
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in **China Shuifa Singyes Energy Holdings Limited** (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

**CONTINUING CONNECTED TRANSACTION IN RELATION TO
ENTERING INTO THE EPC GENERAL CONTRACTING SERVICE
FRAMEWORK AGREEMENT
AND
NOTICE OF SPECIAL GENERAL MEETING**

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



A letter from the Board is set out on pages 4 to 13 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 14 to 15 of this circular. A letter from Donvex Capital Limited, the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 16 to 29 of this circular.

A notice convening the special general meeting (“SGM”) of the Company to be held at 35/F, Dah Sing Financial Centre, 248 Queen’s Road East, Wanchai, Hong Kong on Monday, 30 December 2024 at 11:30 a.m. is set out on pages 35 to 36 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 17/F, Far East Finance Centre, 16 Harcourt Road, 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.

9 December 2024

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DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“close associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Company”	China Shuifa Singyes Energy Holdings Limited, an exempted company incorporated in Bermuda with limited liability, and whose Shares are listed on the Main Board of the Stock Exchange (Stock Code: 750)
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EPC”	engineering, procurement and construction
“EPC General Contracting Service Framework Agreement”	the EPC general contracting service framework agreement dated 5 November 2024 entered into between the Company and Shuifa Group Company with respect to contracting certain EPC and related services
“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 Dr. Wang Ching, Mr. Yick Wing Fat, Simon and Dr. Tan Hongwei, to advise the Independent Shareholders as to the fairness and reasonableness of the EPC General Contracting Service Framework Agreement and the transactions contemplated thereunder

DEFINITIONS

“Independent Financial Adviser” or “IFA”	Donvex Capital Limited, a licensed corporation to carry out 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 EPC General Contracting Service Framework Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than Shuifa Group and its associates, who are interested or involved in the EPC General Contracting Service Framework Agreement and the transactions contemplated thereunder
“Latest Practicable Date”	6 December 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), as amended and supplemented from time to time
“SGM”	the special general meeting of the Company to be convened for, among others, the Independent Shareholders to consider and, if thought fit, approve the EPC General Contracting Service Framework Agreement and the transactions contemplated thereunder
“Shareholder(s)”	holder(s) of Shares
“Share(s)”	ordinary share(s) of US\$0.01 each in the share capital of the Company
“Shuifa Group”	subsidiaries of Shuifa Group Company (excluding the Group)

DEFINITIONS

“Shuifa Group Company”	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* (中國山東省國有資產監督管理委員會)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

** For identification purpose only*

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Wang Jian (*Chairman*)

Mr. Zhou Guangyan (*Vice-Chairman*)

Mr. Chen Fushan

Non-executive Director:

Ms. Wang Suhui

Mr. Hu Xiao

Independent Non-executive Directors:

Dr. Wang Ching

Mr. Yick Wing Fat, Simon

Dr. Tan Hongwei

Registered office:

Clarendon House

2 Church Street

Hamilton, HM 11

Bermuda

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

Unit 3108, 31st Floor

China Merchants Tower

Shun Tak Centre

168-200 Connaught Road Central

Hong Kong

9 December 2024

To the Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTION IN RELATION TO
ENTERING INTO THE EPC GENERAL CONTRACTING SERVICE
FRAMEWORK AGREEMENT**

INTRODUCTION

Reference is made to the announcement of the Company dated 5 November 2024 in relation to, inter alia, the EPC General Contracting Service Framework Agreement.

LETTER FROM THE BOARD

The purpose of this circular is to provide the Shareholders with, inter alia, (i) details of the EPC General Contracting Service Framework Agreement and the transactions contemplated thereunder; (ii) the recommendation of the IBC regarding the EPC General Contracting Service Framework Agreement and the transactions contemplated thereunder; (iii) the advice of the IFA to the IBC and the Independent Shareholders in respect of the EPC General Contracting Service Framework Agreement 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 EPC General Contracting Service Framework Agreement and the transactions contemplated thereunder.

EPC GENERAL CONTRACTING SERVICE FRAMEWORK AGREEMENT

The principal terms of the EPC General Contracting Service Framework Agreement are summarised as follows:

Date

5 November 2024

Term

From 5 November 2024 to 31 December 2026

Parties

- (i) the Company; and
- (ii) Shuifa Group Company (on behalf of Shuifa Group)

Subject Matter

The Group shall contract various EPC and related services from Shuifa Group, including

1. EPC general contracting and subcontracting of new energy projects, which refers to the general contracting construction of photovoltaic power projects, wind power projects and energy storage power plant projects, including but not limited to: topographic surveying and mapping, site exploration, preliminary design, construction drawing design, as-built drawing design, technical support for designs of projects and other services relating to exploration designs; procurement and supply, transportation and storage, supervision and third party detection services for all equipment and materials included in the project designs; construction, project management, insurance, commissioning, trial operation, acceptance, warranty, training, handover of civil engineering, electrical equipment installation projects, line projects, reinforcement and renovation projects, supporting auxiliary projects and other projects; services including conducting compliance procedures within the general contracting scope such as grid connection, power quality evaluation, lightning protection detection and special acceptance, fire protection acceptance of projects.

LETTER FROM THE BOARD

2. Green construction and curtain wall construction, including but not limited to: deepening design for curtain wall projects to ensure the project quality and system security; construction within the scope of curtain wall projects and green construction projects; deepening design and construction of lightening protection grounding related to curtain wall; erection of construction scaffolding, ladder truck, construction basket, working platform and other operating facilities required within the contracting scope; inspection of the relevant materials and the test of four properties involved in the contracting scope; curtain wall drenching test; filling in and sorting data of projects within the contracting scope; work related to energy-saving acceptance; formulation and implementation a scheme for the maintenance, overhaul and replacement of curtain walls; cooperation with other units (such as floodlighting and fine decoration units).
3. Other consulting and management services related to the projects to be entered into between Shuifa Group and the Group pursuant to the EPC General Contracting Service Framework Agreement, mainly including the procedures entrusted or requested by Shuifa Group, coordination of land acquisition and leasing, technical consulting, project management and other services.

Pricing Policy

The following pricing principles shall apply to the pricing of services contemplated under the EPC General Contracting Service Framework Agreement:

Shuifa Group determines the total contract price by way of public tenders. Shuifa Group conducts public tendering for specific project to be constructed. The Group will provide quotation on the basis of all costs of raw materials, labours, management and finance required by the project construction, together with reasonable market-oriented profit while Shuifa Group shall determine the successful tenderer and tender price in an open, impartial and fair manner in accordance with the Tendering and Bidding Law of the PRC and relevant laws and regulations.

In determining the quotation amount for tenders to be submitted by relevant member of the Group to the Shuifa Group for projects contemplated under the EPC General Contracting Service Framework Agreement:

- (i) the market department will review the tender document in detail and prepare a preliminary assessment on the suitability of the project based on factors including but not limited to:
 - (a) the scale, complexity and specifications of the project, nature and amount of works to be performed, the capacity of the Group and other technical project requirements;
 - (b) the likelihood of the project being awarded to the Group;
 - (c) the fee and profit level in the market for projects of similar nature; and
 - (d) the level of risks involved in the project and the services to be provided;

LETTER FROM THE BOARD

- (ii) based on the assessment result conducted by it, the market department will determine whether the Group should participate the tender of the relevant project. If so, tender working group will be established thereafter;
- (iii) the tender working group will set the quotation or tender price with reference to the preliminary assessed project cost compiled by the cost control department based on quotations from suppliers and subcontractors, plus a profit margin in the range of 7% to 8% according to the nature and scope of work;
- (iv) the market department will review the quotation or tender price set by the tender working group with reference to the prevailing market price charged by the Group under ordinary course of business for providing the required services or similar services in the same area to independent third parties, in order to ensure the pricing and terms under the tenders submitted by relevant member of the Group to Shuifa Group will be on the same (or better) terms and not less favourable to the Group than those offered to independent third parties. The market department will refer to latest quotations and tenders submitted by the Group to independent third parties from time to time for projects or works with similar size and nature as the basis for the prevailing service fees in the market; and
- (v) the senior management involved in project management will review the information from the market department and the cost control department and consider whether the assessed project cost is reasonable and whether the profit margin justifies the Group to participate the tender or quotation. The tender working group will proceed to submit the tender documents to Shuifa Group after having obtained approval from senior management.

The final quotation or tender price to be submitted by the Group shall be determined on normal commercial terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Payment Terms

The payment method is determined on the basis of the condition of the service site, the service progress and technical standard of services. The details of payment terms shall be defined in the specific agreements.

For transactions which are priced through the way of tendering, the payment terms shall be disclosed to all potential bidders (including connected persons and independent third parties) in the tender documents. After the successful tenderer is determined, both parties will determine the specific payment method according to the payment terms set out in the tender documents. Payment methods are determined on normal commercial terms, are fair and reasonable, and shall be the same regardless of whether the successful tenderer is a connected person or an independent third party.

LETTER FROM THE BOARD

Conditions Precedent

The EPC General Contracting Service Framework Agreement is conditional upon the fulfillment of following conditions:

1. each of the Company and Shuifa Group Company has officially signed the EPC General Contracting Service Framework Agreement and affixed its seal; and
2. the Company has complied with the relevant requirements under the Listing Rules in relation to the EPC General Contracting Service Framework Agreement and the transactions contemplated thereunder, including but not limited to issuing an announcement and obtaining the approval from its Independent Shareholders in respect of the EPC General Contracting Service Framework Agreement.

As at the Latest Practicable Date, the aforementioned condition 1 has been fulfilled.

ANNUAL CAPS AND ITS BASIS OF DETERMINATION

Having considered the following factors, the Directors propose that the annual caps for the EPC General Contracting Service Framework Agreement for the three years ending 31 December 2026 shall be as follows:

	For the year ending 31 December		
	2024	2025	2026
	(RMB)	(RMB)	(RMB)
Annual caps (contract amounts)	1,000,000,000	1,200,000,000	1,500,000,000

In determining the annual caps for the EPC General Contracting Service Framework Agreement, the Directors have taken into consideration various factors, including: (i) with reference to the impact of the contract signing time and performance progress on the expense recognition, it will take approximately six months up to one year to complete the construction projects; (ii) the construction and maintenance plans for various projects of Shuifa Group in the next three years (to the best knowledge of the Company, Shuifa Group will carry out 8 to 10 engineering projects and it is expected that the Group will participate in most of the projects bidding) and its business development plan, including projects as contemplated under the letter of intent for strategic cooperation with governments at all levels, as well as the expected demands of Shuifa Group; and (iii) the relevant buffer (i.e. approximately 10%) reserved to cope with potential increase in the relevant demands of Shuifa Group, as well as estimated increase in average market prices for similar services due to inflation and expected increase in costs.

LETTER FROM THE BOARD

HISTORICAL TRANSACTION AMOUNT

The Group has no previous transactions similar to those contemplated under the EPC General Contracting Service Framework Agreement with Shuifa Group. Therefore, there is no historical amount in respect of the transactions under the EPC General Contracting Service Framework Agreement as at the Latest Practicable Date.

REASONS FOR AND BENEFITS OF ENTERING INTO THE EPC GENERAL CONTRACTING SERVICE FRAMEWORK AGREEMENT

According to the business direction and development strategy of the Group, the clean energy segment is one of the major development directions. The Group has advantages and qualifications in project construction experience, technologies, market position, personnel and other perspectives. Based on the excellent track record of the Group in providing EPC services and the reliable quality of engineering and construction services, the project construction quality can be guaranteed to be higher than the average level of third party units if the new energy projects of Shuifa Group were undertaken by the Group. Undertaking Shuifa Group's EPC services by the Group is normal business transaction, which is in line with the actual operation and development needs of the Company, and at the same time follows the market pricing principle. The transaction price is fair and reasonable, which is conducive to ensuring the efficient and orderly project development, improving the efficiency of capital operation, and reducing operating costs for projects undertaken by the Company. The Group has a management team with qualifications and good construction technologies fit for project construction and the team has stellar performances and experiences, and can provide convenient services with proven track records of contract performances, which is conducive to advancing the progress of Shuifa Group's construction projects and improving the Company's benefits. In addition, the Group also has the capability to effectively manage and control its subcontractors. The Group participated in the formulation of a series of national, industry and local energy standards in terms of clean energy industry, invested in and undertook clean energy projects, therefore creating a competitive advantage that is difficult to be imitated by competitors.

The Directors (including the IBC) consider that the EPC General Contracting Service Framework Agreement is entered into in the ordinary and usual course of business of the Group and the terms of the EPC General Contracting Service Framework Agreement are normal commercial terms, which are arrived at after arm's length negotiations between the parties, and that the annual caps and the terms of the EPC General Contracting Service Framework Agreement stated in this circular are fair and reasonable and in the interests of the Company and its shareholders as a whole.

None of the Directors has material interest in the EPC General Contracting Service Framework Agreement and is required to abstain from voting on the Board resolution in relation to approving the EPC General Contracting Service Framework Agreement.

LETTER FROM THE BOARD

INTERNAL CONTROL PROCEDURES

The Group has adopted the following internal control procedures to standardize and specify pricing policies, mechanism, terms of reference, and decision-making agencies so that the continuing connected transactions are conducted in accordance with the framework agreement and in strict compliance with the relevant pricing policies.

In particular, with respect to the continuing connected transactions under the EPC General Contracting Service Framework Agreement and the annual caps, the applicable guiding principles and the relevant internal control procedures are as follows:

- (i) after the EPC General Contracting Service Framework Agreement was proposed and reported by the department responsible for connected transactions, the Directors of the Company (including independent non-executive Directors) reviewed the necessity and reasonableness of the connected transactions and fairness of pricing, and considered that the transaction terms are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole;
- (ii) the finance department of the Company will closely monitor and record actual contract amounts of the continuing connected transactions under the EPC General Contracting Service Framework Agreement to ensure the annual caps therein will not be exceeded;
- (iii) the relevant officers of the business department of the Company will conduct regular inspections to review and assess whether the transactions contemplated under the EPC General Contracting Service Framework Agreement proceed in accordance with the terms therein, so as to consider whether specific contract amounts are fair and reasonable and in compliance with the aforesaid pricing policies;
- (iv) the internal control and audit department of the Company will review the transactions under the EPC General Contracting Service Framework Agreement on a regular basis (i.e. at least twice a year), so as to (i) consider the effective implementation of the pricing policy and the payment method as well as the appraisal of the balance of the annual caps; (ii) identify management weakness, and make recommendations for improvement to ensure that the internal control measures in respect of the transactions under the EPC General Contracting Service Framework Agreement remain complete and effective and the Group will take measures to address the weakness identified, if any, as soon as practicable;
- (v) the Company will engage the auditor to carry out annual review on the continuing connected transactions (including but not limited to the relevant pricing policies and annual caps) every year in accordance with the requirement of Rule 14A.56 of the Listing Rules; and
- (vi) the independent non-executive Directors of the Company shall conduct annual review on the continuing connected transactions every year in accordance with the requirements of Rule 14A.55 of the Listing Rules.

LETTER FROM THE BOARD

Where the above proposed annual caps are exceeded, the EPC General Contracting Service Framework Agreement is renewed, or material changes take place, the Company will re-comply with the reporting, announcement, and Independent Shareholders' approval requirements pursuant to Rules 14A.35 to 14A.47 of the Listing Rules.

INFORMATION ON THE PARTIES TO THE EPC GENERAL CONTRACTING SERVICE FRAMEWORK AGREEMENT

The Company is an investment holding company. The Group is a professional renewable energy system integrator and building contractor, and is principally engaged in the design, manufacture, supply and installation of conventional curtain walls and building integrated photovoltaic systems, as well as the manufacture and sale of solar power products.

Shuifa Group Company is principally engaged in water conservancy and supply, modern agriculture and clean energy business. As at the Latest Practicable Date, Shuifa Group Company is the controlling shareholder of the Company indirectly holding 1,867,764,057 shares of the Company, representing approximately 74.09% of the issued share capital of the Company. Shuifa Group Company is owned, directly and indirectly, as to 90% by the State-owned Assets Supervision and Administration Commission of the State Council of the Shandong Province of the PRC* (中國山東省國有資產監督管理委員會) and as to 10% by the Shandong Provincial Council for Social Security Fund (山東省社會保障基金理事會), which is directly under the Shandong Provincial Government.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Shuifa Group Company is the controlling shareholder of the Company holding approximately 74.09% of the total issued Shares. Therefore, Shuifa Group Company is a connected person of the Company. Accordingly, the transactions under the EPC General Contracting Service Framework Agreement constitute the continuing connected transactions of the Company.

As one or more of the applicable percentage ratios (other than the profit ratio) in respect of the transactions contemplated under the EPC General Contracting Service Framework Agreement exceed 5% on an annual basis, the EPC General Contracting Service Framework Agreement is subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The IBC comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in respect of the EPC General Contracting Service Framework Agreement and the transactions contemplated thereunder and on how to vote.

Donvex Capital Limited has been appointed as the IFA to advise the IBC and the Independent Shareholders in respect of the EPC General Contracting Service Framework Agreement and the transactions contemplated thereunder.

LETTER FROM THE BOARD

SGM

The SGM will be held to consider and, if thought fit, pass the resolution to approve, among other things, the approve the entering of the EPC General Contracting Service Framework Agreement and the transactions contemplated thereunder.

Pursuant to Rule 14A.36 of the Listing Rules, any Shareholder with a material interest in the transactions and its associates shall abstain from voting at the SGM for considering and approving the EPC General Contracting Service Framework Agreement and the transactions contemplated thereunder. As at the Latest Practicable Date, Shuifa Group Company and its associates are interested in, in aggregate, 1,867,764,057 Shares, representing approximately 74.09% of the entire issued share capital of the Company. As such, Shuifa Group Company and its associates will abstain from voting at the SGM in respect of the resolution in relation to the EPC General Contracting Service Framework Agreement and the transactions contemplated thereunder.

To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, save and except for Shuifa Group Company and its associates, no Shareholder has a material interest in the EPC General Contracting Service Framework Agreement and the transactions contemplated thereunder and accordingly, no other Shareholder and its associates are therefore required to abstain from voting on the shareholders' resolution to be proposed at the SGM in respect of the EPC General Contracting Service Framework Agreement and the transactions contemplated thereunder.

Pursuant to Rule 13.39(4) of the 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 resolution in relation to the EPC General Contracting Service Framework Agreement and the transactions contemplated thereunder 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 Listing Rules.

A notice convening the SGM to be held at the 35/F, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong on Monday, 30 December 2024 at 11:30 a.m. is set out on pages 35 to 36 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 at 17/F, Far East Finance Centre, 16 Harcourt Road, 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.

LETTER FROM THE BOARD

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 23 December 2024 to Monday, 30 December 2024 (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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Friday, 20 December 2024.

RECOMMENDATION

The Directors (including the IBC) are of the opinion that the EPC General Contracting Service Framework Agreement is entered into in the ordinary and usual course of business of the Group and the terms of the EPC General Contracting Service Framework Agreement are normal commercial terms, which are arrived at after arm's length negotiations between the parties, and that the annual caps and the terms of the EPC General Contracting Service Framework Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole. Accordingly, the Directors (including the IBC) recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM.

Your attention is drawn to (i) the letter from the IBC set out on pages 14 to 15 of this circular containing the recommendation of the IBC to the Independent Shareholders regarding the the EPC General Contracting Service Framework Agreement; (ii) the letter of advice from the IFA to the IBC and the Independent Shareholders set out on pages 16 to 29 of this circular; and (iii) the information set out on pages 30 to 34 of this circular.

Shareholders and potential investors of the Company should note that the transactions contemplated under the EPC General Contracting Service Framework Agreement are subject to the satisfaction of the conditions precedent to the EPC General Contracting Service Framework Agreement. As such, the transactions contemplated under the EPC General Contracting Service Framework Agreement may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the shares and other securities of the Company.

Yours faithfully,
For and on behalf of
China Shuifa Singyes Energy Holdings Limited
Zhou Guangyan
Vice-Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter of advice from the Independent Board Committee setting out its recommendation to the Independent Shareholders for the purpose of incorporation in this circular.



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)

9 December 2024

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTION IN RELATION TO ENTERING INTO THE EPC GENERAL CONTRACTING SERVICE FRAMEWORK AGREEMENT

We refer to the circular (the “**Circular**”) dated 9 December 2024 issued by the Company of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless specified otherwise.

This independent board committee has been established to advise you on the EPC General Contracting Service Framework Agreement and the transactions contemplated thereunder, details of which are set out in the Circular. Donvex Capital Limited has been appointed by the Company as the Independent Financial Adviser to advise us in these regards. Details of its advice, together with the principal factors and reasons it has taken into consideration in giving its advice, are contained in its letter set out on pages 16 to 29 of the Circular. Your attention is also drawn to the letter from the Board and the additional information set out in the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the nature of the EPC General Contracting Service Framework Agreement and the transactions contemplated thereunder and the advice of the Independent Financial Adviser in relation thereto, we are of the opinion that the EPC General Contracting Service Framework Agreement is entered into in the ordinary and usual course of business of the Group and the terms of the EPC General Contracting Service Framework Agreement are normal commercial terms, which are arrived at after arm's length negotiations between the parties; the EPC General Contracting Service Framework Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole; and that the annual caps and the terms of the EPC General Contracting Service Framework Agreement are fair and reasonable so far as the Independent Shareholders are concerned. We therefore recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the EPC General Contracting Service Framework Agreement and the transactions contemplated thereunder.

Yours faithfully,

The Independent Board Committee of
China Shuifa Singyes Energy Holdings Limited

Dr. Wang Ching
*Independent Non-executive
Director*

Mr. Yick Wing Fat, Simon
*Independent Non-executive
Director*

Dr. Tan Hongwei
*Independent Non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from Donvex Capital Limited setting out their advice to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



Unit 2502, 25/F
Carpo Commercial Building
18-20 Lyndhurst Terrace
Central
Hong Kong

9 December 2024

*The Independent Board Committee and the Independent Shareholders of
China Shuifa Singyes Energy Holdings Limited*

Dear Sir/Madam,

THE CONTINUING CONNECTED TRANSACTION IN RELATION TO ENTERING INTO THE EPC GENERAL CONTRACTING SERVICE FRAMEWORK AGREEMENT

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the proposed annual caps (the “**Proposed Annual Caps**”) for the contracting of various EPC and related services under the EPC General Contracting Service Framework Agreement (the “**Contracting of EPC and Related Services**”) of the Group from Shuifa Group Company for the period from 5 November 2024 to 31 December 2026. Details of the determination of the Proposed Annual Caps are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 9 December 2024 to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used herein have the same meanings as those defined in the Circular unless otherwise stated.

As disclosed in the Letter from the Board, on 5 November 2024, the Company and Shuifa Group Company entered into the EPC General Contracting Service Framework Agreement, whereby the Group will contract certain EPC and related services from Shuifa Group for the period from 5 November 2024 to 31 December 2026.

As at the Latest Practicable Date, Shuifa Group Company is the controlling shareholder indirectly holding approximately 74.09% of the total issued Shares. As such, Shuifa Group Company constitutes a connected person of the Company under the Listing Rules. Therefore, the Contracting of EPC and Related Services constitutes the continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As the highest of the applicable percentage ratio in respect of the Proposed Annual Caps is more than 5% on an annual basis, the Proposed Annual Caps are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to Rule 13.39(4) of the Listing Rules, all resolutions will be passed by way of poll at the SGM. Any Shareholder with a material interest in the Contracting of EPC and Related Services and his close associates will abstain from voting on the ordinary resolutions for approving the Contracting of EPC and Related Services at the SGM. As Shuifa Group Company is a controlling shareholder of the Company, Shuifa Group Company and its associates will abstain from voting at the SGM on the ordinary resolution(s) for the purpose of approving the Contracting of EPC and Related Services. As at the Latest Practicable Date, so far as the Directors are aware, other than the aforesaid, no other associate of Shuifa Group Company holds shares of the Company and is required to abstain from voting on such ordinary resolution(s).

The Independent Board Committee, comprising all of the independent non-executive Directors, namely Wang Ching, Yick Wing Fat, and Tan Hongwei, has been established to advise the Independent Shareholders on (i) whether the terms of the EPC General Contracting Service Framework Agreement are in the ordinary and usual course of business, on normal commercial terms or better, fair and reasonable and in the interest of the Company and the Independent Shareholders as a whole; (ii) whether the Proposed Annual Caps are fair and reasonable and in the interest of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect to the relevant resolution(s) to approve the EPC General Contracting Service Framework Agreement, the Contracting of EPC and Related Services and the Proposed Annual Caps at the SGM. In our capacity as the Independent Financial Adviser, our role is to advise the Independent Board Committee and the Independent Shareholders in this regard.

INDEPENDENCE

We did not act as (i) financial adviser to the Group and its respective connected persons; or (ii) independent financial adviser to independent board committee and independent shareholders of the Company in the past two years immediately preceding the Latest Practicable Date.

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 to our independence.

We are independent from and not connected with the Group pursuant to Rule 13.84 of the Listing Rules and, accordingly, are qualified to advise the Independent Board Committee and the Independent Shareholders in relation to the Contracting of EPC and Related Services. Apart from the normal advisory fee payable to us in connection with our appointment as the independent financial adviser, no arrangement exists whereby we shall receive any other fees or benefits from the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR OPINION

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 Directors and management of the Company. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have assumed that all statements, information, opinions and representations contained or referred to in the Circular, which have been provided by the Directors and management of the Company and for which they are solely and wholly responsible, were true and accurate at the time they were made and continue to be true until the date of the SGM.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed that, having made all reasonable enquiries, to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no material facts and representations the omission of which would make any statement in the Circular or the Circular misleading.

We consider that we have reviewed sufficient information to reach an informed view regarding the Contracting of EPC and Related Services and to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have not, however, for the purpose of this exercise, conducted any form of independent in-depth investigation or audit into the businesses or affairs or future prospects of the Group, nor have we considered the taxation implication on the Group.

Our opinion is based on the financial, economic, market, and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion, and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise, or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell, or buy any shares or any other securities of the Company.

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with the Contracting of EPC and Related Services, and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose, without our prior written consent.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

A. Background information of the parties

1. *The Company*

The Company is an investment holding company. The Group is a renewable energy system integrator and building contractor, and is principally engaged in the design, manufacture, supply and installation of conventional curtain walls, building integrated photovoltaic systems, and the manufacturing and sale of solar power products.

2. *Shuifa Group Company*

Shuifa Group Company is principally engaged in water conservancy and supply, modern agriculture and clean energy business. As at the Latest Practicable Date, Shuifa Group Company is the controlling shareholder of the Company indirectly holding approximately 74.09% of the issued share capital of the Company, and is hence a connected person of the Company. Shuifa Group is owned, directly and indirectly, as to 90% by 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) and as to 10% by the Shandong Provincial Council for Social Security Fund (山東省社會保障基金理事會), which is directly under the Shandong Provincial Government.

B. Contracting of EPC and Related Services

1. *Background*

On 5 November 2024, the Company and Shuifa Group Company entered into the EPC General Contracting Service Framework Agreement, whereby the Group will contract certain EPC and related services from Shuifa Group for the period from 5 November 2024 to 31 December 2026.

2. *Reasons for and the benefits of the Contracting of EPC and Related Services*

The Group is principally engaged in the design, manufacture, supply and installation of conventional curtain walls, the establishment of integrated photovoltaic systems, and the manufacture and sale of solar power products. According to the development strategy of the Group, the clean energy business, including wind energy and photovoltaic power storage, has been one of the major development directions. As such, the Group has been actively sourcing new EPC construction projects from its customers with the aim of becoming a leading clean energy enterprise.

Shuifa Group Company, as a state-owned enterprise, participates in various construction projects in relation to clean energy contemplated under the letter of intent with the PRC government. As Shuifa Group Company is the controlling shareholder of the Company, the Group fully understands the business and operation needs of the Shuifa Group Company. Leveraging the Group's expert team with comprehensive experience, technologies and personnel in construction, the Group will be able to accommodate to Shuifa Group's need and consistently deliver high quality EPC construction services to fulfil Shuifa Group's specification, thus establishing excellent track record in

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the construction projects with Shuifa Group. As such, the entering into the EPC General Contracting Services Framework Agreement is beneficial to both parties and favorable for the development of Group's clean energy business.

Besides, the price of the construction projects from Shuifa Group charged by the Group will be determined with reference to (i) the public tender price of construction projects; (ii) quotation of the Group based on the costs incurred by the Group to conduct construction projects; and (iii) arms' length negotiations between the Group and Shuifa Group. The Contracting of EPC and Related Services enables the Group to contract construction projects from Shuifa Group when such construction projects contribute to the gross profit of the Group. As such, we consider that the price of the construction projects will be determined based on normal commercial terms, which is in the interest of the Company and the Shareholders as a whole.

In light of above, we conclude that the entering into of the EPC General Contracting Service Framework Agreement is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

3. *Principal terms of the EPC General Contracting Service Framework Agreement*

The following summarizes the principal terms of the EPC General Contracting Service Framework Agreement:

Date

5 November 2024

Parties

- (i) The Company; and
- (ii) Shuifa Group Company (on behalf of Shuifa Group)

Subject Matter

The Group will contract various EPC and related services from Shuifa Group, including:

- (i) EPC general contracting and subcontracting of new energy projects, which comprise the general contracting construction of photovoltaic power projects, wind power projects and energy storage power plant projects, including but not limited to (a) topographic surveying and mapping, site exploration, preliminary design, construction drawing design, as-built drawing design, technical support for designs of projects and other services relating to exploration designs; (b) procurement and supply, transportation and storage, supervision and third party detection services for all equipment and materials included in the project designs; (c) construction, project management, insurance, commissioning, trial operation, acceptance, warranty, training, handover of civil projects, electrical equipment

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installation projects, line projects, reinforcement and renovation projects, auxiliary facilities projects and other projects; (d) services including the implement of compliance procedures within the general contracting scope such as grid connection, power quality evaluation, lightening protection detection and special acceptance, fire protection acceptance of projects;

- (ii) green construction and curtain wall construction, including but not limited to (a) design of curtain wall projects to ensure the project quality and system security; (b) construction within the scope of curtain wall projects and green construction projects; (c) design and construction of lightening protection grounding related to curtain wall; (d) erection of construction scaffolding, ladder truck, construction basket, working platform and other operating facilities required within the contracting scope; (e) inspection of the relevant materials involved in the contracting scope and the test of properties; (f) curtain wall drenching test; (g) filling in and sorting data of projects within the contracting scope; (h) energy-saving acceptance; (i) formulation and implementation of the scheme for the maintenance, overhaul and replacement of curtain walls; and (j) cooperation with other units (such as floodlighting and fine decoration units); and
- (iii) other consulting and management services, including the procedures entrusted by Shuifa Group or for which Shuifa Group requires the provision of assistance, coordination of land acquisition and leasing, technical consulting and project management and other services.

Pricing Policy

The following pricing principles will apply to the pricing of services contemplated under the EPC General Contracting Service Framework Agreement:

Shuifa Group determines the total contract price by way of public tenders. Shuifa Group conducts public tenders for specific project to be constructed. The quotation of the Group is based on all costs of raw materials, labours, management and finance required by the project construction plus reasonable market-oriented profit while Shuifa Group will determine the successful tenderer and tender price in an open, impartial and fair manner in accordance with the Tendering and Bidding Law of the People's Republic of China and relevant laws and regulations.

The final price shall be determined after arms' length negotiations and on normal commercial terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole.

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We noted from the management of the Company that the Group would implement the following pricing policy and procedure to determine the quotation amount in relation to the Contracting of EPC and Related Services:

- (i) the marketing department of the Group will review the tender document from Shuifa Group in detail and prepare a preliminary assessment on the suitability of the EPC projects based on factors including but not limited to:
 - (a) the scale, complexity and specifications of the EPC projects, nature and amount of work to be performed, the capacity of the Group and other technical project requirements;
 - (b) the likelihood of the EPC projects being awarded to the Group;
 - (c) the fee and profit margin of EPC projects of similar nature conducted by other contractors in the market; and
 - (d) the level of risks involved in the EPC projects and services to be provided;
- (ii) based on the result of the abovementioned assessment in (i), the marketing department of the Group will determine whether the Group should participate in the tender of EPC projects. If so, a tender working group will be established thereafter;
- (iii) the tender working group will determine the quotation with reference to (a) the cost of EPC projects estimated by the cost control department based on quotations from suppliers and subcontractors of the Group; and (b) a profit margin ranging from 7% to 8% according to the nature and scope of work;
- (iv) the marketing department will review the quotation determined by the tender working group and compare with the prevailing market price charged by the Group to independent third parties for the provision of similar services under ordinary course of business, which will ensure that the quotations submitted by the Group are on the same or better terms and not less favorable to the Group than those offered to independent third parties. The marketing department will base the latest quotations and tenders submitted by the Group to independent third parties for similar EPC projects available in the market; and
- (v) the senior management involved in project management will review the information from the marketing department and the cost control department and consider whether the EPC projects is supported by reasonable estimated cost and justifiable profit margin. The tender working group will proceed to submit the quotation to Shuifa Group after obtaining the approval from senior management.

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The final quotation or tender price to be submitted by the Group shall be determined on normal commercial terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole.

In light of the above, considering that

- (i) there is appropriate segregation of duties among the marketing department, tender working group, cost control department and senior management in forming the quotation amount;
- (ii) the Group will implement comprehensive cost analysis on the EPC projects which involves the estimation by cost control department and review by marketing department and senior management;
- (iii) the profit margin is determined with reference to the average profit margin of the EPC projects carried out by the Group in the past; and
- (iv) market comparable information is taken into account to ensure that the quotations will not be less favorable than those provided to independent third parties,

we are of the view that the abovementioned pricing policy and procedure to determine the quotation amount for EPC construction projects will ensure the prices quoted by the Group are profitable and not lower than those offered to independent third parties for similar EPC construction projects.

We have obtained and reviewed the Group's construction projects bidding and contract management control policy, which is in line with the abovementioned pricing policy and procedure. Besides, as illustrated under the section headed "4. Assessment on the internal control procedures under the EPC General Contracting Service Framework Agreement" in this letter, the internal control system would ensure that the pricing policy and procedure will be effectively and properly implemented by the Group.

In conclusion, we are of the opinion that the Group's pricing policy and procedures in determining the quotation amount is sufficient and reasonable. As such, the quotation determined based on such pricing policy and procedure is fair and reasonable and no less favorable than those transactions between the Group and independent third parties.

Payment Terms

The payment method is determined based on the condition of the service site, the service progress and technical standard of services. The details of payment terms shall be defined in the specific agreements.

For transactions which are priced through the way of tender and bidding, the payment terms shall be disclosed to all potential bidders (including connected persons and independent third parties) in the tender documents. After the successful tenderer is determined, both parties

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will determine the specific payment method according to the payment terms set out in the tender documents. Payment methods are determined on normal commercial terms and in a fair and reasonable manner, and should be the same regardless of whether the successful bidder is a connected person or an independent third party.

Conditions Precedent

The EPC General Contracting Service Framework Agreement is conditional upon the fulfillment of following conditions:

- (i) each of the Company and Shuifa Group Company has officially signed the EPC General Contracting Service Framework Agreement and affixed its seal; and
- (ii) the Company has complied with the relevant requirements under the Listing Rules in relation to the EPC General Contracting Service Framework Agreement and the transactions contemplated thereunder, including but not limited to issuing an announcement and obtaining the approval from its Independent Shareholders in respect of the EPC General Contracting Service Framework Agreement.

4. *Assessment on the internal control procedures under the EPC General Contracting Service Framework Agreement*

We are advised by the management of the Company that the Group will implement the following internal control measures to monitor the continuing connected transactions under the EPC General Contracting Service Framework Agreement:

- (i) after the EPC General Contracting Service Framework Agreement was proposed and reported by the department responsible for connected transactions, the Directors of the Company (including independent non-executive Directors) reviewed (a) the essence and reasonableness of the connected transactions; (b) the fairness of pricing, and (c) the transaction terms as to whether they are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole;
- (ii) the finance department of the Company will closely monitor and record actual contract amounts of the continuing connected transactions under the EPC General Contracting Service Framework Agreement to ensure the annual caps therein will not be exceeded;
- (iii) the relevant officers of the business department of the Company will conduct regular inspections to review and assess whether the transactions contemplated under the EPC General Contracting Service Framework Agreement proceed in accordance with the terms therein, so as to consider whether specific contract amounts are fair and reasonable and in compliance with the aforesaid pricing policies;

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- (iv) the internal control and audit department of the Company will review the transactions under the EPC General Contracting Service Framework Agreement on a regular basis (i.e. at least twice a year), so as to (a) consider the effective implementation of the pricing policy and the payment method as well as the appraisal of the balance of the annual caps; (b) identify management weakness, and make recommendations for improvement to ensure that the internal control measures in respect of the transactions under the EPC General Contracting Service Framework Agreement remain complete and effective with follow-up measures to address the weakness identified, if any, as soon as practicable;
- (v) the Company will engage the auditor to carry out annual review on the continuing connected transactions (including but not limited to the relevant pricing policies and annual caps) every year in accordance with the requirement of Rule 14A.56 of the Listing Rules; and
- (vi) the independent non-executive Directors of the Company shall conduct annual review on the continuing connected transactions every year in accordance with the requirements of Rule 14A.55 of the Listing Rules.

We have assessed the above internal control procedures in relation to the EPC General Contracting Service Framework Agreement and noted that:

- (i) there is proper segregation of duties among the finance department, business department and internal control and audit department in the Company regarding the continuing connected transactions under the EPC General Contracting Service Framework Agreement, which ensures that the Contracting of EPC and Related Services can be monitored, recorded, assessed and reviewed on a regular basis;
- (ii) as indicated in the annual report of the Company for FY2023, the audit committee of the Company would communicate with the external auditor, internal audit consultant and also the management regularly to ensure internal control policies of the Company were properly implemented by the management. The Group also appointed external independent professional advisors to review the effectiveness of the Group's internal control system for FY2023. Based on the understanding of the Directors, no material internal control weaknesses have been identified for FY2023. Such effective internal control system has ensured that the continuing connected transactions entered into by the Group in the past were fair and reasonable and conducted in the interests of the Company and its Shareholders as a whole. We have reviewed the internal approval documents in relation to the continuing connected transactions entered between the Group and its related parties in FY2023 and noted that the internal control measures have been appropriately implemented by the Group on the previous continuing connected transactions despite the fact that these continuing connected transactions were fully exempt from reporting, announcement, annual review and Independent Shareholders' approval requirements.

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Besides, the Group has established an internal control manual providing clear guideline for recording, inspection, monitoring and review of continuing connected transactions conducted by the Group, which facilitates the effective implementation of the internal control system on the Contracting of EPC and Related Services. As such, despite the fact that the Group has not conducted the Contracting of EPC and Related Services in the past, the internal control procedures related to the EPC General Contracting Service Framework Agreement is expected to be properly and effectively implemented by the Company.

Taking into account the above, we are of the view that the Group has adequate internal control procedures in place under the EPC General Contracting Service Framework Agreement to safeguard the interests of the Company and the Shareholders as a whole.

5. *Analysis on the Proposed Annual Caps*

(1) *The historical transaction amount and the Proposed Annual caps under the EPC General Contracting Service Framework Agreement*

The following table sets forth the Proposed Annual Caps under the EPC General Contracting Service Framework Agreement for the three years ending 31 December 2026:

	For the year ending 31 December		
	2024	2025	2026
	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>
Proposed Annual Caps			
(Contract amounts)	1,000	1,200	1,500

The Group has no previous transactions similar to the transactions contemplated under the EPC General Contracting Service Framework Agreement with Shuifa Group. Therefore, there is no comparison between historical transaction amount in relation to the transactions under the EPC General Contracting Service Framework Agreement and the Proposed Annual Caps.

(2) *Assessment on the Proposed Annual Caps*

We are advised by the management of the Company that the Proposed Annual Caps are determined with reference to

- (i) the number of construction projects
 - (a) which are expected to be carried out by Shuifa Group for the three years ending 31 December 2026 based on the business development plan of Shuifa Group; and

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- (b) for which the Group will participate in the bidding procedure;
- (ii) the expected contract sum of the construction projects as mentioned in (i) above; and
- (iii) the buffer of approximately 10% reserved to cope with potential increase in the relevant demands of Shuifa Group for construction projects, as well as estimated increase in average market prices for similar services due to inflation and expected increase in costs.

We have obtained the project list of the Group in relation to the construction projects anticipated to be contracted from Shuifa Group by the Group for the three years ending 31 December 2026. The tables below set forth the details of the Proposed Annual Caps for FY2024, FY2025 and FY2026:

FY2024

	Expected contract sum RMB' million
Wind power project (<i>Note 1</i>)	684
Photovoltaic power project (<i>Note 2</i>)	225
A buffer of 10% to cope with potential increase in the relevant demands of Shuifa Group and inflation	91
Total	1,000

Note:

1. The Group expects to participate in the competitive tender as contractor of one wind power project of which the contract is expected to be entered into between the contractor and Shuifa Group in FY2024. This project is anticipated to be carried out in Hebei Province in the PRC with a construction term lasting for approximately one year. Through the assessment on the wind power project based on its technical requirements and expected labor and material costs, the Group has decided to submit the tender document to bid for the wind power project. In this construction project, the Group will conduct site exploration, preliminary design of the facilities, procurement and supply of materials specific to wind energy generation, construction and project management tailored for wind turbines, and services such as grid connection, power quality evaluation, lightning protection detection, and firefighting acceptance related to wind energy installations.
2. The Group expects to participate in the competitive tender as contractor of one photovoltaic power project of which the contract is expected to be entered into between the contractor and Shuifa Group in FY2024. This project is anticipated to be carried out in Hebei Province in the PRC with a construction term lasting for approximately 6 months. Through the assessment on the photovoltaic power project based on its technical requirements and expected labor and material costs, the Group has decided to submit the tender document to bid for the photovoltaic

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power project. In this construction project, the Group will engage in site exploration suitable for solar panel installation, preliminary design of solar energy facilities, procurement and supply of materials for solar energy systems, construction and project management focused on solar panel arrays, and services including grid connection, power quality evaluation for solar power, lightning protection detection, and firefighting acceptance for solar energy projects.

FY2025

	Expected contract sum RMB' million
Photovoltaic power projects (<i>Note</i>)	1,090
A buffer of 10% to cope with potential increase in the relevant demands of Shuifa Group and inflation	<u>110</u>
Total	<u><u>1,200</u></u>

Note: The Group expects to participate in the competitive tender as contractor of three photovoltaic power projects of which the contracts are expected to be entered into between the contractors and Shuifa Group in FY2025. These projects are anticipated to be carried out in Hebei Province, Guangdong Province and Shandong Province in the PRC with a construction term lasting from 6 months to 12 months. The contract sums of these three photovoltaic power projects amount to approximately RMB450 million, RMB490 million and RMB150 million respectively.

Through the assessment on the photovoltaic power project based on its technical requirements and expected labor and material costs, the Group has decided to submit the tender document to bid for these photovoltaic power projects. In these construction projects, the Group will engage in site exploration suitable for solar panel installation, preliminary design of solar energy facilities, procurement and supply of materials for solar energy systems, construction and project management focused on solar panel arrays, and services including grid connection, power quality evaluation for solar power, lightning protection detection, and firefighting acceptance for solar energy projects.

FY2026

	Expected contract sum RMB' million
Wind power projects (<i>Note</i>)	1,363
A buffer of 10% to cope with potential increase in the relevant demands of Shuifa Group and inflation	<u>137</u>
Total	<u><u>1,500</u></u>

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Note: The Group expects to participate in the competitive tender as contractor of three wind power projects of which the contracts are expected to be entered into between the contractors and Shuifa Group in FY2026. Two of the projects are anticipated to be carried out in Henan Province while one is anticipated to be carried out in Hebei Province in the PRC. The construction terms of these three wind power projects are expected to last for approximately 9 months. The contract sum of each of the three wind power projects amount to approximately RMB454 million.

Through the assessment on these wind power projects based on their respective technical requirements and expected labor and material costs, the Group has decided to submit the tender document to bid for these wind power projects. In these construction projects, the Group will conduct site exploration, preliminary design of the facilities, procurement and supply of materials specific to wind energy generation, construction and project management tailored for wind turbines, and services such as grid connection, power quality evaluation, lightning protection detection, and firefighting acceptance related to wind energy installations.

Conclusion

In view of the above, we considered that the Proposed Annual Caps for FY2024, FY2025 and FY2026 under the EPC General Contracting Service Framework Agreement are fair and reasonable.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the EPC General Contracting Service Framework Agreement are in the ordinary and usual course of business, on normal commercial terms, fair and reasonable and in the interest of the Company and the Independent Shareholders as a whole; and (ii) the Contracting of EPC and Related Services and the Proposed Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favor of the resolution(s) to be proposed at the SGM to approve the EPC General Contracting Service Framework Agreement and the Proposed Annual Caps and we recommend the Independent Shareholders to vote in favor of the resolution(s) in this regard.

Yours faithfully,
For and on behalf of
Donvex Capital Limited
Doris Sy
Director

Ms. Doris Sy is a person licensed to carry out type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance and is a responsible officer of Donvex Capital Limited who has around 22 years of experience in corporate finance advisory.

** For identification purposes only*

GENERAL INFORMATION

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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 and chief executives of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be (i) 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 were taken or deemed to have been taken under such provisions of the SFO); (ii) recorded in the register maintained by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of the Listed Issuers (the "Model Code") set out in Appendix C3 to the Listing Rules as adopted by the Company were 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. Chen Fushan	Beneficial interest (Note 1)	1,400,000	0.05%

Notes:

- Such interest represents the shares awards granted to the respective directors under a share award plan as announced by the Company on 29 December 2020.
- The percentage is calculated on the basis of 2,521,081,780 Shares in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executives of the Company had any interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) 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 were taken or deemed to have been taken under such provisions of the SFO); (ii) recorded in the register maintained by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

GENERAL INFORMATION

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

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company based on the register maintained by the Company pursuant to Part XV of the SFO, other than the interests of the Directors and chief executives of the Company as disclosed above, shareholders who had interests or short positions in the shares or underlying shares of the Company of 5% or more which need to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register to be kept by the Company under Section 336 of the SFO, were as follows:

Long position in the Shares

Name of shareholder	Capacity/Nature of Interests	Number of Shares held	Approximate percentage of shareholding (Note 3)
Water Development (HK) Holding Co., Limited	Beneficial owner (Note 1)	1,687,008,585	66.92%
	Person having a security interest in shares	180,755,472	7.17%
Shuifa Group Co., Ltd	Interest in a controlled corporation (Note 1)	1,867,764,057	74.09%
Strong Eagle Holdings Ltd. (Note 2)	Beneficial owner (Note 2)	203,802,750	8.08%

Notes:

1. Water Development (HK) Holding Co., Limited is 100% beneficially owned by Shuifa Group Co., Ltd.
2. Strong Eagle Holdings Ltd. is owned by Mr. Liu Hongwei, Mr. Sun Jinli, Mr. Xie Wen, Mr. Xiong Shi and Mr. Zhuo Jianming as to 53%, 15%, 13%, 10%, and 9% respectively.
3. The percentage is calculated on the basis of 2,521,081,780 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. Mr. Wang Jian and Mr. Hu Xiao are the directors of Water Development (HK) Holding Co., Limited. Mr. Wang Jian, Mr. Chen Fushan, Mr. Hu Xiao and Ms. Wang Suhui are the employees of Shuifa Group Co., Ltd. Save as disclosed above, none of the Directors is a director or employee of the companies disclosed above as at the Latest Practicable Date.

GENERAL INFORMATION

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 2023 (being the date to which the latest published 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:

Name	Qualification
Donvex Capital Limited	a licensed corporation to carry out 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 EPC General Contracting Service Framework Agreement and the transactions contemplated thereunder

GENERAL INFORMATION

As at the Latest Practicable Date, Donvex 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, Donvex 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 2023 (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, Donvex 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 2023, being the date to which the latest published audited accounts of the Company were made up.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.syeamt.com) for a period of 14 days from the date of this circular:

- (a) the EPC General Contracting Service Framework Agreement;
- (b) the written consents referred to in the paragraph headed “Qualification and consents of expert” above;
- (c) the letter from the Board, the text of which is set out from pages 4 to 13 of this circular;
- (d) the letter from the Independent Board Committee, the text of which is set out on page 14 of this circular;
- (e) the letter from the Independent Financial Adviser, the text of which is set out on pages 16 to 29 of this circular; and
- (f) this circular.

GENERAL INFORMATION

GENERAL

- (a) The company secretary of the Company is Mr. Chan Koon Leung, Alexander (CPA, FCCA), who is a fellow member of Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants.
- (b) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda.
- (c) 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.
- (d) The principal share registrar of the Company is Butterfield Fulcrum Group (Bermuda) Limited at Rosebank Centre, 11 Bermudiana Road, Pembroke, HM08 Bermuda.
- (e) The branch share registrar of the Company in Hong Kong is Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

NOTICE OF SGM



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)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “SGM”) of China Shuifa Singyes Energy Holdings Limited (the “Company”) will be held at 35/F, Dah Sing Financial Centre, 248 Queen’s Road East, Wanchai, Hong Kong on Monday, 30 December 2024 at 11:30 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:

Unless otherwise specified, capitalised terms used herein shall have the same meaning as those defined in the circular of the Company dated 9 December 2024 (the “Circular”).

ORDINARY RESOLUTION

“THAT:

- (a) the EPC General Contracting Service Framework Agreement dated 5 November 2024 entered into between the Company and Shuifa Group Company (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), the proposed annual caps amounts and the transactions contemplated thereunder be and is hereby approved, confirmed and ratified; and
- (b) any one Director be and is hereby authorised to execute for and on behalf of the Company all such 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 EPC General Contracting Service Framework Agreement or any transactions contemplated thereunder.”

By Order of the Board
China Shuifa Singyes Energy Holdings Limited
Zhou Guangyan
Vice-Chairman

Hong Kong, 9 December 2024

NOTICE OF SGM

Notes:

1. Any Shareholder entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a Shareholder.
2. Where there are joint holders of any share any one of such joint holder may vote, either in person or by proxy, in respect of such shares as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register in respect of the joint holding.
3. The instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than forty-eight (48) hours before the time appointed for holding the SGM or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than twenty-four (24) hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid.
4. Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the shareholders at a general meeting must be taken by poll except where the chairman of the general meeting, 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. Therefore, all resolutions proposed at the SGM shall be voted by poll.
5. The Circular and the accompanying proxy form have been sent to the shareholders of the Company.
6. The register of members will be closed from Monday, 23 December 2024 to Monday, 30 December 2024, both days inclusive. In order to qualify for the purpose of ascertaining the members entitlement to the attendance of the SGM, all share transfers documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, namely Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Friday, 20 December 2024.

As at the date of this notice, the executive Directors of the Company are Mr. Wang Jian (Chairman), Mr. Zhou Guangyan (Vice Chairman) and Mr. Chen Fushan, the non-executive Directors are Ms. Wang Suhui and Mr. Hu Xiao, and the independent non-executive Directors are Dr. Wang Ching, Mr. Yick Wing Fat, Simon and Dr. Tan Hongwei.