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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 TRANSACTIONS UNDER THE NEW GHGER PROJECT AGREEMENT

Reference is made to the announcement of the Company dated 8 June 2017 in relation to the Company entering into the Existing GHGER Project Agreement with CISF, a connected person of the Company, pursuant to which CISF is responsible for the unified management of the emission reduction units generated by the GHGER projects (including wind power and photovoltaic power projects) of the Group that satisfy the development conditions. As the Existing GHGER Project Agreement will expire on 31 December 2017, the Company has entered into the New GHGER Project Agreement with CISF on 22 December 2017, pursuant to which, CISF shall continue to be responsible for the unified management of the emission reduction units generated by the GHGER projects (including wind power and photovoltaic power projects) of the Group that satisfy the development conditions in 2018. The New GHGER Project Agreement is effective from 1 January 2018 to 31 December 2018.

According to the terms of the New GHGER Project Agreement, CISF will be mainly responsible for the development of the GHGER projects designated by the Company, the daily management of the emission reduction units of the projects, the trading of the GHGER on behalf of the Company, etc. CISF will bear all the expenses generated at the preliminary development stage of the GHGER projects and will charge the Company 40% of the annual emission reduction revenue generated by the GHGER projects of the Company as management fees. Both parties agree that the aggregate management fees to be paid by the Company to CISF shall not exceed RMB5 million within the term of the New GHGER Project Agreement.

HECIC is the controlling shareholder of the Company, directly holding approximately 50.5% equity interest of the Company, and is therefore a connected person of the Company. As CISF is a subsidiary of HECIC, it is also a connected person of the Company. Accordingly, the Transaction constitutes a continuing 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% on an annual basis, the Transaction is subject to the reporting, announcement and annual review requirements, but is exempt from the circular (including independent financial advisor) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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NEW GHGER PROJECT AGREEMENT

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

Date

22 December 2017

Term

1 January 2018 to 31 December 2018

Parties

- (i) The Company; and
- (ii) CISF.

Salient terms

- I. The rights and obligations of the Company

The Company will:

- 1 be responsible for providing the project list of the Group, including but not limited to wind power and solar energy projects, to CISF;
- 2 facilitate CISF to complete the preliminary development of the GHGER projects and designate the relevant personnel to communicate and coordinate with the project companies of the Group to ensure that every stage of the project development is progressing smoothly;
- 3 be responsible for the coordination between the project companies of the Group and CISF and arranging the project companies to provide CISF with all requisite documents and information which is relevant to the projects during the development of the GHGER projects;
- 4 have the right to request CISF to proceed and complete the relevant project development as scheduled. If CISF delays the development progress, CISF needs to provide a written explanation to the Company. If the progress of the Group's project development delays for more than six months due to the fault of CISF, the Company has the right to claim damages against CISF; and
- 5 facilitate the project companies of the Group and CISF and/or the independent third party purchasers selected by CISF to enter into emission reduction units trading contracts.

II. The rights and obligations of CISF

CISF will be responsible for:

- 1 the relevant work in connection with the development stage of the projects, including but not limited to appointing project advisory bodies, appointing third party certification bodies (DOE) (such bodies are appointed by the NDRC and the United Nations Executive Board of the Clean Development Mechanism for assessing the truthfulness and completeness of the projects) and selecting the purchasers, etc.;
- 2 preparing reports with the relevant information as required by the Group, and formulating the standardized process of project development in order to enhance the efficiency of project development;
- 3 reviewing and entering into consultation contracts and DOE service contracts;
- 4 project inspections and the completeness, accuracy and compliance of the inspection information to ensure the filing for emission reduction units to the NDRC or the issuance of emission reduction units by the United Nations Executive Board of the Clean Development Mechanism in a timely manner to protect the interests of both parties;
- 5 the management and trading of the emission reduction units of all the GHGER projects under the New GHGER Project Agreement as well as negotiation with the purchasers of the emission reduction units trading contracts, review and other relevant tasks on behalf of the relevant project companies of the Group;

- 6 entering into emission reduction units trading contracts with the relevant project companies of the Group and/or the independent third party purchasers selected by CISF in accordance with the terms of the New GHGER Project Agreement; and
- 7 with the prior consent of the Group, CISF shall be entitled to authorize the subsidiaries of CISF to specifically perform all rights and obligations under the New GHGER Project Agreement.

III. Fees and payment

- 1 CISF will bear all the expenses occur at the preliminary development stage of the GHGER projects, including preparation fees of the design documents for the projects, validation fees charged by the third party certification bodies (DOE), project registration fees, project inspection fees and fees for the issuance of the emission reduction inspection as well as all the expenses incurred during the transaction.
- 2 CISF will charge a project management fee equivalent to 40% of the annual emission reduction revenue generated by the GHGER projects of the Company.
- 3 The aggregate management fees to be paid by the Company to CISF shall not exceed RMB5 million within the term of the New GHGER Project Agreement.

PRINCIPLES OF DETERMINING THE MANAGEMENT FEES

According to the terms of the New GHGER Project Agreement, CISF will charge the Company a project management fee equivalent to 40% of the annual emission reduction revenue generated by the GHGER projects of the Group.

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

HISTORICAL DATA, ANNUAL CAP AND THE DETERMINATION BASIS

For the year ended 31 December 2016 and the 11-month period ended 30 November 2017, the actual transaction amounts and the corresponding annual caps in relation to the transactions under the GHGER projects (including VER projects) between the Group and CISF were as follows:

Period	Actual Transaction Amount RMB (0'000)	Corresponding Annual Cap for the Year RMB (0'000)
Year ended 31 December 2016	0 ^(Note)	500
11-month period ended 30 November 2017	87.06 ^(Note)	500

Note:

According to the terms of the VER Project Development and Emission Reduction Trading Commission Management Agreement entered into between the Company and CISF on 24 March 2016, during 2016, CISF participated in the development of VER projects of four wind farms of the Group. Given that the development of those wind farm VER projects was completed in 2017, the Group recognized the revenue from those projects and paid management fees to CISF in 2017.

The Company expects that the completion of the GHGER projects of 28 wind farms which CISF has participated in under the Existing GHGER Project Agreement during 2017 will be extended to 2018. The Group expects that the GHGER projects of such wind farms will generate revenue of approximately RMB10.1334 million for the Group in 2018. The Group will pay CISF management fees of approximately RMB4.05336 million for these projects.

The Company expects that the actual annual transaction amount of the transactions conducted by the Group under the Existing GHGER Project Agreement for 2017 will not exceed the annual cap for the year ending 31 December 2017.

Based on (1) the management fees to be paid to CISF by the Group in respect of the wind farm GHGER projects which have commenced development process in 2017, (2) the development plans of approved projects of the Group in 2018, (3) the current market price of China's GHGER transactions, and (4) the proportion of the management fees charged by CISF in accordance with the terms of the New GHGER Project Agreement against the emission reduction revenue generated from the GHGER projects of the Company, the Company expects that the aggregate management fee to be paid to CISF by the Group for the year ending 31 December 2018 will not exceed RMB5 million.

REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW GHGER PROJECT AGREEMENT

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

In addition, CCER market development companies in the PRC market usually charge an advanced payment for preliminary development of a project. Such fees are not refundable if the project is not successfully developed. However, according to the New GHGER Project Agreement, the preliminary development fee will be borne by CISF and no fee will be paid by the Company at the preliminary development stage of a project. Meanwhile, CISF will carry out negotiation with the purchasers and

review of the emission reduction units trading contracts on behalf of the Group. Comparing with the direct dealing with independent third parties by the Group, this can effectively control the risk of commercial disputes at the preliminary stage of the transaction.

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

CISF

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

Implication under the Listing Rules

HECIC is the controlling shareholder of the Company, directly holding approximately 50.5% equity interest of the Company, and is therefore a connected person of the Company. As CISF is a subsidiary of HECIC, it is also a connected person of the Company. Accordingly, the Transaction constitutes a continuing connected transaction of the Company under Chapter 14A of 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, announcement and annual review requirements, but is exempt from the circular (including independent financial advisor) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As five of our Directors, namely Dr. Cao Xin, Dr. Li Lian Ping, Mr. Qin Gang, Ms. Sun Min and Mr. Wu Hui Jiang, hold management positions in HECIC, they have abstained from voting on the Board resolutions in relation to the approval for the New GHGER Project Agreement and the Transaction according to the requirements of the articles of association of the Company. Save for the above, no other Director has material interest in the Transaction and hence no other Director is required to abstain from voting on such Board resolutions.

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

DEFINITIONS

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

“Board”	the board of Directors of the Company;
“CISF”	Hebei Construction & Investment State Financing Energy Services Ltd. (河北建投國融能源服務有限公司), a company incorporated in the PRC, which is a subsidiary of HECIC and a connected person of the Company;
“Company”	China Suntien Green Energy Corporation Limited (新天綠色能源股份有限公司), a joint stock company incorporated in the PRC with limited liability on 9 February 2010, whose H shares are listed on the Main Board of the Stock Exchange;
“connected person(s)”	has the meaning ascribed to it in the Listing Rules;
“controlling shareholder”	has the meaning ascribed to it in the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Existing GHGER Project Agreement”	the GHGER Project Development and Emission Reduction Trading Commission Management Agreement entered into between the Company and CISF on 8 June 2017;
“GHGER”	including but not limited to the Certified Emission Reduction (CER) generated from the Clean Development Mechanism (CDM) under the Kyoto Protocol, the VER generated from the International Voluntary Emission Reduction Project under the International Emissions Trading Association in accordance with the Verified Carbon Standard (VCS), and the China’s Certified Emission Reduction (CCER) generated from the China’s Greenhouse Gas Voluntary Emission Reduction Project under the “Interim Measures for Management of Voluntary Greenhouse Gas Emissions Reduction Transactions” of the NDRC;
“HECIC”	Hebei Construction & Investment Group Co., Ltd. (河北建設投資集團有限責任公司), a wholly state-owned enterprise incorporated in the PRC, and one of the promoters and the controlling shareholder of the Company, which is primarily engaged in the investment in and construction of projects in the foundation industries, infrastructures and pillar industries in Hebei Province, including energy, transportation, water supply and commercial real estate;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“New GHGER Project Agreement”	the GHGER Project Development and Emission Reduction Trading Commission Management Agreement entered into between the Company and CISF on 22 December 2017;
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan region;
“RMB”	Renminbi, the lawful currency of the PRC;
“NDRC”	the National Development and Reform Commission of the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiaries”	has the meaning ascribed to it in the Listing Rules;
“Transaction”	services provided to the Company by CISF according to the New GHGER Project Agreement; and
“VER”	voluntary emission reduction, which is not required by any law or regulation but is a voluntary carbon emission amount set by an organization with an aim to actively participate in mitigating climate change. According to the requirements of “Interim Measures for Management of Voluntary Greenhouse Gas Emission Reduction Transactions” promulgated by the NDRC, it is one of China’s Certified Emission Reduction (CCER).

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

Shijiazhuang, Hebei Province, the PRC
22 December 2017

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, Ms. Sun Min 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. Qin Hai Yan, Mr. Ding Jun, Mr. Wang Xiang Jun and Mr. Yue Man Yiu Matthew.

* *For identification purposes only*