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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 UNDER  
THE VER PROJECT AGREEMENT**

The Board announces that, on 24 March 2016, the Company entered into the VER Project Agreement with CISF, a connected person of the Company, pursuant to which CISF is responsible for the unified management of the emission reduction generated by the VER projects of the Group that satisfy the development conditions such as those in connection with wind power and photovoltaic power. The VER Project Agreement is effective from 24 March 2016 to 31 December 2016.

According to the terms of the VER Project Agreement, CISF will be mainly responsible for the development of the VER projects designated by the Company, the daily transactions and management of the emission reduction of the projects, the transactions of the VER projects on behalf of the Company and etc. CISF will be responsible for all of the expenses generated in the early development stage of the VER projects and will charge the Company 40% of the emission reduction revenue generated by the VER projects of the Company every year as management fees. Both parties agree that the total management fees to be paid by the Company to CISF shall not exceed RMB5 million during the term of the agreement.

HECIC is the controlling shareholder of the Company, holding approximately 50.5% equity interest of the Company, and is therefore a connected person of the Company. As CISF is a subsidiary of HECIC, it is also a connected person of the Company. Accordingly, the transactions under the VER Project Agreement constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio of this Transaction exceeds 0.1% but is less than 5% on an annual basis, this Transaction is subject to the reporting, announcement and annual review requirements, but is exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Board announces that, on 24 March 2016, the Company entered into the VER Project Agreement with CISF, a connected person of the Company, pursuant to which CISF will be mainly responsible for the unified management of the emission reduction generated by the VER projects of the Group that satisfy the development conditions such as those in connection with wind power and photovoltaic power.

## **THE VER PROJECT AGREEMENT**

The Group has been generating income from the disposal of certified emission reduction and VER of certain wind farms since 2007. The management of the VER business of the Group includes handling matters such as arranging the new energy projects to be reported to and registered with the NDRC and the United Nations Executive Board of the Clean Development Mechanism and selling the approved VER of the projects which are in operation. In order to better develop and manage the VER projects, the Company and CISF have entered into the VER Project Agreement, the principle terms of which are as follow:

### **Date**

24 March 2016

### **Term**

24 March 2016 to 31 December 2016

### **Parties**

- (1) The Company; and
- (2) CISF.

### **Principle terms**

#### *I. The rights and obligations of the Company*

The Company will:

1. be responsible for providing the project list of the Group, including but without limitation wind power and solar energy projects, to CISF;

2. facilitate CISF to complete the early development stage of the VER projects and designate the relevant personnel to communicate and coordinate with the project companies to ensure that every stage of the project development is progressing smoothly;
3. be responsible for the coordination between the project companies and CISF and arranging the project companies of the Company to provide CISF with all of the requisite documents and information which are relevant to the projects during the development of the VER projects.
4. have the right to request CISF to proceed and complete the relevant project development as scheduled. If CISF delays the completion progress, CISF needs to provide a written statement to the Company. If the progress of the Company's project development delays for more than six months due to the fault of CISF, the Company has the right to claim damages against CISF; and
5. facilitate the relevant members of the Group, the third party certification bodies selected by CISF and the purchaser to enter into relevant contracts (such as the third party certification bodies' service contracts and the emission reduction purchase contracts).

## *II. The rights and obligations of CISF*

CISF will be responsible for:

1. the relevant work in connection with the development stage of the projects, including but without limitation appointing third party certification bodies (such bodies are appointed by the NDRC and the United Nations Executive Board of the Clean Development Mechanism for assessing the truthfulness and completeness of the projects) and the purchasers etc.;
2. formulating the standardized process of project development in order to enhance the efficiency of project development;
3. reviewing the third party certification bodies' service contracts and the emission reduction purchase contracts etc.;
4. project inspections and the completeness, accuracy and compliance of the inspection information to ensure that the approvals of the NDRC and the United Nations Executive Board of the Clean Development Mechanism for the emission reduction are obtained in a timely manner to protect the interests of both parties;
5. the daily transactions and management of the emission reduction of all the VER projects under the VER Project Agreement as well as the entering into transactions on behalf of the Company with the purchasers at a prevailing and reasonable market price over the same period. Such transaction will be filed with the Company within one month from its completion. 40% of the payment received from the purchasers will be deducted as project management fees and the remaining 60% will be delivered to the Company within one month; and
6. preparing reports with the relevant information as required by the Company.

### *III. Fees and payment*

1. CISF will be responsible for all the expenses generated in the early development stage of the VER projects, including preparation fees of the design documents for the projects and validation fees, project registration fees, project inspection fees and fees for the issuance of the emission reduction inspection charged by the third party certification bodies as well as all the expenses incurred during the transaction;
2. 40% of the emission reduction revenue generated by the VER projects of the Company every year will be paid by the Company to CISF as project management fees; and
3. the total management fees to be paid by the Company to CISF shall not exceed RMB5 million within the term of the VER Project Agreement.

#### **PRINCIPLES OF PRICING FOR THE MANAGEMENT FEES**

According to the terms of the VER Project Agreement, CISF will charge the Company 40% of the emission reduction revenue generated by the VER projects of the Company every year as project management fees.

Before determining the management fees charged by CISF, the engineering management department of the Company made reference to similar project services fees charged by three certified emission reduction market development companies in the PRC market to ensure that the fees charged by CISF are in line with the prevailing price in the certified emission reduction market and the pricing terms are no less favorable than the transaction terms entered into between the Group and independent third parties.

#### **ANNUAL CAPS AND DETERMINATION BASIS OF THE MANAGEMENT FEES**

For the year ending 31 December 2016, it is estimated that the total management fees paid by the Company to CISF shall not exceed RMB5 million.

The relevant annual caps are based on the Group's approved project development plan in 2016 and the prevailing market price of the carbon emission trading.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE VER PROJECT AGREEMENT**

The Company has not employed any professional staff for emission reduction project development and does not possess the necessary expertise to complete the project development on its own. Accordingly, the Company needs to complete the reporting procedures with the assistance of professional consulting entities. CISF has a professional carbon assets development team and is familiar with the overall project development process, especially the major procedures including the project design documents such as additional demonstration, universality analysis and economic evaluation of the project. CISF also has reporting experience in respect of the development of certified emission reduction projects in the PRC, which can enhance the possibility of obtaining the necessary approvals from the NRDC for the projects. Meanwhile, CISF has established strategic partnership with various reputable domestic and foreign companies, which diversifies its domestic and foreign sales channels of carbon assets.

In addition, market development companies who are able to handle certification of emission reduction in the PRC generally charge a project early development fees in advance in the market. Such fees are not refundable if the project is not successfully developed. However, according to the VER Project Agreement, the project early development fees will be paid by CISF and no fee will be paid by the Company at the early development stage of the project. Meanwhile, the payment from the purchaser for acquiring the VER once it is received by the CISF will be delivered to the Company as soon as possible after deducting 40% of the payment as the project management fees. Comparing with the cooperation with independent third parties, this arrangement significantly reduces the risks of the Company having commercial disputes such as delay in VER payment collection.

### **General**

#### ***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, liquefied natural gas, compressed natural gas, coalbed methane and coalbased natural gas; (ii) investment in the development of new energy projects such as wind power, solar power and nuclear energy; and (iii) development of new energy technology and technical services.

#### ***CISF***

CISF, with its development direction of exploring and providing clean energy, is principally engaged in exploration and utilization of distributed energy (provision of air conditioning, heating and electricity), contract energy management and renewable green energy in order to provide the customers with an advanced, clean and low-carbon energy system and the integration and optimization of the energy system.

### ***Implication under the Listing Rules***

HECIC is the controlling shareholder of the Company, holding approximately 50.5% equity interest of the Company, and is therefore a connected person of the Company. As CISF is a subsidiary of HECIC, it is also a connected person of the Company. Accordingly, the VER Project Agreement and the transactions thereunder constitutes a continuing connected transaction of the Company under Chapter 14A of Listing Rules.

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

As four of our Directors, namely Dr. Cao Xin, Mr. Qin Gang, Ms. Sun Min and Mr. Wu Huijiang, hold management positions in HECIC, they have abstained from voting on the Board resolutions in relation to the approval for the VER Project Agreement and this Transaction thereunder according to the requirements of the Articles of Association of the Company. Furthermore, as our non-executive Director, Dr. Liu Zheng, was nominated to the Board by HECIC, he has also abstained from the voting on the Board resolutions in relation to the approval for the VER Project Agreement and this Transaction thereunder. Save for the above, no other Director has a material interest in the transaction contemplated under the VER Project Agreement and hence no other Director is required to abstain from voting on such Board resolutions.

The Directors (including all the independent non-executive Directors) consider that the VER Project Agreement has been negotiated on an arm's length basis and on normal commercial terms, and the transaction terms and management fees thereunder and its annual caps are fair and reasonable which are in the interests of the Company and its shareholders as a whole.

### **DEFINITIONS**

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

“Board”	the board of Directors;
“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, 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)”	the director(s) of the Company;
“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, which is primarily engaged in the investment in and construction of projects in the foundation industries, infrastructures and pillar industries in Hebei Province, including energy, transportation, water supply and commercial real estate;
“CISF”	Hebei Construction & Investment State Financing Energy Services Ltd. (河北建投國融能源服務有限公司), a company incorporated in the PRC, which is a subsidiary of HECIC and a connected person of the Company;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China, which for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“NDRC”	the National Development and Reform Commission of the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiaries”	has the meaning ascribed to it in the Listing Rules;
“this Transaction”	services provided to the Company by CISF according to the VER Project Agreement;
“VER”	voluntary emission reduction, which is not required by any law or regulation but is a voluntary carbon emission amount set by an organization with an aim to actively participate in improving climate change. According to the requirements of “Interim Measures for Voluntary Greenhouse Gas Emissions Reduction Transaction” promulgated by the National Development and Reform Commission, it is one of China’s certified emission reduction (CCER); and

“VER Project Agreement”

the VER Project Development and Emission Reduction Trading Commission Management Agreement dated 24 March 2016 entered into between the Company and CISF.

By order of the Board of  
**China Suntien Green Energy Corporation Limited**  
**Gao Qing Yu**  
*Executive Director and President*

Shijiazhuang, Hebei Province, the PRC  
24 March 2016

*As at the date of this announcement, the non-executive Directors of the Company are Dr. Cao Xin, Dr. Liu Zheng, Mr. Qin Gang, Ms. Sun Min and Mr. Wu Huijiang; the executive Directors of the Company are Mr. Gao Qing Yu and Mr. Wang Hong Jun; 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 purposes only*