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## **China Shuifa Singyes Energy Holdings Limited**

### **中國水發興業能源集團有限公司**

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 750)**

#### **POTENTIAL CONNECTED TRANSACTION ESTABLISHMENT OF FUND**

##### **FUND PARTNERSHIP AGREEMENT**

The Board would like to inform its shareholders and potential investors that Hunan Shuifa Singyes (an indirect wholly-owned subsidiary of the Company) and HECIC Huineng (both as limited partners) intend to enter into the Fund Partnership Agreement with HECIC Chuangfa and Shuifa Innovation Investment (both as the general partners) in relation to the potential establishment of the Fund.

The total capital contribution committed by all partners of the Fund is RMB360,000,000, of which Hunan Shuifa Singyes and HECIC Huineng are each committed to contributing RMB179,000,000, and HECIC Chuangfa and Shuifa Innovation Investment are each committed to contributing RMB1,000,000. HECIC Chuangfa will act as the manager of the Fund, and Shuifa Innovation Investment will act as the executive partner of the Fund.

The purpose of the potential establishment of the Fund is to focus on green industry investment, including but not limited to wind power, photovoltaics, hydrogen energy, energy storage, integrated smart energy, etc. Under the premise of ensuring the safety of funds, it aims to provide a good return on investment for partners and create greater value in accordance with the market principles.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Shuifa Group indirectly holds 1,687,008,585 shares, representing approximately 66.92% of the issued share capital in the Company. Accordingly, Shuifa Group is a controlling shareholder of the Company and a connected person of the Company. As Shuifa Innovation Investment is an indirect non-wholly-owned subsidiary of Shuifa Group, it is a connected person of the Company. The Potential Transaction, if materialised, is expected to constitute a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules, and is subject to the relevant requirements under Chapter 14A of the Listing Rules.

As at the date of this announcement, no definitive agreement has been entered into in respect of the Potential Transaction. The Potential Transaction is subject to the entering into of and term and conditions under the Fund Partnership Agreement. As the Fund Partnership Agreement may or may not be entered into, the Potential Transaction may or may not proceed. If the Potential Transaction materializes, it is expected to constitute a connected transaction for the Company under Chapter 14A of the Listing Rules. The Company will keep shareholders and potential investors of the Company informed and make further announcement(s) as and when appropriate in compliance with the applicable requirements under the Listing Rules.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

## **BACKGROUND**

The Board would like to inform its shareholders and potential investors that Hunan Shuifa Singyes (an indirect wholly-owned subsidiary of the Company) and HECIC Huineng (both as limited partners) intend to enter into the Fund Partnership Agreement with HECIC Chuangfa and Shuifa Innovation Investment (both as general partners) in relation to the potential establishment of the Fund.

The total capital contribution committed by all partners of the Fund is RMB360,000,000, of which Hunan Shuifa Singyes and HECIC Huineng are each committed to contributing RMB179,000,000, and HECIC Chuangfa and Shuifa Innovation Investment are each committed to contributing RMB1,000,000. HECIC Chuangfa will act as the manager of the Fund, and Shuifa Innovation Investment will act as the executive partner of the Fund.

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## **FUND PARTNERSHIP AGREEMENT**

As at the date of this announcement, the terms of the Fund Partnership Agreement has not been finalized and the Fund Partnership Agreement has not been signed. The proposed principal terms are set out as follows:

### **Parties**

1. The general partners: HECIC Chuangfa (as the manager) and Shuifa Innovation Investment (as the executive partner)
2. The limited partners: Hunan Shuifa Singyes and HECIC Huineng

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, each of the HECIC Chuangfa, HECIC Huineng and their ultimate beneficial owners is a third party independent of and not connected with the Company or its connected persons.

As of the date of this announcement, Shuifa Innovation Investment is an indirect non-wholly-owned subsidiary of Shuifa Group. Therefore, according to Chapter 14A of the Listing Rules, Shuifa Innovation Investment is a connected person of the Company.

## Capital Contribution and Payment

The total intended capital contribution to be committed by all partners of the Fund is RMB360,000,000, all of which shall be made in cash. The intended capital contribution commitments of each partner are set out as follows:

<b>Partner</b>	<b>Type</b>	<b>Capital Contribution Commitments (RMB)</b>	<b>Contribution Ratio</b>
HECIC Chuangfa	General partner	1,000,000	0.278%
Shuifa Innovation Investment	General partner	1,000,000	0.278%
HECIC Huineng	Limited partner	179,000,000	49.722%
Hunan Shuifa Singyes	Limited partner	179,000,000	49.722%
<b>Total</b>		<b>360,000,000</b>	<b>100.00%</b>

Each partner shall make the contribution in installments in accordance with the requirements of the payment notice issued by the manager of the Fund. The manager of the Fund shall issue a payment notice to each partner at least ten working days before the payment due date stated in the payment notice

The intended capital contribution to be committed by each partner of the Fund is to be determined after arm's length negotiation between the partners with reference to the strategies of the Fund, the expected capital requirements of the Fund and the partners' proportional interest in the Fund, and will be funded by the Group's internal resources.

## Term of the Fund

The Fund shall have a term of seven years from the date when all partners complete the first instalment of the capital contribution. The five-year period from the date when all partners complete the first instalment of capital contribution is the investment period of the Fund, and the remaining period after the expiration of the investment period is the exit period of the Fund. Before the expiration of the exit period, the term can only be extended with the unanimous consent of all partners.

## **Custodian**

The Fund shall appoint a commercial bank in the PRC having the requisite custody qualifications as the custodian of the fund assets.

## **Fund Management**

The Fund shall set up an investment decision committee composed of three members. Shuifa Innovation Investment, HECIC Chuangfa and HECIC Huineng are entitled to appoint one member, respectively. The investment decision committee is responsible for making decisions on major matters related to the Fund's investment, operation, management, exit, etc. The decisions of the investment decision committee are subject to the unanimous approval by all members.

HECIC Chuangfa will act as the manager of the Fund and provide fund operation and investment management services to the Fund. Shuifa Innovation Investment will act as the executive partner of the Fund, responsible for executing the Fund's affairs.

## **Management Fees and Remuneration**

The Fund shall pay remuneration to the executive partner and pay management fees to the manager for the above-mentioned services annually, and such fees shall be shared by all partners. During the investment period of the Fund, the annual management fee charged by the manager is 0.5% of the paid-in capital contribution of all partners, the annual fee rate for the exit period and extension period is 0.3%, and no management fee shall be paid during the liquidation period. During the investment period of the Fund, the amount of the annual remuneration collected by the executive partner is 0.3% of the paid-in capital contribution of all partners. During the exit period, extension period and liquidation period of the Fund, the executive partner will no longer receive any remuneration.

## **Scopes of Investment and Investment Strategies**

The intended scopes of investment of the Fund mainly include wind power, photovoltaics, hydrogen energy, energy storage, integrated smart energy, etc., as well as other suitable sectors confirmed by all partners.

The investment strategies of the Fund are expected to be as follows:

- (i) Invest in high-quality new projects in the green industry, and focus on holdings;
- (ii) there is no restriction on investment areas, and projects in areas with no power curtailment are preferred;

- (iii) Reasonable matching based on the principle of asset allocation income and risk balance; and
- (iv) The invested project shall have a clear exit path, financing and construction plan in advance.

### **Exit Methods and Exit Strategies**

Exit methods for the investment in Fund shall include but are not limited to:

- (i) After the invested company is directly or indirectly listed through a domestic or overseas initial public offering, listed on the National SME Share Transfer System and publicly transferred, the Fund will dispose the stocks of the invested company or its affiliated listed companies and exit;
- (ii) The Fund directly transfers the invested company's equity, share of the capital contribution or assets to exit, but it shall be confirmed by all general partners;
- (iii) Exit through the repurchase of equity or projects by the invested company;
- (iv) Exit through mergers and acquisitions of companies or additional issuance of shares by listed companies for mergers and acquisitions;
- (v) After the invested company is dissolved and liquidated, the Fund will distribute the property of the invested company; and
- (vi) Other exit methods permitted by laws and regulations.

### **Partners' Meeting**

The partners' meeting shall be composed of all partners. The partners' meeting shall be convened at least once a year and presided over by the executive partner. At the partners' meeting, the partners shall exercise their voting rights in accordance with the proportion of their paid-in capital contributions. Except for the matters stipulated in the Fund Partnership Agreement, matters to be discussed at the partners' meeting shall be approved by the unanimous consent of the partners.

## **Income Distribution**

The distributable income of the Fund shall be distributed in the following order:

- (a) The income shall be first distributed to the limited partners until each of the limited partners has recovered its total paid-in capital contribution;
- (b) The balance (if any) shall be distributed to the general partners until the general partners recover their total paid-in capital contributions;
- (c) The balance (if any) shall be distributed to each partner, until all partners have obtained the profits calculated at a rate of return (simple interest) of 6% per annum based on each of the paid-in capital contribution of each partner;
- (d) If there is any balance after the distribution in accordance with the above-mentioned (a) to (c), it is deemed as revenue surplus and shall be distributed pursuant to the Fund Partnership Agreement.

## **Loss/Debt Sharing**

In the event that the Fund incurs losses, unless otherwise stipulated in the Fund Partnership Agreement, the losses shall be borne by all partners in proportion to their capital contributions. The Fund's debts shall first be borne with the total capital contributions made by all partners, and the general partners shall bear unlimited joint and several liabilities for the amount beyond the total capital contributions made by all partners.

## **REASONS FOR AND BENEFIT OF THE POTENTIAL TRANSACTION**

The Company believes that the potential establishment of the Fund will bring more opportunities for the Company to invest in the green industries. The Fund mainly invests in green energy industries including but not limited to wind power, photovoltaics, hydrogen energy, energy storage, and integrated smart energy, which are developing rapidly and have good development potential. Leveraging the state-owned background of the general partners and the advantages of HECIC Chuangfa in expanding business resources, the Company believes that the market-oriented operation and management of the Fund will bring good investment returns.

The Potential Transaction will not affect the Group's ordinary and usual production and operation activities, will not have a material adverse effect on the Group's cash flow and operating results, and is in the interest of the Company and all of its shareholders. The Potential Transaction will further integrate and utilize the advantageous resources of all parties, and expand the business resources of the Group through a professional investment management team and project operation team, thereby enhancing the Group's asset operation capabilities.

The Directors (including the independent non-executive Directors) are of the view that the Potential Transaction, if materialised, is expected to be conducted by the Company in its ordinary and usual course of business on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

As each of Mr. Zheng Qingtao (chairman of the Board), Mr. Chen Fushan (executive Director), Ms. Wang Suhui (non-executive Director) and Ms. Li Li (non-executive Director) serves in Shuifa Group and/or its subsidiaries, they are deemed to have material interests in the Potential Transaction. Therefore, Mr. Zheng Qingtao, Mr. Chen Fushan, Ms. Wang Suhui and Ms. Li Li have each abstained or will abstain from voting on the board resolution approving the Potential Transaction. Save as disclosed above, none of the other Directors has material interests in the Potential Transaction.

## **LISTING RULES IMPLICATIONS**

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## **INFORMATION ON THE PARTIES**

### **The Company and the Group**

The Company is a company incorporated in Bermuda with limited liability. The Group is a professional renewable energy and green construction solution provider. Its principal businesses are design, construction, operation and maintenance of curtain wall, green building and renewable energy projects (including Building Integrated Photovoltaic (BIPV), distributable and concentrated solar projects and wind power projects). The Group also has certain solar power station projects, which provides stable cash flow for the Group.



## **HECIC Huineng**

HECIC Huineng is a company incorporated in the PRC and is a wholly-owned subsidiary of Suntien Green Energy, which is ultimately beneficially owned by the State-owned Assets Supervision and Administration Commission of the People's Government of Hubei Province\* (河北省人民政府國有資產監督管理委員會).

## **HECIC Chuangfa**

HECIC Chuangfa is an indirect wholly-owned subsidiary of Hebei Construction & Investment. HECIC Chuangfa has been registered as a private equity fund manager with the Asset Management Association of China (registration code: P1062040). HECIC Chuangfa adopts a market-oriented operation model, focusing on fund management compliance operations with efficient scientific decision-making. It has been awarded the 4th Equity Investment Golden Bull Awards by China Securities Journal. HECIC Chuangfa focuses on areas that are in line with the national policies and industrial development direction, and follows the high-quality development method of the national industrial structure upgrade. Adhering to the long-term judgment, it uses technology as the fundamental investment logic, “technological progress” and “domestic substitution” as the principal investment main directions, and core technology and product market as the main consideration basis. At present, HECIC Chuangfa manages six fund products (all of which have been filed with the Asset Management Association of China), with a total investment amount of RMB2.493 billion. As of the end of November 2021, HECIC Chuangfa manages RMB1.602 billion. The management team of HECIC Chuangfa is composed of senior staff who have been engaged in equity investment, mergers and acquisitions and fund management for many years. They have a deep understanding of the industrial policies and development trends, and are experienced in investment, fund investment and management. Recently, HECIC Chuangfa has invested in a number of projects in the fields of new energy, semiconductors, aerospace, new materials, energy conservation and environmental protection, all of which have achieved good investment returns. HECIC Chuangfa is ultimately beneficially owned by the State-owned Assets Supervision and Administration Commission of the People's Government of Hubei Province\*(河北省人民政府國有資產監督管理委員會).

## **Shuifa Innovation Investment**

Shuifa Innovation Investment is a subsidiary of Shuifa Fund (水發基金), which is an indirect wholly-owned subsidiary of Shuifa Group. Shuifa Innovation Investment mainly invests in three main industries including clean energy, water environment, modern agriculture, as well as strategic emerging industries including smart industries, big data, new materials, modern logistics, and elderly care and rehabilitation. At present, the management scale of Shuifa Fund (水發基金) is close to RMB7 billion, with investment of RMB2.4 billion completed in total. The management team of Shuifa Innovation Investment is composed of senior staff who have been engaged in clean energy development, energy investment, and mergers and acquisitions for many years. They have a deep understanding of the industrial policies and development trends in the fields such as clean energy and energy conservation and environmental protection, and are experienced in investment, fund investment and management. Shuifa Innovation Investment's ultimate beneficial owner 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).

## **Hunan Shuifa Singyes**

Hunan Shuifa Singyes is an indirect wholly-owned subsidiary of the Company and an indirect non-wholly-owned subsidiary of Shuifa Group. Hunan Shuifa Singyes was established in February 2013. Its principal businesses are the development, investment and operation of clean energy projects (including photovoltaics, wind power, energy storage, etc.). It is the Group's holding platform for clean energy assets.

As at the date of this announcement, no definitive agreement has been entered into in respect of the Potential Transaction. The Potential Transaction is subject to the entering into of and term and conditions under the Fund Partnership Agreement. As the Fund Partnership Agreement may or may not be entered into, the Potential Transaction may or may not proceed. If the Potential Transaction materializes, it is expected to constitute a connected transaction for the Company under Chapter 14A of the Listing Rules. The Company will keep shareholders and potential investors of the Company informed and make further announcement(s) as and when appropriate in compliance with the applicable requirements under the Listing Rules.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

## DEFINITIONS

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

“Board”	the board of Directors
“Company”	China Shuifa Singyes Energy Holdings Limited, a company incorporated in Bermuda with limited liability, and the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 750)
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the same meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Fund”	a limited partnership intended to be established under the PRC laws in the name of “Hebei Suntien Green Shuifa Carbon Neutrality Equity Investment Fund (Limited Partnership)* (河北新天綠色水發碳中和股權投資基金(有限合夥))” (the provisional name, the final approved name shall prevail) pursuant to the Fund Partnership Agreement
“Fund Partnership Agreement”	the fund partnership agreement intended to be entered into between Hunan Shuifa Singyes and HECIC Huineng (both as limited partner), and HECIC Chuangfa and Shuifa Innovation Investment (both as general partner)
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hunan Shuifa Singyes”	Hunan Shuifa Singyes Green Energy Co., Ltd.* (湖南水發興業綠色能源股份有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company

“HECIC Chuangfa”	HECIC Chuangfa Fund Management Co., Ltd., a company incorporated in the PRC with limited liability
“Hebei Construction” & Investment	Hebei Construction & Investment Group Co., Ltd., a state-owned enterprise incorporated in China and the controlling shareholder of Suntien Green Energy
“HECIC Huineng”	HECIC Huineng New Energy Co., Ltd., a company incorporated in the PRC with limited liability and a wholly-own subsidiary of Suntien Green Energy
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Potential Transaction”	the potential formation of the Fund under the Fund Partnership Agreement
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shuifa Group”	Shuifa Group Co., Ltd.* (水發集團有限公司), a company incorporated in the PRC with limited liability, whose ultimate controlling shareholder is the State-owned Assets Supervision and Administration Commission of the State Council of the Shangdong Province of the PRC* (山東省國有資產監督管理委員會)
“Shuifa Innovation Investment”	Shandong Shuifa Innovation Investment Co., Ltd.* (山東水發創新投資有限公司), a company incorporated in the PRC with limited liability and an indirect non-wholly-owned subsidiary of Shuifa Group
“Shuifa Fund”	Shuifa Fund Management Co., Ltd.* (水發基金管理有限公 司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of Shuifa Group

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the same meaning ascribed to it under the Listing Rules
“Suntien Green Energy”	China Suntien Green Energy Corporation Limited* (新天綠色能源股份有限公司), a joint stock company incorporated in the PRC with limited liability on 9 February 2010, and H shares and A shares of which are listed on the Main Board of the Stock Exchange and the Main Board of the Shanghai Stock Exchange, respectively

By order of the Board  
**China Shuifa Singyes Energy Holdings Limited**  
**Zheng Qingtao**  
*Chairman*

Hong Kong, 18 January 2022

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

*\* For identification purpose only*