% respectively. As Mr. Liu Hongwei controls more than one-third of the voting power at general meeting of the Subscriber, he is deemed to be interested in the 302,483,750 Shares owned by the Subscriber by virtue of the Securities and Futures Ordinance.
- (2) The Company has been informed by the Placing Agent that the Placing of a total of 17,800,000 Placing Shares has been completed on 15 October 2018.



## 5. CONTINUED SUSPENSION OF TRADING

Trading in the Shares and debt securities (Codes: 5790 and 5372) issued by the Company was halted with effect from 9:00 a.m. on 15 October 2018. Trading in the Shares of the Company will remain halted pending the release of an inside information announcement by the Company pursuant to Rule 3.7 of the Hong Kong Code on Takeovers and Mergers and trading in the debt securities issued by the Company will remain halted until further notice.

**Shareholders and investors are reminded to exercise caution when dealing in the securities of the Company.**

By order of the Board  
**China Singyes Solar Technologies Holdings Limited**  
**Liu Hongwei**  
*Chairman*

Hong Kong, 10 January 2019

*As at the date of this announcement, the executive Directors are Mr. Liu Hongwei (Chairman), Mr. Xie Wen and Mr. Xiong Shi, the non-executive Directors are Dr. Li Hong and Mr. Zhuo Jianming, and the independent nonexecutive Directors are Dr. Wang Ching, Mr. Yick Wing Fat, Simon and Dr. Tan Hongwei.*