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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 A JOINT VENTURE COMPANY**

The Board of the Company announces that pursuant to the approval granted by the CBRC for the preparation for the establishment of the Group Finance Company, the Board of the Company has passed the resolutions that the Company will officially prepare for the establishment of the Group Finance Company with HECIC, JEI, HECIC Communications and HECIC Water.

The Company has entered into the Capital Contribution Agreement with HECIC, JEI, HECIC Communications and HECIC Water to establish the Group Finance Company. The CBRC has approved the preparation for the establishment of the Group Finance Company. The Joint Venture Parties have signed the Group Finance Company Articles and, according to the approval, the Joint Venture Parties will complete the preparation work for the establishment of the Group Finance Company in the near future, including the performance of the relevant capital contribution obligations. Upon the establishment of the Group Finance Company as officially approved by the CBRC, the Company, HECIC, JEI, HECIC Communications and HECIC Water will hold 10%, 60%, 10%, 10% and 10% equity interests in the Group Finance Company, respectively. HECIC and HECIC Water are respectively the controlling shareholder and substantial shareholder of the Company. JEI and HECIC Communications are subsidiaries of HECIC. As such, pursuant to the Listing Rules, HECIC, JEI, HECIC Communications and HECIC Water are connected persons of the Company and the establishment of the Group Finance Company constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

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

The Board of the Company announces that the Company has entered into the Capital Contribution Agreement with HECIC, JEI, HECIC Communications and HECIC Water to establish the Group Finance Company. The CBRC has approved the preparation for the establishment of the Group Finance Company. The Joint Venture Parties have signed the Group Finance Company Articles and, according to the approval, the Joint Venture Parties will complete the preparation work for the establishment of the finance company in the near future, including the performance of the relevant capital contribution obligations. Upon the establishment of the Group Finance Company as officially approved by the CBRC, the Company, HECIC, JEI, HECIC Communications and HECIC Water will hold 10%, 60%, 10%, 10% and 10% equity interests in the Group Finance Company, respectively.

## Major Terms

Pursuant to the Capital Contribution Agreement and the Group Finance Company Articles, the major terms of the Transaction are as follows:

### Registered Capital and Capital Contribution Ratio

The registered capital of the Group Finance Company is RMB500,000,000 (equivalent to approximately HKD616,272,047). The Joint Venture Parties will make full payment of their respective capital contribution as set out below:

Joint Venture Parties	Method of Capital Contribution	Capital Contribution Amount		Percentage of Equity Interest in the Group Finance Company (%)
		RMB (million)	Equivalent to approximately HKD (million)	
the Company	Cash	50	61.63	10
HECIC	Cash	300	369.76	60
JEI	Cash	50	61.63	10
HECIC Communications	Cash	50	61.63	10
HECIC Water	Cash	50	61.63	10
	Total	500	616.27	100

On 17 July 2012, the CBRC issued *Approval Regarding the Preparation for the Establishment of the Enterprise Group Finance Company by Hebei Construction & Investment Group Co., Ltd.* (關於河北建設投資集團有限責任公司籌建企業集團財務公司的批復), approving the preparation for the establishment of the Group Finance Company. Accordingly, the Company, HECIC, JEI, HECIC Communications and HECIC Water will complete the preparation work for the establishment of the Group Finance Company in the near future, including the performance of the relevant capital contribution obligations.

Save for the aforementioned capital contribution to the registered capital of the Group Finance Company to be paid by the Company, pursuant to the Capital Contribution Agreement and the Group Finance Company Articles, the Company does not have other capital commitment (whether in the form of share capital, loans or otherwise), guarantee or indemnity obligations.

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

### Scope of Business

The Group Finance Company will be established as a non-banking financial institution in the PRC, which will be subject to the relevant PRC banking regulations and regulated by the CBRC. According to the *Measures for Administration of Finance Companies of Enterprise Groups* (企業集團財務公司管理辦法) issued by the CBRC, subject to the approval by CBRC and verification by the relevant administration of industry and commerce authority of the PRC, the scope of business of the Group Finance Company will include the following RMB and foreign currency businesses:

- (1) arrangement of financial and financing advisory, credit authentication and relevant consulting and agency services for Member Companies;
- (2) assistance in collection and payment of transaction money for Member Companies;
- (3) approved insurance agency business;
- (4) provision of guarantees for Member Companies;
- (5) entrusted loan and entrusted investment services among Member Companies;
- (6) acceptance of bills and discounted notes for Member Companies;
- (7) money transfer and settlement and relevant settlement and clearance arrangement among Member Companies;
- (8) acceptance of money deposit from Member Companies;
- (9) arrangement of lending and finance lease for Member Companies;
- (10) interbank market transactions; and
- (11) other businesses as approved by the CBRC.

## Organization Structure

The Group Finance Company shall have a shareholders' meeting, a board of directors, a board of supervisors and a general manager. The board of directors of the Group Finance Company shall comprise seven directors, among which, three will be nominated by HECIC, one will be nominated by the Company, one will be nominated by JEI, and two will be external directors. The chairman of the board of directors shall be a director nominated by HECIC, and the qualifications of the directors shall be subject to qualification examination by the CBRC according to the requirements. The board of supervisors shall comprise five supervisors, and the chairman of the board of supervisors shall be elected by more than half of all the supervisors. The Group Finance Company shall have a general manager, who will be appointed by the board of directors following the qualifications examination and approval by the CBRC.

## Restrictions on Capital Transfer

Shareholders of the Group Finance Company can transfer their capital contribution among themselves. The transfer of equity interest by a shareholder to a third party who is not a shareholder shall be subject to the approval of more than half of the other shareholders. Entire or partial transfer of equity interest by a shareholder shall be subject to the examination and approval of the CBRC or its local office, and the intended transferee should qualify as a shareholder of the Group Finance Company and comply with the relevant requirements of the applicable state laws and regulations.

## Term of Operation

The term of operation for the Group Finance Company is proposed to be 30 years, subject to the approval of the administration of industrial and commercial authority.

## **GENERAL**

### Information of the Group

The Company is one of the leading clean energy companies in Northern China. Its scope of business includes investment in natural gas, coalbed methane and coal-based gas development and utilization projects, etc.; investment in the development of new energy projects such as wind power and solar power, etc; development of new energy technology and technical services. The Group is the largest distributor of natural gas in Hebei Province. Currently, the Group owns two long-distance natural gas transmission pipelines, four high-pressure branch pipelines, 14 city gas projects, and two CNG primary filling stations. The gas transmission capacity of the pipelines is 1,500 million cubic meters. During the first half of 2012, the Group sold approximately 635 million cubic meters of natural gas. As at 30 June 2012, the Group controlled and operated 20 wind farms and the consolidated installed capacity was 1,201.3 MW. According to a research report of Wind Power Committee of China Renewable Energy Society (中國可再生能源學會風能專業委員會), the Group ranked number 10 in the PRC in terms of consolidated installed capacity in 2011 and were the largest wind power operator in Hebei Province.

## HECIC

Being one of the promoters and the controlling shareholder of the Company, HECIC directly holds approximately 46.3% equity interest in the Company and indirectly holds approximately 11.6% equity interest in the Company through HECIC Water. HECIC is a state-wholly-owned enterprise established as approved by the People's Government of Hebei Province, which is primarily engaged in the investment in and development of projects in the infrastructures, such as energy and transportation, and pillar industries in Hebei Province.

## JEI

JEI is a company listed on the Shenzhen Stock Exchange (Stock code: 000600) and is controlled by HECIC. The major scope of business of JEI is investment, construction, operation and management of energy projects, mainly in power generation.

## HECIC Communications

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

## HECIC Water

HECIC Water is a wholly-owned subsidiary of HECIC and one of the promoters and a substantial shareholder of the Company holding 11.6% shares of the Company. Its major scope of business is investment, operation and management of natural water, raw water, city drainage, sewage treatment, intermediate water, sea water desalination and other water projects and supporting facilities and relevant technical and advisory services.

## Reasons for the Transaction

Investment in the establishment of the Group Finance Company by the Company can further broaden the financing channels of the Company, provide the long-term and stable capital support for the development of the Company and increase the capital utilization efficiency of the Company while enabling the Company to obtain certain investment gains, which is conducive to the realization of the strategic goals of the Company.

## **IMPLICATION UNDER THE LISTING RULES**

HECIC and HECIC Water are the controlling shareholder and substantial shareholder of the Company, respectively. JEI and HECIC Communications are subsidiaries of HECIC. As such, pursuant to the Listing Rules, HECIC, JEI, HECIC Communications and HECIC Water are connected persons of the Company and the establishment of the Group Finance Company constitutes a connected transaction of the Company under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) of the Transaction exceeds 0.1% but is less than 5%, the Transaction is subject to the reporting

and announcement requirements under Chapter 14A of the Listing Rules but is exempt from independent shareholders' approval requirement.

As non-executive Directors Dr. Li Lian Ping, Mr. Zhao Hui Ning and Mr. Xiao Gang are directors of HECIC, they have abstained from voting on the board resolutions approving the signing of Capital Contribution Agreement and the Group Finance Company Articles and the Transaction. Save as the abovementioned, none of the Directors has any substantial interest in the transaction contemplated under the Capital Contribution Agreement and no other Directors abstained from voting on the relevant board resolutions.

The Directors (including all the independent non-executive Directors) are of the view that the terms of the Transaction were entered into on normal commercial terms, are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **SUBSEQUENT ISSUES**

As the Group Finance Company, upon its establishment, will be an associate of HECIC and HECIC Water, the Group Finance Company will become a connected person of the Company under Chapter 14A of the Listing Rules. In the event that the Group Finance Company provides the Group with financial services, including deposits, lending and/or other financial services, the Company will comply with the applicable requirements of Chapter 14A of the Listing Rules.

## **DEFINITIONS**

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

“associate(s)”	has the meaning ascribed thereto under the Listing Rules;
“Board”	the board of Directors of the Company;
“CRBC”	China Banking Regulatory Commission (中國銀行業監督管理委員會);
“Company”	China Suntien Green Energy Corporation Limited (新天綠色能源股份有限公司), a joint stock company incorporated in the PRC with limited liability on 9 February 2010, and its H-shares are listed on the main board of the Stock Exchange;
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules;
“Capital Contribution Agreement ”	the Capital Contribution Agreement entered into by the Company with HECIC, JEI, HECIC Communications and HECIC Water on 1 November 2011 in relation to the establishment of the Group Finance Company;
“Director(s)”	the director(s) of the Company;

“Group”	the Company and its subsidiaries;
“Group Finance Company”	HECIC Group Finance Company Limited (河北建投集團財務有限公司), the official name is subject to the approval of the relevant administration of industry and commerce authority of the PRC), a limited liability company to be established pursuant to the Capital Contribution Agreement and in accordance with the PRC laws, and a non-banking financial institution under the supervision of the CBRC;
“Group Finance Company Articles”	the articles of association of the Group Finance Company dated 2 November 2012;
“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, which is under the direct supervision of the State-owned Assets Supervision and Administration Commission of the Government of Hebei Province (河北省人民政府國有資產監督管理委員會), and one of the promoters of the Company and its controlling shareholder;
“HECIC Communications”	HECIC Communications Investment Co., Ltd.(河北建投交通投資有限責任公司), a subsidiary of HECIC incorporated in the PRC and a connected person of the Company;
“Member Companies”	(i) HECIC and its subsidiaries in which HECIC holds over 51% equity interest (hereinafter referred to as “HECIC Subsidiaries”); (ii) companies in which HECIC and HECIC Subsidiaries separately or jointly hold over 20% equity interest, or companies in which HECIC and HECIC Subsidiaries’ aggregate shareholding is less than 20% but represents the single largest shareholding; and (iii) institutional legal persons or social organization legal persons under HECIC and HECIC Subsidiaries;
“HECIC Water”	HECIC Water Investment Co., Ltd. (河北建投水務投資有限公司), a subsidiary of HECIC incorporated in the PRC and one of the promoters of the Company and its substantial shareholder ;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong;

“JEI”	Jointo Energy Investment Co., Ltd. (河北建投能源投資股份有限公司), a company listed on the Shenzhen Stock Exchange (Stock code: 000600) that is controlled by HECIC (formerly known as Shijiazhuang International Building (Group) Co., Ltd. (石家莊國際大廈(集團)股份有限公司)) and a connected person of the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Joint Venture Parties”	the Company, HECIC, JEI, HECIC Communications and HECIC Water;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiaries”	has the meaning ascribed thereto in Schedule 23 to the Companies Ordinance (Chapter 32 of the Laws of Hong Kong); and
“Transaction”	the transaction of the establishment of the Group Finance Company by the Joint Venture Parties.

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

Shijiazhuang City, Hebei Province, PRC, 14 November 2012

*As at the date of this announcement, the non-executive directors of the Company are Dr. Li Lian Ping, Mr. Zhao Hui Ning and Mr. Xiao Gang; the executive directors of the Company are Dr. Cao Xin, Mr. Gao Qing Yu, Mr. Zhao Hui and Mr. Sun Xin Tian; and the independent non-executive directors of the Company are Mr. Qin Hai Yan, Mr. Ding Jun, Mr. Wang Xiang Jun and Mr. Yue Man Yiu Matthew.*

*\* For identification purposes only*

*Unless otherwise specified, the exchange rate of HKD1 to RMB0.81133 was adopted wherever appropriate in this announcement. Such conversion is for illustration purposes only, and does not constitute any representation that any sums have been, may have been or may be converted at that rate or any other exchange rate or at all.*