

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



China Shuifa Singyes Energy Holdings Limited

中國水發興業能源集團有限公司

(incorporated in Bermuda with limited liability)

(Stock Code: 750)

CONNECTED TRANSACTION DISPOSAL OF EQUITY INTERESTS IN A SUBSIDIARY

THE DISPOSAL

On 29 December 2023 (after trading hours), the Vendor, a non-wholly owned subsidiary of the Company, has entered into the Equity Transfer Agreement with the Purchaser, pursuant to which the Purchaser has agreed to acquire and the Vendor has agreed to sell 100% equity interests in the Target Company at the consideration of RMB7,427,934.50 (equivalent to approximately HK\$7,947,889.92).

Upon completion of the Disposal, the Company will no longer have any interest in the Target Company and the Target Company will cease to be a subsidiary of the Company. Accordingly, the financial results of the Target Company will no longer be consolidated in the Group's consolidated financial statements.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Shuifa Group is the controlling shareholder of the Company which indirectly holds 1,687,008,585 shares, representing approximately 66.92% of the issued share capital of the Company. As Shuifa Group holds indirectly 60% equity interests in the Purchaser as at the date of the Equity Transfer Agreement, the Purchaser is a connected person of the Company. Accordingly, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio (as defined in the Listing Rules) of the Disposal exceeds 0.1% but is less than 5%, the Disposal is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but exempt from the independent shareholders' approval requirement.

THE DISPOSAL

THE EQUITY TRANSFER AGREEMENT

Date

29 December 2023 (after trading hours)

Parties

- (1) The Vendor, as the vendor; and
- (2) The Purchaser, as the purchaser.

Subject Matter

The subject matter of the Disposal under the Equity Transfer Agreement refers to the 100% equity interests of the Target Company held by the Vendor.

Consideration

The consideration payable by the Purchaser to the Vendor in respect of the Disposal amounts to RMB7,427,934.50 (equivalent to approximately HK\$7,947,889.92).

The Target Company was incorporated by the Vendor, as the promoter shareholder, in July 2022 and the registered capital amount paid by the Vendor as at its establishment was RMB1,000,000.

Basis of consideration

The consideration for the Disposal was determined on normal commercial terms after arm's length negotiations between the Vendor and the Purchaser with reference to the assessed market value of 100% equity interests of the Target Company as at the Valuation Base Date, i.e. RMB7,247,965.62, which was evaluated by the Independent Valuer using the cost approach and the factors set out in the section headed "REASONS FOR AND BENEFITS OF THE DISPOSAL" of this announcement.

FINANCIAL IMPACT OF THE DISPOSAL AND INTENDED USE OF PROCEEDS

The following is the unaudited financial information of the Target Company for the period from the date of incorporation to 31 December 2022, and for the eleven months ended 30 November 2023 which has been prepared in accordance with PRC GAAP:

	For the eleven months ended 30 November 2023 (Unaudited) <i>RMB</i>	For the period from date of incorporation to 31 December 2022 (Unaudited) <i>RMB</i>
Net profit before tax	7,469,659.11	9,905,219.34
Net profit (loss) after tax	(179,968.88)	7,427,934.5

According to the appraisal by the Independent Valuer, the assessed market value of the Target Company as at the Valuation Base Date was RMB7,247,965.62. The unaudited total assets of the Target Company as at 31 December 2022 was RMB49,908,421.90.

Immediately following the completion of the Disposal, the Company will no longer have any interest in the Target Company and the Target Company will cease to be a subsidiary of the Company. Accordingly, the financial results of the Target Company will no longer be consolidated in the Group's consolidated financial statements.

Based on the consideration of the Disposal, the Disposal is expected to generate book gain of approximately RMB179,968.88, which is calculated with reference to the consideration of the Disposal less the fair value of the 100% equity interests of the Target Company as at 30 November 2023. The exact amount of gain to be recorded in the consolidated financial statements of the Group for the year ending 31 December 2023 is subject to audit. The proceeds from the Disposal are intended to be used as general working capital of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Target Company was established mainly for the purpose of developing clean energy technology and related businesses. Since its establishment, the Target Company was in initial stage and has gradually carried out business activities. In view of the fact that significant amount of capital investment and liquidity is required for the clean energy technology development business to maintain operations at a going concern, and taking into considerations of the Group's business direction and development strategy, operating costs and prospects of clean energy business, the Company believes that the disposal of the Target Company and the ongoing introduction of clean energy business through other channels are in the best interests of the Group, as the Disposal reduces the Group's financial investments and operating expenses related to the Target Company. In addition, the capital

funds acquired from the Disposal will allow the Group's resources to be re-invested in its main business and other businesses with higher returns and development prospects. The Company is of the view that the Disposal will enhance the Group's overall liquidity and post-completion profitability.

The Directors (including the independent non-executive Directors) believe that the terms of the Equity Transfer Agreement are fair and reasonable and on normal commercial terms, and the Disposal is in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE GROUP AND THE VENDOR

The Company is an investment holding company. The Group is a professional renewable energy system integrator and construction contractor, principally engaged in the design, manufacture, provision and installation of conventional curtain walls and integrated solar photovoltaic systems, as well as the manufacture and sale of solar power products.

The Vendor is a company established in the PRC with limited liability, being a non-wholly owned subsidiary of the Company. It has a number of photovoltaic projects in Shandong Province of the PRC.

INFORMATION ON THE PURCHASER

The Purchaser is a company established in the PRC with limited liability, principally engaged in the clean energy industry such as natural gas, solar energy, wind energy, hydrogen energy and energy storage. As at the date of this announcement, the Purchaser is indirectly held as to 60% by Shuifa Group. Shuifa Group is owned, directly and indirectly, as to 90% by 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) and as to 10% by the Shandong Provincial Council for Social Security Fund* (山東省社會保障基金理事會), which is directly under the Shandong Provincial Government.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated in the PRC with limited liability in July 2022. It is principally engaged in the production and supply industry of electricity and heat, etc.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Shuifa Group is the controlling shareholder of the Company which indirectly holds 1,687,008,585 shares, representing approximately 66.92% of the issued share capital of the Company. As Shuifa Group holds indirectly 60% equity interests in the Purchaser as at the date of the Equity Transfer Agreement, the Purchaser is a connected person of the Company. Accordingly, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio (as defined in the Listing Rules) of the

Disposal exceeds 0.1% but is less than 5%, the Disposal is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but exempt from the independent shareholders' approval requirement.

None of the Directors has a material interest in the Disposal and is required to abstain from voting on the board resolution approving the Disposal.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	China Shuifa Singyes Energy Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 750)
“connected person(s)”	has the same meaning as defined in the Listing Rules
“controlling shareholder”	has the same meaning as defined in the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the share transfer of 100% equity interests in the Target Company contemplated under the Equity Transfer Agreement
“Independent Valuer”	Beijing Zhengyuan Tiancheng Asset Value Company Limited, a professional valuer who is an independent person
“Valuation Base Date”	30 November 2023
“Vendor”	Shuifa Clean Energy Technology Co., Ltd, a non-wholly owned subsidiary of the Company
“Equity Transfer Agreement”	The equity transfer agreement dated 29 December 2023 entered into between the Vendor and the Purchaser regarding the Disposal
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Shuifa Clean Energy (Yingkou) Co., Ltd., a company established in the PRC with limited liability, which was held as to 100% equity interests by the Vendor before signing the Equity Transfer Agreement
“%”	per cent
“Purchaser”	Shuifa Lvdong (Zibo) New Energy Co., Ltd. a company incorporated in the PRC with limited liability
“Shuifa Group”	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)
“Water Development (HK)”	Water Development (HK) Holding Co., Limited, being the controlling shareholder of the Company and is 100% beneficially owned by Shuifa Group

For the purpose of this announcement and for illustrative purpose only, RMB is converted into Hong Kong dollars at the exchange rate of RMB1.00 to HK\$1.07. No representation is made that any amounts in RMB or HK\$ have been or could have been converted at the above exchange rates or any other exchange rates.

By order of the Board
China Shuifa Singyes Energy Holdings Limited
Mr. Wang Dongkai
Chairman

Hong Kong, 29 December 2023

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

** for identification purpose only*