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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in China Singyes Solar Technologies Holdings Limited, you should at once hand this circular, together with the enclosed form of proxy to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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This document appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of China Singyes Solar Technologies Holdings Limited.

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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)**

**(1) PROPOSED SUBSCRIPTION OF NEW SHARES  
UNDER SPECIFIC MANDATE  
(2) APPLICATION FOR WHITEWASH WAIVER  
(3) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL  
(4) SPECIAL DEAL  
AND  
(5) NOTICE OF SGM**

**Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders**



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A letter from the Board is set out on pages 7 to 33 of this circular.

A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 34 to 35 of this circular.

A letter from Optima Capital containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 36 to 75 of this circular.

A notice convening the SGM to be held at 12:00 p.m. on 31 October 2019 at Regus Conference Centre, 35/F Central Plaza, 18 Harbour Road, Wanchai, Hong Kong is set out on pages 100 to 102 of this circular. A form of proxy for use at the SGM or any adjournment thereof (as the case may be) is enclosed. Whether or not you propose to attend the SGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM (i.e. at 12:00 p.m. on 29 October 2019) or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish.

\* *For identification purpose only*

16 October 2019

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“acting in concert”	has the meaning ascribed to it under the Takeovers Code;
“Announcement”	the joint announcement of the Company and Singyes NM dated 5 June 2019 in relation to, among other things, the Subscription and the Whitewash Waiver;
“associate(s)”	has the meaning ascribed thereto in the Listing Rules;
“Authorised Share Capital Increase”	the proposed increase in the authorised share capital of the Company from US\$12,000,000 divided into 1,200,000,000 Shares to US\$26,000,000 divided into 2,600,000,000 Shares;
“Board”	the board of directors of the Company;
“Bondholders”	holders of the Offshore Notes;
“Business Day”	means a day (other than a Saturday or Sunday or public holiday in Hong Kong and any day on which a tropical cyclone warning signal no. 8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong) on which commercial banks are open for business in Hong Kong and in the PRC;
“Cash Consideration”	US\$41.4 million;
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong as amended and supplemented from time to time);
“Company”	China Singyes Solar Technologies Holdings Limited (中國興業太陽能技術控股有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 0750);
“Completion”	means completion of the Subscription pursuant to the terms of the Subscription Agreement;
“Completion Date”	means the 15th Business Day after all of the Conditions have been fulfilled or waived (as the case may be) (or such other date as the Subscriber and the Company may agree in writing);
“Condition(s)”	means the conditions precedent set out under the sub-section headed “Conditions of the Subscription” in this circular;
“connected person(s)”	has the meaning ascribed to this term under the Listing Rules;

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## DEFINITIONS

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“Consent Fees”	US\$8.6 million, being the consent fee that will be shared pro rata based on the outstanding principal amount held by and among those consenting Bondholders that became parties to the RSA on or prior to 5:00 p.m. Hong Kong time on 9 August 2019 (or such later date as the Company may decide subject to terms and conditions of the RSA) in the total amount of US\$422.4 million, being approximately 98.4% of the aggregate outstanding principal amount of the Offshore Notes;
“Convertible Bonds”	means the RMB930 million 5% US\$ settled convertible bonds due 2019 (Stock Code: 5790) issued by the Company;
“Directors”	members of the board of directors of the Company;
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director;
“Group”	the Company and each of its subsidiaries from time to time, and “Group Company” means any one of them accordingly;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	an independent board committee, comprising all the non-executive Directors (except Mr. Zhuo Jianming who is interested in the Subscription, the Whitewash Waiver and the Special Deal), namely Dr. Li Hong, Dr. Wang Ching, Mr. Yick Wing Fat, Simon and Dr. Tan Hongwei, to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the Subscription Agreement, the Whitewash Waiver and the Special Deal;
“Independent Shareholders”	Shareholders other than (i) the Subscriber, (ii) the Major Shareholders, (iii) who are interested or involved in (other than solely as a Shareholder) the Subscription, the Whitewash Waiver and the Special Deal and their respective associates and concert parties;
“Last Trading Day”	29 March 2019, being the last trading day before the entering into of the Subscription Agreement;
“Latest Practicable Date”	means 11 October 2019, the latest practicable date prior to the printing of this circular for ascertaining certain information for the purpose of inclusion in this circular;
“Listing Committee”	has the meaning given to it under the Listing Rules;

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## DEFINITIONS

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“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Long Stop Date”	31 December 2019;
“Major Shareholders”	Mr. Liu Hongwei, Mr. Sun Jinli, Mr. Xie Wen, Mr. Xiong Shi, Mr. Zhuo Jianming, each of their spouses (as applicable) and Strong Eagle;
“Non-competition Undertaking”	non-competition undertakings entered into by senior management and core technical personnel of members of the Group designated jointly by the Subscriber and the Major Shareholders and the relevant companies (and such agreements shall be agreed and approved by the Subscriber in its absolute discretion);
“Offshore Notes”	US\$160 million 6.75% senior notes due 2018, the Convertible Bonds and the US\$260 million 7.95% notes due 2019;
“Optima Capital”	Optima Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on 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 Subscription, the Whitewash Waiver and the Special Deal;
“PRC”	the People’s Republic of China, and for the purpose of this circular only excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“Relevant Period”	the period beginning six months immediately prior to the date of the 3.7 Announcement and ending on the Latest Practicable Date;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong);
“SGM”	the special general meeting of the Company to be held to approve, among other things, the Subscription, the Whitewash Waiver, the Special Deal and the Authorised Share Capital Increase;

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## DEFINITIONS

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“Share(s)”	ordinary share(s) of US\$0.01 each in the capital of the Company;
“Share Charge”	Strong Eagle (as chargor) charging all 203,802,750 Shares owned by it in favour of the Subscriber (as chargee) for a term of at least three years, in order to guarantee the Major Shareholders’ and the Company’s obligations under the Subscription Agreement and related agreement(s);
“Share Option(s)”	the share option(s) issued under the share option scheme adopted by the Company on 19 December 2008, entitling the holder thereof to subscribe for the Shares;
“Shareholder(s)”	holder(s) of the Share(s);
“Singyes NM”	China Singyes New Materials Holdings Limited (中國興業新材料控股有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on the GEM of the Stock Exchange (Stock Code: 8073) and which is indirectly owned as to 62.37% by the Company;
“Solar Farms Agreements”	electricity assurance agreements and quality guarantee agreements entered into by all Group Companies engaged in solar farm or electricity plant projects (and such agreements shall be agreed and approved by the Subscriber in its absolute discretion);
“Special Deal”	the use of proceeds from the Subscription including the payment of Consent Fees and Cash Consideration, to be paid and/or allocated to the Bondholders who are Shareholders, which constitute special deal under Rule 25 of the Takeovers Code;
“Specific Mandate(s)”	the authority to be sought from the Shareholders and/or the Independent Shareholders (as the case may be) to authorize the Board to issue the Subscription Shares;
“Strong Eagle”	Strong Eagle Holdings Ltd., a company incorporated in the British Virgin Islands with limited liability, a substantial shareholder of the Company, and 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 (an non-executive Director), as to 53%, 15%, 14%, 9% and 9% respectively;

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## DEFINITIONS

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“Strong Eagle Share Charge”	Mr. Liu Hongwei, Mr. Sun Jinli, Mr. Xie Wen, Mr. Xiong Shi and Mr. Zhuo Jianming (as chargors) charging all their shares in Strong Eagle owned by them in favour of the Subscriber (as chargee) for a term of at least three years, in order to guarantee the Major Shareholders’ and the Company’s obligations under the Subscription Agreement and related agreement(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscriber”	Water Development (HK) Holding Co., Limited (水發集團(香港)控股有限公司), a company incorporated in Hong Kong with limited liability. The Subscriber is a wholly-owned subsidiary of Shuifa Energy Group Limited (水發能源集團有限公司), which in turn is a wholly-owned subsidiary of Shuifa Group Co., Ltd. (水發集團有限公司) 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);
“Subscription”	the subscription of the Subscription Shares by the Subscriber subject to the terms and conditions of the Subscription Agreement;
“Subscription Agreement”	the subscription agreement dated 16 May 2019 and entered into between the Company, the Subscriber and the Major Shareholders (as may be amended from time to time);
“Subscription Price”	means HK\$0.92 per Subscription Share;
“Subscription Shares”	subject to the fulfilment of the Conditions and the terms of the Subscription Agreement, 1,687,008,585 newly issued Shares to be subscribed by the Subscriber upon Completion;
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers (as amended and supplemented from time to time);
“US\$”	United States of America dollars, the lawful currency of the United States of America;
“Whitewash Waiver”	a waiver from the Executive pursuant to Note 1 on Dispensations from Rule 26 of the Takeovers Code in respect of the obligations of the Subscriber to make a mandatory general offer for all of the Shares not already owned or agreed to be acquired by the Subscriber or parties acting in concert with it which would, if the Subscription proceeds, otherwise arise as a result of the allotment and issuance of the Subscription Shares to the Subscriber;

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## DEFINITIONS

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“3.7 Announcement” the announcement of the Company dated 22 January 2019 pursuant to rule 3.7 of the Takeovers Code in relation to, inter alia, the possible subscription by a potential subscriber of the shares of the Company; and

“%” per cent.

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





**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)**

*Executive Directors:*

Mr. Liu Hongwei (*Chairman*)  
Mr. Xie Wen  
Mr. Xiong Shi

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Non-executive Directors:*

Dr. Li Hong  
Mr. Zhuo Jianming

*Head office and principal place of  
business in Hong Kong:*

Unit 3108, 31st Floor  
China Merchants Tower  
Shun Tak Centre  
168–200 Connaught Road Central  
Hong Kong

*Independent non-executive Directors:*

Dr. Wang Ching  
Mr. Yick Wing Fat, Simon  
Dr. Tan Hongwei

16 October 2019

*To the Shareholders*

Dear Sir or Madam,

**(1) PROPOSED SUBSCRIPTION OF NEW SHARES  
UNDER SPECIFIC MANDATE  
(2) APPLICATION FOR WHITEWASH WAIVER  
(3) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL  
(4) SPECIAL DEAL  
AND  
(5) NOTICE OF SGM**

**INTRODUCTION**

Reference is made to the Announcement in relation to, among other things, the Subscription and the Whitewash Waiver. The Company entered into the Subscription Agreement with the Subscriber on 16 May 2019, pursuant to which the Company has conditionally agreed to allot and issue to the Subscriber, and the Subscriber has

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## LETTER FROM THE BOARD

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conditionally agreed to subscribe for, at Completion, 1,687,008,585 Subscription Shares at the Subscription Price of HK\$0.92 per Subscription Share. The aggregate amount of the consideration for the Subscription Shares is approximately HK\$1,552,047,898.

The primary purpose of this circular is to provide you with, among other matters, (i) further details of the Subscription, Whitewash Waiver, Special Deal and the Authorised Share Capital Increase; (ii) recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Subscription and the Whitewash Waiver; (iii) letter of advice from Optima Capital to the Independent Board Committee and the Independent Shareholders in relation to the Subscription and the Whitewash Waiver; and (iv) the notice of the SGM, at which ordinary resolutions will be proposed to consider, if thought fit, approve, among other things, the Subscription Agreement and the transactions contemplated thereunder, the Whitewash Waiver, the Special Deal and the Authorised Share Capital Increase.

### THE SUBSCRIPTION AGREEMENT

#### Date

16 May 2019

#### Parties

- (i) the Company, as issuer;
- (ii) Water Development (HK) Holding Co., Limited (水發集團(香港)控股有限公司), as Subscriber; and
- (iii) the Major Shareholders, as guarantors.

#### The Subscription

Pursuant to the Subscription Agreement, the Company has conditionally agreed to allot and issue to the Subscriber, and the Subscriber has conditionally agreed to subscribe for, at Completion, 1,687,008,585 Subscription Shares at the Subscription Price of HK\$0.92 per Subscription Share. The aggregate amount of the consideration for the Subscription Shares is approximately HK\$1,552,047,898. Assuming that there is no change in the issued share capital of the Company other than the issue of the Subscription Shares since the Latest Practicable Date up to Completion, the 1,687,008,585 Subscription Shares represent (i) approximately 202.26% of the issued share capital of the Company as at the Latest Practicable Date; (ii) approximately 66.92% of the issued share capital of the Company as enlarged by the allotment and issuance of the Subscription Shares; and (iii) approximately 66.15% of the issued share capital of the Company as enlarged by the allotment and issuance of the Subscription Shares and the exercise in full of all the outstanding Share Options and conversion rights under the outstanding Convertible Bonds.

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## LETTER FROM THE BOARD

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The effect on the changes in the Company's shareholding structure immediately upon the allotment and issuance of the Subscription Shares at Completion is set out in the section headed "Effect of the Subscription on the Shareholding Structure of the Company" in this letter.

Completion shall be conditional upon the satisfaction or waiver (as the case may be) of the conditions precedent as described in the sub-section headed "Conditions of the Subscription" in this letter.

Upon Completion, the Company will allot and issue the Subscription Shares under the Specific Mandate to be approved by the Independent Shareholders at the SGM by an ordinary resolution.

The Subscription Shares, when issued and fully paid, will rank *pari passu* in all respects among themselves and with all other Shares in issue as at the date of their allotment and issue. The Subscriber will be entitled to receive all dividends and distributions which are declared, made or paid after the date of allotment of the Subscription Shares in their fully-paid form. Each Subscription Share is an ordinary Share. The aggregate nominal value of the Subscription Shares is US\$16,870,085.85.

### **The Subscription Price**

The aggregate amount of the consideration for the Subscription Shares is approximately HK\$1,552,047,898, which shall be payable by the Subscriber in cash on the Completion Date.

The Subscription Price of HK\$0.92 per Subscription Share represents:

- (i) a discount of approximately 7.07% to the closing price of HK\$0.99 per Share as quoted on the Stock Exchange on 29 March 2019, being the Last Trading Day;
- (ii) a discount of approximately 6.50% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last five (5) trading days up to and including the Last Trading Day of approximately HK\$0.984 per Share;
- (iii) a discount of approximately 4.27% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last ten (10) trading days up to and including the Last Trading Day of approximately HK\$0.961 per Share;
- (iv) a premium of approximately 1.66% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last thirty (30) trading days up to and including the Last Trading Day of approximately HK\$0.905 per Share;
- (v) a discount of approximately 46.20% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last ninety (90) trading days up to and including the Last Trading Day of approximately HK\$1.710 per Share;

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## LETTER FROM THE BOARD

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- (vi) a premium of approximately 29.58% to the closing price of HK\$0.710 per Share as quoted on the Stock Exchange on 11 October 2019, being the Latest Practicable Date;
- (vii) a premium of approximately 20.42% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last five (5) trading days up to and including the Latest Practicable Date of approximately HK\$0.764 per Share;
- (viii) a premium of approximately 29.40% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last ten (10) trading days up to and including the Latest Practicable Date of approximately HK\$0.711 per Share;
- (ix) a premium of approximately 10.05% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last thirty (30) trading days up to and including the Latest Practicable Date of approximately HK\$0.836 per Share;
- (x) a discount of approximately 39.11% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last ninety (90) trading days up to and including the Latest Practicable Date of approximately HK\$1.511 per Share; and
- (xi) a discount of approximately 81.8% to the consolidated net asset value per Share of approximately RMB4.43 (equivalent to approximately HK\$5.05) (calculated by dividing the audited net asset value as at 31 December 2018 as shown in the annual report of the Company for the year ended 31 December 2018 of approximately RMB3,692 million by 834,073,195 Shares in issue as at 31 December 2018).

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber, where the Company has taken into consideration the following factors:

- (i) the current adverse financial position of the Group, in particular:
  - 1. the Company is in default of the US\$160 million 6.75% senior notes due 2018, the Convertible Bonds and the US\$260 million 7.95% notes due 2019 issued by the Company; and
  - 2. the Group had total interest bearing bank and other loans of approximately RMB3,030 million, of which a substantial portion were in default as at the date of the Announcement.
- (ii) the market price of the Shares prior to the suspension of trading on 1 April 2019, also taking into account the prevailing market and economic conditions and the circumstance of the Company; and

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## LETTER FROM THE BOARD

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- (iii) through the Subscription, the Company will raise a substantial amount of funds which will improve the financial position and liquidity of the Group and will enable it to carry on its operations.

In light of the above, the Directors (excluding members of the Independent Board Committee whose view are set out in the “Letter from the Independent Board Committee” in this circular) consider that the basis in determining the Subscription Price is fair and reasonable and on normal commercial terms and the entering into of the Subscription Agreement is in the best interests of the Company and the Shareholders as a whole. As Mr. Liu Hongwei, Mr. Zhuo Jianming, Mr. Xie Wen and Mr. Xiong Shi have material interests in the Subscription, the Whitewash Waiver and the Special Deal, they have abstained from voting on the resolutions of the Board approving the Subscription, the Whitewash Waiver and the Special Deal.

### **Ranking**

The Subscription Shares, when allotted and issued, will rank *pari passu* in all respects among themselves and with the Shares in issue as at the date of allotment and issue of the Subscription Shares.

### **Mandates to issue the Subscription Shares**

The issue of the Subscription Shares is subject to the approval by the Independent Shareholders at the SGM. An ordinary resolution will be proposed at the SGM to seek, among other things, the Specific Mandate to issue the Subscription Shares under the Subscription Agreement.

### **Listing Application**

An application will be made to the Listing Committee for the listing of, and permission to deal in, the Subscription Shares.

### **Conditions of the Subscription**

Completion is conditional upon satisfaction (or waiver by the Subscriber) of the following Conditions:

- (i) the Subscriber having obtained all necessary consents and authorisations for the execution and completion of the transactions under the Subscription Agreement from all the relevant government or regulatory authorities (including the governmental authorities for the supervision and management of state-owned assets, foreign exchange controls and anti-trust, the relevant department of commerce and the relevant commission for development and reform), and such consents and authorisations remain fully effective under any relevant law and regulation of any jurisdiction;

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## LETTER FROM THE BOARD

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- (ii) the obtaining of all necessary approval(s) by the Shareholders at the SGM as required by the Listing Rules and/or the Takeovers Code, the articles of associations of the Company or applicable laws to approve the transactions under the Subscription Agreement, including the Subscription, the Whitewash Waiver and the Authorisation of Share Capital Increase;
- (iii) the Executive having granted the Whitewash Waiver to the Subscriber;
- (iv) the Executive having issued a written confirmation to the Subscriber that the Subscriber shall not be required to extend a general offer in respect of all the shares of Singyes NM;
- (v) the Listing Committee having granted the approval for the listing of and permission to deal in the Subscription Shares, and such approval has not been revoked or withdrawn prior to the allotment and issue of the Subscription Shares;
- (vi) the Major Shareholders having delivered the executed Share Charge, the executed Strong Eagle Share Charge and relevant documents and Bermuda and British Virgin Islands legal opinions confirming the legal effect of the Share Charge and the Strong Eagle Share Charge on or before 31 May 2019, and the terms of the Share Charge, the Strong Eagle Share Charge and such legal opinions are to the satisfaction of the Subscriber;
- (vii) the Major Shareholders (except Strong Eagle) who are of Chinese nationality having completed all registration and filing procedures stipulated by the PRC foreign exchange supervisory authorities with respect to their guarantee obligations under the Subscription Agreement;
- (viii) the trading and dealing in the Shares not having been suspended for more than twenty (20) consecutive trading days on or before the Completion Date, and the Shares remaining trading and dealing on the Main Board of the Stock Exchange on the Completion Date (except when such suspension of trading of the Shares is due to the inability of the Company to publish its annual results announcement for the year of 2018 or the publish or despatch of any announcement or document in respect of and in accordance with the transactions contemplated under the Subscription Agreement);
- (ix) on or before the Completion Date, neither the Stock Exchange nor the SFC having indicated the delisting of the Shares from the Stock Exchange or disputed the listing status of the Shares; there having not been any event that would have an adverse effect on the listing status of the Shares; neither the Stock Exchange nor the SFC having warned about or demanded a suspension, cancellation or revocation of the listing of the Shares or objected to the continuous listing of the Shares (except the suspension of trading of the Shares due to the inability of the Company to publish its annual results announcement for the year of 2018);

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## LETTER FROM THE BOARD

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- (x) the Board having passed resolution(s) (a) approving the appointment of not less than five (5) persons nominated by the Subscriber as Directors; and (b) approving the resignation of four (4) existing Directors as Directors and other positions as requested by the Subscriber, each of such appointment and resignation shall take place at the earliest time allowed under the Takeovers Code;
- (xi) the Subscriber being satisfied with the results of the legal, financial and business due diligence review conducted on the Group, and the Group having delivered to the Subscriber the Non-competition Undertaking and Solar Farms Agreements within 60 days (or such later date as the Subscriber may agree in writing) after the date of the Subscription Agreement;
- (xii) the Subscriber having, in its absolute discretion, approved and agreed with the plan of onshore and offshore debt restructuring and resolution of disputes between the Group and its creditors (the “**Debt Restructuring Plan**”), and such Debt Restructuring Plan having been completed or become effective on or before the Completion;
- (xiii) the representations and warranties of the Company and the Major Shareholders under the Subscription Agreement remaining true, complete and accurate at the Completion;
- (xiv) there being no breach by the Major Shareholders and/or members of the Group of their respective obligations and undertakings under the Subscription Agreement;
- (xv) there having been no material adverse changes to the operations, assets, business, prospects and financial positions of the Major Shareholders and/or companies in the Group prior to Completion;
- (xvi) Strong Eagle remaining as the single largest Shareholder holding beneficially no less than 203,802,750 Shares at Completion and such Shares shall not be subject to any encumbrance (except for the Share Charge); and
- (xvii) there having been no government action, court order or legal proceeding at any time before Completion, causing the allotment and issue of the Subscription Shares or other transactions contemplated and to be performed by other parties under the Subscription Agreement illegal, restricted or prohibited.

The Subscriber may at its absolute discretion waive all or any of the Conditions (save for those set out in (i) to (v) above).

If any of the Conditions above (other than Conditions (i) to (v)) is not fully satisfied or waived (as the case may be) on or before the Long Stop Date, the Company and the Subscriber shall in their respective best effort negotiate and come to an agreement (and the Major Shareholders shall provide assistance as requested by the Subscriber). In case no such agreement can be reached on or before the Long Stop Date, the Subscription

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## LETTER FROM THE BOARD

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Agreement shall be automatically terminated and the parties shall have no claim against each other, except for any antecedent right. For the avoidance of doubt, Conditions (i) to (v) are not waivable.

As at the Latest Practicable Date, Condition (iv) set out above has been satisfied and please refer to the joint announcement issued by the Company and Singyes NM dated 30 August 2019 for further details.

As advised by the Subscriber,

- regarding condition (i) above, the Subscriber is required to obtain the approvals from PRC regulatory or governmental authorities including, (a) approval from the Shandong Provincial State-owned Assets Supervision and Administration Commission\* (山東省國有資產監督管理委員會) for the Subscription; (b) approval from the State Administration of Market Regulation\* (國家市場監督管理總局) as to antitrust issues; and (c) foreign exchange registration for overseas investment with a local Jinan bank upon fulfilling the filing formalities with the Shandong Development and Reform Commission\* (山東省發展和改革委員會) and Department of Commerce of Shandong Province\* (山東省商務廳). As at the Latest Practicable Date, the Subscriber has obtained the approvals from the Shandong Provincial State-owned Assets Supervision and Administration Commission\* (山東省國有資產監督管理委員會), the State Administration of Market Regulation\* (國家市場監督管理總局) and Department of Commerce of Shandong Province\* (山東省商務廳) and is awaiting approval from Shandong Development and Reform Commission\* (山東省發展和改革委員會).
- Regarding condition (viii) above, given that trading in the Shares had been suspended for 27 consecutive trading days, that is more than twenty (20) consecutive trading days before resumption took place on 11 October 2019, the Subscriber has agreed to waive the first half of condition (viii).

**Warning: The Subscription is subject to the fulfilment or waiver (as the case may be) of a number of Conditions set out above. As such, the Subscription may or may not proceed.**

**Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.**

### **Guarantee**

Pursuant to the Subscription Agreement, the Major Shareholders have agreed to irrevocably and unconditionally guarantee as primary obligors to the Subscriber for the compliance of all the covenants, obligations, undertakings and conditions by the Company (the “**Guaranteed Obligations**”). The Major Shareholders have also agreed to indemnify the Subscriber against the non-compliance of any of Guaranteed Obligations and all losses, costs, expenses and damages suffered or incurred by the Subscriber as a result of the breach of any of the Guaranteed Obligations.



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## LETTER FROM THE BOARD

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### **Lock-up**

The Major Shareholders have undertaken with and guaranteed to the Subscriber that unless with prior written consent of the Subscriber, from the date of the Subscription Agreement to three years from the Completion Date:

**(1) *Strong Eagle:***

- (a) shall maintain its shareholding in the Company to be not less than 203,802,750 Shares at all times; and
- (b) shall not transfer or sell any Share held by it, nor create any encumbrance on any such Share, and shall not enter into any agreement to transfer or sell any such Share or create any encumbrance on any such Share;

**(2) *the Major Shareholders:***

- (a) shall not transfer or sell any share of Strong Eagle held by them, nor create any encumbrance over any share of Strong Eagle; and
- (b) shall not enter into any agreement proposing to transfer or sell any share of Strong Eagle or create any encumbrance over any share of Strong Eagle.

### **Completion**

Completion will take place on the 15th Business Day after all of the Conditions have been fulfilled or waived (as the case may be), or on such other date as the Subscriber and the Company may agree.

### **Board Composition**

As at the Latest Practicable Date, the Board comprised three executive Directors, namely Mr. Liu Hongwei, Mr. Xie Wen and Mr. Xiong Shi; two non-executive Directors, namely Dr. Li Hong and Mr. Zhuo Jianming; and three independent non-executive Directors, namely Dr. Wang Ching, Mr. Yick Wing Fat, Simon and Dr. Tan Hongwei.

With effect from Completion, it is expected that the Board shall consist of nine Directors, comprising:

- (i) four executive Directors, one of whom is Mr. Liu Hongwei, an existing executive Director, and three of whom are persons to be nominated by the Subscriber;
- (ii) two non-executive Directors, both of whom are persons nominated by the Subscriber; and
- (iii) three independent non-executive Directors, all of whom are existing independent non-executive Directors.

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## LETTER FROM THE BOARD

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The Company considers that condition (x) mentioned in the section headed “Conditions of the Subscription” in this circular is a contractual right for the Subscriber to recommend certain candidates to the Company as a part of the Subscription transaction, and the Company is not contractually bound to appoint any candidate so nominated by the Subscriber. The Board will, giving due consideration to all relevant factors (including but not limited to the background of the candidates recommended by the Subscriber and information specified in Rule 13.51(2) of the Listing Rules), decide on whether it is appropriate, fair and reasonable and in the interest of the Company and its Shareholders as a whole to fulfil the aforementioned condition (x), and accordingly proceed with the Completion. The appointment of the candidates nominated by the Subscriber will be subject to the review of the Board, and in particular, the nomination committee of the Company.

The nomination committee of the Company has been established by the Board, comprising two executive Directors, namely Mr. Liu Hongwei, Mr. Xie Wen and three independent non-executive directors, namely Dr. Wang Ching, Mr. Yick Wing Fat, Simon and Dr. Tan Hongwei. The members of the nomination committee (except Mr. Liu Hongwei and Mr. Xie Wen who have material interests in the Subscription and will abstain from voting in both resolutions to be proposed at the Board meeting and the nomination committee meeting) will consider the suitability of the appointment of the candidates recommended by the Subscriber with reference to their credentials, experience and abilities and the board diversity policy of the Company adopted in 2013. The Board will only appoint the candidates recommended by the Subscriber to the Board if the nomination committee and the Board are satisfied with the suitability of such candidate(s). Should the Board, upon due deliberation, consider it inappropriate to appoint the candidate(s) recommended by the Subscriber, condition (x) will not be satisfied and Completion will not take place, to the extent that it is not waived by the Subscriber. Furthermore, as condition (x) is an event to be fulfilled before Completion, it does not create any right or obligation after Completion. The Company was informed by the Subscriber that it will provide information on the recommended candidates to the Company in due course, after which the Company will make relevant disclosures and/or take such actions as and when appropriate and in accordance with the Listing Rules and the Takeovers Code.

### **EFFECT OF THE SUBSCRIPTION ON THE SHAREHOLDING STRUCTURE OF THE COMPANY**

As at the Latest Practicable Date, the Company had a total of 834,073,195 Shares and 25,257,931 Share Options (21,257,931 of which were vested as at the Latest Practicable Date) entitling the holders thereof to subscribe for a total of 21,257,931 Shares, representing 2.55% of the issued share capital of the Company. The Company has also issued Convertible Bonds entitling bondholders to convert into a total of 7,852,514 Shares, representing 0.94% of the issued share capital of the Company. Save for the above, the Company does not have any other Shares, outstanding warrants, options, derivatives or other securities carrying conversion or subscription rights into Shares.

## LETTER FROM THE BOARD

The following table illustrates the shareholding structure of the Company:

- (i) as at the Latest Practicable Date;
- (ii) immediately upon Completion assuming no other changes in the issued share capital of the Company other than the issuance of the Subscription Shares;
- (iii) immediately upon Completion assuming no other changes in the issued share capital of the Company other than the full exercise of all the outstanding Share Options;
- (iv) immediately upon Completion assuming no other changes in the issued share capital of the Company other than the full exercise of all the outstanding conversion rights under the Convertible Bonds; and
- (v) immediately upon Completion assuming all the outstanding Share Options of the Company and conversion rights under the Convertible Bonds had been fully exercised.

Name of Shareholder	(i) At the Latest Practicable Date		(ii) Immediately upon Completion assuming no other changes in the issued share capital of the Company other than the issuance of the Subscription Shares <i>(Note 5)</i>		(iii) Immediately upon Completion assuming no other changes in the issued share capital of the Company other than the full exercise of all the outstanding Share Options <i>(Notes 4 and 5)</i>		(iv) Immediately upon Completion assuming no other changes in the issued share capital of the Company other than the full exercise of all the outstanding conversion rights under the Convertible Bonds <i>(Notes 3 and 5)</i>		(v) Immediately upon Completion assuming all the outstanding Share Options and conversion rights under the Convertible Bonds had been fully exercised <i>(Notes 3, 4 and 5)</i>	
	No. of Shares	Approx. %	No. of Shares	Approx. %	No. of Shares	Approx. %	No. of Shares	Approx. %	No. of Shares	Approx. %
<b>The Subscriber</b>	—	—	1,687,008,585	66.92	1,687,008,585	66.35	1,687,008,585	66.71	1,687,008,585	66.15
<b>Strong Eagle</b> <i>(Note 1)</i>	203,802,750	24.43	203,802,750	8.08	203,802,750	8.02	203,802,750	8.06	203,802,750	7.99
<b>Directors</b>										
Dr. Li Hong	220,000	0.03	220,000	0.01	220,000	0.01	220,000	0.01	220,000	0.01
Mr. Xiong Shi	185,000	0.02	185,000	0.01	185,000	0.01	185,000	0.01	185,000	0.01
Mr. Zhuo Jianming	570,000	0.07	570,000	0.02	570,000	0.02	570,000	0.02	570,000	0.02
<b>Public Shareholders</b> <i>(Note 2)</i>										
Beyond Steady Limited <i>(Note 7)</i>	67,064,000	8.04	67,064,000	2.66	67,064,000	2.64	67,064,000	2.65	67,064,000	2.63
Other Public Shareholders	562,231,445	67.41	562,231,445	22.30	583,489,376	22.95	570,083,939	22.54	591,341,890	23.19
<i>Sub-total</i>	<u>629,295,445</u>	<u>75.45</u>	<u>629,295,445</u>	<u>24.96</u> <i>(Note 6)</i>	<u>650,553,376</u>	<u>25.59</u>	<u>637,147,959</u>	<u>25.19</u>	<u>658,405,890</u>	<u>25.82</u>
<b>Total</b>	<u><u>834,073,195</u></u>	<u><u>100.00</u></u>	<u><u>2,521,081,780</u></u>	<u><u>100.00</u></u>	<u><u>2,542,339,711</u></u>	<u><u>100.00</u></u>	<u><u>2,528,934,294</u></u>	<u><u>100.00</u></u>	<u><u>2,550,192,225</u></u>	<u><u>100.00</u></u>

*Notes:*

1. Strong Eagle is the beneficial owner of 203,802,750 Shares and 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%, 14%, 9% and 9% respectively. Mr. Liu Hongwei is also personally interested in 1,379,120 Share Options the full exercise of which are convertible into 1,379,120 Shares.
2. Public Shareholders (include employees of the Group) hold 25,257,931 Share Options (21,257,931 of which were vested as at the Latest Practicable Date).

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## LETTER FROM THE BOARD

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3. As disclosed in the announcement of the Company dated 16 July 2014, subject to certain conditions, the bondholders of the Convertible Bonds have the right to convert their bonds into Shares at the conversion price at any time on and after 18 September 2014 up to settlement of the outstanding amounts of the Convertible Bonds.

Despite the Company is in default of the Convertible Bonds, as certain of the Convertible Bonds have not been redeemed, bondholders are still entitled to convert into a total of 7,852,514 Shares, representing 0.94% of the issued share capital of the Company before Completion.

4. The details of the outstanding vested Share Options as at the Latest Practicable Date are as follows:

Date of Grant	Exercisable Period	Exercise price per Share (HK\$)	Balance as at the Latest Practicable Date
11 October 2011	11 October 2012 to 10 October 2021	2.67	7,231,599
22 May 2015	22 May 2016 to 21 May 2025	11.65	6,026,332
5 April 2017	5 April 2018 to 21 May 2027	3.55	8,000,000

5. Upon Completion, it is expected that save for Mr. Liu Hongwei and the independent non-executive Directors, all the Directors will resign as Directors of the Company. It is expected that new Directors will be appointed upon Completion.
6. Immediately upon Completion (assuming no change in the issued share capital of the Company other than issue of the Subscription Shares), 629,295,445 Shares (representing approximately 24.96% of the issued share capital of the Company) will be held by the other Shareholders. It is expected that upon Completion, Dr. Li Hong, Mr. Xiong Shi and Mr. Zhuo Jianming will resign as Directors. Upon such resignation, Dr. Li Hong, Mr. Xiong Shi and Mr. Zhuo Jianming will become public Shareholders, and the Shareholding to be held by the public will be 25.0%. The Company is expected to satisfy the minimum public float requirement set out under Rule 8.08(1)(a) of the Listing Rules.
7. Beyond Steady Limited is the beneficial owner of 67,064,000 shares of the Company and is interested in 58,785,000 Shares in the capacity of a holder of security interests. Beyond Steady Limited is wholly owned by Linewear Assets Limited, which is wholly owned by Huarong International Financial Holdings Limited. Therefore, Huarong International Financial Holdings Limited is deemed to be interested in 125,849,000 Shares (representing 15.09% of the issued share capital of the Company) under the SFO. Huarong International Financial Holdings Limited is owned by Camellia Pacific Investment Holding Limited as to 51% of its issued share capital. Therefore, Camellia Pacific Investment Holding Limited is deemed to be interested in 125,849,000 Shares (15.09% of the issued share capital of the Company) under the SFO. Camellia Pacific Investment Holding Limited is wholly owned by China Huarong International Holdings Limited, which is owned by Huarong Real Estate Co., Ltd. (華融置業有限責任公司) as to 88.1% of its issued share capital. Therefore, Huarong Real Estate Co., Ltd. (華融置業有限責任公司) is deemed to be interested in 125,849,000 Shares (15.09% of the issued share capital of the Company) under the SFO.
8. Certain figures and percentage figures included in the above table have been subject to rounding adjustments.

The Company will take all reasonable steps to ensure compliance with the public float requirements pursuant to Rule 8.08 of the Listing Rules at all times.

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## LETTER FROM THE BOARD

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### PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

As at the Latest Practicable Date, the authorised share capital of the Company was US\$12,000,000 divided into 1,200,000,000 Shares, of which 834,073,195 Shares have been allotted and issued as fully paid or credited as fully paid. As at the Latest Practicable Date, other than the said 834,073,195 Shares, 25,257,931 outstanding Share Options (21,257,931 of which have been vested) and Convertible Bonds entitling bondholders to convert into a total of 7,852,514 Shares, the Company did not have any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in issue.

### Reasons for the Authorised Share Capital Increase

In order for the Company to undertake future issuance of Shares under the Subscription Agreement, the Board proposes to increase the authorised share capital of the Company to US\$26,000,000 divided into 2,600,000,000 Shares by the creation of an additional 1,400,000,000 Shares (i.e. the Authorised Share Capital Increase).

Immediately after the Authorised Share Capital Increase, the authorised share capital of the Company will be US\$26,000,000 divided into 2,600,000,000 Shares.

### Condition of the Authorised Share Capital Increase

An ordinary resolution, to be voted by way of a poll, to approve the proposed Authorised Share Capital Increase will be proposed at the SGM. The proposed Authorised Share Capital Increase is subject to the approval of the Shareholders at the SGM.

### INFORMATION ON THE GROUP

The Group is principally engaged in the design, fabrication and installation of conventional curtain walls and building integrated photovoltaic BIPV systems, and the development and operation of solar projects. Singyes NM is a non-wholly owned subsidiary of the Company and is principally engaged in the research and development on, and manufacturing and sales of ITO film, smart light-adjusting film, smart light-adjusting glass and smart light-adjusting projection systems.

### INFORMATION ON THE SUBSCRIBER

The Subscriber is a company incorporated in Hong Kong, and it is principally engaged in the business of investment holding. As at the Latest Practicable Date, the Subscriber is a wholly-owned subsidiary of Shuifa Energy Group Limited (水發能源集團有限公司), which in turn is a wholly-owned subsidiary of Shuifa Group Co., Ltd. (水發集團有限公司) (the “**Shuifa Group**”). The 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 and is a state-owned enterprise whose ultimate controlling shareholder is the Shandong Provincial State-owned Assets Supervision and Administration Commission\* (山東省國有資產監督管理委員會).

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## LETTER FROM THE BOARD

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To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the Latest Practicable Date, (i) the Subscriber and its ultimate beneficial owner were parties independent of the Company and its connected persons (as defined under the Listing Rules); and (ii) save for the Subscription and the transactions contemplated thereunder, the Subscriber and parties acting in concert with it do not have any interest in the Company.

### **DEALING AND INTEREST OF THE SUBSCRIBER AND PARTIES ACTING IN CONCERT WITH IT IN THE SECURITIES OF THE COMPANY**

As at the Latest Practicable Date:

- (i) save for entering into the Subscription Agreement, none of the Subscriber and any party acting in concert with it held, controlled or had direction over any Share or right over any Shares, outstanding options, warrants, any securities that are convertible into Shares, any derivatives in respect of securities in the Company, or any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (ii) none of the Subscriber and any party acting in concert with it had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (iii) there was no arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company or the Subscriber with any other persons, which might be material to the Subscription, the Whitewash Waiver and the Special Deal;
- (iv) save for entering into the Subscription Agreement, there was no agreement or arrangement to which the Subscriber or any party acting in concert with it was a party which related to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Subscription, the Whitewash Waiver and the Special Deal;
- (v) none of the Subscriber and any party acting in concert with it had received any irrevocable commitment to vote for or against the Subscription or the Whitewash Waiver or the Special Deal;
- (vi) save for entering into the Subscription Agreement, none of the Subscriber and any parties acting in concert with it had dealt in the Shares, outstanding options, derivatives, warrants or other securities convertible or exchangeable into the Shares, during the Relevant Period;
- (vii) apart from the payment of the Subscription Price and the provision of bridging loan(s) by Shuifa Group to the Group before Completion in order to ease the liquidity pressure faced by the Group, there is no other consideration, compensation or benefit in whatever form paid or to be paid by the Subscriber or any parties acting in concert with it to the Company or any party acting in concert with it in connection with the Subscription;

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## LETTER FROM THE BOARD

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- (viii) there is no special deal or other understanding, arrangement, agreement in the nature of a special deal between the Subscriber or any party acting in concert with it on the one hand, and the Company and any party acting in concert with it on the other hand; and
- (ix) apart from the Special Deal, there is no special deal or other understanding, arrangement or agreement in the nature of a special deal between (1) any Shareholder; and (2)(a) the Subscriber and any party acting in concert with it, or (b) the Company, its subsidiaries or associated companies.

### **CONFIRMATION OF NO DISQUALIFYING TRANSACTIONS**

Except for entering into the Subscription Agreement, neither the Subscriber nor any party acting in concert with it has acquired or disposed of or entered into any agreement or arrangement to acquire or dispose of any voting rights in the Company during the Relevant Period.

Save for the provision of bridging loan(s) by Shuifa Group to the Group before Completion in order to ease the liquidity pressure faced by the Group, as at the Latest Practicable Date, no benefit (in whatever form) had been given or agreed to be given by the Subscriber or parties acting in concert with it to Strong Eagle or any of Strong Eagle's shareholders and parties acting in concert with Strong Eagle.

### **FUTURE INTENTIONS OF THE SUBSCRIBER REGARDING THE GROUP**

The Directors were informed by the Subscriber that, upon obtaining control of the Company, the Subscriber intends that the existing principal activities of the Group will be maintained, and after Completion, the Subscriber may further review the business and operations of the Group with a view to develop its business.

Save as set out above, the Subscriber has no intention to introduce major changes to the business of the Group, including any redeployment of fixed assets other than in its ordinary course of business. In addition to the proposed change as mentioned in the subsection headed "Board Composition" above, the Subscriber may further review the composition of the Board and senior management after Completion. As at the Latest Practicable Date, the Subscriber intended that there will be no changes in the employees of the Group.

### **REASONS FOR AND BENEFITS OF THE SUBSCRIPTION**

As disclosed in the announcements of the Company dated 18 October 2018 and 10 January 2019, the Company has defaulted on its US\$160 million 6.75% senior notes due 2018, the convertible Bonds and US\$260 million 7.95% notes due 2019. The aforesaid defaults also resulted in cross-defaults under certain of the Group's bank facilities, and certain offshore loans became immediately payable on demand in accordance with their terms. As of the Latest Practicable Date, the total amounts of offshore loans and onshore loans RMB3,030 million in aggregate, of which a substantial portion were in default.

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## LETTER FROM THE BOARD

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In light of the above, the Group has been in ongoing negotiations with its bondholders and creditors in connection with its debt restructuring. As set out in the announcement of the Company dated 19 July 2019, the Company has entered into a restructuring support agreement (the “**RSA**”) with the holders of its Offshore Notes. As further announced by the Company on 14 August 2019, holders holding approximately 98.4% of the aggregate outstanding principal amount of the Offshore Notes had acceded to the RSA by 5:00 p.m. Hong Kong time on 9 August 2019.

Meanwhile, the default has negatively affected the Group’s business operations in curtain wall and green building, sale of renewable energy goods and ongoing solar EPC projects. In particular, the Group has not had sufficient working capital to finance its on-going construction projects and hence, many projects have been put on hold or have been operating at a reduced scale. Such limitation will continue if there is no fresh external funding.

To address this issue, the Directors have considered various means of fund raising but to no avail. The Group had previously in October 2018 failed in its attempts to raise funds through top-up placings or issuance of convertible notes as elaborated under the subsection headed “Attempted Fund Raising Exercise of the Company”. Other means of equity fund raising such as rights issue have also been considered, but the Company has not been able to identify any underwriter who is willing to fully underwrite such an issue given its financial predicament. The existing defaults also render debt financing at commercially acceptable terms difficult.

Given the above, the Company is of the view that equity financing such as a placement under a specific mandate is the most viable option. The Subscription by the Subscriber, if proceeds to Completion, will provide funds for partial repayment of the Group’s outstanding liabilities and put the Group in a better position when negotiating with its bondholders and creditors. The new funds also allow the Group to resume operating its various business segments at larger scale and in turn re-establishing its leading position and reputation in the industry. Over the longer term, the Subscriber may bring with it business networks that may bring about new investment opportunities to the Group.

The Directors believe when new external funding becomes available, (i) majority of the Group’s solar EPC projects and curtain wall business could be resumed; and (ii) a substantial portion of banking facilities could be refreshed after Completion because a new controlling shareholder with state-owned background could provide additional comfort to our banks. The Company has engaged in discussions with major banks and they are willing to give continuous support after Completion, in particular, the Company understands that the PRC banks have agreed to refresh their banking facilities upon the Subscriber obtaining control of the Company.



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## LETTER FROM THE BOARD

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Although the construction progress of the Group's solar EPC and curtain wall business had been significantly affected by the Default, the Group managed to maintain as one of the leading players in Mainland China in the solar industry. The Group is still within the top solar project in terms of megawatt ("MW") generated in 2019 and a significant portion of these projects are targeted to be delivered in 2020. The Group believes that, with the new funding, its leading position in solar EPC industry could be further strengthened after Completion.

In light of the factors set out above, the Directors (excluding members of the Independent Board Committee whose views are set out in the "Letter from the Independent Board Committee" in this circular) consider that the terms of the Subscription are fair and reasonable and on normal commercial terms and the entering into of the Subscription Agreement is in the interests of the Company and the Shareholders as a whole.

### **USE OF PROCEEDS**

The gross proceeds from the Subscription is expected to amount to approximately HK\$1,552,047,898. The net proceeds, after taking into account the estimated expenses in relation to the Subscription (including but not limited to miscellaneous expenses on issue of new Shares certificates to the Subscriber, the preparation of this circular and relevant transaction documents), would be approximately HK\$1,550,000,000, representing a net price of approximately HK\$0.92 per Subscription Share. In particular, the net proceeds of the Subscription are intended to be allocated as follows:

#### **(1) Restructuring of existing debts of the Group**

Approximately HK\$550,000,000, representing approximately 35.5% of the net proceeds are intended to be used for the restructuring of existing debts of the Group, among which approximately US\$8.6 million (approximately HK\$67,000,000) will be utilized for the payment of Consent Fees and approximately US\$41.4 million (approximately HK\$323,000,000) will be utilized for the payment of Cash Consideration.

As at the Latest Practicable Date, save as the payment of Consent Fees and Cash Consideration, the Company has not determined which specific debts will be repaid by utilizing the net proceeds to be raised from the Subscription. The Company will decide its debt repayment schedule and plan in due course by reference to the interests rates, maturity terms and other commercial terms of the outstanding debts as well as its negotiations with the creditors.

#### **(2) Fees and expenses related to the overall restructuring exercise**

Approximately HK\$85,000,000, representing approximately 5.5% of the net proceeds are intended to be utilized to pay fees and expenses to professional parties related to the proposed debt restructuring and overall restructuring exercise, including but not limited to financial advisors, legal counsels, information agent and others, which will be decided by the Board after Completion.

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## LETTER FROM THE BOARD

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### **(3) Financing the Group's existing EPC business**

Approximately HK\$500,000,000, representing 32.3% of the net proceeds are intended to be utilized for financing the material procurement costs and sub-contracting costs of existing solar EPC and/or green building and curtain wall businesses of the Group.

### **(4) Exploring potential merger and acquisition opportunities**

Approximately HK\$300,000,000, representing approximately 19.4% of the net proceeds are intended to be utilized for exploring new business opportunities. The Group will continue to focus on new energy business after Completion, and it may seek potential merger and acquisition opportunities to enhance its market penetration. As at the Latest Practicable Date, the Group has not identified a specific target nor entered into a definitive agreement. The exploration of potential merger and acquisition opportunities does not bring about any special deal (as defined in Rule 25 of the Takeovers Code) implications.

### **(5) Providing general working capital and normalised funding levels for the Group's ongoing operations**

Approximately HK\$115,000,000, representing approximately 7.3% of the net proceeds are intended to be utilized for general working capital purpose to support our daily business operations, which includes but not limited to office expenses and utilities, salary and wages, consultancy fee, selling and distribution expenses etc, and to provide healthy and sufficient level of funding in order to improve our overall financial performance and credit profile.

After Completion, the Company will monitor the progress of the actual use of proceeds of the Subscription. In addition, if the actual use of proceeds of the Subscription significantly deviates from the intended use as disclosed above (or as subsequently disclosed by the Company), the Company will disclose such information as soon as reasonably practicable by way of an announcement if and when required.

## **PROPOSED OFFSHORE DEBT RESTRUCTURING**

Reference is made to the following announcements of the Company: (1) announcements dated 18 October 2018 and 10 January 2019 relating to status of debt securities of the Company; (2) the Announcement; (3) announcement dated 19 July 2019 relating to the proposed offshore debt restructuring and the RSA; (4) announcement dated 14 August 2019 and joint announcement issued by the Company and Singyes NM relating to, *inter alia*, updates on the proposed offshore debt restructuring; (5) announcements dated 9 August 2019, 16 September 2019 and 2 October 2019 relating to the winding-up petition presented by Deutsche Bank AG, Hong Kong Branch; and (6) announcement dated 4 October 2019 relating to updates on the proposed offshore debt restructuring (together, the "Announcements").

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## LETTER FROM THE BOARD

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The restructuring of the Offshore Notes is expected to be implemented through inter-conditional and parallel schemes of arrangement in relation to the Company pursuant to sections 673 and 674 of the Companies Ordinance (Cap. 622) of Hong Kong (the “**Hong Kong Scheme**”) and proposed schemes of arrangement in relation to the Company pursuant to section 99 of the Companies Act 1981 of Bermuda (the “**Bermuda Scheme**”) (collectively, the “**Schemes**”), together with any ancillary recognition proceedings in the relevant jurisdictions for the purposes of obtaining cross border relief where applicable. A scheme of arrangement is a statutory mechanism which allows the relevant court to sanction a “compromise or arrangement” which has been voted upon by the relevant classes of creditors and approved by the required majorities, it is not an insolvency procedure. The restructuring proceedings shall occur concurrent to, and are also inter-conditional with the progress and completion of the Subscription. The Company expects to commence the process of implementing the proposed debt restructuring on terms set forth in the RSA as soon as possible.

A copy of the RSA is attached to the announcement of the Company dated 19 July 2019 as Appendix 1 and available for download at [www.lucid-is.com/singyes](http://www.lucid-is.com/singyes). As at the Latest Practicable Date, Bondholders holding approximately 98.5% of the aggregate outstanding principal amount of the Offshore Notes had acceded to the RSA.

The Company has recently issued a practice statement letter relating to the Schemes to inform creditors of, *inter alia*:

- (a) the Company’s intention to propose the Schemes to certain creditors of the Company, comprising creditors of the Offshore Notes and contingent creditor Deutsche Bank AG, Hong Kong Branch (the “**Scheme Creditors**”) (the legal proceedings between Company and Deutsche Bank AG, Hong Kong Branch are ongoing, as disclosed in the Company’s update announcement dated 2 October 2019);
- (b) the Company’s intention to apply to the High Court of Hong Kong (the “**Hong Kong Court**”) and the Supreme Court of Bermuda (the “**Bermuda Court**”) (each a “**Court**” and, together, the “**Courts**”) to seek orders permitting it to convene a single meeting of the Scheme Creditors (the “**Scheme Meeting**”) for the purposes of considering and, if thought fit, approving with or without modification, the proposed Hong Kong Scheme and Bermuda Scheme, respectively;
- (c) the objectives which the Schemes are designed to achieve; and
- (d) the composition of the classes of Scheme Creditors who will be eligible to vote at the Scheme Meeting.

The objective of the Scheme Meeting is to enable the Scheme Creditors to consider and, if thought fit, approve the Schemes with or without modification. The Company currently anticipates that the Scheme Meeting will be held on 25 November 2019.

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## LETTER FROM THE BOARD

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The convening hearing in respect of the Bermuda Scheme (the “**Bermuda Hearing**”), at which orders will be sought to: (i) approve the Explanatory Statement (as defined below) and other documentation for the Bermuda Scheme; and (ii) convene the scheme meeting for the Bermuda Scheme is expected to be listed in the Bermuda Court on 30 October 2019 (Bermuda time). The equivalent convening hearing in the Hong Kong Court in respect of the Hong Kong Scheme (the “**Hong Kong Hearing**”) is expected to be listed in the Hong Kong Court on 29 October 2019 (Hong Kong time). A further notice will be sent to Scheme Creditors once the dates and times of the Bermuda Hearing and the Hong Kong Hearing have been confirmed by the respective Courts.

After the Hong Kong Hearing and the Bermuda Hearing, Scheme Creditors will be provided with certain documents in connection with the Schemes (the “**Scheme Documentation**”). The Scheme Documentation will comprise, *inter alia*, (a) a copy of the Schemes and (b) the explanatory statement required to be provided pursuant to section 671 of the Hong Kong Companies Ordinance (Cap. 622) and section 100(1) of the Bermuda Companies Act 1981 (which will include a notice setting out the relevant details for the Scheme Meeting) (the “**Explanatory Statement**”).

### **Restructuring Support Agreement**

#### *Date*

19 July 2019

#### *Parties*

- (i) the Company, as issuer; and
- (ii) the holders of Offshore Notes, as consenting creditors.

#### *Restructuring Support*

Each consenting creditor confirms that it approves and intends to support the restructuring of the indebtedness of the Company and guarantors listed in respect of the Offshore Notes issued by the Company via scheme of arrangements in Hong Kong or Bermuda on the terms and subject to the conditions set out in the RSA.

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## LETTER FROM THE BOARD

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### *Undertakings of the Company*

The Company undertakes to:

- (i) implement (and procure that the other obligors implement) the restructuring and the schemes of arrangement in the manner envisaged by, and on the terms and conditions set out in the RSA and the term sheet set out in the Schedule 5 of the RSA and use its best endeavours to procure that scheme effective date occurs and the restructuring is fully implemented on or before the longstop date of the RSA at 5:00 p.m. of 31 December 2019;
- (ii) use best endeavours to obtain any necessary regulatory or statutory approval required to permit or facilitate the restructuring; and
- (iii) use reasonable endeavours to procure the resumption of trading in its Shares on the Stock Exchange by no later than 31 December 2019;

### *Undertakings of Consenting Creditor*

The consenting creditors undertake to:

- (i) vote all of the existing notes (including the Offshore Notes) in which it holds a beneficial interest as principal at the record time in favour of the scheme of arrangement;
- (ii) refrain from taking any enforcement action or any action or commence any proceedings or claims, whether directly or indirectly, which would interfere with the implementation of the restructuring and/or the schemes of arrangement or the consummation of the transactions contemplated thereby, and provide reasonable support and assistance to the Company to prevent the occurrence of an insolvency proceeding in respect of the Company or any of its subsidiaries; and
- (iii) not to object to any scheme of arrangement or any application to the court in respect thereof and not take any other actions which would be inconsistent with, or that would, or are intended to, or would likely delay the approval or confirmation of the proposed restructuring.

### *Restructuring Consideration*

The restructuring consideration for the Scheme Creditors will be paid on the restructuring effective date, and consists of:

- a) a total Cash Consideration of US\$41.4 million to be paid to Scheme Creditors on a *pari passu* and pro rata basis; and
- b) new notes in an aggregate principal amount equal to Scheme Creditors' claims minus the aggregate sum of the cash redemption and US\$8.6 million.

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## LETTER FROM THE BOARD

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### *Consent fee*

Each consenting creditor who accedes to the RSA by the consent fee deadline (being 5:00 p.m. Hong Kong time on 9 August 2019) will, subject to the terms of the RSA, receive a cash consent fee in an amount equal to:

- (a) the aggregate outstanding principal amount of its eligible notes; *divided by*
- (b) the aggregate outstanding principal amount of the eligible notes held by all eligible creditors collectively; *multiplied by*
- (c) US\$8,600,000.

The consent fee shall be payable on the restructuring effective date, provided that the consenting creditor has, amongst other things, voted in favour of each of the Schemes.

### *Termination*

The agreement and the rights and obligations created thereof will terminate automatically and immediately on the occurrence of any of the following:

- (i) either Scheme not being approved by the requisite majorities of Scheme Creditors at the relevant Scheme Meeting; provided however, that such automatic termination shall not occur if such Scheme Meeting is adjourned to a date falling within 60 days of the date of the initial Scheme Meeting and the Scheme is approved at such adjourned scheme meeting by the requisite majorities of the Scheme Creditors;
- (ii) the Courts not granting a sanction order at the hearings of the court convened for such purpose and there being no reasonable prospect of the restructuring being effected and the Company as the issuer has exhausted all avenues of appeal;
- (iii) the restructuring effective date; and
- (iv) the longstop date of the RSA.

### **SPECIAL DEAL**

#### **Proceeds from the Subscription for making payments to Bondholders**

According to enquiries made by the Company, three Bondholders holding an aggregate principal amount of approximately US\$7.69 million (representing approximately 1.79% of the outstanding Offshore Notes by principal value) also held an aggregate of 279,380 Shares (representing approximately 0.03% of the total issued share capital of the Company) as at the Latest Practicable Date. Two of such Bondholders who are also Shareholders of the Company are high net worth individuals and one of them is an investment bank, all of which are independent of and not connected with the Company and the Subscriber, their respective directors, controlling shareholders and ultimate beneficial owners, and parties acting in concert with any of them.

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## LETTER FROM THE BOARD

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Such Bondholders who are also Shareholders and their respective concert parties and those who are involved in and/or interested in the Subscription, the Whitewash Waiver and the Special Deal including but not limited to the Major Shareholders, together with its concert parties and associates shall abstain from voting on resolution(s) relating to the Subscription, the Whitewash Waiver and the Special Deal and the respective transactions contemplated thereunder.

The payment of the Consent Fees and the distribution of Cash Consideration will be paid out of the proceeds of the Subscription. Approximately US\$0.89 million, representing about 0.46% of the net proceeds from the Subscription will be used to pay the Cash Consideration and Consent Fees to Bondholders who are also Shareholders. The payment of the Consent Fees and the distribution of the Cash Consideration to Bondholders are not capable of being extended to all Shareholders and will constitute a special deal under Note 5 to Rule 25 of the Takeovers Code so far as those Bondholders who are also Shareholders are concerned.

The Special Deal and the transactions contemplated thereunder as described above will require the consent of the Executive to proceed.

The Executive's consent, if granted, will be conditional upon (i) the independent financial adviser to the Independent Board Committee publicly giving an opinion that the terms of the Special Deal are fair and reasonable; and (ii) the approval of the Independent Shareholders of the Special Deal at a shareholders' meeting by way of poll. The Company is in the process of seeking consent from the Executive relating to the Special Deal under Rule 25 of the Takeovers Code.

An ordinary resolution will be proposed at the SGM to approve the Special Deal by the Independent Shareholders.

### ATTEMPTED FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company had attempted the following equity fund raising activities in the past twelve months immediately before the Latest Practicable Date:

Date of initial announcement	Event	Net proceeds (approximate)	Intended use of proceeds	Actual use of proceeds
12 October 2018	Top-up placing of 17,800,000 Shares under general mandate	N/A (Lapsed) (Note 1)	general working capital purpose	N/A (Lapsed) (Note 1)
11 October 2018	Proposed issue of HK\$230 million 12.00% convertible bonds due 2021	N/A (Lapsed) (Note 2)	redemption, repayment or repurchase of any of the Company's outstanding US\$160,000,000 6.75% notes due 2018 (ISIN: XS1700800417) issued on 18 October 2017	N/A (Lapsed) (Note 2)

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## LETTER FROM THE BOARD

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*Notes:*

1. As announced in the announcement of the Company dated 10 January 2019, in view of the financial position of the Company, the Company had been unable to raise sufficient funds by the placing and subscription 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). Taking into consideration of the above, the subscription under the placing and subscription agreement has lapsed.
2. As announced in the announcement of the Company dated 10 January 2019, given that (1) certain of the conditions precedent outlined in the placing and subscription agreements were not fulfilled (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 placing and subscription agreements failed to agree on an extension of time to fulfil the conditions precedent to the completion of the placement of the bonds, the issue and private placement of the bonds has been terminated.

Save as disclosed above and except for the Subscription, the Company did not attempt to undertake and did not have any equity fund raising exercise in the past twelve months immediately prior to the Latest Practicable Date.

### **IMPLICATIONS UNDER THE TAKEOVERS CODE AND THE APPLICATION FOR WHITEWASH WAIVER AND SPECIAL DEAL**

Immediately after Completion, assuming there is no other change in the issued share capital of the Company, the Subscriber (together with parties acting in concert with it (as defined in the Takeovers Code)) will be interested in 1,687,008,585 Shares, representing approximately 202.26% of the issued share capital of the Company as at the Latest Practicable Date and approximately 66.92% of the issued share capital of the Company as enlarged by the allotment and issuance of the Subscription Shares and approximately 66.15% of the issued share capital of the Company as enlarged by the allotment and issuance of the Subscription Shares and the exercise in full of all the outstanding Share Options and conversion rights under the outstanding Convertible Bonds.

Under Rule 26.1 of the Takeovers Code, the Subscriber would be obliged to make mandatory general offers for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by the Subscriber and parties acting in concert with it, unless the Whitewash Waiver is obtained from the Executive. The Subscriber has therefore made an application to the Executive for and the Executive has indicated it is intended to grant the Whitewash Waiver in respect of the allotment and issuance of the Subscription Shares.

The Whitewash Waiver, if granted by the Executive, will be subject to approval by the Independent Shareholders at the SGM by way of a poll. The resolution in relation to the Whitewash Waiver shall be approved by at least 75% of the independent vote that are cast either in person or by proxy by the Independent Shareholders at the SGM.



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## LETTER FROM THE BOARD

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In accordance with the Listing Rules and Takeovers Code, Shareholders who are (i) the Subscriber or its associates; (ii) any party acting in concert with the Subscriber; (iii) parties involved or interested in the Subscription or the Whitewash Waiver or the Special Deal (including the Bondholders who are also Shareholders holding an aggregate of 279,380 Shares), are required to abstain from voting on the relevant resolutions at the SGM.

The Directors who have participated in negotiations with the Subscriber on the terms of the Subscription and hold Shares are required to abstain from voting at the SGM. As Mr. Xiong Shi (who is interested in 185,000 Shares (representing approximately 0.02% of the issued share capital of the Company as at the Latest Practicable Date)), Mr. Zhuo Jianming (who is interested in 570,000 Shares (representing approximately 0.07% of the issued share capital of the Company as at the Latest Practicable Date)) and Strong Eagle (which is interested in 203,802,750 Shares (representing approximately 24.43% of the issued share capital of the Company as at the Latest Practicable Date)), being guarantors under the Subscription Agreement, are interested in the Subscription or the Whitewash Waiver or the Special Deal, they are required to abstain from voting on the relevant resolutions at the SGM.

If the Whitewash Waiver is not granted by the Executive or not approved by the Independent Shareholders, the Subscription will not proceed.

As at the Latest Practicable Date, the Company did not believe that the proposed Subscription gave rise to any concern in relation to compliance with other applicable rules or regulations (including the Listing Rules). The Company notes that the Executive may not grant the Whitewash Waiver if the proposed Subscription does not comply with other applicable rules and regulations.

**It is a condition precedent to Completion that the Whitewash Waiver is granted by the Executive. If the Whitewash Waiver is not granted by the Executive or if the conditions (if any) imposed thereon are not fulfilled, the Subscription will not proceed.**

**If the Whitewash Waiver is approved by the Independent Shareholders and Completion occurs, the aggregate shareholding of the Subscriber and parties acting in concert with it in the Company will exceed 50%. The Subscriber may further increase its shareholdings in the Company without incurring any further obligations under Rule 26 of the Takeovers Code to make a general offer.**

### **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee has been formed pursuant to Rule 2.8 of the Takeovers Code, comprising all non-executive Directors (except Mr. Zhuo Jianming who is interested in the Subscription, the Whitewash Waiver and the Special Deal), namely Dr. Li Hong, Dr. Wang Ching, Mr. Yick Wing Fat, Simon and Dr. Tan Hongwei to advise the Independent Shareholders in relation to the Subscription, the Whitewash Waiver and the Special Deal.

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## LETTER FROM THE BOARD

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Optima Capital, a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, has been appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Subscription, the Whitewash Waiver and the Special Deal. Such appointment has been approved by the Independent Board Committee.

### SGM

The SGM will be held to consider and, if thought fit, pass the resolutions to approve, among other things: (i) the Subscription Agreement and the transactions contemplated thereunder; (ii) the Whitewash Waiver; (iii) the Special Deal; and (iv) the Authorised Share Capital Increase.

The resolutions in relation to the Subscription Agreement, the Special Deal and the Whitewash Waiver at the SGM will be voted on by the Independent Shareholders by way of a poll.

An announcement on the results of the SGM will be made by the Company following the SGM in accordance with the Takeovers Code and the Listing Rules.

As at the Latest Practicable Date, the Subscriber and parties acting in concert with it did not hold any Share and therefore will not vote on any of the resolutions at the SGM.

**Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.**

### LISTING RULES IMPLICATIONS

As stated in Rule 14A.90 of the Listing Rules, financial assistance received by a listed issuer's group from a connected person or commonly held entity is fully exempt if: (1) it is conducted on normal commercial terms or better; and (2) it is not secured by the assets of the listed issuer's group.

Therefore, notwithstanding the Major Shareholders (namely Mr. Liu Hongwei, Mr. Xie Wen, Mr. Xiong Shi, Mr. Zhuo Jianming, each of their spouses and Strong Eagle) are connected persons of the Company, their provision of guarantee under the Subscription and the transactions contemplated thereunder are fully exempt from the connected transaction requirements under Chapter 14A of the Listing Rules.

### RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee which contains the recommendation of the Independent Board Committee to the Independent Shareholders regarding the resolutions to approve the Subscription, the Whitewash Waiver and the Special Deal; and (ii) the letter from Optima Capital which contains its advice to the Independent Board Committee and the Independent Shareholders regarding the Subscription, the Whitewash Waiver and the Special Deal.

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## LETTER FROM THE BOARD

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The Independent Board Committee, having taken into account the advice of the Optima Capital, the text of which is set out in the “Letter from Optima Capital” in this circular, consider that (a) the terms and conditions of the Subscription Agreement and the transactions contemplated thereunder (including the issuance of the Subscription Shares) are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (b) the Whitewash Waiver and the Special Deal are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the SGM to approve the Subscription Agreement and the transactions contemplated thereunder (including the issuance of Subscription Shares and the Specific Mandate), the Whitewash Waiver and the Special Deal.

The Board (excluding members of the Independent Board Committee whose opinion is set out in the “Letter from the Independent Board Committee” in this circular and Mr. Liu Hongwei, Mr. Zhuo Jianming, Mr. Xiong Shi and Mr. Xie Wen who have material interest in the Subscription, the Special Deal and the Whitewash Waiver) considers that (i) the terms and conditions of the Subscription Agreement and transactions contemplated thereunder including the allotment and issuance of the Subscription Shares; and (ii) the Whitewash Waiver and the Special Deal are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, and recommends that the Shareholders vote in favour of the resolutions relating thereto at the SGM.

The Directors consider that the Authorised Share Capital Increase is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote for the relevant resolution.

### GENERAL

Your attention is drawn to the additional information set out in the appendices to this circular and the notice of the SGM.

**Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.**

Yours Faithfully,  
On Behalf of the Board  
**China Singyes Solar Technologies Holdings Limited**  
**Liu Hongwei**  
*Chairman*

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**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

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*The following is the text of a letter of advice from the Independent Board Committee setting out its recommendation to the Independent Shareholders for the purpose of inclusion in this circular.*



**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)**

16 October 2019

*To the Independent Shareholders*

Dear Sir or Madam,

**(1) PROPOSED SUBSCRIPTION OF NEW SHARES  
UNDER SPECIFIC MANDATE;  
(2) APPLICATION FOR WHITEWASH WAIVER;  
AND  
(3) SPECIAL DEAL**

We refer to the circular of the Company dated 16 October 2019 (the “**Circular**”), of which this letter forms part. Unless specified otherwise, capitalised terms used herein shall have the same meanings as defined in the Circular.

We have been appointed to form the Independent Board Committee to advise you in connection with the Subscription, the Whitewash Waiver and the Special Deal, details of which are set out in the letter from the Board in the Circular.

We wish to draw your attention to the letter from the Board, as set out on pages 7 to 33 of the Circular, and the letter from Optima Capital, as set out on pages 36 to 75 of the Circular. Having considered the terms of the Subscription Agreement, the Whitewash Waiver and the Special Deal, the advice given by Optima Capital, and the principal factors and reasons taken into consideration by it in arriving at its advice, we are of the opinion that the terms of the Subscription, the Whitewash Waiver and the Special Deal are fair and reasonable and the Subscription, the Whitewash Waiver and the Special Deal are in the interests of the Company and the Shareholders as a whole as far as the Independent Shareholders are concerned.

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**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

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Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the SGM to approve, among other things, the Subscription, the Whitewash Waiver and the Special Deal.

Yours Faithfully,  
On Behalf of the Independent Board Committee of  
**China Singyes Solar Technologies Holdings Limited**

**Dr. Li Hong**  
*Non-executive Director*

**Dr. Wang Ching**  
*Independent Non-executive Director*

**Mr. Yick Wing Fat, Simon**  
*Independent Non-executive Director*

**Dr. Tan Hongwei**  
*Independent Non-executive Director*

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## LETTER FROM OPTIMA CAPITAL

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*The following is the letter of advice from Optima Capital to the Independent Board Committee and the Independent Shareholders which has been prepared for the purpose of inclusion in this circular.*



Suite 1501, 15th Floor  
Jardine House  
1 Connaught Place  
Central  
Hong Kong

16 October 2019

*To: the Independent Board Committee and the Independent Shareholders*

Dear Sirs,

**(1) PROPOSED SUBSCRIPTION OF NEW SHARES  
UNDER SPECIFIC MANDATE;  
(2) APPLICATION FOR WHITEWASH WAIVER;  
AND  
(3) SPECIAL DEAL**

### INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the Subscription, the Whitewash Waiver and the Special Deal. Details of the Subscription, the Whitewash Waiver and the Special Deal are set out in the circular of the Company dated 16 October 2019 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 16 May 2019, the Company entered into the Subscription Agreement with the Subscriber and the Major Shareholders, pursuant to which the Company has conditionally agreed to allot and issue to the Subscriber, and the Subscriber has conditionally agreed to subscribe for, at Completion, 1,687,008,585 Subscription Shares at the Subscription Price of HK\$0.92 per Subscription Share. The aggregate subscription price for the Subscription Shares is approximately HK\$1,552.0 million. The Subscription Shares will be allotted and issued under the Specific Mandate to be approved by the Independent Shareholders at the SGM by an ordinary resolution.

As at the Latest Practicable Date, the Subscriber and parties acting in concert with it did not have any interest in the Shares. Assuming that there is no change in the issued share capital of the Company since the Latest Practicable Date up to Completion other than the allotment and issue of the Subscription Shares, upon Completion, the Subscriber and parties acting in concert with it will be interested in 1,687,008,585 Shares, which represent (i) approximately 202.26% of the issued share capital of the Company as at the Latest

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## LETTER FROM OPTIMA CAPITAL

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Practicable Date; and (ii) approximately 66.92% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. The Subscription Shares also represent approximately 66.15% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares and the new Shares which may fall to be issued upon the exercise in full of the outstanding Share Options which were vested as at the Latest Practicable Date and the conversion rights attaching to the outstanding Convertible Bonds.

As the Subscriber and parties acting in concert with it will be interested in more than 30% of the issued share capital of the Company upon Completion, pursuant to Rule 26.1 of the Takeovers Code, the Subscriber would be obliged to make mandatory general offers for all the issued Shares and other relevant securities of the Company not already owned or agreed to be acquired by the Subscriber and parties acting in concert with it, unless the Whitewash Waiver is obtained from the Executive. The Subscriber has made an application to the Executive for the Whitewash Waiver in this regard. The Whitewash Waiver, if granted by the Executive, will be subject to approval by at least 75% of the votes that are cast by way of poll either in person or by proxy by the Independent Shareholders at the SGM.

As disclosed in the announcements of the Company dated 19 July 2019, 14 August 2019, 30 August 2019 and 4 October 2019 respectively, the Company entered into the restructuring support agreement (the “**RSA**”) with certain Bondholders in relation to the restructuring plan for the Offshore Notes (the “**Debt Restructuring Plan**”). The Debt Restructuring Plan is expected to be implemented along with the Subscription and that the successful implementation of the Debt Restructuring Plan on terms approved by the Subscriber is a Condition precedent for completion of the Subscription. Certain Bondholders holding an aggregate principal amount of approximately US\$7.69 million (representing approximately 1.79% of the outstanding principal value of the Offshore Notes) also hold an aggregate of 279,380 Shares (representing approximately 0.03% of the total issued share capital of the Company) as at the Latest Practicable Date. Accordingly, the payment of the Consent Fees and the Cash Consideration under the RSA to the Bondholders if the Debt Restructuring Plan is implemented constitutes a special deal under the Takeovers Code which is subject to the approval of the Executive and the Independent Shareholders.

The Independent Board Committee comprising four non-executive Directors, namely Dr. Li Hong, Dr. Wang Ching, Mr. Yick Wing Fat, Simon and Dr. Tan Hongwei, has been formed pursuant to Rule 2.8 of the Takeovers Code to advise the Independent Shareholders in respect of the Subscription, the Whitewash Waiver and the Special Deal and on how they should vote in respect of the relevant resolutions to be proposed at the SGM. The remaining non-executive Director, namely Mr. Zhuo Jianming, will not act as a member of the Independent Board Committee by virtue of his interests as one of the Major Shareholders and thereby in the Subscription, the Whitewash Waiver and the Special Deal. We, Optima Capital, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. Our appointment has been approved by the Independent Board Committee.

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## LETTER FROM OPTIMA CAPITAL

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### BASIS OF OUR OPINION

In formulating our opinion, we have reviewed, among other things, the Subscription Agreement, the annual reports of the Company for the year ended 31 December 2016 (“FY2016”) (the “2016 Annual Report”), the year ended 31 December 2017 (“FY2017”) (the “2017 Annual Report”) and the year ended 31 December 2018 (“FY2018”) (the “2018 Annual Report”), the interim results announcement of the Company for the six months ended 30 June 2019 (“HY2019”) (the “2019 Interim Results Announcement”), the recent announcements of the Company in respect of, among other things, the fund raising exercises proposed by the Company, the defaults in certain debt securities and onshore and offshore loans of the Company (the “Defaults”), the financial predicament of the Group and the Debt Restructuring Plan to be implemented by the Group, as well as information set out in the Circular. We have also discussed with the management of the Group (the “Management”) regarding, among other things, the latest business and financial conditions of the Group in light of the Defaults.

We have relied on the information and facts supplied by the Company and the opinions expressed by the Directors and the Management, and have assumed that the information and facts provided and opinions expressed to us are true, accurate and complete in all material aspects at the time they were made and continue to be true, accurate and complete in all material aspects up to the Latest Practicable Date. We have also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed to us. We have relied on such information and consider that the information we have received is sufficient for us to reach our opinion and give the advice and recommendation set out in this letter. We have no reason to believe that any material information has been omitted or withheld, or doubt the truth or accuracy of the information provided. We have not, however, conducted any independent investigation into the business and affairs of the Group, the Major Shareholders, the Subscriber, the Bondholders or any of their respective associates or any party acting or presumed to be acting in concert with any of them, nor have we carried out any independent verification of the information supplied. We have also assumed that all representations contained or referred to in the Circular were true at the time they were made and at the Latest Practicable Date and will continue to be true up to the time of the SGM, and that the Independent Shareholders will be informed as soon as reasonably practicable if we become aware of any material change to such information provided and representations made.

We are not associated with the Company, the Major Shareholders, the Directors, the Subscriber, the Bondholders or any party acting or presumed to be acting in concert with any of them and accordingly, we are considered eligible to give independent advice to the Independent Board Committee and the Independent Shareholders on the Subscription, the Whitewash Waiver and the Special Deal. Apart from normal professional fees paid or payable to us in connection with our appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, the Major Shareholders, the Directors, the Subscriber, the Bondholders or any party acting or presumed to be acting in concert with any of them.



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## LETTER FROM OPTIMA CAPITAL

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As at the Latest Practicable Date, we did not have any relationships with or interests in the Company that could reasonably be regarded as relevant to our independence. In the past two years, there had been no other engagement between the Company and us. Accordingly, we do not consider any conflict of interest exists which will prevent us from acting as the independent financial adviser in respect of the Subscription, the Whitewash Waiver and the Special Deal.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation, we have taken into account the following principal factors and reasons:

#### 1. Businesses of the Group

The Company is principally engaged in the design, fabrication and installation of conventional curtain walls and building-integrated photovoltaic (“**BIPV**”) systems, and the development and operation of solar farm projects (the “**Solar Farm Operation**”). The businesses of the Group are being operated principally in the PRC and can be classified into three sectors as follows: (a) curtain wall and green building construction contracts (the “**Curtain Wall Construction Business**”), sale of conventional materials, and rendering of design and other services (together, the “**Conventional Business**”); (b) solar engineering, procurement and construction (“**Solar EPC**”) contracts (the “**Solar EPC Business**”), sale of renewable energy goods, sale of electricity, and rendering of operation and maintenance services (together, the “**Renewable Energy Business**”); and (c) sale of indium tin oxide (the “**ITO**”) and related products (the “**New Materials Business**”).

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**LETTER FROM OPTIMA CAPITAL**

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Set out below is a summary of the revenue of the Group contributed by each of the business sectors for the three years ended 31 December 2016, 2017 and 2018 and for HY2019:

	FY2016		FY2017		FY2018		HY2019	
	RMB million (audited)	%	RMB million (audited)	%	RMB million (audited)	%	RMB million (unaudited)	%
<b>Conventional Business</b>	<b>1,972.4</b>	<b>37.7</b>	<b>2,101.3</b>	<b>37.0</b>	<b>1,734.1</b>	<b>39.2</b>	<b>491.1</b>	<b>42.8</b>
• Curtain Wall Construction Business	1,623.9	31.0	1,675.8	29.5	1,502.3	34.0	387.6	33.8
• Sale of conventional materials	335.3	6.4	412.2	7.3	217.8	4.9	98.4	8.6
• Rendering of design and other services	13.2	0.3	13.3	0.2	14.0	0.3	5.1	0.4
<b>Renewable Energy Business</b>	<b>3,176.3</b>	<b>60.6</b>	<b>3,458.3</b>	<b>60.9</b>	<b>2,556.5</b>	<b>57.9</b>	<b>593.3</b>	<b>51.6</b>
• Solar EPC Business	2,225.6	42.5	2,588.2	45.6	2,101.9	47.6	498.4	43.4
• Sale of renewable energy goods	882.3	16.8	745.6	13.1	321.9	7.3	38.5	3.3
• Solar Farm Operation and sale of electricity, net of tariff adjustment	68.4	1.3	115.3	2.0	119.6	2.7	56.4	4.9
• Rendering of operation and maintenance services	—	—	9.2	0.2	13.1	0.3	—	—
<b>New Materials Business</b>	<b>90.9</b>	<b>1.7</b>	<b>115.8</b>	<b>2.1</b>	<b>126.0</b>	<b>2.9</b>	<b>64.0</b>	<b>5.6</b>
<b>Total revenue</b>	<b>5,239.6</b>	<b>100.0</b>	<b>5,675.4</b>	<b>100.0</b>	<b>4,416.6</b>	<b>100.0</b>	<b>1,148.4</b>	<b>100.0</b>

As shown above, most of the revenue of the Group was generated from the Solar EPC Business and the Curtain Wall Construction Business. Revenue from the Solar EPC Business accounted for approximately 42.5%, 45.6% and 47.6% of the total revenue of the Group for FY2016, FY2017 and FY2018 respectively and approximately 43.4% of the total revenue of the Group for HY2019, while revenue from the Curtain Wall Construction Business accounted for approximately 31.0%, 29.5% and 34.0% of the total revenue of the Group for FY2016, FY2017 and FY2018 respectively and approximately 33.8% of the total revenue of the Group for HY2019.

**(a) Conventional Business**

As advised by the Management, the Group has been operating the Conventional Business for over 20 years. The Group undertakes curtain wall engineering projects principally in the PRC with a small portion in other markets such as Hong Kong, Oceania, Macau and Malaysia. Customers of the Conventional Business are principally main contractors acting for owners of construction or development projects. The curtain wall products of the Group are used as external wall or facade of modern buildings, which consist of a combination of supporting structures to attach the curtain wall panels to the main building structure. Currently, the Group owns one fabrication plant located in Zhuhai, the PRC to process and fabricate curtain wall products, and the Group holds a number of patents for curtain wall products, namely component-based double layered curtain walls, removable electrical blind hollow glass, inner-looping smart ventilated curtain wall, modular frame and corner machine, and single wire non-pierced point support glass curtain wall system.

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### *Curtain Wall Construction Business*

The Curtain Wall Construction Business refers to the design, fabrication and installation of curtain wall products. Generally, after discussing and confirming the requirements with the customers on the design and technical specifications of the curtain wall products, the Group purchases raw materials such as glasses and metals, processes the raw materials and fabricates the curtain wall products in its own fabrication plant, and delivers the fabricated products to the work sites. The Group engages sub-contractors for the on-site installation of the curtain wall products, and monitors the progress and quality of the installation. The Group provides warranty period (usually two to three years) to the customers on the installed curtain wall products after certification of completion of installation.

We are advised by the Management that in accordance with industry norm, the Group usually receives an advanced payment, ranging from 10% to 20% of the total contract sum for the projects of the Curtain Wall Construction Business, from the customers before commencement of the project, and subsequent progress payments in accordance with the stage of completion of each project. Retention monies of approximately 5% to 10% of the total contract sum will be retained by the customers during the warranty period and paid to the Group upon the expiry of warranty period. The Group is normally required to obtain performance bonds from banks before commencement of a project. The Management advised that the Curtain Wall Construction Business generally does not involve the utilisation of a large amount of working capital, as the performance bonds can be arranged using existing banking facilities of the Group, and the Group receives advanced payments as well as regular progress payments from its customers while suppliers normally grant credit period for the procurement of raw materials.

### *Sale of conventional materials and rendering of design and other services*

Similar to the Curtain Wall Construction Business, the business of sale of conventional materials involves the design and fabrication of curtain wall products, yet no installation services are provided by the Group. The Group also provides engineering design services in respect of curtain wall systems to main contractors of construction projects. These businesses contributed around 6.7%, 7.5% and 5.2% of the Group's total revenue for FY2016, FY2017 and FY2018 respectively and approximately 9.0% of the Group's total revenue for HY2019.

*(b) Renewable Energy Business*

The Group has been operating the Renewable Energy Business in the PRC since 2007. Alongside with the launch of “金太陽示範工程計劃” (Golden Sun Demonstration Project\*) (the “**Golden Sun Project**”) and “全國上網電價計劃及配電計劃” (Nation-wide Feed-in Tariff Program and Distributive Generation Program\*) (the “**DG Program**”) by the PRC government in 2009 and 2013 respectively and various other supportive government policies (details of which are further described in the section headed “Overview of the photovoltaic industry in the PRC” below), the Renewable Energy Business recorded significant growth over the past few years. The Renewable Energy Business was the largest contributor to the Group’s revenue, generating approximately 60.6%, 60.9% and 57.9% of the total revenue of the Group for FY2016, FY2017 and FY2018 respectively and approximately 51.6% of the total revenue of the Group for HY2019.

*Solar EPC Business*

The Solar EPC Business refers to the engineering, procurement and construction of photovoltaic power stations with different kinds of system such as BIPV system, roof top solar system or ground mounted solar system. The Solar EPC Business contributed approximately 42.5%, 45.6% and 47.6% of the Group’s total revenue for FY2016, FY2017 and FY2018 respectively and approximately 43.4% of the total revenue of the Group for HY2019. We understand from the Management that the Group usually obtains contracts for these projects from local governments through public tender, or from enterprises in photovoltaic industry which have obtained approval for building photovoltaic power stations. The Group acts as the main contractor for these projects and is responsible for the entire construction process from conducting feasibility studies, drawing up engineering design of the photovoltaic power stations, procurement of raw materials (such as photovoltaic arrays, charge and discharge controllers, inverters, AC power distribution cabinets and solar tracking control systems), arranging sub-contractors to undertake the construction and installation works and connection to the local grid, and monitoring and supervising the quality of works of the sub-contractors.

As advised by the Management, the Solar EPC Business generally requires a significant amount of working capital at the early stage of each project. Unlike the Curtain Wall Construction Business, while some customers for the Solar EPC Business may provide 10% to 15% advanced payment before commencement of the projects, it is not uncommon that customers do not provide any advanced payment at all. Also, subsequent progress payments are not as regular as in the Curtain Wall Construction Business. Usually, the Group only receives 25% to 35% of the total contract sum of a project as an interim payment during the construction period, and the rest of the contract sum will only be paid at completion of the project after connection to grid. The Management advised that this payment pattern is consistent with industry norm. On the other hand, suppliers for the Solar EPC Business, such as suppliers of solar modules, usually

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do not grant any credit period. As a result, the Group usually incurs a large amount of cash outflow for procurement of raw materials but there are insufficient recurring and regular cash inflows from the operations to cover such expenditures. In addition, the Group is required to make progress payments to the sub-contractors regularly in accordance with the stage of completion of works of such sub-contractors. The mismatch in the timing for payments by the Group to suppliers and sub-contractors and the receipts of contract sum from customers results in the requirement for the Group to maintain substantial working capital to undertake projects under the Solar EPC Business and the Group principally relies on onshore loans to finance the operations of the Solar EPC Business.

### *Sale of renewable energy goods and rendering of operation and maintenance service*

Apart from the Solar EPC Business, the Group also produces different kinds of renewable energy goods such as solar photovoltaic materials and solar thermal products including air-source heat pump, solar heat collectors and solar heating system, which are usually sold to customers such as hospitals or rural cooperatives. The Group also provides solar farm operation and maintenance services. These businesses are relatively smaller in scale and contributed around 16.8%, 13.1% and 7.3% of the Group's total revenue for FY2016, FY2017 and FY2018 respectively and approximately 3.3% of the total revenue of the Group for HY2019.

### *Solar Farm Operation and sale of electricity*

Since 2013, in view of the rapid development in the photovoltaic industry in the PRC and the favourable government policies, the Group has been investing in and operating solar farms, principally in the PRC, and receiving revenue from the sale of electricity generated therefrom. As at 30 June 2019, the Group had on-grid solar farms with an aggregate capacity of approximately 427.9 megawatt ("MW"), of which 178.6 MW relate to solar farms in Guangdong, 113.0 MW relate to solar farms in Northwest China, 134.3 MW relate to solar farms being subsidised under the Golden Sun Project or the DG Program, and 2.0 MW relate to solar farms located in overseas markets. Further, the Group also had solar power stations with an aggregate capacity of 42.4 MW pending grid connection, and construction works of solar power stations with aggregate capacity of 67.5 MW are in progress. As advised by the Management, the Group initially obtained offshore financing (including the issue of debt securities) to fund the investments in the Solar Farm Operation. Further onshore lease financings for equipment installed at solar farms of which construction works have been completed were arranged to finance the expansion of the Solar Farm Operation including the construction of new solar farms. The income from sale of electricity and government subsidies are generally sufficient to cover the operating expenses and the interests under the finance leases associated with the solar power stations. The Management further advised that new government policies do not affect the solar farms constructed under previous PRC government policies and therefore the subsidies from the

PRC government for most of the Group's solar farms were not reduced despite the change in the PRC government policies as further discussed in the section headed "Overview of the photovoltaic industry in the PRC" below.

***(c) The New Materials Business***

The New Materials Business refers to the sale of ITO film and related products through Singyes NM, a company indirectly owned as to 62.37% by the Company and the shares of which are listed on GEM of the Stock Exchange (Stock Code: 8073). ITO film can be processed into touch-screen ITO film and switchable ITO film, while the switchable ITO film can be further processed into smart light-adjusting film or glass (which may be applied to windows and glass to control the passing-through of light by adjusting the electricity voltage) and smart light-adjusting projection system. ITO film and smart light-adjusting products are relatively new to the market and the market penetration in the PRC is currently still quite low. As advised by the Management, Singyes NM operates independently and is financially self-sustaining without the involvement of the rest of the Group (other than the Singyes NM Group). The revenue of the New Materials Business accounted for approximately 1.7%, 2.1% and 2.9% of the total revenue of the Group for FY2016, FY2017 and FY2018 respectively and approximately 5.6% of the total revenue of the Group for HY2019.

**2. Overview of the photovoltaic industry in the PRC**

According to "China Solar PV Outlook 2011" published by China Environmental Science Press and "National Survey Report of Photovoltaic Power Application in China 2011" published by International Energy Agency, the photovoltaic industry in the PRC has been developing rapidly since 2004 as a result of the government initiative to promote clean energy. The aggregate capacity of photovoltaic power stations in the PRC had increased by nearly fivefold from 62 MW in 2004 to 300 MW in 2009. In order to achieve the target of building photovoltaic power stations with a minimum aggregate capacity of 500 MW in two to three years, the PRC government introduced the Golden Sun Project in July 2009 and provided one-off general capital expenditure subsidies for the construction of photovoltaic projects. Such subsidies were provided to the photovoltaic enterprises before commencement of construction and as a result, a large number of enterprises were attracted to invest in the construction of photovoltaic power stations. According to National Energy Administration of the PRC, the capacity of photovoltaic power stations in the PRC had increased substantially since the implementation of the Golden Sun Project, reaching more than 17,000 MW in 2013 which is more than 50 times of that in 2009.

With a view to maintaining a healthy development in the photovoltaic industry, the State Council of China and the National Energy Administration launched the DG Program in 2013 to provide subsidies based on the amount of electricity generated and sold through the electricity transmission grid. Such subsidies replaced the one-off subsidies for the general capital expenditures of building photovoltaic power stations under the Golden Sun Project. In light of these new policies, photovoltaic enterprises found it more incentivised to switch to constructing photovoltaic power projects with higher capacity. As such, the photovoltaic business continued to grow and the demand for construction works for

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photovoltaic power station remained strong. According to “National Survey Report of Photovoltaic Power Application in China 2017” published by International Energy Agency, capacity of photovoltaic power stations in the PRC recorded a growth rate of approximately 50% annually since the implementation of the DG Program, which was substantially higher than the growth of capacity of wind power and hydropower stations in the PRC in the same period and reached 130,000 MW. Such growth however only sustained until 2017.

As a result of the continuous investment and expansion in photovoltaic capacity by enterprises over the years driven by the favourable government policies as described above, there had been excess capacity in the photovoltaic industry. This together with a downturn in domestic demand and growing trade protectionism had put a brake on the growth of the photovoltaic industry. Since mid-2018, the PRC government has changed its policies direction with an aim to balancing the development of different renewable energy resources across the country and reduced the subsidies to newly approved photovoltaic power stations in each calendar year. Owing to the fact there was a general declining trend in raw material costs, the profitability of solar farms can generally be maintained even though the subsidies were lowered. However, non-state owned enterprises still faced difficulties in obtaining financing for their new photovoltaic power projects.

Subsequent to the change in policy direction in 2018, the PRC government further published two directives in the first half of 2019 which aim at improving the competitiveness of the photovoltaic enterprises and thereby the overall healthiness of the photovoltaic industry. The directives reflected the dedication of the PRC government to develop the photovoltaic industry in a market driven manner by limiting the subsidies to be provided to the photovoltaic enterprises, requiring market players to devise profitable and sustainable plan for their projects, and supporting those projects which are of better quality and commercially viable. The PRC government expects the new technology utilised in the photovoltaic industry could reduce the overall costs in constructing and operating solar power plants and bring positive return to future photovoltaic projects even if no subsidies are to be provided by the government. In July 2019, the National Energy Administration published “2019年光伏發電項目國家補貼競價工作總體情況” (Overall Situation of National Subsidies and Bidding for Photovoltaic Power Projects in 2019\*), summarising that photovoltaic projects with an aggregate capacity of 22.79 gigawatts are qualified for the national subsidies to be granted in 2019. As advised by the Management, new photovoltaic projects of the Group with an aggregate capacity of 384 MW, which are still in their preliminary stage, are qualified for the subsidies.

As at the Latest Practicable Date, the Group had 43 ongoing Solar EPC projects, which are located in various provinces in China such as Hainan, Guangdong and Shangdong. These projects have been delayed or suspended due to the liquidity issues of the Group. As advised by the Management, these projects were mostly approved in 2017 and 2018, which are entitled to receive subsidies granted under various government policies. In response to the reduction in government subsidies as discussed earlier, these projects were generally better planned in order to be commercially profitable and sustainable even with

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less government supports. The Management believes that once the Company has resolved its liquidity issues and obtains sufficient working capital, the current Solar EPC projects on hand could be resumed immediately and the operations of the Group will be normalised.

### 3. Historical financial information of the Group

#### *(a) Historical financial results of the Group*

Set out below is a summary of the audited financial results of the Group for FY2016, FY2017 and FY2018 as extracted from the 2017 Annual Report and the 2018 Annual Report and the unaudited results for HY2019 and the six months ended 30 June 2018 (“**HY2018**”) extracted from the 2019 Interim Results Announcement:

	<b>FY2016</b>	<b>FY2017</b>	<b>FY2018</b>	<b>HY2018</b>	<b>HY2019</b>
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
Revenue	5,239.6	5,675.4	4,416.6	3,019.8	1,148.4
Gross profit/(loss)	1,134.7	1,138.9	620.9	737.0	(61.1)
Gross profit margin	21.7%	20.1%	14.1%	24.4%	N/A
Profit/(loss) attributable to owners of the Company	502.0	143.8	(678.8)	228.5	(468.0)

#### *FY2017 versus FY2016*

Benefiting from the continuous investment by PRC enterprises in the photovoltaic industry, the Renewable Energy Business, in particular, the Solar EPC Business recorded significant growth in the past years. The Group’s revenue increased from approximately RMB5,239.6 million for FY2016 to approximately RMB5,675.4 million for FY2017. The increase was mainly contributed by the increase in revenue of approximately RMB362.6 million from the Solar EPC Business. At the same time, the Group also continued investing in the Solar Farm Operation. The aggregate on-grid capacity of the Group’s solar farms increased from approximately 270.7 MW as at 31 December 2016 to 320.0 MW as at 31 December 2017 and revenue generated from sale of electricity (net of tariff adjustment) during FY2017 increased by approximately RMB46.9 million as compared to that for FY2016. Besides, the Conventional Business also recorded a growth in revenue. The revenue from the Curtain Wall Construction Business increased by approximately RMB51.9 million as a result of the recovery of construction industry domestically in the PRC, and the revenue from the sale of conventional materials increased by approximately RMB76.9 million as a result of the increase in business in the overseas market. On the other hand, revenue from the sale of renewable energy products dropped by approximately RMB136.7 million because the Group had focused more on the Solar EPC Business and the Solar Farm Operation during the year.



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Gross profit increased from approximately RMB1,134.7 million for FY2016 to approximately RMB1,138.9 million for FY2017, while gross profit margin dropped slightly from approximately 21.7% for FY2016 to approximately 20.1% for FY2017.

Despite the increase in revenue and gross profit, the profit attributable to owners of the Company dropped significantly from approximately RMB502.0 million for FY2016 to approximately RMB143.8 million for FY2017, which was mainly due to (i) the increase in finance costs by approximately RMB253.3 million in FY2017 as compared to FY2016 as a result of the repurchase and redemption of convertible bonds and the issue of two tranches of senior notes with an aggregate nominal value of US\$260 million and US\$160 million respectively; (ii) the decrease in other income and gains by approximately RMB64.2 million principally due to the drop in gain on disposal of photovoltaic power stations during FY2017; (iii) the decrease in fair value gain on conversion rights of convertible bonds of approximately RMB33.1 million; and (iv) the increase in operating expenses by approximately RMB93.8 million due to the increase in freight costs and rental expenses, other business related expenses and loss on settlement of derivative financial instruments.

### *FY2018 versus FY2017*

The Group's revenue decreased significantly from approximately RMB5,675.4 million for FY2017 to approximately RMB4,416.6 million for FY2018, mainly due to a decrease in revenue from the Curtain Wall Construction Business by approximately RMB173.5 million, a decrease in revenue from the Solar EPC Business by approximately RMB486.3 million and a decrease in revenue from the sale of renewable energy goods by approximately RMB423.7 million. The decrease in revenue from the Curtain Wall Construction Business was primarily caused by the decrease in offshore business, as a majority of the Group's curtain wall projects in Hong Kong had been completed in FY2017 and no new contracts for sizable projects were obtained in FY2018 due to the financial predicament faced by the Group. The decrease in revenue from Solar EPC Business was mainly due to the tightening of the lending environment in the PRC as well as the Defaults which impacted the Group's ability to obtain new financing, causing insufficient working capital for the Group to finance the construction cost of its Solar EPC projects and hence majority of the projects have been delayed or suspended. Further, as a liquidity preserving measure, the Group had suspended the businesses of the sale of conventional materials and sale of renewable energy goods during FY2018.

Gross profit dropped from approximately RMB1,138.9 million for FY2017 to approximately RMB620.9 million for FY2018, and gross profit margin dropped from approximately 20.1% for FY2017 to approximately 14.1% for FY2018.

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The profitability of the Group deteriorated significantly from a net profit attributable to owners of the Company of approximately RMB143.8 million for FY2017 to a net loss attributable to owners of the Company of approximately RMB678.8 million for FY2018, which was mainly due to (i) the decrease in revenue and gross profit as described above; (ii) the decrease in other income and gains by approximately RMB120.3 million principally due to the decrease in bank interest income and gain on disposal of items of property, plant and equipment and the absence of interest retention money, gain on disposal of a subsidiary and foreign exchange gains in FY2018; and (iii) the increase in impairment losses on financial and contract assets of approximately RMB320.4 million.

### *HY2019 versus HY2018*

The Group's revenue decreased significantly from approximately RMB3,019.8 million for HY2018 to approximately RMB1,148.4 million for HY2019. The financial performance in HY2019 continued to deteriorate as a result of the delayed or suspended operations after the announcement of the Defaults in October 2018. The Company recorded a gross loss of approximately RMB61.1 million and a net loss attributable to owners of the Company of approximately RMB468.0 million for HY2019 as compared to a gross profit of approximately RMB737.0 million and a net profit attributable to owners of the Company of approximately RMB228.5 million for HY2018.

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**(b) Financial position of the Group as at 31 December 2018**

Set out below is a summary of the audited consolidated financial position of the Group as at 31 December 2017 and 2018 as disclosed in the 2017 Annual Report and the 2018 Annual Report:

	<b>As at 31 December</b>	
	<b>2017</b>	<b>2018</b>
	<i>RMB million</i>	<i>RMB million</i>
	(audited)	(audited)
<b>Total non-current assets</b>	<b>4,699.4</b>	<b>4,825.2</b>
• Property, plant and equipment	4,284.0	4,475.2
• Investment properties and prepaid land lease payments	274.1	285.8
• Available-for sale investments/equity investments/financial assets at fair value through profit or loss	57.6	30.0
• Pledged deposits	14.7	—
• Other non-current assets	69.0	34.2
<b>Total current assets</b>	<b>7,675.5</b>	<b>6,571.9</b>
• Construction contracts/contract assets	976.2	2,119.5
• Trade and bills receivables	3,751.9	3,389.5
• Available-for-sale investments	208.2	—
• Pledged deposits	472.4	180.6
• Cash and cash equivalents	1,202.4	216.2
• Other current assets	1,064.4	666.1
<b>Total assets</b>	<b>12,374.9</b>	<b>11,397.1</b>
<b>Total non-current liabilities</b>	<b>(3,448.3)</b>	<b>(245.1)</b>
• Convertible bonds	(80.8)	—
• Senior notes	(1,677.5)	—
• Interest-bearing bank and other loans	(1,438.9)	—
• Other non-current liabilities	(251.1)	(245.1)
<b>Total current liabilities</b>	<b>(4,436.3)</b>	<b>(7,460.3)</b>
• Trade and bills payables	(1,294.1)	(901.5)
• Interest-bearing bank and other loans	(1,265.2)	(2,956.8)
• Convertible bonds	—	(96.0)
• Senior notes	(1,239.0)	(2,850.0)
• Other current liabilities	(638.0)	(656.0)
<b>Total liabilities</b>	<b>(7,884.6)</b>	<b>(7,705.4)</b>
<b>Net assets</b>	<b>4,490.3</b>	<b>3,691.7</b>
• Non-controlling interest	(88.8)	(100.8)
<b>• Equity attributable to owners of the Company (“NAV”)</b>	<b>4,401.5</b>	<b>3,590.9</b>
Net current assets/(liabilities)	3,239.2	(888.4)
<b>NAV per Share (RMB)</b>	<b>5.28</b>	<b>4.31</b>

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*As at 31 December 2017*

As at 31 December 2017, total assets of the Group amounted to approximately RMB12,374.9 million, comprising non-current assets of RMB4,699.4 million and current assets of RMB7,675.5 million. The non-current assets comprised principally property, plant and equipment relating to solar photovoltaic power stations of approximately RMB2,877.4 million, land and buildings of approximately RMB1,528.1 million and plant and machineries used in the ordinary course of business of the Curtain Wall Construction Business and Renewable Energy Business of approximately RMB348.9 million. The current assets comprised principally trade and bills receivables of approximately RMB3,751.9 million, cash and cash equivalents of approximately RMB1,202.4 million and construction contracts of approximately RMB976.2 million.

Total liabilities of the Group amounted to approximately RMB7,884.6 million, representing an increase of approximately RMB1,094.3 million as compared to the total liabilities of the Group as at 31 December 2016. During FY2017, the Group repaid senior notes with principal amount of RMB560 million which were issued in 2014. In order to refinance the senior notes maturing during the year as well as to finance the expansion of the Solar Farm Operation, the Group issued two tranches of senior notes, being the 6.75% senior notes due 2018 with principal amount of US\$160 million (the “**2018 Notes**”) and the 7.95% senior notes due 2019 with principal amount of US\$260 million (the “**2019 Notes**”), during FY2017, hence resulting in the increase in total liabilities.

As at 31 December 2017, the NAV per Share was approximately RMB5.28, calculated by dividing the NAV of approximately RMB4,401.5 million by 834,073,195 Shares in issue as at 31 December 2017.

Gearing ratio of the Group, calculated by dividing interest bearing borrowings (including both current and non-current portions and net of cash and cash equivalents and pledged deposits) by net assets, was approximately 89.3%.

*As at 31 December 2018*

As at 31 December 2018, total assets of the Group amounted to approximately RMB11,397.1 million, comprising non-current assets of RMB4,825.2 million and current assets of RMB6,571.9 million. The non-current assets comprised principally property, plant and equipment relating to the solar photovoltaic power station, land and buildings and plant and machineries used in the ordinary course of business of the Curtain Wall Construction Business and Renewable Energy Business. Due to liquidity issues faced by the Group, no significant investments had been made in non-current assets during FY2018. The current assets comprised principally trade and bills receivables of RMB3,389.5 million and contract assets of RMB2,119.5 million. As a result of the suspension of the Solar EPC Business, there had been delays in recognition of the revenue from ongoing projects. Consequently, the historical

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costs incurred in the delayed or suspended projects remained as contract assets in the balance sheet of the Group (which were recorded as construction contracts in the balance sheet as at 31 December 2017 under the then applicable accounting standards), which increased significantly by approximately RMB1,143.3 million from approximately RMB976.2 million as at 31 December 2017 to approximately RMB2,119.5 million as at 31 December 2018.

Total liabilities of the Group amounted to approximately RMB7,705.4 million, comprising non-current liabilities of RMB245.1 million and current liabilities of RMB7,460.3 million. The current liabilities mainly comprised interest-bearing bank and other loans of RMB2,956.8 million, the current portion of the outstanding 2018 Notes and the 2019 Notes of approximately RMB2,850.0 million, and trade and bills payables of approximately RMB901.5 million. The increase of approximately RMB3,024.0 million in current liabilities was mainly due to the reclassification of interest-bearing bank and other loans and senior notes from non-current liabilities to current liabilities. As at 31 December 2018, the 2018 Notes were already past due and in default. The 2019 Notes and the Convertible Bonds maturing in February and August 2019 respectively were also in technical default due to the default of the 2018 Notes. Further, among the outstanding principal balance of interest-bearing bank and other loans of approximately RMB2,956.8 million, approximately RMB2,915.8 million were past due and in default or cross-defaulted due to the default of the 2018 Notes.

As at 31 December 2018, the NAV per Share was approximately RMB4.31, calculated by dividing the NAV of approximately RMB3,590.9 million by 834,073,195 Shares in issue as at 31 December 2018.

Gearing ratio of the Group, calculated by dividing interest bearing borrowings (including both current and non-current portions and net of cash and cash equivalents and pledged deposits) by net assets, was approximately 149.1%. The worsening of the gearing ratio was mainly due to decrease in net assets as a result of the net loss of approximately RMB672.2 million incurred during FY2018 and the decrease in cash and cash equivalents and pledged deposits by approximately RMB1,292.7 million, although total borrowings only increased slightly from approximately RMB5,701.4 million as at 31 December 2017 to RMB5,902.8 million as at 31 December 2018.

***(c) Auditors' opinion on the financial statements of FY2018***

We note from the independent auditors' report contained in the 2018 Annual Report that the auditors of the Company were of the opinion that the consolidated financial statements of the Company give a true and fair value of the consolidated financial position of the Group as at 31 December 2018. However, the auditors had noted that the Group had net current liabilities of approximately RMB888.4 million as at 31 December 2018 and incurred a loss of RMB672.2 million for FY2018. These

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conditions, along with other matters as set forth in the 2018 Annual Report, indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

**(d) Financial position of the Group as at 30 June 2019**

Set out below is a summary of the unaudited consolidated financial position of the Group as at 30 June 2019 as disclosed in the 2019 Interim Results Announcement:

	<b>As at 30 June 2019</b> <i>RMB million</i> (unaudited)
<b>Total non-current assets</b>	<b>4,751.4</b>
● Property, plant and equipment	4,400.2
● Investment properties and right-of-use assets	291.2
● Available-for sale investments/equity investments/financial assets at fair value through profit or loss	30.6
● Other non-current assets	29.4
<b>Total current assets</b>	<b>6,279.9</b>
● Construction contracts/contract assets	2,003.5
● Trade and bills receivables	3,023.0
● Pledged deposits	73.4
● Cash and cash equivalents	140.2
● Other current assets	1,039.8
<b>Total assets</b>	<b>11,031.3</b>
<b>Total non-current liabilities</b>	<b>(247.2)</b>
● Other non-current liabilities	(247.2)
<b>Total current liabilities</b>	<b>(7,568.1)</b>
● Trade and bills payables	(900.0)
● Interest-bearing bank and other loans	(3,014.8)
● Convertible bonds	(96.0)
● Senior notes	(2,854.8)
● Other current liabilities	(702.5)
<b>Total liabilities</b>	<b><u>(7,815.3)</u></b>
<b>Net assets</b>	<b>3,216.0</b>
● Non-controlling interest	<u>(103.2)</u>
● NAV	<b><u><u>3,112.8</u></u></b>
Net current liabilities	(1,288.2)
<b>NAV per Share (RMB)</b>	<b><u><u>3.73</u></u></b>

As at 30 June 2019, total assets of the Group amounted to approximately RMB11,031.3 million, comprising non-current assets of approximately RMB4,751.4 million and current assets of approximately RMB6,279.9 million. The Group did not make any significant investments during HY2019 and hence, the decrease in total assets of approximately RMB365.8 million from approximately RMB11,397.1 million as at 31 December 2018 to approximately RMB11,031.3 million as at 30 June 2019 was mainly due to the decrease in contract assets of approximately RMB116.0 million and trade and bills receivable of approximately RMB366.5 million as a result of completion of ongoing projects. Total liabilities of the Group amounted to approximately RMB7,815.3 million, comprising non-current liabilities of approximately RMB247.2 million and current liabilities of approximately RMB7,568.1 million. The increase in total liabilities of approximately RMB109.9 million from approximately RMB7,705.4 million as at 31 December 2018 to approximately RMB7,815.3 million as at 30 June 2019 was mainly due to the interest accrued for the debts of the Company during HY2019. The NAV per Share was approximately RMB3.73, calculated by dividing the NAV of approximately RMB3,112.8 million by 834,073,195 Shares in issue as at 30 June 2019. Gearing ratio of the Group, calculated by dividing interest bearing borrowings (net of cash and cash equivalents) by net assets, was approximately 178.9%.

#### **4. Latest trading and financial position of the Group**

##### ***(a) Financial predicaments of the Group***

As mentioned in the paragraph headed “Renewable Energy Business” under the section headed “Businesses of the Group” above, alongside with the favourable PRC government policies on the photovoltaic industry, the Renewable Energy Business, in particular, the Solar EPC Business and Solar Farm Operation recorded significant growth in the past years. The Group commenced the Solar EPC Business since 2007 and also tapped into the field of Solar Farm Operation since 2013. Substantial investments had been made by the Group since 2013 to expand the Solar EPC Business as well as develop the Solar Farm Operation, and onshore and offshore loans were obtained to finance such investments as well as the ongoing working capital needs of the Renewable Energy Business. Revenue of the Solar EPC Business doubled from approximately RMB1,072.0 million for the year ended 31 December 2012 to RMB2,101.9 million for FY2018, and the Group had built on-grid solar farms over the years to an aggregate capacity of 427.9 MW as at 31 December 2018. As a result of the rapid expansion of the Group’s business, the Group issued several debt securities to refinance its maturing loans and debt securities as well as to fund the capital expenditures of the expanded businesses and became highly geared. As at 31 December 2018, total debts of the Group amounted to approximately RMB5,902.8 million, versus RMB1,206.4 million as at 31 December 2012.

The change in the direction of government policies to tightening the provision of subsidies since mid-2018 has made photovoltaic enterprises including the Group more difficult to obtain financing from banks as banks became more cautious about the profitability of photovoltaic projects. This coupled with the general tightening of the

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lending market in the PRC and Hong Kong during FY2018 had hindered the Group from securing new debt financing to refinance the outstanding balance of the 2018 Notes of US\$155.26 million which fell due in October 2018. As discussed in the paragraph headed “Historical financial results of the Group” under the section headed “Historical financial information of the Group” above, the liquidity problems had also led to suspension of most of the Solar EPC projects as well as the businesses of the sale of conventional materials and renewable energy goods during FY2018. The situation continued to worsen in 2019 and the Group further defaulted in the repayment of the outstanding amount of the 2019 Notes of US\$260 million which fell due on 15 February 2019 and the outstanding principal amount of the Convertible Bonds of RMB60 million which fell due on 8 August 2019. The defaults in payment for the 2018 Notes, the 2019 Notes and the Convertible Bonds (i.e. the Offshore Notes) also resulted in cross-defaults under certain of the Group’s bank facilities, and certain onshore and offshore loans became immediately repayable on demand in accordance with their terms. As at 30 September 2019, the total outstanding amounts of interest bearing debts, of which a substantial portion were in default, were as follows:

	<b>Original currency</b> <i>(in million)</i>	<b>RMB equivalent</b> <i>(in million)</i>
2018 Notes	US\$155.3	RMB1,098.1
2019 Notes	US\$260.0	RMB1,839.0
Convertible Bonds	RMB96.0	RMB96.0
Offshore loans	RMB15.1, US\$12.0 and HK\$301.9	RMB372.4
Onshore loans	RMB2,657.6	RMB2,657.6
<b>Total</b>		<b>RMB6,063.1</b>

***(b) Action taken by the Company***

As mentioned in the letter from the Board contained in the Circular, in anticipation of the difficulties in meeting the payment obligations under the Offshore Notes when they fell due, the Group had since early 2018 been actively exploring different borrowing and equity fund raising opportunities with various parties including the Subscriber, as well as in ongoing discussions with its creditors in connection with a possible restructuring of the amounts due (details of which are further discussed in the paragraph headed “Debt restructuring proposals” below). In



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this connection, the Company had attempted the following equity fund raising activities in the past twelve months immediately before the Latest Practicable Date:

<b>Date of initial announcement</b>	<b>Event</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds</b>
11 October 2018	Proposed issue of HK\$230 million 12% convertible bonds due 2021 which are convertible into new Shares at HK\$3.0 per Share (the “ <b>Proposed CB Issue</b> ”)	Redemption, repayment or repurchase of part of the 2018 Notes	N/A (lapsed)
12 October 2018	Top-up placing of 17,800,000 Shares under general mandate at the price of HK\$2.2 per Share (the “ <b>Top-up Placing</b> ”)	General working capital purpose	N/A (lapsed)

As disclosed in the announcement of the Company dated 10 January 2019, since certain of the conditions precedent outlined in the agreements relating to the Proposed CB Issue were not fulfilled by the deadline specified therein, in particular, the Company had not maintained a cash amount of not less than US\$80.0 million or its equivalent in other currencies in either of the designated accounts in the name of the Company as a term of the agreements, the Proposed CB Issue had been terminated. As further advised by the Management, having considered the Defaults and the termination of the Proposed CB Issue, the Directors were of the view that the fund raising efforts through the Top-up Placing did not reach the intended results and the size of the Top-up Placing was not sufficient to solve the Group’s liquidity problem. In order to focus on the negotiation with the Subscriber and formulating the Debt Restructuring Plan with the Bondholders, which was considered as the best option to rescue the Group, the Company decided not to proceed with the Top-up Placing.

As mentioned in the letter from the Board contained in the Circular, the Directors have also considered other means of equity fund raising such as rights issue, but the Company has not been able to identify any underwriter who is willing to fully underwrite such an issue given the financial predicament of the Group. As a result, no further equity fund raising exercise was conducted or attempted by the Company.

*(c) Debt restructuring proposals*

Other than the attempts to raise new equity capital as mentioned above, the Group had also negotiated with the Bondholders and the lenders of the onshore and offshore loans on the terms of a debt restructuring plan and a holistic recapitalisation of the Group.

As regards the onshore and offshore loans, as mentioned in the 2018 Annual Report and the 2019 Interim Results Announcement, the Group has been negotiating with the relevant banks and lenders to seek for extension of the due dates of the loans. Subsequent to 31 December 2018, the Group entered into extension agreements with eight bank creditors, pursuant to which the due date of bank loans (including part of the onshore loans in default) amounting to approximately RMB864.5 million and RMB689.4 million (the “**Extended Loans**”) as at 30 June 2019 were extended to 17 April 2020 and 21 May 2021 respectively. The extension is subject to certain conditions, including but not limited to the Subscriber becoming guarantor of the Extended Loans within 30 days from Completion. The Company is also in negotiation with relevant banks to seek for extension of the due date of certain defaulted offshore loans. Furthermore, as also mentioned in the 2018 Annual Report and the 2019 Interim Results Announcement, the Group has obtained letters of intent for new banking facilities aggregating to RMB1.5 billion from two banks in the PRC, which shall be available subject to the approval of the consolidated financial statements of the Group at the annual general meeting of the Company, which was held on 3 October 2019.

As regards the Offshore Notes, following the signing of the Subscription Agreement, the Group, in conjunction with the Subscriber, continued to negotiate with the Bondholders on the terms of the Debt Restructuring Plan. As disclosed in the announcements of the Company dated 19 July 2019, 14 August 2019, 30 August 2019 and 4 October 2019 respectively, the Company entered into the RSA with certain Bondholders, and as at the Latest Practicable Date, Bondholders holding approximately 98.5% of the aggregate outstanding principal amount of the Offshore Notes (the “**Consenting Creditors**”) acceded to the RSA and indicated their support for the terms of the Debt Restructuring Plan as set out in the schedule to the RSA. It is expected that the Debt Restructuring Plan will be implemented through inter-conditional and parallel schemes of arrangement in Bermuda and Hong Kong (the “**Schemes**”), together with any ancillary recognition proceedings in the relevant jurisdictions for the purposes of obtaining cross border relief where applicable (together, the “**Restructuring Proceedings**”). As disclosed in the letter from the Board contained in the Circular, certain Bondholders holding an aggregate principal amount of approximately US\$7.69 million (representing approximately 1.79% of the outstanding Offshore Notes by principal value) also held an aggregate of 279,380 Shares (representing approximately 0.03% of the total issued share capital of the Company) as at the Latest Practicable Date. Please refer to the section headed “Special Deal” in the letter from the Board contained in the Circular for more details of the Bondholders who are also Shareholders.

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Pursuant to the terms of the RSA, among other things, the Company undertakes to implement the Debt Restructuring Plan and the Schemes in the manner envisaged by and on the terms and conditions set out in the RSA on or before 31 December 2019. Based on the RSA, the Consenting Creditors who accede to the RSA will, subject to the terms of the RSA, receive the Consent Fees in an aggregate cash amount of US\$8.6 million, of which approximately US\$0.89 million will be payable to the Bondholders who are also Shareholders, on the effective date of the Debt Restructuring Plan, provided that the Consenting Creditors have, amongst other things, voted in favour of each of the Schemes at the applicable scheme meeting. Further, the Bondholders shall receive the Cash Consideration of US\$41.4 million and new notes in an aggregate principal amount equals to the outstanding amount of the Offshore Notes less US\$50 million (the “New Notes”). All the Offshore Notes shall be cancelled and all guarantees in connection with the Offshore Notes shall be released. 40% of the principal amount of the New Notes shall be matured in 2.5 years from the date on which the New Notes are issued, and the balance of 60% shall be redeemed at 3 years from the issue date. The New Notes will be guaranteed by all offshore restricted subsidiaries of the Group with a net asset value or capital of RMB25 million or above and shall carry cash interest at 2.0% per annum and pay-in-kind interest of 4.0% per annum. The payment of the Consent Fees and the Cash Consideration is expected to be funded by the proceeds from the Subscription.

We note that the aggregate interest rate of the New Notes of 6% per annum is lower than those of the 2018 Notes and the 2019 Notes of 6.75% per annum and 7.95% per annum respectively. Although the interest rate of the New Notes is higher than the interest rate of the Convertible Bonds of 5% per annum, there is no conversion rights attached to the New Notes. Having taken these into account and the fact that (i) there is no other unfavourable terms attached to the New Notes as compared to the existing terms of the Offshore Notes; and (ii) the New Notes effectively extend the maturity date of a significant portion of the Offshore Notes, we consider the Debt Restructuring Plan relieves the Group’s financial pressure as regards the Defaults and is in the interest of the Company and the Shareholders as a whole.

It should be noted that the successful implementation of the Debt Restructuring Plan on terms approved by the Subscriber is a Condition precedent for completion of the Subscription, and the Restructuring Proceedings are expected to occur concurrent to, and are also inter-conditional with the progress and completion of the Subscription. Accordingly, if the Debt Restructuring Plan cannot be implemented, the Subscription will not proceed unless the Subscriber agrees to waive such Condition, and vice versa.

### **5. Reasons for the Subscription and use of proceeds**

Given the financial difficulties faced by the Group as described in the section headed “Latest trading and financial position of the Group” above, the Group is in need of urgent fresh capital to resolve the Defaults and improve its financial and liquidity position. The Group had previously made several attempts to seek for new capital through equity fund raising exercises but none of them succeeded. The Group has successfully negotiated with its

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bank creditors for extension of the due dates of its onshore and offshore bank borrowings as well as obtained new banking facilities. Nevertheless, the new facilities would not be sufficient to settle the outstanding Offshore Notes.

We understand from the Management that the negotiations with the Subscriber on the Subscription took place in parallel with the negotiations with the Bondholders on the Debt Restructuring Plan. Given the strong financial background of Shuifa Group Co., Ltd. (水發集團有限公司) (“**Shuifa Group**”) (of which the Subscriber is a member) and its industry experience in the renewable energy sector, the Subscriber is preferred over other financial investors that the Company may be able to secure under the Top-up Placing or the Proposed CB Issue. The Management also believes that the introduction of Shuifa Group as the controlling Shareholder would enhance the confidence of the Bondholders and improve the chance of successfully implementing the Debt Restructuring Plan. The Subscription, if proceeds to Completion, will enable the Group to recapitalise and provide the required funding to make payments to the Bondholders under the Debt Restructuring Plan. The proceeds from the Subscription, coupled with other measures taken or to be taken by the Company including but not limited to the Debt Restructuring Plan, negotiations for extension of bank loans, implementation of cost control measures, obtaining new financings and negotiations with customers for settlement of long-aged trade receivables, will also help to normalise the working capital position of the Group for its ongoing operations, and enable the Group to resume and continue with the existing projects on hand and possibly bid for new projects. The suspended business of sale of conventional materials and sale of renewable energy goods will also be resumed.

As disclosed in the letter from the Board contained in the Circular, the net proceeds from the Subscription, after taking into account the estimated expenses in relation thereto, are estimated to be approximately HK\$1,550.0 million, and are intended to be used (i) as to approximately HK\$550.0 million for restructuring of existing debts of the Group including the payment of Consent Fees and the Cash Consideration; (ii) as to approximately HK\$85.0 million for payment of fees and expenses to professional parties related to the Debt Restructuring Plan and the overall restructuring exercise; (iii) as to approximately HK\$500.0 million for financing the Group’s existing Solar EPC Business and/or Curtain Wall Construction Business; (iv) as to approximately HK\$300.0 million for exploring potential merger and acquisition opportunity, with focus on new energy business. Nevertheless, as at the Latest Practicable Date, the Group has not identified any specific target nor has it entered into any definitive agreement for merger and acquisition; and (v) as to approximately HK\$115.0 million for providing general working capital and normalised funding level for the Group’s ongoing operations.

In light of the fact that the Subscription and the Debt Restructuring Plan will be implemented in conjunction and inter-conditional with each other, we are of the view that the Subscription is the only available option that could resolve the imminent financial troubles faced by the Group, i.e. the Defaults. Further, with the industry background of Shuifa Group and the intention of the Subscriber to maintain the principal business of the Group as mentioned below, the Subscription is expected to bring not only the necessary financial resources but also the industry expertise and synergy to revive the existing

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business of the Group which is facing a hard time due to liquidity issues. The Directors are of the view, with which we concur, that the Subscription is in the interest of the Company and the Shareholders.

### 6. Information on the Subscriber

The Subscriber is a company established in Hong Kong and is principally engaged in investment holding. The Subscriber is an indirect wholly-owned subsidiary of Shuifa Group, which is principally engaged in the operation of water projects and environment management, modern agriculture, cultural tourism and renewable energy business segments in the PRC and is a state-owned enterprise under the control of 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). According to information published by Shuifa Group in its official website, Shuifa Group operates in more than 20 provinces and cities in the PRC such as Jilin, Heilongjiang, Sichuan, Fujian, Guangxi, Guizhou, Yunnan, Liaoning, Tianjin, Inner Mongolia, Xinjiang, Anhui, Hebei, Jiangxi and Gansu and had more than 470 operating subsidiaries. Recently, Shuifa Group has also expanded its operations to foreign markets such as Nepal, Bangladesh and Myanmar. During the year ended 31 December 2018, it recorded revenue of approximately RMB11.1 billion. As at 30 June 2019, the total assets of Shuifa Group was approximately RMB84.7 billion.

The Directors were informed by the Subscriber that, upon obtaining control of the Company, the Subscriber intends that the existing principal activities of the Group will be maintained, and after Completion, the Subscriber may further review the business and operations of the Group with a view to further developing its business.

### 7. Principal terms of the Subscription Agreement

Set out below is a summary of the principal terms of the Subscription Agreement, further details of which are set out in the letter from the Board contained in the Circular.

#### *(a) Subscription Shares*

Pursuant to the Subscription Agreement, the Company has conditionally agreed to allot and issue to the Subscriber, and the Subscriber has conditionally agreed to subscribe for, at Completion, 1,687,008,585 Subscription Shares, representing approximately (i) 202.26% of the existing issued share capital of the Company; (ii) approximately 66.92% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares; and (iii) approximately 66.15% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares and new Shares upon full exercise of the subscription rights attaching to the Share Options which were vested as at the Latest Practicable Date and conversion rights attaching to the Convertible Bonds. The Subscription Shares shall, when allotted and issued, rank *pari passu* with all the Shares then in issue.

***(b) The Subscription Price***

The Subscription Price of HK\$0.92 per Subscription Share was arrived at after arm's length negotiations between the Company and the Subscriber, where the Company has taken into consideration, among others, the following factors:

- the current adverse financial position of the Group, in particular, the Company is in default of its payment obligations under the Offshore Notes as well as certain onshore and offshore loans, with aggregate amount equivalent to approximately RMB5.9 billion;
- the market price of the Shares prior to the suspension of trading on 1 April 2019 and the prevailing market and economic conditions and the circumstances of the Company; and
- the amount of funds to be raised under the Subscription will improve the financial position and liquidity of the Group and enable it to carry on its operations.

Our analysis on the Subscription Price is set out further in the section headed "Evaluation of the Subscription Price" below.

***(c) Conditions of the Subscription***

Completion is conditional upon the satisfaction (or waiver by the Subscriber) of the Conditions, amongst which the following Conditions are not waivable:

- the Subscriber having obtained all necessary consents and authorisations for the execution and completion of the transactions under the Subscription Agreement from all the relevant government or regulatory authorities (including the governmental authorities for the supervision and management of state-owned assets, foreign exchange controls and anti-trust, the relevant department of commerce and the relevant commission for development and reform), and such consents and authorisations remain fully effective under any relevant law and regulation of any jurisdiction;
- the obtaining of all necessary approval(s) by the Shareholders at the SGM as required by the Listing Rules and/or the Takeovers Code, the articles of associations of the Company or applicable laws to approve the transactions under the Subscription Agreement, including the Subscription, the Whitewash Waiver and the Authorised Share Capital Increase;
- the Executive granting the Whitewash Waiver to the Subscriber;
- the Executive having issued a written confirmation to the Subscriber that the Subscriber shall not be required to extend a general offer in respect of all the shares of Singyes NM; and

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- the Listing Committee having granted the approval for the listing of and permission to deal in the Subscription Shares, and such approval not having been revoked or withdrawn prior to the allotment and issue of the Subscription Shares.

Completion is also conditional on, among other things, the Subscriber having, in its absolute discretion, approved and agreed with the Debt Restructuring Plan, and such Debt Restructuring Plan having been completed or become effective on or before Completion.

***(d) Undertakings by the Major Shareholders***

The Major Shareholders have undertaken with and guaranteed to the Subscriber that unless with the prior written consent of the Subscriber, from the date of the Subscription Agreement to three years from the Completion Date:

- Strong Eagle shall maintain its shareholding in the Company to be not less than 203,802,750 Shares at all times, and shall not transfer or sell any Shares held by it, nor create any encumbrance on any such Shares, and shall not enter into any agreement to transfer or sell any such Shares or create any encumbrance on any such Shares; and
- the Major Shareholders shall not transfer or sell any shares of Strong Eagle held by them, nor create any encumbrance on any shares of Strong Eagle; and shall not enter into any agreement proposing to transfer or sell any shares of Strong Eagle or create any encumbrance on any shares of Strong Eagle.

### **8. Evaluation of the Subscription Price**

***(a) Comparison of the Subscription Price***

The Subscription Price of HK\$0.92 per Subscription Share represents:

- (i) a discount of approximately 7.07% to the closing price of HK\$0.99 per Share as quoted on the Stock Exchange on 29 March 2019, being the Last Trading Day;
- (ii) a discount of approximately 6.50% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day of approximately HK\$0.984 per Share;
- (iii) a discount of approximately 4.27% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day of approximately HK\$0.961 per Share;

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- (iv) a premium of approximately 1.66% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 30 trading days up to and including the Last Trading Day of approximately HK\$0.905 per Share;
- (v) a discount of approximately 46.20% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 90 trading days up to and including the Last Trading Day of approximately HK\$1.710 per Share;
- (vi) a premium of approximately 29.58% over the closing price of HK\$0.710 per Share as quoted on the Stock Exchange on 11 October 2019, being the Latest Practicable Date;
- (vii) a premium of approximately 20.42% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last five trading days up to and including the Latest Practicable Date of approximately HK\$0.764 per Share;
- (viii) a premium of approximately 29.40% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last ten trading days up to and including the Latest Practicable Date of approximately HK\$0.711 per Share;
- (ix) a premium of approximately 10.05% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 30 trading days up to and including the Latest Practicable Date of approximately HK\$0.836 per Share;
- (x) a discount of approximately 39.11% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 90 trading days up to and including the Latest Practicable Date of approximately HK\$1.511 per Shares;
- (xi) a discount of approximately 81.26% to the NAV per Share as at 31 December 2018 of approximately RMB4.31 (equivalent to approximately HK\$4.91) (calculated by dividing the NAV as at 31 December 2018 as shown in the 2018 Annual Report of approximately RMB3,590.9 million by 834,073,195 Shares in issue as at 31 December 2018); and
- (xii) a discount of approximately 78.35% to the NAV per Share as at 30 June 2019 of approximately RMB3.73 (equivalent to approximately HK\$4.25) (calculated by dividing the NAV as at 30 June 2019 as shown in the 2019 Interim Results Announcement of approximately RMB3,112.8 million by 834,073,195 Shares in issue as at 30 June 2019).



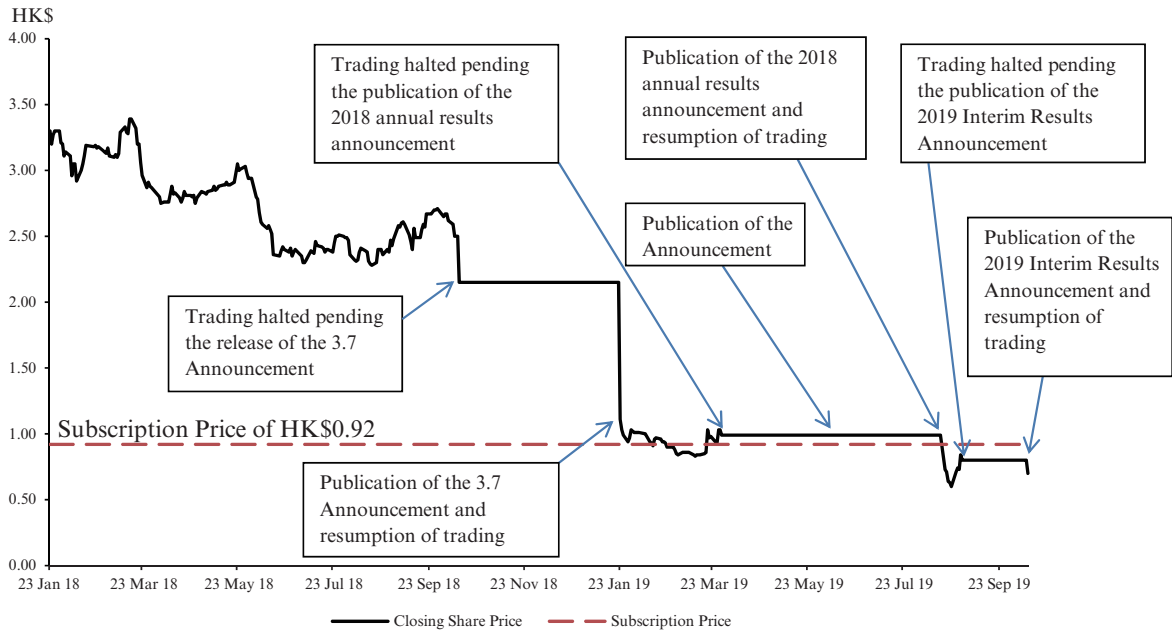
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### *(b) Review of historical Share price performance*

The following chart depicts the daily closing price of the Shares as quoted on the Stock Exchange for the period from 23 January 2018, being the date falling one year prior to the 3.7 Announcement, up to and including the Latest Practicable Date (the “Review Period”):



Source: Bloomberg

As illustrated in the chart above, the closing Share price ranged from HK\$0.60 to HK\$3.39 per Share during the Review Period, with an average closing price of approximately HK\$2.29 per Share. The Subscription Price of HK\$0.92 per Subscription Share lies towards the lower end of the range of historical closing Share price in the Review Period. It represents a premium of approximately 53.3% over the lowest closing Share price, a discount of approximately 72.9% to the highest closing Share price and a discount of approximately 59.8% to the average closing Share price during the Review Period.

During the period between 23 January 2018 and 12 October 2018, the closing price of the Shares fluctuated between HK\$2.15 per Share and HK\$3.39 per Share. The Share price reached its highest of HK\$3.39 per Share during the Review Period on 15 March 2018 and 16 March 2018 and dropped by approximately 26.3% to HK\$2.5 per Share on 9 October 2018 before trading of the Shares was halted on 10 October 2018 pending the release of an announcement in relation to the Top-up Placing and the Proposed CB Issue. Trading of Shares resumed on 12 October 2018 and Share price dropped by about 14.0% to HK\$2.15 per Share, which was slightly above the placing price of HK\$2.12 per Share for the Top-up Placing. Trading of the Shares was halted again on 15 October 2018, pending the publication of the 3.7 Announcement. On 18 October 2018, the Company published an announcement about the Defaults.

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Subsequently on 10 January 2019, the Company published an announcement in relation to the lapse of the Top-up Placing and the Proposed CB Issue and provided updates on the status of the Defaults. On 22 January 2019, the Company published the 3.7 Announcement and the Shares resumed trading on the following day. Share price dropped significantly and closed at HK\$1.11 per Share on 23 January 2019, representing a decrease of approximately 48.4% from the previous closing price of HK\$2.15 per Share on 12 October 2018. We believe such drop was in response to the adverse financial situation of the Group in connection with the Defaults. Share price further dropped to HK\$0.83 per Share on 12 March 2019, which was the lowest closing Share price during the Review Period before suspension of trading of the Shares pending the release of the 2018 annual results announcement. Since then and until 29 March 2019, the closing price of the Shares had been fluctuated within a narrow range of HK\$0.83 per Share to HK\$1.11 per Share.

On 1 April 2019, trading of the Shares was suspended under the requirement of Rule 13.50 of the Listing Rules as a result of the delay in publication of the 2018 annual results announcement. On 5 June 2019, the Company published the Announcement regarding, among other things, the Subscription. On 16 August 2019, the Company published the 2018 annual results announcement. Trading of the Shares resumed on 19 August 2019 and closed at HK\$0.73 per Share. Trading of the Shares was suspended again on 2 September 2019 due to the delay in publication of the 2019 Interim Results Announcement until 10 October 2019. The Share price closed at HK\$0.71 as at 11 October 2019, being the Latest Practicable Date, representing a decrease of 2.7% from the closing price on 19 August 2019, which was the date immediately after the day of the publication of the 2018 annual results announcement, and a decrease of approximately 11.3% from the closing price on 30 August 2019 (being the last trading day before the release of the 2019 Interim Results Announcement).

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*(c) Review of the trading liquidity of the Shares*

The table below sets out the total trading volume and the average daily trading volume of the Shares and the percentage of the average daily trading volume to the total number of issued Shares for each month during the Review Period:

<b>Month</b>	<b>Total trading volume (Shares) (Note 1)</b>	<b>Number of trading days (days)</b>	<b>Average daily trading volume (Shares) (Note 2)</b>	<b>Percentage of the average daily trading volume over total number of issued Shares % (Note 3)</b>
<b>2018</b>				
January	26,028,447	7	3,718,350	0.45%
February	29,350,979	18	1,630,610	0.20%
March	59,305,996	21	2,824,095	0.34%
April	29,211,642	19	1,537,455	0.18%
May	38,056,414	21	1,812,210	0.22%
June	52,080,178	20	2,604,009	0.31%
July	29,952,064	21	1,426,289	0.17%
August	19,054,226	23	828,445	0.10%
September	36,753,340	19	1,934,386	0.23%
October	36,850,198	7	5,264,314	0.63%
November	—	—	—	—
December	—	—	—	—
<b>2019</b>				
January	1,042,449,550	7	148,921,364	17.85%
February	164,738,706	17	9,690,512	1.16%
March	144,018,713	21	6,858,034	0.82%
April	—	—	—	—
May	—	—	—	—
June	—	—	—	—
July	—	—	—	—
August	140,380,100	10	14,038,010	1.68%
September	—	—	—	—
October (up to and including the Latest Practicable Date)	8,240,087	1	8,240,087	0.99%

*Notes:*

1. Source: Bloomberg
2. Average daily trading volume is calculated by dividing the total trading volume for the month/period by the number of trading days in the respective month/period
3. For illustrative purpose only, based on total number of Shares in issue at the end of each month/period

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As illustrated in the above table, the average daily trading volume of the Shares during the period from 23 January 2018 to 14 October 2018 ranged from approximately 0.8 million Shares to approximately 5.3 million Shares, representing approximately 0.10% to 0.63% of the total number of Shares in issue as at the end of the relevant month/period.

Trading of Shares was halted from 15 October 2018 to 22 January 2019 pending the release of the 3.7 Announcement, therefore there were only seven trading days in October and no trading during November and December 2018. Following resumption of trading on 23 January 2019, the average daily trading volume of the Shares during the seven trading days from 23 January 2019 to 31 January 2019 was approximately 148.9 million Shares, representing approximately 17.85% of the total number of Shares in issue as at the end of the month. We are advised by the Management that the exceptionally higher trading volume was partly related to the receipt of margin call by Strong Eagle which was then forced to sell 103,181,000 Shares. Excluding the sale by Strong Eagle, the remaining trading volume might have been prompted by the release of the announcement of the Defaults and the 3.7 Announcement after two months of trading suspension, resulting in panic selling of Shares by public Shareholders or bargain hunting by investors who are positive about the prospects of introducing the Subscriber as controlling Shareholder. The average daily trading volume of the Shares during the months of February, March, August and October 2019 was approximately 9.7 million Shares, 6.9 million Shares, 14.0 million Shares and 8.2 million Shares, representing approximately 1.16%, 0.82%, 1.68% and 0.99% of the total number of Shares in issue as at the end of the relevant month.

Save for the period shortly following the publication of the 3.7 Announcement, trading of the Shares was generally thin during the Review Period. The low liquidity of the Shares may imply the lack of interest from potential investors to invest in the Shares, and the exceptional high trading volume in January 2019 may not be persistent.

### *(d) Comparable companies analysis*

As disclosed in the section headed “Businesses of the Group” above, the revenue of the Group was generated by two major businesses, being the Solar EPC Business and the Curtain Wall Construction Business. During each of FY2016, FY2017 and FY2018, approximately 42.5%, 45.6% and 47.6% of the Group’s total revenue was contributed by the Solar EPC Business and approximately 31.0%, 29.5% and 34.0% of the total revenue of the Group was contributed by the Curtain Wall Construction Business.

For the purpose of our analysis of the Subscription Price, we have attempted to identify companies listed on the Stock Exchange which engage in businesses similar to and having similar income mix as the Group, i.e. comprising both the Solar EPC Business and the Curtain Wall Construction Business. However, we have not been able to identify any such listed company. As the Solar EPC Business is the largest revenue contributor of the Group, we have therefore attempted to identify companies listed on the Stock Exchange which recorded over 50% of their total revenue from the provision

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of Solar EPC services in the PRC in the latest financial year based on disclosures contained in their respective latest published annual reports. Based on the above criteria, we have identified one company, namely Tonking New Energy Group Holdings Limited (stock code: 8326). As we considered the sample size to be insufficient for our analysis, we have therefore extended our search and looked into companies which are involved in the provision of Solar EPC services but could not fulfill our criteria of recording over 50% of their total revenue from provision of Solar EPC services. We noted that most of these companies which have certain involvements in the provision of Solar EPC service in the PRC are also involved in the sale of solar goods. As sale of renewable energy goods is also one of the business segments of the Group, which, though suspended due to the financial difficulties of the Group, is expected to be resumed following Completion, we therefore considered to include listed companies which recorded over 60% of their revenue from the provision of Solar EPC services as well as the sale of solar products or materials in the PRC in the most recent financial year as disclosed in their respective latest published annual reports in order to provide further reference for the purpose of our analysis. Based on the aforesaid criteria, we have identified five additional companies, namely Comtec Solar Systems Group Limited (stock code: 712), Solargiga Energy Holdings Limited (stock code: 757), Xinyi Solar Holdings Limited (stock code: 968), Shunfeng International Clean Energy Limited (stock code: 1165) and GCL-Poly Energy Holdings Limited (stock code: 3800) (altogether, the “**Reference Companies**”). On the other hand, we have identified three companies listed on the Stock Exchange which are engaged in curtain wall related business. However, as the curtain wall businesses of such companies are not substantially conducted in the PRC and the Curtain Wall Construction Business only accounted for approximately 30% of the total revenue of the Group, we therefore considered it not appropriate to include these as comparable companies for the purpose of our analysis.

Whilst we acknowledge that the businesses of the Reference Companies may not be identical to the Group as none of them is engaged in the Curtain Wall Construction Business which is one of the major revenue contributors of the Group, given that the Reference Companies are principally engaged in the photovoltaic and solar related businesses and are subject to similar industry risks as the Group, we consider the Reference Companies may provide us with some reference for our analysis of the Subscription Price. We consider the list of Reference Companies is an exhaustive list based on the selection criteria as explained above.

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Set out below are the details of the historical price-to-earnings ratio (“**PE Multiple**”) and the price-to-book ratio (“**PB Multiple**”) of the Reference Companies, computed based on the closing share prices of the Reference Companies as at the date of the Subscription Agreement and their published audited financial information for the most recent financial year as disclosed in their respective latest annual reports:

Company name	Principal business	Closing share price as at the date of the Subscription Agreement <i>(Note 1)</i>	Earnings per share	Book value per share	PE Multiple <i>(times)</i>	PB Multiple <i>(times)</i>
Tonking New Energy Group Holdings Limited (8326)	Provides one-stop value added solutions for photovoltaic power stations (such as Solar EPC services, maintenance and support, and operation) and sale of patented photovoltaic tracking mounting bracket systems	HK\$0.199	HK\$0.04	HK\$0.28	5.49	0.71
Comtec Solar Systems Group Limited (712)	Designs, develops, and manufactures solar grade silicon ingots and wafers such as pseudo square bricks, slurry wafers, and polysilicon products	HK\$0.07	loss	RMB0.03 <i>(Note 4)</i>	N/A	2.26
Solargiga Energy Holdings Limited (757)	Manufactures and processes monocrystalline, multicrystalline silicon solar ingots, and wafers	HK\$0.12	loss	RMB0.25 <i>(Note 4)</i>	N/A	0.41
Xinyi Solar Holdings Limited (968)	Manufactures renewable energy products and offers various types of solar glass and other related items	HK\$4.31	HK\$0.25	HK\$1.50	17.28	2.88
Shunfeng International Clean Energy Limited (1165)	Develops, operates and maintains solar power plants, manufactures and sells solar cells, solar modules, solar wafers and related solar products	HK\$0.285	loss	RMB0.73 <i>(Note 4)</i>	N/A	0.34
GCL-Poly Energy Holdings Limited (3800)	Produces solar grade polysilicon and operates cogeneration plants	HK\$0.52	loss	HK\$1.35	N/A	0.38
The Company		HK\$0.92 <i>(Note 2)</i>	loss	RMB4.31 <i>(Note 4)</i>	N/A	0.19 <i>(Note 3)</i>

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*Notes:*

1. Source: Website of the Stock Exchange
2. Being the Subscription Price
3. Being the PB Multiple as implied by dividing the Subscription Price by the NAV as at 31 December 2018 per Share
4. For the purpose of this analysis, amounts denominated in RMB have been translated into HK\$ at an exchange rate of RMB1:HK\$1.142

As the Company recorded a loss attributable to the owners of the Company for FY2018, it is not possible to compute the PE Multiple implied by the Subscription Price. We note that four out of the six Reference Companies were loss making in their latest financial year. This may be an indication of the overall unfavourable market conditions for the photovoltaic and related solar energy product industry.

The PB Multiples of the Reference Companies ranged from approximately 0.34 times to approximately 2.88 times, with a mean of 1.16 times and median of approximately 0.56 times. The PB Multiple implied by the Subscription Price of approximately 0.19 times is lower than those of the Reference Companies. We consider the lower PB Multiple implied by the Subscription Price as compared to those of the Reference Companies may possibly due to the differences in the principal business and revenue mix between the Company and the Reference Companies as explained above. In addition, as mentioned in the paragraphs headed “Latest trading and financial position of the Group” and “Reasons for the Subscription and use of proceeds” above, the Group is in serious financial predicaments as a result of the Defaults. The Group’s business operation was seriously affected and many projects were delayed or suspended, causing a significant drop in revenue and substantial losses during FY2018 and HY2019. The Subscription is the only available option that could resolve the imminent financial troubles faced by the Group. As shown in the paragraph headed “Review of historical Share price performance” above, the trading price of the Shares dropped significantly after the Company announced the Defaults. We are of the view that it is unreasonable to expect that any arm’s length investor would be willing to invest in a company in financial trouble at the same valuation as a financially healthy company. Accordingly, we consider the lower PB Multiple implied by the Subscription Price as compared to those of the Reference Companies, none of which had made any disclosures in their latest annual reports or any subsequent announcements that they were experiencing adverse trading or financial conditions, to be reasonable.

*(e) Comparable issues analysis*

We have also attempted to compare the terms of the Subscription with equity fund raising exercises conducted by other listed issuers (the “**Comparable Issues**”). For this purpose, we consider relevant to identify equity fund raising exercises involving (i) issue of new shares by listed companies for cash resulting in a change in control of the listed issuer; and (ii) listed companies experiencing similar financial difficulties as the Group due to the Defaults. We have excluded those transactions involving issue of

consideration shares for acquisition of assets, issues involving convertible securities, issues which have subsequently been terminated or lapsed, and open offers or rights issues of new shares, as we believe different pricing considerations would have been applied to these types of issues which are dissimilar to the circumstances of the Subscription. Based on the aforesaid criteria, we had not been able to identify any Comparable Issues announced by companies listed on the Stock Exchange within two years immediately before the Latest Practicable Date.

We are also of the view that it is not appropriate to apply less stringent criteria to search for Comparable Issues. The Group is experiencing financial predicament and therefore is in urgent needs of new funding to solve its liquidity problems and resume operation to its original level. Therefore, it not appropriate to compare the terms of equity fund raising exercises of financially healthy companies, which have more bargaining power to negotiate better terms with potential investors, with the Subscription.

## **9. Financial effects of the Subscription**

### ***(a) Working capital***

According to the 2019 Interim Results Announcement, as at 30 June 2019, the cash and bank balances of the Group amounted to approximately RMB140.2 million. Upon Completion, it is expected that the net proceeds of approximately HK\$1,550.0 million from the Subscription will enhance the cash position and therefore the working capital of the Group. The Subscription, coupled with other measures taken or to be taken by the Company including but not limited to the Debt Restructuring Plan, negotiations for extension of bank loans, implementation of cost control measures, obtaining new financings and negotiations with customers for settlement of long-aged trade receivables, is expected to restore the liquidity position of the Group.

### ***(b) NAV***

According to the 2019 Interim Results Announcement, the NAV was approximately RMB3,112.8 million as at 30 June 2019. Upon Completion, it is expected that the NAV will be increased by the amount of net proceeds from the Subscription of approximately HK\$1,550.0 million (equivalent to approximately RMB1,359.6 million assuming the exchange rate is RMB1 to HK\$1.14) and the Subscription is expected to have a positive effect on the NAV. On a per Share basis, given that the Subscription Price is lower than the NAV per Share as at 30 June 2019 of approximately RMB3.73 per Share, the NAV per Share is expected to decrease upon Completion.

Upon Completion, we note that the expected NAV would be approximately RMB4,472.4 million (being the sum of the NAV as at 30 June 2019 of approximately RMB3,112.8 million and the net proceeds from the Subscription of approximately RMB1,359.6 million) and the number of issued Shares as at Completion would be 2,521,081,780 Shares (being the sum of the number of issued Shares as at the Latest Practicable Date of 834,073,195 Shares and the number of Subscription Shares of



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1,687,008,585 Shares). Hence, upon Completion, the NAV per Share would decrease from approximately RMB3.73 per Share to approximately RMB1.77 per Share, representing a decrease of approximately 52.4%.

### (c) Gearing ratio

As at 30 June 2019, the Group's gearing ratio was approximately 178.9%. Upon Completion, the Group's net assets are expected to be increased by the amount of net proceeds from the Subscription and therefore the gearing ratio and capital structure of the Group are expected to improve.

## 10. Effects of the Subscription on shareholdings in the Company

The following table illustrates the shareholding structure of the Company under different scenarios: (i) as at the Latest Practicable Date; (ii) immediately upon Completion assuming no change in the issued share capital of the Company other than the issuance of the Subscription Shares; (iii) immediately upon Completion assuming no change in the issued share capital of the Company other than the full exercise of all the outstanding Share Options; (iv) immediately upon Completion assuming no change in the issued share capital of the Company other than the full exercise of the outstanding conversion rights under the Convertible Bonds; and (v) immediately upon Completion assuming all the outstanding Share Options and conversion rights under the Convertible Bonds had been exercised:

Name of Shareholder	Scenario (i)		Scenario (ii)		Scenario (iii)		Scenario (iv)		Scenario (v)	
	No. of Shares	Approx. %	No. of Shares	Approx. %	No. of Shares	Approx. %	No. of Shares	Approx. %	No. of Shares	Approx. %
The Subscriber	—	—	1,687,008,585	66.92	1,687,008,585	66.35	1,687,008,585	66.71	1,687,008,585	66.15
Strong Eagle (Note)	203,802,750	24.43	203,802,750	8.08	203,802,750	8.02	203,802,750	8.06	203,802,750	7.99
<b>Directors</b>										
• Dr. Li Hong	220,000	0.03	220,000	0.01	220,000	0.01	220,000	0.01	220,000	0.01
• Mr. Xiong Shi	185,000	0.02	185,000	0.01	185,000	0.01	185,000	0.01	185,000	0.01
• Mr. Zhuo Jianming	570,000	0.07	570,000	0.02	570,000	0.02	570,000	0.02	570,000	0.02
<b>Other Shareholders</b>	<u>629,295,445</u>	<u>75.45</u>	<u>629,295,445</u>	<u>24.96</u>	<u>650,553,376</u>	<u>25.59</u>	<u>637,147,959</u>	<u>25.19</u>	<u>658,405,890</u>	<u>25.82</u>
<b>Total</b>	<u><b>834,073,195</b></u>	<u><b>100.00</b></u>	<u><b>2,521,081,780</b></u>	<u><b>100.00</b></u>	<u><b>2,542,339,711</b></u>	<u><b>100.00</b></u>	<u><b>2,528,934,294</b></u>	<u><b>100.00</b></u>	<u><b>2,550,192,225</b></u>	<u><b>100.00</b></u>

*Note:* Strong Eagle is the beneficial owner of 203,802,750 Shares and 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%, 14%, 9% and 9% respectively. Mr. Liu Hongwei, Mr. Xie Wen and Mr. Xiong Shi are also interested in 1,379,120 Share Options, 1,379,120 Share Options and 40,175 Share Options respectively, all of which were not vested as at the Latest Practicable Date.

As shown in the table above, the existing public Shareholders' shareholdings will be significantly diluted from approximately 75.45% as at the Latest Practicable Date to approximately 24.96% upon Completion.

As mentioned above, the Company had attempted several equity fund raising exercises for the purpose of improving the liquidity position of the Group but these exercises had lapsed in the end. In light of the financial predicament and impact of the Defaults, we concur with the view of the Directors that the Subscription is the only viable plan available

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to help the Group to improve its liquidity position and put the Group in a better position to negotiate with the creditors to devise the Debt Restructuring Plan, and is in the interests of the Company and the Shareholders as a whole. Accordingly, the dilution in shareholding interest in the Company to the Independent Shareholders as a result of the Subscription, though substantial, is justifiable.

### **11. The Whitewash Waiver**

Immediately after Completion, assuming there is no other change in the issued share capital of the Company, the Subscriber and parties acting in concert with it will be interested in 1,687,008,585 Shares, representing approximately 66.92% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. Pursuant to Rule 26.1 of the Takeovers Code, the Subscriber would be obliged to make mandatory general offers for all the issued Shares and other relevant securities of the Company not already owned or agreed to be acquired by the Subscriber and parties acting in concert with it, unless the Whitewash Waiver is obtained from the Executive. In this regard, the Subscriber has made an application to the Executive for the Whitewash Waiver which, if granted, will be subject to, among other things, approval by 75% of the votes cast by way of poll by Independent Shareholders at the EGM.

Shareholders should note that the Subscription is subject to the fulfilment or waiver (as the case may be) of the Conditions, including the granting by the Executive of the Whitewash Waiver and the approval by the Independent Shareholders at the EGM for the Whitewash Waiver, which Conditions are not capable of being waived. If the Whitewash Waiver is not granted by the Executive or not approved by the Independent Shareholders, the Subscription will not proceed, and the benefits of the Subscription as discussed above, including providing financing to implement the Debt Restructuring Plan and to restore the Group to normal operations, will not be accrued.

### **12. The Special Deal**

As mentioned in the paragraph headed “Debt restructuring proposals” in the section headed “Latest trading and financial position of the Group” above, the Company entered into the RSA with certain Bondholders in relation to the Debt Restructuring Plan. Certain Bondholders holding an aggregate principal amount of approximately US\$7.69 million (representing approximately 1.79% of the outstanding principal value of the Offshore Notes) also held an aggregate of 279,380 Shares (representing approximately 0.03% of the total issued share capital of the Company) as at the Latest Practicable Date. Accordingly, the payment of the Consent Fees and the Cash Consideration under the RSA to the Bondholders if the Debt Restructuring Plan is implemented constitutes a special deal under the Takeovers Code which is subject to the approval of the Executive and the Independent Shareholders. Please refer to the section headed “Special Deal” in the letter from the Board contained in the Circular for more details of the Bondholders who are also Shareholders.

Taking into account (i) the background and reasons for the Debt Restructuring Plan as described in the letter from the Board contained in the Circular and in the paragraph headed “Debt restructuring proposals” in the section headed “Latest trading and financial position of the Group” above; (ii) the payment terms for the Consent Fees and the Cash

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Consideration under the RSA offered to the Bondholders who are also Shareholders are identical to those offered to other Bondholders who are not Shareholders; (iii) the Debt Restructuring Plan is expected to be implemented along with the Subscription and that the successful implementation of the Debt Restructuring Plan on terms approved by the Subscriber is a Condition precedent for completion of the Subscription. If the Debt Restructuring Plan is not successfully implemented, the financial difficulties of the Group including the Defaults cannot be resolved; and (iv) those Bondholders who are also Shareholders will be required to abstain from voting on the resolution approving the Special Deal, we are of the view that the terms of the Special Deal are fair and reasonable so far as the Independent Shareholders are concerned.

### CONCLUSION

In formulating our advice on the Subscription, the Whitewash Waiver and the Special Deal, we have taken into account the following principal factors and reasons:

- (a) the Defaults had adversely affected the business operations of the Group, causing delays or suspensions of many of the on-going projects and incapacitating the Group from taking up new projects. There is an imminent need for the Group to secure new capital in order to restore its financial health;
- (b) the Group had attempted but failed to complete equity fund raising activities through the Proposed CB Issue and the Top-up Placing. Other form of equity financing through rights issue or open offer is also not feasible in light of the Group's financial predicament, and new banking facilities successfully secured by the Group are not sufficient to fully settle the Offshore Notes;
- (c) the Subscription will be implemented in parallel with the Debt Restructuring Plan and would provide funding to make payments to the Bondholders under the Debt Restructuring Plan. If the Subscription does not proceed, the Debt Restructuring Plan will not be implemented. The Subscription is the only available option to resolve the Defaults;
- (d) other than making payments to the Bondholders under the Debt Restructuring Plan, the Subscription will also provide working capital for resumption of the Group's business operation to a normal scale. The Directors believe the Company is able to maintain its competitiveness with the new capital from the Subscription, given its projects on hand were mostly designed to meet more stringent government requirements in respect of their profitability and sustainability, are entitled to government subsidies granted under previous government policies and thus are less affected by the recent change in PRC government policies;
- (e) the Subscription will result in the Subscriber becoming the controlling Shareholder. With the reputation and financial background of Shuifa Group, the Company believes the Bondholders have more confidence in agreeing to and completing the Debt Restructuring Plan. The business network and experience of Shuifa Group in the renewable energy sector is also expected to bring synergy for the future development of the Group's business;

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- (f) the Subscription Price represents only slight discounts to the market prices of the Shares on or around the Last Trading Day. Although the Subscription Price represents a substantial discount to the NAV per Share, having considered the financial predicament of the Group, we consider the discount to be justifiable;
- (g) the trading volume of the Shares was generally thin and hence it may be difficult for the Company to conduct equity fund raising activities in the market with similar size to that of the Subscription;
- (h) the Subscription is expected to have an overall positive effect on the financial position of the Group in terms of working capital, NAV and gearing ratio upon Completion;
- (i) although the Subscription will result in dilution to the existing public Shareholders, having considered the benefits that may be brought by the Subscription to the Company and thereby the Shareholders, we consider that the dilution is acceptable;
- (j) the Major Shareholders have given undertakings in favour of the Subscriber to maintain their shareholding in the Company within three years from Completion. Such undertakings serve to indicate the Major Shareholders' confidence in the Company following the Subscription and their commitment to bear the same dilution in shareholding resulting from the Subscription as the Independent Shareholders; and
- (k) the payment terms of the Consent Fees and the Cash Consideration under the RSA are the same for all Bondholders regardless of whether they are Shareholders.

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### OPINION AND RECOMMENDATION

Having taken into account the analysis set out above, we are of the opinion that (i) the terms of the Subscription Agreement are on normal commercial terms, and the terms of the Subscription, the Whitewash Waiver and the Special Deal are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Subscription, the Whitewash Waiver and the Special Deal are in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the relevant ordinary resolution(s) to be proposed at the SGM to approve the Subscription Agreement and the transactions contemplated thereunder, the Whitewash Waiver and the Special Deal.

Yours faithfully,  
for and on behalf of  
**OPTIMA CAPITAL LIMITED**  
**Beatrice Lung**  
*Managing Director, Corporate Finance*

*Ms. Beatrice Lung is a responsible officer of Optima Capital and a licensed person registered with the SFC to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO. Ms. Lung has participated in the provision of independent financial advisory services for various transactions involving companies listed on the Stock Exchange.*

## FINANCIAL SUMMARY

The following summary financial information for each of the three years ended 31 December 2016, 2017, 2018 and the six months ended 30 June 2019 and 30 June 2018 is extracted from the consolidated financial statements of the Company for the years ended 31 December 2016, 2017, 2018 and the six months ended 30 June 2019 and 30 June 2018, respectively.

	Year ended 31 December			Six months ended	
	2016	2017	2018	30 June 2019	30 June 2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	5,239,564	5,675,386	4,416,563	1,148,380	3,019,787
Profit/(loss) before tax	626,922	270,378	(562,959)	(477,047)	231,246
Income tax expense	114,373	119,972	109,268	4,069	90,247
Tariff adjustment	93,224	166,682	164,021	80,232	86,568
Finance costs	368,028	621,333	477,243	197,110	212,896
Fair value gains on conversion rights of convertible bonds	48,325	15,227	—	—	—
Deferred income released to profit or loss over the expected useful lives of the related assets	19,830	14,346	10,118	5,133	4,961
Gain on disposal of items of property, plant and equipment	146,002	59,309	11,927	—	45
Gains/(losses) on disposal of subsidiaries	—	16,007	(15,367)	—	—
Foreign exchange gains/(losses), net	12,371	24,110	(40,871)	6,979	(19,954)
Depreciation and amortisation	154,901	184,031	195,565	101,012	91,201
Employee benefit expense	268,053	281,579	222,194	86,041	143,143
Impairment of trade receivables	21,390	5,151	185,998	91,490	41,199
Impairment of contract assets	—	—	124,411	7,655	—
Fair value gains/(losses) on derivative financial instruments	22,961	(56,966)	—	—	—
Profit/(loss) attributable to owners of the Company	501,961	143,797	(678,801)	(468,024)	228,484
Profit attributable to non-controlling interests	10,588	6,609	6,574	3,028	2,762
Total comprehensive income/(loss) attributable to owners of the Company	419,743	257,902	(800,117)	(480,133)	197,301
Total comprehensive income attributable to non-controlling interests	10,588	5,865	7,636	3,086	2,924
Gross profit margin (including tariff adjustment)	23.0%	22.3%	17.1%	1.7%	27.3%
Final dividends/Interim distributed to owners	52,226	20,916	Nil	Nil	Nil
Final dividend/Interim per share proposed	<u>HK\$0.07</u>	<u>HK\$0.03</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>
Earnings/(loss) per share attributable to ordinary equity holders					
— Basic	<u>RMB0.661</u>	<u>RMB0.172</u>	<u>RMB(0.814)</u>	<u>RMB(0.581)</u>	<u>RMB0.274</u>
— Diluted	<u>RMB0.659</u>	<u>RMB0.172</u>	<u>RMB(0.814)</u>	<u>RMB(0.581)</u>	<u>RMB0.274</u>

**FINANCIAL INFORMATION OF THE GROUP**

The Company is required to set out or refer to in this Circular the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in the audited consolidated financial statements of the Group (i) for the year ended 31 December 2018 (the “**2018 Financial Statements**”); (ii) for the year ended 31 December 2017 (the “**2017 Financials**”); and (iii) for the year ended 31 December 2016 (the “**2016 Financials**”), together with the notes to the relevant published accounts which are of major relevance to the appreciation of the above financial information and certain financial information of the unaudited financial results of the Group for the six months ended 30 June 2019 (the “**Interim Statements**”). The 2018 Financial Statements are set out from page 125 to page 352 in the annual report for the financial year ended 31 December 2018 of the Company, which was published on 2 September 2019 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0902/ltn201909021441.pdf>). The 2017 Financials are set out from page 87 to page 280 in the annual report for the financial year ended 31 December 2017 of the Company, which was published on 30 April 2018 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0430/ltn20180430017.pdf>). The 2016 Financials are set out from page 78 to page 256 in the annual report for the financial year ended 31 December 2016 of the Company, which was published on 28 April 2017 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2017/0428/ltn201704282170.pdf>). The Interim Statements are set out in the preliminary announcement of the financial results of the Company for the six months ended 30 June 2019, which was published on 10 October 2019 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/1010/2019101000588.pdf>). The said annual reports and the Interim Statements were posted on both the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company (<http://www.singyessolar.com/html/index.php>). The 2018 Financial Statements and the Interim Statements are incorporated by reference into this Circular and form part of this Circular.

The consolidated financial statements of the Company for the three years ended 31 December 2016 and 2017 were audited by Ernst & Young, the independent auditor of the Company. There was no qualification in the auditors’ report in respect of the consolidated financial statements for each of the two years ended 31 December 2016 and 2017.

The auditor’s report dated 16 August 2019 issued by Ernst & Young in respect of the consolidated financial statements of the Company for the year ended 31 December 2018 included a section headed “Material Uncertainty Related to Going Concern” to draw attention to certain events disclosed in note 2.1 to the 2018 Financial Statements which indicated a material uncertainty existed that may cast significant doubt on the Group’s ability to continue as a going concern. Ernst & Young’s audit opinion in respect of the 2018 Financial Statements was neither qualified nor modified in respect of this matter.

An extract of the auditor’s opinion in respect of the 2018 Financial Statements is reproduced below:

These financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”), which comprise standards and interpretations approved by the International Accounting Standards Board (the “**IASB**”) and International Accounting Standards (“**IASs**”) and Standing Interpretations Committee interpretations

approved by the International Accounting Standards Committee that remain in effect and the disclosure requirements of the Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments, conversion rights of convertible bonds, and certain financial assets and equity investments which have been measured at fair value. These financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

### **Going concern basis**

As at 31 December 2018, the Group had net current liabilities of RMB888,372,000 (31 December 2017: net current assets of RMB3,239,249,000) and incurred a loss of RMB672,227,000 (2017: net profit of RMB150,406,000) for the year then ended.

As disclosed in the Company’s announcements dated 18 October 2018 and 10 January 2019, the Company has defaulted on its US\$160 million 6.75% senior notes due 2018 (the “**2018 USD Senior Notes**”), which resulted in the occurrence of events of default of RMB930 million 5% convertible bonds due 8 August 2019 (the “**2019 Convertible Bonds**”) and US\$260 million 7.95% senior notes due on 15 February 2019 (the “**2019 Senior Notes**”) (collectively the “**Debt Securities**”). The aforesaid defaults (the “**Default**”) also resulted in cross-defaults of certain of the Group’s bank and other loans which became payable on demand in accordance with their terms. Ernst & Young’s audit opinion in respect of the 2018 Financial Statements was neither qualified nor modified in respect of this matter.

These conditions indicate the existence of material uncertainties which may cast significant doubt on the Group’s ability to continue as a going concern.

In view of these circumstances, the directors have given consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. In order to improve the Group’s liquidity and cash flows to sustain the Group as a going concern, the Group has implemented or is in the process of implementing the following measures:

### ***The Subscription***

On 16 May 2019, the Company has entered into a subscription agreement with Water Development (HK) Holding Co., Limited (the “**Subscriber**”, which is a subsidiary of Shuifa Energy Group Limited (水發能源集團有限公司), a state-owned enterprise). Pursuant to the subscription agreement, the Company has conditionally agreed to allot and issue to the Subscriber, and the Subscriber has conditionally agreed to subscribe for, at completion, 1,687,008,585 subscription shares at the subscription price of HK\$0.92 per subscription share (the “**Subscription**”). The Subscription is subject to certain conditions, including but not limited to:

- (1) the Subscriber having obtained all necessary consents and authorisations for the execution and completion of the transactions under the subscription agreement from all the relevant government or regulatory authorities (including the governmental authorities for the supervision and management of state-owned



assets, foreign exchange controls and antitrust, the relevant department of commerce and the relevant commission for development and reform), and such consents and authorisations remain fully effective under any relevant law and regulation of any jurisdiction;

- (2) the obtaining of all necessary approval(s) by the Company's shareholders at the Company's special general meeting as required by the listing rules and/or the takeovers code, the articles of associations of the Company or applicable laws to approve the transactions under the subscription agreement, including the Subscription, the Whitewash Waiver (a waiver from the Securities and Futures Commission of Hong Kong, the "SFC", pursuant to Note 1 on Dispensations from Rule 26 of the takeovers code in respect of the obligations of the Subscriber to make a mandatory general offer for all of the Company's shares not already owned or agreed to be acquired by the Subscriber or parties acting in concert with it which would, if the Subscription proceeds, otherwise arise as a result of the allotment and issuance of the subscription shares to the Subscriber) and the authorisation of share capital increase;
- (3) the SFC granting the Whitewash Waiver to the Subscriber and parties acting in concert with it (unconditionally or on such terms as the Subscriber may reasonably agree);
- (4) the SFC having issued a written confirmation to the Subscriber and parties acting in concert with it (unconditionally or on such terms as the Subscriber may reasonably agree) that the Subscriber shall not be required to extend a general offer in respect of all the shares of Singyes New Materials; and
- (5) the Subscriber having, in its absolute discretion, approved and agreed with the plan of onshore and offshore debt restructuring and resolution of disputes between the Group and its creditors, and such onshore and offshore debt restructuring having been completed or becoming effective on or before the completion of the Subscription.

Particulars of the Subscription were set out in the Company's announcement dated 5 June 2019.

The net proceeds, after taking into account the estimated expenses in relation to the Subscription, would be approximately HK\$1,529,048,000 (equivalent to approximately RMB1,339,751,000), which is intended to be used for (i) restructuring of existing debts of the Group; (ii) paying fees and expenses related to the overall restructuring exercise; and (iii) providing general working capital and normalised funding levels for the Group's ongoing operations, enabling the completion of existing projects and prudent growth of the Group.

#### *Extension of due dates of bank and other loans*

The Group currently is also negotiating with banks and lenders to seek for extension of due dates of bank and other loans. Subsequent to the balance sheet date, the Group has entered into extension agreements with eight banks. Pursuant to the extension agreements, the due date of bank loans aggregating to RMB826,719,000 (the "**extended loans**") and RMB718,387,000 as at 31 December 2018, have been conditionally extended to 17 April

2020 and 21 May 2021, respectively. The extension is subject to certain conditions, including but not limited to that the Subscriber should become guarantor of the extended loans within 30 days from the completion of the Subscription.

*Letter of intent for new banking facilities*

Upon the approval date of the consolidated financial statements, the Group has obtained letters of intent for new banking facilities aggregating to RMB1.5 billion from two banks in Mainland China.

*Restructuring of the Debt Securities*

As disclosed in the Company's announcement dated 18 October 2018, immediately subsequent to the default of the Debt Securities, the Company has appointed external advisers to assist the Company in debt restructuring (the "**Debt Restructuring**") negotiations with bondholders and obtaining support from them. As at 9 August 2019, approximately 98.4% of the bondholders entered into restructuring support agreements (the "**RSAs**"), pursuant to which they have undertaken to work in good faith with the Company to implement the Debt Restructuring as soon as possible. The Company is going to file applications with the Bermuda Court and the High Court of Hong Kong (the "**Hong Kong Court**") in relation to seeking orders (the "**Convening Orders**") to convene meetings of the bondholders for the purpose of approving the schemes of arrangement in Bermuda and in Hong Kong (the "**Bermuda Scheme**" and "**Hong Kong Scheme**", respectively).

The directors have reviewed the Group's cash flow projections prepared by management. The cash flow projections cover a period of not less than twelve months from 31 December 2018. Although there is a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern, the directors, after taking into account the above-mentioned plans and measures, are of the opinion that, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2018. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the going concern assumption be inappropriate, adjustments may have to be made to write down the values of assets to their recoverable amounts, to provide for any further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

The Audit Committee of the board of Directors (the "**Board**") has confirmed that it has objectively and critically reviewed the measures mentioned above. The Audit Committee of the Board and the Board have confidence in the Group's management and concurred with management's view that the Group's business plan for the next twelve months is feasible and achievable.

The Group has actively implemented, or is actively implementing, all the improvement targets outlined above for the purposes of increasing profits and improving the cash flow position of the Group, in order to remove material uncertainties relating to the going concern of the Group for the next twelve months.

## INDEBTEDNESS STATEMENT OF THE GROUP

## Indebtedness

As at 30 September 2019, the carrying amount of the Group's outstanding consolidated total bank and other loans was approximately RMB3,030.0 million, details of which are as follows:

	<i>RMB'000</i>
Current	
Revolving loans-secured	—
Bank loans-secured	2,344,545
Bank loans-unsecured	91,374
Other loans-secured	508,978
Other loans-unsecured	<u>85,115</u>
Total interest-bearing bank and other loans	<u><u>3,030,012</u></u>

Besides, the Group had the following outstanding Convertible Bonds and Senior Notes:

	<i>RMB'000</i>
2019 CBs	96,000
2018 Notes	1,098,138
2019 Notes	<u>1,838,954</u>
	<u><u>3,033,092</u></u>

As announced by the Company on 19 July 2019, a restructuring support agreement (“**RSA**”) which the Company intends to enter into with the holders of the 2019 CBs, 2018 Notes and 2019 Notes (collectively, the “**Offshore Notes**”) support the implementation of the Proposed Restructuring.

And as announced by the Company on 14 August 2019, approximately 98.4% of the aggregate outstanding principal amount of the Offshore Notes had acceded to the RSA by the Consent Fee Deadline (i.e. 5:00 p.m. Hong Kong time on 9 August 2019). The Company also encourages the remaining bondholders to accede to the RSA which would remain open for accessions until immediately before the Record Time.

Certain of the Group's bank and other loans are secured by:

- (a) mortgages over the Group's buildings with an aggregate carrying amount at the end of the reporting period of approximately RMB973,828,000;

- (b) mortgages over the Group's solar photovoltaic power stations and their respective rights on the annual return thereof, which had an aggregate carrying amount at the end of the reporting period of approximately RMB1,355,096,000;
- (c) the right on the annual return generated from the solar photovoltaic power station with a net carrying amount of approximately RMB26,894,000 at the end of the reporting period;
- (d) mortgages over the right on the annual return of the Group's solar photovoltaic power stations with an aggregate carrying amount at the end of the reporting period of approximately RMB531,707,000;
- (e) mortgages over the Group's prepaid land lease payments, which had a carrying amount at the end of the reporting period of approximately RMB79,628,000;
- (f) the pledge of certain of the Group's trade receivables of approximately RMB2,165,552,000;
- (g) the pledge of certain of the Group's tariff adjustment receivables of approximately RMB269,489,000; and
- (h) the pledge of equity interests in the following subsidiaries of the Group:
  - i. 99.27% equity interests in Xinjiang Singyes;
  - ii. 99.27% equity interests in Wuwei Dongrun;
  - iii. 99.27% equity interests in Suixi Xinye;
  - iv. 99.85% equity interests in Yangjiang Huayu;
  - v. 99.85% equity interests in Yangjiang Huazhi;
  - vi. 99.27% equity interests in Yangjiang Singyes; and
  - vii. 62.37% equity interests in Singyes New Materials.

In addition, the Company's directors have guaranteed certain of the Group's bank and other loans for nil consideration, details of which are as follows:

- (I) the Company's director, Mr. Liu Hongwei, has guaranteed the Group's bank and other loans of RMB720,548,000;
- (II) the Company's director, Mr. Liu Hongwei and the Company's former director, Mr. Sun Jinli, have jointly guaranteed the Group's bank loans of RMB539,414,000;
- (III) the Company's directors, Messrs. Liu Hongwei and Xie Wen, have jointly guaranteed the Group's bank and other loans of RMB311,005,000;
- (IV) the Company's directors, Messrs. Liu Hongwei and Xie Wen and the Company's former director, Mr. Sun Jinli have jointly guaranteed the Group's bank loans of RMB364,494,000; and

- (V) the Company's director, Mr. Liu Hongwei has guaranteed the Group's bank loans of HK\$200,648,000 (equivalent to approximately RMB180,986,000); and
- (VI) the Company's director, Mr. Liu Hongwei has guaranteed the Group's other loans of HK\$120,000,000 (equivalent to approximately RMB84,875,000).

**Contingent liabilities**

The Group has assessed and has made provisions for any probable outflow of economic benefits in relation to contingent liabilities at the reporting date in accordance with its accounting policies. As at 30 September 2019, based on the opinion of internal and external legal counsels, the Group has made provisions for compensation of RMB81,432,000 for the nine months ended 30 September 2019. The contingencies will not have material impact on financial position and operations of the Group.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade and other payables in the ordinary course of business, the Group did not have any other loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities issued and outstanding, and authorized or otherwise created but unissued and term loans or other borrowings, indebtedness in the nature of borrowings, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, which are either guaranteed, unguaranteed, secured or unsecured, guarantees or other material contingent liabilities outstanding as at 30 September 2019.

Save as disclosed above, the Directors have confirmed that there have been no material changes in the indebtedness and contingent liabilities of the Group from 30 September 2019 up to the Latest Practicable Date.

Save as aforesaid and apart from intra-group liabilities and normal trade payables, at the close of business on the Latest Practicable Date, the Group did not have any loan capital issued and outstanding or agreed to be issued, material mortgages, charges, debentures, loan capital, other debt securities, term loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade payables) or acceptance credits, guarantees or other material contingent liabilities.

**WORKING CAPITAL**

The Directors are of the opinion that, after taking into account (i) the existing cash and cash equivalents of approximately RMB169.2 million as at the Latest Practicable Date; (ii) the maximum net proceeds raised from the Subscription in the amount of HK\$1,529,047,898; (iii) other available existing credit and loan facilities; and (iv) the RSA entered into between the Company and holders of its Offshore Notes, and assuming that the Group is able to (a) successfully negotiate for an extension of the repayment date or renewal of its existing borrowings; (b) obtain additional new financing and other sources of funding as and required; (c) implement its operational plans to control costs and generate adequate cash flows from operation; (d) reach an agreement with its customers as to the settlement of long-aged trade receivables arising from the construction projects; and (e) resume its construction projects to a normal scale, the Group has sufficient working capital for its present requirements and to satisfy its requirements for at least the next 12 months from the date of publication of this circular in the absence of unforeseen circumstances.

**MATERIAL CHANGES**

The Directors confirmed that since 31 December 2018, being the date to which the latest published audited consolidated financial statements of the Company were made up, and up to and including the Latest Practicable Date, there had been the following material changes in the financial or trading position or outlook of the Group and the general trend of the business of the Group:

- (i) the Group's projects continued to be put on hold or reduced in scale as a result of insufficient working capital to finance its ongoing construction projects (as detailed in the Announcement and the announcement of the Company dated 24 April 2019 relating to the updates on publication of annual results for the year of 2018);
- (ii) the possible impairment of the Group's long-aged trade receivables due to the affected schedules of the Group's projects arising from the Default (as detailed in the announcement of the Company dated 24 April 2019 relating to the updates on publication of annual results for the year of 2018);
- (iii) the possible impacts on the Group related to the Subscription (as described under the section headed "The Subscription" in the letter from the Board);
- (iv) the possible impacts related to the ongoing negotiations with creditors on the Debt Restructuring Plan (as detailed in the announcements relating to the proposed offshore debt restructuring of the Company dated 19 July 2019 and 15 August 2019); and
- (v) the possible impacts related to the unsettled presentation of petition for the winding up of the Company commenced by Deutsche Bank AG, Hong Kong Branch (as detailed in the announcements in relation to the winding up petition of the Company dated 9 August 2019 and 20 August 2019).

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and is not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

This circular includes particulars given in compliance with the Takeovers Code. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement herein or this circular misleading.

The sole director of the Subscriber, namely, Mr. Zheng Qingtao, accepts full responsibility for the accuracy of the information (relating only to the Subscriber and the Shuifa Group) contained in this circular and confirm, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this circular (relating only to the Subscriber and the Shuifa Group) have been arrived at after due and careful consideration, and there are no other facts not contained in this circular the omission of which would make any statement in this circular (relating only to the Subscriber and the Shuifa Group) misleading.

## 2. SHARE CAPITAL AND SHARE OPTIONS

### Share Capital

The authorized and issued share capital of the Company as at the Latest Practicable Date were as follows:

<i>AUTHORISED</i>		<i>US\$</i>
<u>1,200,000,000</u>	Shares of US\$0.01 each	<u>12,000,000.00</u>
 <i>ISSUED AND FULLY PAID</i>		
<u><u>834,073,195</u></u>	Shares of US\$0.01 each	<u><u>8,340,731.95</u></u>

Immediately after completion of Subscription (assuming no Share Options and conversion rights under the Convertible Bonds have been exercised and the Authorised Share Capital Increase has been approved at the SGM).

<i>AUTHORISED</i>		<i>US\$</i>
<u>2,600,000,000</u>	ordinary Shares of US\$0.01 each	<u>26,000,000.00</u>
<i>ISSUED AND FULLY PAID</i>		
<u>834,073,195</u>	ordinary Shares at the Latest Practicable Date	<u>8,340,731.95</u>
<u>1,687,008,585</u>	Subscription Shares to be issued pursuant to Subscription	<u>16,870,085.85</u>
<u><u>2,521,081,780</u></u>	ordinary Shares upon completion of Subscription	<u><u>25,210,817.80</u></u>

Immediately after completion of Subscription (assuming all Share Options and conversion rights under the Convertible Bonds have been exercised and the Authorised Share Capital Increase has been approved at the SGM).

<i>AUTHORISED</i>		<i>US\$</i>
<u>2,600,000,000</u>	Shares of US\$0.01 each	<u>26,000,000.00</u>
<i>ISSUED AND FULLY PAID</i>		
<u>834,073,195</u>	Shares at the Latest Practicable Date	<u>8,340,731.95</u>
<u>1,687,008,585</u>	Subscription Shares to be issued pursuant to Subscription	<u>16,870,085.85</u>
<u>29,110,445</u>	Shares to be issued upon exercise in full of all Share Options and conversion rights under the Convertible Bonds	<u>291,104.45</u>
<u><u>2,550,192,225</u></u>	Shares upon Completion of Subscription	<u><u>25,501,922.25</u></u>

All the existing Shares in issue are listed on the Stock Exchange and rank *pari passu* in all respect with each other including rights to dividends, voting and return of capital. No part of the equity or debt securities of the Company is listed or dealt in, nor is listing or permission to deal in the Shares or loan capital of the Company being, or proposed to be, sought on any other stock exchange.

When issued and fully paid, the Subscription Shares will rank *pari passu* in all respect with each other including rights to dividends, voting and return of capital. Holders of the fully paid Subscription Shares will be entitled to receive all dividends and distributions which are declared, made or paid after the date of allotment of the Subscription Shares.



Since 31 December 2018 (the date to which the latest published audited financial statements of the Company were made up), and up to the Latest Practicable Date, the Company had not issued nor agreed to issue any new Shares (other than under the Subscription Agreement) and no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any Shares.

### Options, warrants and convertible bonds

The Company adopted a share option scheme on 19 December 2008 (the “Share Option Scheme”), pursuant to which the Directors granted 30,816,000 Share Options with exercise price of HK\$3.56 per Share on 23 July 2009, 7,200,000 Share Options with exercise price of HK\$2.78 per Share on 27 May 2010, 7,200,000 Share Options with exercise price of HK\$2.67 on 11 October 2011, 6,000,000 Share Options with exercise price of HK\$11.65 per Share on 22 May 2015 and 12,000,000 Share Options with exercise price of HK\$3.55 per Share on 5 April 2017, respectively.

Details of movement of the Share options under the Share Option Scheme for the six months ended 30 June 2019 were as follows:

	<b>Weighted Average exercise price per share (HK\$)</b>	<b>Number of options</b>
At 1 January 2019	4.72	36,500,335
Granted during the period	—	—
At 30 June 2019	<u>4.72</u>	<u>36,500,335</u>

As at the Latest Practicable Date, the Company had 25,257,931 outstanding Share Options (21,257,931 of which were vested).

As disclosed in the announcement of the Company dated 16 July 2014, subject to certain conditions, the bondholders of the Convertible Bonds have the right to convert their bonds into Shares at the conversion price at any time on and after 18 September 2014 up to settlement of the outstanding amounts of the Convertible Bonds. Despite the Company is in default of the Convertible Bonds, as certain of the Convertible Bonds have not been redeemed, bondholders are still entitled to convert into a total of 7,852,514 Shares, representing 0.94% of the issued share capital of the Company before Completion.

As at the Latest Practicable Date, save as disclosed above, the Company did not have any derivatives, options, warrants and conversion rights or similar rights which are convertible or exchangeable into Shares as at the Latest Practicable Date. Save as set out above, no share or loan capital of the Group had been put under option or agreed conditionally or unconditionally to be put under option as at the Latest Practicable Date.

### 3. MARKET PRICE

The table below shows the closing price per Share as quoted by the Stock Exchange on (i) the last trading day of each of the calendar months during the Relevant Period; (ii) the last business day immediately preceding the date of the 3.7 Announcement; (iii) the Last Trading Day; and (iv) on the Latest Practicable Date:

DATE	CLOSING PRICE PER SHARE HK\$
31 July 2018	2.49
31 August 2018	2.48
28 September 2018	2.71
31 October 2018	Trading suspended
30 November 2018	Trading suspended
31 December 2018	Trading suspended
21 January 2019 (the last business day immediately preceding the date of the 3.7 Announcement)	Trading suspended
31 January 2019	1.02
28 February 2019	0.85
29 March 2019 (the Last Trading Day)	0.99
30 April 2019	Trading suspended
31 May 2019	Trading suspended
4 June 2019	Trading suspended
28 June 2019	Trading suspended
31 July 2019	Trading suspended
30 August 2019	0.80
30 September 2019	Trading suspended
11 October 2019 (the Latest Practicable Date)	0.71

The highest and lowest closing prices per Share recorded on the Stock Exchange during the Relevant Period were HK\$2.71 on 28 September 2018 and HK\$0.71 on 11 October 2019, respectively.

### 4. DISCLOSURE OF INTERESTS

#### Interest in the Company

##### *Directors' interests in the Company*

As at the Latest Practicable Date, the interests and short positions of the Directors, proposed Directors and chief executives of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest and short positions which were taken or deemed to have been taken under such provisions of the SFO); (ii) recorded in the register maintained by the Company pursuant to Section 352 of the SFO; (iii) notified to the Company and the

Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of the Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Listing Rules as adopted by the Company, or (iv) disclosed in this circular pursuant to the requirements of the Takeovers Code, were as follows:

NAME	COMPANY/NAME OF ASSOCIATED CORPORATION	CAPACITY	TYPE OF INTEREST	NUMBER OF SHARES	APPROXIMATE % OF SHAREHOLDING (NOTE 1)
Mr. Liu Hongwei	Company	Interest of a controlled corporation (Note 2)	Long Position	203,802,750	24.43%
	Singyes NM	Interest of a controlled corporation (Note 3)	Long Position	327,797,914	63.04%

*Notes:*

1. The percentage is calculated on the basis of 834,073,195 Shares in issue as at the Latest Practicable Date.
2. These 203,802,750 Shares are held by Strong Eagle whose share capital is 53% owned by Mr. Liu Hongwei. Mr. Liu Hongwei is deemed to be interested in these Shares by virtue of the SFO.
3. Top Access Management Limited holds 324,324,325 shares of Singyes NM and Strong Eagle holds 3,473,589 shares of Singyes NM. Therefore, Mr. Liu Hongwei is deemed to be interested in 327,797,914 shares of Singyes NM (representing 63.04% of the issued share capital of Singyes NM).

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, proposed directors and chief executives of the Company had any interest or short position in the Shares, underlying shares or debentures of the Company and any of its associated corporations which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have been taken under such provisions of the SFO) or the Model Code adopted by the Company; (ii) entered in the register required to be kept under Section 352 of the SFO; or (iii) disclosed in this circular pursuant to the requirements of the Takeovers Code.

***Substantial shareholders’ and other persons’ interests in the shares and underlying shares of the Company***

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company based on the register maintained by the Company pursuant to Part XV of the SFO, other than the interests of the Directors, proposed directors and chief executives of the Company as disclosed above, shareholders who had interests or short positions in the shares or underlying shares of the Company of 5% or

more which need to be disclosed to the Company under the provisions of Divisions 2 and 3 of part XV of the SFO, or which were recorded in the register to be kept by the Company under Section 336 of the SFO, were as follows:

NAME OF SHAREHOLDER	CAPACITY	LONG POSITION/ SHORT POSITION	NUMBER OF SHARES	APPROXIMATE % OF ISSUED SHARE CAPITAL OF THE COMPANY (NOTE 2)
Strong Eagle Holdings Ltd. (Note 1)	Beneficial owner	Long Position	203,802,750	24.43%
Beyond Steady Limited (Note 3)	Beneficial owner	Long Position	67,064,000	15.09%
Linewear Assets Limited (Notes 3 and 4)	Interest of controlled corporation	Long Position	67,064,000	15.09%
Huarong International Financial Holdings Limited (Notes 4 and 5)	Interest of controlled corporation	Long Position	67,064,000	15.09%
Camellia Pacific Investment Holding Limited (Notes 5 and 6)	Interest of controlled corporation	Long Position	67,064,000	15.09%
China Huarong International Holdings Limited (Notes 6 and 7)	Interest of controlled corporation	Long Position	67,064,000	15.09%
Huarong Real Estate Co., Ltd. (華融置業有限公司) (Note 7)	Interest of controlled corporation	Long Position	67,064,000	15.09%
Water Development (HK) Holding Co., Limited (Note 8)	Beneficial owner	Long Position	1,687,008,585	202.26%
Shuifa Energy Group Limited (水發能源集團有限公司) (Note 8 and 9)	Interest of controlled corporation	Long Position	1,687,008,585	202.26%
Shuifa Group Co., Ltd.* (水發集團有限公司) (Note 9)	Interest of controlled corporation	Long Position	1,687,008,585	202.26%

*Notes:*

1. Strong Eagle Holdings Ltd. is owned by Mr. Liu Hongwei, Mr. Sun Jinli, Mr. Xie Wen, Mr. Xiong Shi and Mr. Zhuo Jianming, as to 53%, 15%, 14%, 9% and 9% respectively.
2. The percentage is calculated on the basis of 834,073,195 Shares in issue as at the Latest Practicable Date.
3. Beyond Steady Limited is the beneficial owner of 67,064,000 shares of the Company and is wholly owned by Linewear Assets Limited. Therefore, Linewear Assets Limited is deemed to be interested in 67,064,000 shares of the Company (15.09% of the issued share capital of the Company) under the SFO.
4. Linewear Assets Limited is wholly owned by Huarong International Financial Holdings Limited. Therefore, Huarong International Financial Holdings Limited is deemed to be interested in 67,064,000 shares of the Company (15.09% of the issued share capital of the Company) under the SFO.
5. Huarong International Financial Holdings Limited is owned by Camellia Pacific Investment Holding Limited as to 51% of its issued share capital. Therefore, Camellia Pacific Investment Holding Limited is deemed to be interested in 67,064,000 shares of the Company (15.09% of the issued share capital of the Company) under the SFO.
6. Camellia Pacific Investment Holding Limited is wholly owned by China Huarong International Holdings Limited. Therefore, China Huarong International Holdings Limited is deemed to be interested in 67,064,000 shares of the Company (15.09% of the issued share capital of the Company) under the SFO.
7. China Huarong International Holdings Limited is owned by Huarong Real Estate Co., Ltd. (華融置業有限責任公司) as to 88.1% of its issued share capital. Therefore, Huarong Real Estate Co., Ltd. (華融置業有限責任公司) is deemed to be interested in 67,064,000 shares of the Company (15.09% of the issued share capital of the Company) under the SFO.
8. Water Development (HK) Holding Co., Limited is directly wholly owned by Shuifa Energy Group Limited\* (水發能源集團有限公司). Therefore, Shuifa Energy Group Limited\* (水發能源集團有限公司) is deemed to be interested in 1,687,008,585 shares of the Company (202.26% of the issued share capital of the Company) under the SFO.
9. Shuifa Energy Group Limited\* (水發能源集團有限公司) is directly wholly owned by Shuifa Group Co., Ltd.\* (水發集團有限公司). Therefore, Shuifa Group Co., Ltd.\* (水發集團有限公司) is deemed to be interested in 1,687,008,585 shares of the Company (202.26% of the issued share capital of the Company) under the SFO. The ultimate controlling shareholder of Shuifa Group Co., Ltd.\* (水發集團有限公司) is the Shandong Provincial State-owned Assets Supervision and Administration Commission\* (山東省國有資產監督管理委員會).

**5. ADDITIONAL DISCLOSURE OF INTERESTS AND DEALINGS IN SECURITIES**

Save for the Subscription as set out in the section headed “Substantial shareholders’ and other parties’ interests in the shares and underlying shares of the Company” in this circular, the Subscriber and parties acting in concert with it (including its director) did not, as at the Latest Practicable Date, own, control or have direction over any outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of securities in the Company, or hold any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company and they had not dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Relevant Period.

Save for the Subscription, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Subscriber or parties acting in concert with it.

Save for the Subscription Agreement and the transactions contemplated thereunder, no agreement, arrangement or understanding (including any compensation arrangement) existed between (A) the Subscriber or any parties acting in concert with it, and (B) any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Subscription, the Special Deal and/or the Whitewash Waiver.

No Shares acquired by the Subscriber or parties acting in concert with it pursuant to the Subscription will be transferred, charged or pledged to any other persons.

Neither the Subscriber nor parties acting in concert with it has borrowed or lent any Shares, save for any borrowed Shares which have been either on-lent or sold.

The Company did not have any interest in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Subscriber, and it had not dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeover Code) of the Subscriber during the Relevant Period and since the end of the Relevant Period.

None of the Directors had any interest in the shares of the Subscriber nor had they dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Subscriber during the Relevant Period and up to the Latest Practicable Date.

None of the Directors had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Relevant Period and up to the Latest Practicable Date.

None of (i) the subsidiaries of the Company; (ii) the pension fund of the Company or any of its subsidiaries; and (iii) any adviser to the Company as specified in class (2) of the definition of “associate” under the Takeovers Code or any person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code (but excluding exempt principal traders and exempt financial managers), owned or controlled any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company and no such persons had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Relevant Period and after the Relevant Period.

Save for the Subscription Agreement, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of “associate” under the Takeovers Code and no such persons had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Relevant Period and after the Relevant Period.

No fund which was managed on a discretionary basis by any fund manager (other than exempt fund managers) connected with the Company had any interest in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company and no such persons had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Relevant Period and after the Relevant Period.

No relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company had been borrowed or lent by any of the Directors or by the Company, save for any borrowed shares which have been either on-lent or sold.

Save for the Subscription Agreement (as described under the section headed “Subscription Agreement” in the letter from the Board), there was no agreement or arrangement between any of the Directors and any other person which was conditional or dependent on the outcome of the Subscription, the Special Deal and/or the Whitewash Waiver or otherwise connected with the Subscription, the Special Deal and/or the Whitewash Waiver.

No benefit had been given or will be given to any Directors as compensation for loss of office or otherwise in connection with the Subscription, the Special Deal and/or the Whitewash Waiver.

Save as the Subscription Agreement under which certain Directors have provided guarantee, there was no material contract entered into by the Subscriber in which any Director had a material personal interest.

Mr. Liu Hongwei, Mr. Xie Wen, Mr. Sun Jingli, Mr. Xiong Shi, Mr. Zhuo Jianming and Strong Eagle and parties acting in concert with any of them and all Public Shareholders who are interested in or involved in the Subscription, the Special Deal and the Whitewash Waiver will abstain from voting on the relevant ordinary resolutions to be proposed at the SGM to approve the Subscription, the Special Deal and the Whitewash Waiver.

## 6. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into service contract with the Company, or any of its subsidiaries or associated companies which:

- (i) (including both continuous and fixed term contracts) had been entered into or amended within six months before the commencement of the offer period;
- (ii) was a continuous contract with a notice period of twelve months or more; or
- (iii) was a fixed term contract with more than twelve months to run irrespective of the notice period.

## 7. OTHER INTERESTS OF THE DIRECTORS

As at the Latest Practicable Date:

- none of the Directors or proposed directors had any direct or indirect interest in any assets which have, since 31 December 2018, being the date of the latest published audited consolidated financial statements of the Group were made up, been acquired or disposed of by, or leased to, or are proposed to be acquired or disposed of by, or leased to any member of the Group;
- except for the Subscription Agreement, none of the Directors were materially interested in any contract or arrangement entered into by any member of the Group which contract or arrangement was subsisting as at the Latest Practicable Date and which is significant in relation to the business of the Group as a whole; and
- except for the Subscription Agreement, there were no material contracts entered into by the Subscriber in which any Director had a material personal interest.

## 8. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors, proposed directors or their respective close associates had any interests in a business which competes or may compete, either directly or indirectly, with the business of the Group or any other conflicts of interests with the Group.



## 9. LITIGATION

As at the Latest Practicable Date and so far as the Directors are aware, save for the winding up petition presented by Deutsche Bank AG, Hong Kong Branch as announced in the announcements of the Company dated 9 August 2019, 20 August 2019, 16 September 2019 and 2 October 2019, no member of the Group was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

## 10. MATERIAL CONTRACTS

The following contracts, not being contracts entered in the ordinary course of business of the Group, have been entered into by the members of the Group within two years preceding the date of the 3.7 Announcement and up to and including the Latest Practicable Date and which are, or may be, material:

- (a) the Subscription Agreement, details of which are disclosed under the section headed “Subscription Agreement” in this circular;
- (b) the memorandum of understanding entered into between the Company and Shuifa Energy Group Limited\* (水發能源集團有限公司) on 9 January 2019 regarding (i) the possible sale and purchase of certain Shares currently owned by Strong Eagle; and (ii) the a possible subscription of Shares (the “**Possible Transaction**”);
- (c) the supplemental memorandum of understanding entered into between the Company and Shuifa Energy Group Limited\* (水發能源集團有限公司) on 20 March 2019 regarding the extension of exclusivity period of the Possible Transaction;
- (d) the sale and purchase agreement dated 21 December 2017 entered into between 湖南興業綠色能源股份有限公司 (Hunan Singyes Solar Green Energy Technology Co. Ltd.\*), a wholly-owned subsidiary of the Company (as vendor) and 北京京運通科技股份有限公司 (Beijing Jingyuntong Technology Co., Ltd.\*) (as purchaser), in relation to the acquisition of 100% of the share capital in 邢台興喬能源科技有限公司 (Xingtai Xingqiao Energy Company Limited\*) at a consideration of HK\$170,084,000;
- (e) the sale and purchase agreement dated 13 June 2018 entered into between 甘肅興業綠色能源科技有限公司\* (Gansu Singyes Green Energy Technology Limited), a indirectly owned subsidiary of the Company (as vendor) and 陝西雲合光伏電力有限公司\* (Shanxi Yunhe Guangfu Electricity Limited) (as purchaser), in relation to the 25MW solar farm (25MW光伏電站), located at Minqin County, Gansu Province of the PRC at the consideration of RMB203,750,000 (equivalent to approximately HK\$250,924,000);

- (f) the loan agreement dated 27 June 2019 entered into between Shuifa Energy Group Limited\* (水發能源集團有限公司) as lender, and Zhuhai Singyes Energy Saving Technology Limited\* (珠海興業節能科技有限公司) as borrower, in relation to a loan in the amount of RMB 82.9 million and supplemental agreements thereto;
- (g) the term loan facility agreement dated 24 May 2019 entered into between the Company as Borrower, Top Access Management Limited as chargor, Oasis Investments II Master Fund Ltd as lender and valuation agent, Mr. Liu Hongwei as personal guarantor and Strong Eagle Holdings Limited as corporate guarantor, in relation to a loan facility in the amount of USD12,000,000;
- (h) the security over shares agreement dated 24 May 2019 entered in to between Top Access Management Limited as chargor and Oasis Investments II Master Fund Ltd. as chargee, in relation to which Top Access Management Limited has charged 324,324,325 shares of Singyes NM in favour of Oasis Investments II Master Fund Ltd. as security for the loan under the term loan facility agreement referred to in paragraph (g) above; and
- (i) the agreement dated 11 October 2017 entered into between the Company, certain subsidiary guarantors and BOCI Asia Limited, The Hongkong and Shanghai Banking Corporation Limited and Guotai Junan Securities (Hong Kong) Limited in relation to the issue of the US\$160 million 6.75% senior notes due 2018;
- (j) The restructuring support agreement entered into between the Company and the holders of the its Offshore Notes who have acceded to the RSA on 19 July 2019.

## 11. EXPERT'S QUALIFICATION AND CONSENT

The following are the qualifications of the expert who has given its opinions and advice which are included in this circular:

NAME	QUALIFICATION
Optima Capital Limited	a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders with regard to the Subscription, the Whitewash Waiver and the Special Deal to be considered and approved at the SGM

The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and/or opinion (as the case may be) in the form and context in which it is included and all references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, the above expert was not beneficially interested in the share capital of any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group nor did it have any interest, either direct or indirect, in any assets which have been, since 31 December 2018, the date to which the latest published audited consolidated financial statements of the Group were made up, acquired, disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

## 12. CORPORATE AND OTHER INFORMATION

The registered office of the Company is located at Clarendon House, 2 Church Street Hamilton, HM11 Bermuda.

The head office and principal place of business of the Company in Hong Kong is located at Unit 3108, 31/F, China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road, Central, Hong Kong.

The company secretary of the Company is Mr. Yu Chon Man (*CPA, FCCA*).

The Company's principal share registrar and transfer office is Butterfield Fulcrum Group (Bermuda) Limited, whose address is Rosebank Centre, 11 Bermudiana Road Pembroke, HM08 Bermuda.

The Company's branch share registrar and transfer office in Hong Kong is Tricor Investor Services Limited, whose address is Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

The auditor of the Company, Ernst & Young, as Certified Public Accountants, is located at 22nd Floor, CITIC Tower 1, Tim Mei Avenue, Central, Hong Kong.

The principal bankers of the Company are Agricultural Bank of China, Zhuhai Branch, Industrial and Commercial Bank of China Limited, Zhuhai Branch, Ping An Bank Co., Ltd, Zhuhai Branch, Bank of Communications Co., Ltd, Zhuhai Branch, The Hong Kong and Shanghai Banking Corporation Limited, Industrial and Commercial Bank of China (Asia) Limited, Hang Seng Bank Limited, Fubon Bank (Hong Kong) Limited.

As at the Latest Practicable Date, the Board was composed of three executive Directors, who are Mr. Liu Hongwei, Mr. Xie Wen and Mr. Xiong Shi and two non-executive Directors, who are Dr. Li Hong and Mr. Zhuo Jianming and three independent non-executive Directors who are Dr. Wang Ching, Mr. Yick Wing Fat, Simon and Dr. Tan Hongwei.

The authorised representatives of the Company are Mr. Liu Hongwei and Mr. Yu Chon Man, with each correspondence address at Unit 3108, 31/F, China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road, Central, Hong Kong.

Legal advisers to the Company as to Hong Kong laws is Jeffrey Mak Law Firm, situated in 1309, 13/F, Prince's Building, 10 Chater Road, Central, Hong Kong.

As at the Latest Practicable Date, none of the Independent Shareholders had irrevocably committed themselves to vote for or against the Subscription, the Special Deal, and/or the Whitewash Waiver.

There are no benefits to be given to any Directors as compensation for loss of office or otherwise in connection with the Subscription, the Special Deal, and/or the Whitewash Waiver.

Save for the Subscription Agreement (as described under the section headed "Subscription Agreement" in the letter from the Board), as at the Latest Practicable Date, there was no agreement or arrangement between any Directors and any other person which is conditional on or dependent upon the outcome of the Subscription, the Special Deal, and/or the Whitewash Waiver or otherwise connected therewith.

The Subscriber, the Directors and the Company and any parties acting in concert with any of them have not borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

None of the Directors have any interest, direct or indirect, in any assets which had been, since 31 December 2018, being the date of the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, the Subscriber and parties acting in concert with it did not hold any Share or other securities in the Company and accordingly were not entitled to vote on any of the resolutions to be proposed at the SGM.

There is no agreement, arrangement or understanding to transfer, charge or pledge any voting rights over the Subscription Shares.

The English text of this circular shall prevail over the Chinese text in case of inconsistency.

### **13. INFORMATION ON THE SUBSCRIBER**

The registered address of the Subscriber is Rooms 901–905, 9/F, Wing On Centre, 111 Connaught Road Central, Hong Kong. The financial adviser of the Subscriber in relation to the Subscription is China Galaxy International Securities (Hong Kong) Co., Limited, the address of which is at 20/F., Wing On Centre, 111 Connaught Road Central, Sheung Wan, Hong Kong.

The principal member of the Subscriber's concert group is Shuifa Energy Group Limited whose controlling shareholder and ultimate parent company is Shuifa Group Co., Ltd.

The sole director of the Subscriber is Mr. Zheng Qingtao. The directors of Shuifa Group Co., Ltd. are Mr. Wang Zhenqin, Mr. Liu Xiaojun, Mr. Chang Chunsheng, Ms. Zhen Ailan, Mr. Zhang Huanping and Mr. Yan Fangjie.

#### 14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours from 9:30 a.m. to 5:00 p.m. (except Saturdays and public holidays) at the principal place of business of the Company in Hong Kong at Unit 3108, 31/F, China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong from the Latest Practicable Date up to and including the date of the SGM:

1. this circular;
2. the memorandum of association and bye-laws of the Company;
3. the published annual reports of the Company containing audited consolidated financial statements of the Company for the year ended 31 December 2017 and 2018;
4. the published interim results announcement of the Company for the six months ended 30 June 2019;
5. the letter from the Board, the text of which is set out in the section headed “Letter from the Board” in this circular;
6. the letter from the Independent Board Committee, the text of which is set out in the section headed “Letter from the Independent Board Committee” in this circular;
7. the letter from Optima Capital containing its advice to the Independent Board Committee and the Independent Shareholders, the text of which is set out in the section headed “Letter from Optima Capital” in this circular;
8. the written consent referred to in the paragraph headed “Expert’s Qualification and Consent” in this appendix; and
9. the material contracts referred to in the paragraph headed “Material Contracts” in this appendix.

The above documents (except this circular) will be uploaded to the website of the SFC at [www.sfc.hk](http://www.sfc.hk) and the Company’s website at [www.singyessolar.com](http://www.singyessolar.com) from the date of this circular up to (and including) the date of the SGM in accordance with Notes 1 and 2 to Rule 8 of the Takeovers Code.



**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)**

Capitalised terms defined in the circular dated 16 October 2019 issued by the Company (the “**Circular**”) shall have the same meanings when used herein, unless the context otherwise requires.

**NOTICE IS HEREBY GIVEN** that a special general meeting of China Singyes Solar Technologies Holdings Limited will be held at 12:00 p.m. on Thursday, 31 October 2019 at Regus Conference Centre, 35/F Central Plaza, 18 Harbour Road, Wanchai, Hong Kong for the purposes of considering and, if thought fit:

**ORDINARY RESOLUTIONS**

Passing with or without amendment, the following resolutions:

1. “**THAT:**

- (a) subject to the passing of the resolution number 4 below, the Subscription Agreement and the transactions contemplated thereunder be and are hereby approved;
- (b) the grant of the Specific Mandate for the allotment and issue of the 1,687,008,585 Subscription Shares in accordance with the terms and conditions of the Subscription Agreement be and is hereby approved; and
- (c) the Board be and is hereby generally and unconditionally authorised to do all such acts and things and execute all such documents and to take all such steps as it considers necessary or expedient or desirable in connection with or to give effect to paragraphs (a) and/or (b) of this resolution.”

2. “**THAT:**

- (a) the authorised share capital of the Company be increased from US\$12,000,000 divided into 1,200,000,000 Shares of US\$0.01 each to US\$26,000,000 divided into 2,600,000,000 Shares by the creation of an additional 1,400,000,000 new Shares (the “**Authorised Share Capital Increase**”); and

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## NOTICE OF SGM

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(b) any one or more of the directors of the Company be and is/are hereby authorised to do all such acts and things and execute all such documents which he/she/they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Authorised Share Capital Increase.”

3. **“THAT:**

(a) the payment of the Consent Fee and the distribution of the Cash Consideration as more particularly set out in the section headed “SPECIAL DEAL” of the Circular, be and are hereby approved for the purpose of Rule 25 of the Takeovers Code; and

(b) the Directors be and are hereby authorised to sign and execute such documents with or without amendments and do all such acts and things incidental to the Special Deal in their absolute discretions consider necessary, desirable or expedient in connection with the implementation of or giving effect to the Special Deal.”

Passing with or without amendment, the following resolution of the Company as an ordinary resolution and to be approved by at least 75% of the vote cast on a poll by the Independent Shareholders of the Company:

4. **“THAT:**

the application for the Whitewash Waiver, granted or to be granted by the Executive pursuant to Note 1 to the Notes on dispensations from Rule 26 of the Takeovers Code waiving the obligation on the part of the Subscriber to make a mandatory general offer in respect of the Shares and securities issued by the Company (other than those already held or owned or agreed to be acquired by the Subscriber and parties acting in concert with it) as a result of the allotment and issue of the Subscription Shares, and the Whitewash Waiver be and are hereby approved.”

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

Hong Kong, 16 October 2019

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## NOTICE OF SGM

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*Notes:*

- (a) In order to determine the right to attend the SGM, the register of members of the Company will be closed from Monday, 28 October 2019 to Thursday, 31 October 2019, both days inclusive, during which period no transfer of Shares can be registered. In order to qualify for the entitlement to attend and vote at the meeting, all transfer documents, accompanied by the relevant share certificates, must be duly completed and lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 25 October 2019.
- (b) Any member of the Company entitled to attend and vote at the meeting is entitled to appoint another person as his proxy to attend and vote in his stead. A member who is the holder of two or more Shares may appoint more than one proxy to attend and vote on his behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of Shares in respect of which each such proxy is so appointed. A proxy need not be a member of the Company, but must attend the meeting in person to represent you.
- (c) To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be deposited at the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting (i.e. at 12:00 p.m. on Tuesday, 29 October 2019) or any adjourned meeting. The proxy form is published on the websites of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company at [www.singyessolar.com](http://www.singyessolar.com).
- (d) Completion and delivery of the form of proxy will not preclude a member from attending and voting in person at the meeting if the member so desires and in such event, the instrument appointing a proxy shall be deemed to be revoked.
- (e) Where there are joint holders of any share, any one of such persons may vote at any meeting, either in person or by proxy, in respect of such Share as if he was solely entitled thereto; but if more than one of such joint holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.
- (f) Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Therefore, all resolutions proposed at the meeting shall be voted on by poll.

*As at the date of this notice, 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 non-executive Directors are Dr. Wang Ching, Mr. Yick Wing Fat, Simon and Dr. Tan Hongwei.*