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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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

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

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## China Singyes New Materials Holdings Limited

中國興業新材料控股有限公司

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 8073)

### CONNECTED TRANSACTION RELEASE OF NON-DISPOSAL UNDERTAKING AND NOTICE OF SPECIAL GENERAL MEETING

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



紅日資本有限公司

RED SUN CAPITAL LIMITED

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A notice convening the special general meeting (“**SGM**”) of the Company to be held at Regus Conference Centre, 35/F Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Thursday, 31 October 2019 at 11:00 a.m. is set out on pages 31 to 33 of this circular.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you intend to attend and vote at the SGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company’s branch share registrar and transfer office in Hong Kong, namely Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy 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 desire.

This circular will remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its posting and on the Company’s website at <http://www.syeamt.com>.

16 October 2019

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## CHARACTERISTICS OF GEM

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### Characteristics of GEM of The Stock Exchange of Hong Kong Limited

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, capitalised terms used shall have the following meanings:*

“associate(s)”	has the same meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company and as amended from time to time, and “Bye-law” shall mean a bye-law of the Bye-laws
“close associate(s)”	has the same meaning ascribed to it under the GEM Listing Rules
“Company”	China Singyes New Materials Holdings Limited (中國興業新材料控股有限公司), an exempted company incorporated in Bermuda with limited liability, the Shares of which are listed on GEM (stock code: 8073)
“connected person”	has the same meaning ascribed to it under the GEM Listing Rules
“Directors”	the director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee” or “IBC”	the independent board committee of the Company, comprising all the independent non-executive Directors, namely Mr. Lee Kwok Tung Louis, Mr. Wei Junfeng and Dr. Li Ling, to advise the Independent Shareholders as to the fairness and reasonableness of the Release
“Independent Financial Adviser” or “IFA”	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 and being the independent financial adviser to advise the IBC and the Independent Shareholders in respect of the Release

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## DEFINITIONS

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“Independent Shareholders”	Shareholders other than Top Access, the Major Shareholders, and their respective associates, who are interested or involved in the Release
“Latest Practicable Date”	11 October 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Major Shareholders”	Mr. Liu Hongwei, Mr. Sun Jinli, Mr. Xie Wen, Mr. Xiong Shi, Mr. Zhuo Jianming, each of their spouses (as applicable) and Strong Eagle
“PRC”	the People’s Republic of China which, for the purpose of this circular, shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Release”	the release and discharge of the obligations of Mr. Liu Hongwei and Strong Eagle under the Non-disposal Undertaking
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be held to approve, among other things, the Release of the Non-disposal Undertaking
“Shareholder(s)”	holder(s) of Shares
“Shares”	shares of US\$0.10 each in the capital of the Company
“Singyes Solar”	China Singyes Solar Technologies Holdings Limited (中國興業太陽能技術控股有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 0750), a controlling shareholder of the Company
“Singyes Solar Shares”	ordinary share(s) of US\$0.01 each in the capital of Singyes Solar
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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## DEFINITIONS

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“Strong Eagle”	Strong Eagle Holdings Ltd., a company incorporated in the British Virgin Islands with limited liability, a substantial shareholder of Singyes Solar, and is owned by Mr. Liu Hongwei (the chairman of Singyes Solar and an executive director of Singyes Solar), Mr. Sun Jinli, Mr. Xie Wen (an executive director of Singyes Solar), Mr. Xiong Shi (an executive director of Singyes Solar) and Mr. Zhuo Jianming (a non-executive director of Singyes Solar), as to 53%, 15%, 14%, 9% and 9% respectively
“Subscriber”	Water Development (HK) Holding Co., Limited (水發集團(香港)控股有限公司), a company incorporated in Hong Kong with limited liability and an indirect non-wholly owned subsidiary of Shuifa Group Co., Ltd. (水發集團有限公司) (“ <b>Shuifa Group</b> ”). The Subscriber will, before Completion, become a wholly-owned subsidiary of Shuifa Energy Group Limited (水發能源集團有限公司), whose ultimate controlling shareholder is the State-owned Assets Supervision and Administration Commission of the State Council of the Shandong Province of the PRC* (山東省國有資產監督管理委員會)
“Subscription”	the subscription of the Subscription Shares by the Subscriber subject to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 16 May 2019 and entered into between Singyes Solar, the Subscriber and the Major Shareholders (as may be amended from time to time)
“Top Access”	Top Access Management Limited, a company incorporated in the British Virgin Islands with limited liability, a controlling shareholder of the Company (holding 62.37% of the issued share capital of the Company), the equity interest of which is wholly owned by Singyes Solar
“Whitewash Waiver”	a waiver from the Executive pursuant to Note 1 on Dispensations from Rule 26 of the Takeovers Code in respect of the obligations of the Subscriber to make a mandatory general offer for all of the Singyes Solar Shares not already owned or agreed to be acquired by the Subscriber or parties acting in concert with it which would, if the Subscription proceeds, otherwise arise as a result of the allotment and issuance of the subscription shares to the Subscriber
“US\$”	United States of America dollars, the lawful currency of the United States of America
“%”	per cent.



**China Singyes New Materials Holdings Limited**

**中國興業新材料控股有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 8073)**

*Executive Directors:*

Mr. Sun Jinli  
Mr. Zhao Feng  
Mr. Zhang Chao  
Mr. Tang Liwen

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

*Non-executive Director:*

Mr. Liu Hongwei (*Chairman*)

*Principal place of business in Hong Kong:*

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

*Independent Non-executive Directors:*

Mr. Lee Kwok Tung Louis  
Mr. Wei Junfeng  
Dr. Li Ling

16 October 2019

*To the Shareholders*

Dear Sir or Madam,

**CONNECTED TRANSACTION  
RELEASE OF NON-DISPOSAL UNDERTAKING  
AND  
NOTICE OF SPECIAL GENERAL MEETING**

**A. INTRODUCTION**

Reference is made to the joint announcement jointly issued by the Company and Singyes Solar on 5 June 2019 in relation to, *inter alia*, the Release, the Subscription and application for the Whitewash Waiver.

The purpose of this circular is to provide the Shareholders with (i) further information regarding the Release; (ii) the advice of the IFA regarding the Release and the transactions contemplated thereunder; (iii) the recommendation of the IBC regarding the Release and the transactions contemplated thereunder; and (iv) a notice of the SGM, at which an ordinary resolution will be proposed for the Independent Shareholders to consider, and if thought fit, approve the Release and the transactions contemplated thereunder.

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## LETTER FROM THE BOARD

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### B. RELEASE OF THE NON-DISPOSAL UNDERTAKING

#### The Non-disposal Undertaking

As disclosed in the prospectus of the Company dated 30 June 2017, each of the then controlling Shareholders, namely, Singyes Solar, Top Access, Mr. Liu Hongwei and Strong Eagle has, severally, undertaken to and covenanted with the Company that, among others:

- (i) at any time during the period of 30 months commencing on the date on which the first six month period from the date on which dealings in the Shares first commence on the Stock Exchange (the “**First Six-month period**”) expires; (the “**Subsequent Period**”, together with the First Six-month Period, the “**Restricted Period**”), it/he will not dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares owned by it/him, to the extent it/he will cease to be a controlling shareholder (as defined in the GEM Listing Rules) of the Company, other than any pledge or charge made in favour of an authorised institutional (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong); and
- (ii) it/he will take any such actions necessary to ensure that it/he will not cease to be a controlling shareholder (as defined in the GEM Listing Rules) of the Company, for whatever reasons, during the Restricted Period (the “**Non-disposal Undertaking**”).

The Restricted Period started on 21 July 2017 and will end on 20 July 2020.

#### Subject Matter

##### *The Lapse of the Top-up Placing*

As announced in the announcement of Singyes Solar dated 10 January 2019, in view of its then financial position, Singyes Solar had been unable to raise sufficient funds by the placing and subscription of Singyes Solar Shares under the placing and subscription agreement entered into by Singyes Solar, Strong Eagle and SBI China Capital Financial Services Limited as placing agent on 10 October 2018 (the “**PSA**”). After Strong Eagle had placed the Singyes Solar Shares held by it pursuant to the PSA, the subscription under the PSA has lapsed.

##### *The Subscription*

Singyes Solar, as issuer, Water Development (HK) Holding Co., Limited (水發集團(香港)控股有限公司), as Subscriber and the Major Shareholders as guarantors have entered into the Subscription Agreement on 16 May 2019, pursuant to which Singyes Solar has conditionally agreed to allot and issue to the Subscriber, and the Subscriber has conditionally agreed to subscribe for, at completion, 1,687,008,585 Singyes Solar Shares at the price of HK\$0.92 per share.



## LETTER FROM THE BOARD

So far as the Directors are aware, the following table illustrates the shareholding structure of Singyes Solar:

- (i) as at the Latest Practicable Date;
- (ii) immediately upon completion of the Subscription assuming no other changes in the issued share capital of Singyes Solar other than the issuance of the subscription shares; and
- (iii) immediately upon completion of the Subscription assuming no other changes in the issued share capital of Singyes Solar other than the full exercise of all the outstanding share options of Singyes Solar;
- (iv) immediately upon completion of the Subscription assuming no other changes in the issued share capital of Singyes Solar other than the full exercise of all outstanding conversion rights under the convertible bonds of Singyes Solar; and
- (v) immediately upon completion of the Subscription assuming all outstanding share options of Singyes Solar and conversion rights under the convertible bonds of Singyes Solar had been fully exercised

	(i) At the Latest Practicable Date		(ii) Immediately upon completion of the Subscription assuming no other changes in the issued share capital of Singyes Solar other than the issuance of the subscription shares		(iii) Immediately upon completion of the Subscription assuming no other changes in the issued share capital of Singyes Solar other than the full exercise of all outstanding share options of Singyes Solar		(iv) Immediately upon completion of the Subscription assuming no other changes in the issued share capital of Singyes Solar other than the full exercise of all outstanding conversion rights under the convertible bonds of Singyes Solar		(v) Immediately upon completion of the Subscription assuming all outstanding share options of Singyes Solar and conversion rights under the convertible bonds of Singyes Solar had been fully exercised	
							No. of Singyes Solar Shares		No. of Singyes Solar Shares	
	Approx. %	Approx. %	Approx. %	Approx. %	Approx. %	Approx. %	Approx. %	Approx. %	Approx. %	Approx. %
The Subscriber	—	—	1,687,008,585	66.92	1,687,008,585	66.35	1,687,008,585	66.71	1,687,008,585	66.15
Strong Eagle (Note 1)	203,802,750	24.43	203,802,750	8.08	203,802,750	8.02	203,802,750	8.06	203,802,750	7.99
Other Shareholders of Singyes Solar	630,270,445	75.57	630,270,445	25	651,528,376	25.65	638,122,686	25.23	659,380,890	25.87
<b>Total</b>	<b>834,073,195</b>	<b>100</b>	<b>2,521,081,780</b>	<b>100</b>	<b>2,542,339,711</b>	<b>100</b>	<b>2,528,934,294</b>	<b>100</b>	<b>2,550,192,225</b>	<b>100</b>

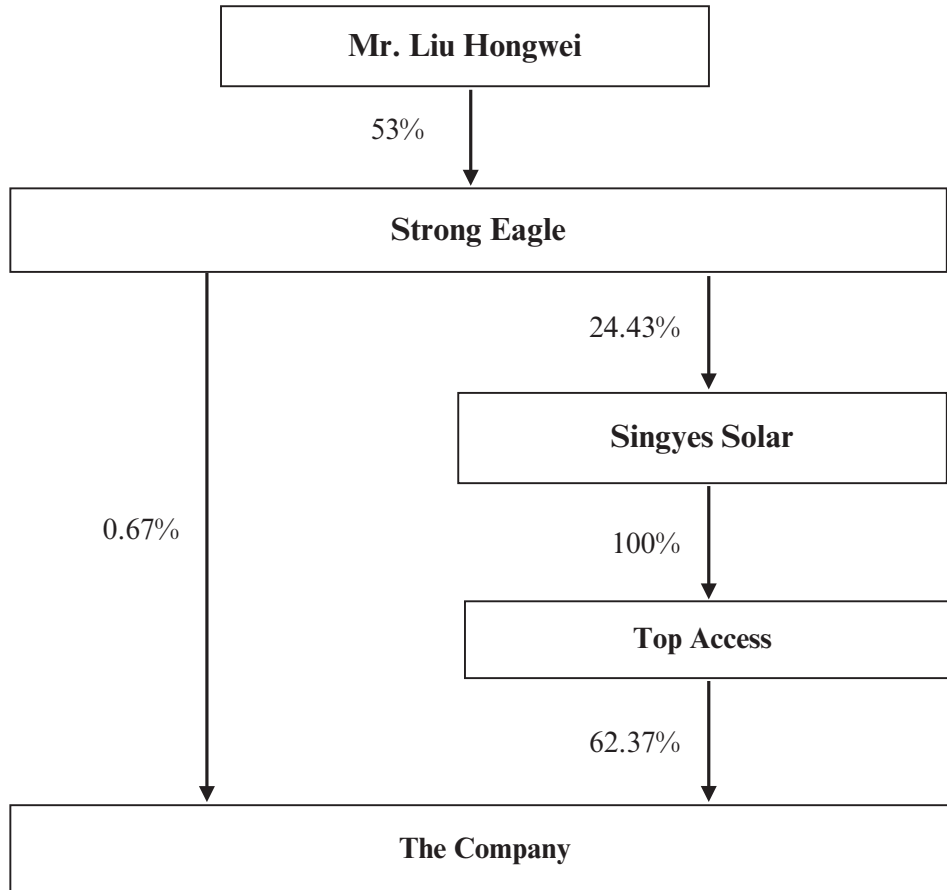
*Note 1:* Strong Eagle is the beneficial owner of 203,802,750 Singyes Solar Shares and is owned by Mr. Liu Hongwei, Mr. Sun Jinli, Mr. Xie Wen, Mr. Xiong Shi and Mr. Zhuo Jianming, as to 53%, 15%, 14%, 9% and 9% respectively. Mr. Liu Hongwei is also personally interested in 1,379,120 share options of Singyes Solar the full exercise of which are convertible into 1,379,120 Singyes Solar Shares.

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## LETTER FROM THE BOARD

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The chart below sets out the shareholding structure of the Group and its controlling Shareholders as at the Latest Practicable Date:



In light of the above events, Strong Eagle and Mr. Liu Hongwei would not be controlling Shareholders of the Company as (through Singyes Solar and Top Access) Strong Eagle would not be a controlling shareholding of Singyes Solar; while Singyes Solar and Top Access are expected to remain as controlling Shareholders of the Company.

In light of the change in shareholding in Singyes Solar and the consequential impact, the Directors propose to seek the approval of the Independent Shareholders on the release and discharge of the obligations of Strong Eagle and Mr. Liu Hongwei under the Non-disposal Undertaking by way of an ordinary resolution at the SGM. Subject to the approval of the Independent Shareholders, the Release will be effective upon the resolution approving the Release is passed at the SGM.

### **Reasons for and Benefits of the Release**

The Release facilitates the Subscription, which benefits Singyes Solar by relieving its financial predicament. The Company is of the view that the Subscription and the transactions contemplated thereunder would also benefit the Company by introducing a controlling Shareholder with reputable background and financial standing. Shuifa

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## LETTER FROM THE BOARD

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Group is principally engaged in the operation of water related projects, environmental management, modern agriculture, cultural tourism and renewable energy businesses. It is a provincial “first class wholly state-owned enterprise”\* (省屬一級國有獨資企業), and relying on its state-owned nature, Shuifa Group has developed into a leading corporation in the Shandong Province with total assets in the amount of approximately RMB84.7 billion at the end of June 2019. The Subscriber and its ultimate controlling shareholder is a state-owned enterprise, whose ultimate controlling shareholder is the State-owned Assets Supervision and Administration Commission of the State Council of the Shandong Province of the PRC\* (山東省國有資產監督管理委員會). The Company believes that the introduction of Shuifa Group Co., Ltd\* (水發集團有限公司)(“**Shuifa Group**”) as its ultimate controlling Shareholder provides the Company the opportunities to leverage on Shuifa Group’s resources and network, which can further enhance the market position of the Company in the PRC. The Company considers that, upon the completion of the Subscription, the Company, as a part of the Singyes Solar group, would also become a member of Shuifa Group. As such, Shuifa Group would have the incentive to utilize its state-owned nature and its connections in the Shandong Province and other areas of the PRC to benefit the business of the Group. The Group believes that by leveraging Shuifa Group’s reputation and network, it would be able to enjoy advantages in exploring and snatching future business opportunities, negotiation of more favourable terms and conditions and obtaining financings.

The Directors (including the members of the IBC but excluding Mr. Liu Hongwei and Mr. Sun Jinli who have material interests in the Release (Mr. Liu Hongwei and Mr. Sun Jinli are Major Shareholders)) consider that the proposal of the Release is fair and reasonable and in the interests of the Company and the Shareholders as a whole. As each of Mr. Liu Hongwei and Mr. Sun Jinli have material interest in the Release, each of them has abstained from voting on the board resolutions approving the proposal of the Release.

### C. IMPLICATIONS UNDER THE LISTING RULES

As (i) Strong Eagle was a controlling Shareholder of the Company before the series of event leading to the Subscription; and (ii) Mr. Liu Hongwei is a Director and is deemed to be a controlling Shareholder of the Company in light of his 53% shareholding in Strong Eagle, each of Mr. Liu Hongwei and Strong Eagle is a connected person of the Company under Chapter 20 of the GEM Listing Rules. The proposed Release constitutes a connected transaction of the Company, which is subject to the announcement, reporting, circular and Independent Shareholders’ approval requirements under Chapter 20 of the GEM Listing Rules.

The IBC has been established to advise the Independent Shareholders in respect of the Release and the transactions contemplated thereunder.

\* *for identification purposes only*

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## LETTER FROM THE BOARD

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Red Sun Capital Limited has been appointed as the IFA to advise the IBC and the Independent Shareholders in respect of the Release and the transactions contemplated thereunder and the manner of voting by the Independent Shareholders on the relevant resolution at the SGM. The letter from the Independent Financial Adviser is set out on pages 13 to 23 of this circular.

### **Information on the Parties**

#### ***Information on the Singyes Solar Group***

The Singyes Solar Group is principally engaged in the design, fabrication and installation of conventional curtain walls and building integrated photovoltaic BIPV systems, and the development and operation of solar farm projects. The ultimate beneficial owner of the Singyes Solar Group is Mr. Liu Hongwei.

#### ***Information on the Group***

The Group is principally engaged in the research and development on, and manufacturing and sales of ITO film, smart light-adjusting film, smart light-adjusting glass and smart light-adjusting projection systems. The ultimate beneficial owner of the Group is Mr. Liu Hongwei.

#### ***Information on Strong Eagle***

Strong Eagle is a company incorporated in the British Virgin Islands with limited liability, a substantial shareholder of Singyes Solar, and is owned by Mr. Liu Hongwei (the chairman of and an executive director Singyes Solar and the chairman of the Company and a non-executive Director), Mr. Sun Jinli (an executive Director), Mr. Xie Wen (an executive director of Singyes Solar), Mr. Xiong Shi (an executive director of Singyes Solar) and Mr. Zhuo Jianming (a non-executive director of Singyes Solar), as to 53%, 15%, 14%, 9% and 9% respectively. Strong Eagle is principally engaged in the business of investment holding.

#### ***Information on Mr. Liu Hongwei***

Mr. Liu Hongwei is the chairman and an executive director of Singyes Solar. He is also the chairman of the Company and a non-executive Director. Mr. Liu Hongwei is interested in 53% of the shares of Strong Eagle and a controlling shareholder of Singyes Solar. As Singyes Solar is interested in 62.37% of the issued share capital of the Company, it is a controlling Shareholder. Before the series of events leading to the Subscription, Mr. Liu Hongwei was a ultimate beneficial owner of Singyes Solar and thus was also a ultimate beneficial owner of the Company.

### **D. SGM**

The SGM will be held to consider and, if thought fit, pass the resolutions to approve, among other things, the Release.

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## LETTER FROM THE BOARD

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As Top Access, the controlling Shareholder of the Company holding 324,324,325 Shares (representing 62.37% of the issued share capital of the Company), is controlled by Strong Eagle and Mr. Liu Hongwei, it is deemed to be interested in the Release. Therefore, Top Access is required to abstain from voting on the resolutions approving the Release at the SGM.

Pursuant to Rule 17.47(4) of the GEM Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The resolutions in relation to the Release at the SGM will be voted on by the Independent Shareholders by way of a poll and an announcement of the poll results will be made in accordance with the GEM Listing Rules.

A notice convening the SGM to be held at the Regus Conference Centre, 35/F Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Thursday, 31 October 2019 at 11:00 a.m. is set out on pages 31 to 33 of this circular. Shareholders are advised to read the notice and complete and return the form of proxy for use at the SGM enclosed with this circular in accordance with the instructions printed thereon.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you intend to attend the SGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited of Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time of the SGM or any adjourned meeting thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjourned meeting thereof (as the case may be) should you so wish.

### **Closure of Register of Members**

The register of members of the Company will be closed from Monday, 28 October 2019 to Thursday, 31 October 2019 (both days inclusive), during which period the registration of transfer of Shares will be suspended. To entitle to the attendance of the SGM, all duly completed transfer forms of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 25 October 2019.

### **E. RECOMMENDATION**

The Directors (including the independent non-executive Directors, but excluding Mr. Liu Hongwei and Mr. Sun Jinli who have material interests in the proposal of the Release and who have abstained from voting on the relevant Board resolution) are of the opinion that the Release is fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the IBC, but excluding Mr. Liu Hongwei and Mr. Sun Jinli who have material interests in the proposal of the Release

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**LETTER FROM THE BOARD**

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and who have abstained from voting on the relevant Board resolution) recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM.

Yours faithfully  
By Order of the Board  
**China Singyes New Materials Holdings Limited**  
**LIU, Hongwei**  
*Chairman*



**China Singyes New Materials Holdings Limited**

**中國興業新材料控股有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 8073)**

16 October 2019

*To the Independent Shareholders*

Dear Sir or Madam,

**CONNECTED TRANSACTION  
RELEASE OF NON-DISPOSAL UNDERTAKING**

This independent board committee has been established to advise you on the Release (as defined in the Circular) and the transactions contemplated thereunder, details of which are set out in the circular of the Company to the Shareholders dated 16 October 2019 (the “Circular”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular, unless the context otherwise requires.

Having considered the nature of the Release and the transactions contemplated thereunder and the advice of the IFA in relation thereto as set out on pages 13 to 23 of the Circular, despite the Release is not in the ordinary course of business of the Group and is not on normal commercial terms, we are of the opinion that the Release and the transactions contemplated thereunder as a whole are fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Release and the transactions contemplated thereunder.

Yours faithfully,  
Independent Board Committee

**Dr. Li Ling**  
*Independent*  
*Non-executive Director*

**Mr. Wei Junfeng**  
*Independent*  
*Non-executive Director*

**Mr. Lee Kwok Tung Louis**  
*Independent*  
*Non-executive Director*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of the letter of advice from Red Sun Capital Limited to the Independent Board Committee and the Independent Shareholders in relation to the Release for inclusion in this circular.*



**红日资本有限公司**  
**RED SUN CAPITAL LIMITED**

16 October 2019

*To: The Independent Board Committee and the Independent Shareholders of  
China Singyes New Materials Holdings Limited*

Dear Sir or Madam,

### **CONNECTED TRANSACTION RELEASE OF NON-DISPOSAL UNDERTAKING**

#### **INTRODUCTION**

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on whether the terms of the Release, are fair and reasonable and in the interests of the Company and the Shareholders as a whole, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 16 October 2019 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 5 June 2019, Singyes Solar and the Company jointly announced, amongst others, the Subscription and the Release. In light of the change in shareholding of Singyes Solar and the consequential impact, the Directors propose to seek the approval of the Independent Shareholders on the Release and discharge of the obligations of Strong Eagle and Mr. Liu Hongwei (“**Mr. Liu**”) under the Non-disposal Undertaking (as defined in the Letter from the Board) by way of an ordinary resolution at the SGM.

As (i) Strong Eagle was a controlling Shareholder of the Company before the series of event leading to the Subscription; and (ii) Mr. Liu is a Director and is deemed to be a controlling Shareholder of the Company in light of his 53% shareholding in Strong Eagle, each of Mr. Liu and Strong Eagle is a connected person of the Company under Chapter 20 of the GEM Listing Rules. The proposed Release constitutes a connected transaction of the Company, which is subject to the announcement, reporting, circular and Independent Shareholders’ approval requirements under Chapter 20 of the GEM Listing Rules.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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A SGM will be convened to obtain the Independent Shareholders' approval of the Release. As Top Access, the controlling Shareholder of the Company holding 324,324,325 Shares (representing 62.37% of the issued share capital of the Company), is controlled by Strong Eagle and Mr. Liu, it is deemed to be interested in the Release. Therefore, Top Access is required to abstain from voting on the resolution approving the Release at the SGM.

### INDEPENDENT BOARD COMMITTEE

The Board currently comprises Mr. Liu Hongwei as chairman and non-executive Director, Mr. Sun Jinli, Mr. Zhao Feng, Mr. Zhang Chao and Mr. Tong Liwen as executive Directors, and three independent non-executive Directors, namely Mr. Lee Kwok Tung Louis, Mr. Wei Junfeng, and Dr. Li Ling.

An Independent Board Committee, comprising all the independent non-executive Directors, has been formed to advise the Independent Shareholders as to whether the terms of the Release are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote on the resolution to be proposed at the SGM.

We, Red Sun Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Release are fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole.

### OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with or interest in the Company or any other parties that could reasonably be regarded as relevant in assessing our independence. In the previous two years, we did not act as an independent financial adviser to the Company under the Listing Rules.

Apart from normal professional fees payable to us in connection with this appointment and the engagement as stated above as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant in assessing our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### **BASIS OF OUR ADVICE**

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Company, the Directors (excluding independent non-executive Directors) and the management of the Company (the “**Management**”). We have assumed that all statements, information, opinions and representations contained or referred to in the Circular, which have been provided by the Company, the Directors (excluding independent non-executive Directors) and the Management, were true and accurate at the time they were made and continue to be so as at the Latest Practicable Date.

The Directors jointly and severally accept full responsibility for the accuracy of the statements, information and representations contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been reasonably arrived at after due and careful consideration and there are no other material facts not contained in the Circular the omission of which would make any statement in the Circular misleading. We consider that we have been provided with sufficient information in order to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any facts or circumstances which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have performed all necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion.

We have not, however, conducted any independent verification provided by the Directors (excluding independent non-executive Directors) and the Management, nor have we conducted independent investigation into the business and affairs or future prospects of the Group, Singyes Solar, Top Access, Mr. Liu and Strong Eagle and their respective associates.

This letter is issued for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration in relation to the Release, 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.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our opinion to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Release, we have taken into consideration the following principal factors and reasons:

#### **1. Background information of the Group**

The Group is principally engaged in the research and development on, and manufacturing and sales of indium tin oxide (“**ITO**”) film, smart light-adjusting film, smart light-adjusting glass and smart light-adjusting projection systems.

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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Set out below a summary of the consolidated financial information of the Company for each of the six months ended 30 June 2018 and 2019, and each of the three years ended 31 December 2016, 2017 and 2018, as extracted from the interim report of the Company for the six months ended 30 June 2019, and the annual report of the Company for the year ended 31 December 2017 and for the year ended 31 December 2018, respectively.

	For the year ended			For the six months ended	
	31 December			30 June	
	2018 (Audited) <i>RMB\$'000</i>	2017 (Audited) <i>RMB\$'000</i>	2016 (Audited) <i>RMB\$'000</i>	2019 (Unaudited) <i>RMB\$'000</i>	2018 (Unaudited) <i>RMB\$'000</i>
<b>Revenue</b>					
ITO film	18,923	15,377	13,729	27,007	10,278
Smart light-adjusting film	47,700	30,709	18,882	24,808	22,781
Smart light-adjusting glass	17,010	34,256	26,492	6,386	7,109
Smart light-adjusting projection system	26,405	28,451	23,788	140	19,092
Others	19,254	7,030	7,996	5,629	1,267
	<u>129,292</u>	<u>115,823</u>	<u>90,887</u>	<u>63,970</u>	<u>60,527</u>
<b>Profit attributable to owners of the Company</b>	19,788	14,026	6,381	6,259	7,649
	As at 31 December			As at 30 June	
	2018 (Audited) <i>RMB\$'000</i>	2017 (Audited) <i>RMB\$'000</i>	2016 (Audited) <i>RMB\$'000</i>	2019 (Unaudited) <i>RMB\$'000</i>	2018 (Unaudited) <i>RMB\$'000</i>
<b>Non-current assets</b>	57,751	40,381	40,551	67,386	57,751
<b>Current assets</b>	237,464	199,542	85,933	234,424	237,464
<b>Current liabilities</b>	58,653	53,939	48,045	54,447	58,653
<b>Net current assets</b>	178,811	145,603	37,888	179,977	178,811
<b>Net assets</b>	234,143	185,263	77,627	236,902	234,143

***Financial performance for the six months ended 30 June 2019***

For the six months ended 30 June 2019, the Group recorded revenue of approximately RMB64.0 million, representing an increase of 5.7% as compared to that of approximately RMB60.5 million for the six months ended 30 June 2018. Such increase was primarily attributable to an increase of approximately RMB16.7 million in revenue from the sales of ITO film which compensated the decline of revenue contributed by smart light-adjusting projection system for the six months ended 30 June 2019. In December 2018, the Group acquired Huabei Limited which resulted in an expanded market share of ITO film in Southern China.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Profit attributable to the owners of the Company was approximately RMB6.3 million for the six months ended 30 June 2019, representing a decrease of 18.2% as compared to approximately RMB7.6 million for the corresponding period in 2018.

### *Financial performance for the year ended 31 December 2018*

For the year ended 31 December 2018, the Group recorded revenue of approximately RMB129.3 million, representing an increase of 11.6% as compared to that of approximately RMB115.8 million for the year ended 31 December 2017. Such increase was primarily attributable to an increase of approximately RMB17.0 million in revenue from the sales of smart light-adjusting film.

Profit attributable to the owners of the Company was approximately RMB19.8 million for the year ended 31 December 2018, representing an increase of 41.1% as compared to approximately RMB14.0 million for the same period in 2017.

As at 31 December 2018, the consolidated net current assets and the consolidated net assets of the Company stood at approximately RMB178.8 million and approximately RMB234.1million, respectively.

### *Financial performance for the year ended 31 December 2017*

For the year ended 31 December 2017, the Group recorded revenue of approximately RMB115.8 million, representing an increase of 27.4% as compared to that of approximately RMB90.9 million for the year ended 31 December 2016. Such increase was mainly due to an increase of approximately RMB11.8 million and approximately RMB7.8 million in revenue resulting from the increase in the sales volume of smart light-adjusting films and smart light-adjusting glass, respectively.

Profit attributable to the owners of the Company for the year ended 31 December 2017 was approximately RMB14.0 million, representing an increase of 119.8% as compared to approximately RMB6.4 million over the same period in 2016.

As at 31 December 2017, the consolidated net current assets and the consolidated net assets of the Company stood at approximately RMB145.6 million and approximately RMB185.3 million, respectively.

## **2. The Non-disposal Undertaking**

As stated in the Letter from the Board, based on the prospectus of the Company dated 30 June 2017 (the “**Prospectus**”), each of the then controlling Shareholders, namely, Singyes Solar, Top Access, Mr. Liu and Strong Eagle (collectively, the “**Then Controlling Shareholders**”) has, severally, undertaken to and covenanted with the Company that, among others:

- (i) at any time during the period of 30 months commencing on the date on which the first six month period from the date on which dealings in the Shares first commence on the Stock Exchange (the “**First Six-month Period**”) expires; (the “**Subsequent Period**”, together with the First Six-month Period, the “**Restricted Period**”), it/he will not dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares owned by it/him to the extent it/he will cease to be a controlling shareholder (as defined in the GEM Listing Rules) of the Company, other than any pledge or charge made in favour of an authorised institutional (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong); and
- (ii) it/he will take any such actions necessary to ensure that it/he will not cease to be a controlling shareholder (as defined in the GEM Listing Rules) of the Company, for whatever reasons, during the Restricted Period.

The Restricted Period started on 21 July 2017 and will end on 20 July 2020.

We have reviewed the Non-disposal Undertaking document dated 23 June 2017 and note that the document was signed by the Company and each of the Then Controlling Shareholders. The material terms are set out in the Prospectus and as referred to above.

The duration of the Non-disposal Undertaking by the Then Controlling Shareholders are beyond the requirements relating to post-IPO lock-up requirement on controlling shareholders under GEM Rule 13.16A (the “**Lock-up Requirement**”) and cannot be waived by the Company except with the written consent from majority of the independent non-executive Directors and so far as permitted under the GEM Listing Rules.

According to the Non-disposal Undertaking, the Restricted Period expires after 36 months from the date on which dealings of the Shares commence on the Stock Exchange.

The Lock-up Requirement sets out that “a person or group of persons shown by the listing document issued at the time of the issuer’s application for listing to be controlling shareholders of the issuer shall not and shall procure that the relevant registered holder(s) shall not” carry out certain disposal transactions of the issuers’ securities during a prescribed period comprising an initial period and a subsequent period. At the time when the Prospectus was issued, the then GEM Rule 13.16A, which was later amended with effect from 15 February 2018, required that the initial period be six months from the date on which dealings commence on the Stock Exchange and the subsequent period be a further six

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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months from the date the initial period expires. The then GEM Rule 13.16A thus required controlling shareholders to restrict disposals for a period of 12 months in aggregate following dealings commence.

The existing GEM Rule 13.16A, which comes into effect on 15 February 2018, requires that the initial period be 12 months from the date on which dealings commence on the Stock Exchange and the subsequent period be a further 12 months from the date the initial period expires. The existing GEM Rule 13.16A thus requires controlling shareholders to restrict disposals for a period of 24 months in aggregate following dealings commence.

Dealings in the Shares commenced on 21 July 2017. The Non-disposal Undertaking have survived over 26 months by now and have satisfied both the then and the existing Lock-up Requirement under the GEM Listing Rules.

### *The Subscription*

According to the Letter from the Board, Singyes Solar has conditionally agreed to allot and issue to the Subscriber, and the Subscriber has conditionally agreed to subscribe for, at completion (“**Completion**”), 1,687,008,585 Singyes Solar Shares at the price of HK\$0.92 per share pursuant to the Subscription Agreement.

The Subscription will dilute the existing shareholders’ interests in Singyes Solar’s issued shares. Upon Completion, Strong Eagle and Mr. Liu will cease to be controlling Shareholders of the Company as (through Singyes and Top Access) Strong Eagle will no longer be a controlling shareholding of Singyes Solar; while Singyes Solar and Top Access are expected to remain as the controlling Shareholders of the Company.

The following table illustrates the shareholding structure of Singyes Solar:

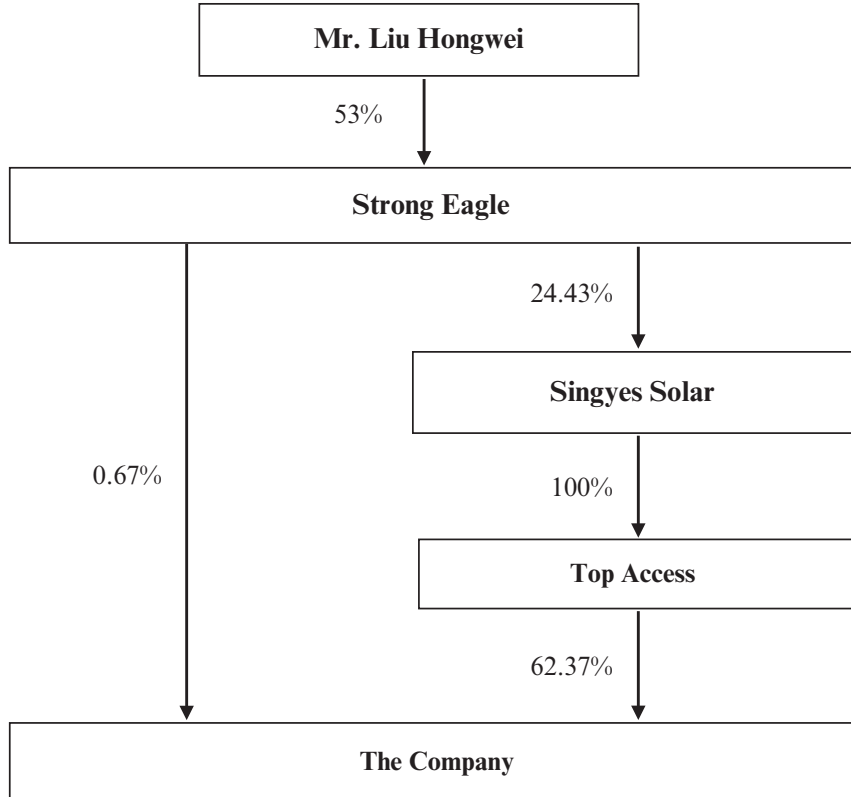
- (i) as at the Latest Practicable Date;
- (ii) immediately upon completion of the Subscription assuming no other changes in the issued share capital of Singyes Solar other than the issuance of the subscription shares;
- (iii) immediately upon completion of the Subscription assuming no other changes in the issued share capital of Singyes Solar other than the full exercise of all the outstanding share options of Singyes Solar;
- (iv) immediately upon completion of the Subscription assuming no other changes in the issued share capital of Singyes Solar other than the full exercise of all outstanding conversion rights under the convertible bonds of Singyes Solar; and
- (v) immediately upon completion of the Subscription assuming all outstanding share options of Singyes Solar and conversion rights under the convertible bonds of Singyes Solar had been fully exercised.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	(i) At the Latest Practicable Date		(ii) Immediately upon completion of the Subscription assuming no other changes in the issued share capital of Singyes Solar other than the issuance of the subscription shares		(iii) Immediately upon completion of the Subscription assuming no other changes in the issued share capital of Singyes Solar other than the full exercise of all outstanding share options of Singyes Solar		(iv) Immediately upon completion of the Subscription assuming no other changes in the issued share capital of Singyes Solar other than the full exercise of all outstanding convertible bonds of Singyes Solar		(v) Immediately upon completion of the Subscription assuming all outstanding share options of Singyes Solar and conversion rights under the convertible bonds of Singyes Solar had been fully exercised	
	<i>No. of Singyes Solar Shares</i>		<i>No. of Singyes Solar Shares</i>		<i>No. of Singyes Solar Shares</i>		<i>No. of Singyes Solar Shares</i>		<i>No. of Singyes Solar Shares</i>	
	<i>Approx. %</i>	<i>Approx. %</i>	<i>Approx. %</i>	<i>Approx. %</i>	<i>Approx. %</i>	<i>Approx. %</i>	<i>Approx. %</i>	<i>Approx. %</i>	<i>Approx. %</i>	<i>Approx. %</i>
<b>The Subscriber</b>	—	—	1,687,008,585	66.92	1,687,008,585	66.35	1,687,008,585	66.71	1,687,008,585	66.15
<b>Strong Eagle (Note 1)</b>	203,802,750	24.43	203,802,750	8.08	203,802,750	8.02	203,802,750	8.06	203,802,750	7.99
<b>Other Shareholders of Singyes Solar</b>	630,270,445	75.57	630,270,445	25	651,528,376	25.65	638,122,686	25.23	659,380,890	25.87
<b>Total</b>	<u>834,073,195</u>	<u>100</u>	<u>2,521,081,780</u>	<u>100</u>	<u>2,542,339,711</u>	<u>100</u>	<u>2,528,934,294</u>	<u>100</u>	<u>2,550,192,225</u>	<u>100</u>

*Note 1:* Strong Eagle is the beneficial owner of 203,802,750 Singyes Solar Shares and is owned by Mr. Liu, Mr. Sun Jinli, Mr. Xie Wen, Mr. Xiong Shi and Mr. Zhuo Jianming, as to 53%, 15%, 14%, 9% and 9%, respectively. Mr. Liu is also personally interested in 1,379,120 share options of Singyes Solar the full exercise of which are convertible into 1,379,120 Singyes Solar Shares.

The chart below sets out the shareholding structure of the Group and its controlling Shareholders as at the Latest Practicable Date:



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In light of the above events, Strong Eagle and Mr. Liu would not be controlling Shareholders of the Company as (through Singyes Solar and Top Access) Strong Eagle would not be a controlling shareholding of Singyes Solar; while Singyes Solar and Top Access are expected to remain as controlling Shareholders of the Company.

In light of the change in shareholding in Singyes Solar and the consequential impact, the Directors propose to seek the approval of the Independent Shareholders on the release and discharge of the obligations of Strong Eagle and Mr. Liu under the Non-disposal Undertaking by way of an ordinary resolution at the SGM. Subject to the approval of the Independent Shareholders, the Release will be effective upon the resolution approving the Release is passed at the SGM.

### *Reasons to justify the Release*

In anticipation of the effect to the controlling shareholding of the Company upon Completion, the Directors propose to seek the approval of the Independent Shareholders on the Release by way of an ordinary resolution at the SGM.

According to the Letter from the Board, the Release facilitates the Subscription, which benefits Singyes Solar by relieving its financial predicament. The Company is of the view that the Subscription and the transactions contemplated thereunder would also benefit the Company by introducing Shuifa Group (as defined in the Letter from the Board), which has reputable background and financial standing, to be its controlling shareholder.

According to the Letter from the Board, Shuifa Group is principally engaged in the operation of water related projects, environmental management, modern agriculture, cultural tourism and renewable energy businesses. It is a provincial “first class wholly state-owned enterprise”\* (省屬一級國有獨資企業), and relying on its state-owned nature, Shuifa Group has developed into a leading corporation in the Shandong Province with total assets in the amount of approximately RMB84.7 billion at the end of June 2019. The Subscriber and its ultimate controlling shareholder is a state-owned enterprise, whose ultimate controlling shareholder is the State-owned Assets Supervision and Administration Commission of the State Council of the Shandong Province of the PRC\* (山東省國有資產監督管理委員會). The Company believes that the introduction of Shuifa Group as its ultimate controlling shareholder provides the Company with the opportunities to leverage on Shuifa Group’s resources and network, which can further enhance the market position of the Company in the PRC. The Company considers that, upon the completion of the Subscription, the Company, as a part of the Singyes Solar group, would also become a member of Shuifa Group. As such, Shuifa Group would have the incentive to utilize its state-owned nature and its connections in the Shandong Province and other areas of the PRC to benefit the business of the Group. The Group believes that by leveraging Shuifa Group’s reputation and network, it would be able to enjoy advantages in exploring and snatching future business opportunities, negotiation of more favourable terms and conditions and obtaining financings.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Taking into consideration that (i) Shuifa Group is a leading corporation in the Shandong Province with total assets in the amount of approximately RMB84.7 billion at the end of June 2019; (ii) the Subscriber's ultimate controlling shareholder is the State-owned Assets Supervision and Administration Commission of the State Council of the Shandong Province of the PRC; and (iii) the introduction of the Shuifa Group as the Company's ultimate controlling shareholder would provide the Company with potential opportunities to leverage on Shuifa Group's resources and network, we consider that the introduction of Shuifa Group as the Company's ultimate controlling shareholder by way of Subscription is in the interests of the Company and its shareholders.

We understand from the Company that the Subscription, which will result in a significant dilution of the issued share capital of Singyes Solar, is considered as if it were a deemed disposal of equity interest by controlling shareholders in Singyes Solar. In this regard, Strong Eagle and Mr. Liu will be caused to breach their respective Non-disposal Undertaking when Completion takes place as the 36-month disposal restriction period has not expired. The Non-disposal Undertaking has, nonetheless, survived over 26 months by now and has satisfied both the then and the existing Lock-up Requirement under the GEM Listing Rules. The Release would not affect the Non-disposal Undertaking provided by Singyes Solar and Top Access.

We understand from the Management that there was no consideration paid or payable by the Company, Strong Eagle or Mr. Liu relating to entering into the Non-disposal Undertaking. There is no consideration payable by the Company, Strong Eagle or Mr. Liu in respect of the Release. We consider it fair and reasonable that the Release does not entail any consideration payable amongst the relevant parties as the Non-disposal Undertaking were provided without any consideration in the beginning. We have discussed with the Management that the Release was merely a release of Non-disposal Undertaking obligation from Strong Eagle or Mr. Liu, being the members of the Then Controlling Shareholders, given at the relevant time prior to the dealings in the Shares commenced on the Stock Exchange. We have further discussed with the Management, the Non-disposal Undertaking was not a requirement/condition for any operational matters related to the Group and accordingly, the Release would not have any effect on the operation of the Company. Therefore, neither the Non-disposal Undertaking nor the Release may result in any implications on the Company's operational or financial conditions.

The Release is proposed to facilitate Singyes Solar carrying out the Subscription and it is not a condition precedent to the Subscription. In the event the resolution in respect of Release is voted down at the SGM, the Subscription may proceed anyway and Strong Eagle and Mr. Liu will be caused to not comply with their respective Non-disposal Undertaking resulting from the issuance of new equity by Singyes Solar.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Non-disposal Undertaking cannot be waived by the Company except with the written consent from the majority of the independent non-executive Directors and so far as permitted under the GEM Listing Rules. We have requested and been provided with the written consent from the majority of the Company's independent non-executive Directors.

### RECOMMENDATION

Having considered the aforementioned factors and reasons, we are of the opinion that the terms of the Release are fair and reasonable so far as the Group and the Independent Shareholders are concerned, and in the interests of the Group and the Shareholders as a whole despite the Release is not in the ordinary and usual course of business of the Group and not on normal commercial terms.

Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Release.

Yours faithfully,  
For and on behalf of  
**Red Sun Capital Limited**  
**Jimmy Chung**  
*Managing Director*

*Mr. Jimmy Chung is a Responsible Officer of Red Sun Capital Limited 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.*

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## GENERAL INFORMATION

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### RESPONSIBILITY STATEMENT

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

### DISCLOSURES OF DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

#### Interests of Directors and chief executive in shares, underlying shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of the associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange, will be as follows:

#### Long position in the Shares

Name of Director(s)	Capacity/Nature of Interests	Number of Shares held	Approximate percentage of shareholding (Note 2)
Mr. Liu Hongwei	Interest in a controlled corporation (Note 1)	327,797,914	63.04%

*Note:*

1. Mr. Liu Hongwei is a controlling shareholder, the chairman and a non-executive Director of the Company. He is deemed to be interested in the Shares to which Strong Eagle is interested in (through its indirect shareholding in Top Access via Singyes Solar).
2. The percentage is calculated on the basis of 520,000,000 Shares in issue as at the Latest Practicable Date.

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## GENERAL INFORMATION

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### Long positions in the shares of China Singyes Solar Technologies Holdings Limited *(Note 1)*

Name of Director(s)	Capacity/Nature of Interests	Number of Shares held	Approximate percentage of shareholding <i>(Note 5)</i>
Mr. Liu Hongwei	Interest in a controlled corporation	203,802,750 <i>(Note 2)</i>	24.43%
	Beneficial interest	1,379,120 <i>(Note 3)</i>	0.17%
	Sub-total	205,181,870	24.60%
Mr. Sun Jinli	Beneficial interest	1,379,120 <i>(Note 4)</i>	0.17%

*Notes:*

- Singyes Solar is listed in the Main Board of the Stock Exchange with stock code: 750. Singyes Solar is a holding company of the Company pursuant to the SFO.
- 203,802,750 shares of Singyes Solar are held by Strong Eagle, whose share capital is 53% owned by Mr. Liu Hongwei (the non-executive Director and Chairman of the Company). Mr. Liu Hongwei is deemed to be interested in these shares by virtue of the SFO.
- 1,379,120 share options of Singyes Solar are directly beneficially owned by Mr. Liu Hongwei. Among these share options, 455,082 share options' exercise price is HK\$3.56 per share of Singyes Solar with exercise period from 23 January 2010 to 22 July 2019, 462,019 share options' exercise price is HK\$3.56 per share of Singyes Solar with exercise period from 23 July 2010 to 22 July 2019, 462,019 share options' exercise price is HK\$3.56 per share of Singyes Solar with exercise period from 23 July 2011 to 22 July 2019.
- 1,379,120 share options of Singyes Solar are directly beneficially owned by Mr. Sun Jinli (an executive Director of the Company). Among these share options, 455,082 share options' exercise price is HK\$3.56 per share of Singyes Solar with exercise period from 23 January 2010 to 22 July 2019, 462,019 share options' exercise price is HK\$3.56 per share of Singyes Solar with exercise period from 23 July 2010 to 22 July 2019, 462,019 share options' exercise price is HK\$3.56 per share of Singyes Solar with exercise period from 23 July 2011 to 22 July 2019.
- The percentage is calculated on the basis of 520,000,000 shares in issue of Singyes Solar as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which was taken or deemed to have under such

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## GENERAL INFORMATION

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provisions of the SFO), or which was required to be recorded pursuant to Section 352 of the SFO, or as otherwise required pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

### Interests of substantial and other Shareholders in the Shares and underlying Shares

As at the Latest Practicable Date, the following persons (not being a Director or chief executive of the Company) had interests or short positions in Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of shareholders	Capacity/Nature of Interests	Number of Shares held	Approximate percentage of shareholding (Note 7)
Top Access Management Limited	Beneficial owner (Note 1)	324,324,325	62.37%
Singyes Solar	Interest in a controlled corporation (Note 2)	324,324,325	62.37%
Strong Eagle Holdings Limited	Interest in a controlled corporation (Note 3)	324,324,325	62.37%
	Beneficial owner	3,473,589	0.67%
	Sub-total	327,797,914	63.04%
Mr. Liu Hongwei	Interest in a controlled corporation (Note 4)	327,797,914	63.04%
Oasis Investments II Master Fund Ltd.	Person having a security interest in shares	324,324,325	62.37%
Oasis Investments II Offshore Feeder Ltd.	Interest in a controlled corporation (Note 5)	324,324,325	62.37%
Oasis Management Company Ltd.	Investment manager	324,324,325	62.37%
Fischer Seth Hillel	Interest in a controlled corporation	324,324,325	62.37%
AMATA Limited	Beneficial owner	40,000,000	7.69%
Mr. Luo Jingxi	Interest in a controlled corporation (Note 6)	40,000,000	7.69%

Notes:

1. Top Access Management Limited (“**Top Access**”) has provided the interest in 324,324,325 Shares as security to Oasis Investments II Master Fund Ltd.

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## GENERAL INFORMATION

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2. The entire issued share capital of Top Access is legally and beneficially owned by Singyes Solar, which is deemed to be interested in the Shares held by Top Access under Part XV of the SFO.
3. Strong Eagle Holdings Limited (“**Strong Eagle**”) is the legal and beneficial owner of 203,802,750 shares of Singyes Solar, representing approximately 24.43% of the issued share capital in Singyes Solar. Strong Eagle is deemed to be interested in the Shares to which Singyes Solar is interested in (through its shareholding in Top Access) under Part XV of the SFO.
4. Strong Eagle is legally and beneficially owned by Mr. Liu Hongwei (a controlling Shareholder, a non-executive Director and the chairman of the Company), Mr. Sun Jinli (an executive Director of the Company), Mr. Xie Wen, Mr. Xiong Shi and Mr. Zhuo Jianming as to 53%, 15%, 14%, 9% and 9% respectively. Mr. Liu Hongwei is deemed to be interested in the Shares in which Strong Eagle is interested (through its indirect shareholding in Top Access through Singyes Solar) under Part XV of the SFO.
5. Oasis Investments II Master Fund Ltd. is beneficially and 86% owned by Oasis Investments II Offshore Feeder Ltd. As such, Oasis Investments II Offshore Feeder Ltd. is deemed to be interested in the Shares in which Oasis Investments II Master Fund Ltd. has a security interest under Part XV of the SFO.
6. AMATA Limited is legally and beneficially owned by Mr. Luo Jingxi, Mr. Hua Jianjun, Mr. Zhong Qibo and Mr. He Qiangmin as to 39%, 27%, 20% and 14% respectively. Mr. Luo Jingxi is deemed to be interested in the Shares held by AMATA Limited under Part XV of the SFO.
7. The percentage is calculated on the basis of 520,000,000 Shares in issue as at the Latest Practicable Date.

Save as disclosed above, and as at the Latest Practicable Date, the Directors were not aware of any persons (other than the Directors and chief executive of the Company) who had any interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

### COMPETING INTEREST

So far as the Directors are aware, none of the Directors, controlling shareholders of the Company nor their respective close associates had interest in any business which compete or is likely to compete, either directly or indirectly, with the business of the Group as at the Latest Practicable Date.

### DIRECTORS’ SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any existing or proposed service contract with the Company, or any of its subsidiaries or associated companies which was not determinable by the employer within one year without payment of compensation (other than statutory compensation).

### DIRECTORS’ INTERESTS IN CONTRACTS OR ASSETS

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to any business of the Group and none of the Directors had any direct or indirect interest in any assets which had been since 31 December 2018 (being the date to which the latest published

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## GENERAL INFORMATION

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audited financial statements of the Group were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

### LITIGATION

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, no member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened against any member of the Group that would have a material adverse effect on the results of operations or financial conditions of the Group.

### QUALIFICATION AND CONSENTS OF EXPERT

The following sets out the qualifications of the experts who have given their opinions or advice or statements as contained in this circular:

<b>Name</b>	<b>Qualification</b>
Red Sun Capital Limited	a licensed corporation to carry out a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and being the independent financial adviser to advise the IBC and the Independent Shareholders in respect of the Release

As at the Latest Practicable Date, Red Sun Capital Limited had no shareholding in the Company or any other member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company or any other member of the Group.

As at the Latest Practicable Date, Red Sun Capital Limited had no direct or indirect interests in any assets which has been acquired or disposed of by or leased to any member of the Group since 31 December 2018 (the date to which the latest published audited consolidated financial statements of the Group were made up) or proposed to be so acquired, disposed of or leased to any member of the Group.

As at the Latest Practicable Date, Red Sun Capital Limited had given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter or its name and logo in the form and context in which they respectively appear.

### MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2018, being the date to which the latest published audited accounts of the Company were made up.

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## GENERAL INFORMATION

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### MATERIAL CONTRACTS

As at the Latest Practicable Date, the following contracts (not being contract entered into in the ordinary course of business) have been entered into by the Company or any of its subsidiaries within two years immediately preceding the Latest Practicable Date and are or may be material:

- (a) the sale and purchase agreement dated 12 September 2018 entered into by the Company and AMATA Limited, pursuant to which the Company agreed to purchase and the Seller agreed to sell 100% of the equity interest in Huabei Limited at the consideration of RMB50.25 million which was satisfied by the allotment and issue of 40,000,000 new Shares at HK\$1.44 per Share by the Company to AMATA Limited; and
- (b) the share option scheme adopted by an ordinary resolution of the Company passed by the Shareholders at the special general meeting of the Company dated 17 October 2017.

### DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours from 9:30 a.m. to 5:30 p.m. on any business days from the date of this circular up to and including 14 days (except public holidays) at the Company's principal place of business in Hong Kong situated at Unit 3108, 31/F China Merchants Tower Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong:

- (a) the Bye-laws;
- (b) the material contracts referred to in the paragraph headed “Material Contracts” above;
- (c) the annual reports of the Company for each of the two years ended 31 December 2017 and 2018;
- (d) the written consents referred to in the paragraph headed “Qualification and consents of expert” above;
- (e) the letter from the Board, the text of which is set out from pages 4 to 11 of this circular;
- (f) the letter from the Independent Board Committee, the text of which is set out on page 12 of this circular;
- (g) the letter from the Independent Financial Adviser, the text of which is set out on pages 13 to 23 of this circular; and
- (h) this circular.



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## GENERAL INFORMATION

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### MISCELLANEOUS

- (a) The company secretary of the Company is Ms. Lau Wai Han (CPA), who is a member of the Hong Kong Institute of Certified Public Accountants.
- (b) The compliance officer of the Company is Mr. Sun Jinli, who is also an executive Director.
- (c) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.
- (d) The headquarter of the Company in the PRC is at Levels 1 and 2 Factory Building No.7, Zhuhai Xingye New Energy and Industrial Park, 9 Jinzhu Road, Gaoxin District, Zhuhai City, Guangdong Province, the PRC.
- (e) The head office and principal place of business of the Company in Hong Kong is at Unit 3108, 31/F China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong.
- (f) The principal share registrar of the Company is Conyers Corporate Services (Bermuda) Limited at Clarendon House, 2 Church Street Hamilton, HM 08 Bermuda.
- (g) The branch share registrar of the Company in Hong Kong is Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong.
- (h) The English text of this circular shall prevail over its Chinese text.



## China Singyes New Materials Holdings Limited

## 中國興業新材料控股有限公司

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 8073)**

### NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “SGM”) of China Singyes New Materials Holdings Limited (the “Company”) will be held at the Regus Conference Centre, 35/F Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Thursday, 31 October 2019 at 11:00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following resolution of the Company as an ordinary resolution:

#### ORDINARY RESOLUTION

“THAT:

- (a) the release and discharge of the obligations (“**Release**”) of Mr. Liu Hongwei and Strong Eagle Holdings Ltd. under the Non-Disposal Undertaking (as defined and described in the Company’s circular dated 16 October 2019 (“**Circular**”), a copy of which is marked “A” and signed by the chairman of the SGM for identification purpose and has been tabled at the SGM) made between the Company and China Singyes Solar Technologies Holdings Limited, Top Access Management Limited, Mr. Liu Hongwei and Strong Eagle Holdings Ltd. (“**Controlling Shareholders**”) which requires each of the Controlling Shareholders not to dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the shares of the Company owned by it/him, to the extent it/he will cease to be a controlling shareholder (as defined in the GEM Listing Rules) of the Company, other than any pledge or charge made in favour of an authorised institutional (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) at any time during the period of 36 months from 21 July 2017 (the “**Restricted Period**”) and that it/he will take any such actions necessary to ensure that it/he will not cease to be a controlling shareholder (as defined in the GEM Listing Rules) of the Company during the Restricted Period be and is hereby approved, confirmed and ratified, and any antecedent breach, non-compliance of or deviation from the Non-disposal Undertaking be and is hereby approved and ratified;

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## NOTICE OF SGM

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- (b) any one Director be and is hereby authorised to execute all documents and to do all such things and take all such other steps which, in his/her opinion, may be necessary, desirable or expedient to give effect to or in connection with the Release or any transactions contemplated thereunder.”

By Order of the Board  
**China Singyes New Materials Holdings Limited**  
**Liu Hongwei**  
*Chairman*

Hong Kong, 16 October 2019

*Notes:*

1. Any member of the Company entitled to attend and vote at the SGM is entitled to appoint one or more proxies to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the SGM. A proxy need not be a member of the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorized on its behalf.
3. Where there are joint registered holders of any shares, any one of such persons may vote at the SGM (or any adjournment thereof), either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the SGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
4. In order to be valid, the proxy form, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the Company's branch share registrar and transfer office in Hong Kong, namely Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof.
5. Delivery of an instrument appointing a proxy shall not preclude a shareholder from attending and voting in person at the SGM and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
6. The register of members of the Company will be closed from Monday, 28 October 2019 to Thursday, 31 October 2019 (both days inclusive), during which period the registration of transfer of Shares will be suspended. To entitle to vote at the SGM, all duly completed transfer forms of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 25 October 2019.
7. A form of proxy for use by shareholders at the SGM is enclosed.

*As at the date of this notice, the non-executive director and the Chairman of the Company is Mr. Liu Hongwei; the executive directors of the Company are Mr. Sun Jinli, Mr. Zhao Feng, Mr. Zhang Chao and Mr. Tang Liwen; and the independent non-executive directors of the Company are Mr. Lee Kwok Tung Louis, Mr. Wei Junfeng and Dr. Li Ling.*

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## NOTICE OF SGM

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