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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)**

### **SUPPLEMENTAL ANNOUNCEMENT AMENDED AND RESTATED SALE AND PURCHASE AGREEMENT IN RELATION TO THE DISPOSAL OF 81% EQUITY INTEREST IN THE TARGET**

#### **THE AMENDED AND RESTATED SALE AND PURCHASE AGREEMENT**

Reference is made to the announcement of the Company dated 4 September 2016 in relation to the sale and purchase of collectively (i) 81% of the equity interest of the Xinjiang Operator, and (ii) 81% of the equity interest of the Wuwei Operator. Lukong Water, an additional investor, being a party related to the ultimate controlling shareholder of the Company, would take part in the Transaction. The parties have amended the agreement by entering into the Amended and Restated Sale and Purchase Agreement.

#### **LISTING RULES IMPLICATIONS**

The Transaction has been a discloseable transaction and is now a connected transaction, and is therefore subject to the reporting, announcement, circular, independent financial advice and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. While there are no substantial changes to the underlying target assets and consideration, the Transaction may also constitute a major transaction of the Company if it is treated as a new transaction. The Company would consult the Stock Exchange and make further announcement(s) as and when appropriate.

**The Transaction is subject to the fulfilment of the Conditions Precedent and it may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

Reference is made to the announcement of the Company dated 4 September 2016 in relation to the sale and purchase of collectively (i) 81% of the equity interest of the Xinjiang Operator, and (ii) 81% of the equity interest of the Wuwei Operator. The Company has been informed that Lukong Water, an additional investor, being a party related to the ultimate controlling shareholder of the Company, would take part in the transaction. The parties have amended the agreement by entering into the Amended and Restated Sale and Purchase Agreement.

## THE AMENDED AND RESTATED SALE AND PURCHASE AGREEMENT

The salient terms of the Amended and Restated Sale and Purchase Agreement are set out below:

### Parties

- (1) Purchaser: 佳意投資有限公司 (Excel Deal Investment Limited), a wholly-owned subsidiary of the Purchaser's Holding Company
- (2) Vendor: 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
- (3) Vendor's guarantor: the Company
- (4) Investors:
  - 1. Happy Fountain Limited, a company incorporated in the British Virgin Islands with limited liability; and
  - 2. Lukong Water

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Purchaser, Happy Fountain Limited and their respective ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

While there are not substantial changes to the underlying target assets and consideration, Lukong Water will become the controlling shareholder of the Purchaser's Holding Company upon completion of the Share Subscription pursuant to the Restructuring Agreement. Lukong Water is a wholly-owned subsidiary of 山東水利發展集團有限公司 (Shandong Water Development Group Co., Ltd.\*), which in turn is a wholly-owned subsidiary of Shuifa Group Co., Ltd., therefore Lukong Water is a connected person of the Company under the Listing Rules.

## **Subject Matter**

Subject to the terms and conditions of the Amended and Restated Sale and Purchase Agreement, the Company (as legal and beneficial owner) shall procure the BVI Holding Co to sell and the Purchaser shall purchase the Sale Shares with effect from the Completion Date.

The Company shall procure the BVI Holding Co to waive all relevant possible restrictions as to the transfer of the Sale Shares (including all rights of first offer).

## **Consideration**

The total Consideration for the Sale Shares is a sum not exceeding HK\$834,848,000 (or equivalent to RMB745,400,000), subject to adjustments set out in the Amended and Restated Sale and Purchase Agreement and set forth below.

The Consideration shall be paid and settled by the Purchaser and the Investors (as the case may be) as follows:

- (a) Happy Fountain Limited has paid the Investor's Deposit (as directed by the Vendor and/or the BVI Holding Co) to the Company in two installments as below:
  1. the parties to the Amended and Restated Sale and Purchase Agreement confirm that Happy Fountain Limited has paid the Initial Deposit and Further Deposit as parts of the Consideration; and
  2. the remaining Consideration (i.e. the Completion Payment and the After Completion Payment) to be paid in accordance with the below.
- (b) upon the satisfaction of the conditions below and within five (5) Business Days therefrom (as confirmed by the Purchaser), the Purchaser shall procure the Purchaser's Holding Company to irrevocably settle the Completion Payment in the amount of HK\$480,000,000 in accordance with such mechanism agreed in writing by the parties:
  1. all funds generated from the Fund Raising (the "**Funds from Fund Raising**") having been received by the Purchaser's Holding Company or its representative;
  2. the Funds from Fund Raising being freely utilised by the Purchaser's Holding Company;
  3. compliance with all governing conditions stated in the Purchaser Holdco Circular or any relevant agreements or document in respect of restrictions on the use of the Funds from Fund Raising;

4. compliance with all provisions under the Listing Rules or other regulations of the Stock Exchange or other regulatory authorities or any applicable laws and regulations which apply to any use of the Funds from Fund Raising; and
  5. all necessary waivers, consent and approval having been obtained from any relevant governmental or regulatory authorities or other relevant third parties in respect of the use of the Funds from Fund Raising;
- (c) subject to Completion, the Purchaser shall within five (5) Business Days from the Completion Date, irrevocably procure the delivery and release of the Completion Payment to the bank account of the Company (as directed by the Vendor and/or the BVI Holding Co) by way of telegraphic transfer;
- (d) within 36 months from the Completion Date (both days inclusive), the Purchaser shall pay the After Completion Payment to the Vendor (as directed by the Vendor and/or the BVI Holding Co) by way of the issue of a cashier's order and the delivery of it to the Company.

The After Completion Payment shall be subject to the following adjustments:

1. profit distributions (if any) made by any or all of the Operators to the Vendor in excess of HK\$100,000,000 multiplied by 81% and such adjustment shall be determined based on the audited completion accounts to be prepared by the auditors of the Operators in accordance with the terms and conditions of the Amended and Restated Sale and Purchase Agreement;
2. any debts and loans of the Operators and the Vendor Group (excluding the Operators) arising before the Completion; and
3. if Lukong Water and the Purchaser are to conduct audit and valuation on the Operators with a reference date of 30 September 2019, the discrepancy between the Consideration and the value as per such valuation (if any);

provided that the amount of the aforementioned adjustments shall not exceed 10% of HK\$834,848,000.

For the avoidance of doubt, the parties confirmed that the Investors' Deposit has been paid by Happy Fountain Limited and assigned to Lukong Water pursuant to the Deed of Assignment without consideration.

The Consideration was determined after arm's length negotiation between the parties to the Amended and Restated Sale and Purchase Agreement having regard to (i) the value of the Solar Assets of the Operators and (ii) the financial performance and business prospects of the Target and its subsidiaries.

## Conditions Precedent

Completion is subject to the following Conditions Precedent being fulfilled and remaining satisfied as at Completion (save as those that may be jointly waived by the Purchaser and Lukong Water), as set out in the Amended and Restated Sale and Purchase Agreement:

- (1) the Purchaser having, at its own cost:
  - (a) carried out its due diligence review and being satisfied with the results, in particular that the Solar Assets have the total installed production capacity of not less than 100 Megawatt;
  - (b) obtained a PRC legal opinion, in form and substance satisfactory to the Purchaser;
  - (c) appointed a financial adviser in respect of the Purchaser Holdco Resumption Proposal;
  - (d) according to a valuation report from an independent valuer in 2017, the total commercial valuation of the Operators in 2017 is not less than HK\$1,063,000,000;
- (2) the Purchaser Holdco Circular having been approved by the Stock Exchange and despatched to the shareholders of the Purchaser's Holding Company;
- (3) the approval by the board of directors of the Purchaser and the shareholders of the Purchaser's Holding Company (or, if so required by the Listing Rules or by the SFC, the independent shareholders of the Purchaser's Holding Company) of the Amended and Restated Sale and Purchase Agreement and the Transactions contemplated thereunder, the Restructuring, the Restructuring Agreement, the Fund Raisings and the transactions contemplated thereunder at a special general meeting of the Purchaser's Holding Company to be convened in accordance with, and all other consents and acts required under, the Listing Rules being obtained and completed or, as the case may be, the relevant waiver from compliance with any of such rules being obtained from the Stock Exchange;
- (4) the approvals to be given by the Board and if required, the Shareholders (or, if so required by the Listing Rules, the independent Shareholders) of the Amended and Restated Sale and Purchase Agreement, the Transactions and the transactions contemplated thereunder at a special general meeting or Board meeting of the Company to be convened in accordance with, and all other consents and acts required under, the Listing Rules being obtained and completed or, as the case may be, the relevant waiver from compliance with any of such rules being obtained from the Stock Exchange;

- (5) the compliance with any other requirements under the Listing Rules or otherwise of the Stock Exchange or other regulatory authorities or any applicable laws and regulations which require compliance at any time prior to Completion in relation to the transactions contemplated under the Amended and Restated Sale and Purchase Agreement;
- (6) (if required) all requisite waivers, consents and approvals from any relevant governments or regulatory authorities or other relevant third parties in connection with the transactions contemplated by the Amended and Restated Sale and Purchase Agreement having been obtained;
- (7) Happy Fountain Limited and Lukong Water having executed the memorandum of understanding dated 1 April 2019;
- (8) Lukong Water and the Purchaser's Holding Company having duly executed the Restructuring Agreement in respect of the Transaction;
- (9) the Stock Exchange having issued a confirmation letter approving in principle the resumption of trading in the shares of the Purchaser's Holding Company on the Stock Exchange;
- (10) Lukong Water having obtained all necessary approval(s), waiver(s) (if required), consent(s) and authorisation(s) from PRC onshore and offshore (if required) governmental, administrative authorities, supervisory authorities or any relevant third parties (including but not limited to the State-owned Assets Supervision and Administration Commission of the State Council of the Shandong Province of the PRC\* (中國山東省人民政府國有資產監督管理委員會), the Ministry of Commerce of the PRC, the National Development and Reform Commission of the PRC and the State Administration of Foreign Exchange of the PRC) in respect of the transactions contemplated under the Amended and Restated Sale and Purchase Agreement;
- (11) with respect to the Purchaser Holdco Resumption Proposal:
  - (a) the Restructuring Agreement having been duly entered into and having become unconditional and been completed in accordance with its terms, save for the fulfillment of any condition precedent therein contained and the transaction of any business at completion of the Restructuring Agreement that will be fulfilled and transacted upon (i) the Amended and Restated Sale and Purchase Agreement becoming unconditional or (ii) the simultaneous completion of the Restructuring Agreement and the Amended and Restated Sale and Purchase Agreement;
  - (b) the Fund Raisings having been completed and the receipt by the Purchaser's Holding Company of net proceeds therefrom (after deducting the fees payable to all professional parties) in the aggregate amount of not less than HK\$565,000,000;

- (c) the Stock Exchange having granted conditional or unconditional approval in principle in respect of the Purchaser Holdco Resumption Proposal, and such relevant approval not having been revoked or cancelled; and
- (d) the Stock Exchange having granted conditional or unconditional approval in principle to the resumption of trading in the shares of the Purchaser's Holding Company, and such relevant approval not having been revoked or cancelled;
- (12) production by the Vendor to the Purchaser of evidence that the Sales Group Restructuring has been completed in accordance with the terms and conditions of the Amended and Restated Sale and Purchase Agreement and all applicable laws;
- (13) from the date of the Amended and Restated Sale and Purchase Agreement and at any time before the Completion, the Warranties remaining true and accurate and not misleading, and no events have occurred that would result in any breach of any Warranties or other provisions of the Amended and Restated Sale and Purchase Agreement by the Vendor or the Company;
- (14) the SFC having granted a whitewash waiver to Lukong Water from the compliance of Rule 26 of the Hong Kong Code on Takeovers and Mergers in respect of the Share Subscription;
- (15) the SFC having granted its consent to special deal;
- (16) notwithstanding the exclusivity restrictions under the Exclusivity Agreement, Happy Fountain Limited, Lukong Water and the Purchaser's Holding Company having entered in the a new exclusivity agreement, allowing Lukong Water as a third party to subscribe for and the Purchaser's Holding Company to issue and allot shares for subscription under the Share Subscription;
- (17) the Court of First Instance of the High Court of Hong Kong having granted an order conditionally or unconditionally discharging the provisional liquidator of the Purchaser's Holding Company's liquidation;
- (18) the winding-up petition of the Purchaser's Holding Company initially petitioned by Crown Master International Trading Co., Ltd. and subsequently assumed and continued by Ankang Limited pursuant to No. 108 of the Companies Winding-up Proceedings of 2015 (HCCW108/2015) having been terminated or withdrawn and the court of Hong Kong having ordered so and such order having been filed;
- (19) there is no occurrence of (i) any Material Adverse Change; nor (ii) any significant events, matters or circumstances arising with respect to the Operators;
- (20) the full repayment of the PRC Bank Debts, the Asset Pledges having been discharged in full and the Xinjiang Operator, the Wuwei Operator and their respective assets are not subject to any encumbrances; and



(21) the Vendor and relevant PRC Banks having executed deeds of release (including ancillary documents referred to in the deeds (if any)) and all documents specified in the deeds of release in respect of each of the Asset Pledges.

The Purchaser shall use its reasonable effort to procure the satisfaction of the Conditions Precedent numbered (1) to (3) and (9) to (11) above at or before 12:00 noon on the Long Stop Date. The Vendor and the Company shall each use its reasonable effort (based on the nature of the transaction contemplated under the Share Purchase Agreement to the Vendor and the Company) procure the satisfaction of the Conditions Precedent numbered (4), (11) and (12) above at or before 12:00 noon on the Long Stop Date. All parties shall each use its reasonable effort (based on the nature of the transaction contemplated under the Share Purchase Agreement to the Vendor and the Company) procure the satisfaction of the Conditions Precedent numbered (5) and (6) above at or before 12:00 noon on the Long Stop Date.

The Purchaser may at its sole and absolute discretion and at any time waive, by notice in writing to the Vendor and the Company, the Conditions Precedent numbered (1)(a) and (b), and (11) to (12) above. Such waiver may be made subject to such terms and conditions as are determined by the Purchaser. None of the other Conditions Precedent may be waived by any party unilaterally.

If any of the Conditions Precedent has not been satisfied (or, as the case may be, waived by the Purchaser) on or before 12:00 noon on the Long Stop Date, the Amended and Restated Sale and Purchase Agreement shall cease and terminate, except for the clauses concerning definition, confidentiality and announcement, costs and expenses, notice, governing law, jurisdiction and process agent and termination fees, and none of the parties shall have any obligations and liabilities under the Amended and Restated Sale and Purchase Agreement save for any refund of payments to be made by the Company to the Purchaser in accordance with the terms and conditions of the Amended and Restated Sale and Purchase Agreement.

### **Major Warranties**

The Vendor and the Company warrant to the Purchaser that (i) the Solar Assets on aggregate shall generate not less than 100,000,000 kWh of electricity every year in the first three years after the Completion Date and (ii) the respective 80MW solar assets of the Target Companies will be admitted to the sixth batch (with subsidy paid within one year after Completion), and the remaining 20MW solar asset will be admitted to the seventh or a subsequent batch (with subsidy paid within two years after Completion), of renewable energy subsidy programme pursuant to the “Notice on Organisation and Declaration of Additional Funding Subsidies Directory” issued by the Ministry of Finance of the PRC.



## **Completion**

Subject to satisfaction of all the Conditions Precedent in full (save for any Condition Precedent the full compliance with or satisfaction of which has been waived by the Purchaser) and the Purchaser's right under the Amended and Restated Sale and Purchase Agreement, Completion shall take place at 11:00 a.m. on the Completion Date at the principal place of business in Hong Kong of the Purchaser for the time being or at such other time and place as may be agreed by the Purchaser and the Vendor in writing (time in either case being of the essence).

## **Tax and Other Indemnities**

Subject to Completion, each of the Vendor and the Company undertakes with and covenant to the Purchaser to indemnify and keep harmless the Purchaser (for itself and as trustee for the benefit of each members on the Sales Group) on a US\$ to US\$ basis for any liabilities or relevant tax arising from any revenue, profits or benefits obtained, accumulated or received by any member of the Sales Group on or before the Completion Date.

Subject to Completion, each of the Vendor and the Company unconditionally and irrevocably undertakes with the Purchaser (for itself and as trustee for the benefit of each members on the Purchaser Group) that the Vendor and the Company will, without recourse against the Purchaser Group, assume and be solely liable for all liabilities, losses, damages, costs and expenses suffered by the Purchaser Group not recorded in the accounts (if any), and the Vendor and the Company shall indemnify the Purchaser on first demand and on a full indemnity basis (for itself and as trustee for the benefit of each members on the Purchaser Group) all liabilities, losses, damages, costs and expenses suffered or incurred by any member of the Purchaser Group.

Subject to Completion, each of the Vendor and the Company undertakes with and covenant to the Purchaser to indemnify and keep harmless the Purchaser (for itself and as trustee for the benefit of each members on the Sales Group) on a US\$ to US\$ basis for any actual or possible discrepancy in the national electricity price subsidy paid or payable by the PRC government to each of the Operators. Upon one (1) or two (2) years (as the case may be for different Solar Assets) after the Completion Date, the Purchaser has the right to claim for discrepancy in the national electricity price subsidy received. Each of the Vendor and the Company further covenants and undertakes that such indemnity may not be discharged in any event, whether or not the failure to obtain subsidy or discrepancy in subsidy obtained is caused by government actions which could not be predicted or controlled by the Vendor and the Company (including but not limited to (1) change of PRC laws and regulations, (2) change of relevant policies and (3) other actions or non-action of relevant government departments).

Subject to Completion, each of the Vendor and the Company unconditionally and irrevocably undertakes with the Purchaser (for itself and as trustee for the benefit of each member of the Purchaser Group) that on the basis of the Vendor and the Company not claiming against any member of the Sales Group, indemnify the Purchaser on first demand and on a full indemnity basis (for itself and as trustee for the benefit of each members on the Sales Group) all liabilities, losses, damages, penalties, costs and expenses suffered or incurred by any member of the Sales Group in respect of the negligence, failure and delay to obtain or keep effective all permits, including but not limited to permits in relation to the lands and buildings of projects of the Xinjiang Operator.

The Company unconditionally and irrevocably undertakes with the Purchaser that the Vendor shall timely perform and discharge its obligations under the Amended and Restated Sale and Purchase Agreement (no matter current or future, actual or contingent), including but not limited to general conditions, all amounts due and payable at any time by the Vendor to the Purchaser under the Amended and Restated Sale and Purchase Agreement (the “**Vendor’s Obligations**”). In the event that the Vendor fails to timely perform or discharge the Vendor’s Obligations, the Company shall immediately at the written demand of the Purchaser perform or discharge or procure the performance and discharge of such Vendor’s Obligations, in order to cause the Purchaser obtaining the same benefits as the Vendor performing or discharging such obligations.

Without prejudice to the above, the Company unconditionally and irrevocably undertakes that it is a principal obligation to indemnify the Purchaser and keep harmless the Purchaser Group in respect of all reasonable costs, expenses, losses or actual damages (non-collateral or punitive damages) arising from non-payment of the Vendor or any amounts or non-performance of any obligation under the Amended and Restated Sale and Purchase Agreement on a timely basis, and any possible expenses arising from litigations brought by the Purchaser against the Vendor or the Company.

### **Specific Performance**

Without prejudice to any other remedies available to the Purchaser, if the Vendor is unable to complete the Amended and Restated Sale and Purchase Agreement after the Satisfaction or waiver of the Conditions Precedent (unless due to the deliberate default of the Purchaser), the Purchaser shall be entitled to seek specific performance of the Amended and Restated Sale and Purchaser Agreement.

## FINANCIAL INFORMATION OF THE OPERATORS

The unaudited financial information of the Operators (prepared in accordance with the International Financial Reporting Standards), for the two years ended 31 December 2018 and 2019 respectively, are summarized as below:

	Year ended 31 December	
	2018	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Revenue	87,183	100,138
Net profit (before tax)	45,711	55,118
Net profit (after tax)	38,855	46,851

Based on the unaudited financial statements of the Operators, the aggregate net asset value of the Target Operators is approximately RMB672,602,000 as at 31 December 2019.

Upon Completion, the Operators will cease to be subsidiaries of the Company and the financial results of the Operators will no longer be consolidated into the Group's financial results.

## FINANCIAL EFFECT

Based solely on the total assets value less third party payables attributable to the disposal of the Operators as of 30 June 2019 with the amount of approximately RMB521.3 million, the inter-company loans and inter-company transactions of RMB383.9 million and RMB17.6 million, respectively, between the Operators and other subsidiaries of the Company, and the Consideration under the Sales and Purchase Agreement in the amount of HK\$834,848,000 together with the adjustments in consideration pursuant to the Sales and Purchase Agreement. The Company would record an unaudited estimated loss of approximately RMB54.2 million before taxation from the disposal of the Operators.

## INFORMATION OF THE OPERATORS

新疆興業新能源有限公司 (Xinjiang Singyes Renewable Energy Company Limited\*) is currently a wholly-owned subsidiary of the Vendor and will be a wholly-owned subsidiary of the WFOE after the Sales Group Restructuring. It is principally engaged in the business of development and technical consultation relating to solar power, design of solar power systems, specific investments of solar power projects.

武威東潤太陽能開發有限公司 (Wuwei Dongrun Solar Energy Development Company Limited\*) is currently a wholly-owned subsidiary of the Vendor and will be a wholly-owned subsidiary of the WFOE after the Sales Group Restructuring. It is principally engaged in the business of development, construction, production, sales and operations of solar power.

### The Solar Assets

Details of the Solar Assets are set out as follows:

	<b>First Phase of the Photovoltaic Solar Energy Power Plant owned by the Xinjiang Operator</b>	<b>Second Phase of the Photovoltaic Solar Energy Power Plant owned by the Xinjiang Operator</b>	<b>Solar Assets owned by the Wuwei Operator</b>
<b>Status</b>	In operation	In operation	In operation
<b>Location</b>	新疆塔里木壠區農二師33團場 (Field of Division 33, the Second Agricultural Tour, Muken District, Talimu, Xinjiang*)	新疆塔里木壠區農二師33團場 (Field of Division 33, the Second Agricultural Tour, Muken District, Talimu, Xinjiang*)	武威金太陽新能源高新技術集中區2區 (District 2, Wuweijin Solar Energy High Technology Focus Area*)
<b>Period of Operation</b>	From October 2014	From May 2016	From October 2014
<b>Installed Production Capacity</b>	30 megawatt	20 megawatt	50 megawatt
<b>Annual Power Production Capacity</b>	30,000,000 kilowatt hour	2,000,000 kilowatt hour	50,000,000 kilowatt hour

### INFORMATION OF THE GROUP

As at the date of this announcement, 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.

## **INFORMATION OF THE PURCHASER AND THE PURCHASER'S HOLDING COMPANY**

The Purchaser is an investment holding company incorporated in the British Virgin Islands with limited liability. It is a wholly-owned subsidiary of the Purchaser's Holding Company.

The Purchaser's Holding Company is a company incorporated in Bermuda with limited liability whose shares are listed and traded on the Main Board of the Stock Exchange (stock code: 155). It is principally engaged in photovoltaic business and strategic investments. It has provisional liquidators appointed and is undergoing the Restructuring.

## **INFORMATION OF THE INVESTORS**

Happy Fountain Limited is a company incorporated in the British Virgin Islands with limited liability, and is principally engaged in the business of investment holding. It is wholly-owned by Mr. Cheung Shun Yee.

Lukong Water is a company established in the PRC with limited liability and is principally engaged in the business of investment and operations of water supply, sewage treatment, water related constructions and hydroelectric power. It is a wholly-owned subsidiary of 山東水利發展集團有限公司 (Shandong Water Development Group Co., Ltd\*), which in turn is a wholly-owned subsidiary of Shuifa Group Co., Ltd, the controlling shareholder of the Company.

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

The Company considers that the Transaction will enable the Group to relocate its resources to its other business and help streamline its businesses to achieve better return and value to the Company and its Shareholders as a whole.

The Directors (excluding those Directors who have abstained from voting on the relevant resolutions at the Board approving the Amended and Restated Sale and Purchase Agreement and the Transaction and the independent non-executive Directors who will express their views after considering the advice from the Independent Financial Adviser) consider that the terms of the Amended and Restated Sale and Purchase Agreement are fair and reasonable and are on normal commercial terms, and the Transaction is in the interests of the Company and its shareholders as a whole.

As each of Mr. Zheng Qingtao, Mr. Wang Dongwei, Mr. Chen Fushan, Ms. Wang Suhui and Mr. Zhang Jianyuan holds positions within Shuifa Group Co., Ltd and its wholly-owned subsidiary, Shuifa Energy Group Limited, they are deemed to have material interest in the Amended and Restated Sale and Purchase Agreement and the Transactions contemplated thereunder. Hence, they have abstained from voting on the relevant resolutions at the Board meeting approving the Amended and Restated Sale and Purchase Agreement and the Transactions contemplated thereunder.

## **USE OF PROCEEDS**

It is expected that the Consideration and the proceeds from the Transaction will be used as general working capital of the Group and for its future business development.

## **LISTING RULES IMPLICATIONS**

Water Development (HK) Holding Co., Limited is a controlling Shareholder and it is an indirect wholly-owned subsidiary of Shuifa Group Co., Ltd.. As Lukong Water is an indirect wholly-owned subsidiary of Shuifa Group Co., Ltd., it is a connected person of the Company. The Transaction constitutes a connected transaction of the Company, and is therefore subject to the reporting, announcement, circular, independent financial advice and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Transaction has been a discloseable transaction and is now a connected transaction, and is therefore subject to the reporting, announcement, circular, independent financial advice and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. While there are no substantial changes to the underlying target assets and consideration, as one or more of the applicable percentage ratios under Chapter 14 of the Listing Rules for the Transaction exceed 25% but all are less than 75% as at the date of this announcement, the Transaction may also constitute a major transaction of the Company if it is treated as a new transaction. The Company would consult the Stock Exchange and make further announcement(s) as and when appropriate.

## **GENERAL**

The SGM will be convened for the purposes of, among other matters, considering, and if thought fit, approving the Amended and Restated Sale and Purchase Agreement and the Transactions contemplated thereunder. As Lukong Water is an indirect wholly-owned subsidiary of Shuifa Group Co., Ltd, which in turn holds 100% of the equity interest in Water Development (HK) Holding Co., Limited, the Company's controlling Shareholder, Water Development (HK) Holding Co., Limited and its close associates have material interests in the Amended and Restated Sale and Purchase Agreement and the Transactions and are therefore required to abstain from voting on the relevant resolutions at the SGM.

The Independent Board Committee (comprising all independent non-executive Directors) has been formed to advise and provide recommendation to the Independent Shareholders on the Amended and Restated Sale and Purchase Agreement and the Transactions contemplated thereunder. An Independent Financial Adviser will be engaged to advise the Independent Board Committee and the Independent Shareholders in the same respect.

A circular containing, among other things, (i) details of the Amended and Restated Sale and Purchase Agreement and the Transactions contemplated thereunder; (ii) a letter from the Independent Board Committee; (iii) a letter from the Independent Financial Adviser; (iv) a notice of the SGM; and (v) further information required to be disclosed under the Listing Rules, is expected to be despatched to the Shareholders on or before 11 February 2020.

**The Transaction is subject to the fulfilment of the Conditions Precedent and it may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **DEFINITIONS**

Unless otherwise stated or the context requires otherwise, the terms in this announcement shall have the following meanings:

“After Completion Payment”	the Consideration adjusted in accordance with the terms and conditions of the Amended and Restated Sale and Purchase Agreement less HK\$530,000,000 to be paid by cashier’s order, being an amount of HK\$304,848,000 (subject to adjustment). In any event, the adjusted after completion payment shall be an amount between HK\$221,363,200 and HK\$388,332,800
“Amended and Restated Sale and Purchase Agreement”	the Amended and Restated Sale and Purchase Agreement in respect of the Sale Shares entered into between the Vendor (as vendor), the Company (as Vendor’s guarantor), the Purchaser (as purchaser) and the Investors on 11 January 2020, as amended from time to time
“Asset Pledges”	the Wuwei Asset Pledge and the Xinjiang Asset Pledge
“Board”	the board of Directors
“Business Day”	a day (other than Saturdays, Sundays, general holidays (as defined under the General Holidays Ordinance, Cap. 149 of the Laws of Hong Kong) and such other days where a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above is in force in Hong Kong), on which licensed banks in Hong Kong are open for business throughout their normal business hours
“BVI Holding Co”	a limited liability company to be incorporated in the British Virgin Islands by the Company as a part of the Sales Group Restructuring, which will be a direct or indirect wholly owned subsidiary of the Company and the direct owner of all the issued share capital of the Target immediately before the Completion
“Company”	China Singyes Solar Technologies Holdings Limited, a company incorporated in Bermuda, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 750)



“Completion”	the completion of the Amended and Restated Sale and Purchase Agreement with performance by the Vendor, the Company, the Investors and the Purchaser of their respective obligations in accordance with the Amended and Restated Sale and Purchase Agreement
“Completion Date”	the fifth Business Day after the last of the outstanding Conditions Precedents shall have been fulfilled or, if different, such day (which must be a Business Day) agreed by the Purchaser and the Company in writing on which Completion shall take place, but in any event, the relevant date shall not be later than the Business Day immediately before the expected date of the resumption of trading in shares on the Stock Exchange
“Completion Payment”	an amount of HK\$480,000,000 to be paid on the Completion Date
“Conditions Precedent”	the conditions precedent set out in the Amended and Restated Sale and Purchase Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	a sum not exceeding HK\$834,848,000 (or equivalent to RMB745,400,000), being the total price for the purchase of the Sale Shares to be paid by the Purchaser and/or the Investors to the Company (as specified by the Vendor and/or the BVI Holding Co), which can be adjusted in accordance with the terms and conditions of the Amended and Restated Sale and Purchase Agreement. The total amount of such adjustment shall not exceed 10% of the total consideration (i.e. HK\$834,848,000), meaning the adjusted total consideration shall be no less than HK\$751,363,000 and not exceeding HK\$918,332,800
“Deed of Assignment”	a deed of assignment to be entered into between Happy Fountain Limited and Lukong Water, pursuant to which the Investors’ Deposit is assigned by Happy Fountain Limited to Lukong Water
“Director(s)”	the director(s) of the Company
“Exclusivity Agreement”	the exclusivity, deposit and investment agreement dated 17 December 2015 entered into between Happy Fountain Limited and the Purchaser’s Holding Company

“Fund Raisings”	the activities and transactions to be conducted by the Purchaser’s Holding Company for the raising of new funds as part of the Restructuring including one or more of the following transactions (i) the share subscription under or pursuant to the Restructuring Agreement; (ii) the open offer; and (iii) the placing, further details of which shall be set out in the Purchaser Holdco Circular
“Further Deposit”	an amount of HK\$20,000,000 or an equivalent amount in RMB
“Group”	the Company and its subsidiaries
“HK Holding Co”	a limited liability company to be incorporated in Hong Kong by the Company as a part of the Sales Group Restructuring, which will (1) be the only direct wholly owned subsidiary of the Target and (2) directly hold all the shares and fully paid capital of the WFOE
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board, formed by the Company, comprising all the independent non-executive Directors, established for the purpose of advising the Independent Shareholders as to whether the Amended and Restated Sale and Purchase Agreement and the Transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole
“Independent Financial Adviser”	an independent financial adviser to be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Amended and Restated Sale and Purchase Agreement and the Transactions contemplated thereunder
“Initial Deposit”	an amount of HK\$300,000,000

“Investor(s)”	<ol style="list-style-type: none"> <li>1. Happy Fountain Limited, a company incorporated in the British Virgin Islands with limited liability; and/or</li> <li>2. Lukong Water</li> </ol>
“Investors’ Deposit”	the Initial Deposit and Further Deposit paid by Happy Fountain Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
“Long Stop Date”	31 December 2020 or such later date as the parties may agree in writing
“Lukong Water”	魯控水務集團有限公司 (Lukong Water Group Co., Ltd.*), a company established under the laws of the PRC with limited liability, which is a wholly-owned subsidiary of 山東水利發展集團有限公司 (Shandong Water Development Group Co., Ltd.*), which in turn is a wholly-owned subsidiary of Shuifa Group Co., Ltd.
“Material Adverse Change”	any change (or effect) which has a material and adverse effect on the financial position, business or property, results of operations, prospects of any of the Operators
“Operators”	collectively, <ol style="list-style-type: none"> <li>1. 新疆興業新能源有限公司 (Xinjiang Singyes Renewable Energy Company Limited*), a direct wholly-owned subsidiary of the Vendor (the “<b>Xinjiang Operator</b>”) and which will be a direct wholly-owned subsidiary of the WFOE after the Sales Group Restructuring; and</li> <li>2. 武威東潤太陽能開發有限公司 (Wuwei Dongrun Solar Energy Development Company Limited*), a direct wholly-owned subsidiary of the Vendor (the “<b>Wuwei Operator</b>”) and which will be a direct wholly-owned subsidiary of the WFOE after the Sales Group Restructuring.</li> </ol>
“PRC”	the People’s Republic of China

“PRC Banks”	in respect of the Asset Pledges, 國家開發銀行 (China Development Bank*) and 中國進出口銀行 (The Export-Import Bank of China*)
“PRC Bank Debts”	the principal amount owing to the Bank of China by the Vendor of RMB491,500,000 in total
“Purchaser Group”	the Purchaser, its subsidiaries, any of its holding companies and any and all other subsidiaries of the holding companies from time to time (as the case may be), including members of the Sales Group after Completion
“Purchaser Holdco Circular”	the circular to be issued by the Purchaser’s Holding Company in relation to, among other things, the Restructuring, the Restructuring Agreement, the Fund Raisings and the transactions contemplated thereunder and under the Amended and Restated Sale and Purchase Agreement pursuant to the applicable requirements contained in the Listing Rules
“Purchaser Holdco Resumption Proposal”	the proposal (as amended, supplemented and/or superseded from time to time) dated 21 December 2015 submitted by the Purchaser’s Holding Company to the Stock Exchange for the resumption of trading in its shares on the Stock Exchange
“Purchaser’s Holding Company”	China Solar Energy Holdings Limited (in provisional liquidation), a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of the Stock Exchange (stock code: 155)
“RMB”	Renminbi, the lawful currency of the PRC
“Restructuring”	the proposed transactions involving the Purchaser’s Holding Company for the purpose of restructuring its business and debts and the resumption of trading of its shares on the Stock Exchange, including, amongst other things, the Share Subscription, the Fund Raisings and scheme of arrangement or its alternative (as the case may be), further details of which shall be set out in the Purchaser Holdco Circular

“Restructuring Agreement”	the restructuring agreement (as amended and supplemented from time to time) entered into by the Purchaser’s Holding Company, the Investors and other persons governing, among other things, the Restructuring, the Share Subscription and the implementation of the Purchaser Holdco Resumption Proposal, further details of which shall be set out in the Purchaser Holdco Circular
“Sales Group”	a group of entities or companies comprising the Target, the HK Holding Co, the WFOE and the Operators or any applicable organisation agreed among the Purchaser, the Investors, the Vendor and the Company
“Sales Group Restructuring”	the restructuring of the Sales Group to be undergone by the Company (as the ultimate beneficial owner of the Sales Group) in accordance with the terms and conditions of the Amended and Restated Sale and Purchase Agreement
“Sale Shares”	the Target Shares legally and beneficially held by the BVI Holding Co, representing 81% of the total issued share capital of the Target at Completion
“SFC”	the Securities and Futures Commission of Hong Kong
“SGM”	a special general meeting of the Company to be convened for the Independent Shareholders to consider and, if thought fit, approve the Amended and Restated Sale and Purchase Agreement and the Transactions contemplated thereunder
“Share(s)”	the share(s) of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Share Subscription”	the proposed subscription of Lukong Water subscribing for 35,333,333,333 shares of the Purchaser’s Holding Company at a subscription price of HK\$0.015 per share in accordance with the Restructuring Agreement

“Solar Asset(s)”	<ol style="list-style-type: none"> <li>1. in respect of the Xinjiang Operator, the two photovoltaic solar energy power plants and related assets located in Xinjiang, the PRC owned by the Xinjiang Operator; and</li> <li>2. in respect of the Wuwei Operator, the photovoltaic solar energy power plants and related assets located in Gansu, the PRC owned by the Wuwei Operator.</li> </ol>
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Target”	a limited company to be incorporated in the British Virgin Islands by the Company, being a part of the Sales Group Restructuring, which (1) will be a direct wholly owned subsidiary of the BVI Holding Co; (2) will hold 100% of the equity interest in the HK Holding Co and (3) will indirectly hold all the shares and fully paid share capital of the each of the Operators and the WFOE
“Target Shares”	the shares of the Target bearing voting rights in its ordinary share capital with a par value of US\$1 each (or such other relevant par value as agreed by the Purchaser)
“Transaction”	the purchase of the Sale Shares by the Purchaser from the BVI Holding Co as contemplated under the terms and conditions of the Amended and Restated Sale and Purchase Agreement (after the Sales Group Restructuring of the Sales Group)
“Vendor”	湖南興業綠色能源股份有限公司 (Hunan Singyes Solar Green Energy Technology Co. Ltd.*), which is a wholly-owned subsidiary of the Company
“Vendor Group”	the Vendor, its subsidiaries, any of its holding companies and any and all relevant subsidiaries of its holding companies (as the case may be), but excluding the Sales Group at any time after Completion
“Warranties”	the warranties and representations given by the Vendor under the Amended and Restated Sale and Purchase Agreement

“WFOE” a wholly foreign owned enterprise to be established in the PRC by the Company, as a part of the Sales Group Restructuring, which will be (1) the only direct wholly owned subsidiary of the HK Holding Co and (2) a direct holder of all the equity interest in the Operators

“Wuwei Asset Pledge” collectively, the encumbrances set out below:

1. Solar Assets pledged to 國家開發銀行 (China Development Bank\*) as security for a loan pursuant to a pledge agreement entered into in January 2015; and
2. Solar Assets pledged to 中國進出口銀行 (The Export-Import Bank of China\*) as security for a loan pursuant to a pledge agreement entered into in January 2015

“Xinjiang Asset Pledge” collectively, the encumbrances set out below:

1. Solar assets pledged to 國家開發銀行 (China Development Bank\*) as security for a loan pursuant to a fixed asset pledge entered into in March 2014; and
2. Solar assets pledged to 中國進出口銀行 (The Export-Import Bank of China\*) as security for a loan pursuant to a fixed asset pledge entered into in March 2014

“%” per cent

By Order of the Board  
**China Singyes Solar Technologies Holdings Limited**  
**Zheng Qingtao**  
*Chairman*

Hong Kong, 17 January 2020

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

\* for identification purpose only