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CHINA SUNTIEN GREEN ENERGY CORPORATION LIMITED*
新天綠色能源股份有限公司

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 00956)

CONNECTED TRANSACTION
ESTABLISHMENT OF PARTNERSHIP

The Board announces that HECIC Huineng (a wholly-owned subsidiary of the Company) and Hunan Shuifa Xingye (each as a limited partner) intend to enter into the Partnership Agreement with HECIC Chuangfa and Shuifa Innovation Investment (each as a general partner) for the establishment of the Partnership. The total capital contribution of all partners of the Partnership will be RMB360,000,000. In particular, the capital contribution of each of HECIC Huineng and Hunan Shuifa Xingye will be RMB179,000,000, and the capital contribution of each of HECIC Chuangfa and Shuifa Innovation Investment will be RMB1,000,000. HECIC Chuangfa will serve as the manager of the Partnership and Shuifa Innovation Investment will serve as the managing partner of the Partnership.

HECIC, the controlling shareholder of the Company, holds approximately 49.17% equity interest in the Company, and is therefore a connected person of the Company. HECIC Chuangfa is an indirect wholly-owned subsidiary of HECIC, and is therefore also a connected person of the Company. As such, the Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of the Transaction are more than 0.1% but less than 5%, the Transaction is thus subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

BACKGROUND

The Board announces that HECIC Huineng (a wholly-owned subsidiary of the Company) and Hunan Shuifa Xingye (each as a limited partner) intend to enter into the Partnership Agreement with HECIC Chuangfa and Shuifa Innovation Investment (each as a general partner) for the establishment of the Partnership. The total capital contribution of all partners of the Partnership will be RMB360,000,000. In particular, the capital contribution of each of HECIC Huineng and Hunan Shuifa Xingye will be RMB179,000,000, and the capital contribution of each of HECIC Chuangfa and Shuifa Innovation Investment will be RMB1,000,000. HECIC Chuangfa will serve as the manager of the Partnership and Shuifa Innovation Investment will serve as the managing partner of the Partnership.

PRINCIPAL TERMS OF THE PARTNERSHIP AGREEMENT

The proposed principal terms of the Partnership Agreement are set out as follows:

Parties

- General partner: HECIC Chuangfa (manager) and Shuifa Innovation Investment (managing partner)
- Limited partners: HECIC Huineng and Hunan Shuifa Xingye

Capital Contribution and Payment

The total capital contribution of all partners of the Partnership will be RMB360,000,000. Below sets forth the capital contribution of each of the partners:

Partner	Type	Capital Contribution	Percentage of Interest in the Partnership
HECIC Chuangfa	General partner	RMB1,000,000	0.278%
Shuifa Innovation Investment	General partner	RMB1,000,000	0.278%
HECIC Huineng	Limited partner	RMB179,000,000	49.722%
Hunan Shuifa Xingye	Limited partner	RMB179,000,000	49.722%

The capital contribution shall be made by each partner in instalments according to the requirements specified in the payment notice issued by the manager of the Partnership. The manager of the Partnership shall issue the payment notice to each partner at least 10 business days prior to the payment due date set forth in the notice.

The aforementioned capital contribution of HECIC Huineng was arrived at after arm's length negotiations among partners, having taken into account the investment strategy of the Partnership, its expected capital requirement, and the proportion of equity interest held by the partners in the Partnership. It is contemplated that the capital contribution payable by HECIC Huineng will be funded by internal resources of the Group.

Term of the Partnership

The term of the Partnership shall be seven years commencing on the date of completion of the initial capital contribution by all partners. The period of five years from the date of completion of the initial capital contribution by all partners shall be the investment period of the Partnership, and the subsequent period following the expiry of the investment period shall be the exit period of the Partnership. Before the expiry of the exit period, the term of the Partnership can only be extended with the unanimous consent of all partners.

Management of the Partnership

Shuifa Innovation Investment shall serve as the managing partner of the Partnership, responsible for the executive functions of the Partnership. HECIC Chuangfa will serve as the manager of the Partnership, responsible for the provision of daily operation and investment management services to the Partnership. The Partnership shall pay remuneration to the managing partner and management fee to the manager in relation to the aforementioned services each year, which shall be shared among all partners. During the investment period of the Partnership, the annual remuneration payable to the managing partner and the annual management fee payable to the manager shall be calculated as 0.3% and 0.5%, respectively, of the total paid-in capital contribution of all partners. During the exit period and the extended period of the Partnership, the managing partner will no longer receive any remuneration and the annual management fee payable to the manager shall be calculated as 0.3% of the total paid-in capital contribution of all partners. During the liquidation period of the Partnership, the Partnership shall no longer pay any management fee to the manager or any remuneration to the managing partner.

The Partnership shall establish an investment decision committee comprising three members, and each of Shuifa Innovation Investment, HECIC Chuangfa and HECIC Huineng shall have the right to appoint one member. The investment decision committee shall be responsible for making decisions with respect to significant matters such as investment, operation, management and exit of the Partnership. Any resolution of the investment decision committee shall be valid only upon the unanimous approval by all members.

Investment Sectors and Investment Strategy

The investment sectors of the Partnership mainly include wind power, photovoltaics, hydrogen energy, energy storage and integrated smart energy as well as other sectors considered as appropriate by all partners.

The Partnership will invest in equity interest of unlisted enterprises and other assets unanimously agreed by all partners and recognized by the China Securities Regulatory Commission, in line with the investment strategy as detailed below:

- (i) investments shall be made in quality new projects in the green industries, mainly with a controlling interest;
- (ii) investments shall not be confined to any particular region, but regions without electricity rationing will be preferred;
- (iii) resources shall be allocated in a reasonable manner based on the principle of balance of return and risk for asset allocation; and
- (iv) clear exit paths as well as financing and construction plans shall be formulated before making any investment.

Exit Paths and Strategy

The ways by which the Partnership can exit from the investment include but are not limited to the followings:

- (i) the Partnership will exit from the investment by disposing of the shares of the investee or its affiliated listed companies, upon the investee's direct or indirect initial public offering in the PRC or overseas, or its listing on the National Equities Exchange and Quotations and public trading of its shares;
- (ii) the Partnership will exit from the investment through direct transfer of equity interest, capital contribution or assets of the investee, subject to the approval by all general partners;
- (iii) the Partnership will exit from the investment through the investee's repurchase of equity interest or projects;
- (iv) the Partnership will exit from the investment through mergers and acquisitions of enterprises or share placing and mergers and acquisitions of listed companies;
- (v) the Partnership will be entitled to the distribution of the assets of the investee after the investee's dissolution or liquidation; and
- (vi) the Partnership will otherwise exit from the investment as permitted by laws and regulations.

Profits Distribution

The distributable profits of the Partnership shall be distributed in the following order:

- (a) the profits shall be firstly distributed to all limited partners, until the limited partners have recovered their respective paid-in capital contribution;
- (b) the balance (if any) shall be distributed to the general partners, until the general partners have recovered their respective paid-in capital contribution;
- (c) the balance (if any) shall be distributed to all partners, until each of them has obtained the profits calculated at an annualized rate of return of 6% (single interest) in respect of its paid-in capital contribution;
- (d) the balance (if any) after the distribution made under items (a) to (c) above shall be the surplus profits, which shall be distributed to the general partners and limited partners based on the benchmark rate of return as specified in the Partnership Agreement.

Losses/Debts Sharing

Unless otherwise agreed in the Partnership Agreement, losses of the Partnership (if any) shall be shared by all partners in proportion to their respective capital contribution. Any debts of the Partnership shall be firstly borne by all partners to the extent of their total capital contribution, and any amount in excess of the total capital contribution of all partners shall be borne by the general partners with unlimited joint and several liability.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The establishment of the Partnership enables the Group to bring in quality strategic investors from the upstream and downstream of new energy sectors and from financial institutions to jointly invest in new energy and strategic emerging industries, which can effectively supplement the Group's existing resources, expand its financing scale and enhance its influence and competitiveness in the industry. Shuifa Group has leading advantages in sectors such as agriculture, new materials, water business and environmental protection, which can facilitate the development of the Group's projects across the PRC. Given that HECIC Chuangfa, as the manager of the Partnership, has laid a foundation in expanding project resources and fund management operation, and has maintained good communication with regulatory authorities, local governmental authorities, intermediaries and investment companies, the investments in several projects can be promptly launched upon the establishment of the Partnership.

The Transaction will not affect the normal production and operating activities of the Group and will not have any material and adverse impact on the cash flows and operating results of the Group. The Transaction will further integrate and utilize the advantageous resources of the parties, optimize the investment structure of the Group and enhance the rate of return on capital investment and the capability of asset operation of the Group by leveraging a professional investment management team.

The Directors (including the independent non-executive Directors) are of the view that the Transaction is conducted on normal commercial term and entered into in the ordinary and usual course of business of the Company, and is fair and reasonable and in the interests of the Company and its shareholders as a whole. As Dr. Cao Xin, Dr. Li Lian Ping, Mr. Qin Gang and Mr. Wu Hui Jiang hold positions in HECIC, they have abstained from voting on the resolution of the Board to approve the Transaction. Save as disclosed above, none of the Directors have any material interest in the Transaction and no other Directors are therefore required to abstain from voting on the relevant resolution of the Board.

IMPLICATIONS UNDER THE LISTING RULES

HECIC, the controlling shareholder of the Company, holds approximately 49.17% equity interest in the Company, and is therefore a connected person of the Company. HECIC Chuangfa is an indirect wholly-owned subsidiary of HECIC, and is therefore also a connected person of the Company. As such, the Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of the Transaction are more than 0.1% but less than 5%, the Transaction is thus subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

GENERAL INFORMATION

The Group

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

HECIC Huineng is a wholly-owned subsidiary of the Company. Its scope of business includes the development, construction, operation and management, technical consultation and technical services of wind power and solar power generation, etc.

HECIC and its Subsidiaries

HECIC is a wholly state-owned enterprise incorporated under the approval of the People's Government of Hebei Province and is under the direct supervision of the State-owned Assets Supervision and Administration Commission of the People's Government of Hebei Province. It is primarily engaged in the investment and construction of energy, transportation, water business, commercial real estates and other infrastructure industries, infrastructures and pillar industries of Hebei Province.

HECIC Chuangfa is an indirect wholly-owned subsidiary of HECIC. HECIC Chuangfa has been registered as a private equity fund manager with the Asset Management Association of China (registration number: P1062040). HECIC Chuangfa adopts a market-oriented operation model with a focus on fund management compliance and scientific and efficient decision-making, and was awarded the “4th Golden Bull Award for Equity Investment (第四屆股權投資金牛獎)” by China Securities Journal. HECIC Chuangfa focuses on sectors in line with national policies and industrial development directions, follows the quality development approach of national industrial structure upgrade, makes investment decisions from a long cycle perspective and adheres to the technology-driven investment rationale and the investment strategy of “technology advancement” and “domestic production substitution” after mainly taking into account the core technologies and potential market shares of products. Currently, HECIC Chuangfa are managing six funds, all of which have been filed with the Asset Management Association of China, and has made investments in a total amount of RMB2,493 million. As at the end of November 2021, HECIC Chuangfa had assets under management of RMB1,602 million. The management team of HECIC Chuangfa comprises veterans who have accumulated years of experience in equity investment, mergers and acquisitions and fund management and have a profound understanding of industry policies and development trends with extensive investment knowledge and experience in fund investment and management. Currently, HECIC Chuangfa has invested in a number of projects in sectors such as new energy, semiconductor, aerospace, new materials and energy conservation and environmental protection, all of which have achieved good investment returns.

Shuifa Group and its Subsidiaries

Shuifa Group is directly and indirectly owned as to 90% by the State-owned Assets Supervision and Administration Commission of Shandong Province in the PRC and as to 10% by the Council for Social Security Fund of Shandong Province (山東省社會保障基金理事會), a unit directly under the People’s Government of Shandong Province. Shuifa Group is principally engaged in the operation of projects of water business and environmental management, modern agriculture, cultural tourism and renewable energy business in the PRC.

Hunan Shuifa Xingye is an indirect non-wholly-owned subsidiary of Shuifa Group. Hunan Shuifa Xingye was established in February 2013 with a registered capital of RMB912 million. Its principal business includes the development, sale, technical consultation and services of electricity and thermal power; development, investment and construction of new energy; development, construction, production, sale and operation of wind and solar power generation; provision of EPC services for projects related to solar power generation; research and development, design and application of smart microgrids, energy conservation and environmental protection and new energy technologies.

Shuifa Innovation Investment is a subsidiary of Shuifa Fund, which is in turn an indirect wholly-owned subsidiary of Shuifa Group. The investment of Shuifa Innovation Investment focuses on three major industries, namely, clean energy, water business and environment, and modern agriculture, as well as strategic emerging industries such as the smart industry, big data, new materials, modern logistics, and elderly healthcare and rehabilitation. Currently, Shuifa Fund has assets under management of nearly RMB7,000 million, and has made investments in a total amount of RMB2,400 million. The management team of Shuifa Innovation Investment comprises veterans who have accumulated years of experience in clean energy development, energy investment and mergers and acquisitions and have a profound understanding of industry policies and development trends of sectors such as clean energy and energy conservation and environmental protection with extensive investment knowledge and experience in fund investment and management.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Hunan Shuifa Xingye, Shuifa Innovation Investment and their ultimate beneficial owners are all third parties independent of the Company and its connected persons.

DEFINITIONS

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

“Board”	the board of directors 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 Stock Exchange and the Main Board of the Shanghai Stock Exchange, respectively
“connected person”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HECIC”	Hebei Construction & Investment Group Co., Ltd. (河北建設投資集團有限公司), a state-owned enterprise incorporated in the PRC, and the controlling shareholder of the Company

“HECIC Chuangfa”	HECIC Chuangfa Fund Management Co., Ltd. (河北建投創發基金管理有限公司), a company incorporated in the PRC with limited liability, and an indirect wholly-owned subsidiary of HECIC
“HECIC Huineng”	HECIC Huineng New Energy Co., Ltd. (河北建投匯能新能源有限責任公司), a company incorporated in the PRC with limited liability, and a wholly-owned subsidiary of the Company
“Hunan Shuifa Xingye”	Hunan Shuifa Xingye Green Energy Co., Ltd. (湖南水發興業綠色能源股份有限公司), a company incorporated in the PRC with limited liability, and an indirect non-wholly-owned subsidiary of Shuifa Group
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Partnership”	HECIC Suntien Green Shuifa Carbon Neutrality Equity Investment Fund (Limited Partnership) (河北新天綠色水發碳中和股權投資基金(有限合夥)) (tentative name, subject to approval), a limited partnership to be established under the laws of the PRC
“Partnership Agreement”	the partnership agreement to be entered into by HECIC Huineng and Hunan Shuifa Xingye (each as a limited partner) with HECIC Chuangfa and Shuifa Innovation Investment (each as a general partner)
“PRC”	the People’s Republic of China, for the purposes of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shuifa Fund”	Shuifa Fund Management Co., Ltd. (水發基金管理有限公司), a company incorporated in the PRC with limited liability, and an indirect wholly-owned subsidiary of Shuifa Group
“Shuifa Group”	Shuifa Group Limited (水發集團有限公司), a company incorporated in the PRC with limited liability
“Shuifa Innovation Investment”	Shandong Shuifa Innovation Investment Co., Ltd. (山東水發創新投資有限公司), a company incorporated in the PRC with limited liability, and an indirect non-wholly-owned subsidiary of Shuifa Group

“Stock Exchange” The Stock Exchange of Hong Kong Limited

“subsidiary(ies)” has the meaning ascribed thereto under the Listing Rules

“Transaction” the establishment of the Partnership under the Partnership Agreement

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

Shijiazhuang City, Hebei Province, the PRC
18 January 2022

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

* *For identification purpose only*