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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**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 the Company, you should at once hand this circular and the relevant proxy forms 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.

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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 IN RELATION TO LNG  
TERMINAL SERVICES UNDER THE FRAMEWORK AGREEMENT  
AND  
2023 SECOND EXTRAORDINARY GENERAL MEETING**

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



**Gram Capital Limited**  
**嘉林資本有限公司**

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The Company will convene the 2023 second extraordinary general meeting (the "EGM") at 9:30 a.m. on Tuesday, 8 August 2023 at the Conference Room, 5/F, Yun-Ray Ambassador Hotel, Shijiazhuang City, Hebei Province, the PRC. The notice of EGM is set out on pages 33 to 35 of this circular. A letter from the Board is set out on pages 4 to 15 of this circular. A letter from the Independent Board Committee containing its recommendations to the Independent Shareholders is set out on pages 16 to 17 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 18 to 28 of this circular.

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 in person or by post but in any event not less than 24 hours before the time fixed for holding the EGM (i.e. before 9:30 a.m. on Monday, 7 August 2023) or any other 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.

\* For identification purposes only

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## DEFINITIONS

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

“A Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each subscribed for and paid up in RMB, which is listed on the Main Board of the Shanghai Stock Exchange and traded in Renminbi
“A Shareholder(s)”	registered holder(s) of the A Share(s)
“A Share Listing Rules”	the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange
“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“Caofeidian Company”	Caofeidian Suntien Liquefied Natural Gas Co., Ltd.* (曹妃甸新天液化天然氣有限公司), a company incorporated in the PRC, and a non-wholly owned subsidiary of the Company
“Company”	China Suntien Green Energy Corporation Limited (新天綠色能源股份有限公司), a joint stock company incorporated in the PRC with limited liability on 9 February 2010, the H Shares and A Shares of which are listed on the Main Board of the Hong Kong Stock Exchange and the Main Board of the Shanghai Stock Exchange, respectively
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“continuing connected transaction”	has the same meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the 2023 second extraordinary general meeting to be held by the Company at the Conference Room, 5th Floor, Yun-Ray Ambassador Hotel, Shijiazhuang City, Hebei Province, the PRC at 9:30 a.m. on Tuesday, 8 August 2023 in relation to the matters referred to in this circular

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## DEFINITIONS

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“Framework Agreement”	the Terminal Usage Cooperation Agreement dated 30 June 2023 entered into between New-Energy Supply Chain and Caofeidian Company
“Group”	the Company and its subsidiaries
“HECIC”	Hebei Construction & Investment Group Co., Ltd.* (河北建設投資集團有限責任公司), a wholly state-owned enterprise incorporated in the PRC, and the controlling shareholder of the Company
“HKD” or “HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“H Share(s)”	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 Main Board of the Hong Kong Stock Exchange
“H Shareholder(s)”	registered holder(s) of the H Share(s)
“Independent Board Committee”	the independent board committee of the Company comprising all of the independent non-executive Directors (being Mr. Guo Ying Jun, Mr. Wan Yim Keung, Daniel and Dr. Lin Tao), to advise the Independent Shareholders in respect of the Framework Agreement, the transaction contemplated thereunder and the proposed annual caps
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Framework Agreement, the transaction contemplated thereunder and the proposed annual caps
“Independent Shareholders”	the Shareholders other than HECIC and its associates
“Latest Practicable Date”	13 July 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information in this circular

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## DEFINITIONS

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“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended from time to time
“LNG”	liquefied natural gas
“LNG Terminal Service Contract”	the LNG Terminal Usage Contract dated 7 March 2023, signed by New-energy Supply Chain and Caofeidian Company and as amended by the supplemental agreement dated 30 June 2023. Please refer to the announcement of the Company dated 30 June 2023 for details
“LNG Terminal Service(s)”	the LNG terminal services, including LNG loading and discharging, temporary storage and gasification etc. to be provided by Caofeidian Company to New-energy Supply Chain under the Framework Agreement
“New-energy Supply Chain”	HECIC New-energy Supply Chain Management Co., Ltd.* (河北建投新能供應鏈管理有限公司), a company incorporated in the PRC, and a wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shares”	Domestic Share(s) and H Share(s)
“Shareholder(s)”	the holder(s) of the Shares
“subsidiary(ies)”	has the same meaning ascribed to it under the Listing Rules
“Supervisor(s)”	supervisor(s) of the Company
“%”	percentage

\* The translated English names for the PRC nationals, entities, departments, facilities, certificates, titles, laws, regulations and the like included in this circular and for which no official English translation exists are unofficial translations for identification purposes only. In case of inconsistency in such case, the Chinese names shall prevail.

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LETTER FROM THE BOARD

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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

Mr. Wang Tao

*Executive Directors:*

Mr. Mei Chun Xiao (*President*)

Mr. Wang Hong Jun

*Independent Non-executive Directors:*

Mr. Guo Ying Jun

Mr. Wan Yim Keung, Daniel

Dr. Lin Tao

**Registered Office and Headquarters:**

9th Floor, Block A

Yuyuan Plaza

No. 9 Yuhua West Road

Shijiazhuang City

Hebei Province

PRC

**Principal Place of Business  
in Hong Kong:**

Suite 2103, 21st Floor

Prudential Tower

The Gateway, Harbour City

Kowloon

Hong Kong

18 July 2023

*To the Shareholders:*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTION IN RELATION TO LNG  
TERMINAL SERVICES UNDER THE FRAMEWORK AGREEMENT  
AND  
2023 SECOND EXTRAORDINARY GENERAL MEETING**

**1. INTRODUCTION**

Reference is made to the announcement of the Company dated 30 June 2023 in relation to, among other things, the Framework Agreement and the continuing connected transaction contemplated thereunder.

\* For identification purposes only

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with:

- (a) further information on the details of the Framework Agreement and the continuing connected transaction contemplated thereunder;
- (b) the letter from the Independent Board Committee to the Independent Shareholders;
- (c) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and
- (d) other information as required under the Listing Rules.

## 2. CONTINUING CONNECTED TRANSACTION UNDER THE FRAMEWORK AGREEMENT

### 2.1 Background

In view of the recent commissioning of Tangshan LNG Project phase I, a project invested by the Group through Caofeidian Company, and to ensure better utilization of the LNG Terminal Services by the Group, on 30 June 2023, New-energy Supply Chain and Caofeidian Company entered into the Framework Agreement which stipulates that, during the valid term of the Framework Agreement, New-energy Supply Chain will be provided with the right to use up to 2.55 million tonnes (equivalent to approximately 3.57 billion cubic metres) of the annual service volume of LNG terminals prior to the commencement of general operation of the Tangshan LNG Project phase II, and up to 5.1 million tonnes (equivalent to approximately 7.14 billion cubic metres) of service volume of LNG terminals after the commencement of general operation of the Tangshan LNG Project phase II and until 31 December 2042, the expiry of the Framework Agreement.

### 2.2 Framework Agreement

The principal terms of the Framework Agreement are as follows:

Date:	30 June 2023
Parties:	(i) New-energy Supply Chain (as the user of the LNG Terminal Services); and  (ii) Caofeidian Company (as the provider of the LNG Terminal Services)
Agreement term:	Effective from the date of approval of the Framework Agreement and the transaction contemplated thereunder by the Independent Shareholders and valid until 31 December 2042.

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## LETTER FROM THE BOARD

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LNG Terminal Services:

During the term of the Framework Agreement, prior to and including the year of commencement of general operation of Tangshan LNG Project phase II, New-energy Supply Chain is entitled to use an annual service volume of LNG Terminal Services of up to 2.55 million tonnes (inclusive, equivalent to approximately 3.57 billion cubic metres); after the commencement of general operation of Tangshan LNG Project phase II, New-energy Supply Chain is entitled to use an annual service volume of LNG Terminal Services of up to 5.1 million tonnes (inclusive, equivalent to approximately 7.14 billion cubic metres) (collectively, the “**Guaranteed Annual Usage**”). The LNG Terminal Services to be provided by Caofeidian Company include LNG loading and discharging, temporary storage and gasification services etc.

In calculating the service volume of LNG terminals to which New-energy Supply Chain is entitled, all LNG Terminal Services used or to be used by New-energy Supply Chain shall be taken into account, including but not limited to annual service volume under the LNG Terminal Service Contract.

Caofeidian Company has agreed to grant New-energy Supply Chain a right of first refusal to renew the Framework Agreement with Caofeidian Company upon its expiry. If New-energy Supply Chain elects to renew the Framework Agreement, it must notify Caofeidian Company three months prior to the expiry of the Framework Agreement and complete the relevant internal and external contract renewal approval processes as soon as possible.

The use of the LNG Terminal Services by New-energy Supply Chain is determined on a voluntary basis and confirmation of the specific annual contracted service volume will be agreed in the individual contracts of LNG Terminal Services to be signed by both parties.



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## LETTER FROM THE BOARD

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Pricing Method: The relevant LNG Terminal Service fee to be charged by Caofeidian Company shall not be higher than the price (tax inclusive) approved by the competent pricing authority<sup>1</sup> and shall not be higher than the price offered by Caofeidian Company to other LNG terminal users under the same conditions.

### 2.3 Proposed Annual Caps and Basis of Determination

As the commissioning of the LNG terminal of the Tangshan LNG Project did not commence until late June 2023, Caofeidian Company did not provide any LNG Terminal Services to the Group in the previous years.

For the continuing connected transactions under the Framework Agreement (having taken into account the continuing connected transaction under the LNG Terminal Service Contract), the Group estimates the annual caps for each of the three years ending 31 December 2023, 2024 and 2025 to be RMB330 million, RMB790 million and RMB1,190 million, respectively.

If the actual usage by New-energy Supply Chain does not reach the Guaranteed Annual Usage as agreed in the Framework Agreement, Caofeidian Company shall be entitled to allocate the unused portion to other customers; if the actual demand of New-energy Supply Chain exceeds the Guaranteed Annual Usage, negotiations shall be made with Caofeidian Company for the excess portion and Caofeidian Company shall provide LNG Terminal Services in accordance with the trading principles under the Framework Agreement as far as practicable.

The aforesaid annual caps are determined with reference to the following factors:

- (1) The Group has entered into a 15-year long-term LNG purchase and sale agreement with an overseas independent third party, which stipulates the Group's annual purchase volume of approximately 1 million tonnes (equivalent to approximately 1.4 billion cubic metres) of LNG in each contract year until 2037.

In order to ensure timely loading and discharging arrangements for the above LNG purchases, the New-energy Supply Chain has entered into the LNG Terminal Service Contract with Caofeidian Company to secure an annual LNG Terminal Service volume of 400,000 tonnes for 2023 and 1 million tonnes for each contract year from 2024 to 2037. For the three years ending 31 December 2023, 2024 and 2025, the annual caps are RMB280 million, RMB510 million and RMB510 million, respectively. For details, please refer to the announcement of the Company dated 30 June 2023.

1. The current competent pricing authority responsible for pricing approving of the LNG terminal services charged by Caofeidian Company is the Provincial Development and Reform Commission of Hebei Province.

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## LETTER FROM THE BOARD

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Given that the LNG Terminal Service Contract is only a specific contractual arrangement supporting for a 15-year procurement of 1 million tonnes of LNG per contract year, while the Group's future demand for LNG terminal services will further increase with the expansion of its natural gas business, New-energy Supply Chain and Caofeidian Company have further entered into the Framework Agreement, in addition to the LNG Terminal Service Contract, to regulate the principles for future transactions between the two parties for the next 20 years. By complying with the principles of the Framework Agreement, the parties may further enter into specific service contract(s) for future business needs.

When determining the proposed annual caps for the continuous connected transaction under the Framework Agreement, the Company has taken into account the annual caps for the continuous connected transaction under the LNG Terminal Service Contract. In the future, the Company will conduct annual reviews of the transactions under both of the LNG Terminal Service Contract and the Framework Agreement in strict accordance with the requirements under Chapter 14A of the Listing Rules and disclose the respective compliance status of the above transactions in its annual reports.

- (2) The Company expects that the potential demand for LNG and the distribution capacity of the Group will continue to grow annually in the future. The demand for LNG terminal services is directly related to the demand for natural gas by the Group's customers, and the increase in the number of customers each year will contribute to the growth in demand for natural gas. According to the communication with certain clients, the total maximum indicated demand by such clients for natural gas each year for the three years ending 31 December 2023, 2024 and 2025 is 0.7 million tonnes, 1.7 million tonnes and 2.55 million tonnes, respectively. As such, the Group must secure the corresponding LNG Terminal Services to meet the supply demand in such years, so as to ensure a smooth process from procurement to supply.
- (3) The Company has adopted the assumed gasification rate of 1,400 cubic metres/tonne for calculation of the proposed annual caps.
- (4) According to the "Guiding Opinion of the National Development and Reform Commission on Improving the Pricing Mechanism for Gasification Services at Terminal Stations for Imported LNG", the price of gasification services (broadly including the LNG loading and discharging, temporary storage and gasification services) is governed by the government's guiding price and the highest price for gasification services at LNG terminals in a province is set by the competent provincial pricing authorities. The prevailing guiding price ceiling for gasification services at Tangshan LNG terminals approved by the Provincial Development and Reform Commission of Hebei Province is RMB0.331/cubic metre (tax inclusive). As far as the Company is aware, the price of gasification services for the third-party LNG terminals in Hebei

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## LETTER FROM THE BOARD

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province has been at a similar level since 2013. The Company expects that the prevailing government guiding price of LNG gasification service fee in Hebei province will remain stable for the next three to five years.

Based on the above, the proposed annual caps for the three years ending 31 December 2023, 2024 and 2025, calculated as the product (after rounding) of (i) the estimated demand for LNG Terminal Services (in volume) for each year; (ii) the assumed gasification rate at 1,400 cubic metres/tonne; and (iii) the estimated LNG Terminal Services fee of RMB0.331/cubic metre (tax inclusive), are RMB330 million, RMB790 million and RMB 1,190 million, respectively.

### **2.4 Corporate Governance Measures and Internal Control Procedures**

In order to protect the interests of the Company and its shareholders as a whole, the Company has been reporting and disclosing the continuing connected transactions as required under the Listing Rules. To further ensure that all continuing connected transactions entered into by the Group with its connected persons are conducted on normal commercial terms and in accordance with the above pricing principles as stated upon reporting, the Company will continue to adopt the following corporate governance measures and internal control procedures:

- (1) Signing of all individual contracts under the Framework Agreement must be pre-approved by the Company's management and assessment department and other relevant management personnel (including vice president) in accordance with the internal system to ensure that the individual contracts to be entered into comply with the terms and conditions set out in the Framework Agreement. In the event that the terms and conditions of the Framework Agreement have to be amended due to practical circumstances, re-examination of the appropriate approval process (including but not limited to obtaining the approval of the Board and complying with the relevant requirements of the Listing Rules) is required;
- (2) New-energy Supply Chain and/or Caofeidian Company shall report to the Company's management and assessment department when the service fees charged by Caofeidian Company to a third party are different from the fees charged to New-energy Supply Chain. The Company's management and assessment department will review and compare the relevant service pricing charged by Caofeidian Company to the third party to ensure that the service fees provided by Caofeidian Company to New-energy Supply Chain are in line with the pricing principles of the Framework Agreement;
- (3) As required by the Listing Rules, the Company's independent auditor will conduct an annual review and provide an opinion on the implementation of the Company's continuing connected transactions and whether the amounts of the continuing connected transactions are within the annual caps; and

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## LETTER FROM THE BOARD

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- (4) The Board and its Audit Committee will review the report on the implementation of the Company's continuing connected transactions on an annual basis. The independent non-executive Directors will provide an opinions in the annual report on the connected transactions during the reporting period, including but not limited to a review of whether the terms of the continuing connected transactions are fair and reasonable, on normal commercial terms or better and in the interests of the Company and the shareholders as a whole.

### **2.5 Reasons for and Benefits of Signing the Framework Agreement**

For the overall layout of the natural gas business of the Group, the Group has invested in the development of the Tangshan LNG Project (in three phases), the Hebei Suntien Tangshan LNG Terminal Outbound Pipelines Project (Caofeidian-Baodi section) and the Hebei Suntien Tangshan LNG Terminal Outbound Pipelines Project (Baodi-Yongqing section) through Caofeidian Company. The first and second phases of Tangshan LNG Project build and construct both LNG berth for LNG loading and discharging and LNG storage tanks and facilities, while the third phase focuses on the construction of the LNG storage tanks and facilities. The first phase of the Tangshan LNG Project has commenced commissioning in June 2023, and construction of the second phase is expected to be completed in 2025, both with a design capacity of 5 million tonnes per annum (equivalent to approximately 7 billion cubic metres per annum) of LNG loading and discharging. Upon completion of construction and commencement of operation of these two phases, the total design capacity would reach 10 million tonnes per annum (equivalent to approximately 14 billion cubic metres per annum).

In view of the Group's long-term agreements with an overseas independent third-party for the purchase and sale of LNG, the signing of the Framework Agreement supports the full development of the business and downstream markets for New-energy Supply Chain on a long-term basis. Caofeidian Company has agreed to provide various LNG Terminal Services to New-energy Supply Chain through the Framework Agreement, which is able to significantly increase the utilization rate of the terminal and outbound pipelines of the Tangshan LNG Project and meet the demand of New-energy Supply Chain; and by charging LNG Terminal Service fees, Caofeidian Company will receive a stable annual income, lock in profitability and improve its return on investment.

On the other hand, New-energy Supply Chain is actively establishing a diversified gas supply network to match the layout of the pipeline network and the need for peaking facilities, and to plan reasonably for the supply capacity according to the downstream gas consumption structure. The Tangshan LNG Project provides stable LNG Terminal Services for New-energy Supply Chain on a priority basis, freeing the Group from the constraints of unavailability of service windows or uncertainty of service capacities at third party LNG terminals. At the same time, the Tangshan LNG Project is connected to the natural gas pipeline network in Hebei Province, which is conducive to ensuring the stability of the Group's LNG supply. Therefore, the signing of the Framework Agreement will further ensure that New-energy Supply Chain can

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## LETTER FROM THE BOARD

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meet the demand for gas in Beijing, Tianjin, Hebei and surrounding areas, improve the efficiency of Caofeidian Company's LNG terminal and increase the level of revenue of Caofeidian Company. The Group will rely on the LNG terminal of the Tangshan LNG Project to form a safe and efficient natural gas production, supply, storage and sales system, which will facilitate the coordinated development in the upstream, midstream and downstream of the industry chain, thereby continuing to expand the end market size of the Group's natural gas business and enhance the Group's influence in the industry.

### **2.6 Implications under the Listing Rules**

Caofeidian Company is a non-wholly owned subsidiary of the Company; and HECIC (the controlling shareholder holding approximately 49.17% of the Company's total number of Shares in issue) directly holds 10% or more equity interest in Caofeidian Company. Therefore, Caofeidian Company is a connected subsidiary of the Company and the transaction under the Framework Agreement constitutes a continuing connected transaction of the Group under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the transaction under the Framework Agreement (taking into account the annual caps of the transaction under the LNG Terminal Service Contract) exceed 5%, the Framework Agreement and the transaction contemplated thereunder are therefore subject to the reporting, announcement, annual review and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company has engaged Gram Capital as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Framework Agreement, the transaction contemplated thereunder and the proposed annual caps.

### **2.7 Opinion of the Independent Financial Adviser on the Contract Term**

As the term of the Framework Agreement exceeds three years, pursuant to Rule 14A.52 of the Listing Rules, the Company has engaged Gram Capital as the Independent Financial Adviser to explain why the Framework Agreement require 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 the Framework Agreement to be longer than three years, Gram Capital considered the following factors:

- As stated in the Company's annual report for the year ended 31 December 2022, in order to meet domestic demand for natural gas and ensure stable natural gas prices and supply, the Company will continue to seize the industry opportunities and actively explore cooperation opportunities with international natural gas suppliers, strive for overseas upstream high-quality gas sources, and expand the long-term natural gas procurement channels in the international market, securing diversified natural gas suppliers and price options for the Company. As advised by the Directors, it is important for the

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## LETTER FROM THE BOARD

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Group to have a stable loading and discharging, temporary storage and gasification services for the Group's future natural gas procurement in the international market.

As mentioned above, the Tangshan LNG Project provides stable LNG Terminal Services for New-energy Supply Chain on a priority basis, freeing the Group from the unavailability of service windows or uncertainty of service capacities at third party LNG terminals. A long duration of the LNG Terminal Services is conducive to ensuring the stability of arrangement for loading and discharging, temporary storage and gasification for the Group's future natural gas procurement in the international market.

- In 2021, the Company entered into a long-term (15 years) LNG purchase and sales agreement with Qatar Liquefied Gas Company Limited (2), an independent third party of the Company.

In considering whether it is normal business practice for agreements of similar nature with the transaction contemplated under the Framework Agreement to have a term of such duration (i.e. 20 years), Gram Capital identified and reviewed nine transactions involving LNG loading, LNG storage, LNG delivery and/or LNG regasification, entered into by listed companies, the durations of the aforesaid arrangements ranged from 8 to 20 years (the "Precedents Range"). The duration of the Framework Agreement is within the Precedents Range.

Taking into account of the above, Gram Capital confirms that the duration of the Framework Agreement, which is longer than three years, is required and it is normal business practice for agreements of this type to be of such durations.

### **2.8 General Information**

#### *The Company*

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

#### *New-energy Supply Chain*

New-energy Supply Chain was incorporated under the laws of the PRC on 9 July 2019, and is a wholly-owned subsidiary of the Company. It is a professional natural gas sales platform established to complete the integration of purchase, storage, transmission and sales of natural gas. It is mainly engaged in the sales of piped gas and LNG by relying on the Tangshan LNG Project and the supporting outbound pipelines project, and undertakes the task of distributing natural gas resources at the Tangshan LNG terminals.

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## LETTER FROM THE BOARD

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### *Caofeidian Company*

Caofeidian Company was incorporated under the laws of the PRC on 22 March 2018, and is held by the Company and HECIC as to 51% and 49%, respectively. It is primarily engaged in investment in the development of the Tangshan LNG Project (in three phases), the Hebei Suntien Tangshan LNG Terminal Outbound Pipelines Project (Caofeidian-Baodi section) and the Hebei Suntien Tangshan LNG Terminal Outbound Pipelines Project (Baodi-Yongqing section).

### **3. THE EGM**

The business to be considered at the EGM is described in the notice of EGM. An ordinary resolution will be proposed at the EGM to consider and approve the Framework Agreement, the transaction thereunder and the proposed annual caps.

The proxy form is enclosed. 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 holders of H Shares, the proxy form should be returned to Computershare Hong Kong Investor Services Limited in person or by post not less than 24 hours before the time fixed for holding the EGM (i.e. on or before Monday, 7 August 2023) 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.

Arrangements for A shareholders to attend the EGM will be separately announced by the Company on the Shanghai Stock Exchange's website as and when appropriate.

### **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 the proposed resolution at the EGM.

In view of HECIC's interests in transaction under the Framework Agreement, HECIC and its associates (holding approximately 49.17% of the Company's total number of shares in issue) are required to abstain and shall abstain from voting on the ordinary resolution to be proposed at the EGM to approve the Framework Agreement, the transaction contemplated thereunder and the proposed annual caps.

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

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## LETTER FROM THE BOARD

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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 30 June 2023, the Company convened a Board meeting and passed the resolution unanimously in relation to the Framework Agreement, the transaction contemplated thereunder and the proposed annual caps. As Dr. Cao Xin, Mr. Qin Gang and Mr. Wang Tao hold positions in HECIC, and Mr. Mei Chun Xiao and Mr. Wang Hong Jun hold positions in Caofeidian Company, they have abstained from voting on the resolution of the Board approving the Framework Agreement, the transaction contemplated thereunder and the proposed annual caps in accordance with the Company's articles of association. Save as disclosed above, none of the other Directors has or is deemed to have a material interest in the transaction under the 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 Framework Agreement, the transaction contemplated thereunder and the proposed annual caps. Gram Capital has been engaged as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in such respect.

The Directors (including the independent non-executive Directors) are of the view that the Framework Agreement was entered into by the Group in its ordinary and usual course of business and on normal commercial terms, and that the contract terms and the annual caps for the transaction contemplated thereunder 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 (including 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 Framework Agreement, the transaction contemplated thereunder and the proposed annual caps.



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## LETTER FROM THE BOARD

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Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 16 to 17 of this circular containing the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Framework Agreement, the transaction contemplated thereunder and the proposed annual caps; and (ii) the letter from the Independent Financial Adviser set out on pages 18 to 28 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 Framework Agreement, the transaction contemplated thereunder and the proposed annual caps.

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

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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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)**

18 July 2023

*To the Independent Shareholders:*

Dear Sir or Madam,

#### **CONTINUING CONNECTED TRANSACTION IN RELATION TO LNG TERMINAL SERVICES UNDER THE FRAMEWORK AGREEMENT**

We refer to the circular dated 18 July 2023 (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 of the Listing Rules, we have been appointed to consider and advise the Independent Shareholders as to whether the Framework Agreement, the transaction contemplated thereunder (including the proposed annual caps) are entered into and conducted by the Company in its ordinary and usual course of business, 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 engaged 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 Framework Agreement, the transaction contemplated thereunder and the proposed annual caps are contained in the letter from the Board set out on pages 4 to 15 in the Circular.

We have also discussed with the management of the Company regarding the terms of the Framework Agreement and the basis upon which the proposed annual caps of the LNG Terminal Services for the three years ending 31 December 2025 are determined.

Having considered (i) the terms of the Framework Agreement; (ii) the discussions with the management of the Company about the background and nature of the Framework Agreement; (iii) reasons for the proposed terms and proposed annual caps and the basis upon which the proposed terms and proposed annual caps has been determined; and (iv) the advice of Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, we consider that the Framework Agreement

\* For identification purposes only

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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was entered into by the Group in its ordinary and usual course of business and on normal commercial terms, and that the contract terms and the proposed annual caps for the transaction contemplated thereunder 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.

We therefore recommend the Independent Shareholders to vote in favor of the ordinary resolution to be proposed at the EGM to approve the Framework Agreement, the transaction contemplated thereunder and the proposed annual caps.

Yours faithfully,  
Independent Board Committee of  
**China Suntien Green Energy Corporation Limited**  
**Mr. Guo Ying Jun**  
**Mr. Wan Yim Keung, Daniel**  
**Dr. Lin Tao**  
*Independent Non-executive Directors*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*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 Transaction for the purpose of inclusion in this circular.*



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

18 July 2023

*To: The Independent Board Committee and the Independent Shareholders  
of China Suntien Green Energy Corporation Limited\**

Dear Sir/Madam,

### **CONTINUING CONNECTED TRANSACTION IN RELATION TO LNG TERMINAL SERVICES UNDER THE FRAMEWORK AGREEMENT**

#### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the transaction contemplated under the Framework Agreement (the “**Transaction**”), details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 18 July 2023 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 30 June 2023, New-energy Supply Chain and Caofeidian Company entered into the Framework Agreement pursuant to which, during the valid term of the Framework Agreement, New-energy Supply Chain will be provided with the right to use up to 2.55 million tonnes (equivalent to approximately 3.57 billion cubic metres) of the annual service volume of LNG terminals prior to the commencement of general operation of the Tangshan LNG Project phase II, and up to 5.1 million tonnes (equivalent to approximately 7.14 billion cubic metres) of service volume of LNG terminals after the commencement of general operation of the Tangshan LNG Project phase II and until 31 December 2042, the expiry of the Framework Agreement.

With reference to the Board Letter, the Transaction constitutes a continuing connected transaction of the Company and is subject to reporting, announcement, annual review and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising Mr. Guo Ying Jun, Mr. Wan Yim Keung, Daniel and Dr. Lin Tao (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Transaction are on normal commercial terms and are fair and reasonable; (ii) whether the

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## **LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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Transaction is conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolution to approve the Transaction at the EGM. 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.

### **INDEPENDENCE**

During the past two years immediately preceding the Latest Practicable Date, Gram Capital was engaged as the independent financial adviser in relation to (i) continuing connected transaction and discloseable transaction, details of which were set out in the Company's circular dated 23 November 2021; (ii) connected transaction, details of which were set out in the Company's circular dated 23 May 2022; and (iii) duration of LNG terminal usage contract dated 7 March 2023, signed by New-energy Supply Chain and Caofeidian Company and as amended by a supplemental agreement dated 30 June 2023, details of which were set out in the Company's announcement dated 30 June 2023.

Notwithstanding the aforesaid engagements, we are not aware of any relationships or interests between Gram Capital and the Company, or any other parties during the past two years immediately preceding the Latest Practicable Date that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser.

Having considered that (i) none of the circumstances as set out under Rule 13.84 of the Listing Rules existed as at the Latest Practicable Date; and (ii) the aforesaid past engagements were only independent financial advisory engagements, we are of the view that we are independent to act as the Independent Financial Adviser.

### **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 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, its advisers 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 Framework Agreement. 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.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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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 therein 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, Caofeidian Company or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Transaction. 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. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. 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.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

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

#### **Information on the Company**

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, LNG, compressed natural gas, coalbed methane and coal-based natural gas, etc.; (ii) investment in the development of new energy projects such as wind power and solar power projects; and (iii) development of new energy technology and technical services.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Set out below is the audited consolidated financial information of the Group for the two years ended 31 December 2022 as extracted from the annual report of the Company for the year ended 31 December 2022 (the “**2022 Annual Report**”):

	For the year ended 31 December 2022	For the year ended 31 December 2021	Change from 2021 to 2022
	<i>RMB</i>	<i>RMB</i>	%
		(Restated)	
Total operating revenue	18,560,522,731.81	16,137,769,830.60	15.01
– Revenue from natural gas sales	11,850,603,245.84	9,519,273,994.93	24.49
– Revenue from wind/photovoltaic power generation	6,294,904,687.69	6,300,152,603.14	(0.08)
– Connection and construction of gas pipeline network revenue	191,427,130.36	211,211,261.38	(9.37)
– Sales of natural gas-related commodities	58,880,426.56	7,356,595.66	700.38
– Rental income	2,769,740.91	2,380,078.17	16.37
– Others	161,937,500.45	97,395,297.32	66.27
Net profit attributable to shareholders of the parent company	2,294,116,322.38	2,295,057,264.37	(0.04)

As illustrated by the above table, the Group’s total operating revenue for the year ended 31 December 2022 (“**FY2022**”) increased by approximately 15.01% as compared to that for the year ended 31 December 2021 (“**FY2021**”). With reference to the 2022 Annual Report, the aforesaid increase in the Group’s total operating revenue was mainly due to (i) the increase in operational installed capacity of the wind farms of the Group, which resulted in the increase in sales volume of electricity and revenue of electricity sales as compared with the same period of 2021; and (ii) the increase in both the sales volume and the unit price of natural gas of the Group as compared with the same period of 2021. The Group’s net profit attributable to shareholders of the parent company for FY2022 remained relatively stable as compared to that for FY2021.

With reference to the 2022 Annual Report, the development strategies of the Company includes (i) to continue to strengthen the development of new energy; (ii) to improve the layout of natural gas industry chain and improve the capacity of stable gas supply; (iii) to lay out diversified energy storage business market and solve the problem of new energy consumption through multiple channels; (iv) to steadily expand overseas business presence; and (v) to further perform environmental, social and governance responsibilities and continue to promote high-quality development of the society.

### Information on Caofeidian Company

With reference to the Board Letter, Caofeidian Company was incorporated under the laws of the PRC on 22 March 2018, and is held by the Company and HECIC as to 51% and 49%, respectively. It is primarily engaged in investment in the development of the Tangshan LNG Project (in three phases), the Hebei Suntien Tangshan LNG Terminal Outbound

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Pipelines Project (Caofeidian-Baodi section) and the Hebei Suntien Tangshan LNG Terminal Outbound Pipelines Project (Baodi-Yongqing section). Caofeidian Company is a connected subsidiary of the Company.

### **Reasons for and benefits of the Transaction**

Certain reasons for and benefits of the Transaction are set out under the section headed “2.5 Reasons for and Benefits of Signing the Framework Agreement” of the Board Letter.

With reference to the 2022 Annual Report, building on its own geographical advantages, the Company will actively plan to participate in the upstream market, promote and improve the establishment of the midstream pipeline network, steadily develop the downstream segment on a merit basis, and gradually build a domestic leading comprehensive operation mode in respect of natural gas. In terms of the upstream markets, the Group will accelerate the production of Tangshan LNG terminal and supporting gas transmission pipeline project, gradually build a comprehensive operation mode that focuses on gasification and pipeline transportation services, supplemented by liquid distribution, tank capacity leasing, LNG procurement and sales and other businesses commenced at the same time, extend and improve the layout of the natural gas industry chain, and strengthen the natural gas storage and peak regulation capacity.

Furthermore, in order to meet domestic demand for natural gas and ensure stable natural gas prices and supply, the Company will continue to seize the industry opportunities and actively explore cooperation opportunities with international natural gas suppliers, strive for overseas upstream high-quality gas sources, and expand the long-term natural gas procurement channels in the international market, securing diversified natural gas suppliers and price options for the Company. As advised by the Directors, it is important for the Group to have stable loading and discharging, temporary storage and gasification services for the Group’s future natural gas procurement in the international market.

We also noted from the 2022 Annual Report that (i) the Group’s total transmission volume of the natural gas business was 4.501 billion cubic meters for FY2022, representing an increase of 8.27% as compared with that for FY2021, among which, the sales volume amounted to 3.885 billion cubic meters, representing an increase of 2.01% as compared with that for FY2021; and (ii) during 2022, the Group vigorously developed its end user base of natural gas and resulted in an increase of 78,112 customers. The demand of natural gas by the Group’s customers also reflects the Group’s supply capacity of natural gas, the source of which may be both domestic and overseas market. The LNG Terminal Services will be needed if the Group procures natural gas from overseas market.

As stated in the Board Letter, the Tangshan LNG Project provides stable LNG Terminal Services for New-energy Supply Chain on a priority basis, freeing the Group from the constraints of unavailability of service windows or uncertainty of service capacities at third party LNG terminals. The Transaction may be conducive to ensuring the stability of arrangement for loading and discharging, temporary storage and gasification for the Group’s future natural gas procurement in the international market.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Having considered the above factors, we are of the view that the Transaction is conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

### Principal terms of the Transaction

Set out below are the principal terms of the Transaction, details of which are set out under the section headed “2.2 Framework Agreement” of the Board Letter:

- Date:** 30 June 2023
- Parties:**
- (i) New-energy Supply Chain (as the user of the LNG Terminal Services); and
  - (ii) Caofeidian Company (as the provider of the LNG Terminal Services)

**LGN Terminal Services:** During the term of the Framework Agreement, prior to and including the year of commencement of general operation of Tangshan LNG Project phase II, New-energy Supply Chain is entitled to use an annual service volume of LNG Terminal Services of up to 2.55 million tonnes (inclusive, equivalent to approximately 3.57 billion cubic metres); after the commencement of general operation of Tangshan LNG Project phase II, New-energy Supply Chain is entitled to use an annual service volume of LNG Terminal Services of up to 5.1 million tonnes (inclusive, equivalent to approximately 7.14 billion cubic metres). The LNG Terminal Services to be provided by Caofeidian Company include LNG loading and discharging, temporary storage and gasification.

In calculating the service volume of LNG terminals to which New-energy Supply Chain is entitled, all LNG Terminal Services used or to be used by New-energy Supply Chain shall be taken into account, including but not limited to annual service volume under the LNG Terminal Service Contract.

Caofeidian Company has agreed to grant New-energy Supply Chain a right of first refusal to renew the Framework Agreement with Caofeidian Company upon its expiry. If New-energy Supply Chain elects to renew the Framework Agreement, it must notify Caofeidian Company three months prior to the expiry of the Framework Agreement and complete the relevant internal and external contract renewal approval processes as soon as possible.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The use of the LNG Terminal Services by New-energy Supply Chain is determined on a voluntary basis and confirmation of the specific annual contracted service volume will be agreed in the individual contracts of LNG Terminal Services to be signed by both parties.

### **Agreement term:**

Effective from the date of approval of the Framework Agreement and the transactions contemplated thereunder by the Independent Shareholders and valid until 31 December 2042.

Having considered that (i) a long duration of the LNG Terminal Services is conducive to ensuring the stability of arrangement for loading and discharging, temporary storage and gasification for the Group's future natural gas procurement in the international market; and (ii) we identified and reviewed nine transactions involving LNG loading, LNG storage, LNG delivery and/or LNG regasification, entered into by listed companies, the durations of the aforesaid arrangements ranged from 8 to 20 years, we confirm that the duration of the Framework Agreement, which is longer than three years, is required and it is normal business practice for agreements of this type to be of such durations.

### **Pricing method:**

The relevant LNG Terminal Service fee to be charged by Caofeidian Company shall not be higher than the price (tax inclusive) approved by the competent pricing authority<sup>(Note)</sup> and shall not be higher than the price offered by Caofeidian Company to other LNG terminal users under the same conditions.

Based on our independent research on continuing connected transactions conducted by other companies listed on the Stock Exchange involving purchase or sale of materials/products/services from/to their connected persons, we noted that comparing prices with those offered by/to independent third parties for the same/similar product/service is one of the commonly adopted pricing policies.

Having considered the pricing policy as mentioned above and that comparing purchase/sales prices with those offered by/to independent third parties for the same/similar product is one of the commonly adopted pricing policies in continuing connected transactions conducted by other companies listed on the Stock Exchange, we are of the view that pricing policy contemplated under the Framework Agreement is on normal commercial terms and are fair and reasonable.

*Note:* With reference to the Board Letter, the current competent pricing authority responsible for pricing approving of the LNG terminal services charged by Caofeidian Company is the Provincial Development and Reform Commission of Hebei Province.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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With reference to the Board Letter, to further ensure that all continuing connected transactions entered into by the Group with its connected persons are conducted on normal commercial terms and in accordance with the above pricing principles as stated upon reporting, the Company will continue to adopt the corporate governance measures and internal control procedures, details of which are set out under the section headed “2.4. Corporate Government Measures and Internal Control Procedures”. Having considered that (i) signing of all individual contracts under the Framework Agreement must be pre-approved by the Company’s management and assessment department and other relevant management personnel (including vice president) in accordance with the internal system to ensure that the specific contracts to be entered into comply with the terms and conditions set out in the Framework Agreement; and (ii) the Company’s management and assessment department will review and compare the relevant service pricing charged by Caofeidian Company to the third party to ensure that the service fees provided by Caofeidian Company to New-energy Supply Chain are in line with the pricing principles of the Framework Agreement, we are of the view that the effective implementation of the corporate governance measures and internal control procedures can help to ensure fair pricing of the Transaction.

### The Proposed Annual Caps

Set out below are the proposed annual caps under the Framework Agreement (the “**Proposed Annual Cap(s)**”) for the three years ending 31 December 2025:

	<b>For the year ending 31 December 2023  (“FY2023”) RMB ’million</b>	<b>For the year ending 31 December 2024  (“FY2024”) RMB ’million</b>	<b>For the year ending 31 December 2025  (“FY2025”) RMB ’million</b>
Proposed Annual Cap	330	790	1,190

We understood that the Directors considered factors set out under the section headed “2.3. Proposed Annual Caps and Basis of Determination” of the Board Letter when determining the Proposed Annual Caps for the three years ending 31 December 2025.

For our due diligence purpose, we obtained the calculation of the Proposed Annual Caps for the three years ending 31 December 2025 (the “**Proposed Annual Caps Calculation**”) from the Company and noted that the Proposed Annual Caps for each of the three years ending 31 December 2025 were set based on the product of (i) estimated demand of LNG Terminal Service (in volume) for each year; (ii) rate of gasification; and (iii) the estimated LNG Terminal Service fee.

#### *(i) Estimated demand of LNG Terminal Service (in volume)*

As advised by the Directors, the demand of LNG Terminal Service directly links to demand of natural gas from the Group’s customers. According to the Proposed Annual Caps Calculation, the Company expects the estimated natural gas demand from

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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the abovementioned customers for each of the three years ending 31 December 2025 to be 700,000 tonnes, 1,700,000 tonnes and 2,550,000 tonnes respectively. The aforesaid increase in the estimated natural gas demand was mainly due to the increase in number of customers.

As advised by the Directors, the estimated natural gas demands for the three years ending 31 December 2025 was the summation of indicated maximum demands of natural gas for the corresponding periods as advised by the Group's customers. For our due diligence purpose, we interviewed over 50% of the abovementioned customers for each of the three years ending 31 December 2025 and enquired their indicated demands of natural gas for each of the three years ending 31 December 2025. We noted that the estimated natural gas demand for the relevant customers for the three years ending 31 December 2025 as shown in the Proposed Annual Caps Calculation was the same as the indicated maximum demands of natural gas by such customers for the corresponding periods.

Based on the above, we are of the view that the estimated natural gas demands for the three years ending 31 December 2025 are justifiable. Accordingly, we are also of the view that the estimated demand of LNG Terminal Service (in volume), which directly links to the demand of natural gas from the Group's customers, for the three years ending 31 December 2025 are justifiable.

### *(ii) Rate of gasification*

According to the Proposed Annual Caps Calculation, the Company adopted 1,400 m<sup>3</sup>/tonne as the rate of gasification.

We noted from 《液化天然氣的一般特性》 (General Characteristics of Liquefied Natural Gas\*, which is jointly published by the State Administration for Market Regulation and the Standardization Administration of China) that the aforesaid document listed out three typical cases in respect of the rate of gasification of LNG. Pursuant to one of the three typical cases, the rate of gasification of LNG was 1,391 m<sup>3</sup>/tonne, which is close to the assumed rate of gasification in the Proposed Annual Caps Calculation (i.e. 1,400 m<sup>3</sup>/tonne).

Therefore, we consider the assumed rate of gasification to be justifiable.

### *(iii) The estimated LNG Terminal Service fee*

According to the Proposed Annual Caps Calculation and with reference to the Board Letter, we noted that the estimated LNG Terminal Service fee for the three years ending 31 December 2025 was RMB0.331 per cubic metre (tax inclusive).

As per our request, the Company provided us relevant government document. We acknowledged that the government-guidance price for LNG Terminal Service fee was RMB0.331 per cubic metre (tax inclusive). With reference to the Board Letter, as far as the Company is aware, the price of gasification services for the third-party LNG

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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receiving stations in Hebei province have been at a similar level since 2013. The Company expects that the prevailing government guiding price of LNG gasification service fee in Hebei province will remain stable for the next three to five years.

Based on the above, we consider the estimated LNG Terminal Service fee to be justifiable.

### Conclusion

For FY2023, the product of (i) estimated demand of LNG Terminal Service (in volume) of 700,000 tonnes; (ii) rate of gasification of 1,400 m<sup>3</sup>/tonne; and (iii) the government-guidance price for gasification services of RMB0.331 per cubic metre. The Proposed Annual Cap for FY2023 was set at RMB330 million after rounding.

For FY2024, the product of (i) estimated demand of LNG Terminal Service (in volume) of 1,700,000 tonnes; (ii) rate of gasification of 1,400 m<sup>3</sup>/tonne; and (iii) the government-guidance price for gasification services of RMB0.331 per cubic metre. The Proposed Annual Cap for FY2024 was set at RMB790 million after rounding.

For FY2025, the product of (i) estimated demand of LNG Terminal Service (in volume) of 2,550,000 tonnes; (ii) rate of gasification of 1,400 m<sup>3</sup>/tonne; and (iii) the government-guidance price for gasification services of RMB0.331 per cubic metre. The Proposed Annual Cap for FY2025 was set at RMB1,190 million after rounding.

Having taken into account the above, we are of the view that the Proposed Annual Caps for the three years ending 31 December 2025 to be fair and reasonable.

Shareholders should note that as the Proposed Annual Caps are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2025, and they do not represent forecasts of cost to be incurred under the Framework Agreement. Consequently, we express no opinion as to how closely the actual cost to be incurred under the Framework Agreement will correspond with the Proposed Annual Caps.

Having considered the above, including the principal terms of the Transaction and the Proposed Annual Caps, we are of the view that the terms of Transaction are fair and reasonable.

### 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 values of the Transaction must be restricted by their respective annual caps; (ii) the terms of the Transaction must be reviewed by the independent non-executive Directors annually; (iii) details of independent non-executive Directors' annual review on the terms of the Transaction must be included in the Company's subsequent published annual reports.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming whether anything has come to their attention that causes them to believe that the Transaction (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 Transaction; and (iii) have exceeded their respective annual caps.

In the event that the total amounts of the Transaction are anticipated to exceed their respective annual caps, or that there is any proposed material amendment to the terms of the Transaction, as confirmed by the Directors, the Company shall comply with the applicable provisions of the Listing Rules governing continuing connected transactions.

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 Transaction 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 Transaction are on normal commercial terms and are fair and reasonable; and (ii) the Transaction is conducted in the ordinary and usual course of business of the Group and is 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 to be proposed at the EGM to approve the Transaction and we recommend the Independent Shareholders to vote in favour of the resolutions 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 25 years of experience in investment banking industry.

\* *For identification purposes 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, the interests of Directors, supervisors and senior management of the Company in the Shares of the Company are as follows:

Name	Position(s)	Class of Shares	Capacity	Number of Shares held	Percentage in the relevant class of Shares (%)	Percentage of the total Shares in issue (%)
Dr. Cao Xin	Chairman and non-executive Director	H Shares	Beneficial owner	50,000 (Long position)	0.0027%	0.0012%
Mr. Mei Chun Xiao	Executive Director and President	H Shares	Beneficial owner	50,000 (Long position)	0.0027%	0.0012%
Mr. Ban Ze Feng	Vice president, Board secretary and joint company secretary	H Shares	Beneficial owner	50,000 (Long position)	0.0027%	0.0012%

Saved as disclosed above, 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 Hong Kong Stock Exchange pursuant to Divisions 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 Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.

**(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 Transaction**

As Dr. Cao Xin, Mr. Qin Gang and Mr. Wang Tao hold positions in HECIC, and Mr. Mei Chun Xiao and Mr. Wang Hong Jun hold positions in Caofeidian Company, they are deemed to have material interests in the Framework Agreement and the transaction contemplated thereunder. Accordingly, they have abstained from the voting on the Board resolution in relation to the approval for the Framework Agreement, the transaction contemplated thereunder and the annual caps.

**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:

<b>Name of Director</b>	<b>Position(s) held in the Company</b>	<b>Position(s) held in HECIC</b>
Dr. Cao Xin	Chairman and Non-executive Director	General manager of HECIC
Mr. Qin Gang	Non-executive Director	Deputy general manager of HECIC
Mr. Wang Tao	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 2022 (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 had 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. MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, there are no material adverse changes in the financial or trading position of the Group since 31 December 2022 (being the date to which the latest published audited accounts of the Group were made up).

#### 7. 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:

<b>Name</b>	<b>Qualification</b>
Gram Capital Limited	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 dated 18 July 2023 with the inclusion of its letter and the reference to its name in the form and context in which it is included;
- (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 2022 (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.

**8. GENERAL**

- (a) The joint company secretaries of the Company are Mr. Ban Zefeng 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 9th Floor, Block A, Yuyuan Plaza, No. 9 Yuhua West Road, Shijiazhuang City, Hebei Province, the 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.

**9. DOCUMENT ON DISPLAY**

A copy of the Framework Agreement will be published on the Hong Kong Stock Exchange's website and the Company's own website for a period of 14 days from the date of this circular.

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## NOTICE OF EGM

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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)**

#### **NOTICE OF 2023 SECOND EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the 2023 second extraordinary general meeting (the “**EGM**”) of China Suntien Green Energy Corporation Limited (the “**Company**”) will be held at 9:30 a.m. on Tuesday, 8 August 2023 at the Conference Room, 5th Floor, Yun-Ray Ambassador Hotel, Shijiazhuang City, Hebei Province, the People's Republic of China (the “**PRC**”), for the purpose of considering and, if thought fit, passing the following resolution:

#### **Ordinary Resolution**

1. Resolution on the Terminal Usage Cooperation Agreement (the “**Framework Agreement**”) between HECIC New-energy Supply Chain Management Co., Ltd.\* (河北建投新能供應鏈管理有限公司) and Caofeidian Suntien Liquefied Natural Gas Co., Ltd.\* (曹妃甸新天液化天然氣有限公司):

**“THAT:**

- (a) the Framework Agreement and the execution thereof, and implementation of the transaction thereunder be and are hereby approved, ratified and confirmed;
- (b) the proposed annual caps of the transaction contemplated under the Framework Agreement be and is hereby approved, ratified and confirmed;
- (iii) any executive Director of the Company be and is hereby authorised to, on behalf of the Company, take all such steps as he may consider necessary and desirable for the purpose of and/or to give effect to the implementation of the terms of the Framework Agreement; and
- (iv) any executive Director be and is hereby authorised to, on behalf of the Company, execute all such other documents, instruments and agreements and take all such actions or do all such things as he may consider incidental to, ancillary to or in connection with the matters contemplated under the Framework Agreement, and agree to make any amendments to any terms of the Framework Agreement as he may consider being immaterial in nature and being in the interests of the Company.”

\* For identification purposes only

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## NOTICE OF EGM

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

Shijiazhuang City, Hebei Province, the PRC, 18 July 2023

*Notes:*

1. The H share register of members of the Company will be closed, for the purpose of determining the entitlement of holders of H shares to attend the EGM, from Wednesday, 2 August 2023 to Tuesday, 8 August 2023 (both days inclusive), during which period no transfer of H shares will be registered. In order to attend the EGM, all instruments of transfers, accompanied by the relevant share certificates, must be lodged for registration with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Tuesday, 1 August 2023. Holders of H shares who are registered with Computershare Hong Kong Investor Services Limited on or before the aforementioned date are entitled to attend the EGM.

The Company will announce the details and materials for holders of A shares attending the EGM on the website of the Shanghai Stock Exchange in due course.

2. Pursuant to the Listing Rules, any vote of shareholders at a general meeting must be taken by way of a poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. As such, the resolution set out in this notice of EGM will be voted by poll. Results of the poll voting will be published on the Company's website at [www.suntien.com](http://www.suntien.com) and the HKExnews website of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) after the EGM.
3. Any shareholder (in case of a corporate shareholder, its duly authorized representative) entitled to attend and vote at the EGM convened by the above notice is entitled to appoint one or more proxies to attend and vote instead of him/her. A proxy need not be a shareholder of the Company.
4. In order to be valid, the proxy form together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power of attorney or authority, must be completed and returned to the Company's registered office and headquarters in the PRC (for holders of A shares) or the H Share Registrar of the Company, Computershare Hong Kong Investor Services Limited (for holders of H shares), at least 24 hours before the EGM (i.e. no later than 9:30 a.m. on Monday, 7 August 2023 for the purpose of the EGM) or any adjourned meeting thereof. Computershare Hong Kong Investor Services Limited is located at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. Completion and return of a proxy form will not preclude a shareholder from attending and voting at the EGM or any adjourned meeting thereof should he/she so wish.
5. In case of joint shareholdings, the vote of the senior joint shareholder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint shareholder(s) and for this purpose, seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the joint shareholding.
6. The EGM is expected to be held for less than half a day. Shareholders who attend the meeting in person or by proxy shall bear their own travelling and accommodation expenses.
7. A shareholder or his proxy should produce proof of identity when attending the EGM.
8. The Company's registered office and headquarters in the PRC is 9th Floor, Block A, Yuyuan Plaza, No. 9 Yuhua West Road, Shijiazhuang City, Hebei Province, the PRC.

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## NOTICE OF EGM

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