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CHINA SUNTIEN GREEN ENERGY CORPORATION LIMITED*
新天綠色能源股份有限公司

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 00956)

VOLUNTARY ANNOUNCEMENT
ENTRUSTMENT OF PROJECT ASSET MANAGEMENT

HECIC, the controlling shareholder of the Company, has recently served the Company with a letter of notification, seeking advice from the Company on its intention to engage in or arrange other subsidiaries to invest in and construct the New Wind Energy Storage Projects in accordance with the relevant undertakings under the Non-Competition Agreement. After study by the Board, the Company agreed to let the HECIC Group make upfront investment in such New Wind Energy Storage Projects and the Company will be entrusted to manage the assets of the above New Wind Energy Storage Projects at an entrustment fee of RMB250,000/year.

The Entrusted Management Services constitute a continuous connected transaction of the Company under Chapter 14A of the H Share Listing Rules. As all of the percentage ratios applicable to the Entrusted Management Services are less than 0.1%, the Entrusted Management Services are fully exempt from the shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the H Share Listing Rules. Furthermore, the Company's connected transactions (as defined under the A Share Listing Rules) with HECIC and companies directly or indirectly controlled by HECIC in the past 12 months have amounted to 5% of the absolute value of the Company's audited net assets for the latest audit period. In accordance with the relevant provisions of the A Share Listing Rules and the Articles of Association, the Transaction is subject to the consideration of and approval by the general meeting of the Company. An extraordinary general meeting notice and a circular containing, among other things, details of the Transaction will be dispatched to the Shareholders in due course.

This announcement is made by the Company on a voluntary basis.

THE NEW BUSINESS OPPORTUNITIES

Reference is made to the section headed “Relationship with HECIC – Non-Competition Agreement and Undertakings” in the prospectus of the Company dated 29 September 2010, which discloses the relevant non-competition arrangement between HECIC and the Company.

HECIC, the controlling shareholder of the Company, has recently served the Company with a letter of notification. Upon the application of Zhangjiakou Municipal Energy Bureau and the approval of the Development and Reform Commission of the Hebei Province, HECIC shall be the designated investor for the construction of the 500,000 kW New Wind Energy Storage Projects in Zhangjiakou. HECIC sought confirmation from the Company on its intention to invest in and construct the New Wind Energy Storage Projects in accordance with the relevant undertakings under the Non-Competition Agreement.

Based on the information available to the Company the total investment of the New Wind Energy Storage Projects amounted to approximately RMB3.6 billion, the particulars of which are as follows:

No.	Project	Location	Investment (RMB100 million)
1	Huai’an Longdong 150MW Wind Energy Storage Project	Huai’an, Hebei	10.43
2	Xuanhua Shenjing 150MW Wind Energy Storage Project	Xuanhua, Hebei	10.61
3	Zhuolu Huiyao Phase I 200MW Wind Energy Storage Project	Zhuolu, Hebei	14.96
	Total		<u>36.00</u>

After study by the Board (including the independent non-executive Directors), the wind power business is one of the principal businesses of the Company. In order to effectively avoid industry competition, and to fully utilize the controlling shareholder’s advantages in terms of funding and resources as well, to control the investment risks of the Company, and to maximize the protection of the interests of the Company and all Shareholders, the Company agreed to let the HECIC Group make the upfront investment in such New Wind Energy Storage Projects. At the same time, the Company will manage the equity interest, operation and management and project assets of the Entrusted Companies by means of entrusted management of project assets. These arrangements have been made in compliance with the provisions of the Guiding Opinions and after due consultation between the Company and HECIC.

The specific considerations of the Company in making the aforesaid decisions are set out below:

(1) The upfront investment by the HECIC Group is in compliance with the requirements of the competent energy authorities and conducive to the progress of the project

The New Wind Energy Storage Projects were applied by the Zhangjiakou Municipal Energy Bureau and approved by the Development and Reform Commission of the Hebei Province, with HECIC as the designated investor for the construction. According to the relevant policies and regulations, the equity interest in the New Wind Energy Storage Projects cannot be transferred or changed prior to the completion of the construction. Therefore, it is in compliance with the relevant policies and requirements of the competent energy authorities for HECIC Group to make the upfront investment in the New Wind Energy Storage Projects and conducive to the expeditious progress of the approval and construction of the project and avoids the risks brought by the delay of the projects progress to meet the requirements to the development of the New Wind Energy Storage Projects and the Company's subsequent projects.

(2) There are more constraints and uncertainties in relation to the New Wind Energy Storage Projects

Part of the land for the New Wind Energy Storage Projects is basically grassland, and there is uncertainty as to when it will be adjusted to be used as land for construction. There is an uncertainty as to the procedure of approval, which may cause the construction period of the project longer than expected. The New Wind Energy Storage Projects are located in the area below the dam of Zhangjiakou, where the wind speed is relatively poor compared to the area above the dam of Zhangjiakou. The substation of the power grid company to which they intend to connect is in the process of applying for land formalities and there is no clear timeframe for the commencement of construction. There is a risk that when these construction of the projects have been completed, the access substation has not yet been put into operation. It will directly affect these projects' connection to the grid, exposing to potential risk of access. The increasing proportion of new energy installed capacity in northern Hebei has exceeded the stable carrying capacity of the power grid in northern Hebei. When there is no significant improvement in the power grid, the risk of wind power abandonment and limitation of power generation may occur, which will reduce the return on investment.

(3) The upfront investment by the HECIC Group is favorable for the Company to control investment risks and reduce funding pressure

The total installed capacity of the New Wind Energy Storage Projects is 500,000 kW, with a total investment of approximately RMB3.6 billion, accounting for more than 17% of the Company's audited net assets in the latest period. There are still uncertainties in respect of the construction costs of the New Wind Energy Storage Projects and the revenue after its commissioning. Accordingly, the HECIC Group's upfront investment in the New Business Opportunities is conducive to the Company's control of investment risks and the reduction of capital pressure.

(4) The upfront investment by the HECIC Group is in compliance with the regulatory rules and the Non-Competition Agreement

According to the relevant provisions of the Guiding Opinions, “eligible state-owned shareholders may, on the basis of full consultation with the listed companies under their control, make use of their own advantages in brand name, resources and finance to cultivate on behalf of the listed companies, in accordance with the market principle, businesses or assets that meet the needs of the listed companies in terms of business development but are not suitable for implementation by the listed companies for the time being. Any agreement on business cultivation between a listed company and a state-owned shareholder shall be authorized by the general meeting of the listed company. The listed company shall have the right of first refusal under the same conditions when the state-owned shareholders transfer the business that has matured from cultivation to purchase.”

Pursuant to the relevant undertakings of HECIC under the Non-Competition Agreement, in the event that HECIC discovers any new business opportunities which constitute or are likely to constitute industry competition with the Company and its holding companies, HECIC will immediately notify the Company in writing, and use its best endeavors to procure that such business opportunity will be offered in the first instance to the Company on reasonable and fair terms and conditions. In the event that the Company does not take up the aforesaid new business opportunities and HECIC engages in the aforesaid business which constitutes a competing business, the Company shall have the right at any time to purchase from HECIC, on a one-off basis or on multiple occasions, any equity, assets and other interests in the aforesaid competing business; or the Company shall, at its option in a manner permitted by the laws and regulations of the PRC, including but not limited to, entrusting the operation of, leasing to, or contracting to operate the assets or business of HECIC in the aforesaid competing business.

Therefore, it is in the interests of the Company and all Shareholders as a whole for the Company to manage the Entrusted Companies and project assets as contracted under the Entrustment Agreement, and upon completion of the construction of the New Wind Energy Storage Projects, the Company will enjoy the right to purchase the equity interests in the project companies in priority, and will be able to enjoy the fruits of the merger of the upfront investments made by the HECIC Group.

ENTRUSTED MANAGEMENT SERVICES

In order to avoid competing with HECIC, the Company will enter into the Entrustment Agreement with HECIC in near future under which the Company will be entrusted with the management of the shareholdings in the Entrusted Companies as well as the operations and management of the assets and operations of the New Wind Energy Storage Projects.

The principal terms of the Entrustment Agreement are as follows:

- Parties : Delegator: HECIC
Delegatee: The Company
- Taking effect : The Entrustment Agreement shall be concluded upon the signature and affixing of the official seal by the legal representative or authorised representatives of both parties, and shall become effective upon the entrustment of assets management being approved at the extraordinary general meeting of the Company.
- Subject of equity entrusted management : 100% equity interests of wholly-owned subsidiaries of HECIC for holding the New Business Opportunities.
- Scope of the Entrusted Management Services : During the entrustment period, HECIC shall entrust 100% of the equity interests in the Entrusted Companies to the Company for entrustment, and the Company shall manage the Entrusted Companies as the Group's third-tier companies. The Company shall have all rights over the entrusted equity interests during the entrustment period except for the rights to income and disposal.

In addition to the Company's entrusted management of the equity interest, the Company will be entrusted with the centralised management of the Entrusted Companies in respect of their daily operations and management, including the management of business plans and financial budgets, management of production operations, preliminary project planning management and engineering management, financial and auditing management, information management and others.

- Entrustment fee : The Company will charge an entrustment fee of RMB250,000/year for the services under the Entrustment Agreement.

The entrustment fee shall be determined by both parties in accordance with the principles of voluntariness, negotiation and fairness, taking into account the fees charged for similar entrustments in the market as well as the resources to be invested by the Company in the management of the Entrusted Companies.

REASONS FOR AND BENEFITS OF THE TRANSACTION

As disclosed above, the Company's consent to let the HECIC Group make upfront investment in the New Business Opportunities was a decision made by the Company based on the actual operating conditions and from the perspective of the overall development planning. The provision of the Entrusted Management Services by the Company to the Entrusted Companies is necessary and reasonable to avoid the risk of industry competition with the Company as a result of the HECIC Group's upfront investment in the New Business Opportunities. The Transaction does not involve any transfer of asset ownership, change in management, resettlement of staff, land lease, etc. The Company will only provide the Entrusted Management Services and receive the entrustment fee, which will not result in any change in the scope of the Company's consolidated financial statements and will not have any material impact on the Company's production and operation. The price of the Transaction was determined by both parties after negotiations, and the Company has taken into account the costs incurred for the performance of the entrusted management as stipulated in the Entrustment Agreement as a whole.

In addition, pursuant to the Non-Competition Agreement, the Company will issue a written notice to HECIC that in order to better protect the interests of the Company and its shareholders, while agreeing at this stage to let the HECIC Group make upfront investment in the New Business Opportunities, the Company reserves the right of first refusal under the Non-Competition to exercise the option to make purchase on a one-off basis or on multiple occasions of the aforementioned new business from the HECIC Group at any time in the manner and procedures in compliance with the requirements of the law, as permitted by the applicable laws. The Company may exercise the option to acquire the aforesaid New Business Opportunities from HECIC at any time in a manner and in accordance with the procedures in compliance with the requirements of the law, In the future, if the Company exercises the option in respect of the aforementioned New Business Opportunities, it will resolve the aforesaid potential problem of industry competition.

Based on the above, the Directors (including the independent non-executive Directors) are of the view that although the Transaction was not entered into in the ordinary and usual course of business of the Group, it was conducted on normal commercial terms and the terms of the Entrustment Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

IMPLICATION UNDER THE H SHARE LISTING RULES

HECIC is a controlling shareholder holding 49.17% equity interests in the Company and therefore a connected person of the Company. The Entrusted Management Services constitute a continuous connected transaction of the Company under Chapter 14A of the H Share Listing Rules. As all of the percentage ratios applicable to the Entrusted Management Services are less than 0.1%, the Entrusted Management Services are fully exempt from the shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the H Share Listing Rules.

As Dr. Cao Xin, Dr. Li Lian Ping, Mr. Qin Gang and Mr. Wang Tao hold positions in the HECIC Group or its subsidiaries, they have abstained from voting on the Board resolution approving the Transactions as required under the Articles of Association. Save as disclosed above, none of the Directors has been or is deemed to have material interests in the Transaction and hence no other Director is required to abstain from voting on the relevant Board resolution.

Furthermore, the Company's connected transactions (as defined under the A Share Listing Rules) with HECIC and companies directly or indirectly controlled by HECIC in the past 12 months have amounted to 5% of the absolute value of the Company's audited net assets for the latest audit period. In accordance with the relevant provisions of the A Share Listing Rules, the Transaction is subject to the consideration of and approval by the general meeting of the Company. An extraordinary general meeting notice and a circular containing, among other things, details of the Transaction will be dispatched to the Shareholders in due course.

GENERAL INFORMATION

The Company

The Company is one of the leading clean energy companies in northern China. Its scope of business includes: (i) investment in exploration and utilization projects of natural gas, LNG, compressed natural gas, coalbed methane and coal-based natural gas; (ii) investment in the development of new energy projects such as wind power and solar power; and (iii) development of new energy technology and technical services.

HECIC

HECIC is a wholly state-owned enterprise established under the approval of the People's Government of Hebei Province and is under the direct supervision of the State-owned Assets Supervision and Administration Commission of the People's Government of Hebei Province. It is primarily engaged in the investment and construction of energy, transportation, water business, commercial real estates and other infrastructure industries, infrastructures and pillar industries of Hebei Province.

DEFINITIONS

“A Share Listing Rules”	the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange
“Articles of Association”	the articles of association of the Company
“Board”	the board of directors of the Company
“Company”	China Suntien Green Energy Corporation Limited (新天綠色能源股份有限公司), a joint stock company incorporated in the PRC with limited liability on 9 February 2010, the H shares and A shares of which are listed on the Main Board of the Hong Kong Stock Exchange and the Main Board of the Shanghai Stock Exchange, respectively

“connected person(s)”	has the same meaning ascribed to it under the H Share Listing Rules
“controlling shareholder”	has the same meaning ascribed to it under the H Share Listing Rules
“Director(s)”	the director(s) of the Company
“Entrusted Management Services”	the equity interests and daily business operations of the Entrusted Companies and the assets of the New Wind Energy Storage Projects to be contractually managed by the Company under the Entrustment Agreement
“Entrusted Companies”	the wholly-owned subsidiaries of HECIC for holding the New Business Opportunities
“Entrustment Contract”	The Equity and Operating Management Entrustment Services Agreement to be entered into by the Company and HECIC
“Group”	the Company and its subsidiaries
“Guiding Opinions”	the “Guiding Opinions on Promoting the Resolution of Industry Competition and Regulating Connected Transactions between State-Owned Shareholders and Listed Companies Controlled” (關於推動國有股東與所控股上市公司解決同業競爭規範關聯交易的指導意見) (Guo Zi Fa Chan Quan [2013] No. 202) jointly formulated by the State-owned Assets Supervision and Administration Commission of the State Council and the China Securities Regulatory Commission
“HECIC”	Hebei Construction & Investment Group Co., Ltd. (河北建設投資集團有限責任公司), a wholly state-owned enterprise incorporated in the PRC, and the controlling shareholder of the Company
“HECIC Group”	HECIC and its subsidiaries (other than the Group)
“H Share Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“New Business Opportunities”	business opportunities to invest and operate the New Wind Energy Storage Projects
“New Wind Energy Storage Projects”	the proposed constructed and investment projects, including Huai’an Longdong 150MW Wind Energy Storage Project, the Xuanhua Shenjing 150MW Wind Energy Storage Project and the Zhuolu Huiyao Phase I 200MW Wind Energy Storage Project located at Huai’an County, Xuanhua District, and Zhuolu County of Zhangjiakou, respectively
“Non-Competition Agreement”	the Non-Competition Agreement entered into between the Company and HECIC dated 19 September 2010, the details of which are disclosed under the section headed “Relationship with HECIC – Non-Competition Agreement and Undertakings” in the prospectus of the Company dated 29 September 2010

“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“subsidiary(ies)”	has the same meaning ascribed to it under the H Share Listing Rules
“Transaction”	the transaction of investment in the New Business Opportunity by the HECIC Group as agreed by the Company and entrustment of asset management of the New Wind Energy Storage Projects

By order of the Board of
China Suntien Green Energy Corporation Limited
Mei Chun Xiao
Executive Director and President

Shijiazhuang City, Hebei Province, the PRC, 20 October 2023

As at the date of this announcement, the non-executive Directors of the Company are Dr. Cao Xin, Dr. Li Lian Ping, Mr. Qin Gang and Mr. Wang Tao; the executive Directors of the Company are Mr. Mei Chun Xiao and Mr. Wang Hong Jun; and the independent non-executive Directors of the Company are Mr. Guo Ying Jun, Mr. Wan Yim Keung, Daniel and Dr. Lin Tao.

* *For identification purpose only*