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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)

CONNECTED TRANSACTION
AGREEMENT ON CAPITAL INCREASE TO THE GROUP FINANCE COMPANY

The Board announces that the Group Finance Company recently intended to increase its registered capital from RMB1 billion to RMB2 billion to increase its capital adequacy ratio. The Company has entered into the Capital Increase Agreement with HECIC, HECIC Communications, HECIC Water and JEI, pursuant to which the parties shall fully pay the newly-increased registered capital in cash in one lump sum in accordance with their respective shareholding percentages.

The Capital Increase Agreement will become effective upon signing by the parties and approval by the CBIRC. Pursuant to the Capital Increase Agreement, the Company, HECIC, HECIC Communications, HECIC Water and JEI shall contribute RMB100 million, RMB600 million, RMB100 million, RMB100 million and RMB100 million, respectively, to increase the registered capital of the Group Finance Company.

HECIC is the controlling shareholder of the Company. HECIC Communications, HECIC Water and JEI are subsidiaries of HECIC, and therefore, associates of HECIC. As such, pursuant to the Listing Rules, HECIC, HECIC Communications, HECIC Water and JEI are connected persons of the Company, and the Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio of the Transaction exceeds 0.1% but is less than 5%, the Transaction is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but is exempt from the independent shareholders' approval requirements.

The Group Finance Company is a company jointly established by the Company, HECIC, HECIC Communications, HECIC Water and JEI. As at the date of this announcement, the Company, HECIC, HECIC Communications, HECIC Water and JEI hold 10%, 60%, 10%, 10% and 10%, respectively, of the shares interests in of the Group Finance Company.

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Capital Increase Agreement

Date

28 April 2020

Parties

- (1) the Company;
- (2) HECIC;
- (3) HECIC Communications;
- (4) HECIC Water; and
- (5) JEI.

Major terms

In accordance with the Capital Increase Agreement, the Company, HECIC, HECIC Communications, HECIC Water and JEI shall contribute a total of RMB1 billion in cash to the Group Finance Company, and the registered capital of the Group Finance Company will amount to RMB2 billion after the capital increase. Each shareholder subscribes for the capital contribution in accordance with its existing capital contribution percentage as follows :

Shareholders of the Group Finance Company	Method of capital contribution	Before the capital increase		After the capital increase		
		Amount contributed (RMB million)	Shareholding	Increase in registered capital (RMB million)	Amount of registered capital (RMB million)	Shareholding
The Company	Cash	100	10%	100	200	10%
HECIC	Cash	600	60%	600	1,200	60%
HECIC Communications	Cash	100	10%	100	200	10%
HECIC Water	Cash	100	10%	100	200	10%
JEI	Cash	100	10%	100	200	10%
Total		1,000	100%	1,000	2,000	100%

Each party shall exercise its voting rights as a shareholder of the Group Finance Company in accordance with its actual capital contribution percentage.

The Capital Increase Agreement will only become effective upon signing by the parties and approval by the CBIRC. If the CBIRC does not approve the Capital Increase Agreement for any reason, the parties shall have no obligation to make capital contribution pursuant to the Capital Increase Agreement.

It is expected that the Company will make capital contribution to the Group Finance Company in cash with its own funding.

The Group Finance Company

The Group Finance Company is a non-banking financial institution regulated by the People's Bank of China and the CBIRC. Its principal business is to provide various financial services for the member companies within the group of HECIC. Pursuant to the audited financial statements of the Group Finance Company prepared in accordance with the Generally Accepted Accounting Principles of the PRC, the audited net assets value of the Group Finance Company as at 31 December 2019 was approximately RMB1.356 billion. The profit before and after taxation and extraordinary items during each period were as follows :

	For each of the years ended	
	31 December	
	2019	2018
	<i>(RMB million)</i>	
Profit before taxation and extraordinary items	154.22	163.77
Profit after taxation and extraordinary items	115.41	124.34

Reasons for and benefits of entering into the Capital Increase Agreement

The capital adequacy ratio is an important indicator of the Group Finance Company's ability to resist risks. With the rapid growth of the Group Finance Company's credit business and investment business, its capital adequacy ratio is decreasing year by year, and the buffer zone between its capital adequacy ratio and the minimum regulatory indicator required by the CBIRC is shrinking year by year. Increasing the capital of the Group Finance Company will help increase its capital adequacy ratio, thereby reducing systemic risk. In addition, doubling the registered capital of the Group Finance Company can correspondingly expand its investment business and guarantee business by about twice the size, thereby improving its business capacity, and its external financing and borrowing capacity will also increase, which helps provide funds to its member companies in a timely manner. Finally, as one of the shareholders and customers of the Group Finance Company, the Company can enjoy long-term and stable financial support by the Group Finance Company, and obtain certain investment return at the same time, which is beneficial to achieving the Company's strategic goals.

For the reasons stated above, the Directors (including the independent non-executive Directors) believe that the Capital Increase Agreement and the Transaction are conducted on normal commercial terms, which are fair and reasonable, and in the interests of the Company and its shareholders as a whole.

GENERAL INFORMATION

The Company

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

HECIC

HECIC is a wholly state-owned enterprise approved by the People's Government of Hebei Province and is under direct supervision of Hebei SASAC. It is primarily engaged in investment in and development of energy, transportation and other infrastructure industries, as well as the pillar industries of Hebei Province. Hebei SASAC is its sole shareholder and ultimate beneficial owner.

HECIC Communications

HECIC Communications is a non-wholly owned subsidiary of HECIC, which is primarily engaged in the project investment, assets operation, capital deployment, enterprise reorganization, etc. in railway, port, highway and aviation industries within Hebei Province, and undertakes or participates in the feasibility study, assessment, tendering, bidding for the relevant investment projects, and provides investment advisory services.

HECIC Water

HECIC Water is a wholly-owned subsidiary of HECIC, which is primarily engaged in investment in, operation and management of natural water, raw water, city drainage, sewage treatment, reclaimed water, sea water desalination and other water projects and related ancillary facilities, as well as provision of relevant technical and advisory services.

JEI

JEI is a company listed on the Shenzhen Stock Exchange (stock code: 000600), in which HECIC has a controlling interest. The principal business of JEI is investment in, construction, operation and management of energy projects with a focus in power generation industry.

IMPLICATION UNDER THE LISTING RULES

HECIC is the controlling shareholder of the Company. HECIC Communications, HECIC Water and JEI are subsidiaries of HECIC, and therefore, associates of HECIC. As such, pursuant to the Listing Rules, HECIC, HECIC Communications, HECIC Water and JEI are connected persons of the Company, and the Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio of the Transaction exceeds 0.1% but is less than 5%, the Transaction is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but is exempt from the independent shareholders' approval requirements.

Given that Dr. Cao Xin, Dr. Li Lian Ping, Mr. Qin Gang and Mr. Wu Hui Jiang hold positions in HECIC, they have abstained from voting on the resolutions of the Board approving the signing of the Capital Increase Agreement and the Transaction pursuant to the articles of association of the Company. Save for the above, none of the Directors has a material interest in the Capital Increase Agreement and the Transaction and, therefore, no other Director is required to abstain from voting on the relevant resolutions of the Board.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings set out below :

“associate(s)”	has the meaning ascribed thereto under the Listing Rules;
“Board”	the board of Directors of the Company;
“Capital Increase Agreement”	the capital increase agreement entered into by the Company, HECIC, HECIC Communications, HECIC Water and JEI on 28 April 2020 in relation to the increase in the registered capital of the Group Finance Company;
“CBIRC”	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會);
“Company”	China Suntien Green Energy Corporation Limited (新天綠色能源股份有限公司), a joint stock company incorporated in the PRC with limited liability on 9 February 2010, the H shares of which are listed on the Main Board of the Stock Exchange;
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules;
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules;

“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“Group Finance Company”	HECIC Group Finance Company Limited (河北建投集團財務有限公司), a limited liability company incorporated in the PRC, a non-banking financial institution under the supervision of the People’s Bank of China and the CBIRC, and a non-wholly owned subsidiary of HECIC;
“Hebei SASAC”	the State-owned Assets Supervision and Administration Commission of the Government of Hebei Province;
“HECIC”	Hebei Construction & Investment Group Co., Ltd. (河北建設投資集團有限責任公司), a wholly state-owned enterprise incorporated in the PRC, and one of the promoters and the controlling shareholder of the Company;
“HECIC Communications”	HECIC Communications Investment Co., Ltd. (河北建投交通投資有限責任公司), a subsidiary of HECIC incorporated in the PRC and a connected person of the Company;
“HECIC Water”	HECIC Water Investment Co., Ltd. (河北建投水務投資有限公司), a subsidiary of HECIC incorporated in the PRC and one of the promoters and a connected person of the Company;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“JEI”	Jointo Energy Investment Co., Ltd. Hebei (河北建投能源投資股份有限公司), a company listed on the Shenzhen Stock Exchange (Stock Code: 000600), controlled by HECIC, formerly known as Shijiazhuang International Building (Group) Co., Ltd. (石家莊國際大廈(集團)股份有限公司), and a connected person of the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China, excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region and Taiwan region;

“RMB”	Renminbi, the lawful currency of the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiaries”	has the meaning ascribed thereto under the Listing Rules; and
“Transaction”	the capital increase to the Group Finance Company pursuant to the Capital Increase Agreement.

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

Shijiazhuang City, Hebei Province, the PRC, 28 April 2020

As at the date of this announcement, the non-executive directors of the Company are Dr. Cao Xin, Dr. Li Lian Ping, Mr. Qin Gang and Mr. Wu Hui Jiang; the executive directors of the Company are Mr. Mei Chun Xiao and Mr. Wang Hong Jun; and the independent non-executive directors of the Company are Mr. Xie Wei Xian, Mr. Wan Yim Keung, Daniel and Dr. Lin Tao.

* *For identification purposes only*