

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



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

### **中國水發興業能源集團有限公司**

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 750)**

#### **CONNECTED TRANSACTION EPC AGREEMENT**

##### **EPC AGREEMENT**

On 23 September 2022 (after trading hours), (i) Shanxi Ronghe as principal, and (ii) Jiangxi Yaxing, Zhongtie Tunnel and Zhongdian Keputian as Contractors, entered into the EPC Agreement, pursuant to which Shanxi Ronghe agreed to engage Jiangxi Yaxing, Zhongtie Tunnel and Zhongdian Keputian to provide the EPC services in relation to the Project for a total contract sum of RMB72,783,831.03. The EPC services for the Project include surveying, designing and constructing 5G network towers in various cities in the PRC.

##### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Shuifa Group is the controlling shareholder of the Company indirectly holding 1,687,008,585 Shares, representing approximately 66.92% of the issued share capital in the Company. As Shanxi Ronghe is an indirect non wholly-owned subsidiary of Shuifa Group, Shanxi Ronghe is a connected person of the Company pursuant to Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the EPC Agreement and the transactions contemplated thereunder are more than 0.1% but all are less than 5%, the EPC Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company and are subject to the reporting and announcement requirements, but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As each of Mr. Zheng Qingtao, the chairman of the Board, Mr. Chen Fushan, an executive Director, Mr. Xie Wen, a non-executive Director, and Ms. Li Li, a non-executive Director, holds position in Shuifa Group, they are regarded as having a material interest in the EPC Agreement and the transactions contemplated thereunder. As such, each of Mr. Zheng Qingtao, Mr. Chen Fushan, Mr. Xie Wen and Ms. Li Li has abstained from voting on the Board resolutions approving the EPC Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the other Directors has a material interest in the EPC Agreement and the transactions contemplated thereunder.

On 23 September 2022 (after trading hours), (i) Shanxi Ronghe as principal, and (ii) Jiangxi Yaxing, Zhongtie Tunnel and Zhongdian Keputian as Contractors, entered into the EPC Agreement, pursuant to which Shanxi Ronghe agreed to engage Jiangxi Yaxing, Zhongtie Tunnel and Zhongdian Keputian to provide the EPC services in relation to the Project for a total contract sum of RMB72,783,831.03.

## **THE EPC AGREEMENT**

The principal terms of the EPC Agreement are set out as follows:

### **Date**

23 September 2022 (after trading hours)

### **Parties**

- (i) Shanxi Ronghe Energy Technology Co., Ltd.\* (陝西融和能源科技有限責任公司), as principal
- (ii) Jiangxi Yaxing Construction Co., Ltd.\* (江西亞興建設有限公司), as lead contractor
- (iii) Zhongtie Tunnel Survey and Design School Co., Ltd.\* (中鐵隧道勘測設計院有限公司), as joint contractor
- (iv) Zhongdian Keputian Technology Share Co., Ltd.\* (中電科普天科技股份有限公司), as joint contractor

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, Zhongtie Tunnel, Zhongdian Keputian and their respective ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons.

## **Subject Matter**

Shanxi Ronghe agreed to engage the Contractors to provide the EPC services in relation to the Project. The scope of the EPC services includes surveying, designing and constructing 5G network towers in Shandong, Shanxi, Sichuan, Yunnan, Anhui and other cities in the PRC.

Under the EPC Agreement, the provision of the EPC services in respect of the Project is expected to complete in September 2023.

The quality of the construction work under the EPC services shall be of satisfactory standard and in compliance with national and relevant industry standards in the PRC.

## **Conditions Precedent**

The EPC Agreement shall become effective upon the fulfillment of the following conditions:

- (i) if necessary, the passing of the relevant resolution by the independent shareholders of the Company to approve the EPC Agreement and the transactions contemplated thereunder; and
- (ii) all necessary consents and approvals required to be obtained by the parties to the EPC Agreement in respect of the entering into of the EPC Agreement and the transactions contemplated thereunder having been obtained.

None of the above conditions are capable of being waived by the parties to the EPC Agreement. If any of the conditions precedent above have not been satisfied on or before 31 December 2022, the EPC Agreement shall cease, and neither party thereto shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

## **Total Contract Sum**

The total contract sum to be paid by Shanxi Ronghe to the Contractors is in the amount of RMB72,783,831.03 (including tax), comprising:

- (i) surveying fee of RMB630,000;
- (ii) design fee of RMB2,188,200; and
- (iii) architecture, construction and installation and other fees of RMB69,965,631.03.

The total contract sum shall be settled by way of cash.

The EPC Agreement was negotiated and entered into on an arm's length basis and on normal commercial terms through a tendering process whereby the tender (including the total contract sum) submitted by the Contractors was considered to be most appropriate after taking into account various factors, including quotations, professional qualifications, technical experience, market position and project management abilities.

The total contract sum was determined with reference to (a) the costs and prevailing market price of construction materials; (b) the quality standard of the services to be provided under the EPC Agreement; (c) the profit margin of the Project; and (d) the prevailing market price in respect of the EPC services.

The total contract sum under the EPC Agreement will be financed by the internal resources of Shuifa Group.

No payment is required to be made upon the signing of the EPC Agreement. The total contract sum for the EPC services under the EPC Agreement shall be paid by Shanxi Ronghe to the Contractors in accordance with the following milestones:

- (i) upon completion of the Project and the passing of necessary tests and examinations, Shanxi Ronghe shall settle up to 20% of the total contract sum within 45 working days after the signing of the contract with the network operator for the Project;
- (ii) Shanxi Ronghe shall settle up to 95% of the total contract sum within 60 working days after the signing of the contract with the network operator for the Project; and
- (iii) within 15 working days after the expiry of a one-year warranty on the quality of the Project, Shanxi Ronghe shall settle the remaining unpaid amount of the total contract sum.

### **Guarantee**

Jiangxi Yaxing as the lead Contractor shall provide a guarantee in the amount of RMB5,000,000 to Shanxi Ronghe to guarantee the completion of the Project. Jiangxi Yaxing shall pay RMB2,000,000 to Shanxi Ronghe within five working days from the signing of the EPC Agreement, and shall pay the remaining RMB3,000,000 to Shanxi Ronghe according to the progress of the Project. Shanxi Ronghe shall return the guarantee amount in full to Jiangxi Yaxing within 45 working days upon completion of the Project.

## **INFORMATION ON THE PARTIES**

### **Information on the Group**

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

Jiangxi Yaxing is a company established in the PRC with limited liability and is indirectly owned as to 51% by the Company. Jiangxi Yaxing is principally engaged in construction projects relating to civil engineering, interior and exterior design, and installation of electrical equipment, earthwork and infrastructure.

### **Information on Shanxi Ronghe**

Shanxi Ronghe is a company established in the PRC with limited liability. Shuifa Group is indirectly interested in 51% of the equity interest in Shanxi Ronghe. It is principally engaged in the research and development of new energy sources, provision of 5G communication services, and sales and development of communication network.

### **Information on Zhongtie Tunnel**

Zhongtie Tunnel is a company established in the PRC with limited liability. It is principally engaged in the surveying, design, consultation, supervision and evaluation of construction projects. The ultimate beneficial owner of Zhongtie Tunnel is China Railway Engineering Corporation (中國鐵路工程總公司), a state-owned company in the PRC.

### **Information on Zhongdian Keputian**

Zhongdian Keputian is a company established in the PRC with limited liability. It is principally engaged in the development of software, provision of system integration services, and installation of communication network and infrastructure. The ultimate beneficial owner of Zhongdian Keputian is China Electronics Technology Group Corporation Limited (中國電子科技集團有限公司), a state-owned company in the PRC.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE EPC AGREEMENT**

The entering into of the EPC Agreement and the establishment and construction of the Project is in line with the Group's business strategy to expand its business scope and to make good use of its resources. The Group considers that the Project would allow the Group to tap into the communication infrastructure industry, and could bring stable cash income and considerable profit to the Group. As the EPC Agreement (including the contract sum) was awarded and determined through a tendering process, the Board considers that the terms of the EPC Agreement are fair and reasonable and no less favourable than those provided by independent third parties to the Company.

The Directors (including the independent non-executive Directors) consider that the terms of the EPC Agreement are on normal commercial terms and in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Shuifa Group is the controlling shareholder of the Company indirectly holding 1,687,008,585 Shares, representing approximately 66.92% of the issued share capital in the Company. As Shanxi Ronghe is an indirect non wholly-owned subsidiary of Shuifa Group, Shanxi Ronghe is a connected person of the Company pursuant to Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the EPC Agreement and the transactions contemplated thereunder are more than 0.1% but all are less than 5%, the EPC Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company and are subject to the reporting and announcement requirements, but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As each of Mr. Zheng Qingtao, the chairman of the Board, Mr. Chen Fushan, an executive Director, Mr. Xie Wen, a non-executive Director, and Ms. Li Li, a non-executive Director, holds position in Shuifa Group, they are regarded as having a material interest in the EPC Agreement and the transactions contemplated thereunder. As such, each of Mr. Zheng Qingtao, Mr. Chen Fushan, Mr. Xie Wen and Ms. Li Li has abstained from voting on the Board resolutions approving the EPC Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the other Directors has a material interest in the EPC Agreement and the transactions contemplated thereunder.

## DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Company”	China Shuifa Singyes Energy Holdings Limited, an exempted 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 meaning ascribed to it under the Listing Rules
“Contractors”	Jiangxi Yaxing, Zhongtie Tunnel and Zhongdian Keputian
“Directors”	the directors of the Company
“EPC”	engineering, procurement and construction
“EPC Agreement”	the EPC agreement dated 23 September 2022 entered into between (i) Shanxi Ronghe as principal; and (ii) Jiangxi Yaxing, Zhongtie Tunnel and Zhongdian Keputian as Contractors for the Project
“Group”	the Company and its subsidiaries
“Jiangxi Yaxing”	Jiangxi Yaxing Construction Co., Ltd.* (江西亞興建設有限公司), a company with limited liability established in the PRC and indirectly owned as to 51% by the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan

“Project”	the surveying, design and construction of 5G network towers in various cities in the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Shanxi Ronghe”	Shanxi Ronghe Energy Technology Co., Ltd.* (陝西融和能源科技有限責任公司), a company with limited liability established in the PRC and indirectly owned as to 51% by Shuifa Group
“Share(s)”	the ordinary share(s) of US\$0.01 each in the share capital of the Company
“Shuifa Group”	Shuifa Group Co., Ltd.* (水發集團有限公司), whose ultimate controlling shareholder is the State-owned Assets Supervision and Administration Commission of the State Council of the Shandong Province of the PRC* (山東省國有資產監督管理委員會)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Zhongdian Keputian”	Zhongdian Keputian Technology Share Co., Ltd.* (中電科普天科技股份有限公司), a company with limited liability established in the PRC and an independent third party
“Zhongtie Tunnel”	Zhongtie Tunnel Survey and Design School Co., Ltd.* (中鐵隧道勘測設計院有限公司), a company with limited liability established in the PRC and an independent third party
%	per cent.

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

Hong Kong, 23 September 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 Mr. Xie Wen 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*