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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)**

**ANNOUNCEMENT ON  
THE CONTINUING CONNECTED TRANSACTION UNDER  
THE NEW ASSET FINANCING SERVICES FRAMEWORK AGREEMENT**

References are made to the announcement dated 28 February 2018 and the circular dated 4 April 2018 of the Company in relation to the Existing Asset Financing Services Framework Agreement between the Company and Huihai Leasing and the continuing connected transactions contemplated thereunder. In view of that the Existing Asset Financing Services Framework Agreement will expire on 24 April 2021, on 21 December 2020, the Company entered into the New Asset Financing Services Framework Agreement with Huihai Leasing, pursuant to which the Group will, on a voluntary and non-compulsory basis, continue to utilize the Asset Financing Services provided by Huihai Leasing, including the Finance Leasing Services and Other Services, during the term ending on 31 December 2023.

**IMPLICATIONS UNDER THE LISTING RULES**

HECIC is the controlling shareholder of the Company and holds approximately 48.73% of the total number of issued shares of the Company and, therefore, it is a connected person of the Company. Huihai Leasing is a non-wholly owned subsidiary of HECIC and is also a connected person of the Company. Accordingly, the provision of the Asset Financing Services by Huihai Leasing to the Group under the New Asset Financing Services Framework Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more applicable percentage ratio(s) in respect of the annual caps of each of the direct lease and sale-and-leaseback under the Finance Leasing Services category exceed(s) 0.1% but lower than 5%, the Finance Leasing Services are subject to the reporting, announcement and annual review requirements, but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios in respect of the Other Services are lower than 0.1%, the Other Services are exempt from the reporting, announcement, annual review and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

Although the New Asset Financing Services Framework Agreement and the transactions contemplated thereunder are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules, as the amount of the transactions exceeds 5% of the latest audited net assets of the Company, the transactions are still subject to the Company's non-connected shareholders' approval at the extraordinary general meeting in accordance with the Rules Governing the Listing of Stocks on Shanghai Stock Exchange.

## **I. BACKGROUND**

References are made to the announcement dated 28 February 2018 and the circular dated 4 April 2018 of the Company in relation to the Existing Asset Financing Services Framework Agreement between the Company and Huihai Leasing and the continuing connected transactions contemplated thereunder. In view of that the Existing Asset Financing Services Framework Agreement will expire on 24 April 2021, on 21 December 2020, the Company entered into the New Asset Financing Services Framework Agreement with Huihai Leasing, pursuant to which the Group will, on a voluntary and non-compulsory basis, continue to utilize the Asset Financing Services provided by Huihai Leasing, including the Finance Leasing Services and Other Services, during term ending on 31 December 2023.

## **II. NEW ASSET FINANCING SERVICES FRAMEWORK AGREEMENT**

Salient terms of the New Asset Financing Services Framework Agreement are set out below:

- |                                       |   |   |
|---------------------------------------|---|---|
| Signing date                          | : | 21 December 2020  |
| Parties                               | : | the Company and Huihai Leasing  |
| Scope of the Asset Financing Services | : | Huihai Leasing will provide the Asset Financing Services to the Group, including:<br><br>(i) Finance Leasing Services, including direct lease and sale-and leaseback: |

Under the direct lease arrangement, the Group will select necessary equipment from the market and Huihai Leasing will pay directly to the vendor(s) and obtain the ownership of such equipment. Huihai Leasing will then lease the equipment to the Group and the Group will pay rents to Huihai Leasing. Upon expiry of the lease period, the Group will purchase the equipment at a nominal price after it has paid all rents to Huihai Leasing in accordance with the finance lease agreement.

Under the sale-and-leaseback arrangement, the Group will sell its self-owned equipment to Huihai Leasing and obtain financing. The Group will then lease back such equipment and pay rents to Huihai Leasing. Upon expiry of the lease period, the Group will repurchase the equipment from Huihai Leasing at a nominal price after it has paid all rents to Huihai Leasing in accordance with the finance lease agreement.

- (ii) Other Services, including but not limited to the disposal of residual value and maintenance of leased assets, consulting service and provision of guarantees in leasing transactions, etc.

Principles of services : Huihai Leasing has undertaken to the Company that, whenever it provides the Asset Financing Services to the Group, the terms thereof shall not be less favorable than those offered by Huihai Leasing to other members of HECIC for comparable services, or less favorable than those offered by other finance leasing companies to the Group for comparable services.

The Group will utilize the Asset Financing Services provided by Huihai Leasing on a voluntary and non-compulsory basis and is not obliged to engage Huihai Leasing for any particular service.

For the specific terms (including the type of services, interest rate, service charges, payment terms and time, rights and obligations of the parties, etc.) of each transaction under the New Asset Financing Services Framework Agreement, the Group will enter into a separate agreement with Huihai Leasing according to normal commercial practice and the principles and terms under the New Asset Financing Services Framework Agreement.

- Pricing policy : The considerations to be paid by the Group to Huihai Leasing under the New Asset Financing Services Framework Agreement are determined on the following basis:
- (i) Finance Leasing Services: the rents include the principal and lease interest of the finance lease. The principal shall be determined based on the total price of the equipment to be acquired by Huihai Leasing (with respect to direct lease), or the net book value of the equipment or the appraisal value on the equipment assessed by an independent valuer (with respect to sale-and-leaseback). The lease interest will be determined by the parties through negotiation by reference to the benchmark interest rate of loans for the same period as published by the PBOC, and shall not be higher than the financing cost to be paid by the Group for the same or similar services obtained from finance leasing companies, being independent third parties, with respect to a specific finance leasing arrangement.
  - (ii) Other Services: fees shall not be higher than those paid by the Group for the same services provided by financial institutions, being independent third parties, and shall comply with the standard rates promulgated by the PBOC or the CBIRC from time to time for comparable services (if applicable).
- Term : The New Asset Financing Services Framework Agreement will become effective from the date of approval at the extraordinary general meeting, and shall supersede the Existing Asset Financing Services Framework Agreement, for a term ending on 31 December 2023.
- The finance lease period will be determined based on various factors, including the useful life of the leased equipment, the financial demand of the Group and the available capital of Huihai Leasing. Such lease periods shall normally not exceed the useful life of the leased equipment.

### III. IMPACTS OF CHINA ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES (CASBE) NO. 21 (LEASES) ON THE FINANCE LEASING SERVICES

The Company adopted, among others, the CASBE No. 21 (Leases) in its consolidated statements of financial position in connection with leases and finance leases with effect from the accounting period commencing on 1 January 2019.

Pursuant to CASBE No. 21 (Leases), the Company recognises right-of-use assets at the commencement date of the lease (i.e., the date on which the underlying asset is available for use). Right-of-use assets are measured at the amount of cost, less any accumulated depreciation and impairment losses, subject to adjustment for any re-measurement of lease liabilities. At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

Accordingly, under CASBE No. 21 (Leases), the Company will recognise the leased assets of relevant direct lease(s) representing the right to use the leased assets (except for short-term leases and low-value leases) of the Company (or its subsidiaries), subject to the specific lease terms and conditions to be set out in each of the lease agreement. For the sale and lease-back, the relevant transactions will be accounted for as a finance leasing arrangement between the Company (or its subsidiaries) and the lessors.

### IV. HISTORICAL AMOUNTS AND PROPOSED ANNUAL CAPS

#### Historical Amounts

For the two years ended 31 December 2019 and for the nine months ended 30 September 2020, the annual caps and historical transaction amounts of the Finance Leasing Services provided by Huihai Leasing to the Group in accordance with the Existing Asset Financing Services Framework Agreement are set out as below:

<b>Period</b>	<b>The maximum amount outstanding (including principal, lease interest and handling fees) <i>RMB (million)</i></b>	<b>The actual maximum amount outstanding (including principal, lease interest and handling fees) <i>RMB (million)</i></b>
Year ended 31 December 2018	2,600	1,236
Year ended 31 December 2019	2,600	1,304
Nine months ended 30 September 2020	2,600	1,184

## Proposed Annual Caps and Basis of Determination

In accordance with the Listing Rules, a direct lease is deemed as an acquisition of assets by the Group, and a sale-and-leaseback transaction constitutes a disposal of assets by the Group. Therefore, the Company proposes the annual caps of the direct lease and sale-and-leaseback to be newly incurred under the New Asset Financing Services Framework Agreement for the three years ended 31 December 2023 to be set as follows:

<b>Period</b>	<b>Newly added direct lease RMB (million)</b>	<b>Newly added sale-and-leaseback RMB (million)</b>
Year ended 31 December 2021	800	800
Year ended 31 December 2022	800	800
Year ended 31 December 2023	800	800

The annual caps of the Finance Leasing Services are determined based on the following basis:

- (1) The Company has considered the investment amount for the Group's potential finance leasing projects (with a majority of which are wind farm and gas infrastructure investment and construction projects), as well as the anticipated principal, lease interest and handling fees of the finance lease during the term of the New Asset Financing Services Framework Agreement.
- (2) In accordance with CASBE No. 21 (Leases), for a direct lease, the right-of-use asset and lease liability are recognised at the commencement date when the leased asset is provided by the lessor and available to the lessee. As the leased assets such as wind power farm equipment are delivered for use by batches, in the case of the batch delivery, the right-of-use assets are recognised in batches for the direct lease instead of one-off recognition of the entire contract amount. The Company has taken into account the capital contribution of the relevant projects and the respective project development schedules when calculating the annual caps.
- (3) The Company has also considered the historical cash flow of the Company for the three years ended 31 December 2019 and the six months ended 30 June 2020, as disclosed in the annual reports and/or interim reports of the Company for relevant periods. The Group is able to mitigate the pressure on the cash flow for the acquisition of equipment by paying less upfront for obtaining the required equipment. In the years when finance leases were implemented, the cash flow of the Group was relatively normal, while the cash flow was relatively tight in the years when no finance lease was implemented. As a financing instrument, finance lease is beneficial for the Company to further optimize its financial structure and improve the current cash flow performance.

- (4) The installed capacity of the Group has maintained a high growth in recent years. As of 30 June 2020, the Group's consolidated installed capacity amounted to 4,736.35MW, representing an increase of 19% over the same period last year. In light of the current conditions in financing market, it is necessary for some of the Group's projects to acquire wind turbines by way of finance lease so as to minimise the costs in the process of development of the Company. The Group expects to continue to invest in increasing its installed capacity and construction of wind farms.

## **V. REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW ASSET FINANCING SERVICES FRAMEWORK AGREEMENT**

The Company entered into the New Asset Financing Services Framework Agreement with Huihai Leasing for the following reasons:

- (1) Wind power business and gas business are principal businesses of the Group. The main feature of finance leasing is that it takes the equipment as subject and provides financing for the lessee, while the wind power generation equipment of wind power projects and the long distance pipelines of gas projects may all serve as the subject for financial leasing business. Through finance leases including direct lease and sale-and-leaseback, the Group may utilize relevant equipment for financing and expanding financing channels, so as to obtain funds at a lower cost.
- (2) The Group will utilize the Asset Financing Services provided by Huihai Leasing on a voluntary and non-compulsory basis and is not obliged to engage Huihai Leasing for any particular service. The rates of finance lease provided by Huihai Leasing to the Group will be the same as or more favorable than (as the case may be) those offered by other financial institutions, being independent third parties, to the Group.
- (3) Huihai Leasing was a subsidiary of the Company before July 2017. HECIC has taken control over Huihai Leasing since July 2017, while the Group still owns 30% equity interest in Huihai Leasing (please refer to the announcement dated 12 April 2017 and the circular dated 18 May 2017 of the Company for details). Huihai Leasing is familiar with the wind power industry, and understands the operation of the Group. It has successfully made multiple transactions with the Group since 2016. It is expected that Huihai Leasing can provide quicker and more efficient services to the Group in respect of project assessment and lending approval procedures as compared with other finance leasing institutions.
- (4) As a shareholder of Huihai Leasing, the Group is also expected to benefit from the profits arising from the business of Huihai Leasing.



In assessing the financial risks, the Directors have considered the following factors:

- (1) Huihai Leasing is governed by the Shenzhen Financial Services Office, and it must comply with the relevant regulatory requirements applicable to finance leasing.
- (2) so far as the Company is aware, Huihai Leasing has not breached any credit obligation or materially violated any regulatory rules or operation requirements.
- (3) to safeguard the interests of the shareholders, the Company will adopt the following internal control procedures and corporate governance measures for utilizing the Asset Financing Services provided by Huihai Leasing:
  - (i) before entering into any agreement with Huihai Leasing in respect of the Asset Financing Services, the Group will obtain at least two price quotes from independent financial institutions for similar finance lease with the same duration or Other Services of the same nature (as the case may be). The finance management department of the Company will compare such price quotes against the offer from Huihai Leasing and then seek approval of the chief accountant and the president of the Company as to whether to use the services of Huihai Leasing.
  - (ii) when Huihai Leasing changes the interest rate or charges for transactions already made under the New Asset Financing Services Framework Agreement or before the parties enter into any new transaction, Huihai Leasing shall inform the Company by email of the information relating to the interest rate level and prices offered by Huihai Leasing to HECIC and its subsidiaries for comparable transactions in the same month, for the Company's record and verification by the Company's audit department. If the Company considers such changes not in line with the pricing terms, the Company will negotiate with Huihai Leasing as to the proposed changes, and will continue to pay interest or fees at a rate which is previous agreed upon by both parties. The interest or charges will only be adjusted when the Company and Huihai Leasing agree on a rate complying with pricing terms under the New Asset Financing Services Framework Agreement.
  - (iii) Huihai Leasing shall provide the Company with a monthly report containing the Asset Financing Services used by the Group for the previous month on the third day of each month, and the financial statements of Huihai Leasing for the previous month on the tenth day of each month.
  - (iv) Huihai Leasing is obliged to cooperate with the examination or audit carried out by the Company, including the Company's examination of the safety of the Asset Financing Services of Huihai Leasing, the compliance check or audit by the Company's external auditor in respect of the transactions under the New Asset Financing Services Framework Agreement, and the review by the Company's audit department on the appropriateness of the internal control systems of Huihai Leasing.



- (v) the finance management department of the Company will closely monitor the transactions under the New Asset Financing Services Framework Agreement, and will review the aforesaid monthly financial statements and monthly service report immediately after it receives them from Huihai Leasing. It will report to the management of Company and the Board immediately when it identifies any problems.
- (vi) Huihai Leasing undertakes that it will strictly comply with the standards of risk monitoring indicators issued by the Shenzhen Financial Services Office, and its major monitoring indicators such as gearing ratio, interbank borrowing ratio and liquidity ratio will also comply with the requirements of the Shenzhen Financial Services Office.

For the above reasons, the Directors (including the independent non-executive Directors) are of the view that the New Asset Financing Services Framework Agreement is entered into on an arm's length basis and on normal commercial terms, and the terms of the transactions under the New Asset Financing Services Framework Agreement and the proposed annual caps are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Given that five Directors, namely Dr. Cao Xin, Dr. Li Lian Ping, Mr. Qin Gang, Mr. Wu Hui Jiang and Mr. Mei Chun Xiao, hold office in HECIC and/or Huihai Leasing, they have abstained from voting on the Board resolution approving the New Asset Financing Services Framework Agreement and the transactions contemplated thereunder as required under the articles of association of the Company. Save as disclosed above, none of the Directors has any material interests in the New Asset Financing Services Framework Agreement and the transactions contemplated thereunder and hence no other Director is required to abstain from voting on the relevant Board resolution.

## **VI. IMPLICATION UNDER THE LISTING RULES**

HECIC is the controlling shareholder of the Company and holds approximately 48.73% of the total number of issued shares of the Company and, therefore, it is a connected person of the Company. Huihai Leasing is a non-wholly owned subsidiary of HECIC and is also a connected person of the Company. Accordingly, the provision of the Asset Financing Services by Huihai Leasing to the Group under the New Asset Financing Services Framework Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more applicable percentage ratios in respect of the annual cap(s) of each of the direct lease and sale-and-leaseback under the Finance Leasing Services category exceed(s) 0.1% but lower than 5%, the Finance Leasing Services are subject to the reporting, announcement and annual review requirements, but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios in respect of the Other Services are lower than 0.1%, the Other Services are exempt from the reporting, announcement, annual review and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

Although the New Asset Financing Services Framework Agreement and the transactions contemplated thereunder are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules, as the amount of the transactions exceeds 5% of the latest audited net assets of the Company, the transactions are still subject to the Company's non-connected shareholders' approval at the extraordinary general meeting in accordance with the Rules Governing the Listing of Stocks on Shanghai Stock Exchange.

## VII. 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, compressing natural gas, coalbed methane and coal-made natural gas; (ii) investment in the development of new energy projects such as wind power, solar power and nuclear power; and (iii) development of new energy technology and technical services.

### **HECIC**

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 in, and construction of, foundation industries, infrastructures and pillar industries of Hebei Province, such as energy, transportation, water supply and commercial real estate.

### **Huihai Leasing**

Huihai Leasing was established on 27 August 2015 under the laws of the PRC. It is primarily engaged in finance leasing, leasing, purchase of leased properties in the PRC and overseas, disposal of residual value and maintenance of leased assets, and consulting service and guarantees of leasing transactions. As at the date of this announcement, HECIC and its subsidiaries hold an aggregate of 70% equity interest in Huihai Leasing, while the Company holds an aggregate of 30% equity interest in Huihai Leasing through two wholly-owned subsidiaries.

## VIII. DEFINITIONS

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

“Asset Financing Services”	the Finance Leasing Services and Other Services;
“associate(s)”	has the meaning ascribed to it in the Listing Rules;
“Board”	the board of Directors of the Company;

“CBIRC”	the China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會);
“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, whose H shares and A shares are listed on the Main Board of the Stock Exchange and the Main Board of the Shanghai Stock Exchange, respectively;
“connected person(s)”	has the meaning ascribed to it in the Listing Rules;
“controlling shareholder”	has the meaning ascribed to it in the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Existing Asset Financing Services Framework Agreement”	the Asset Financing Services Framework Agreement entered into between the Company and Huihai Leasing on 28 February 2018;
“Finance Leasing Services”	the finance leasing services provided by Huihai Leasing to the Group under the New Asset Financing Services Framework Agreement, including direct lease service and sale-and-leaseback service;
“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 established in the PRC, and the controlling shareholder of the Company;
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Huihai Leasing”	Huihai Finance Leasing Co., Ltd.* (匯海融資租賃股份有限公司), a limited liability company established in Shenzhen, the PRC, and a non-wholly owned subsidiary of HECIC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange;
“LNG”	liquefied natural gas;
“New Asset Financing Services Framework Agreement”	the Asset Financing Services Framework Agreement entered into between the Company and Huihai Leasing on 21 December 2020;

“Other Services”	other services provided by Huihai Leasing to the Group under the New Asset Financing Services Framework Agreement, in respect of which Huihai Leasing has obtained regulatory license for operation, including but not limited to the disposal of residual value and maintenance of leased assets, consulting service and provision of guarantees in leasing transactions, etc.;
“PBOC”	the People’s Bank of China, the central bank of the PRC;
“PRC”	the People’s Republic of China, which for the purpose of this announcement only, excludes Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan region;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shenzhen Financial Services Office”	Financial Development Service Office, the People’s Government of Shenzhen Municipality (深圳市人民政府金融發展服務辦公室); and
“subsidiaries”	has the meaning ascribed to it in the Listing Rules.

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

Shijiazhuang City, Hebei Province, the PRC, 21 December 2020

*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