
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 a licensed securities dealer, registered institution in securities, 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, together with the enclosed form of proxy to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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



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)

**MAJOR TRANSACTION
FORMATION OF LIMITED PARTNERSHIP
AND
DEEMED DISPOSAL OF SUBSIDIARIES**

A letter from the Board is set out on pages 3 to 17 of this circular.

The transaction being the subject matter of this circular has been approved by a written shareholder's approval pursuant to the Listing Rules and this circular is being despatched to the Shareholders for information only.

26 October 2022

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	3
APPENDIX I — FINANCIAL INFORMATION OF THE GROUP	18
APPENDIX II — GENERAL INFORMATION	20

DEFINITIONS

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

“Announcement”	the announcement of the Company dated 30 May 2022 in relation to the formation of Limited Partnership and deemed disposal of the Target Companies
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“China Cinda”	中國信達資產管理股份有限公司 (China Cinda Asset Management Co., Ltd.), a company established in the PRC, the H shares of which are listed on the Stock Exchange
“Cinda Capital”	信達資本管理有限公司 (Cinda Capital Management Co., Ltd.), a company established in the PRC
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Company”	China Shuifa Singyes Energy Holdings Limited (中國水發興業能源集團有限公司), a company incorporated in Bermuda with limited liability, 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
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hunan Green Energy”	湖南水發興業綠色能源股份有限公司 (Hunan Shuifa Singyes Green Energy Co., Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Latest Practicable Date”	25 October 2022
“Limited Partnership”	南京信發能股權投資合夥企業(有限合夥)(Nanjing Xinfaneng Equity Investment Partnership (Limited Partnership)*), a limited partnership established in the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“PRC”	the People’s Republic of China, which, for the purpose of this circular, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Partnership Agreement”	the partnership agreement entered into between Hunan Green Energy and China Cinda (both as limited partner), and Cinda Capital (as general partner) on 30 May 2022 in respect of the establishment of the Limited Partnership
“Share(s)”	ordinary share(s) of US\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Companies”	Xinjiang Xingye and Wuwei Dongrun
“RMB”	Renminbi, the lawful currency of the PRC
“Water Development”	Water Development (HK) Holding Co., Limited (水發集團(香港)控股有限公司), the controlling Shareholder of the Company
“Wuwei Dongrun”	武威東潤太陽能開發有限公司 (Wuwei Dongrun Solar Energy Development Co., Ltd.*), a company established in the PRC with limited liability. It is wholly-owned by Hunan Green Energy and is an indirect wholly-owned subsidiary of the Company as at the date of this circular
“Xinjiang Xingye”	新疆興業新能源有限公司 (Xinjiang Xingye New Energy Co., Ltd.*), a company established in the PRC with limited liability. It is wholly-owned by Hunan Green Energy and is an indirect wholly-owned subsidiary of the Company as at the date of this circular
“%”	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.

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. Zheng Qingtao (Chairman)
Mr. Liu Hongwei (Vice Chairman)
Mr. Chen Fushan
Mr. Wang Dongwei

Registered Office:

4th Floor North Cedar House
41 Cedar Avenue
Hamilton HM12
Bermuda

Non-executive Directors:

Mr. Xie Wen
Ms. Li Li

*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

Independent non-executive Directors:

Dr. Wang Ching
Mr. Yick Wing Fat, Simon
Dr. Tan Hongwei

26 October 2022

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION
FORMATION OF LIMITED PARTNERSHIP
AND
DEEMED DISPOSAL OF SUBSIDIARIES**

INTRODUCTION

Reference is made to the Announcement. On 30 May 2022, Hunan Green Energy, an indirect wholly-owned subsidiary of the Company, entered into the Partnership Agreement with China Cinda and Cinda Capital for the establishment of the Limited Partnership. According to the Partnership Agreement, the total amount of capital commitments of the Limited Partnership is RMB1.251 billion, of which Cinda Capital (as general partner) will contribute RMB1.00 million, while Hunan Green Energy and China Cinda (as limited partners) will contribute RMB750 million and RMB500 million, respectively.

LETTER FROM THE BOARD

Under the Partnership Agreement, the capital commitment of RMB750 million responsible by Hunan Green Energy will be paid by cash and the transfer of 99% equity interest in the Target Companies, including Xinjiang Xingye and Wuwei Dongrun, to the Limited Partnership. The Target Companies principally develop and engage in several photovoltaic power generation projects and own certain photovoltaic assets. The Target Companies are wholly-owned by Hunan Green Energy and are indirect wholly-owned subsidiaries of the Company as at the date of this circular. Following the establishment of the Limited Partnership, the Limited Partnership will further invest into the equity interest in Xinjiang Xingye and 99.48% equity interest in Wuwei Dongrun.

The transfer of equity interest in the Target Companies from Hunan Green Energy to the Limited Partnership and the further capital injection into the Target Companies by the Limited Partnership constitute deemed disposal of subsidiaries by the Company as the effective interest held by the Company will be reduced from 100% to 60.20% in Xinjiang Xingye and from 100% to 60.16% in Wuwei Dongrun.

Upon the establishment of the Limited Partnership, the Limited Partnership and the Target Companies will be accounted for as subsidiaries of the Company, and their results will be

As one or more of the applicable percentage ratios (as calculated under Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the Partnership Agreement (including the establishment of the Limited Partnership and the deemed disposal of subsidiaries by the Company) exceed 25% but less than 75%, the entering into of the Partnership Agreement constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The purpose of this circular is to provide you with, among other things, (i) further information in respect of the transactions contemplated under the Partnership Agreement; and (ii) other information as required under the Listing Rules.

THE PARTNERSHIP AGREEMENT

The principal terms of the Partnership Agreement are summarised below.

Date:	30 May 2022
Name of the Limited Partnership:	南京信發能股權投資合夥企業(有限合夥)(Nanjing Xinfaneng Equity Investment Partnership (Limited Partnership)*)
Partners:	General partner: Cinda Capital Limited partners: (1) China Cinda (2) Hunan Green Energy

LETTER FROM THE BOARD

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Cinda Capital and parties independent of the Company and its connected persons.

Purpose of the Limited Partnership:

The purpose of the Limited Partnership is to invest into the Target Companies and manage and utilise the assets of the Target Companies. The Target Companies, including Xinjiang Xingye and Wuwei Dongrun, principally develop and engage in several photovoltaic power generation projects and own certain photovoltaic assets.

Term of the Limited Partnership:

The term of the Limited Partnership shall be five (5) years commencing from the date of issue of the business licence of the Limited Partnership. Subject to any extension of the term to be agreed by the partners, the Limited Partnership will be terminated upon expiration of the term.

The Limited Partnership shall be terminated under the following events:

- (1) consent of all partners in the Limited Partnership to dissolve;
- (2) the term of the Limited Partnership has been expired and no extension of the term has been agreed by the partners;
- (3) the general partner is removed or withdraws from the Limited Partnership and no new general partner is brought in accordance with the Partnership Agreement;
- (4) breach of the Partnership Agreement by one or more of the limited partners;
- (5) the business licence of the Limited Partnership has been revoked or the Limited Partnership has been ordered to be closed or dissolved according to law;
- (6) the objectives of the Limited Partnership have already been achieved and the investments of the partners have been withdrawn; and
- (7) any legal or other reasons to dissolve under the Partnership Agreement.

LETTER FROM THE BOARD

Committed capital contribution:

The total amount of capital commitments of the partners to the Limited Partnership under the Partnership Agreement is RMB1.251 billion.

Cinda Capital (as general partner) will be contributing RMB1 million (representing approximately 0.08% of the total commitments). Pursuant to the Partnership Agreement, Cinda Capital shall make the contribution of RMB1 million by way of cash before 19 April 2024. As at the Latest Practicable Date, the contribution of RMB1 million has been fully paid by Cinda Capital.

China Cinda (as limited partner) will be contributing RMB500 million (representing approximately 39.97% of the total commitments). Pursuant to the Partnership Agreement, China Cinda shall make the contribution of RMB500 million by way of cash before 19 April 2024. As at the Latest Practicable Date, the contribution of RMB500 million has been fully paid by China Cinda.

Hunan Green Energy (as limited partner) will be contributing RMB750 million (representing approximately 59.95% of the total

transfer of 99% equity interest in Xinjiang Xingye to the Limited Partnership, RMB147.51 million will be satisfied by the transfer of 99% equity interest in Wuwei Dongrun to the Limited Partnership, and the remaining RMB31.26 million will be paid by cash. Pursuant to the Partnership Agreement, Hunan Green Energy shall make the contribution of RMB750 million before 19 April 2024.

The consideration of RMB571.23 million for the transfer of 99% equity interest in Xinjiang Xingye and RMB147.51 million for the transfer of 99% equity interest in Wuwei Dongrun, which were at approximately 7% and 1.3% discount to their respective net asset value as at 31 December 2021, were determined after arm's length negotiation among the parties, where the Company has taken into account factors including that (i) the formation of the Limited Partnership will greatly enhance the business prospects of the Target Companies with the management experience and resources provided by Cinda Capital and China Cinda which will be beneficial to the financial position of the Group; (ii) the collaboration with Cinda Capital and China Cinda will enable the Group to build up business connections with them which are sizable asset management and financial services firms owned by the Ministry of Finance of the PRC and the Group will be able to expand their business in the future with potential new investment opportunities introduced by Cinda Capital and China Cinda, which is beneficial to the business

LETTER FROM THE BOARD

operation of the Group; (iii) the Company has conducted an internal assessment based on a research of several transactions in the market involving companies with similar assets and business operations to the Target Companies. The Company has selected three similar transactions for comparison with selection criteria for the comparable companies including (a) the business of the comparable companies, where they were mainly engaged in the construction and operation of photovoltaic power generation projects; (b) the completeness of transaction data available in the public domain; (c) the timing of the transactions of the comparable companies, which were within five years prior to the date of entering into of the Partnership Agreement; and (d) the financial data of the comparable companies, which were similar and comparable to the Group. Based on the market information, the Company has made reference to the transaction values of the three comparable companies and compared several

LETTER FROM THE BOARD

In light of the above basis and reasons, the Board considers that the considerations for the transfer of the Target Companies to the Limited Partnership are fair and reasonable, given they were at 7% and 1.3% discount to their respective net asset value as at 31 December 2021.

The amount of capital contribution by each partner are determined after arm's length negotiations among Cinda Capital, China Cinda and Hunan Green Energy having taken into account, among other things, the business prospect of the Target Companies and the proposed amount of investment into the Target Companies as agreed between the partners. The total cash portion of the capital contribution of RMB532.26 million by the partners will be used as working capital for the expansion of the photovoltaic power generation business of the Target Companies. It was expected that the Target Companies will implement the expansion plan by 2024 at the latest

capital commitment, i.e. before 19 April 2024, as stipulated under the Partnership Agreement. As at the Latest Practicable Date, the capital contribution of Cinda Capital and China Cinda has been fully paid up. As such, it is intended that RMB100 million, RMB200 million and RMB232.26 million will be utilised by the Target Companies in the year 2022, 2023 and 2024, respectively, for the construction and expansion of photovoltaic power generation infrastructure.

It is expected that the capital commitment payable in cash by Hunan Green Energy will be funded by internal resources of the Group.

The Limited Partnership and the Target Companies will be accounted for as subsidiaries of the Company, and their results will be

**Management of
the Limited Partnership:**

Cinda Capital, the general partner, will be the executive partner of the Limited Partnership and will be responsible for the operation and management of the Limited Partnership and act on behalf of the Limited Partnership externally.

The executive partner will be entitled to receive a management fee payable quarterly from the Limited Partnership calculated at the annual rate of 0.3% of the balance of the paid-up capital contribution of China Cinda, i.e. the original amount of paid-up capital contributed by China Cinda minus the amount of fund returned or distributed from the Limited Partnership to China Cinda from time to time.

LETTER FROM THE BOARD

The executive partner has the sole right to decide and direct the Limited Partnership to execute or act on certain corporate affairs in respect of the Limited Partnership, including (i) the change of name of the Limited Partnership; (ii) the engagement of professional advisers to provide services for the Limited Partnership; (iii) the handling of banking, audit and tax matters for the Limited Partnership; (iv) the dispute resolution procedures for any dispute where the Limited Partnership is involved; (v) the signing and execution of documents on behalf of the Limited Partnership; (vi) the monitoring of the operation of the Target Companies and the exercise of any shareholder's rights in the Target Companies as directed by the investment decision committee of the Limited Partnership; (vii) the distribution of profits to the partners; and (viii) any further action to obtain or maintain the legal rights of the Limited Partnership.

The other partners shall have the authority to monitor and supervise the execution of the affairs in the Limited Partnership by the executive partner.

Partners' meeting:

A partners' meeting shall be composed of all partners in the Limited Partnership. The partners' meeting shall be convened at least once a year and presided over by the executive partner. At the partners' meeting, the partners shall exercise their voting rights in accordance with the proportion of their paid-up capital contributions. Certain matters shall be discussed at the partners' meeting and shall be approved by the partners with 50% or more of the actual paid-up capital contributed by all partners to the Limited Partnership, including (i) the dissolution or extension of the Limited Partnership; (ii) the removal or replacement of the general partner; (iii) the creation of debts or provision of guarantees to any third parties; (iv) the distribution of profits to the partners on any non-cash basis; and (v) the entering into any transactions by the Limited Partnership with the partners or their related parties.

**Investment into the
Target Companies:**

Upon establishment of the Limited Partnership and the transfer of 99% equity interest in the Target Companies to the Limited Partnership by Hunan Green Energy as part of the capital commitments, the Limited Partnership shall make the following further investment in the Target Companies:

LETTER FROM THE BOARD

- (1) The Limited Partnership shall make an additional capital contribution of RMB360 million in Xinjiang Xingye to subscribe for an increased registered capital of RMB273.44 million in Xinjiang Xingye. The increased registered capital of RMB273.44 million in connection with the capital contribution of RMB360 million was calculated with reference to the total value of 100% equity interest of Xinjiang Xingye at RMB577 million (based on the consideration of RMB571.23 million for the transfer of 99% equity interest in Xinjiang Xingye from Hunan Green Energy to the Limited Partnership) and the total registered capital of Xinjiang Xingye at RMB438.27 million before the capital injection. After the capital injection, the registered capital of Xinjiang Xingye will be increased from RMB438.27 million to RMB711.71 million and the Limited Partnership will effectively own 99.38% equity interest in Xinjiang Xingye, which was calculated based on the sum of 99% of the registered capital of Xinjiang Xingye before the capital injection and the increased registered capital of RMB273.44 million under the capital injection. The remaining 0.62% equity interest will be owned by Hunan Green Energy

interest in Xinjiang Xingye owned by the Company (through Hunan Green Energy) after the capital injection was the sum of the equity interest of 0.62% owned directly by Hunan Green Energy and the equity interest of 59.58% owned by Hunan Green Energy through the Limited Partnership as calculated based on the percentage of the capital commitments made by Hunan Green Energy to the Limited Partnership (59.95%) to the total commitments by the partners.

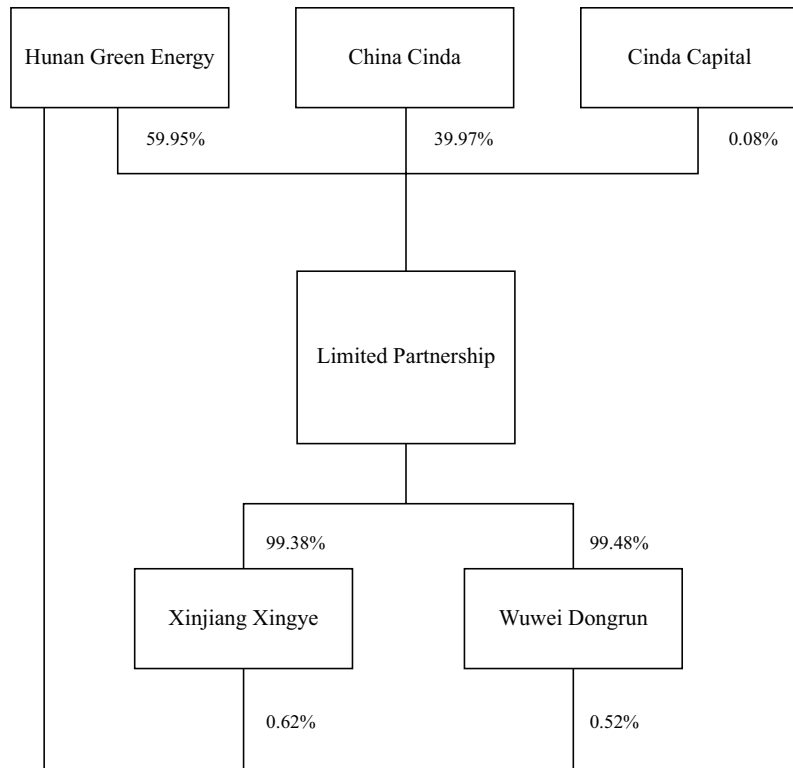
- (2) The Limited Partnership shall make an additional capital contribution of RMB140 million in Wuwei Dongrun to subscribe for an increased registered capital of RMB4.70 million in Wuwei Dongrun. The increased registered capital of RMB4.70 million in connection with the capital contribution of RMB140 million was calculated with reference to the total value of 100% equity interest of Wuwei Dongrun at RMB149 million (based on the consideration of RMB147.51 million for the transfer of 99% equity interest in Wuwei Dongrun from Hunan Green Energy to the Limited Partnership) and the total registered capital of Wuwei Dongrun at RMB5 million before the capital injection. After the capital injection, the registered capital of Wuwei Dongrun will be increased from RMB5 million to RMB9.70 million and the Limited Partnership

LETTER FROM THE BOARD

will effectively own 99.48% equity interest in Wuwei Dongrun, which was calculated based on the sum of 99% of the registered capital of Wuwei Dongrun before the capital injection and the increased registered capital of RMB4.70 million under the capital injection. The remaining 0.52% equity interest will be owned by Hunan Green Energy and the

Energy) in Wuwei Dongrun will be 60.16%. The effective interest in Wuwei Dongrun owned by the Company (through Hunan Green Energy) after the capital injection was the sum of the equity interest of 0.52% owned directly by Hunan Green Energy and the equity interest of 59.64% owned by Hunan Green Energy through the Limited Partnership as calculated based on the percentage of the capital commitments made by Hunan Green Energy to the Limited Partnership (59.95%) to the total commitments by the partners.

The following diagram sets forth a structure chart of the Limited Partnership and the Target Companies immediately after completion of the above further investment:



LETTER FROM THE BOARD

The respective amount of investment and corresponding ownership percentage of the partners in the Limited Partnership and the Target Companies after completion of the above further investment are set forth in the below table:

Type of partners	Hunan Green Energy Limited partner	China Cinda Limited partner	Cinda Capital General partner
Capital commitments in the Limited Partnership	RMB750 million	RMB500 million	RMB1 million
Percentage of capital commitments in the Limited Partnership	59.95%	39.97%	0.08%
Equity interest in Xinjiang Xingye	60.2% (59.58% through the Limited Partnership and 0.62% owned directly)	39.72%	0.08%
Equity interest in Wuwei Dongrun	60.16% (59.64% through the Limited Partnership and 0.52% owned directly)	39.76%	0.08%

The Limited Partnership will establish an investment decision committee to decide and direct the Limited Partnership to exercise any shareholder's rights of the Limited Partnership as a shareholder of the Target Companies.

The investment decision committee will consist of five members, of which one member will be appointed by Cinda Capital, one member will be appointed by China Cinda and three members will

to exercising any shareholder's rights in the Target Companies shall be approved by more than 50% of votes from the members of the committee.

LETTER FROM THE BOARD

A total of RMB500 million will be utilised by the Limited Partnership for the above further capital contribution into the Target Companies. The remaining RMB32.26 million out of the total cash portion of the capital contribution of RMB532.26 million by the partners to the Limited Partnership will be utilised by 2024 subject to the direction of the investment decision committee.

The Limited Partnership has the shareholder's right to appoint any directors in the Target Companies, and the directors of the Target Companies shall be responsible for the general operation of the photovoltaic power generation business of the Target Companies.

No other investment except the above or except being further approved by the investment decision committee shall be made by the Limited Partnership. The executive partner of the Limited Partnership will conduct valuation of the equity interest held by the Limited Partnership in the Target Companies every half year.

**Distribution of investment
proceeds and loss
sharing:**

The profit of the Limited Partnership will be distributed or shared among all partners according to the proportion of their paid-up capital contributions to the Limited Partnership.

In the event that the Limited Partnership incurs losses, the losses shall be borne with the assets of the Limited Partnership and shared among all partners according to the proportion of their paid-up capital contributions to the Limited Partnership. Any liability incurred by the

Partnership, and any outstanding liability shall be borne by the limited partners with an amount up to their total capital contributions and by the general partner with unlimited liability.

**Withdrawal of interest
in the Limited
Partnership:**

Under the Partnership Agreement, a partner may withdraw its interests from the Limited Partnership in accordance with the Partnership Business Law of the PRC, where a partner may withdraw its interest (i) with the unanimous consent of all partners; (ii) when there is an occurrence of any event that triggers the partner difficult to continue to participate in the Limited Partnership; or (iii) when the other partners have seriously violated the obligations stipulated in the Partnership Agreement.

LETTER FROM THE BOARD

A partner may withdraw its interests from the Limited Partnership

Such partner shall notify the other partners 30 days in advance. If a partner withdraws from the Limited Partnership, the executive partner shall fix the settlement with the withdrawing partner based on the available funds in the Limited Partnership. The withdrawing partner shall be returned with an amount of the assets of the Limited Partnership based on the percentage of its capital commitment after deducting the expenses and losses of the Limited Partnership which should be borne by the withdrawing partner and any other compensation to the other partners and the Limited Partnership.

INFORMATION ON THE PARTIES

The Company and the Group

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

Hunan Green Energy

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

Cinda Capital

Cinda Capital is a company established under the laws of the PRC with limited liability and is principally engaged in the provision of private equity fund management services and consultancy services in the PRC. Cinda Capital is indirectly wholly-owned by China Cinda.

China Cinda

China Cinda is a joint stock company established under the laws of the PRC with limited liability, the H shares and preference shares of which are listed on the main board of the Stock Exchange (stock code: 1359 and 4607) and is principally engaged in distressed asset management, and provides customised financial solutions and differentiated asset management services to its

The ultimate beneficial owner of both Cinda Capital and China Cinda is the Ministry of Finance of the PRC.

LETTER FROM THE BOARD

The Target Companies

The Target Companies principally develop and engage in several photovoltaic power generation projects and own certain photovoltaic assets. The Target Companies are wholly-owned by Hunan Green Energy and are indirect wholly-owned subsidiaries of the Company as at the date of this circular.

Xinjiang Xingye is a limited liability company established in the PRC on 7 September 2012.

months ended 30 June 2022 is set out below:

For the year ended 31 December	For the six months
2020	ended 30 June 2022
<i>RMB'000</i>	<i>RMB'000</i>

The unaudited net asset value of Xinjiang Xingye as at 31 December 2021 was RMB621.4 million.

Wuwei Dongrun is a limited liability company established in the PRC on 18 September 2013. The financial information of Wuwei Dongrun for the two years ended 31 December 2021 is set out below:

For the year ended 31 December	For the six months
2020	ended 30 June 2022
<i>RMB'000</i>	<i>RMB'000</i>

The unaudited net asset value of Wuwei Dongrun as at 31 December 2021 was RMB150.9 million.

LETTER FROM THE BOARD

The transfer of equity interest in the Target Companies from Hunan Green Energy to the Limited Partnership and the further capital injection into the Target Companies by the Limited Partnership constitute deemed disposal of subsidiaries by the Company as the effective interest held by the Company will be reduced from 100% to 60.20% in Xinjiang Xingye and from 100% to 60.16% in Wuwei Dongrun. Subject to final audit, the Group is expected to realise a loss on disposal of approximately RMB6.5 million upon completion of the deemed disposal. Given the

Partnership”, including that the transaction will enable the Target Companies to expand their business in photovoltaic power generation and the Group to benefit from a wealth of attractive investment opportunities from Cinda Capital and China Cinda, the Directors consider that the entering into of the outweigh the loss of approximately RMB6.5 million from the deemed disposal.

REASONS FOR AND BENEFITS OF ESTABLISHING THE LIMITED PARTNERSHIP

The Limited Partnership will be principally engaged in equity investment. As Cinda Capital and China Cinda are companies engaging in the financial sector, the establishment of limited partnerships is the usual and preferred method of Cinda Capital and China Cinda for investment into target companies in different sectors including the construction industry to ensure better management and operation of the target companies, as opposed to a direct capital injection into the target companies. The Board considers that the establishment of the Limited Partnership and the further investment by the Limited Partnership in the Target Companies contemplated under the Partnership Agreement will enable the Target Companies to expand their business in photovoltaic

Cinda Capital and China Cinda in the future and enhance the growth and development of the Group. It is contemplated that the Limited Partnership will be a new source of income for the Group.

In view of the above, the Board considers that the terms of the Partnership Agreement are on normal commercial terms and are fair and reasonable, and that the entering into of the Partnership Agreement and the deemed disposal are in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as calculated under Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the Partnership Agreement (including the establishment of the Limited Partnership and the deemed disposal of subsidiaries by the Company) exceed 25% but less than 75%, the entering into of the Partnership Agreement constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and are therefore subject to reporting, announcement, circular and Shareholders’ approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder or any of its associates has any material interest in the Partnership Agreement. As such, no Shareholder would be required to abstain from voting if a general meeting were convened to approve the entering into of the Partnership Agreement.

LETTER FROM THE BOARD

Pursuant to Rule 14.44 of the Listing Rules, a written shareholder's approval may be accepted

1. CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for the three financial years ended 31 December 2021 were disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sfsyenergy.com):

- the annual report of the Company for the year ended 31 December 2021 published on 28 April 2022 (pages 92 to 264)
<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0428/2022042801519.pdf>
- the annual report of the Company for the year ended 31 December 2020 published on 20 April 2021 (pages 89 to 304)
<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0420/2021042000323.pdf>
- the annual report of the Company for the year ended 31 December 2019 published on 14 May 2020 (pages 83 to 276)
<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0514/2020051400407.pdf>

2. STATEMENT OF INDEBTEDNESS

Borrowings

As at 31 August 2022, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had the following borrowings:

	Secured and guaranteed <i>RMB</i>	Unsecured but guaranteed <i>RMB</i>	Unguaranteed but secured <i>RMB</i>	Unsecured and unguaranteed <i>RMB</i>	Total <i>RMB</i>
Borrowings					
– Bank borrowings	1,297,500,000	782,981,000	291,364,000	6,000,000	2,377,845,000
– Senior notes	–	904,065,000	–	–	904,065,000
– Other borrowings	2,405,899,000	–	96,000,000	–	2,501,899,000
– Related party borrowings	–	–	–	962,587,000	962,587,000

Lease liabilities

As at 31 August 2022, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had RMB26,777,000.

Contingent liabilities

As at 31 August 2022, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had no contingent liabilities.

Save as aforesaid and apart from intra-group liabilities, the Group did not have any debt securities issued and outstanding or agreed to be issued, term loans, loan capital, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal

commitments, which are either guaranteed, unguaranteed, secured and unsecured, guarantees or other material contingent liabilities at the close of business on 31 August 2022.

3. WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that, in absence of Agreement and the present financial resources available to the Group, including funds internally working capital for its requirements for at least 12 months from the date of this circular in the absence of unforeseen circumstances.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is a professional renewable energy solution provider and building contractor. The main businesses of the Group are design, fabrication and installation of curtain wall, green building and solar projects. Solar projects included Building Integrated Photovoltaic System (“BIPV”) system, roof top solar system and ground mounted solar system (collectively “Solar EPC”); the Group is also engaged in the manufacturing and sale of renewable energy goods. The BIPV system involves (i) the integration of photovoltaic technology into the architectural design of buildings and structures and (ii) conversion of solar energy into electricity for use. The system allows the electricity generated from solar panels to be connected to the power grid of a building and the electricity generated from sun power will be consumed simultaneously. No extra electricity storage cost is required. Apart from the above, the Group also provides engineering design services and engages in the sale of curtain wall materials.

The Group recorded revenue of approximately RMB3,306.5 million, RMB5,578.5 million and RMB6,503.4 million for the three years ended 31 December 2019, 2020 and 2021, respectively. Leveraging on the track record and extensive experience in the curtain wall business, the Group will further strengthen and develop its renewable energy business in respect of BIPV systems and renewable energy products. In the long run, the Group will aspire and strive to grow into an enterprise with a focus on the renewable energy business.

5. MATERIAL ADVERSE CHANGE

1. 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

best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and is not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

Interests in the Company

Directors' and chief executive's interests in the Company

As at the Latest Practicable Date, the interests and short positions of the Directors, proposed 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 10 to the Listing Rules as adopted by the Company were as follows:

Name of Director	Company/ Name of associated corporation	Capacity	Type of interest	Number of Shares held	Approximate % of issued share capital of the Company <i>(Note 1)</i>
Mr. Liu Hongwei	Company	<i>(Note 2)</i> Interest of a controlled corporation <i>(Note 3)</i>	Long position	202,038,750	8.01%
		<i>(Note 2)</i>			
		<i>(Note 2)</i>			
		<i>(Note 2)</i>			
		<i>(Note 2)</i>			

Notes:

1. The percentage is calculated on the basis of 2,521,081,780 Shares in issue as at the Latest Practicable Date.
2. 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. As at the Latest Practicable Date, no share under the share award plan has been allocated to the respective directors.
3. These 202,038,750 Shares are held by Strong Eagle Holdings Limited whose share capital is 53% owned by Mr. Liu Hongwei. Mr. Liu Hongwei is deemed to be interested in these Shares under the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, proposed 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

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

the Model Code.

3. Water Development is the beneficial owner of 1,687,008,585 shares of the Company and has a security interest in 180,755,472 shares of the Company. Therefore, Water Development has an aggregate interest in 1,867,764,057 shares of the Company. Water Development is directly wholly owned by Shuifa Energy. Therefore, Shuifa Energy is deemed to be interested in 1,867,764,057 shares of the Company (74.09% of the issued share capital of the Company) under the SFO. Mr. Zheng Qingtao, the chairman of the Board is a director of Shuifa Energy.
4. Shuifa Energy is directly wholly-owned by Shuifa Group. Therefore, Shuifa Group is deemed to be interested in 1,867,764,057 shares of the Company (74.09% of the issued share capital of the Company) under the SFO. The ultimate controlling shareholder of Shuifa Group is the State-owned Assets Supervision and Administration Commission of 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 the Shandong Provincial Council for Social Security Fund (山東省社會保障基金理事會), which is directly under the Shandong Provincial Government.

Save as disclosed above, no other interests required to be recorded in the register kept under section 336 of the SFO have been notified to the Company as at the Latest Practicable Date.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which would not expire or would not be determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

4. OTHER INTERESTS OF THE DIRECTORS

None of the Directors was materially interested in any contract or arrangement which was entered into by any member of the Group and subsisting as at the Latest Practicable Date which was

None of the Directors has or had any interest, direct or indirect, in any asset which have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2021, being the date to

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective close associates had any interest in any business (apart from the Group's business) which competes or is likely to compete, either directly or indirectly, with the business of the Group (as would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them were a controlling shareholder) or

6. MATERIAL CONTRACTS

Save as disclosed below, there were no contracts (not being contracts entered into in the ordinary course of business), which are, or may be, material to the Group, which had been entered into by any member of the Group within two years immediately preceding the issue of this circular up to the Latest Practicable Date:

- (i) the Partnership Agreement;
- (ii) the EPC agreement dated 1 December 2021 entered into between (i) Tongyu Strong Wind Electric Power Co., Ltd.* (通榆強風電力有限公司) as principal; (ii) Shandong Aoxiang Electric Power Construction Design Consultancy Co., Ltd.* (山東奧翔電力工程設計諮詢有限公司), an indirect non wholly-owned subsidiary of Shuifa Energy, and Jilin Chengyuan Electric Power Construction Co., Ltd.* (吉林省城原電力工程有限公司) as contractors in relation to the 100MW wind power station project located in the west of Tongyu County, Baicheng City, Jilin Province, the PRC for a total contract sum of RMB180,002,500;
- (iii) the sale and purchase agreement dated 30 September 2021 between Hunan Green Energy, Shandong Shuifa Clean Energy Technology Co., Ltd.* (山東水發清潔能源科技有限公司) (“**Shandong Shuifa**”), a wholly-owned subsidiary of Shuifa Energy, and Heze Kaifaqu Shuifa Guangyao New Energy Co., Ltd.* (荷澤開發區水發光耀新能源有限公司) (“**Shuifa Guangyao**”) with respect to the acquisition of 100% equity interest in Shuifa Guangyao at a consideration of RMB3.16 million;
- (iv) the sale and purchase agreement dated 30 September 2021 between Hunan Green Energy, Shandong Shuifa and Xintaishi Zhongmu New Energy Technology Co., Ltd.* (新泰市中穆新能源科技有限公司) (“**Xintaishi Zhongmu**”) with respect to the acquisition of 100% equity interest in Xintaishi Zhongmu at a consideration of RMB49.02 million;
- (v) the sale and purchase agreement dated 30 September 2021 between Hunan Green Energy, Shandong Shuifa and Dongying Tianze New Energy Technology Co., Ltd.* (東營天澤新能源科技有限公司) (“**Dongying Tianze**”) with respect to the acquisition of 100% equity interest in Dongying Tianze at a consideration of RMB51.00 million;
- (vi) the acquisition agreement dated 11 January 2021 entered into among Hunan Green Energy and Jiangxi Xinqing Photovoltaic Power Co., Ltd.* (江西鑫慶光伏電力有限公司) in relation to the acquisition of the entirety of the equity interest in the Dunhuang Anjie New Energy Co., Ltd.* (敦煌安潔新能源有限公司) by Hunan Green Energy at a total consideration of RMB147.6 million;

- (vii) the acquisition agreement dated 5 January 2021 and entered into among Zhuhai Singyes Green Construction Technology Co., Ltd.* (珠海興業綠色建築科技有限公司) (“**Zhuhai Singyes**”), an indirect wholly-owned subsidiary of the Company as the purchaser, Zhang Jian (張建) and Zhang Yue (張越) as the vendors and Beijing Guanya Weiye Civil Construction Design Co., Ltd.* (北京冠亞偉業民用建築設計有限公司) (“**Beijing Guanya**”) in relation to the acquisition of an aggregate of 60% equity interest in Beijing Guanya at a total consideration of RMB19.80 million;
- (viii) the capital injection agreement dated 15 December 2020 and entered into among Zhuhai Singyes, Yu Nanhui (余南暉), Li Peng (李鵬), Chen Chen (陳晨) and Jiangxi Yaxing Construction Co., Ltd.* (江西亞興建設有限公司) (“**Jiangxi Yaxing**”);
- (ix) the acquisition agreement dated 15 December 2020 and entered into among the Zhuhai Singyes and Yu Nanhui (余南暉) in relation to the acquisition of 28% equity interest in Jiangxi Yaxing;
- (x) the acquisition agreement dated 15 December 2020 and entered into among the Zhuhai Singyes and Li Peng (李鵬) in relation to the acquisition of 6.2% equity interest in Jiangxi Yaxing;
- (xi) the acquisition agreements dated 15 December 2020 and entered into among the Zhuhai Singyes and Chen Chen (陳晨) in relation to the acquisition of 5.8% equity interest in Jiangxi Yaxing; and
- (xii) the sale and purchase agreement dated 11 September 2020 between Hunan Green Energy, Shandong Shuifa and Zibo Qilu Chemical Industry Zone Thermal Co., Ltd.* (淄博齊魯化學工業區熱力有限公司) (“**Zibo Qilu**”) with respect to the acquisition of 47.5% equity interest in the Zibo Qilu by Hunan Green Energy for an aggregate consideration of RMB190,000,000.

7. LITIGATION

As at the Latest Practicable Date, so far as the Directors are aware, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or arbitration of material importance was pending or threatened against any member of the Group.

8. GENERAL

- (i) The company secretary of the Company is Mr. CHAN Koon Leung Alexander. Mr. Chan
- (ii) The registered office of the Company is located at 4th Floor, North Cedar House, 41 Cedar Avenue, Hamilton HM 12, Bermuda.

- (iii) The principal place of business of the Company is Unit 3108, 31st Floor, China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong.
- (iv) The Cayman Islands principal share registrar and transfer office is Butterfield Fulcrum Group (Bermuda) Limited Rosebank Centre, 11 Bermudiana Road, Pembroke, HM08, Bermuda.
- (v) The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited, whose address is 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (vi) The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

9. DOCUMENTS ON DISPLAY

A copy of the Partnership Agreement will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sfsyenergy.com) for a period of 14 days from the date of this circular.