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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)

**CONTINUING CONNECTED TRANSACTION AND MAJOR TRANSACTION UNDER
THE FINANCIAL SERVICES FRAMEWORK AGREEMENT**

The Board hereby announces that on 16 August 2013, the Company and the Group Finance Company entered into the Financial Services Framework Agreement, pursuant to which the Group will, on a voluntary and non-compulsory basis, utilize the financial services provided by Group Finance Company, including (i) the Deposit Service, (ii) the Loan Service and (iii) Other Financial Services.

HECIC is the controlling shareholder of the Company and directly and indirectly holds approximately 57.9% equity interest in the Company in aggregate, and is therefore a connected person of the Company. The Group Finance Company is a non-wholly owned subsidiary of HECIC, and is also a connected person of the Company. As such, the Group Finance Company providing financial services to the Company pursuant to Financial Services Framework Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of Listing Rules.

As one or more of the percentage ratios (other than the profits ratio) of maximum daily balance under the Deposit Service exceeds 5%, the Deposit Service (including its proposed caps) is subject to the reporting, announcement and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. In addition, as one or more of the percentage ratios of maximum daily balance under the Deposit Service exceeds 25% but is less than 100%, the Deposit Service also constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to reporting, announcement and shareholders' approval requirements.

The Loan Service constitutes a financial assistance provided by a connected person for the benefit of the Group. As the Loan Service is carried out on normal commercial terms (or better to the Group) and the Group will not grant any security over its assets for the Loan Service, the Loan Service is exempt from reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

In respect of Other Financial Services, all applicable percentage ratios are less than 0.1%. Therefore, Other Financial Services are exempt from reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company has appointed Asian Capital (Corporate Finance) Limited as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Deposit Service (including its proposed caps).

The Company will convene an extraordinary general meeting to seek approval from the Independent Shareholders in respect of the Deposit Service (including its proposed caps). A circular containing, among other things, (i) details of the Financial Services Framework Agreement and the transactions contemplated thereunder and the proposed caps of the Deposit Service; (ii) the letter of recommendation from the Independent Board Committee to the Independent Shareholders; and (iii) the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders, will be dispatched to the shareholders in due course.

The Board hereby announces that on 16 August 2013, the Company and the Group Finance Company entered into the Financial Services Framework Agreement, pursuant to which the Group will, on a voluntary and non-compulsory basis, utilize the financial services provided by Group Finance Company, including (i) the Deposit Service, (ii) the Loan Service and (iii) Other Financial Services.

Financial Services Framework Agreement

Date

16 August 2013

Parties

The Company and the Group Finance Company

Major terms

The Group Finance Company will provide financial services to the Group pursuant to the Financial Services Framework Agreement, including (i) the Deposit Service, (ii) the Loan Service and (iii) Other Financial Services.

Under the Financial Services Framework Agreement, the Group Finance Company has undertaken to the Company that whenever it provides financial services to the Group, the terms thereof shall neither be less favorable than those offered to other members of HECIC, nor be less favorable than those offered by any commercial banks or other financial institutions for comparable services.

The Group will utilize the financial services of the Group Finance Company on a voluntary and non-compulsory basis and is not obliged to engage the Group Finance Company for any particular service.

The Group Finance Company may, from time to time, enter into separate individual financial service agreements with the Group for the provision of specific financial services, provided that the principles as agreed in the Financial Services Framework Agreement shall be followed.

Pricing Policy

Fees and charges payable by the Group to the Group Finance Company under the Financial Services Framework Agreement are determined on the following basis:

- (1) Deposit Service: interest rates shall not be lower than (i) the lower limits of the interest rates promulgated by the PBOC from time to time for the same category of deposits; (ii) the interest rates offered to other members of HECIC by the Group Finance Company for the same category of deposits; and (iii) the interest rates offered to the Group by commercial banks for the same category of deposits, whichever is higher.
- (2) Loan Service: interest rates shall not be higher than (i) the upper limits of the interest rates promulgated by the PBOC from time to time for the same category of loans; (ii) the interest rates offered to other members of HECIC by the Group Finance Company for the same category of loans; and (iii) the interest rates offered to the Group by commercial banks for the same category of loans, whichever is lower.
- (3) Other Financial Services: the interests or service fees charged for Other Financial Services shall (i) comply with the standard rates as promulgated by the PBOC or the CBRC from time to time (if applicable); (ii) not be higher than the interests or service fees charged by commercial banks for comparable services; and (iii) not be higher than the interests or service fees charged by the Group Finance Company for comparable services to other members of HECIC.

Term

The Financial Services Framework Agreement will take effect from the date on which the Independent Shareholders' approval for the Financial Services Framework Agreement (including the proposed caps of the Deposit Service) is obtained and will remain valid until 31 December 2015.

The term of any separate individual financial service agreement between the Group and the Group Finance Company in accordance with the Financial Services Framework Agreement shall not exceed the term of the Financial Services Framework Agreement.

PROPOSED CAPS AND BASIS OF DETERMINATION

PROPOSED CAPS

For the purpose of the Deposit Service under the Financial Services Framework Agreement, the Company estimates that the maximum daily balance of the deposits placed with the Group Finance Company by the Group for each of the three years ending 31 December 2015 is as follows:

Period	Maximum daily balance of the Deposit Service <i>RMB</i> <i>(in million)</i>
Period from effective date to 31 December 2013	1,000
Year ending 31 December 2014	1,150
Year ending 31 December 2015	1,350

BASIS OF DETERMINATION OF THE PROPOSED CAPS

In determining the above caps, the Directors have considered the following factors:

- fund management strategy of the Group, namely to benefit from the enlarged scale economy by centralizing its funds with higher liquidity (including the unrestricted cash) in certain selected financial institutions, including the Group Finance Company;
- the proportions of overseas funds, proceeds of issue of debt securities, restricted funds (including but not limited to entrusted payment funds and other funds pledged for receivables) and unrestricted funds of the Group in the past three years; and
- the increasing trend of deposit balance (excluding the overseas unsettled funds and the proceeds of the issue of debt securities) of the Group in the past three years.

The estimation of the proposed caps is based on the following assumptions:

- The overseas unsettled funds and the proceeds of the issue of debt securities are proceeds raised by the Company's fund raising activities. Given that they are either deposited outside the PRC or will be utilized in capital expenditure, they cannot be deposited with the Group Finance Company and are not taken into consideration for the proposed caps.
- Based on the historical performance, the annual growth rate of the deposit balance (excluding the overseas unsettled funds and the proceeds of the issue of debt securities) in the past three financial years ended 31 December 2010, 2011 and 2012 was around 20%. According to the unaudited financial statements of the Company for the six months ended 30 June 2013, the amount of the deposit balance (excluding the overseas unsettled funds and the proceeds of the issue of debt

securities) as at 30 June 2013 was RMB983.63 million, representing an increase of approximately 21% from the amount as at 31 December 2012. It is expected that the deposit balance will continue to increase in the second half of 2013 as a result of the increase of the Group's operational activities and, therefore, such annual growth rate will slightly increase to and remain at 23% for the two years ending 31 December 2014 and 2015.

- Based on the historical financial data, the restricted funds of the Company amounted to approximately 15% of the aggregate amount of deposit balance (excluding overseas unsettled funds and the proceeds of issue of debt securities) of the Company. It is expected that it will remain at a rate of 15% for the three years ending 31 December 2013, 2014 and 2015.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FINANCIAL SERVICES FRAMEWORK AGREEMENT

The Company entered into the Financial Services Framework Agreement with the Group Finance Company for the following key reasons:

- the interest rates of the Deposit Service and Loan Service and relevant handling fees of Other Financial Services offered by the Group Finance Company to the Group are the same as or more favorable than (on case by case basis) those interest rates or handling fees offered by any third party to the Group;
- the PRC laws prohibit direct intercompany loans among group companies (including subsidiaries and associated companies) other than legitimate financial institutions. Loans must be provided through a legitimate financial institution or agency. The Group Finance Company, regulated by the PBOC and the CBRC, is a non-banking financial institution authorized to provide various types of financial services, including deposit and loan services;
- the Group may utilize the Group Finance Company as a medium to allocate the funds between the members of the Group more effectively, increase the degree of liquidity of the Group's funds and enhance the overall solvency of the Group; and
- as the Group Finance Company is familiar with the Group's operation, it can provide service in a quicker and more efficient way than commercial banks in the PRC, from which the Group is expected to benefit.

The Directors also believe that the risk profile of the Group Finance Company, as a provider of financial services to the Company, is not any greater than those of independent commercial banks in PRC. The Directors have considered the following factors when assessing relevant financial risks:

- the Group Finance Company is regulated by the PBOC and the CBRC and it must comply with the relevant rules and operational requirements of the above regulatory authorities, including capital risks guidelines and requisite capital adequacy ratios;

- the Group Finance Company has not defaulted on any of its credit obligations or (to the knowledge of the Company) breached any rule or operational requirement of the above regulatory authorities, and has implemented stringent internal control and risk management measures;
- under the relevant rules of the PBOC and the CBRC, the clients of the Group Finance Company are restricted to HECIC and its subsidiaries (including the Group). The Group Finance Company Finance is hence exposed to a lower level of potential risk than the entities soliciting external clients;
- pursuant to the Financial Services Framework Agreement, if the Group is unable to collect any deposits and accrued interests placed with the Group Finance Company under the Financial Services Framework Agreement, the Group is entitled to offset the same with any unpaid loans and accrued interests payable to the Group Finance Company;
- pursuant to the Financial Services Framework Agreement, the Group Finance Company shall promptly notify the Company when any matter that may affect its ordinary operation occurs, including material structural change, credit ratings, equity transaction or operational risk, and the Company is entitled to suspend or terminate the services provided by the Group Finance Company;
- pursuant to the Financial Services Framework Agreement, the Group Finance Company shall (1) provide the Company with the copies of each regulatory report submitted to the CBRC by the Group Finance Company; (2) provide the Company with the financial statement of the Group Finance Company for the previous month on the tenth day of each month; and (3) provide the Company with a monthly statement containing the balance of deposits placed with the Group Finance Company by the Group on the third day of each month.

To secure shareholders' interests, the Company will apply the following internal control procedures and corporate governance measures for utilizing the financial services provided by the Group Finance Company:

- before the Company or any of its subsidiaries enter into any agreement in relation to the Deposit Service, Loan Service or Other Financial Services with the Group Finance Company, the Company will obtain at least three quotes from independent financial institutions for similar deposit/loan services of the same duration or any other service of the same nature (as the case may be). The Company will compare such quotes against the offer from the Group Finance Company and decide whether to take up the offer of the Group Finance Company;
- all borrowings from the Group Finance Company will be conducted in accordance with the terms approved by the president or the Board, as appropriate;
- when there is any change in the fees for the services provided by the Group Finance Company, or there will be transactions between the Group and the Group Finance Company, the Group Finance Company will provide the Company via email with the pricing information in relation to the comparable services it provides to other member companies of HECIC, and the relevant audit departments will verify or examine the updated pricing information;

- the financial department of the Company will closely monitor the transactions under the Financial Services Framework Agreement, and review the above regulatory report, monthly financial statement and monthly balance statement provided by the Group Finance Company immediately after receiving the same. Any problems identified will be immediately reported to the management and the Board;
- the financial department of the Company will, on a quarterly basis, report to the independent non-executive Directors the following items:
 - (i) the relevant transactions under the Financial Services Framework Agreement of each quarter together with information on the comparable quotes obtained from the independent commercial banks; and
 - (ii) any changes in the credit ratings of the Group Finance Company in each quarter.
- the Company will appoint external auditor to examine the internal controls, risk management, completeness and impartiality of the operational system of the Group Finance Company in respect of the transactions under the Financial Services Framework Agreement, and the auditor shall provide relevant risk management report to the Company on a yearly basis;
- the audit and regulatory department of the Company will review the appropriateness of the system of internal controls and report the results of the review to the management on a yearly basis;
- in the event of any changes in the credit ratings of the Group Finance Company during the term of the Financial Services Framework Agreement, such change shall be forthwith reported by the Group Finance Company to the Company; and
- the Group Finance Company undertakes that it will strictly comply with the risk monitoring indicators for finance companies issued by the CBRC, and the major monitoring indicators such as gearing ratio, interbank borrowing ratio and liquidity ratio will also comply with the requirements of the CBRC.

For the above reasons, the Directors are of the view that the Financial Services Framework Agreement is entered into after arm's length negotiations and on normal commercial terms, and the terms of the transactions under such agreement and the proposed caps for the Deposit Service are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

GENERAL

INFORMATION OF THE COMPANY AND THE GROUP

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

the largest distributor of natural gas in Hebei Province. Currently, the Group owns two long-distance natural gas transmission pipelines, four high pressure branch pipelines, 19 city gas projects, two CNG primary filling stations and two refilling stations. The sales volume of natural gas of the Group was 726 million cubic meters for the first half of 2013. As at 30 June 2013, the Group controlled and operated 23 wind farms, the consolidated installed capacity was 1,346.3MW and the attributable installed capacity was 1,193.6MW. In the first half of 2013, the gross power generation of the Group amounted to 1,610 million KWh. In addition, the Group operates a 1MW solar model project, which provides experience for industrialization of solar power generation in the future.

GROUP FINANCE COMPANY

The Group Finance Company is a non-banking financial institution regulated by the PBOC and the CBRC. Its scope of business includes: (i) arrangement of financial and financing advisory, credit authentication and relevant consulting and agency services for member companies of HECIC; (ii) assistance in collection and payment of transaction money for member companies of HECIC; (iii) approved insurance agency business; (iv) provision of guarantees for member companies of HECIC; (v) entrusted loan and entrusted investment services among member companies of HECIC; (vi) bills discounting and acceptance for member companies of HECIC; (vii) money transfer and settlement and design of relevant settlement and clearance structure among member companies of HECIC; (viii) acceptance of money deposit from member companies of HECIC; (ix) arrangement of lending and finance lease for member companies of HECIC; (x) interbank market transactions; and (xi) other businesses as approved by the CBRC.

IMPLICATION UNDER THE LISTING RULES

HECIC is the controlling shareholder of the Company and directly and indirectly holds approximately 57.9% equity interest in the Company in aggregate, and is therefore a connected person of the Company. The Group Finance Company is a non-wholly owned subsidiary of HECIC, and is also a connected person of the Company. As such, the Group Finance Company providing financial services to the Company pursuant to Financial Services Framework Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of Listing Rules.

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DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it in the Listing Rules;
“Board”	the board of Directors of the Company;
“CBRC”	China Banking Regulatory Commission (中國銀行業監督管理委員會);
“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, and its 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;
“Deposit Service”	deposit service provided to the Group by the Group Finance Company pursuant to the Financial Services Framework Agreement;
“Director(s)”	the director(s) of the Company;
“Financial Services Framework Agreement”	a financial services framework agreement dated 16 August 2013 entered into between the Company and Group Finance 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 established in the PRC, a non-banking financial institution under the supervision of the CBRC, and a non-wholly-owned subsidiary of HECIC;
“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, primarily engaging 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 etc.;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee ”	the independent board committee comprising all independent non-executive Directors, namely Mr. Qin Hai Yan, Mr. Ding Jun, Mr. Wang Xiang Jun and Mr. Yue Man Yiu Matthew, to advise the Independent Shareholders in respect of the terms of the Deposit Service and the proposed caps;
“Independent Shareholders”	shareholders of the Company other than HECIC, HECIC Water Investment Co., Ltd. and their associates;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Loan Service”	loan and entrusted loan service provided to the Group by the Group Finance Company pursuant to the Financial Services Framework Agreement;
“Other Financial Services”	other financial services provided to the Group by the Group Finance Company pursuant to the Financial Services Framework Agreement, including bill discounting and acceptance services, finance lease services and settlement services and other services as approved by the CBRC;
“PBOC”	The People’s Bank of China (中國人民銀行), the central bank of the PRC;
“PRC”	The People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;

“Stock Exchange” The Stock Exchange of Hong Kong Limited; and
“subsidiaries” has the meaning ascribed to it in the Listing Rules.

By order of the Board of
China Suntien Green Energy Corporation Limited
Zhao Hui
Executive Director/Joint Company Secretary

Kunming City, Yunnan Province, PRC, 16 August 2013

As at the date of this announcement, the non-executive Directors of the Company are Mr. Zhao Hui Ning, Mr. Xiao Gang and Mr. Ma Guo Qing; the executive Directors of the Company are Dr. Cao Xin, Mr. Gao Qing Yu, Mr. Wang Hong Jun and Mr. Zhao Hui; and the independent non-executive Directors of the Company are Mr. Qin Hai Yan, Mr. Ding Jun, Mr. Wang Xiang Jun and Mr. Yue Man Yiu Matthew.

* *For identification purpose only*