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

all your shares in (the “ ”), 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, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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中國水發興業能源集團有限公司

(incorporated in Bermuda with limited liability)

 紅日資本有限公司



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precautionary measures at the forthcoming SGM to ensure the health and safety of attending

- (i) compulsory body temperature check will be conducted on every Shareholder, proxy and other attendee at the entrance of the SGM venue. Any person with a body temperature denied entry into the SGM venue or be required to leave the SGM venue;
- (ii) each attendee is required to prepare his/her own surgical face mask and wear the same inside the SGM venue at all times, and to maintain a safe distance between seats. Therefore, the number of seats at the SGM venue will be subject to restrictions and if necessary, the Company may restrict the number of people attending the SGM to avoid overcrowding at the venue;
- (iii) no corporate gifts will be distributed and no refreshments will be served; and
- (iv) each attendee may be asked whether (a) he/she had traveled outside of Hong Kong within the 14-day period immediately before the SGM; and (b) he/she is subject to any Hong Kong Government prescribed compulsory quarantine. Anyone who responds positively to any of these questions may be denied entry into the meeting venue or be required to leave the meeting venue.

To the extent permitted under law, the Company reserves the right to deny entry into the SGM venue or require any person to leave the SGM venue in order to ensure the safety of the attendees at the SGM.

In the interest of all attendees' health and safety, the Company reminds all Shareholders that physical attendance at the meeting is not necessary for the purpose of exercising voting rights. Shareholders may appoint the chairman of the meeting as their proxy to vote on the relevant resolutions at the meeting instead of attending the meeting in person, by completing and returning the enclosed form of proxy.

The Company will closely monitor the situation and reserves the right to take further measures as appropriate in order to minimise any risk to Shareholders and others attendees of the SGM and to comply with any requirements or recommendations of any government agencies from time to time.

The Company seeks the understanding and cooperation of all Shareholders to minimise the

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

“Acquisitions”	Shuifa Guangyao Acquisition, Xintaishi Zhongmu Acquisition
“associate(s)”	has the meaning ascribed thereto in the Listing Rules;
“Board”	the board of directors of the Company;
“Company”	China Shuifa Singyes Energy Holdings Limited (中國水發興業能源集團有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main
“Completions”	the completion of the Acquisitions pursuant to the Sale and Purchase Agreements;
“controlling shareholder”	has the meaning ascribed thereto in the Listing Rules;
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules;
“Cpi Ronghe”	Cpi Ronghe Financial Leasing Co., Ltd. (中電投融和融資租賃有限公司), the pledgee of 86% equity interest in Xintaishi Zhongmu pursuant to the Cpi Ronghe Financial Lease
“Cpi Ronghe Financial Lease	the finance lease (direct lease) agreement between Xintaishi (direct lease) agreement between Xintaishi Zhongmu and
“Cpi Ronghe Financial Lease	the finance lease (sale and lease back) agreement between of rental payments (amendments);

東營天
澤新能源科技有限公司), one of the Target Companies;

for a consideration of RMB51.00 million (equivalent to

Agreement;

to the Purchaser;

“Group” at any time, the Company and each of its subsidiaries from time to time, and “Group Company” means any one of them accordingly;

“HK\$” Hong Kong dollar(s), the lawful currency of Hong Kong;

“Hong Kong” the Hong Kong Special Administrative Region of the PRC;

華潤租賃有限公司), the pledgee of

Financial Lease Agreement;

008-L01;

“Independent Board Committee”	an independent committee of the Board comprising all of purpose of advising the Independent Shareholders, on the terms of the Sale and Purchase Agreements, the Acquisitions, the Transfer of Rights Agreements and the transactions contemplated thereunder;
“Independent Shareholders”	Shareholders other than Shuifa Energy and its associates who have a material interest in the transactions contemplated under the Sale and Purchase Agreements and Transfer of Rights Agreements; 江蘇金融租賃股份有限 公司), the pledgee of 100% equity interest in Shuifa Guangyao
	printing of this circular for ascertaining certain information for the purpose of inclusion in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Original Auditor”	Unitax Zhenqing Accountant Firm (Special General 尤尼泰振青會計師事務所(特殊普通合夥));
“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 People’s Republic of China and Taiwan; 湖南興業綠色能源 股份有限公司), a wholly-owned subsidiary of the Company;
“Red Sun Capital” or “Independent Financial Adviser”	Red Sun Capital Limited, a licensed corporation to carry out Type 1 (dealing in 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 Acquisitions;
“RMB”	Renminbi, the lawful currency of the PRC;

“Sale and Purchase Agreements”	<p>Shuifa Guangyao Sale and Purchase Agreement, Xintaishi Sale and Purchase Agreement;</p> <p>Hong Kong);</p>
“SGM”	<p>the special general meeting to be held by the Company at i.Link Group Limited, Room 901-5, China Insurance Group</p> <p>under the Sale and Purchase Agreements;</p>
“Share(s)”	<p>ordinary share(s) of US\$0.01 each in the share capital of the Company;</p>
“Shareholder(s)”	<p>holder(s) of the Share(s);</p> <p style="text-align: right;">水發能源集團有限公司), a wholly owned subsidiary of Shuifa Group whose ultimate controlling shareholder is the State-owned Assets Supervision and Administration Commission of the State Council of the 山東省國有資產監督管理 委員會);</p> <p style="text-align: right;">水發集團有限公司);</p> <p style="text-align: right;">荷 澤開發區水發光耀新能源有限公司), one of the Target Companies;</p>
“Shuifa Guangyao Acquisition”	<p>the acquisition of 100% equity interest in Shuifa Guangyao</p> <p>Shuifa Guangyao Sale and Purchase Agreement;</p>

“Shuifa Guangyao	the date of completion of Shuifa Guangyao Acquisition;
“Shuifa Guangyao CPs”	the conditions precedent for Shuifa Guangyao Acquisition as stipulated in the Shuifa Guangyao Sale and Purchase Agreement;
“Stock Exchange”	respect to the Shuifa Guangyao Acquisition; The Stock Exchange of Hong Kong Limited;
“Supplementary Agreement to	the supplementary agreement to the share transfer agreement
“Transfer of Rights Agreements”	Xintaishi Zhongmu Transfer of Rights Agreement and the Company in relation to the Acquisitions; 山東 水發清潔能源科技有限公司), a wholly owned subsidiary of Shuifa Energy; excluding the Group; 新泰 市中穆新能源科技有限公司), one of the Target Companies;
“Xintaishi Zhongmu Acquisition”	the acquisition of 86% equity interest in Xintaishi Zhongmu Xintaishi Zhongmu Sale and Purchase Agreement;

“Xintaishi Zhongmu	the date of completion of Xintaishi Zhongmu Acquisition;
“Xintaishi Zhongmu CPs”	the conditions precedent for Xintaishi Zhongmu Acquisition as stipulated in the Xintaishi Zhongmu Sale and Purchase Agreement;
	with respect to the Xintaishi Zhongmu Acquisition;
	Xintaishi Zhongmu to transfer the contractual rights and
	Purchaser;
“%”	per cent.

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

Unless otherwise specified in circular, translations of RMB into HK\$ are made in this circular, for illustration only, at the rate of RMB1.0 = HK\$1.2. No representation is made that any amounts in RMB or HK\$ could have been or could be converted at that rate or at any other rate.



中國水發興業能源集團有限公司

(incorporated in Bermuda with limited liability)

Executive Directors:

(Chairman)

Mr. Liu Hongwei *(Vice Chairman)*

Mr. Chen Fushan

Non-executive Directors:

Ms. Wang Suhui

Independent non-executive Directors:

Registered Office:

4th Floor North Cedar House
41 Cedar Avenue

Bermuda

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

China Merchants Tower
Shun Tak Centre

To the Shareholders

to the signing of the Sale and Purchase Agreements, pursuant to which, subject to the fulfilment sell (i) 100% of the equity interest in Shuifa Guangyao; (ii) 86% of the equity interest in Xintaishi

Guangyao will become a wholly-owned subsidiary of the Company, and Xintaishi Zhongmu and constitute discloseable and connected transactions of the Company under the Listing Rules for reasons explained below.

The purpose of this circular is to provide you with, among other things, (i) the material terms of and further information in relation to the Acquisitions; (ii) the recommendation and advice of the Independent Board Committee; (iii) a letter of advice from Red Sun Capital to the Independent Board Committee and the Independent Shareholders; and (iv) other information as required under the Listing Rules together with a notice convening the SGM, at which ordinary resolutions will be proposed for the Independent Shareholders to consider, and if thought fit, to approve, among other things, the Acquisitions and the transactions contemplated under the Sale and Purchase Agreements.

Date

Parties

湖南興業綠色能源股份有限公司), a wholly-owned subsidiary of the Company, as the Purchaser;

山東水發清潔能源科技
有限公司

菏澤開發區水發光耀新
能源有限公司), as the target company.

a directly wholly owned subsidiary of Shuifa Energy, which is a controlling shareholder (and therefore a connected person) of the Company indirectly holding approximately

of the Company.

Subject Matter

The subject matter of the sale and purchase under the Shuifa Guangyao Sale and

Consideration

(RMB)

1 1,896,000 Within five business days after all the Shuifa

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The consideration for the Shuifa Guangyao Acquisition was determined after among others, the historical financial performance of Shuifa Guangyao and the assets and liabilities of Shuifa Guangyao. In addition, the Purchaser also took into account the valuation of the 100% equity interest in Shuifa Guangyao at approximately

Taking into account that (i) the consideration payable for the Shuifa Guangyao Acquisition is lower than the valuation of the 100% equity interest in Shuifa Guangyao; (ii) the potential value of the power generation project solely invested and owned by Shuifa Guangyao as disclosed under the section headed “Information on Shuifa Guangyao” below; and (iii) the reasons for and benefits of the Acquisitions as stated

for the Shuifa Guangyao Acquisition is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Although the consideration payable for the Shuifa Guangyao Acquisition is photovoltaic power station was not yet constructed (completed and connected to the Shuifa Guangyao has increased and Shuifa Guangyao has not paid any dividends to as “carbon peaking” and “carbon neutrality”, and due to the scarcity of land and grid-connected resources, the MW distributed photovoltaic power station is one of scarce that the consideration payable for the Shuifa Guangyao Acquisition, at a premium to interests of the Company and its Shareholders as a whole.

Conditions Precedent

within five business days after all of the following conditions precedent (“

- (a) the board of directors and shareholders of the Purchaser having approved the Shuifa Guangyao Acquisition;
- (b) the Independent Shareholders having approved the transactions contemplated under the Shuifa Guangyao Sale and Purchase Agreement in accordance with the Listing Rules;

owned enterprise of the PRC in respect of the Shuifa Guangyao Acquisition, Group and approvals from the State-owned Assets Supervision and Administration Commission of the State Council (if necessary);

under the Shuifa Guangyao Sale and Purchase Agreement;

the pledge on 100% equity interest in Shuifa Guangyao; and

- (f) there has not been any material adverse impact on Shuifa Guangyao since

No party shall have the right to waive any of the above conditions. As at the Latest

Completion

Completion of Shuifa Guangyao Acquisition shall take place on the date of completion of all of the following (the “

- (a) the submission of the relevant documents and the completion of registration with the local Administration for Industry and Commerce in respect of changes in relation to the Shuifa Guangyao Acquisition. Within three business days after the completion of registration, Shuifa Guangyao shall provide the Purchaser with the relevant supporting documents (including the new articles of association filed with the local Administration for Industry and Commerce); and
- (b) the transfer of all financial books (electronic and manual), account information, bank account information, cash, deposits, financial seals, bills, vouchers and information necessary for the daily operation and management of Shuifa Guangyao, various documents and Shuifa real estate certificates, personnel files, various certificates (business and proofs, etc.), agreements, contracts, company seals, seals of legal representatives, business records, vehicle licenses and insurance policies, and completion information and drawings of projects to the Purchaser (upon

six months after the date of completion of registration of change of shareholding of

Consideration Adjustment

in Shuifa Guangyao shall not be reduced during the transition period. Within one month from the date of signing of the Shuifa Guangyao Sale and Purchase Agreement, the of Shuifa Guangyao by the Original Auditor, and the audit results shall be approved by breach of its undertakings during the transition period, the consideration shall be the amount of reduction of shareholders' equity x 100%. If, after the reduction, the return the excess to the Purchaser within t 541 B1004F05u/03 470500 1 ()Tcn Lang e7050.5 07

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- (8) it shall not amend any provisions of Shuifa Guangyao's articles of association;
 - (9) it shall not cause Shuifa Guangyao to make any material payment in respect
 - (10) it shall not initiate or settle any litigation, arbitration or other proceedings that are material to the business of Shuifa Guangyao or involves a subject matter in excess of RMB500,000; and
 - (11) it shall not elect, replace, appoint or dismiss any executive directors, supervisors and senior management.

PRC GAAP was RMB1,580,110.14. The Company is not aware of any material changes the consideration.

Special Agreement and Undertakings

- (a) The project construction formalities of Shuifa Guangyao have been duly

Purchase Agreement, Shuifa Guangyao has duly and timely paid the rent to

compliance of social insurance and provident fund contributions payment, or any adverse consequences such as disputes with the employees or administrative penalties arising from non-compliance of social insurance and provident fund contributions payment.

penalties or losses to Shuifa Guangyao or any adverse impact to the operations of Shuifa Guangyao due to matters set out in (a) to (d) above.

As far as the Company is aware, the due and timely payment of the rent under material effects on the financial information of Shuifa Guangyao which may affect the consideration for the Shuifa Guangyao Acquisition.

business operation of the project under the Shuifa Guangyao have been obtained.

Date

Parties

湖南興業綠色能源股份有限公司), a wholly-owned subsidiary of the Company, as the Purchaser;

山東水發清潔能源科技
有限公司

新泰市中穆新能源科技
有限公司), as the target company.

As at the date of the Xintaishi Zhongmu Sale and Purchase Agreement, the shareholder (and therefore a connected person) of the Company indirectly holding connected person of the Company.

Subject Matter

The subject matter of the sale and purchase under the Xintaishi Zhongmu Sale and

Consideration

(RMB)

According to the Share Transfer Agreement of Xintai Zhongmu (王慶春) has not yet satisfied the payment conditions, a balance outstanding.

Parties agree that pursuant to the signing of the Xintaishi Zhongmu Transfer of Rights Agreement, and upon all the directly.

Within six months after the date of completion of registration of the change of shareholding.

- (a) Xintaishi Zhongmu being listed on the 8th batch of the national renewable energy subsidy list;
- (b) Xintaishi Zhongmu having fulfilled its obligations under the land lease contract entered with the villagers' committee and paying the land lease fee in full and on time;
- (c) obtaining the receipts for payments (including but not limited to construction fees and equipment payments) made by Xintaishi Zhongmu,

新泰市石萊鎮西石萊四村民委員會) and
新泰市石萊
鎮劉志園村村民委員會);

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- (e) completing the pre-construction procedures and post-construction approval photovoltaic power generation project; and
 - (f) discharging Xintaishi Zhongmu's pledge of shares and mortgage guarantee (天合新能源投资有限公司), to Shuifa Energy.

The litigation dispute mentioned in item (d) above has been settled and Xintaishi proceedings against Xintaishi Zhongmu.

Item (e) of the payment conditions above has not yet been satisfied as the power generation project and to issue the corresponding safety evaluation report. As at application process to obtain relevant certification from the competent authority. There are no other outstanding pre-construction procedures and post-construction approval power generation project under item (e) of the payment conditions above.

The maximum potential penalty for the lack of required approvals for the construction fee of the project. Further, according to the Share Transfer Agreement of the view that the risks to the Company due to the lack of required approvals for the aforementioned project is low, and are of the view that the terms of the Xintaishi Zhongmu Acquisition are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Except for item (e), all other payment conditions disclosed above have been

all wholly or partially owned by the Shuifa Group; (ii) apart from the consent required from Cpi Ronghe, the equity interests in Xintaishi Zhongmu is clear, legal and valid and there is no dispute or controversy in relation to the equity interests in Xintaishi Zhongmu; and (iii) Shuifa Group has completed its internal approval procedures in the risk of unsuccessful registration of the change of shareholding is low. Further, in the event that the registration of the change of shareholding is not completed within ten to refund and/or arrange the refund of the amount of consideration already paid by the thereafter and the Xintaishi Zhongmu Sale and Purchase Agreement and the Xintaishi that the payment terms of the Xintaishi Zhongmu Acquisition are fair and reasonable and in the interests of the Company and its Shareholders as a whole. It is expected that the date of registration of the change of shareholding will be three business days after all on the processing time of the local Administration for Industry and Commerce.

The consideration for the Xintaishi Zhongmu Acquisition was determined after others, the historical financial performance of Xintaishi Zhongmu and the assets and liabilities of Xintaishi Zhongmu. In addition, the Purchaser also took into account the valuation of the 86% equity interest in Xintaishi Zhongmu at approximately

Taking into account that (i) the consideration payable for the Xintaishi Zhongmu Acquisition is lower than the valuation of the 86% equity interest in Xintaishi Zhongmu; (ii) the potential value of the power generation project solely invested and owned by Xintaishi Zhongmu as disclosed under the section headed “Information on Xintaishi Zhongmu” below; and (iii) the reasons for and benefits of the Acquisitions as stated

for the Xintaishi Zhongmu Acquisition is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Although the consideration payable for the Xintaishi Zhongmu Acquisition is connected photovoltaic power generation project was not yet listed on the national

facilitated Xintaishi Zhongmu in engaging qualified third party agency to complete grid-connected photovoltaic power generation project and to issue the corresponding evaluation reports, in which regarding the conservation of water and soil evaluation, the project has received the Certificate of Independent Acceptance of Water Conservation

《關於對中穆新泰 并網光伏發電項目水保設施自主驗收報備證
明的函》 新泰市水利局

photovoltaic power generation project. The risks of the aforementioned project is

and updates to the project equipment which has kept the project in better operation conditions and has increased the project's power generation and revenue; (v) after the

Xintaishi Zhongmu has not paid any dividends to its shareholders; and (vi) with the implementation of the Chinese government policies such as “carbon peaking” and “carbon neutrality”, and due to the scarcity of land and grid-connected resources, the

consideration payable for the Xintaishi Zhongmu Acquisition, at a premium to the

Company and its Shareholders as a whole.

Conditions Precedent

after all of the following conditions precedent (“ ”) are being

- (a) the board of directors and shareholders of the Purchaser having approved the Xintaishi Zhongmu Acquisition;
- (b) the Independent Shareholders having approved the transactions contemplated under the Xintaishi Zhongmu Sale and Purchase Agreement in accordance with the Listing Rules;

owned enterprise of the PRC in respect of the Xintaishi Zhongmu Acquisition, including but not limited to obtaining internal approvals from

and Administration Commission of the State Council (if necessary);

under the Xintaishi Zhongmu Sale and Purchase Agreement;

pledge on 86% equity interest in Xintaishi Zhongmu; and

- (f) there has not been any material adverse impact on Xintaishi Zhongmu since

No party shall have the right to waive any of the above conditions. As at the Latest

Completion

Completion of Xintaishi Zhongmu Acquisition shall take place on the date of completion of all of the following (the “

- (a) the submission of the relevant documents and the completion of registration with the local Administration for Industry and Commerce in respect of changes in relation to the Xintaishi Zhongmu Acquisition. Within three business days after the completion of registration, Xintaishi Zhongmu shall provide the Purchaser with the relevant supporting documents (including the new articles of association filed with the local Administration for Industry and Commerce); and

- (b) the transfer of all financial books (electronic and manual), account information, bank account information, cash, deposits, financial seals, bills, vouchers and information necessary for the daily operation and management of Xintaishi Zhongmu, various documents and Xintaishi

real estate certificates, personnel files, various certificates (business

and proofs, etc.), agreements, contracts, company seals, seals of legal representatives, business records, vehicle licenses and insurance policies, and completion information and drawings of projects to the Purchaser (upon

within six months after the date of completion of registration of change of shareholding of Xintaishi Zhongmu and the remaining amount of the consideration, being

Consideration Adjustment

Xintaishi Zhongmu shall not be reduced during the transition period. Within one month from the date of signing of the Xintaishi Zhongmu Sale and Purchase Agreement, the Xintaishi Zhongmu by the Original Auditor, and the audit results shall be approved by breach of its undertakings during the transition period, the consideration shall be the amount of reduction of shareholders' equity x 86%. If, after the reduction, the return the excess to the Purchaser within ten business days or deduct it directly from by the Purchaser is unable to make up the reduced consideration, it shall be made up by the Purchaser in cash. If the shareholders' equity has increased during the transition period, the increase shall belong to Xintaishi Zhongmu and the consideration will not be adjusted.

- (1) it shall exercise good faith in performing its management duties to ensure that Xintaishi Zhongmu's revenue shall not be reduced;

or transfer part or all of the 86% equity interests of Xintaishi Zhongmu, or create any security rights or other restrictive rights on the 86% equity interests of Xintaishi Zhongmu, and it will ensure that Xintaishi Zhongmu shall conduct its normal operations;

- (4) it shall not enter into any new contract, oral or written, formal or informal, other than those entered into in the ~~orig~~

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- (6) it shall not guarantee or indemnify others for their liabilities and obligations;

assets, or any interests therein;
 - (8) it shall not amend any provisions of Xintaishi Zhongmu's articles of association;
 - (9) it shall not cause Xintaishi Zhongmu to make any material payment in

 - (10) it shall not initiate or settle any litigation, arbitration or other proceedings that are material to the business of Xintaishi Zhongmu or involves a subject matter in excess of RMB500,000; and
 - (11) it shall not elect, replace, appoint or dismiss any executive directors, supervisors and senior management.

Special Agreement and Undertakings

- (a) The project construction formalities of Xintaishi Zhongmu have been duly completed. In the event that Xintaishi Zhongmu suffers any administrative

from or resulting from acts or facts already existing prior to the Xintaishi labour employment, taxation, debts (including contingent liabilities) and change of industry and commerce registration.

and provident fund contributions payment, or any adverse consequences such as disputes with the employees or administrative penalties arising from non-compliance of social insurance and provident fund contributions payment.

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- (d) In relation to the compliance of Xintaishi Zhongmu's paid-up registered capital

Zhongmu as a result of the conversion of dividend payable into increased registered capital, such as penalties imposed on Xintaishi Zhongmu by the tax authorities.

- (e) In relation to the compliance of Xintaishi Zhongmu's houses and buildings in applying for the real property ownership certificate in accordance with the law, if Xintaishi Zhongmu is punished by the competent authorities or is required to mandatorily demolish the house(s) that were built without approval due to its construction of properties without complying with the construction formalities,

- (f) In relation to the compliance of Xintaishi Zhongmu in performing the Xintaishi shall be liable for any losses suffered by Xintaishi Zhongmu as a result of the breach of contract in performing the Xintaishi Zhongmu Sale and Purchase Agreement.

arising from land leasing matters.

- (h) Xintaishi Zhongmu has performed its obligations under the Cpi Ronghe Financial accordance with the law. Upon the signing of the Xintaishi Zhongmu Sale and Purchase Agreement, Xintaishi Zhongmu shall duly and timely pay the rent to Cpi Ronghe. Xintaishi Zhongmu warrants that there was no breach of the Cpi Ronghe

shall continue to perform its obligations under the Cpi Ronghe Financial Lease

- (i) Xintaishi Zhongmu has performed its obligations under the Cpi Ronghe Financial accordance with the law. Upon the signing of the Xintaishi Zhongmu Sale and Purchase Agreement, Xintaishi Zhongmu shall duly and timely pay the rent to Cpi Ronghe. Xintaishi Zhongmu warrants that there was no breach of the Cpi Ronghe

shall continue to perform its obligations under the Cpi Ronghe Financial Lease

The real property ownership certificate mentioned in item (d) above has been obtained and the disputes arising from land leasing matters mentioned in item (g) above have been settled.

penalties or losses to Xintaishi Zhongmu or any adverse impact to the operations of Xintaishi Zhongmu due to matters set out in (a) to (i) above.

Xintaishi Zhongmu has confirmed to the Company that, upon the signing of the Xintaishi Zhongmu Sale and Purchase Agreement, Xintaishi Zhongmu has duly and timely paid the rent to Cpi Ronghe under the Cpi Ronghe Financial Lease Agreement

As far as the Company is aware, the due and timely payment of the rent under

Zhongmu Acquisition.

Save for the certification of the safety evaluation report as mentioned above, all operation of the project under the Xintaishi Zhongmu have been obtained.

Date

Parties

湖南興業綠色能源股份有限公司), a wholly-owned subsidiary of the Company, as the Purchaser;

山東水發清潔能源科技
有限公司

東營天澤新能源科技有
限公司), as the target company.

a directly wholly owned subsidiary of Shuifa Energy, which is a controlling shareholder (and therefore a connected person) of the Company indirectly holding approximately

of the Company.

Subject Matter

Consideration

(RMB)

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Within six months after the date of completion of registration of the change of shareholding.

all wholly or partially owned by the Shuifa Group; (ii) apart from the consent required

of unsuccessful registration of the change of shareholding is low. Further, in the event that the registration of the change of shareholding is not completed within ten business

and reasonable and in the interests of the Company and its Shareholders as a whole. It is expected that the date of registration of the change of shareholding will be three

registration will depend on the processing time of the local Administration for Industry and Commerce.

(ii) the potential value of the power generation project solely invested and owned by

and its Shareholders as a whole.

improvements and updates to the project equipment which has kept the project in better operation conditions and has increased the project's power generation and revenue; (iv)

implementation of the Chinese government policies such as “carbon peaking” and “carbon neutrality”, and due to the scarcity of land and grid-connected resources, the

as a whole.

Conditions Precedent

after all of the following conditions precedent (“ ”) are being

- (a) the board of directors and shareholders of the Purchaser having approved
- (b) the Independent Shareholders having approved the transactions
accordance with the Listing Rules;

Group and approvals from the State-owned Assets Supervision and Administration Commission of the State Council (if necessary);

No party shall have the right to waive any of the above conditions. As at the Latest

Completion

completion of all of the following (the “

- (a) the submission of the relevant documents and the completion of registration with the local Administration for Industry and Commerce in respect of

provide the Purchaser with the relevant supporting documents (including the new articles of association filed with the local Administration for Industry and Commerce); and

- (b) the transfer of all financial books (electronic and manual), account information, bank account information, cash, deposits, financial seals, bills, vouchers and information necessary for the daily operation and

real estate certificates, personnel files, various certificates (business

and proofs, etc.), agreements, contracts, company seals, seals of legal representatives, business records, vehicle licenses and insurance policies, and completion information and drawings of projects to the Purchaser (upon

six months after the date of completion of registration of change of shareholding of

Consideration Adjustment

breach of its undertakings during the transition period, the consideration shall be the amount of reduction of shareholders' equity x 68%. If, after the reduction, the return the excess to the Purchaser within ten business days or deduct it directly from

- (1) it shall exercise good faith in performing its management duties to ensure

any security rights or other restrictive rights on the 68% equity interests of normal operations;

- (4) it shall not enter into any new contract, oral or written, formal or informal, other than those entered into in the ordinary course of business, if such new

of any kind in excess of RMB500,000;

- (5) it shall not agree in writing or orally to make any loan, advance payment or act of credit, or to incur, create or assume any indebtedness, other than in the ordinary course of business;

- (6) it shall not guarantee or indemnify others for their liabilities and obligations;

assets, or any interests therein;

association;

-
-
- (10) it shall not initiate or settle any litigation, arbitration or other proceedings matter in excess of RMB500,000; and
- (11) it shall not elect, replace, appoint or dismiss any executive directors, supervisors and senior management.

Special Agreement and Undertakings

employment, taxation and debts (including contingent liabilities).

relationship, including but not limited to disputes with the employees or administrative penalties.

with the Huarun Financial Lease Agreement, and there was no breach of the

As far as the Company is aware, the due and timely payment of the rent under

owners, as at the date of the Sale and Purchase Agreements, are third parties independent of the Company and connected persons of the Company.

Lessor

Lessee

Shuifa Guangyao

Leased assets

Principal amount

Lease period

Handling fee

Rent

instalments

Repurchase
consideration

RMB1,000 payable with the last instalment of the rent

Security deposit

Ownership of the
leased assets

shall be vested on the lessor. Upon the expiration of the lease period, and subject to the full payment of all rent, handling fee, default interest, repurchase consideration and other fees by Shuifa Guangyao, the ownership of the leased assets shall be transferred to the lessee.

Lessor	Cpi Ronghe
Lessee	Xintaishi Zhongmu
Leased assets	A batch of photovoltaic units
Principal amount	
Lease period	
Rent and handling fee	41 instalments
Repurchase consideration	RMB100 payable before the due date of the last instalment of the rent
Ownership of the leased assets	shall be vested on the lessor. Upon the expiration of the lease period, and subject to the due performance of lessee's obligations under the Cpi Ronghe Financial repurchase consideration, the ownership of the leased assets shall be transferred to the lessee.

Lessor	Cpi Ronghe
Lessee	Xintaishi Zhongmu
Leased assets	Equipment listed in Appendix 1 of the Cpi Ronghe
Principal amount	
Lease period	
Rent and handling fee	instalments
Repurchase consideration	RMB100 payable on the due date of the last instalment of the rent or the early termination date of the Cpi Ronghe
Ownership of the leased assets	shall be vested on the lessor. Upon the expiration of the lease period, and subject to the due performance of lessee's obligations under the Cpi Ronghe Financial repurchase consideration, the ownership of the leased assets shall be transferred to the lessee.

Lessor	Huarun Lease
Lessee	
Leased assets	Equipment listed in Appendix 1 of the Huarun Financial Lease Agreement
Principal amount	RMB150,000,000
Lease period	From the date of payment of the first instalment of the principal amount by lessor to lessee, for a period of 108 months
Rent	instalments
Handling fee	
Security deposit	RMB9,000,000 to be directly set-off from the principal amount payable by lessor to lessee
Repurchase consideration	RMB100
Ownership of the leased assets	shall be vested on the lessor. Upon the expiration of the lease period, and subject to the full payment of all payables by the lessee under the Huarun Financial Lease Agreement and the payment of the repurchase consideration, the ownership of the leased assets shall be transferred to the lessee.

shall discharge the pledge on 100% equity interest in Shuifa Guangyao. Upon the completion of the Shuifa Guangyao Acquisition, the Purchaser shall pledge 100% equity interest in Shuifa Guangyao to

Guangyao.

As one of the conditions precedent for the Xintaishi Zhongmu Acquisition, Cpi Ronghe shall discharge the pledge on 86% equity interest in Xintaishi Zhongmu. Upon the completion of the Xintaishi Zhongmu Acquisition, the Purchaser shall pledge 86% equity interest in Xintaishi Zhongmu to Cpi Ronghe to guarantee the performance of the Cpi Ronghe Financial Lease Agreement

Photovoltaic Power Project.

(b) From the effective date of the Xintaishi Zhongmu Transfer of Rights Agreement,

their respective obligations under the Share Transfer Agreement of Xintai Zhongmu

consideration. Pursuant to the transfer, the 1% equity interest of Xintaishi Zhongmu

notice, send a written request to Shuifa Energy to release the pledge on the shares of Xintaishi Zhongmu, and Shuifa Energy shall agree to cooperate in the release procedure and within three business days from the date of Shuifa Energy's agreement to cooperate

pledge the shares of Xintaishi Zhongmu to the Purchaser and complete the registration of the pledge.

- (e) From the effective date of the Xintaishi Zhongmu Transfer of Rights Agreement, the

the consideration of the Xintaishi Zhongmu Acquisition.

Purchaser have agreed to release the shares of Xintaishi Zhongmu that are pledged to Shuifa Energy, pledge the shares of Xintaishi Zhongmu to the Purchaser and complete the registration of the pledge.

Agreement are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

undertaken by Wang

stated under the section headed "Acquisitions".

of any representations, undertakings and warranties

The signing of the Xintaishi Zhongmu Transfer of Rights Agreement is interconditional with the Xintaishi Zhongmu Acquisition.

源開發有限公司) (“
天融瑞麟新能源有限公司) (“

山東藍迪新能
山東

濟南瑞璞投資合夥企業(有限合夥)) (“

under such agreements in favour of the Purchaser.

Obligations and warranties
undertaken by Shandong
Landi and Shandong
Tianrong Ruilin

Shandong Landi and Shandong Tianrong Ruilin warrant
東九
天澤光伏電站) shall reach the value stipulated in the
electricity underwriting letter.

In the event that the annual electricity generation of the

Landi and Shandong Tianrong Ruilin;

by the power station, and Shandong Landi shall

the time of such revaluation and the value of

and

entitled to demand Shandong Landi to repurchase
no less than the consideration payable by the

in the interests of the Company and its Shareholders as a whole.

(ten thousand Watts)

value stipulated in the electricity underwriting letter is minimal.

Ruilin are (i) to establish a detailed implementation plan for the operation and maintenance of the

work. In the event that Shandong Tianrong Ruilin is unable to duly perform its obligations under

damages of no more than 10% of the annual operation and maintenance fee, which is a fixed fee of approximately RMB1,800,000 per year (except the first year of operation, being RMB1,500,000).

on the amount of damages, an appraisal agency may be jointly appointed by the parties to conduct an assessment to determine the amount of damages. After the amount of damages is determined,

Agreement, Shandong Tianrong Ruilin, being responsible for the operation and maintenance of the

Operation and Maintenance Escrow Agreement was therefore also listed as one of the agreements

Immediately after the Completions, Shuifa Guangyao will be owned by the Purchaser as to 100% and will become a wholly-owned subsidiary of the Company, and Xintaishi Zhongmu and non-wholly owned subsidiaries of the Company. Accordingly, the financial results of the Target Companies will be consolidated into the Company's consolidated financial statements upon the Completions.

focus on the energy business segments. It is wholly-owned by Shuifa Energy. Shuifa Energy is a company established in the PRC and a wholly-owned subsidiary of Shuifa Group. Shuifa Group is owned, directly and indirectly, as to 90% by the State-owned Assets Supervision and Administration 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. Shuifa Group is principally engaged in the operation of water projects and environment management, modern (as mentioned below) and renewable energy business segments in the PRC.

Shuifa Guangyao is a company with limited liability established in the PRC with a total registered capital of RMB1,000,000, which has been fully paid-up. Shuifa Guangyao is owned as to

Shuifa Guangyao is principally engaged in construction and operation of solar power projects

荷澤眾興水環境有限公司) (“ ”), pursuant to which

shall be responsible for the construction, operation and maintenance of the distributed photovoltaic

amount of RMB14,000,000. The project uses 6,154 photovoltaic modules, utilises a steel structure to

treatment plant after converging the power through the combining manifolds in order to achieve grid connection. The project adopts a “self-generating for self-use, feed excess into the grid” mode, hence

converting the RMB1,000,000 debt receivable from Shuifa Guangyao into equity. The Company converting the RMB1,000,000 debt receivable from Shuifa Guangyao into equity.

Based on the consolidated financial statements of Shuifa Guangyao prepared in accordance with the PRC Generally Accepted Accounting Principles (“

For the	For the financial year ended	
(audited)	(audited)	(audited)
<i>RMB</i>	<i>RMB</i>	<i>RMB</i>

Xintaishi Zhongmu is a company with limited liability established in the PRC with a total

and Purchase Agreement, is a third party independent of the Company and connected persons of the Company.

Xintaishi Zhongmu is principally engaged in investment, development, construction and photovoltaic power generation project as mentioned below).

Xintaishi Zhongmu adopts a concept of “green fact / Layal gy, harmonious develop

紅
崔雲玲
鄭國貞
曹玉剛
高玉生
秦萍萍) as to 95% and
牟瑞玲) and
苗青
李

Sale and Purchase Agreement, are third parties independent of the Company and connected persons of the Company.

power generation project as mentioned below).

東營市發展和改革委員
including but not limited to, the 49MW fishery-solar complementary photovoltaic grid-connected power generation system, inverter, transformer, combining manifolds and distribution facility. The

國網山東省電力公司

東營市發展和改革委員
has entrusted Shandong Tianrong Ruilin with the operation and maintenance of the entire power



contributions were determined by reference to, among others, the market situation at the time of

For the	For the financial year ended	
(audited)	(audited)	(audited)
<i>RMB</i>	<i>RMB</i>	<i>RMB</i>

The Purchaser is a company incorporated in the PRC engaged in solar farm engineering, procurement and construction and solar farm operations. It is wholly-owned by the Company, the investment holding company that holds the other members of the Group.

The Group is a professional renewable energy solution provider and building contractor. Its main businesses are design, fabrication and installation of curtain wall, green building and solar ground mounter solar systems, collection Solar EPC). It also engages in the production and sale of renewable energy goods, including smart grid system and solar thermal products such as air-source the Group has also self-developed solar projects some of which the Group has sold in prior years to

while the Group seeks to expand its portfolio of power generation projects. The Target Companies for investment opportunities in other new solar power projects with the risks of cost overruns, delays in completion and production and lower tariff. In addition, as the Target Companies carry out their business in Shandong province, it allows the Group to extend its solar projects footprint to Northern part of China and leverage on the resources of the Shuifa Group in Shandong province.

Considering that the Acquisitions are in line with the future development plans of the Group

the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

As the highest applicable percentage ratio in respect of the Acquisitions (when aggregated transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of the Sale and Purchase Agreements, Shuifa Energy is the controlling

each a connected person of the Company. Accordingly, the transactions contemplated under the Sale and Purchase Agreements constitute connected transactions of the Company and are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Purchase Agreements, the Acquisitions and the transactions contemplated thereunder.

consider the terms of the Sale and Purchase Agreements and the Transfer of Rights Agreements and the transactions contemplated thereunder, and to advise the Independent Shareholders as to whether they are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. None of the members of the Independent Board Committee has any interest or involvement in the transactions contemplated under the Sale and Purchase Agreements and the Transfer of Rights Agreements.

Red Sun Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Acquisitions.

approve the Acquisitions and the transactions contemplated under the Sale and Purchase Agreements and the Transfer of Rights Agreements. In order to determine the Shareholders who are entitled to attend and vote at the SGM, the register of the Shareholders of the Company will be closed from

Shares will be registered. Shareholders whose names appear on the register of members of the

attend and vote at the SGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services

in the transaction is required to abstain from voting in relation to the resolution. As at the Latest

the resolutions at the SGM in accordance with the Listing Rules. Save for as set out above, as at the required to abstain from voting at the SGM.

A proxy form for use at SGM is enclosed. Such form of proxy is also published on the websites of the Company (www.singyessolar.com) and of the Stock Exchange (www.hkexnews.hk). 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

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.

letter from the Independent Financial Adviser which contains its recommendation to the Independent Board Committee and the Independent Shareholders in connection with the Sale and Purchase Agreements and the transactions contemplated thereunder.

into of the Sale and Purchase Agreements and the Transfer of Rights Agreements was not in the ordinary and usual course of business of the Group, the Acquisitions are on normal commercial terms and the terms of the Sale and Purchase Agreements and the Transfer of Rights Agreements are fair and reasonable and the Sale and Purchase Agreements and the Transfer of Rights Agreements and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as

Independent Shareholders to vote in favour of the resolutions to be proposed at the SGM to approve the Acquisitions.

circular.

fulfilment or waiver (as the case may be) of a number of conditions precedent as set out in the potential investors should exercise caution when dealing in the securities of the Company.

By order of the Board

Chairman

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 incorporation in this circular.



中國水發興業能源集團有限公司

(incorporated in Bermuda with limited liability)

To the Independent Shareholders

”), of which
this letter forms part. Unless specified otherwise, capitalised terms used herein shall have the same

We have been appointed by the Board to form the Independent Board Committee to advise you in connection with the Sale and Purchase Agreements and the transactions contemplated thereunder, details of which are set out in the letter from the Board in the Circular.

We wish to draw your attention to (i) the letter from the Board, as set out on pages 8 to 48 of the Circular; (ii) the letter from Red Sun Capital, as set out on pages 51 to 85 of the Circular; and (iii) the additional information set out in the appendices to the Circular.

Having considered the terms of the Sale and Purchase Agreements and the Transfer of Rights Agreements and the transactions contemplated thereunder, and having taken into account the advice given by Red Sun Capital and, in particular, the principal factors and reasons taken into consideration by it in arriving at its advice, we are of the opinion that while the entering into of the Sale and Purchase Agreements and the Transfer of Rights Agreements was not in the ordinary and usual course of business of the Group, the Acquisitions are on normal commercial terms and the terms of Sale and Purchase Agreements and the Transfer of Rights Agreements and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolutions which will be proposed at the SGM to approve the Acquisitions and the transactions contemplated under the Sale and Purchase Agreements and the Transfer of Rights Agreements.

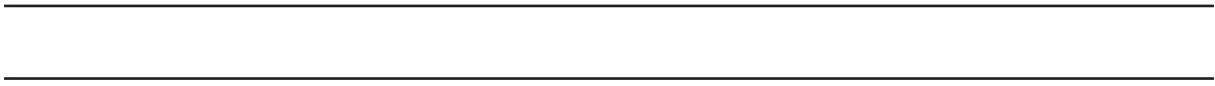
The Independent Board Committee of

Independent non-executive Director

Independent non-executive Director

Dr. Tan Hongwei

Independent non-executive Director



In formulating our advice, we have relied solely on the statements, information, opinions, beliefs and representations contained or referred to in the Circular and the information and “
”). We have assumed that all information, representations and opinions contained Management and for which they are solely and wholly responsible, were true and accurate at the that all such statements, information, opinions, beliefs and representations contained or referred to in the Circular (including this letter) or otherwise provided or made or given by the Group and/or accurate, and valid and complete in all material respects at the time they were made and given and continue to be true and accurate, and valid and complete in all material respects as at the date of the Circular. We have assumed that all the opinions, beliefs and representations made or provided by due and careful enquiry. We have also sought and obtained confirmation from the Company and/or provided and referred to in the Circular.

We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the financial position, business and of the markets in which they respectively operate. We have also reviewed and relied on several documents, including but not limited to, (i) the Sale and Purchase Agreements; (ii) the Transfer Company; (iv) the Control Premium Study (as defined hereunder); (v) the Stout Study (as defined us to reach an informed view and the Management has assured us no material information has been withheld from us to allow us to reasonably rely on the information provided so as to provide a reasonable basis for our advice. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions, beliefs and representations provided to us by the Group information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents. Shareholders should also note both the valuation involves various basis and

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Sale and Purchase Agreements, the Transfer of Rights Agreements and the transactions contemplated thereunder, and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

In arriving at our opinion and recommendation on the Sale and Purchase Agreements, the Transfer of Rights Agreements and the transactions contemplated thereunder, we have taken the

1.1 Background of the Group and the Purchaser

The Group is a professional renewable energy solution provider and building contractor. Its main businesses are design, fabrication and installation of curtain wall, system, roof top solar system and ground mounter solar systems, collection Solar EPC). It also engages in the production and sale of renewable energy goods, including smart grid system and solar thermal products such as air-source heat pump, solar heat has also self-developed solar projects, some of which the Group has sold in prior years development.

The Purchaser is a company incorporated in the PRC engaged in solar farm engineering, procurement and construction and solar farm operations. It is wholly-owned by the Company, the investment holding company that holds the other members of the Group.

1.2 Financial information of the Group

Set out below is a summary of the financial results of the Group, as extracted

”) and the published interim report of the

	<i>RMB'000</i> <i>(audited)</i>	<i>RMB'000</i> <i>(audited)</i>	<i>RMB'000</i> <i>(unaudited</i> <i>and restated)</i>	<i>RMB'000</i> <i>(unaudited)</i>
Rendering of design and				
Thermal supply				
Gross profit/(loss)	28,270	684,691	273,655	326,445
Profit/(loss) attributable to owners of the Company	(995,228)	301,418	228,023	96,458

For the six months ended 30 June 2021 compared to the six months ended 30 June 2020

billion, respectively, representing an increase of approximately 9.5%. Such increase was mainly attributable to the increase in revenue generated from the Group's construction contracts from approximately RMB1.6 billion for the six

million and a profit attributable to the owners of the Company of approximately

For the year ended 31 December 2020 compared to the year ended 31 December 2019

increase was mainly attributable to (i) the increase in revenue generated from the

Revenue generated from construction contracts accounted for approximately

enhancing the quality and efficacy of the overall economy with a view to attain sustainable and healthy development through, among others, (i) the improvement of supply chain 提升產業鏈供應鏈現代化水準); (ii) the development of strategic new 發展戰略性新興產業); (iii) the acceleration of modern service industries 加快發展現代服務業); (iv) the coordination of infrastructure construction 統籌推進基礎設施建設); and (v) the acceleration of the development of 加快數位化發展). As advised by the Management, the Acquisitions enable the Group to build up a balance solar farm assets portfolio. Majority of the Group's solar farm assets are currently located in northwest part of China and Guangdong province, while the solar farms acquired in each of the Acquisitions are located in Northern part of China, it reduces the impact from grid curtailment and extreme weather condition in a specific area. It also allows the Group to exploit the underlying business opportunities in the solar energy market in the PRC as driven by the strategic policies in relation to the development and construction of infrastructure set out above, which is in line with the overall macro development as set out in

In addition, according to the notice regarding the promotion of wind power and

several means, including but not limited to, (i) providing subsidy to enterprises principally engaged in renewable energy business; (ii) relevant financial institutions should recognise the importance of the development of renewable energy and proactively provide financial assistance to enterprises in renewable energy industry. Furthermore, according to the notice regarding launching the second batch of smart photovoltaic demonstrations published by the Ministry of Industry and Information Technology of the People's Republic of China in March

as to promote the expansion and application of photovoltaic power. Accordingly, it is expected that there will be sustainable development in the solar energy market in the PRC.

3.1 Information on Shuifa Guangyao

Shuifa Guangyao is a company with limited liability established in the PRC with a total registered capital of RMB1,000,000, which has been fully paid-up. Shuifa

Shuifa Guangyao is principally engaged in construction and operation of solar

荷澤眾興水環境有限公司) (“
”), pursuant to which Shuifa Guangyao shall be responsible for investing and

construction, operation and maintenance of the distributed photovoltaic power station,

, and with an investment amount of RMB14,000,000. The project uses 6,154 photovoltaic modules, utilises a steel structure to construct the framework and arranges

plant after converging the power through the combining manifolds in order to achieve grid connection. The project adopts a “self-generating for self-use, feed excess into the

subscribed registered capital by converting the RMB1,000,000 debt receivable from Shuifa Guangyao into equity. The Company was informed by Shuifa Guangyao that the receivable from Shuifa Guangyao into equity.

Based on the consolidated financial statements of Shuifa Guangyao prepared in accordance with the PRC Generally Accepted Accounting Principles (“ ”),

For the **For the financial year ended**

(audited) *(audited)* *(audited)*
RMB *RMB* *RMB*

3.2 *Information on Xintaishi Zhongmu*

Xintaishi Zhongmu is a company with limited liability established in the PRC (王慶春).

Save as disclosed in the Letter from the Board, to the best of knowledge, third party independent of the Company and connected persons of the Company.

Xintaishi Zhongmu is principally engaged in investment, development, construction and management of solar photovoltaic power generation projects (including

Xintaishi Zhongmu adopts a concept of “green energy, harmonious development”

generation project. The project is solely invested and owned by Xintaishi Zhongmu, and

the date of the Xintaishi Zhongmu Sale and Purchase Agreement, the installed capacity

consideration was determined by reference to, among others, the market situation at the time of the transaction.

Photovoltaic Power Project, upon meeting certain conditions, a further 1% equity without consideration. Pursuant to the acquisition of 85% equity interest of Xintaishi

Based on the consolidated financial statements of Xintaishi Zhongmu prepared

	For the	For the financial year ended	
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>

3.3 *Information on Dongying Tianze*

曹玉剛 秦萍萍) as to 95% and 5%, respectively,
崔雲玲 牟瑞玲) and Cui
(苗青 李紅 鄭國貞 高玉生

Save as disclosed above, to the best of knowledge, information and belief of the independent of the Company and connected persons of the Company.

of photovoltaic power generation projects (including the 49MW fishery-solar complementary photovoltaic grid-connected power generation project).

photovoltaic grid-connected power generation project. The project is solely invested

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委員

fishery-solar complementary photovoltaic grid-connected power generation system, inverter, transformer, combining manifolds and distribution facility. The project began

(國網山東省電力公司

東

營市發展和改革委員

entrusted Shandong Tianrong Ruilin with the operation and maintenance of the entire

Shandong Landi and others in relation to the acquisition of 68% equity interest in

the capital contributions were determined by reference to, among others, the market

For the **For the financial year ended**

(audited) *(audited)* *(audited)*
RMB *RMB* *RMB*

4. Reasons for and benefits of the Acquisitions

As set out in the Letter from the Board, following completion of the whitewash transaction by which Shuifa Energy became a majority shareholder of the Company in late

Company has been exploring ways by which the Group can expand its clean energy business

Company plans to tap into the broader clean energy sector and develop other forms of clean energy business, such as gas, heating and hydrogen energy, on the back of its established solar energy, wind energy and stored energy businesses with an ultimate goal to developing into a clean energy industry cluster with multiple capabilities and complementary advantages.

The Group has more than six years of experience in solar farm operations and currently owns more than 480MW of grid-connected solar farms within and outside the Mainland China,

As the Target Companies are principally engaged in construction and operation of solar power generation projects, the principal businesses of the Target Companies are in line with the Group's existing businesses as a renewable energy solution provider and building contractor with solar farm operations.

The Acquisitions are in line with the Group's strategy to strengthen its financial performance while the Group seeks to expand its portfolio of power generation projects. The

the Group needs not seek for investment opportunities in other new solar power projects with the risks of cost overruns, delays in completion and production and lower tariff. In addition, as the Target Companies carry out their business in Shandong province, it allows the Group to extend its solar projects footprint to Northern part of China and leverage on the resources of the Shuifa Group in Shandong province.

Considering that (i) the principal businesses of the Target Companies are in line with the Group's existing businesses; (ii) the Acquisitions are in line with the future development plans of the Group and the Target Companies are fully operational and can generate a positive income (and profit) with limited capital investment in the future; and (iii) the signing of the Transfer of Rights Agreements are interconditional with the Xintaishi Zhongmu Acquisition

of the Sale and Purchase Agreements, the Acquisitions and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Having considered that (i) the Target Companies already made a profit for the year

that the Acquisitions are in line with the business development strategy and future plan of the Group and is in the interests of the Company and its Shareholders as a whole.

Set out below is a summary of the principal terms of each of the Sale and Purchase Agreements. For further details, please refer to the Letter from the Board.

5.1 Shuifa Guangyao Sale and Purchase Agreement

i. Date

ii. Parties

湖南興業綠色能源股份有限公司), a wholly-owned subsidiary of the Company, as the Purchaser;

山東水發清潔能源科技有限公司

荷澤開發區水發光耀新能源有限公司), as the target company.

directly wholly owned subsidiary of Shuifa Energy, which is a controlling shareholder (and

iii. Subject Matter

The subject matter of the sale and purchase under the Shuifa Guangyao Sale and Purchase Agreement is 100% equity interest in Shuifa Guangyao held by the

iv. Consideration

1	1,896,000	Within five business days after all the Shuifa Guangyao CPs (as defined in the
		Within six months after the date of completion of registration of the change of shareholding.

The consideration for the Shuifa Guangyao Acquisition was determined to, among others, the historical financial performance of Shuifa Guangyao and the assets and liabilities of Shuifa Guangyao. In addition, the Purchaser also took into account the valuation of the 100% equity interest in Shuifa Guangyao at

As stated in the Letter from the Board, apart from the consent required from

vi. *Completion*

the section headed “The Acquisitions — Shuifa Guangyao Sale and Purchase Agreement” in the Letter from the Board.

vii. *Consideration Adjustment*

equity in Shuifa Guangyao shall not be reduced during the transition period. Within one month from the date of signing of the Shuifa Guangyao Sale and audit on the transition period of Shuifa Guangyao by the Original Auditor, and the audit results shall be approved by both parties. If, after audit, the shareholders’ the transition period, the consideration shall be reduced accordingly. The reduction of shareholders’ equity x 100%. If, after the reduction, the amount return the excess to the Purchaser within ten business days or deduct it directly shareholders’ equity has increased during the transition period, the increase shall belong to Shuifa Guangyao and the consideration will not be adjusted.

out in section headed “The Acquisitions — Shuifa Guangyao Sale and Purchase Agreement” in the Letter from the Board.

under PRC GAAP was RMB1,580,110.14. The Company is not aware of any

viii. *Special Agreement and Undertakings*

- (a) The project construction formalities of Shuifa Guangyao have been duly completed. In the event that Shuifa Guangyao suffers any administrative penalties or any losses due to issues with the project Shuifa Guangyao.

Guangyao Sale and Purchase Agreement, Shuifa Guangyao has duly

Shuifa Guangyao was still required to pay RMB5,048,400.00 to

Shuifa Guangyao Acquisition.

Guangyao arising from or resulting from acts or facts already existing limited to construction, operation, labour employment, taxation and debts (including contingent liabilities).

Guangyao for the compliance of social insurance and provident fund contributions payment, or any adverse consequences such as disputes with the employees or administrative penalties arising from non-compliance of social insurance and provident fund contributions payment.

potential penalties or losses to Shuifa Guangyao or any adverse impact to the operations of Shuifa Guangyao due to matters set out in (a) to (d) above.

As far as the Company is aware, the due and timely payment of the rent

All necessary licenses, approvals, certificates and permits for the construction and business operation of the project under the Shuifa Guangyao have been obtained.

5.2 Xintaishi Zhongmu Sale and Purchase Agreement

i. Date

ii. Parties

湖南興業綠色能源股份有限公司), a wholly-owned subsidiary of the Company, as the Purchaser;

潔能源科技有限公司

山東水發清

新泰市中

穆新能源科技有限公司), as the target company.

As at the date of the Xintaishi Zhongmu Sale and Purchase Agreement, a controlling shareholder (and therefore a connected person) of the Company

iii. Subject Matter

The subject matter of the sale and purchase under the Xintaishi Zhongmu Sale and Purchase Agreement is 86% equity interest in Xintaishi Zhongmu held

iv. Consideration

1

Upon all the Xintaishi Zhongmu CPs (as defined in the Letter from the Board) are

According to the Share Transfer Photovoltaic Power Project, as Wang 王慶春) has not yet satisfied the payment conditions, a balance of

Parties agree that pursuant to the signing of the Xintaishi Zhongmu Transfer of Rights Agreement, and upon all the payment conditions are being satisfied

directly.

Within six months after the date of completion of registration of the change of shareholding.

Power Project are set out in the section headed “The Acquisitions — Xintaishi Zhongmu Sale and Purchase Agreement”.

As stated in the Letter from the Board, item (e) of the payment conditions, which stated in the payment conditions in section headed “The Acquisitions - Xintaishi Zhongmu Sale and Purchase Agreement” in the Letter from the Board, has not yet been

engaging qualified third party agency to complete the safety evaluation for the

safety evaluation report has been issued and is under the application process to obtain relevant certification from the competent authority. The Company is not aware of any legal impediment to obtain the relevant certification for the safety evaluation report. Apart from the certification of the safety evaluation report, there are no other outstanding pre-construction procedures and post-construction photovoltaic power generation project under item (e) of the payment conditions.

The maximum potential penalty for the lack of required approvals for the of the construction fee of the project. Further, according to the Share Transfer

risks to the Company due to the lack of required approvals for the aforementioned project is low, and are of the view that the terms of the Xintaishi Zhongmu Acquisition are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Except for item (e) as stated in the payment conditions set out in section headed “The Acquisitions - Xintaishi Zhongmu Sale and Purchase Agreement” in the Letter from the Board, all other payment conditions disclosed therein have

As stated in the Letter from the Board, apart from the consent required from Cpi Ronghe, the equity interests in Xintaishi Zhongmu is clear, legal and valid and there is no dispute or controversy in relation to the equity interests in Xintaishi Zhongmu and Shuifa Group has completed its internal approval procedures in relation to the Xintaishi Zhongmu Acquisition. Further, in the event that the registration of the change of shareholding is not completed within ten business days thereafter and the Xintaishi Zhongmu Sale and Purchase Agreement and the Xintaishi Zhongmu Transfer of Rights Agreement shall be lapsed. As of the change of shareholding is low, and consider that the payment terms of the Xintaishi Zhongmu Acquisition are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The consideration for the Xintaishi Zhongmu Acquisition was determined the assets and liabilities of Xintaishi Zhongmu. In addition, the Purchaser also took into account the valuation of the 86% equity interest in Xintaishi Zhongmu

Taking into account that (i) the consideration payable for the Xintaishi Zhongmu Acquisition is lower than the valuation of the 86% equity interest in Xintaishi Zhongmu; (ii) the potential value of the power generation project solely invested and owned by Xintaishi Zhongmu as disclosed under the section headed “Information on Xintaishi Zhongmu” set out in the Letter from the Board; and (iii) the reasons for and benefits of the Acquisitions as stated under the section headed “Information on the Purchaser and the reasons for and benefits of the that the consideration payable for the Xintaishi Zhongmu Acquisition is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

v. *Conditions Precedent*

and Purchase Agreement are set out in the section headed “The Acquisitions — Xintaishi Zhongmu Sale and Purchase Agreement” in the Letter from the Board.

vi. *Completion*

the section headed “The Acquisitions — Xintaishi Zhongmu Sale and Purchase Agreement” in the Letter from the Board.

vii. *Consideration Adjustment*

equity in Xintaishi Zhongmu shall not be reduced during the transition period. Within one month from the date of signing of the Xintaishi Zhongmu Sale and audit on the transition period of Xintaishi Zhongmu by the Original Auditor, and the audit results shall be approved by both parties. If, after audit, the shareholders’ transition period, the consideration shall be reduced accordingly. The reduction of shareholders’ equity x 86%. If, after the reduction, the amount paid by the excess to the Purchaser within ten business days or deduct it directly from any paid by the Purchaser is unable to make up the reduced consideration, it shall be made up by the Purchaser in cash. If the shareholders’ equity has increased during the transition period, the increase shall belong to Xintaishi Zhongmu and the consideration will not be adjusted.

out in section headed “The Acquisition — Xintaishi Zhongmu Sale and Purchase Agreement” in the Letter from the Board.

viii. *Special Agreement and Undertakings*

- (a) The project construction formalities of Xintaishi Zhongmu have been duly completed. In the event that Xintaishi Zhongmu suffers any administrative penalties or any losses due to issues with the project

Xintaishi Zhongmu.

Zhongmu arising from or resulting from acts or facts already existing limited to construction, operation, labour employment, taxation, debts (including contingent liabilities) and change of industry commerce registration.

compliance of social insurance and provident fund contributions payment, or any adverse consequences such as disputes with the employees or administrative penalties arising from non-compliance of social insurance and provident fund contributions payment.

- (d) In relation to the compliance of Xintaishi Zhongmu's paid-up registered capital in accordance with the law before the Xintaishi

consequences suffered by Xintaishi Zhongmu as a result of the conversion of dividend payable into increased registered capital, such as penalties imposed on Xintaishi Zhongmu by the tax authorities.

- (e) In relation to the compliance of Xintaishi Zhongmu's houses and buildings in applying for the real property ownership certificate in accordance with the law, if Xintaishi Zhongmu is punished by the competent authorities or is required to mandatorily demolish the house(s) that were built without approval due to its construction of properties without complying with the construction formalities,

Zhongmu.

- (f) In relation to the compliance of Xintaishi Zhongmu in performing the Xintaishi Zhongmu Sale and Purchase Agreement in accordance with

Zhongmu as a result of the breach of contract in performing the Xintaishi Zhongmu Sale and Purchase Agreement.

- (g) In relation to the compliance of Xintaishi Zhongmu in leasing

Zhongmu as a result of disputes arising from land leasing matters.

(h) Xintaishi Zhongmu has performed its obligations under the Cpi

signing of the Xintaishi Zhongmu Sale and Purchase Agreement, Xintaishi Zhongmu shall duly and timely pay the rent to Cpi Ronghe. Xintaishi Zhongmu warrants that there was no breach of the Cpi

Cpi Ronghe, and Xintaishi Zhongmu shall continue to perform its after the Xintaishi Zhongmu Acquisition.

(i) Xintaishi Zhongmu has performed its obligations under the Cpi

signing of the Xintaishi Zhongmu Sale and Purchase Agreement, Xintaishi Zhongmu shall duly and timely pay the rent to Cpi Ronghe. Xintaishi Zhongmu warrants that there was no breach of the Cpi

Cpi Ronghe, and Xintaishi Zhongmu shall continue to perform its after the Xintaishi Zhongmu Acquisition.

The real property ownership certificate mentioned in item (d) above has been obtained and the disputes arising from land leasing matters mentioned in item (g) above have been settled.

potential penalties or losses to Xintaishi Zhongmu or any adverse impact to the operations of Xintaishi Zhongmu due to matters set out in (a) to (i) above.

Xintaishi Zhongmu has confirmed to the Company that, upon the signing of the Xintaishi Zhongmu Sale and Purchase Agreement, Xintaishi Zhongmu has duly and timely paid the rent to Cpi Ronghe under the Cpi Ronghe Financial

As far as the Company is aware, the due and timely payment of the

effects on the financial information of Xintaishi Zhongmu which may affect the consideration for the Xintaishi Zhongmu Acquisition.

all necessary licenses, approvals, certificates and permits for the construction and business operation of the project under the Xintaishi Zhongmu have been obtained.

ix. *Xintaishi Zhongmu Transfer of Rights Agreement*

Photovoltaic Power Project.

Photovoltaic Power Project.

that they will perform their respective obligations under the Share Project in favour of the Purchaser.

stated under the section headed “Acquisitions” in the Letter from the section headed “Information on Xintaishi Zhongmu” in the Letter

consideration. Pursuant to the transfer, the 1% equity interest of Xintaishi Zhongmu was no longer pledged to Shuifa Energy. As at the

has succeeded all of Shuifa Energy’s rights in the Share Transfer (item (a) above), and the Purchaser enjoy all rights enjoyed by the

to enforce its rights under the Share Transfer Agreement of Xintai within three business days of receipt of such written notice, send a written request to Shuifa Energy to release the pledge on the shares of Xintaishi Zhongmu, and Shuifa Energy shall agree to cooperate in the release procedure and within three business days from the date

(i) release the pledged shares of Xintaishi Zhongmu and (ii) pledge the shares of Xintaishi Zhongmu to the Purchaser and complete the registration of the pledge.

Photovoltaic Power Project. The parties agree that, upon all payment shall be deducted from the consideration of the Xintaishi Zhongmu Acquisition.

borne by the Purchaser and the obligations and warranties undertaken by Wang in the section headed “Xintaishi Zhongmu Transfer of Rights Agreement” in the Letter from the Board.

5.3 *Dongying Tianze Sale and Purchase Agreement*

i. Date

ii. Parties

湖南興業綠色能源股份有限公司), a wholly-owned subsidiary of the Company, as the Purchaser;

潔能源科技有限公司

山東水發清

能源科技有限公司), as the target company.

東營天澤新

a controlling shareholder (and therefore a connected person) of the Company

iii. Subject Matter

iv. Consideration

1

defined in the Letter from the Board) are

Within six months after the date of completion of registration of the change of shareholding.

As stated in the Letter from the Board, apart from the consent required from

registration of the change of shareholding is not completed within ten business

registration of the change of shareholding is low, and consider that the payment interests of the Company and its Shareholders as a whole.

(iii) the reasons for and benefits of the Acquisitions as stated under the section headed “Information on the Purchaser and the reasons for and benefits of the

reasonable and in the interests of the Company and its Shareholders as a whole.

v. *Conditions Precedent*

Purchase Agreement are set out in the section headed “The Acquisitions —

vi. *Completion*

Agreement” in the Letter from the Board.

vii. *Consideration Adjustment*

Original Auditor, and the audit results shall be approved by both parties. If, after its undertakings during the transition period, the consideration shall be reduced the amount of reduction of shareholders’ equity x 68%. If, after the reduction, the shall return the excess to the Purchaser within ten business days or deduct it If the shareholders’ equity has increased during the transition period, the increase

Agreement” in the Letter from the Board.

viii. Special Agreement and Undertakings

limited to, construction, operation, labour employment, taxation and debts (including contingent liabilities).

of employment relationship, including but not limited to disputes with the employees or administrative penalties.

from the performance of employment relationship by employees of

the Huarun Financial Lease Agreement with a total rental amount

timely paid the rent to Huarun Lease in accordance with the Huarun Financial Lease Agreement, and there was no breach of the Huarun

Acquisition.

In assessing the fairness and reasonableness of the consideration for the Acquisitions,

As set out in the Letter from the Board, the consideration for the Acquisitions was
and the respective 20.0 000FB respecti 10.6 0055004905 0.0 000F2h of

Selection of valuation comparable companies

comparable companies (the “ ”) based on the criteria that (i) the principal business is related to solar photovoltaic power generation business; (ii) histories; and (iv) the financial information is available to the public. We discussed the Comparable Companies. Given the similar business nature and operations of the Target Companies and the Comparable Companies, in particular (i) Shuifa Guangyao is principally engaged in construction and operation of solar power project; (ii) Xintaishi Zhongmu is principally engaged in investment, development, construction is principally engaged in construction and operation of photovoltaic power generation projects; and (iv) the business nature of the Comparable Companies as stated in the Companies and noted that the revenue of which were all derived from the solar related comparable company is a fair and representative sample. Shareholders may refer to the

Choice of valuation multiples

has considered price-to sales, price-to-earnings, price-to-book multiples and enterprise value-to-earnings before interest and taxes (the “**EV/EBIT Multiple**”). As advised Companies and the Comparable Companies do not heavily depend on their assets; (ii) the price-to-sales multiples could not fully capture the cost structure of the Target Companies and the Comparable Companies; and (iii) the Target Companies and the is considered to be the most appropriate multiple in calculating the market value of the Target Companies.

Control premium

In view of that (i) Shuifa Guangyao will become a wholly-owned subsidiary of the

of a controlling interest compared to a minority interest with reference to the Mergerstat
”) published
by FactSet Mergerstat, LLC., an independent information provider for merger and
acquisition transaction data. For our due diligence purpose, we have requested and

91 international transactions; and (ii) the median control premium was adopted in the
Study is an independent study which is designed to assist the valuation professional in
determining the control premium for the Target Companies and the control premium of

As part of our work done, on a best effort basis, we have also reviewed circulars
which satisfy the following criteria, including but not limited to, (i) the transactions
are related to acquisition of equity interest of a privately held company; (ii) there are
valuation reports prepared by independent valuer; (iii) the control premium is adopted at
arriving the valuation of equity interest of the respective companies; (iv) the transactions
are regarded as connected transaction under the Listing Rules; and (v) the dates of

period which we consider to be a recent and reasonable period and be demonstrative
for the prevailing market practice), we noted that (i) two out of four control premium
adopted at arriving the valuation of equity interest of the respective companies in
respective circulars are adopted with reference to the Control Premium Study; and (ii)

adopted at arriving the valuation of equity interest of the respective companies in
respective circulars.

Marketability discount

Moreover, in view of the fact that the Target Companies are private companies,
”) of 15.8% to the equity interest of

”) by Stout Risius Ross, LLC, one of the national
preeminent firms offering a broad range of financial advisory services to private and

that the Stout Study is an independent research study report which is designed to assist

and reasonable.

As part of our work done, on a best effort basis, we have also reviewed circulars
which satisfy the following criteria, including but not limited to, (i) the transactions
are related to acquisition of equity interest of a privately held company; (ii) there are

the valuation of equity interest of the respective companies; (iv) the transactions are
regarded as connected transaction under the Listing Rules; and (v) the dates of despatch

the date of the Sale and Purchase Agreements (representing a six-month period which
we consider to be a recent and reasonable period and be demonstrative for the prevailing

of equity interest of the respective companies in respective circulars are adopted with

respective circulars.

Valuation

We noted that the consideration for the Acquisitions represents a premium to the net asset value and the original acquisition cost, however, taking into account, (i) our discussion with the Management that at the relevant time the original acquisition costs was based on the then investment criteria with different level of risk involved, hence, the different valuation; and (ii) the adoption of market-based approach versus asset-based approach which cannot capture future potential earnings of the Target Companies,

Having considered, among others,

- (i) the Acquisitions are in line with the Group's strategy to grow into an enterprise with a focus on clean energy business;

economy and solar energy market in PRC" above;

of the Acquisitions" above; and

- (iv) the consideration of each of the Target Companies represents a discount to the fair value

we consider that although the Acquisitions are not in the ordinary and usual course of business of the Group, the Sale and Purchase Agreements, the Transfer of Rights Agreements and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and 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 ordinary resolutions to be proposed at the SGM to approve the Acquisitions and the transactions contemplated under the Sale and Purchase Agreements and the Transfer of Rights Agreements.

For and on behalf of

Managing Director

Mr. Jimmy Chung is a Responsible Officer of Red Sun Capital to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and permitted to undertake work as sponsor. He has over 20 years of experience in corporate finance industry in Greater China.

** For identification purposes only*

The following is extracted from the report prepared for the purpose of incorporation in this circular by Roma Appraisals Limited, an independent valuer, in connection with its valuation as at 30 April 2021.

This report is prepared solely for the use of the directors and management of the Company. In addition, Roma Appraisals Limited (hereinafter referred to as “ ”) acknowledges that this report may be made available to the Company for public documentation purpose only.

Roma Appraisals assumes no responsibility whatsoever to any person other than the Company in respect of, or arising out of, the contents of this report. If others choose to rely in any way on the contents of this report they do so entirely at their own risk.

Our valuation by ~~Lang TETE~~/La 6 (o)0.6TETE ~~Lang er Langp~~ 0 0 11 0.866s st (wa)0.7(1.3 0 0 .

is

between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Our investigation included discussions with members of the Management in relation to the development, operations and other relevant information of the Target Companies.

We have had discussions with the Management in relation to the development, operations and business information. In arriving at our opinion of value, we have relied on the completeness, Target Companies as provided by the Management to a considerable extent.

The valuation of the Target Companies requires consideration of all pertinent factors, which may or may not affect the operation of the business and its ability to generate future investment returns. The factors considered in our valuation include, but are not necessarily limited to, the

- The business nature and prospect of the Target Companies;
- Relevant licenses and agreements;
- The business risks of the Target Companies such as the ability in maintaining competent technical and professional personnel; and
- Investment returns of entities engaged in similar lines of business.

There are three generally accepted approaches to obtain the market value of the Target Companies, namely the Market-Based Approach, Income-Based Approach and Asset-Based

In the process of valuing the Target Companies, we have taken into account of the operation and financial information of the Target Companies and conducted discussions

According to the aforementioned selection criteria and under best-effort basis, four comparable companies adopted based on our aforementioned selection criteria were illustrated

Beijing Energy International Holding Co., Ltd.	686.HK	Hong Kong	Beijing Energy International Holding Co., Ltd. operates solar power plant construction businesses. The company provides solar energy projects development, solar energy projects investment, solar power plant management, and other services. The company also operates wind power station development, hydroelectric power generation, and other businesses.
Xinyi Energy Holdings Ltd.		Hong Kong	Xinyi Energy Holdings Ltd. operates as a renewable energy project development company. The company provides installation, construction, and maintenance of solar plant, transformation systems. The company serves customers in China.

Technology Co., Ltd.	China	Co., Ltd. develops, builds, solar power plants. The photovoltaic power station development, investment, construction, and management services. The company also project general contracting services.
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CECEP Solar Energy Co., Ltd.	000591.CH	China	CECEP Solar Energy Co., Ltd. operates in the solar energy industry. The company manages solar power stations, and manufactures photovoltaic components. The company markets worldwide.
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Source: Bloomberg

		EV/EBIT
Beijing Energy International Holding Co., Ltd.	686.HK	15.59

Source: Bloomberg

taxes (“

Companies was then arrived by adjusting with the marketability discount, control premium, net cash/debt and net non-operating assets.

the Target Companies.

price per share and the market trading price per share. Compared to similar interest in public companies, ownership interest is not readily marketable for closely held companies. Therefore, the value of a share of stock in a privately held company is usually less than an otherwise comparable share in a publicly held company. We have made reference to the result of the restricted stock study (the “

by Stout Risius Ross, LLC, one of the national preeminent firms offering a broad range of

were examined. With reference to the Research, we have adopted the median marketability

have not adjusted nor selected the data.

In addition, as we are considering the market value of the Target Companies from the perspective of controlling interest, the median control premium for international transaction of

”) published by FactSet Mergerstat, LLC., an independent information provider for merger and acquisition transaction data.

The calculation details in arriving at the market value of the Target Companies using the

RMB

adjustments on Control Premium, Marketability

Note:

RMB

adjustments on Control Premium, Marketability

Note:

adjustments on Control Premium, Marketability

Note:

available;

- The estimated earnings before interest and taxes used in arriving the market value of the

in the localities in which the Target Companies operates or intends to operate has or

- There will be sufficient supply of technical staff in the industry in which the Target Companies operates, and the Target Companies will retain competent management, key
- There will be no major change in the current taxation laws in the localities in which the Target Companies operates or intends to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with;

the localities in which the Target Companies operates or intends to operate, which would adversely affect the revenues attributable to and profitability of the Target Companies; and

- Interest rates and exchange rates in the localities for the operation of the Target

- Relevant licenses of the Target Companies; and
- General descriptions in relation to the Target Companies.

We have discussed the details with the Management on the information provided and assumed that such information is reasonable and reliable. We have assumed the accuracy of information provided and relied on such information to a considerable extent in arriving at our opinion of value.

have not been considered and we are not required to update our report for such events and conditions.

We would particularly point out that our valuation was based on the information such as the us.

To the best of our knowledge, all data set forth in this report are assumed to be reasonable and accurately determined. The data, opinions, or estimates identified as being furnished by others that have been used in formulating this analysis are gathered from reliable sources; yet, no guarantee is made nor liability assumed for their accuracy.

We have relied on information provided by the Management to a considerable extent in arriving at our opinion of value. We are not in the position to verify the accuracy of all information provided to us. The information has not been audited or compiled by us. However, we have had no reason to doubt the truth and accuracy of the information provided to us and to doubt that any material facts have been omitted from the information provided. No responsibilities for the operation

We assumed that the Management is competent and perform duties under the company regulation. Also, ownership of the Target Companies was in responsible hands, unless otherwise stated in this report. The quality of the Management may have direct impact on the viability of the business as well as the market value of the Target Companies.

We have not investigated the title to or any legal liabilities of the Target Companies, and have assumed no responsibility for the title to the Target Companies appraised.

Our conclusion of the market value was derived from generally accepted valuation procedures and practices that rely substantially on the use of various assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. The conclusion and various estimates may not be separated into parts, and/or used out of the context presented herein, and/or used together with any other valuation or study.

We assume no responsibility whatsoever to any person other than the directors and the Management in respect of, or arising out of, the content of this report. If others choose to rely in any way on the contents of this report, they do so entirely at their own risk.

No change to any item in any part of this report shall be made by anyone except Roma of this report shall be disseminated to the public without the written consent and approval of Roma Appraisals through any means of communication or referenced in any publications, including but not limited to advertising, public relations, news or sales media.

purpose, without the written consent and approval of Roma Appraisals.

The working papers and models for this valuation are being kept in our files and would be available for further references. We would be available to support our valuation if required. The title of this report shall not pass to the Company until all professional fee has been paid in full.

Unless otherwise stated, all monetary amounts stated in this valuation report are in Renminbi (RMB).

We hereby confirm that we have neither present nor prospective interests in the Target Companies, the Company, their associated companies or the values reported herein.

Based on the investigation stated above, the valuation method employed and key assumptions appended above, the market values of 100% equity interests in Shuifa Guangyao, 86% equity

	<i>RMB</i>
100% Equity Interests in Shuifa Guangyao	11,000,000

For and on behalf of

includes particulars given in compliance with the Listing Rules for the purpose of giving information 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.

Directors' and chief executive's interests in the Company

and debentures of the Company or any of ~~its~~ ~~110480000020050021~~ ~~leading6huoec104800000.5~~ ~~(y o5002lf t)~~

Notes:

Company nor allocated to the respective directors.

Shares under the SFO.

in the Shares, underlying shares and debentures of the Company or any of its associated

(including interests 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

the Model Code.

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

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

Name of	Long position/	Number of	of issued share capital (Note 1)
---------	----------------	-----------	-------------------------------------

Limited (Note 2)

(HK) Holding Co.,
Limited (Note 3)

a security interest
in shares

(Note 3 and 4)

(Note 4) corporation

Notes:

Limited is directly wholly owned by Shuifa Energy. Therefore, Shuifa Energy is deemed

4. Shuifa Energy is directly wholly owned by Shuifa Group. Therefore, Shuifa Group is share capital of the Company) under the SFO. The ultimate controlling shareholder of Shuifa Group is the State-owned Assets Supervision and Administration Commission of 山東省國有資產監督管理委員會) and 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.

Save as disclosed above, no other interests required to be recorded in the register kept

of the Group as enlarged by the Acquisitions which is not determinable by the enlarged Group within one year without payment of compensation, other than statutory compensation.

audited accounts of the Company have been made up, acquired or disposed of by or leased to any member of the Group as enlarged by the Acquisitions, or are proposed to be acquired or disposed of by or leased to any member of the Group as enlarged by the Acquisitions.

contract or arrangement entered into by any member of the Group as enlarged by the Acquisitions

Group as enlarged by the Acquisitions.

or their respective close associates has any interest in any business which competes or is likely to compete with the businesses of the Group.

from voting on the relevant resolutions at the SGM in accordance with the Listing Rules. Save as disclosed above, no Shareholder who is required to abstain from voting under the Listing Rules controls or is entitled to exercise control over the voting right in respect of its Shares;

- (ii) there is no voting trust, other agreement, arrangement or understanding entered into by or binding upon any such Shareholder, or any obligation or entitlement of such Shareholder, whereby it has or may have temporarily or permanently passed control over the exercise of the voting right in respect of its Shares to a third party, either generally or on a case-by-case basis; and
- (iii) there is no discrepancy between such Shareholder's beneficial shareholding interest in the Company as disclosed in this circular and the number of Shares in respect of which it will control or will be entitled to exercise control over the voting right at the SGM.

latest published audited accounts of the Company have been made up.

The following are the qualifications of the experts who have given their opinions and advice

Name	Qualification
Red Sun Capital Limited	A licensed corporation to carry out Type 1 (dealing in activities under the SFO, appointed by the Company as Committee and the Independent Shareholders in relation to the Acquisitions

The above experts have given and have not withdrawn their written consents to the issue of this circular with the inclusion of their letter or report (as the case may be) in the form and context in which such letter or report is included and all references to their names in the form and context in which they respectively appear.

- (a) had any shareholding in any member of the Group as enlarged by the Acquisitions or had any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group as enlarged by the Acquisitions;

financial statements of the Company have been made up, acquired, disposed of by or leased to any member of the Group as enlarged by the Acquisitions, or are proposed to be acquired or disposed of by or leased to any member of the Group as enlarged by the Acquisitions.

To the best of knowledge, information and belief of the Board and having made all reasonable not a connected person of the Company.

(b) 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 the Shuifa Guangyao Acquisition and any transaction contemplated under the Shuifa Guangyao Sale and Purchase Agreement (including but not limited to authorise any amendment, supplementation and/or waiver of any terms thereunder).”

(a) the Xintaishi Zhongmu Acquisition and the transactions contemplated under the Xintaishi Zhongmu Sale and Purchase Agreement and the Xintaishi Zhongmu Transfer of Rights Agreement be and are hereby approved; and

(b) 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

Zhongmu Acquisition and any transaction contemplated under the Xintaishi Zhongmu Sale and Purchase Agreement and the Xintaishi Zhongmu Transfer of Rights Agreement (including but not limited to authorise any amendment, supplementation and/or waiver of any terms thereunder).”

Agreement be and are hereby approved; and

(b) 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

(including but not limited to authorise any amendment, supplementation and/or waiver of any terms thereunder).”

By order of the Board

Chairman

Notes:

- (a) In order to determine the right to attend the SGM, the register of members of the Company will be of Shares can be registered. In order to qualify for the entitlement to attend and vote at the meeting, all
- (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) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of
- (d) To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which
- Road East, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting published on the websites of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company at www.singyessolar.com.
- (e) 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.
- (f) 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.