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 registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Suntien Green Energy Corporation Limited*, you should at once hand this circular and the relevant proxy forms and reply slips to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular is for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.

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)

CONTINUING CONNECTED TRANSACTION AND MAJOR TRANSACTION UNDER THE ASSET FINANCING SERVICES FRAMEWORK AGREEMENT

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

Gram Capital Limited
嘉林資本有限公司

A letter from the Board is set out on pages 5 to 19 of this circular. A letter from the Independent Board Committee containing its recommendations to the Independent Shareholders is set out on pages 20 to 21 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 22 to 38 of this circular.

The Company will convene the first extraordinary general meeting in 2018 at 9:00 a.m. on Wednesday, 25 April 2018 at the Conference Room, 5th Floor, Ambassador Hotel, Shijiazhuang City, Hebei Province, the PRC. Notices of the EGM was despatched to the Shareholders on 7 March 2018.

If you intend to appoint a proxy to attend the EGM, you are required to complete and return the accompanying proxy form in accordance with the instructions printed thereon. For H Shareholders, the proxy form should be returned to Computershare Hong Kong Investor Services Limited and for Domestic Shareholders, the proxy form should be returned to the Company's registered office and headquarters in the PRC in person or by post but in any event not less than 24 hours before the time fixed for holding the EGM (i.e. 9:00 a.m., on Tuesday, 24 April 2018) or any adjourned meeting thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or at any other adjourned meeting should you so wish.

If you intend to attend the EGM in person or by proxy, you are required to complete and return the reply slip to Computershare Hong Kong Investor Services Limited (for H Shareholders) or to the Company's registered office and headquarters in the PRC (for Domestic Shareholders) on or before Wednesday, 4 April 2018.

* *For identification purpose only*

4 April 2018

CONTENTS

In this circular, the following terms shall have the following meaning unless the context otherwise requires:

"Asset Financing Services"	means Finance Leasing Service, Factoring Service and Other Services
"Asset Financing Services Framework Agreement"	means the Asset Financing Services Framework Agreement entered into between the Company and Huihai Leasing on 28 February 2018
"associate(s)"	has the meaning ascribed to it in the Listing Rules
"Board"	means the board of Directors
"CBRC"	means the China Banking Regulatory Commission（中國銀行業監督管理委員會）
"Company"	means 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, whose H Shares are listed on the Main Board of the Stock Exchange
"connected person(s)"	has the meaning ascribed to it in the Listing Rules
"controlling shareholder"	has the meaning ascribed to it in the Listing Rules
"Director(s)"	means the director(s) of the Company
"Domestic Share(s)"	means domestic share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each
"Domestic Shareholder(s)"	means the registered holder(s) of the Domestic Share(s)
"EGM"	means the first extraordinary general meeting of the Company in 2018 to be convened at the Conference Room, 5th Floor, Ambassador Hotel, Shijiazhuang City, Hebei Province, the PRC at 9:00 a.m., on Wednesday, 25 April 2018 in relation to matter mentioned in this circular
"Existing Finance Leasing Transactions"	means the four finance leasing transactions entered into by the Group with Huihai Leasing in 2016 and 2017 financial years. For details, please refer to the announcement of the Company dated 14 July 2017

"Factoring Service"	means the factoring service provided by Huihai Leasing to the Group under the Asset Financing Services Framework Agreement, including recourse factoring and non-recourse factoring
"Finance Leasing Service"	means the finance leasing service provided by Huihai Leasing to the Group under the Asset Financing Services Framework Agreement, including direct lease and sale-and-leaseback
"Gram Capital" or "Independent Financial Adviser"	Gram Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, which is appointed as the independent financial advisor to advise the Independent Board Committee and Independent Shareholders in relation to the Finance Leasing Service (and the term of individual finance lease agreement(s)) and the Factoring Service
"Group"	means the Company and its subsidiaries
"HECIC"	means 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 one of the promoters and the controlling shareholder of the Company, which is primarily engaged in the investment in and development of projects in the foundation industries, infrastructures and pillar industries of Hebei Province, including energy, transportation, water supply and commercial real estate
"HKD" or "HK$"	means Hong Kong dollar, the lawful currency of Hong Kong
"Hong Kong"	means the Hong Kong Special Administrative Region of the PRC
"H Share(s)"	means the overseas listed foreign share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which is traded in Hong Kong dollars and listed on the Stock Exchange
"H Shareholder(s)"	means the registered holder(s) of the H Share(s)

"Huihai Leasing"	means Huihai Financial Leasing Co., Ltd.*（匯海融資租賃股份有限公司）(formerly known as Shenzhen Suntien Huihai Financial Leasing Co., Ltd.*（深圳新天匯海融資租賃有限公司）), a limited liability company established in Shenzhen, the PRC, and a connected person of the Company
"Independent Board Committee"	means an independent board committee of the Company, comprising all of the independent non-executive Directors, namely Mr. Qin Hai Yan, Mr. Ding Jun, Mr. Wang Xiang Jun and Mr. Yue Man Yiu Matthew, which is formed to advise the Independent Shareholders in respect of the Finance Leasing Service and the Factoring Service
"Independent Shareholders"	means the Shareholders other than HECIC and its associates
"JEI"	means Jointo Energy Investment Co., Ltd.*（河北建投能源投資股份有限公司）(formerly known as Shijiazhuang International Building (Group) Co., Ltd.*（石家莊國際大廈(集團)股份有限公司）), a company listed on the Shenzhen Stock Exchange (stock code: 000600), which is controlled by HECIC and a connected person of the Company
"Latest Practicable Date"	means 27 March 2018, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information in this circular
"Listing Rules"	means the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Maotian Capital"	means Maotian Capital Company Limited*（茂天資本有限責任公司）, a company established in Shijiazhuang, the PRC with limited liability, and a connected person of the Company
"Other Services"	means other services provided by Huihai Leasing to the Group under the Asset Financing Services Framework Agreement, in respect of which Huihai Leasing has obtained regulatory license for operation, including but not limited to (i) maintenance of leased assets and (ii) provision of consulting service and guarantees for leasing transactions, etc.

"PBOC"	means the People's Bank of China（中國人民銀行）, the central bank of the PRC
"PRC"	means the People's Republic of China, which for the purpose of this circular only, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
"RMB"	means Renminbi, the lawful currency of the PRC
"SFO"	means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shares"	means the Domestic Share(s) and the H Share(s)
"Shareholder(s)"	means the registered holder(s) of the Share(s)
"Shenzhen Financial Services Office"	means the Financial Development Service Office, the People's Government of Shenzhen Municipality（深圳市人民政府金融發展服務辦公室）
"Stock Exchange"	means The Stock Exchange of Hong Kong Limited
"subsidiaries"	has the meaning ascribed to it in the Listing Rules
"Suntien HK"	means Suntien Green Energy (Hong Kong) Corporation Limited*（新天綠色能源(香港)有限公司）, a company incorporated in Hong Kong with limited liability, and a subsidiary of the Company
"Suntien Shenzhen"	means Shenzhen Suntien Green Energy Investment Company Limited*（深圳新天綠色能源投資有限公司）, a company established in Shenzhen, the PRC with limited liability, and a subsidiary of the Company
"Supervisor(s)"	means the supervisor(s) of the Company
"Yanshan International"	means Yanshan International Investment Company Limited（燕山國際投資有限公司）, a company incorporated in Hong Kong with limited liability and a connected person of the Company

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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)

Board of Directors:

Non-executive Directors:
Dr. Cao Xin *(Chairman)*
Dr. Li Lian Ping
Mr. Qin Gang
Ms. Sun Min
Mr. Wu Huijiang

Executive Directors:
Mr. Mei Chun Xiao *(President)*
Mr. Wang Hong Jun

Independent Non-executive Directors:
Mr. Qin Hai Yan
Mr. Ding Jun
Mr. Wang Xiang Jun
Mr. Yue Man Yiu Matthew

Registered Office and Headquarters:
9th Floor, Block A, Yuyuan Plaza
No. 9 Yuhua West Road
Shijiazhuang City
Hebei Province
the PRC

Principal place of business in Hong Kong:
Suite 2103, 21st Floor, Prudential Tower
The Gateway, Harbour City
Kowloon
Hong Kong

4 April 2018

To the Shareholders:

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTION AND MAJOR TRANSACTION UNDER THE ASSET FINANCING SERVICES FRAMEWORK AGREEMENT

1. INTRODUCTION

Reference is made to the announcement of the Company dated 28 February 2018 in relation to the Asset Financing Services Framework Agreement and the transactions contemplated thereunder. The Asset Financing Services under the Asset Financing Services

* *For identification purpose only*

Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. The Finance Leasing Service also constitutes a major transaction of the Company under Chapter 14 of the Listing Rules.

The purpose of this circular is to provide you with:

(i) further information on the details of the Asset Financing Services Framework Agreement and the transactions contemplated thereunder;

(ii) the letter from the Independent Board Committee to the Independent Shareholders;

(iii) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and

(iv) other information as required under the Listing Rules.

2. THE CONTINUING CONNECTED TRANSACTION AND MAJOR TRANSACTION UNDER THE ASSET FINANCING SERVICES FRAMEWORK AGREEMENT

On 28 February 2018, the Company entered into the Asset Financing Services Framework Agreement with Huihai Leasing, pursuant to which the Group will, on a voluntary and non-compulsory basis, utilize the Asset Financing Services provided by Huihai Leasing, including the Finance Leasing Service, Factoring Service and Other Services.

2.1 Asset Financing Services Framework Agreement

Signing Date

28 February 2018

Parties

The Company and Huihai Leasing

Scope of the Asset Financing Services

Huihai Leasing will provide the Asset Financing Services to the Group, including:

(i) Finance Leasing Service, including direct lease and sale-and-leaseback.

Under the direct lease arrangement, the Group will select necessary equipment from the market and Huihai Leasing pay directly to the vendor(s) and obtain the ownership of such equipment. Huihai Leasing will then lease the equipment to the Group and the Group will pay rents to Huihai Leasing. Upon expiry of the lease period, the Group will purchase the equipment at a nominal price after it has paid all rents to Huihai Leasing in accordance with the finance lease agreement.

Under the sale-and-leaseback arrangement, the Group will sell its self-owned equipment to Huihai Leasing and obtain financing. The Group will then lease back such equipment and pay rents to Huihai Leasing. Upon expiry of the lease period, the Group will repurchase the equipment from Huihai Leasing at a nominal price after it has paid all rents to Huihai Leasing in accordance with the finance lease agreement.

(ii) Factoring Service, including recourse factoring and non-recourse factoring.

Under the recourse factoring arrangement, Huihai Leasing will first pay the accounts receivable of the Group by way of factoring facility fund to the Group. After the agreed repayment date, the Group will repay to Huihai Leasing the aggregate amount of factoring facility fund and any interest accrued thereon according to the factoring agreement. If the Group fails to repay to Huihai Leasing the factoring facility fund when due, Huihai Leasing will recover the same from the Group.

Under the non-recourse factoring arrangement, Huihai Leasing will first pay the accounts receivable of the Group by way of factoring facility fund to the Group. After the agreed repayment date, the Group will repay to Huihai Leasing the aggregate amount of factoring facility fund and any interest accrued thereon according to the factoring agreement. If the Group fails to repay to Huihai Leasing the factoring facility fund when due, Huihai Leasing will not recover the same from the Group. Instead, it will seek recovery from the debtor who should pay for such account receivable of the Group.

(iii) Other Services, including (i) the maintenance of leased assets and (ii) provision of consulting service and guarantees for leasing transactions. The Group will decide whether to use any of the Other Services on a voluntary basis, and will enter into separate written agreement(s) with Huihai Leasing if any of the Other Services is chosen. The Company expects that the aggregate transaction amount will be minimal, and all the applicable percentage ratios under Chapter 14A of Listing Rules will be less than 0.1%.

Principles of Services

(i) Huihai Leasing has undertaken to the Company that, whenever it provides the Asset Financing Services to the Group, the terms thereof shall not be less favorable than those offered by Huihai Leasing to other members of HECIC, or less favorable than those offered by other finance leasing companies to the Group for comparable services.

(ii) The Group will utilize the Asset Financing Services provided by Huihai Leasing on a voluntary and non-compulsory basis and is not obliged to engage Huihai Leasing for any particular service.

(iii) Huihai Leasing may, from time to time, enter into separate individual asset financing service agreements with the Group for the provision of specific Asset Financing Services, provided that the principles agreed in the Asset Financing Services Framework Agreement shall be followed.

Pricing Policy

The fees and charges payable by the Group to Huihai Leasing under the Asset Financing Services Framework Agreement are determined on the following basis:

(i) Finance Leasing Service: (1) the rents will be determined by the parties through negotiation by reference to the benchmark interest rate of loans for the same tenure as published by the PBOC; (2) the financing cost, which may include both lease interest and handling fees as a total package, shall not be higher than that paid by the Group for the same or similar services obtained from finance leasing companies, being independent third parties, with respect to a specific finance leasing arrangement.

(ii) Factoring Service: (1) the interest rate will be determined by the parties through negotiation by reference to the benchmark interest rate of loans for the same period as published by the PBOC; (2) the interest shall not be higher than those paid by the Group for the same or similar services obtained from financial institutions, being independent third parties, with respect to a specific factoring service.

(iii) Other Services: fees to be charged (1) shall not be higher than those paid by the Group for the same services provided by financial institutions, being independent third parties; and (2) shall comply with the standard rates promulgated by the PBOC or the CBRC from time to time for comparable services (if applicable).

Term and termination of specific Asset Financing Services Framework Agreement

(i) The Asset Financing Services Framework Agreement will be effective for a term of three years from the date of approval at the EGM.

(ii) For the specific terms (including the type of services, interest rate, service charges, payment terms and time, rights and obligations of the parties, etc.) of each specific finance lease or factoring service under the Asset Financing Services Framework Agreement, the Group will enter into a separate agreement with Huihai Leasing according to normal commercial practice and the principles and terms under the Asset Financing Services Framework Agreement.

The finance lease period will be determined based on various factors, including the useful life of the leased equipment, the financial demand of the Group and the available capital of Huihai Leasing. Such lease periods shall normally not exceed the useful life of the leased equipment.

The factoring period will be determined based on various factors, including the due date for the transferred accounts receivable, the financial demand of the Group and the available capital of Huihai Leasing. Such factoring periods shall normally not exceed the due date for the transferred accounts receivable.

2.2 Historical Amounts and Proposed Annual Caps

2.2.1 Historical Amounts

The Group made a total of four finance leasing transactions with Huihai Leasing during the financial years of 2016 and 2017 (please refer to the Company's announcement dated 14 July 2017 for details of these Existing Finance Leasing Transactions). The Group and Huihai Leasing have not yet commenced any transactions as to the Factoring Service or Other Services.

The historical amounts of the Existing Finance Leasing Transactions are as follows:

Period	**Total contractual amount of principal, lease interest and handling fees payable to Huihai Leasing**[(1)]	**The maximum amount outstanding (including principal, lease interest and handling fees)**[(2)]
	RMB (in million)	*RMB (in million)*
Year ended 31 December 2016	1,120	901
Year ended 31 December 2017	2,156	1,123

Notes:

(1) The Company and Huihai Leasing entered into the Existing Finance Leasing Transactions when Huihai Leasing was a subsidiary of the Company. Therefore, the Existing Finance Leasing Transactions did not constitute connected transactions of the Company at the time of entry and the Company did not set any annual cap for the Existing Finance Leasing Transactions.

The total contractual amount of principal, lease interest and handling fees payable to Huihai Leasing excludes RMB219 million owed by the Group to an independent third party under one Existing Finance Leasing Transaction.

(2) The maximum amount outstanding only takes into account the principal drawn down by the Group and the lease interest and handling fees occurred in the two years ended 31 December 2016 and 2017, and excludes RMB219 million owed by the Group to an independent third party under one Existing Finance Leasing Transaction. Two Existing Finance Leasing Transactions involve direct lease arrangement, under which Huihai Leasing will purchase and lease the wind power generation equipment to the Group at different construction and development stages of the wind farms. As at 31 December 2017, approximately RMB500 million had not been drawn down by the Group.

2.2.2 Proposed Annual Caps and Basis of Determination

The Company estimates that the annual caps of the Finance Leasing Service and the Factoring Service are as follows:

Period	**Finance Leasing Service**[(1)]	**Factoring Service**[(2)]
	RMB (in million)	*RMB (in million)*
Year ended 31 December 2018	2,600	67
Year ended 31 December 2019	2,600	100
Year ended 31 December 2020	2,600	100
Year ended 31 December 2021	2,600	33 (For the period from 1 January 2021 to the expiry date of the Asset Financing Services Framework Agreement (expected to be 25 April 2021) only)
Year ended 31 December 2022	1,800	
Year ended 31 December 2023	1,600	
Year ended 31 December 2024	1,300	
Year ended 31 December 2025	1,000	
Year ended 31 December 2026	800	
Year ended 31 December 2027	500	
Year ended 31 December 2028	300	
Year ended 31 December 2029	100	
Year ended 31 December 2030	30	

Notes:

(1) The annual cap for the Finance Leasing Service is the maximum principal amount outstanding plus lease interest accrued thereon and handling fees for each financial period.

(2) The annual cap for the Factoring Service is the total transaction amount plus the interest accrued thereon for each financial period.

The annual caps for the Finance Leasing Service and the Factoring Service are based on the following assumptions:

(1) the maximum term of a finance lease agreement will be 12 years.

(2) in calculating the annual caps, the Company has taken into account the individual agreements to be entered into during the term of the Asset Financing Services Framework Agreement and has assumed that no additional individual agreement will be entered into after the expiry of the Asset Financing Services Framework Agreement. The Company will consider whether to renew the Asset Financing Framework Services Agreement before its expiry and re-set the annual caps, which will be subject to the compliance with the requirements under Chapter 14A of the Listing Rules.

(3) the interest rate level and fees charged by Huihai Leasing, which may be benchmarked to the interest rates of loans as published by the PBOC, will not fluctuate by more than 5%, as compared with the then prevailing rates on the date of the Asset Financing Services Framework Agreement (namely, 28 February 2018).

(4) the underlying assets of a factoring arrangement mainly comprises the state subsidies enjoyed by wind farms in operation of the Group. Such state subsidies are calculated by the subsidy amount per KWH multiplied by net power delivered to grid of a wind farm. The subsidy amount per KWH is pre-approved by competent government authorities in accordance with the applicable laws in the PRC, and will not be materially changed during the term of the Asset Financing Services Framework Agreement.

The Directors determined the above annual caps based on the following factors:

(1) The annual cap for the Finance Leasing Service is the maximum principal amount outstanding plus lease interest accrued thereon and handling fees for each financial period. In determining the caps, the Company has considered the following factors: (a) the total principal amount under the Existing Finance Leasing Transactions of RMB1,665 million, including RMB1,165 million having been drawn down by the Group in 2016 and 2017, RMB43 million having been drawn down by the Group in March 2018, and RMB457 million to be drawn down by the Group in 2018 and 2019; (b) the investment amount, the time of injecting funds and the financing plan for four new wind farm investment and construction projects of the Group, on top of the four Existing Finance Leasing Transactions. The four new wind farm projects comprise (i) three onshore wind farm projects in Hebei Province with a total installed capacity of approximately 150MW; and (ii) one offshore wind farm project in Hebei Province with an installed

capacity of approximately 300MW. The Company estimates the total investment of these four projects to be approximately RMB6,638 million, and it intends to finance the purchase of wind farm equipment by finance lease. Based on the fund injection and project development timetable of such new projects, the Company expects the total outstanding balance of the finance leases to be approximately RMB850 million, RMB1,380 million, and RMB1,120 million in 2018, 2019 and 2020; (c) the repayment schedule of the Existing Finance Leasing Transactions and the expected repayment schedule of the new finance leasing projects formulated based on the fund injection and project development timetable of such new projects; and (d) interest and handling fees (typically ranging from 1.5% to 5% of the principal amount of a finance lease) of finance leasing.

(2) The annual cap of the Factoring Service is the total transaction amount plus the interest accrued thereon for each financial period. In determining the caps, the Company has considered the demand for factoring services of three wind farms with a total installed capacity of 298.5MW, by reference to the total government subsidies of approximately RMB136 million to be received from the PRC government as at 31 December 2017. As the financing cost of factoring services is usually higher than that of bank loans and other financing methods, the Company wishes to limit the amount of financing sought through the Factoring Service to RMB100 million per annum.

2.3 Reasons for and Benefits of Entering into the Asset Financing Services Framework Agreement

The Company entered into the Asset Financing Services Framework Agreement with Huihai Leasing for the following reasons:

(1) Wind power business is one of the principal businesses of the Group. The wind power industry is an asset-heavy industry. In a wind power project, the total value of wind power generation equipment can account for around 50% of the total investment of the entire project. Therefore, the capital demand of wind power projects is very high, and the expansion of financing channels and selection of cheaper financing means are much needed. The key feature of finance leasing is that it takes the equipment as subject and provides financing for the lessee, which matches the characteristics of the investment structure of wind power projects and renders it a more suitable means of financing. Through finance leases including direct lease and sale-and-leaseback, the Company may utilize wind power generation equipment of its wind power projects for financing, which is qualified for value added tax deduction, so as to obtain funds at a lower cost.

(2) The rates of the Finance Leasing Service and Factoring Service offered by Huihai Leasing to the Group will be the same as or more favorable than (as the case may be) those offered by other financial institutions, being independent third parties, to the Group.

(3) Huihai Leasing was a subsidiary of the Company before July 2017. HECIC has been its controlling shareholder since July 2017, while the Group still owns 30% of its equity interest (please refer to the announcement dated 12 April 2017 and the circular dated 18 May 2017 of the Company for details). Huihai Leasing is familiar with the wind power industry, and understands the operation of the Group. It has successfully made four transactions with the Group since 2016. It is expected that Huihai Leasing can provide quicker and more efficient services to the Group in respect of project assessment and lending approval procedures as compared with other finance leasing institutions.

(4) As a shareholder of Huihai Leasing, the Group is also expected to benefit from the profits arising from the business of Huihai Leasing.

In assessing the financial risks, the Directors have considered the following factors:

(1) Huihai Leasing is governed by the Shenzhen Financial Services Office, and it must comply with the relevant regulatory requirements applicable to finance leasing.

(2) So far as the Company is aware, Huihai Leasing has not breached any credit obligation or materially violated any regulatory rules or operation requirements.

(3) To safeguard the interests of the Shareholders, the Company will adopt the following internal control procedures and corporate governance measures for utilizing the Asset Financing Services provided by Huihai Leasing:

(i) Before entering into any agreement with Huihai Leasing in respect of the Asset Financing Services, the Group will obtain at least two price quotes from independent financial institutions for similar finance lease/factoring with the same tenure or Other Services of the same nature (as the case may be). The finance management department of the Company will compare such quotes against the offer from Huihai Leasing, by reference to the then prevailing benchmark interest rates of loans for the same tenure as published by the PBOC.

When considering Huihai Leasing's offer for a finance lease, the Company will consider the interest rate and handling fee rate as a total package. The finance management department will compare Huihai Leasing's offer with the price quotes provided by independent financial institution and ensure that the Company will accept Huihai Leasing's offer only if such offer is not less favorable than the offers by independent financial institutions.

After the finance management department of the Company concludes that Huihai Leasing's offer complies with the pricing policy under the Asset Financing Services Framework Agreement, it will then seek approval of the chief accountant and the president of the Company as to whether to use the services of Huihai Leasing.

(ii) Under an asset financing service Framework agreement, Huihai Leasing is usually permitted to adjust the interest rate level or charges for the transaction contemplated thereof, when the PBOC adjusts the benchmark interest rates of loans with the same or similar tenure. Huihai Leasing's right to adjustment is also applicable to the Existing Finance Leasing Transactions.

Huihai Leasing shall inform the Company by email to the finance department of the Company of the information relating to the interest rate level and prices offered by Huihai Leasing to HECIC and its subsidiaries for comparable transactions in the same month. The finance management department will verify whether the changes are in line with the adjusted interest rates as published by the PBOC and the pricing terms under such asset financing service Framework agreement. If the finance management department considers such changes not in line with the pricing terms, the Group will negotiate with Huihai Leasing as to the proposed changes, and will continue to pay interest or fees at a rate which is previous agreed by both parties. The interest rate level or charges will only be adjusted when the Group and Huihai Leasing agree on a rate complying with pricing terms under the asset financing service Framework agreement.

Regardless of the possible adjustments in interest rate level or charges payable made by Huihai Leasing, the Company believes that such adjustments will be insignificant, and the Company has already taken this into account when estimating the proposed annual caps.

(iii) Huihai Leasing shall provide the Company with a monthly report containing the Asset Financing Services used by the Group for the previous month on the third day of each month, and the financial statements of Huihai Leasing for the previous month on the tenth day of each month.

(iv) Huihai Leasing is obliged to cooperate with the examination or audit carried out by the Company, including the Company's examination of the safety of the Asset Financing Services of Huihai Leasing, the compliance check or audit by the Company's external auditor in respect of the transactions under the Asset Financing Services Framework Agreement, and the review by the Company's audit department on the appropriateness of the internal control systems of Huihai Leasing.

(v) The finance management department of the Company will monitor the transactions under the Asset Financing Services Framework Agreement, and will calculate and update the actual total transaction amount quarterly. In case of new transaction or adjustment to the pricing terms proposed by Huihai Leasing, it will conduct checking and/or seek for internal approval pursuant to the internal control procedures as mentioned in (i) and (ii) above. In addition, the finance management department will review the aforesaid monthly financial statements and monthly service report immediately after it receives them from Huihai Leasing. It will report to the management and the Board immediately when it identifies any problems. If the Company expects that the aggregate transaction amount may exceed the proposed annual cap(s), or any material change to the terms of the Asset Financing Services Framework Agreement, the Company will re-comply with the announcement and shareholder's approval requirements (if applicable) under Rule 14A.54 of the Listing Rules.

(vi) Huihai Leasing undertakes that it will strictly comply with the standards of risk monitoring indicators issued by the Shenzhen Financial Services Office, and its major monitoring indicators such as gearing ratio, interbank borrowing ratio and liquidity ratio will also comply with the requirements of the Shenzhen Financial Services Office.

2.4 Implication under the Listing Rules

As at the Latest Practicable Date, HECIC is the controlling shareholder of the Company and holds approximately 50.5% equity interest of the Company and, therefore, it is a connected person of the Company. Huihai Leasing is a non-wholly owned subsidiary of HECIC and a connected person of the Company. Accordingly, the provision of the Asset Financing Services by Huihai Leasing to the Company under the Asset Financing Services Framework Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more applicable percentage ratios in respect of the annual caps of the Finance Leasing Service (in aggregate with the Existing Finance Leasing Transactions) and the Factoring Service, in aggregate, exceed 5%, the Finance Leasing Service and the Factoring Service are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Furthermore, as one or more applicable percentage ratios in respect of the annual caps of the Finance Leasing Service (in aggregate with the Existing Finance Leasing Transactions) and the Factoring Service exceed 25% but are less than 100%, the Finance Leasing Service and the Factoring Service constitute a major transaction of the Company, and are subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As all the applicable percentage ratios in respect of the Other Services are lower than 0.1%, the Other Services are exempt from the reporting, announcement, annual review and Independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

The Company has appointed Gram Capital as the Independent Financial Advisor to advise the Independent Board Committee and Independent Shareholders in relation to the Finance Leasing Service and the Factoring Service. In addition, as the term of the individual finance lease agreement(s) under the Asset Financing Services Framework Agreement may exceed three years, Gram Capital is required to explain the reasons for the longer service duration needed of relevant finance lease(s) and give advice on whether the duration needed for the agreement is a normal business practice among the industry pursuant to Rule 14A.52 of the Listing Rules.

2.5 View of the Independent Financial Adviser

The term of the individual finance lease agreement(s) under the Asset Financing Services Framework Agreement is longer than three years, and the maximum term will be 12 years. In assessing the reasons for the term of finance lease agreement(s) under the Asset Financing Services Framework Agreement to be longer than three years, Gram Capital considered the following factors:

(i) the Group is able to convert the capital expenditure in a project's construction stage to its annual cost expenditure. It improves the initial cash flow of a project and reduces the fund stress of the Company so as to reduce the financing cost effectively and provide an effective support for the Group to expand its wind power investment and construction scale in a short time;

(ii) the operation term of the Group's wind power projects are expected to be longer than three years;

(iii) the repayment term of the borrowings of the Group are expected to be longer than three years; and

(iv) the lease period of each specific finance lease service shall be determined with reference to, among other things, (a) the designed useful life of relevant wind power equipment, which, as confirmed by the Directors, would normally be 20 years; and (b) the maximum terms of the Leasing Contracts are 12 years.

In considering whether it is a normal business practice for agreements of similar nature with the Asset Financing Services Framework Agreement to have a term of such duration, Gram Capital identified finance lease agreements entered into by companies listed on the Stock Exchange regarding the provision of finance lease services, with duration of more than three years.

Taking into account of the above, Gram Capital confirms that, the term of the individual finance lease agreement(s) under the Asset Financing Services Framework Agreement being longer than three years is necessary and it is a normal business practice.

2.6 General

Information of 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, coalbed methane and coal-made 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.

Information of Huihai Leasing

Huihai Leasing was established on 27 August 2015 under the laws of the PRC. It is primarily engaged in the businesses of finance leasing, leasing, purchase of leased properties in the PRC and overseas, disposal of residual value and maintenance of leased assets, and consulting service and guarantees of leasing transactions.

As at the Latest Practicable Date, HECIC and its subsidiaries (namely, JEI, Yanshan International and Maotian Capital) hold an aggregate of 70% equity interest in Huihai Leasing; the Company holds an aggregate of 30% equity interest in Huihai Leasing through two wholly-owned subsidiaries, namely, Suntien Shenzhen and Suntien HK.

3. THE EGM

The business to be considered at the EGM is described in the notice of EGM, which was despatched to you on 7 March 2018. Ordinary resolution will be proposed at the EGM to consider and approve the Finance Leasing Service and the Factoring Service under the Asset Financing Services Framework Agreement.

The proxy form and the reply slip of the EGM were despatched to you together with the notice of EGM. If you intend to appoint a proxy to attend the EGM, you are required to complete and return the accompanying proxy form in accordance with the instructions printed thereon. For H Shareholders, the proxy form should be returned to Computershare Hong Kong Investor Services Limited and for Domestic Shareholders, the proxy form should be returned to the Company's registered office and headquarters in the PRC by hand or by post not less than 24 hours before the time fixed for holding the EGM (i.e. 9:00 a.m., on Tuesday, 24 April 2018) or any adjourned meeting thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or at any other adjourned meeting should you so wish.

If you intend to attend the EGM in person or by proxy, you are required to complete and return the accompanying reply slip to Computershare Hong Kong Investor Services Limited (for H Shareholders) or to the Company's registered office and headquarters in the PRC (for Domestic Shareholders) on or before Wednesday, 4 April 2018.

4. VOTING BY POLL

According to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Accordingly, the chairman of the EGM will exercise his power under the articles of association of the Company to demand a poll in relation to all the proposed resolution at the EGM.

In view of HECIC's interests in the Asset Financing Services Framework Agreement, HECIC and its associates are required to abstain and shall abstain from voting on the ordinary resolution to be proposed at the EGM to approve the Finance Leasing Service and the Factoring Service under the Asset Financing Services Framework Agreement.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save as disclosed above, no connected person of the Company, the Shareholder or their respective associates with a material interest in the resolution to be proposed at EGM is required to abstain from voting at the EGM.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, there is (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon any Shareholder; and (ii) no obligation or entitlement of any Shareholder as at the Latest Practicable Date, whereby it has or may have temporarily or permanently passed control over the exercise of the voting right in respect of its Shares to a third party, either generally or on a case-by-case basis. Accordingly, to the best knowledge, information and belief of the Directors, there exists no discrepancy between any Shareholder's beneficial shareholding interest in the Company and the number of Shares in the Company in respect of which such Shareholder will control or will be entitled to exercise control over the voting right at the EGM.

5. RECOMMENDATIONS

On 28 February 2018, the Company convened a Board meeting and passed the resolution unanimously in relation to the transactions under the Asset Financing Services Framework Agreement and the proposed caps of the Finance Leasing Service and the Factoring Service. As Dr. Cao Xin, Dr. Li Lian Ping, Mr. Qin Gang, Ms. Sun Min and Mr. Wu Hui Jiang, being the Directors, hold positions in HECIC, they are deemed to have material interests in the transactions under the Asset Financing Services Framework

Agreement and accordingly have abstained from the voting on the relevant Board resolution. Save as disclosed above, none of the other Directors has or is deemed to have a material interest in the transactions under the Asset Financing Services Framework Agreement.

In addition, the Independent Board Committee comprising all independent non-executive Directors has been established to advise the Independent Shareholders in respect of the Finance Leasing Service and the Factoring Service under the Asset Financing Services Framework Agreement. Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in such respect.

The Directors (excluding the independent non-executive Directors) are of the view that the Asset Financing Services Framework Agreement is entered into in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms of the transactions under the Asset Financing Services Framework Agreement and the proposed caps are fair and reasonable so far as the Independent Shareholders are concerned, and is in the interests of the Company and the Shareholders as a whole. Therefore, the Directors (excluding the independent non-executive Directors) recommend the Independent Shareholders to vote in favor of the resolution to be proposed at the EGM to approve the Finance Leasing Service and the Factoring Service under the Asset Financing Services Framework Agreement.

The Independent Board Committee, having taking into account of the terms of the Asset Financing Services Framework Agreement and the advice of the Independent Financial Adviser, considers that the Finance Leasing Service and the Factoring Service under the Asset Financing Services Framework Agreement are entered into in the ordinary and usual course of business of the Group, on normal commercial terms, which are fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole. Therefore, the Independent Board Committee recommends the Independent Shareholders to vote in favor of the resolution to be proposed at the EGM to approve the Finance Leasing Service and the Factoring Service under the Asset Financing Services Framework Agreement.

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 20 to 21 of this circular containing the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Finance Leasing Service and the Factoring Service under the Asset Financing Services Framework Agreement; and (ii) the letter from the Independent Financial Adviser set out on pages 22 to 38 of this circular containing the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders as well as the principal factors and reasons considered in respect of the Finance Leasing Service and the Factoring Service under the Asset Financing Services Framework Agreement.

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

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)

4 April 2018

To the Independent Shareholders:

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTION AND MAJOR TRANSACTION UNDER THE ASSET FINANCING SERVICES FRAMEWORK AGREEMENT

We refer to the circular dated 4 April 2018 (the "**Circular**") to the Shareholders by the Company, of which this letter forms part. Capitalized terms used in this letter shall have the same meaning as those defined in the Circular unless specified otherwise.

In accordance with the requirements under the Listing Rules, we have been appointed to consider and advise the Independent Shareholders as to whether the Finance Leasing Service and the Factoring Service under the Asset Financing Services Framework Agreement are entered into on normal commercial terms, in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned. For such purpose, Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. Details of, and the reasons for, the Finance Leasing Service and the Factoring Service under the Asset Financing Services Framework Agreement are contained in the letter from the Board set out on pages 5 to 19 in the Circular.

We have also discussed with the management of the Company regarding the terms of the Asset Financing Services Framework Agreement and the basis upon which the proposed annual caps of the services during the term of the Asset Financing Services Framework Agreement are determined.

Having considered (i) the terms of the Asset Financing Services Framework Agreement, (ii) the discussions with the management of the Company about the background to and nature of the Asset Financing Services Framework Agreement, (iii) reasons for the proposed annual caps and the basis upon which the proposed annual caps have been determined and (iv) the advice of the Independent Financial Adviser to us and the Independent Shareholders, we consider that the Finance Leasing Service and the Factoring Service under the Asset

* *For identification purpose only*

Financing Services Framework Agreement are entered into in the ordinary and usual course of business of the Group, on normal commercial terms, which are in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned.

We therefore recommend the Independent Shareholders to vote in favor of the ordinary resolution to be proposed at the EGM to approve the Finance Leasing Service and the Factoring Service under the Asset Financing Services Framework Agreement and the respective proposed annual caps thereof during the term of the Asset Financing Services Framework Agreement.

Yours faithfully,
Independent Board Committee of
China Suntien Green Energy Corporation Limited

Qin Hai Yan
Ding Jun
Wang Xiang Jun
Yue Man Yiu Matthew
Independent Non-executive Directors

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Finance Leasing Service and the Factoring Service for the purpose of inclusion in this circular.

Gram Capital Limited
嘉林資本有限公司

Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

4 April 2018

*To: The independent board committee and the independent shareholders
of China Suntien Green Energy Corporation Limited**

Dear Sirs,

CONTINUING CONNECTED TRANSACTION AND MAJOR TRANSACTION UNDER THE ASSET FINANCING SERVICES FRAMEWORK AGREEMENT

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of provision of the Finance Leasing Service and the Factoring Service by Huihai Leasing to the Company (the "**Financing Services**"), details of which are set out in the letter from the Board (the "**Board Letter**") contained in the circular dated 4 April 2018 issued by the Company to the Shareholders (the "**Circular**"), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 28 February 2018, the Company entered into the Asset Financing Services Framework Agreement with Huihai Leasing, pursuant to which the Group will, on a voluntary and non-compulsory basis, utilize the Asset Financing Services provided by Huihai Leasing, including the Finance Leasing Service, Factoring Service and Other Services.

With reference to the Board Letter, the Financing Services constitute major and continuing connected transactions of the Company, and are subject to the reporting and announcement, annual review and the independent shareholders' approval requirement under Chapter 14 and Chapter 14A of the Listing Rules.

The Independent Board Committee comprising Mr. Qin Hai Yan, Mr. Ding Jun, Mr. Wang Xiang Jun and Mr. Yue Man Yiu Matthew (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Financing Services are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the Financing Services are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolution(s) to approve the Financing Services at the EGM.

In addition, since the term of individual finance lease agreement(s) under the Asset Financing Services Framework Agreement is longer than three years, pursuant to Rule 14A.52 of the Listing Rules, the Company must appoint an independent financial adviser to explain why the relevant finance lease(s) under the Asset Financing Services Framework Agreement requires a longer period and to confirm that it is normal business practice for agreements of this type to be of such duration.

We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

OUR INDEPENDENCE

During the past two years immediately preceding the Latest Practicable Date, Mr. Graham Lam was the person signing off the opinion letter from the independent financial adviser contained in the circular dated 18 May 2017 in respect of, among other things, a connected and discloseable transaction of the Company. Notwithstanding the aforesaid past engagement as the independent financial adviser of the Company, as at the Latest Practicable Date, we were not aware of any relationships or interests between Gram Capital and the Company, or any other parties that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders.

Besides that, apart from the advisory fee to us in connection with our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we shall receive any other fees or benefits from the Company.

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 or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate in all material respects at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there are no undisclosed private agreements/ arrangements or implied understanding with anyone concerning the Finance Leasing Service and Factoring Service. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The 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 the 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 in the Circular or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, Huihai Leasing and each of their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Financing Services. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. If there are any material changes before EGM, Shareholders will be notified as soon as possible. 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.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Financing Services, we have taken into consideration the following principal factors and reasons:

Information on the Group

With reference to the Board Letter, 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, coalbed methane and coal-made 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.

Set out below are the audited consolidated financial information of the Group for the two years ended 31 December 2017 as extracted from the annual results announcement of the Company for the year ended 31 December 2017 (the "**2017 Annual Results Announcement**"):

	For the year ended 31 December 2017	**For the year ended 31 December 2016**	**Change from 2016 to 2017**
	RMB'000	*RMB'000*	*%*
Revenue	7,057,582	4,383,825	60.99
Profit for the year	1,104,727	647,172	70.70

	As at 31 December 2017	**As at 31 December 2016**	**Change from 2016 to 2017**
	RMB'000	*RMB'000*	*%*
Cash and cash equivalents	2,110,035	1,491,173	41.50
Trade and bills receivables	2,746,584	1,775,681	54.68

As illustrated in the above table, the Group's revenue and profit for the year ended 31 December 2017 ("**FY2017**") increased by approximately 60.99% and 70.70% as compared to those for the year ended 31 December 2016 ("**FY2016**") respectively. With reference to the 2017 Annual Results Announcement, the increase in the Group's revenue was mainly attributable to (i) increase in revenue as a result of the increase in sales volume of natural gas in FY2017; and (ii) increase in installed capacity and utilization hours of operational equipment, which resulted in an increase in sales volume of electricity and revenue of electricity sales in FY2017. The increase in the Group's revenue also led to an increase in the Group's profit for FY2017.

As at 31 December 2017, the Group recorded (i) cash and cash equivalents of approximately RMB2,110 million; and (ii) trade and bills receivables of approximately RMB2,747 million.

Information on Huihai Leasing

With reference to the Board Letter, Huihai Leasing was established on 27 August 2015 under the laws of the PRC. It is primarily engaged in the businesses of finance leasing, leasing, purchase of leased properties in the PRC and overseas, disposal of residual value and maintenance of leased assets, and consulting service and guarantees of leasing transactions. As at the Latest Practicable Date, HECIC and its subsidiaries (namely, Jointo Energy Investment Co., Ltd., Yanshan International Investment Co., Ltd. and Maotian Capital Co., Ltd.) hold an aggregate of 70% equity interest in Huihai Leasing; the Company holds an aggregate of 30% equity interest in Huihai Leasing through two wholly-owned subsidiaries, namely, Shenzhen Suntien Green Energy Investment Company Limited and Suntien Green Energy (Hong Kong) Corporation Limited.

Reasons for and benefits of the Financing Services

With reference to the Board Letter, the Company entered into the Asset Financing Services Framework Agreement with Huihai Leasing for the following reasons, including:

(1) Wind power business is one of the principal businesses of the Group. The wind power industry is a asset-heavy industry. In a wind power project, the total value of the wind power generation equipment can account for around 50% of the total investment of the entire project. Therefore, the capital demand of wind power projects is very high, and the expansion of financing channels and selection of cheaper financing means with lower cost are much needed. The key feature of finance leasing is that it takes the equipment as subject and provides financing for the lessee, which matches the characteristics of the investment structure of wind power projects and renders it a more suitable means of financing for such projects. Through finance leases including direct lease and sale-and-leaseback, the Company may utilize wind power generation equipment of its wind power projects for financing so as to obtain funds at a lower cost.

(2) The rates of the Finance Leasing Service and Factoring Service offered by Huihai Leasing to the Group will be the same as or more favorable than (as the case may be) those offered by other financial institutions, being independent third parties, to the Group.

(3) It is expected that Huihai Leasing can provide quicker and more efficient services to the Group in respect of project assessment and lending approval procedures as compared with other finance leasing institutions.

We further understood from the Directors that Finance Leasing Service allowed the Group to convert the capital expenditure in the project's construction stage to the annual cost expenditure. It improves the initial cash flow of the project and reduce the fund stress of the Company so as to reduce financing cost effectively and provide effective support for the Group to expand the wind power investment and construction scale quickly in the short term.

With reference to the 2017 Annual Results Announcement, the Group recorded total interest expense of approximately RMB919.14 million for FY2017 and RMB757.07 million for FY2016 respectively, representing approximately 13.02% and approximately 17.27% to its revenue for FY2017 and FY2016 respectively. Furthermore, the Group's total designed capacity of (i) the onshore wind power projects under construction was 506.6MW; and (ii) the offshore wind power projects under construction was 264MW.

Pursuant to the Asset Financing Services Framework Agreement, when Huihai Leasing provides each of the Financing Services, namely Finance Leasing Service and Factoring Service, (i) the rent/interest rate will be determined by the parties through negotiation by reference to the benchmark interest rate of loans for the same tenure published by the PBOC; and (ii) the financing cost/interest and service charges shall not be higher than those paid by the Group for the same or similar services obtained from finance leasing companies/ financial institutions, being independent third parties, with respect to for the specific financial leasing arrangement/factoring. As such, the Finance Leasing Service and Factoring Service may allow the Company to have a lower fee charge than those provided by independent third parties.

With reference to the 2017 Annual Results Announcement, the Group's trade and bills receivables amounted to approximately RMB2,747 million as at 31 December 2017, representing an increase of approximately RMB971 million as compared with that as at 31 December 2016. The aforesaid increase in the Group's trade and bills receivables was mainly attributable to the outstanding subsidy funds for tariff premium of renewable energy (the "**Outstanding Subsidies**") to be received for the wind power business. As advised by the Company and as confirmed by the auditor of the Company, the Outstanding Subsidies was recorded as the Group's receivables.

In order to mitigate the impacts of the prolonged process of receiving the subsidies and reduce the receivables of the Group, the Company may utilize the Factoring Service to deal with the Outstanding Subsidies. The Company can receive the Outstanding Subsidies in advance through the factoring business, satisfy the capital requirement for business development, mitigate the possible fund occupation arisen from the Outstanding Subsidies, and support the ongoing business expansion so as to raise the efficiency of capital use.

In light of the above factors, we consider the Financing Services are conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole.

Principal terms of the Financing Services

The following table summarizes the principal terms of the Asset Financing Services Framework Agreement. Details of the terms of the Asset Financing Services Framework Agreement are set out under the section headed "ASSET FINANCING SERVICES FRAMEWORK AGREEMENT" of the Board Letter.

Signing Date:	28 February 2018
Parties:	the Company and Huihai Leasing

Scope of the Asset Financing Services:

(i) Finance Leasing Service, including direct lease and sale-and-leaseback:

Under the direct lease arrangement, the Group will select necessary equipment from the market and Huihai Leasing pay directly to the vendor(s) and obtain the ownership of such equipment. Huihai Leasing will then lease the equipment to the Group and the Group will pay rents to Huihai Leasing. Upon expiry of the lease period, the Group will purchase the equipment at a nominal price after it has paid all rents to Huihai Leasing in accordance with the finance lease agreement.

Under the sale-and-leaseback arrangement, the Group will sell its self-owned equipment to Huihai Leasing and obtain financing. The Group will then lease back such equipment and pay rents to Huihai Leasing. Upon expiry of the lease period, the Group will repurchase the equipment from Huihai Leasing at a nominal price after it has paid all rents to Huihai Leasing in accordance with the finance lease agreement.

(ii) Factoring Service, including recourse factoring and non-recourse factoring:

Under the recourse factoring arrangement, Huihai Leasing will first pay the accounts receivable of the Group by way of factoring facility fund to the Group. After the agreed repayment date, the Group will repay to Huihai Leasing the aggregate amount of factoring facility fund and any interest accrued thereon according to the factoring agreement. If the Group fails to repay to Huihai Leasing the factoring facility fund when due, Huihai Leasing will recover the same from the Group.

Under the non-recourse factoring arrangement, Huihai Leasing will first pay the accounts receivable of the Group by way of factoring facility fund to the Group. After the agreed repayment date, the Group will repay to Huihai Leasing the aggregate amount of factoring facility fund and any interest accrued thereon according to the factoring agreement. If the Group fails to repay to Huihai Leasing the factoring facility fund when due, Huihai Leasing will not recover the same from the Group. Instead, Huihai Leasing will seek recovery from the relevant debtor who should pay for such account receivable of the Group.

Principles of services:	(i)	Huihai Leasing has undertaken to the Company that whenever it provides the Asset Financing Services to the Group, the terms thereof shall not be less favorable than those offered by Huihai Leasing to other members of HECIC, or less favorable than those offered by other financial leasing companies to the Group for comparable services (the "**Huihai Undertaking**").
	(ii)	The Group will utilize the Asset Financing Services provided by Huihai Leasing on a voluntary and non-compulsory basis and is not obliged to engage Huihai Leasing for any particular service.
	(iii)	Huihai Leasing may, from time to time, enter into separate individual asset financing service agreements with the Group for the provision of specific Asset Financing Services, provided that the principles as agreed in the Asset Financing Services Framework Agreement shall be followed.
Pricing policy:	(i)	Finance Leasing Service: (1) the rents will be determined by the parties through negotiation by reference to the benchmark interest rate of loans for the same tenure as published by the PBOC; and (2) the financing cost shall not be higher than that paid by the Group for the same or similar services obtained from finance leasing companies, being independent third parties, with respect to a specific financial leasing arrangement; and
	(ii)	Factoring Service: (1) the interest rate will be determined by the parties through negotiation by reference to the benchmark interest rate of loans for the same tenure as published by the PBOC; and (2) the interest and service charges shall not be higher than those paid by the Group for the same or similar services obtained from financial institutions, being independent third parties, with respect to a specific factoring service.

As confirmed by the Directors, (i) other than the existing finance leasing contracts entered into between the Group and Huihai Leasing (the "**Leasing Contracts**"), the Group has not entered into any individual agreements, which are of similar nature as the Finance Leasing Service, with both independent third parties and Huihai Leasing; and (ii) the Group has not entered into any individual agreements, which are of similar nature as the Factoring Service, with both independent third parties and Huihai Leasing.

We understood from the Directors, to safeguard the interests of the Shareholders, the Company will apply certain internal control procedures and corporate governance measures (the "**IC Measures**") for utilizing the Asset Financing Services provided by Huihai Leasing. Details of the IC Measures are set out under the section headed "Reasons for and Benefits of Entering into the Asset Financing Services Framework Agreement" of the Board Letter.

For our due diligence purpose, we obtained the IC Measures documents and noted that the IC Measures are in line with the internal control policies as set out in the Board Letter. In addition, we also discussed with senior management, staff of Company's board office and staff of Company's finance management department and understood that the Company's senior management, board office and finance management department were aware of the IC Measures and will comply with IC Measures when conducting transactions contemplated under the Asset Financing Services Framework Agreement.

Having considered that, among other things, (i) before entering into any agreement with Huihai Leasing in respect of the Asset Financing Services (a) the Group would conduct quotation process; (b) the Company's finance management department would compare relevant quotations and seek approval from the Company's chief accountant and the president for selecting service provider; (ii) any changes of interest rate level or charges by Huihai Leasing will be informed by Huihai Leasing with supporting information; and (iii) Huihai Leasing shall provide the Company with a monthly report containing the Asset Financing Services used by the Group, we consider that the IC Measures are sufficient for the Company to monitor the transaction under the Asset Financing Services Framework Agreement. Accordingly, we consider that the effective implementation of the IC Measures, which are sufficient for the Company to monitor the transaction under the Asset Financing Services Framework Agreement, would help to ensure fair pricing of the Financing Services according to the pricing policies.

With reference to the Board Letter, the handling fee typically ranged from 1.5% to 5% of the principal amount of a finance lease. As confirmed by the Directors, when considering Huihai Leasing's offer for a finance lease, the Company will consider the interest rate and handling fee rate as a total package (the "**Finance Lease Cost**").

According to the IC Measures, the Company's finance management department will compare Huihai Leasing's offer with the price quotes provided by independent financial institution and ensure that the Company will accept Huihai Leasing's offer only if such offer is not less favorable than the offers by independent financial institutions.

Having considered that (i) the Company will consider the interest rate and handling fee rate as a total package and will conduct quotation process; (ii) the Company will accept Huihai Leasing's offer only if such offer is not less favorable than that offers by independent financial institutions; and (iii) the Company's senior management, board office and finance management department were aware of the IC Measures and will comply with IC Measures when conducting transactions contemplated under the Asset Financing Services Framework Agreement, we do not doubt the fairness and reasonableness of the Finance Lease Cost for the Finance Leasing Service.

Upon our further request, we obtained and review the Leasing Contracts. We noted that the interest rates under the Finance Leasing Service set out in the Leasing Contracts were determined by reference to the benchmark interest rate of the loans for the same period as published by the PBOC.

In light of that (i) (a) the rates of the financial costs for each of the Financing Services will be determined by the parties through negotiation by reference to the benchmark interest rate of loans for the same period as published by PBOC; and (b) the financing cost/service charges shall not be higher than those paid by the Group for the same or similar services obtained from independent third parties, for each of the specific Financing Services; (ii) the Huihai Undertaking as set out above; (iii) the IC Measures are sufficient for the Company to monitor the transaction under the Asset Financing Services Framework Agreement and we also consider that the effective implementation of the IC Measures would help to ensure fair pricing of the Financing Services according to the pricing policies; and (iv) our analysis on proposed annual caps and duration of relevant finance lease(s) under the Asset Financing Services Framework Agreement as set out below, we are of the view that the terms of the Financing Services under the Asset Financing Services Framework Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

The historical amounts and the proposed annual caps

Set out below are (i) the actual amount for finance leasing service for the two years ended 31 December 2017; and (ii) the annual caps for Financing Services during the term of the Asset Financing Services Framework Agreement:

Historical transaction amounts	**For the year ended 31 December 2016** *(in RMB million)*	**For the year ended 31 December 2017** *(in RMB million)*
Finance Leasing Service		
The maximum amount outstanding (including principal, lease interest and handling fees)	901	1,123

	Annual caps for Finance Leasing Service (the "Lease Cap(s)")	Annual caps for Factoring Service (the "Factoring Cap(s)")
For the year ending 31 December 2018	2,600	67
For the year ending 31 December 2019	2,600	100
For the year ending 31 December 2020	2,600	100
For the year ending 31 December 2021	2,600	33 *(Note 1)*
For the year ending 31 December 2022	1,800	
For the year ending 31 December 2023	1,600	
For the year ending 31 December 2024	1,300	
For the year ending 31 December 2025	1,000	
For the year ending 31 December 2026	800	
For the year ending 31 December 2027	500	
For the year ending 31 December 2028	300	
For the year ending 31 December 2029	100	
For the year ending 31 December 2030	30	

Notes:

1. For the period from 1 January 2021 to the expiry date of the Asset Financing Services Framework Agreement (expected to be 25 April 2021)

2. The Lease Cap is the maximum principal amount outstanding plus lease interest accrued thereon and handling fees for each financial period.

3. The Factoring Cap is the total transaction amount plus the interest accrued thereon and handling fees for each financial period.

To assess the fairness and reasonableness of (i) the Lease Caps; and (ii) the Factoring Caps for the Agreement Valid Period (as defined below) respectively, we have discussed with the Directors regarding the basis of determination of the above annual caps. Details of the bases for determining the Lease Caps and Factoring Caps are set out under the section headed "Proposed Annual Caps and Basis of Determination" of the Board Letter.

The Lease Caps

Upon our request, we obtained a list showing the calculation of Lease Caps (the "**Lease Calculation**") for (a) the period from the effective date of Asset Financing Services Framework Agreement to 31 December 2018; (b) the two years ending 31 December 2020; (c) the period from 1 January 2021 to the expiry date of the Asset Financing Services Framework Agreement (expected to be 25 April 2021) ((a), (b) and (c) collectively, the "**Agreement Valid Period**"); and (d) the period from expiry date of the Asset Financing Services Framework Agreement (expected to be 25 April 2021) to 31 December 2030 (the "**Remaining Period**", collectively with the Agreement Valid Period, the "**Period**"). We noted that the Lease Calculation was constituted by maximum principal amount outstanding plus lease interest accrued for (i) existing finance leasing under the Leasing Contracts; and (ii) possible finance leasing (the "**Possible Finance Leasing Parts**"), during the Agreement Valid Period.

In respect of the maximum balance of existing finance leasing, we enquired into the Directors regarding the status of the finance lease under the Leasing Contracts. As advised by the Directors, the total principal amount under the Existing Finance Leasing Transactions of RMB1,665 million, including RMB1,165 million having been drawn down by the Group in 2016 and 2017, RMB43 million having been drawn down by the Group in March 2018, and RMB457 million to be drawn down by the Group in 2018 and 2019. Furthermore, based on our understanding from the Directors and according to the Leasing Contracts, we noted that the maximum balance of finance leasing for the Period was in line with the sum of outstanding balance and interest of finance lease under each of the Leasing Contracts and the repayments of finance leases under the Leasing Contracts were conducted according to its respective time schedules. As such, we consider that the maximum balance of existing finance leasing to be acceptable. Further details of the Leasing Contracts are set out in the Company's announcement dated 14 July 2017.

In respect of the possible finance leasing transactions that the Company may proceed with Huihai Leasing, we enquired into the Directors as to how the estimated principal amount was arrived. The Directors advised us that (i) there would be four wind power projects, which may involve Finance Leasing Service for their wind power equipment; (ii) the estimated principal amount of each project was arrived based on (a) the cost of power generating equipment involved in the project; and (b) the estimated finance lease interest rates during the Agreement Valid Period.

As advised by the Directors, the Company expected to commence construction work for several wind power projects, among which (i) three onshore wind power projects with approximately 150MW installed capacity in total; and (ii) one offshore wind power project with approximately 300MW installed capacity (collectively with (i), the "**New Projects**") were expected to be financed by the Finance Leasing Service and to commence construction in the second/third quarter of 2018 (the "**New Finance Leasing Transactions**").

For the purpose of calculating the cost of the New Finance Leasing Transactions, we further enquired into the Directors regarding the average cost unit (per KW) of wind power equipment (the "**Average Cost Unit**"). To assess the reasonableness of the Average Cost Unit, we searched for reliable public information regarding wind power equipment selling price. However, to the best of our endeavor, we could only find such selling prices from Xinjiang Goldwind Science & Technology Co., Ltd.'s (2208 & SZ002202, "**Xinjiang Goldwind"**)(being a China-based company, principally engaged in the manufacture and distribution of wind turbine generator sets and spare parts) presentation materials. Xinjiang Goldwind's latest presentation materials (the "**Presentation Materials**") showed bidding price for wind power equipment for the nine months ended 30 September 2017. In addition, we also obtained a report named "China Wind Energy Development Roadmap 2050 (version 2014)" issued by China National Renewable Energy Centre in 2014, showing unit investment amount of onshore and offshore wind farm in 2013 and estimated unit investment amount of onshore wind farm in 2020. In a wind power project, the total value of the wind power generation equipment can account for around 50% of the total investment of the entire project. Based on the aforesaid documents/information, we noted that (i) the cost/bidding price as shown in the Presentation Materials was not deviated from the estimated unit investment amount of onshore wind farm in 2020; and (ii) the Average Cost Unit is in line with cost/bidding price as shown in the Presentation Materials.

Based on (i) the above mentioned installed capacity and the Average Cost Unit; and (ii) the above mentioned installed capacity and the unit investment amount of onshore and offshore wind farms, we calculated the possible cost of wind power equipment. The possible cost of wind power equipment, which indicates the possible maximum demand on finance lease services, was larger than the Possible Finance Leasing Parts. In addition, with reference to the Board Letter, (i) the Company estimates the total investment of the New Projects to be approximately RMB6,638 million, and it intends to finance the purchase of wind farm equipment by finance lease; and (ii) the total value of the wind power generation equipment can account for around 50% of the total investment of the entire project. The estimated total investment regarding wind power equipment under the New Projects, based on the aforesaid information, was substantially larger than the Possible Finance Leasing Parts. As advised by the Directors, (i) during the Agreement Valid Period, the Company will be able to choose Huihai Leasing or independent third party(ies) as service provider(s), subject to terms offered by such service provider; and (ii) all of or only partial wind power equipment will apply for finance leasing. Accordingly, we consider that the Possible Finance Leasing Part during the CCT Period to be acceptable.

In light of the above factors, we consider that the Lease Caps for the Agreement Valid Period to be fair and reasonable.

To assess the fairness and reasonableness of Lease Caps for the Remaining Period, we understood from the Directors that (i) the Directors assumed that there would be no new transaction after the expiry of the Asset Financing Framework Agreement; and (ii) the maximum terms of the New Finance Leasing Transactions would be 12 years. Having considered that (i) the designed useful life of relevant wind power equipment, which as confirmed by the Directors, would normally be 20 years, being longer than the maximum terms of the New Finance Leasing Transactions; and (ii) the maximum terms of the Leasing Contracts are 12 years, we consider that the maximum terms of the New Finance Leasing Transactions of 12 years to be acceptable.

We noted from Lease Calculation that the Lease Caps for the Remaining Period reflected the above assumptions. In addition, the movements of the Lease Caps for the Remaining Period are in accordance with the expected repayment schedules and fund injection plan for each of the New Finance Leasing Transactions. As such we consider that the Lease Caps for the Remaining Period to be fair and reasonable.

Shareholders should note that as the Lease Caps for the Period are relating to future events and were estimated based on assumptions which may or may not remain valid for the Period, and they do not represent forecasts of cost to be incurred from the Finance Leasing Service. Consequently, we express no opinion as to how closely the actual cost to be incurred from the Finance Leasing Service will correspond with the Leasing Caps for the Period.

The Factoring Caps

As mentioned above, the Group's trade and bills receivables amounted to RMB2,747 million, representing an increase of approximately RMB971 million as compared with that as at 31 December 2016. The aforesaid increase in the Group's trade and bills receivables was mainly attributable to the Outstanding Subsidies to be received for the wind power business. As advised by the Company and as confirmed by the auditor of the Company, the Outstanding Subsidies was recorded as the receivables of the Group. In order to mitigate the impacts of the prolonged process of receiving the subsidies and reduce the receivables of the Group, the Company may utilize the Factoring Service to deal with the Outstanding Subsidies.

For our due diligence purpose, we obtained a list showing details of renewable energy subsidies for the Group's projects (e.g. wind power projects' names, installed capacity, location, etc.). We also noted from《關於公佈可再生能源電價附加資金補助目錄(第四批)的通知》(Circular on Notice of Supplementary Subsidies for Renewable Energy Price (the Fourth Batch)*) and《關於公佈可再生能源電價附加資金補助目錄(第六批)的通知》(Circular on Notice of Supplementary Subsidies for Renewable Energy Price (the Sixth Batch)*, collectively the "**Notices**") as jointly published by Ministry of Finance of the PRC, National Development and Reform Commission of the PRC and National Energy Administration of the PRC in 2016 that the Group's wind power projects as shown in aforesaid list was contained in appendix (i.e. 可再生能源電價附加資金補助目錄(可再生能源發電項目 (Renewable Energy Tariff Subsidies Catalog (Renewable Energy Power Generation Project)*) to the Notices.

Furthermore, we noted《可再生能源電價附加補助資金管理暫行辦法》(Provisional Measures for the Management of Additional Subsidies for Renewable Energy Price*, the "**Measures**"), jointly published by Ministry of Finance of the PRC, National Development and Reform Commission of the PRC and National Energy Administration of the PRC in 2012, setting the subsidies mechanism (e.g. subsidies amounts per KWH). The subsidies amounts per KWH, which was applied by the Company to estimate the Outstanding Subsidies, was in line with the subsidies mechanism as set out in the Measures.

The estimated annual Outstanding Subsidies, calculated by (i) installed capacity; (ii) operating hours per annum; (iii) subsidies amounts per KWH; and (iv) on-grid power generation, was substantially above the Factoring Cap for each of the Agreement Valid Period.

As confirmed by the Directors, should there be any substantial increase in Outstanding Subsidies, the Group may opt to finance larger portion of Outstanding Subsidies by factoring in independent financial institutions or re-comply with the applicable provisions of the Listing Rules governing continuing connected transaction to revise the Lease Caps for the Agreement Valid Period.

Upon our enquiry, we understood that the estimated interest and service charges of the Factoring Service were determined with reference to historical interest and service charges offered by Huihai Leasing to an independent third party (the "**Client A**"), being the only one independent client of Huihai Leasing during the past 12 months immediately preceding the Latest Practicable Date. For our due diligence purpose, we understood from the Directors that Huihai Leasing and Client A only entered into an individual factoring agreement regarding provision of factoring service by Huihai Leasing to Client A. We obtained the individual factoring agreement entered into between Huihai Leasing and the Client A. We noted that the estimated the interest and service charges of the Factoring Service is in line with rates of those fees under aforesaid agreement.

In light of that (i) the existing Outstanding Subsidies and estimated annual Outstanding Subsidies were substantially above the Factoring Cap for each of the Agreement Valid Period; and (ii) the pro-rata annual amount regarding estimated demand on Factoring Services was considered for the period from (a) the effective date of Asset Financing Services Framework Agreement to 31 December 2018; and (b) 1 January 2021 to the expiry date of the Asset Financing Services Framework Agreement (expected to be 25 April 2021), we consider the Factoring Caps for the Agreement Valid Period are fair and reasonable.

Shareholders should note that as the Factoring Caps for the Agreement Valid Period are relating to future events and were estimated based on assumptions which may or may not remain valid for the Agreement Valid Period, and they do not represent forecasts of cost to be incurred from the Factoring Service. Consequently, we express no opinion as to how closely the actual cost to be incurred from the Factoring Service will correspond with the Factoring Caps for the Agreement Valid Period.

The term under the Finance Leasing Service

With reference to the Board Letter, since the term of the individual finance lease agreement(s) under the Asset Financing Services Framework Agreement is longer than three years, pursuant to Rule 14A.52 of the Listing Rules, the Company must appoint an independent financial adviser to explain why the relevant finance lease(s) under the Asset Financing Services Framework Agreement requires a longer period and to confirm that it is normal business practice for agreements of this type to be of such duration.

In assessing the reasons for the duration of relevant finance lease(s) under the Asset Financing Services Framework Agreement to be longer than three years, we considered the following factors:

(i) the Group is able to convert the capital expenditure in the project's construction stage to the annual cost expenditure. It improves the initial cash flow of the project and reduce the fund stress of the Company so as to reduce financing cost effectively and provide effective support for the Group to expand the wind power investment and construction scale quickly in the short term;

(ii) the operation of the Group's wind power projects are expected to be longer than three years;

(iii) the repayment plan of the borrowings from the Group are expected to be longer than three years; and

(iv) the lease period of each specific finance lease service shall be determined with reference to, among other things, (a) the designed useful life of relevant wind power equipment, which, as confirmed by the Directors, would normally be 20 years; and (b) the maximum terms of the Leasing Contracts are 12 years.

In considering whether it is normal business practice for agreements of similar nature with the Asset Financing Services Framework Agreement to have a term of such duration, we identified finance lease agreements entered into by companies listed on the Stock Exchange regarding the provision of finance lease services to the listed companies, with duration of more than three years.

Taking into account of the above, we confirm that the duration of relevant finance lease(s) under the Asset Financing Services Framework Agreement, being longer than three years, is required and it is normal business practice for relevant finance lease(s) under the Asset Financing Services Framework Agreement to be of such duration.

Listing Rules implication

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules pursuant to which (i) the maximum values of the Finance Leasing Services must be restricted by the Lease Caps for the Period; (ii) the values of the Factoring Services must be restricted by the Factoring Caps for the period concerned under the Asset Financing Services Framework Agreement; (iii) the terms of the Financing Services must be reviewed by the independent non-executive Directors annually; (iv) details of independent non-executive Directors' annual review on the terms of the Financing Services must be included in the Company's subsequent published annual reports and financial accounts. Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, whether anything has come to their attention that causes them to believe that the Financing Services (i) have not been approved by the Board; (ii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (iii) have exceeded the annual caps. In the event that the maximum amounts of each of the Financing Services are anticipated to exceed the Lease Caps/Factoring Caps, or that there is any proposed material amendment to the terms of the Financing Services, as confirmed by the Directors, the Company shall comply with the applicable provisions of the Listing Rules governing continuing connected transaction.

Given the above stipulated requirements for continuing connected transactions pursuant to the Listing Rules, we are of the view that there are adequate measures in place to monitor the Financing Services and thus the interest of the Independent Shareholders would be safeguarded.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Financing Services are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Financing Services are conducted in the ordinary and usual course of business of the Group and are 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 favour of the resolution(s) to be proposed at the EGM to approve the Financing Services and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 20 years of experience in investment banking industry.

* *For identification purpose only*

1. STATEMENT OF INDEBTEDNESS

As at the close of business on 28 February 2018, being the latest practicable date for the purpose of this statement of indebtedness prior to printing of this circular, the indebtedness of the Group was as follows:

(a) Borrowings

The total outstanding bank borrowings of the Group was approximately RMB17,194 million, which includes (i) the bank borrowings of approximately RMB6,638 million which is either secured by credit guarantee provided by the Company, or mortgage over assets or pledge of accounts receivable provided by subsidiaries of the Company and (ii) the unsecured bank borrowings of approximately RMB10,556 million.

(b) Debt securities

The Company had (i) issued and outstanding corporate bonds with principal amount of RMB1,000 million, which is secured by credit guaranteed provided by HECIC, and (ii) issued and outstanding unsecured super and short-term commercial papers with principal amount of RMB1,000 million. In addition, HECIC New-energy Co., Ltd.* ("**HECIC New-energy**"), a subsidiary of the Company, has issued and outstanding unsecured medium term notes with principal amount of approximately RMB500 million.

(c) Contingent liabilities

The Group had a contingent liability of approximately RMB590 million.

(d) Mortgage and Charge on assets of the Group

The Group had mortgages or charges on its assets of approximately RMB9 million.

Save as disclosed above, as at the close of business on 28 February 2018, the Group did not have any outstanding mortgages, charges, debentures or other loan capital, bank overdrafts or loans, other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance or acceptance credits, guarantees or other material contingent liabilities.

The Directors confirmed that there has been no material adverse change in the indebtedness and contingent liabilities of the Group since 28 February 2018, being the date for determining the Group's indebtedness up to the date of this circular.

2. EFFECT OF THE FINANCE LEASING SERVICE AND THE FACTORING SERVICE ON THE EARNINGS AND ASSETS AND LIABILITIES OF THE GROUP

In respect of the continuing connected transactions under the Asset Financing Services Framework Agreement, there has been no, and the Group does not expect there will be any, significant effect on the earnings and assets and liabilities of the Group.

3. WORKING CAPITAL

The Directors are of the view that, after taking into account the effect of the continuing connected transactions contemplated under the Asset Financing Agreement, the Group's existing cash and bank balances, the present available credit facilities and the expected internally generated funds, the Group has sufficient working capital for its present requirement for the next 12 months from the date of this circular.

4. FINANCIAL AND TRADING PROSPECTS

As indicated in the report delivered at the 19th National Congress of the Communist Party of China, China has entered into a new era, and in its future development, China will speed up the reform of the system for developing an ecological civilization, build a beautiful China, create a market-based system for green technology innovation, develop green finance, and spur the development of energy-saving and environmental protection industries as well as clean production and clean energy industries. China will also promote a revolution in energy production and consumption, and build an energy sector that is clean, low-carbon, safe, and efficient. Under this background, opportunities will arise for various segments of the Group and the outlook is promising. Being in the middle of the 13th Five-Year Plan, 2018 is a critical year in the implementation of the Plan. The Group will further liberate its thinking and seize strategic development opportunities. It will go all out to promote business development and actively push ahead its natural gas, wind power and other operations.

* *For identification purpose only*

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 with regard to the Group. 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 this circular or any statement herein misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests and Short Positions of Directors, Supervisors and Senior Management in the Shares, Underlying Shares and Debentures

As at the Latest Practicable Date, none of the Directors, Supervisors or senior management of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 2, 3, 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

(b) Competing and Other Interests of Directors

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

(c) Material Interests of the Directors in the Transactions

As Dr. Cao Xin, Dr. Li Lian Ping, Mr. Qin Gang, Ms. Sun Min and Mr. Wu Hui Jiang hold positions in HECIC, the controlling shareholder of the Company, they are deemed to have material interests in the Asset Financing Services Framework Agreement and the transactions contemplated thereunder. Accordingly, they have abstained from the voting on the Board resolution in relation to the approval for the Asset Fianancing Services Framework Agreement and the transactions contemplated thereunder.

3. POSITIONS HELD BY THE DIRECTORS IN THE CONTROLLING SHAREHOLDER

The following table sets out the positions held by the Directors in HECIC as at the Latest Practicable Date:

Name of Director	Position(s) held in the Company	Position(s) held in HECIC
Dr. Cao Xin	Chairman and Non-executive Director	Deputy general manager of HECIC
Dr. Li Lian Ping	Non-executive Director	Chairman and party secretary of HECIC, Director of JEI
Mr. Qin Gang	Non-executive Director	Assistant to the General Manager of HECIC, General manager of the capital operation department of HECIC
Ms. Sun Min	Non-executive Director	General manager of the appraisal and assessment department of HECIC
Mr. Wu Hui Jiang	Non-executive Director	General manager of the investment development department of HECIC

4. INTERESTS HELD BY THE DIRECTORS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

So far as the Company and Directors are aware after making reasonable enquiries, as at the Latest Practicable Date, none of the Directors or Supervisors had any interest, either directly or indirectly, in any assets which have been, since 31 December 2016 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of or leased by any member of the Group, or are proposed to be acquired or disposed of or leased by any member of the Group.

So far as the Company and Directors are aware after making reasonable enquiries, as at the Latest Practicable Date, none of the Directors or Supervisors was materially interested, either directly or indirectly, in any significant contract or arrangement entered into by the Group that is relevant to the business of the Group and is still valid as at the Latest Practicable Date.

5. SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

As at the Latest Practicable Date, none of the Directors or Supervisors has or is proposed to have any service contract with any member of the Group that is not determinable within one year without payment of compensation (other than statutory compensation).

6. SUMMARY OF MATERIAL CONTRACTS

The Group has entered into the following contracts (not being contracts entered into in the Group's ordinary course of business) within the two years preceding the date of this circular, which are or may be material:

(a) the Capital Contribution and Subscription Agreement dated 24 March 2016 entered into by the Company, HECIC and JEI in relation to the increase in the registered capital of Laoting Wind Energy Laoting CIC Wind Energy Co., Ltd.* (樂亭建投風能有限公司), a subsidiary of the Company; and

(b) (i) the Equity Transfer Agreement dated 12 April 2017 entered into by and between Suntien Shenzhen and JEI, (ii) the Equity Transfer Agreement dated 12 April 2017 entered into by Suntien HK and Yanshan International, and (iii) the Capital Contribution and Subscription Agreement dated 20 June 2017 entered into by JEI, Yanshan International, Suntien Shenzhen, Maotian Capital, HECIC and Suntien HK in relation to the equity transfer and increase of registered capital of Huihai Leasing.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2016 (being the date to which the latest published audited accounts of the Group were made up).

8. MATERIAL LITIGATION

8.1 In May 2015, Hebei No.1 Electric Power Construction Engineering Company*（河北省電力建設第一工程公司）(“**HPCC**”) and CIC Yanshan (Guyuan) Wind Power Co., Ltd.*（建投燕山(沽源)風能有限公司）(“**Yanshan Guyuan**”), a subsidiary of the Company, entered into the “200MW Wind Farm Construction PC Main Contracting Agreement for the HECIC Demonstration Project of Comprehensive Utilization of Wind Power to Generate Hydrogen”. In August 2017, HPCC applied to the Shijiazhuang Arbitration Commission for arbitration, requesting payment of the outstanding construction fees of approximately RMB73.33 million by Yanshan Guyuan. In September 2017, Yanshan Guyuan submitted arbitration application for to counter claim for damages of approximately RMB143 million in total payable by HPCC to Yanshan Guyuan for HPCC's breach of contract by delaying the trial run. As this amount exceeds the sum of HPCC's application, after setting off the construction fees payable to HPCC, Yanshan Guyuan requested HPCC to pay for the damages caused by the delay of approximately RMB69.67 million. In November 2017, Shijiazhuang Arbitration Commission completed hearing of the aforesaid arbitrations. Shijiazhuang Arbitration Commission had not made the arbitration award as at the Latest Practicable Date.

8.2 In March 2015, Hebei Natural Gas Company Limited*（河北省天然氣有限責任公司）(“**Hebei Natural Gas**”), a subsidiary of the Company, entered into the “Repayment Agreement” with Hebei Yuanhua Glass Co., Ltd.*（河北元華玻璃股份有限公司）(“**Yuanhua Glass**”) and Yuan Hua*（元華）in respect of the gas purchasing sum owed by Yuanhua Glass to Hebei Natural Gas of approximately RMB188 million. On 18 March 2015, the Notary Public Office notarized the enforceable debt instrument. In August 2017, Hebei Natural Gas applied to the Xingtai City Intermediate People’s Court (“**Xingtai Intermediate Court**”) for enforcement. In September 2017, Xingtai Intermediate Court made the enforcement award ruling that RMB208,711,500 of Yuanhua Glass and Yuan Hua, the persons subject to the enforcement, to be freezed or transferred, or their properties of equivalent value to be seized. In December 2017, Hebei Natural Gas, Yuanhua Glass and Yuan Hua reached a resolution agreement and Yuanhua Glass has undertaken to perform repayment obligation according to the agreement.

The Board considers that the above litigations are claims arising in the ordinary course of business of the Group and will not have any material adverse effect on the business and financial position of the Group. Save as disclosed above, as far as the Directors are aware, there are no other litigation or claim of material importance which is pending or threatened against any member of the Group as at the Latest Practicable Date.

9. EXPERT AND CONSENT

The following is the qualification of the expert who has been named in this circular or has given its opinion or advice which is contained in this circular:

Name	**Qualification**
Gram Capital	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

Gram Capital has confirmed that:

(a) it has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter dated 4 April 2018 and the reference to its name in the form and context in which it appears;

(b) as at the Latest Practicable Date, it did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and

(c) as at the Latest Practicable Date, it did not have any direct or indirect interest in any assets which have been, since 31 December 2016 (being the date to which the latest published audited accounts of the Company were made up), 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.

10. GENERAL

(a) The joint company secretaries of the Company are Mr. Ban Ze Feng and Ms. Lam Yuen Ling, Eva (a fellow of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators).

(b) The Company's registered office and headquarters in the PRC is situated at 9 Floor, Block A, Yuyuan Plaza, No. 9 Yuhua West Road, Shijiazhuang City, Hebei Province, PRC, and its principal place of business in Hong Kong is situated at Suite 2103, 21st Floor, Prudential Tower, The Gateway, Harbour City, Kowloon, Hong Kong.

(c) The Company's H Share registrar and transfer office is Computershare Hong Kong Investor Services Limited which is situated at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

11. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours (i.e. 9:00 a.m. to 5:00 p.m.) at the Company's principal place of business in Hong Kong at Suite 2103, 21st Floor, Prudential Tower, The Gateway, Harbour City, Kowloon, Hong Kong within 14 days from the date of this circular (excluding Saturdays and public holidays):

(a) the articles of association of the Company;

(b) the annual reports of the Company for the two years ended 31 December 2015 and 2016;

(c) the material contracts summarized under the section headed "Summary of Material Contracts" in this appendix;

(d) the Asset Financing Services Framework Agreement;

(e) the letter of recommendation from the Independent Board Committee, the text of which is set out on pages 20 to 21 of this circular;

(f) the letter from the Independent Financial Adviser, the text of which is set out on pages 22 to 38 of this circular;

(g) written consent of the Independent Financial Adviser as mentioned in the paragraph 9 in this Appendix;

(h) this circular; and

(i) the circular dated 18 May 2017 in relation to, among other things, the equity transfer and increase in registered capital of Huihai Leasing, which was issued pursuant to the requirements set out in Chapter 14A of the Listing Rules.

* *For identification purpose only*