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)

THE NEW FINANCIAL SERVICES FRAMEWORK AGREEMENT AND THE NEW ASSET FINANCING SERVICES FRAMEWORK AGREEMENT

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

Gram Capital Limited
嘉林資本有限公司

THE NEW FINANCIAL SERVICES FRAMEWORK AGREEMENT

References are made to the announcement of the Company dated 28 October 2021 and the circular of the Company dated 23 November 2021 in relation to the Existing Financial Services Framework Agreement entered into by the Company and the Group Finance Company and the continuing connected transactions contemplated thereunder. The Existing Financial Services Framework Agreement will expire on 31 December 2023.

In order to facilitate the Group to continue to utilize the services from the Group Finance Company in the future, on 20 October 2023, the Company and the Group Finance Company entered into the New Financial Services Framework Agreement, pursuant to which the Group will, on a voluntary and non-compulsory basis, continue to utilize various financial services provided by the Group Finance Company, including (i) the Deposit Service, (ii) the Loan Service, (iii) the Bill Discounting Service, (iv) the Miscellaneous Fee-based Financial Services (including non-financing guarantee service, acceptance service, entrusted loan service and other fee-based services), and (v) the Other Permitted Financial Services (including but not limited to the settlement service, financial and financing advisory services, credit authentication and relevant consulting and agency services, insurance agency service and corporate bonds underwriting service). Subject to the approval by the Independent Shareholders of the Company, the New Financial Services Framework Agreement shall be valid from 1 January 2024 to 31 December 2026.

THE NEW ASSET FINANCING SERVICES FRAMEWORK AGREEMENT

Reference is made to the announcement of the Company dated 21 December 2020 in relation to the Existing Asset Financing Services Framework Agreement between the Company and Huihai and the continuing connected transactions contemplated thereunder. The Existing Asset Financing Services Framework Agreement will expire on 31 December 2023.

In order to facilitate the Group to continue to utilize the services from Huihai in the future, on 20 October 2023, the Company and Huihai entered into the New Asset Financing Services Framework Agreement, pursuant to which the Group will, on a voluntary and non-compulsory basis, continue to utilize the Asset Financing Services provided by Huihai, i.e. the Finance Leasing Services, during the term commencing from 1 January 2024 and ending on 31 December 2026.

IMPLICATIONS UNDER THE H SHARE LISTING RULES

As at the date of this announcement, HECIC is the controlling shareholder of the Company holding approximately a 49.17% equity interest in the Company, and is therefore a connected person of the Company. The Group Finance Company and Huihai are non-wholly owned subsidiaries of HECIC, and are also connected persons of the Company. Accordingly, the provision of various financial services and the Asset Financing Services by the Group Finance Company and Huihai to the Company pursuant to the New Financial Services Framework Agreement and New Asset Financing Services Framework Agreement constitutes continuing connected transactions of the Company under Chapter 14A of the H Share Listing Rules.

(1) New Financial Services Framework Agreement

As one or more of the applicable percentage ratios of the Deposit Service exceed 5% but all are below 25%, the Deposit Service is subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the H Share Listing Rules. The Deposit Service also constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the H Share Listing Rules.

As one or more of the applicable percentage ratios of the Bill Discounting Service exceed 0.1% but all are less than 5%, the Bill Discounting Service is subject to the reporting, announcement and annual review requirements but are exempt from the Independent Shareholders' approval requirement under Chapter 14A of the H Share Listing Rules.

The Loan Service constitutes financial assistance provided by a connected person for the benefit of the Group. As the Loan Service is carried out on normal commercial terms (or on terms which are more favorable than those offered by third parties) and the Group will not provide any security over its assets for the Loan Service, the Loan Service is exempt from the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the H Share Listing Rules. However, pursuant to the A Share Listing Rules, the Loan Service and its caps are still subject to the approval at the general meeting of the Company before carrying out the relevant transaction(s).

In respect of the Miscellaneous Fee-based Financial Services and the Other Permitted Financial Services, as one or more of the applicable percentage ratios of the two types of services, when aggregated, exceed 0.1% but all are less than 5%, both of them are subject to the reporting, announcement and annual review requirements but are exempt from the Independent Shareholders' approval requirement under Chapter 14A of the H Share Listing Rules.

(2) New Asset Financing Services Framework Agreement

As one or more applicable percentage ratios in respect of the annual caps of each of the direct lease and sale-and-leaseback under the Finance Leasing Services category exceed 0.1% but all are less than 5%, the Finance Leasing Services are subject to the reporting, announcement and annual review requirements, but are exempt from the Independent Shareholders' approval requirement under Chapter 14A of the H Share 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 H Share 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 A Share Listing Rules.

EXTRAORDINARY GENERAL MEETING

The Company will convene an extraordinary general meeting in order to seek approval from the Independent Shareholders/non-connected shareholders in respect of the New Financial Services Framework Agreement and the New Asset Financing Services Framework Agreement and the transactions contemplated thereunder.

The Company has appointed Gram Capital as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Deposit Service (including the proposed caps of maximum daily deposit balance).

The Company will dispatch the meeting notice and a circular to its shareholders according to the Listing Rules within 15 business days after the publication of this announcement, which will set out, among other things, (i) details of the New Financial Services Framework Agreement and the New Asset Financing Services Framework Agreement and the transactions contemplated thereunder; (ii) the letter from the Independent Board Committee setting out its recommendations to the Independent Shareholders in respect of the Deposit Service (including the proposed caps of maximum daily deposit balance) under the New Financial Services Framework Agreement; and (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Deposit Service (including the proposed caps of maximum daily deposit balance) under the New Financial Services Framework Agreement.

I. THE NEW FINANCIAL SERVICES FRAMEWORK AGREEMENT

References are made to the announcement of the Company dated 28 October 2021 and the circular of the Company dated 23 November 2021 in relation to the Existing Financial Services Framework Agreement entered into by the Company and the Group Finance Company and the continuing connected transactions contemplated thereunder.

Since 2013, the Company has entered into the relevant financial services framework agreements with the Group Finance Company to utilize various financial services provided by the Group Finance Company. On 28 October 2021, the Company and the Group Finance Company entered into the Existing Financial Services Framework Agreement to govern the connected transactions regarding the Group's utilization of various financial services provided by the Group Finance Company. The Existing Financial Services Framework Agreement will expire on 31 December 2023.

In order to facilitate the Group to continue to utilize the services from the Group Finance Company in the future, on 20 October 2023, the Company and the Group Finance Company entered into the New Financial Services Framework Agreement, pursuant to which the Group will, on a voluntary and non-compulsory basis, continue to utilize various financial services provided by the Group Finance Company. Upon approval of the Independent Shareholders of the Company, the New Financial Services Framework Agreement shall be valid from 1 January 2024 to 31 December 2026.

(I) Principal Terms of the New Financial Services Framework Agreement

1. Date

20 October 2023

2. Parties

The Company and the Group Finance Company

3. Summary of Financial Services

Under the New Financial Services Framework Agreement, the Group Finance Company will provide the Group with financial services, including (i) the Deposit Service, (ii) the Loan Service, (iii) the Bill Discounting Service, (iv) the Miscellaneous Fee-based Financial Services (including non-financing guarantee service, acceptance service, entrusted loan service and other fee-based services), and (v) the Other Permitted Financial Services (including but not limited to the settlement service, financial and financing advisory services, credit authentication and relevant consulting and agency services, insurance agency service and corporate bonds underwriting service).

Under the New Financial Services Framework Agreement, the Group Finance Company has undertaken to the Company that whenever it provides financial services to the Group, the terms thereof shall not be less favorable than those offered by any commercial banks or other financial institutions for comparable financial services.

The Group will utilize the financial services from the Group Finance Company on a voluntary and non-compulsory basis and is not obliged to engage the Group Finance Company for any particular service.

The Group is not required to provide any asset pledge to the Group Finance Company for the Loan Service.

The Group Finance Company may, from time to time, enter into separate individual financial services agreements with the Group for the provision of particular financial services, provided that the principles as agreed in the New Financial Services Framework Agreement will be observed.

4. Pricing Policy

The fees and charges payable by the Group to the Group Finance Company under the New Financial Services Framework Agreement are determined on the following basis:

(1) Deposit Service: the interest rates shall not be lower than (i) the lower limits of the interest rates promulgated by the PBOC from time to time for the same category of deposits; (ii) the interest rates offered to other member companies of HECIC by the Group Finance Company for the same category of deposits; and (iii) the interest rates individually obtained from commercial banks by the Group member using the Deposit Service for deposits with the same term and of the same stage and category.

(2) Loan Service: the interest rates shall not be higher than (i) the upper limits of the interest rates promulgated by the PBOC from time to time for the same category of loans; and (ii) the interest rates individually obtained from commercial banks by the Group member using the Loan Service for loans with the same term and of the same stage and category.

(3) Bill Discounting Service: the discounting rates offered by the Group Finance Company are the same as or more favorable than those offered by any third party financial institutions to the Group for the same period.

(4) Miscellaneous Fee-based Financial Services: the interest rates or service fees charged for the Miscellaneous Fee-based Financial Services shall (i) comply with the standard rates as promulgated by the PBOC or the NAFR for comparable financial services from time to time (if applicable); and (ii) not be higher than the interests or service fees charged by commercial banks for comparable financial services to the Group member using such services.

(5) Other Permitted Financial Services: subject to the approval by the NAFR, the Group Finance Company may provide other services to the Group in the future, and the service fees to be charged for such services shall (i) comply with the standard rates as promulgated by the PBOC or the NAFR for comparable financial services from time to time (if applicable); (ii) not be higher than the service fees charged by commercial banks for comparable financial services; and (iii) not be higher than the service fees charged by the Group Finance Company for the provision of comparable financial services to other members of the HECIC.

5. Term

Subject to the approval by the Independent Shareholders, the New Financial Services Framework Agreement shall be for a term of three years and will take effect from 1 January 2024 and expire on 31 December 2026.

Any separate individual financial services agreement entered into between the Group and the Group Finance Company under the New Financial Services Framework Agreement shall be in compliance with the New Financial Services Framework Agreement and its term shall not exceed the term thereof.

(II) HISTORICAL TRANSACTION AMOUNTS

1. Deposit Service

In respect of the Deposit Service, the maximum daily deposit balance and the actual maximum daily deposit balance of the deposits placed with the Group Finance Company by the Group for the two years ended 31 December 2021 and 2022 and the six months ended 30 June 2023 was as follows:

Period	**Maximum Daily Deposit Balance** *Note*	**Actual Maximum Daily Deposit Balance** *Note*
	RMB (in million)	*RMB (in million)*
Year ended 31 December 2021	3,570	3,116
Year ended 31 December 2022	3,570	3,511
Six months ended 30 June 2023	3,570	3,524

Note: Including accrued interests thereon.

The Company expects that the daily deposit balance of the Group during the remaining term of the Existing Financial Services Framework Agreement will not exceed the maximum daily deposit balance for the year ending 31 December 2023 (i.e. RMB3,570 million).

2. Loan Service

In respect of the Loan Service, the maximum daily loan balance and the actual amounts of the loans granted by the Group Finance Company to the Group for the two years ended 31 December 2021 and 2022 and the six months ended 30 June 2023 were as follows:

Period	Maximum Daily Loan Balance [Note 1]	Actual Maximum Daily Loan Balance [Note 1]
	RMB (in million)	*RMB (in million)*
Year ended 31 December 2021	– [Note 2]	1,334
Year ended 31 December 2022	4,000	2,417
Six months ended 30 June 2023	4,000 [Note 3]	1,654

Notes:

1. *Including accrued interests thereon.*
2. *The annual caps were set in accordance with the A Share Listing Rules. No cap was set for 2021.*
3. *This cap applies to the entire year of 2023.*

The Company expects that the daily loan balance of the Group during the remaining term of the Existing Financial Services Framework Agreement will not exceed the maximum daily loan balance for the year ending 31 December 2023 (i.e. RMB4,000 million).

3. Bill Discounting Service

In respect of the Bill Discounting Service, the Bill Discounting Service provided by the Group Finance Company to the Group for the two years ended 31 December 2021 and 2022 and the six months ended 30 June 2023 was the Bill Discounting Service with recourse, and the maximum daily discounting fund balance and the actual amounts were as follows:

Period	Maximum Daily Discounting Fund Balance [Note 1]	Actual Maximum Daily Discounting Fund Balance [Note 1]
	RMB (in million)	*RMB (in million)*
Year ended 31 December 2021	– [Note 2]	43.72
Year ended 31 December 2022	500	40.00
Six months ended 30 June 2023	500 [Note 3]	33.00

Notes: 1. *Including discounted interests.*

2. *The annual caps were set in accordance with the A Share Listing Rules. No cap was set for 2021.*

3. *This cap applies to the entire year of 2023.*

4. Miscellaneous Fee-based Financial Services

In respect of the Miscellaneous Fee-based Financial Services, for the two years ended 31 December 2021 and 2022 and the six months ended 30 June 2023, the services provided by the Group Finance Company to the Company included non-financing guarantee service, acceptance service and entrusted loan service, and the caps and the actual amounts of the handling fees charged for the various services were as follows:

Period	**Annual Caps on the Handling Fees of Services**	**Actual Total Handling Fees of Services**
	RMB (in million)	*RMB (in million)*
Year ended 31 December 2021	– *Note 1*	2.24
Year ended 31 December 2022	5	0.17
Six months ended 30 June 2023	5 *Note 2*	0.05

Notes: 1. *The annual caps were set in accordance with the A Share Listing Rules. No cap was set for 2021.*

2. *This cap applies to the entire year of 2023.*

Save as the services described above, the Group did not utilize any other financial services provided by the Group Finance Company historically.

(III) Annual Caps and the Basis of Determination

1. Deposit Service

In respect of the Deposit Service, the Company estimates that the maximum daily deposit balance of the deposits placed with the Group Finance Company by the Group for each of the three years ending 31 December 2026 will be as follows:

Period	Maximum Daily Deposit Balance [Note]
	RMB (in million)
Year ending 31 December 2024	4,500
Year ending 31 December 2025	4,500
Year ending 31 December 2026	4,500

Note: Including accrued interests thereon.

The Directors determined the above caps based on the following major factors:

- as part of the Group's fund management strategy to benefit from the enlarged scale economy by centralizing its funds with higher liquidity in certain selected financial institutions with better interest rates, the Group plans to deposit part of its cash balance in the Group Finance Company, and the Group Finance Company has undertaken to the Group that its deposit interest rates shall not be lower than the interest rates obtained from commercial banks by the Group member using the Deposit Service for deposits with the same term and of the same stage and category. Taking into account the consistent quality services that the Group Finance Company provided to the Group in the past 10 years, the Company has adequate confidence in the Group Finance Company's capability and decided to deepen the cooperation with the Group Finance Company for the benefit of the Company and its shareholders as a whole.

- according to the Group's current wind power and natural gas business expansion plan, the Group plans to continue to increase its wind power capacity and the sales volume of natural gas between 2024 and 2026. Such increases will generate positive cash flow for the Group, thereby increasing the monetary fund balance.

- the increase in the Group's infrastructure projects will lead to an additional demand for infrastructure project loans, which will cause the Group to increase its scale in debt financing as well as its cash balance.

- as at 30 June 2023, the Group had monetary funds of approximately RMB3,272.0 million and trade receivables of approximately RMB6,221.9 million. If large payments of trade receivables are received within a short period of time, the cash in hand may increase significantly, and may lead to an increase in deposits.

- the accrued interests arising from the opening deposit balance (being the cash balance of the Company at the beginning of a financial year on a consolidated basis) between 2024 and 2026.

2. Loan Service

In respect of the Loan Service, the Company estimates that the maximum daily loan balance of the loans granted by the Group Finance Company to the Group for each of the three years ending 31 December 2026 will be as follows:

Period	**Maximum Daily Loan Balance** *[Note]*
	RMB (in million)
Year ending 31 December 2024	4,800
Year ending 31 December 2025	4,800
Year ending 31 December 2026	4,800

Note: Including accrued interests thereon.

The Directors determined the above caps based on the following major factors:

- the balance of the Group's loans granted by the Group Finance Company.

- the accrued interests arising from the opening loan balance (being the cash balance of the Company at the beginning of a financial year on a consolidated basis) between 2024 and 2026.

- Pursuant to the Group's development targets by the end of the Group's "14th Five-Year Plan", the Group will accelerate the expansion plan of its wind power projects and speed up the progress of construction work, which is expected to increase the demand for project funding. Meanwhile, the Group's natural gas business will continue to expand, with the Tangshan LNG Project phase II under construction, which is expected to continue to have substantial capital requirements, and the increase in the volume of natural gas purchases will also lead to strong demand for capital.

3. Bill Discounting Service

In respect of the Bill Discounting Service, the Company estimates that the maximum daily discounting fund balance of the bill discounting provided by the Group Finance Company to the Group for each of the three years ending 31 December 2026 will be as follows:

Period	**Maximum Daily Discounting Fund Balance** *Note*
	RMB (in million)
Year ending 31 December 2024	500
Year ending 31 December 2025	500
Year ending 31 December 2026	500

Note: Including discounted interests.

The Directors determined the above caps based on the following major factors:

- the amount of unexpired bank acceptance bills expected to be received by the Group in its ordinary course of business in each year and its needs for financing activities contemplated through bill discounting.

- as the adoption of electronic bill discounting facilitates the Group Finance Company to obtain a lower interest rate for re-discounting or forward-discounting of the electronic bills under the policies of the PBOC, the Group Finance Company can reduce its financing cost and provide the Bill Discounting Service to the Group in a more cost-effective manner. Therefore, the Company expects that the Group's bill discounting transactions with the Group Finance Company will gradually increase in the next three years.

- the anticipated demand for the Bill Discounting Service and the expected balance available for utilizing the Bill Discounting Service provided by the Group Finance Company to the Group for the three years ending 31 December 2026 in the event that the Group fully implements the business plan of utilizing the electronic bill discounting system of the Group Finance Company.

4. Miscellaneous Fee-based Financial Services and Other Permitted Financial Services

In respect of the Miscellaneous Fee-based Financial Services and Other Permitted Financial Services, the Company estimates that the caps on the handling fees charged by the Group Finance Company in respect of its services provided to the Group for each of the three years ending 31 December 2026 will be as follows:

Period	Annual Caps on the Handling Fees of the Miscellaneous Fee-based Financial Services and Other Permitted Financial Services
	RMB (in million)
Year ending 31 December 2024	5
Year ending 31 December 2025	5
Year ending 31 December 2026	5

The Directors determined the above caps based on the Group's demand for the category and number of services expected to be provided by the Group Finance Company in its ordinary course of business in each year.

(IV) Reasons for and Benefits of Entering Into the New Financial Services Framework Agreement

The Company entered into the New Financial Services Framework Agreement with the Group Finance Company for the following reasons:

- the Group may utilize the Group Finance Company as a medium to allocate funds between members of the Group more effectively, thereby improving the liquidity of the Group and enhancing the overall solvency of the Group. In addition, the Group Finance Company, as a non-banking financial institution, is authorized to provide a wide range of financial services and to provide lending services to intercompany lending within the Group, which enables the Group to deploy funds more efficiently, increases capital efficiency and protects shareholders' interests.

- the Group Finance Company is only allowed to serve the needs and requirements of the Member Companies and is expected to benefit the Group as it is familiar with the operations of the Group and can therefore provide services in a prioritized and more efficient manner as compared to the commercial banks in the PRC.

- based on the current practice, the deposit interest rates offered to the Group by the Group Finance Company are benchmarked against the interest rate for agreement deposit as announced by the PBOC from time to time with upward adjustment. The deposit interest rates will be reviewed and, if necessary, adjusted quarterly by the Group Finance Company. As a result, the total interest income of the Group is expected to increase.

- the interest rates of the Deposit Service, the Loan Service and the Bill Discounting Service and relevant handling fees of the Miscellaneous Fee-based Financial Services and the Other Permitted Financial Services offered by the Group Finance Company to the Group will be the same as or more favorable than those interest rates or handling fees individually offered by any third party to the Group member using such services.

- the Group will continue to utilize various services from the Group Finance Company, including the Deposit Service, the Loan Service, the Bill Discounting service, the Miscellaneous Fee-based Financial Services and the Other Permitted Financial Services according to the New Financial Services Framework Agreement. Such arrangement will enhance the bargaining power of the Group when negotiating with third party commercial banks for the same or similar services, which may lower the financing costs of the Group.

- the Company can withdraw deposit from its accounts with the Group Finance Company and use services provided by other financial institutions according to the Company's business needs, and is not subject to any restrictions imposed by the Group Finance Company. Apart from the Group Finance Company, the Group has business cooperation with a number of financial institutions, which can provide timely financial services to the Group as and when needed.

- as the Company holds a 10% equity interest in the Group Finance Company, it is expected that the Company may benefit from the profits generated by the Group Finance Company.

The Directors also believe that the risk profile of the Group Finance Company, as a financial service provider to the Company, will not be greater than those of independent commercial banks in the PRC. The Directors have considered the following factors when assessing relevant financial risks:

- the Group Finance Company is regulated by the PBOC and the NAFR and it is required to comply with the relevant rules and operational requirements of the above regulatory authorities, including capital risks guidelines and requisite capital adequacy ratios.

  As at 30 September 2023, the Group Finance Company had a capital adequacy ratio of 24.95%, current ratio of 100.18%, non-performing loan ratio of 0% and non-performing asset ratio of 0%, each of which reflects the Group Finance Company's stable operations and relatively low associated risks.

- the Group Finance Company has developed a sound internal control and risk management system with scientific and standardized management and operation, and has established an organizational structure with reasonable division of labor, clear responsibilities and clear reporting relationships, which provides the required conditions for effective risk management.

- the Group Finance Company upholds the principle of prudent operation, and has developed fund settlement policies and mechanism to secure the safety of the funds of the Member Companies.

- pursuant to the New Financial Services Framework Agreement, the Group Finance Company shall (i) provide the Company with copies of each regulatory report submitted to the NAFR by the Group Finance Company; (ii) provide the Company with the financial statements of the Group Finance Company for the previous month on the tenth day of each month; and (iii) provide the Company with a monthly statement containing the balance of deposits placed with the Group Finance Company by the Group on the third day of each month for inspection.

- under the relevant rules of the PBOC and the NAFR, the clients of the Group Finance Company are limited to the Member Companies. The Group Finance Company has served the Member Companies for a long period of time and has a better understanding and assessment of the capital position, operating status and risk appetite of all of its customers, and is potentially exposed to lower risks than entities that solicit external customers.

- the Group Finance Company has undertaken that: the deposits obtained from the Group will be utilized primarily for the Group's credit facilities to ensure the safety of funds on deposits. If the Group has needs beyond the funds deposited with the Group Finance Company, the Group Finance Company will meet such needs of the Group through the deployment of funds. For funds deposited by the Group with the Group Finance Company under the New Financial Services Framework Agreement, they will be utilized primarily as borrowings for the Group (and not for any other Member Companies outside the Group). The Company is entitled to be kept informed of the management of the Group's funds by the Group Finance Company.

- under the articles of association of the Group Finance Company, the board of directors of the Group Finance Company comprises seven directors. As at the date of this announcement, its board of directors comprises (i) three directors nominated by HECIC, (ii) one director nominated by the Company, (iii) one director nominated by Jointo Energy Investment Co., Ltd. Hebei, a subsidiary of HECIC, (iv) one director nominated by HECIC Communications Investment Co., Ltd., a subsidiary of HECIC, and (v) one employee representative director elected by the employees of the Group Finance Company. Ms. Fan Weihong (范維紅), Chief Accountant of the Company, is the director nominated by the Company to the board of directors of the Group Finance Company and participates in the decision-making process for important business development strategies and other matters to be approved by the board of directors of the Group Finance Company in accordance with the articles of association of the Group Finance Company, and can effectively control and supervise the daily operation of the Group Finance Company.

- the Group Finance Company has established a risk management committee under the board of directors comprising three members to approve loans extended to the Member Companies with a single loan amount of over RMB80 million. The members of the risk management committee, who are nominated by the chairman of the board of directors, or over one-third of the directors, of the Group Finance Company, and elected by the board of directors of the Group Finance Company. Ms. Fan Weihong is currently a member of the risk management committee.

- pursuant to the New Financial Services Framework Agreement, if the Group is unable to collect any deposits and accrued interests placed with the Group Finance Company under the New Financial Services Framework Agreement, the Group is entitled to offset the same against any unpaid loans and accrued interests payable to the Group Finance Company.

- the Group Finance Company shall promptly notify the Company when any matter that may affect its ordinary operation occurs, including material structural change, credit ratings, equity transaction or operational risk, and the Company is entitled to suspend or terminate the services provided by the Group Finance Company.

- as a risk management strategy, the Company will not deposit all of its cash and cash equivalents in the Group Finance Company. In addition, certain cash and cash equivalent of the Group are proceeds from various fundraising activities (such as share offering, issuance of corporate bonds, issuance of short-term or mid-term financial instruments) which must be kept in a specific bank account with a commercial bank under the PRC laws and regulatory requirements and shall not be deposited in the Group Finance Company.

- to ensure sufficient liquidity, HECIC, the controlling shareholder of the Company and the Group Finance Company, has undertaken in the articles of association of the Group Finance Company that HECIC will provide funding to the Group Finance Company to satisfy its capital needs in the event that the Group Finance Company encounters any urgent payment difficulties. The Group Finance Company has undertaken that the funds obtained will be utilized in the repayment of the Group's deposits on a priority basis.

- HECIC is a state-owned enterprise established and approved by the People's Government of Hebei Province, which is primarily engaged in the investment in and development of projects in infrastructures and pillar industries in Hebei Province, including energy, transportation, water supply and commercial real estate. To the best of the Directors' knowledge, information and belief, as at 30 June 2023, HECIC had net assets of approximately RMB113,061 million and cash and cash equivalents of approximately RMB5,224 million. The Directors believe that HECIC is able to provide funding to the Group Finance Company in the event that the Group Finance Company encounters any urgent payment difficulties.

- to the best of the Directors' knowledge, information and belief, the Group Finance Company has not defaulted on any of its credit obligations or breached any material regulations or operational requirements of the PBOC and the NAFR, and has implemented stringent internal control and risk management measures.

- to the best of the Directors' knowledge, information and belief, the Group Finance Company has not encountered any payment difficulties since its incorporation. HECIC has not provided any funding to satisfy the Group Finance Company's urgent capital needs as at the date of this announcement.

To secure the interests of shareholders, the Company will adopt the following internal control procedures and corporate governance measures for utilizing the financial services provided by the Group Finance Company:

- before the Company or any of its subsidiaries places deposits with the Group Finance Company or enter into any agreement in relation to the Deposit Service, the Loan Service, the Bill Discounting Service, the Miscellaneous Fee-based Financial Services or the Other Permitted Financial Services with the Group Finance Company, the Company will obtain quotations from independent financial institutions for similar deposit/loan services with the same term or any other service of the same nature (as the case may be). The Company will compare such quotations with those offered by the Group Finance Company and decide whether to take up the offer of the Group Finance Company.

- the finance department of the Company will record details of every deposit placed with the Group Finance Company and compare its records with those of the Group Finance Company at least once a month, and if there is any inconsistency between these records, the finance department will request the Group Finance Company to conduct investigation and rectify the errors, if any.

- all borrowings from the Group Finance Company will be granted in accordance with the terms approved by the president of the Company or the Board (if applicable) on a case-by-case basis.

- for the Deposit Service, the Group Finance Company usually reviews the interest rates offered to all of the Member Companies on a quarterly basis. If there is any change in the deposit interest rates offered to the Group, the finance department of the Company will examine such rates to ensure that the updated interest rates are in compliance with the pricing policy under the New Financial Services Framework Agreement, and determine whether the Group will continue to utilize the Deposit Service. For the Loan Service, the Miscellaneous Fee-based Financial Services and the Other Permitted Financial Services, if there is any change in the fees, or there is any proposed transaction between the Group and the Group Finance Company, the Group Finance Company will provide the Company with the pricing information in relation to the comparable services it provides to other Member Companies, and the finance department of the Company will verify the updated pricing information. For the Bill Discounting Service, the Group Finance Company will also pay close attention to the real-time market price of bill discounting in the Hebei market to ensure the reasonableness of the discounting rates quoted by it.

- the finance department of the Company will closely monitor the transactions under the New Financial Services Framework Agreement, and review the above-mentioned regulatory report, monthly financial statements and monthly deposit statement provided by the Group Finance Company immediately after receiving the same. It will also review the balance of the Group's overall deposits placed with the Group Finance Company at least once a month. Any problems identified such as any material non-compliance by the Group Finance Company with the regulatory requirements, irregularity of the financials and management of the Group Finance Company, or breach of the New Financial Services Framework Agreement or the fund management policy, will be immediately reported to the management of the Company (including the manager of the finance department, chief accountant and president) and the Board.

- the finance department of the Company will, on a quarterly basis, report to the independent non-executive Directors the following items:

  (i) the relevant transactions under the New Financial Services Framework Agreement together with information on the comparable quotations obtained from independent commercial banks in each quarter; and

  (ii) any changes in the credit ratings of the Group Finance Company in each quarter.

- the Company will appoint an external auditor to examine the internal controls, risk management, completeness and impartiality of the operational system of the Group Finance Company in respect of the transactions under the New Financial Services Framework Agreement, and the auditor shall provide relevant risk management report to the Company on an annual basis.

- the audit and regulatory department of the Company will review the appropriateness of the internal control system and report the results of the review to the management on an annual basis.

- in the event of any changes in the credit ratings of the Group Finance Company during the term of the New Financial Services Framework Agreement, such changes shall be forthwith reported by the Group Finance Company to the Company.

- the Group Finance Company has undertaken to the Company that it will strictly comply with the risk control and monitoring indicators for the operational compliance of finance companies issued by the NAFR, and the major monitoring indicators (such as the gearing ratio, interbank credit ratio and liquidity ratio) will also comply with the requirements of the NAFR.

- the Group will withdraw all of its deposits placed with the Group Finance Company if the Group Finance Company fails to comply with any PRC regulatory requirement which may have material adverse impact on the financial and/or operational positions of the Group Finance Company.

Based on the above, the Directors are of the view that the New Financial Services Framework Agreement was entered into on an arm's length basis and on normal commercial terms, and the terms of the transactions under the New Financial Services Framework Agreement and the annual caps for various types of services are fair and reasonable and in the interests of the Company and its shareholders as a whole.

(V) Implications under the H Share Listing Rules

As at the date of this announcement, HECIC is the controlling shareholder of the Company holding approximately a 49.17% equity interest in the Company, and is therefore a connected person of the Company. The Group Finance Company is a non-wholly owned subsidiary of HECIC, and is also a connected person of the Company. Accordingly, the provision of various financial services by the Group Finance Company to the Company pursuant to the New Financial Services Framework Agreement constitutes continuing connected transactions of the Company under Chapter 14A of the H Share Listing Rules.

As one or more of the applicable percentage ratios of the Deposit Service exceed 5% but all are below 25%, the Deposit Service is subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the H Share Listing Rules. The Deposit Service also constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the H Share Listing Rules.

As one or more of the applicable percentage ratios of the Bill Discounting Service exceed 0.1% but all are less than 5%, the Bill Discounting Service is subject to the reporting, announcement and annual review requirements but are exempt from the Independent Shareholders' approval requirement under Chapter 14A of the H Share Listing Rules.

The Loan Service constitutes a financial assistance provided by a connected person for the benefit of the Group. As the Loan Service is carried out on normal commercial terms (or on terms which are more favorable than those offered by third parties) and the Group will not provide any security over its assets for the Loan Service, the Loan Service is exempt from the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the H Share Listing Rules. However, pursuant to the A Share Listing Rules, the Loan Service and its caps are still subject to the approval at the general meeting of the Company before carrying out the relevant transaction(s).

In respect of the Miscellaneous Fee-based Financial Services and the Other Permitted Financial Services, as one or more of the applicable percentage ratios of the two types of services, when aggregated, exceed 0.1% but all are less than 5%, both of them are subject to the reporting, announcement and annual review requirements but are exempt from the Independent Shareholders' approval requirement under Chapter 14A of the H Share Listing Rules.

As Dr. Cao Xin, Dr. Li Lian Ping, Mr. Qin Gang and Mr. Wang Tao hold positions in HECIC, the controlling shareholder of the Company, and/or the Group Finance Company, they are deemed to have material interests in the New Financial Services Framework Agreement and the transactions contemplated thereunder. Therefore, they abstained from voting on the Board resolution approving the New Financial 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 other Directors has been or is deemed to have material interests in the transactions under the New Financial Services Framework Agreement and hence no other Directors are required to abstain from voting on the relevant Board resolution.

II. THE NEW ASSET FINANCING SERVICES FRAMEWORK AGREEMENT

Reference is made to the announcement of the Company dated 21 December 2020 in relation to the Existing Asset Financing Services Framework Agreement between the Company and Huihai and the continuing connected transactions contemplated thereunder.

In view of that the Existing Asset Financing Services Framework Agreement will expire on 31 December 2023, on 20 October 2023, the Company entered into the New Asset Financing Services Framework Agreement with Huihai, pursuant to which the Group will, on a voluntary and non-compulsory basis, continue to utilize the Asset Financing Services provided by Huihai, i.e. the Finance Leasing Services. The New Asset Financing Services Framework Agreement shall be valid from 1 January 2024 to 31 December 2026.

(I) Principal Terms of the New Asset Financing Services Framework Agreement

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

Signing date	:	20 October 2023
Parties	:	The Company and Huihai
Scope of the Asset Financing Services	:	Huihai will provide the Finance Leasing Services to the Group, i.e. direct lease and sale-and-leaseback: Under the direct lease arrangement, the Group will select equipment required from the market and Huihai will pay directly to the vendor(s) and obtain the ownership of such equipment. Huihai will then lease the equipment to the Group and the Group will pay rents to Huihai. Upon expiry of the lease period, the Group will purchase the equipment at a nominal price after it has paid all rents to Huihai in accordance with the finance lease agreement.

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

Principles of services	:	Huihai 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 to other member companies within the HECIC Group 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 on a voluntary and non-compulsory basis and is not obliged to engage Huihai for any particular service. Huihai may, from time to time, enter into separate individual asset financing services agreements with the Group for the provision of particular asset financing services, provided that the principles as agreed in the New Asset Financing Services Framework Agreement will be observed.
Pricing policy	:	The considerations to be paid by the Group to Huihai under the New Asset Financing Services Framework Agreement are determined on the following basis: The rents of the Finance Leasing Services 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 (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 loan prime rate (LPR) for the same period as published by the National Interbank Funding Center, 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.
Term	:	The New Asset Financing Services Framework Agreement shall be valid from 1 January 2024 to 31 December 2026.

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. Such lease periods shall normally not exceed the useful life of the leased equipment.

(II) Impacts of China Accounting Standards for Business Enterprises (CASBE) No. 21 (Leases) on the Finance Leasing Services

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.

(III) Historical Amounts

For the two years ended 31 December 2022 and for the six months ended 30 June 2023, the annual caps and historical transaction amounts of the Finance Leasing Services provided by Huihai to the Group in accordance with the Existing Asset Financing Services Framework Agreement are set out as below:

Period	**Newly added direct lease**		**Newly added sale-and-leaseback**	
	Annual Caps RMB (in million)	*Actual Amounts RMB (in million)*	*Annual Caps RMB (in million)*	*Actual Amounts RMB (in million)*
Year ended 31 December 2021	800	0	800	31
Year ended 31 December 2022	800	0	800	0
Six months ended 30 June 2023	800 [Note]	124.4	800 [Note]	0

Note: This cap applies to the entire year of 2023.

The Company expects that the actual amounts of newly added direct lease and newly added sale-and-leaseback transactions will not exceed the respective annual caps for 2023.

(IV) Proposed Annual Caps and Basis of Determination

In accordance with the H Share 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 2026 to be set as follows:

Period	**Newly added direct lease**	**Newly added sale-and-leaseback**
	RMB (in million)	*RMB (in million)*
Year ended 31 December 2024	800	800
Year ended 31 December 2025	800	800
Year ended 31 December 2026	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 cash flow of the Company for the three years ended 31 December 2022 and the six months ended 30 June 2023, 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 steady growth in recent years. As of 30 June 2023, the Group's wind power consolidated installed capacity amounted to 6,809.85MW, representing an increase of approximately 5% 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 for the following reasons:

(1) Wind power business and gas business are principal businesses of the Group. The main feature of finance leasing business 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 on a voluntary and non-compulsory basis and is not obliged to engage Huihai for any particular service. The rates of finance lease provided by Huihai 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 was a subsidiary of the Company before July 2017. HECIC has taken control over Huihai since July 2017, while the Group still owns a 30% equity interest in Huihai (please refer to the announcement dated 12 April 2017 and the circular dated 18 May 2017 of the Company for details). Huihai 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 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, the Group is also expected to benefit from the profits arising from the business of Huihai.

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

(1) Huihai is governed by the Shenzhen Municipal Financial Regulatory Bureau, and it must comply with the relevant regulatory requirements applicable to finance leasing.

(2) so far as the Company is aware, Huihai 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:

(i) before entering into any agreement with Huihai 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. The finance management department of the Company will compare such price quotes against the offer from Huihai and then seek approval of the chief accountant and the president of the Company as to whether to use the services of Huihai.

(ii) when Huihai 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 shall inform the Company by email of the information relating to the interest rate level and prices offered by Huihai to HECIC and its subsidiaries for comparable transactions in the same month, for the Company's record and verification by the audit department. If the Company considers such changes not in line with the pricing terms, the Company will negotiate with Huihai 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 agree on a rate complying with pricing terms under the New Asset Financing Services Framework Agreement.

(iii) Huihai 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 for the previous month on the tenth day of each month.

(iv) Huihai 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, the compliance check or audit by the Company's external auditor in respect of Huihai's arrangements 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.

(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. It will report to the management of Company and the Board immediately when it identifies any problems.

(vi) Huihai undertakes that it will strictly comply with the standards of risk monitoring indicators issued by the Shenzhen Municipal Financial Regulatory Bureau, and its major monitoring indicators such as gearing ratio, interbank borrowing ratio and liquidity ratio will also comply with the requirements of the Shenzhen Municipal Financial Regulatory Bureau.

Based on the above, 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.

As Dr. Cao Xin, Mr. Qin Gang, Dr. Li Lian Ping, Mr. Wang Tao and Mr. Mei Chun Xiao hold positions in HECIC, and/or other companies controlled by HECIC, and/or Huihai, they are deemed to have material interests in the New Asset Financing Services Framework Agreement and the transactions contemplated thereunder. Therefore, they 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 been or is deemed to have 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) Implications under the H Share Listing Rules

As at the date of this announcement, HECIC is the controlling shareholder of the Company and holds an approximately 49.17% equity interest of the Company and, therefore, it is a connected person of the Company. Huihai 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 to the Group under the New Asset Financing Services Framework Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the H Share Listing Rules.

As one or more applicable percentage ratios in respect of the annual caps of each of the direct lease and sale-and-leaseback under the Finance Leasing Services category exceed 0.1% but all are 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 H Share 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 H Share 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 A Share Listing Rules.

III. GENERAL INFORMATION

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

2. Group Finance Company

The Group Finance Company is a non-banking financial institution regulated by the PBOC and the NAFR. Its scope of business includes: (i) arrangement of financial and financing advisory services, credit authentication and relevant consulting and agency services for the Member Companies; (ii) assistance in collection and payment of transaction money for the Member Companies; (iii) carrying out permitted insurance agency business; (iv) provision of guarantees for the Member Companies; (v) arrangement of entrusted loan service among the Member Companies; (vi) arrangement of bills acceptance and discounting services for the Member Companies; (vii) arrangement of internal money transfer and settlement and design of relevant settlement and clearance structure among the Member Companies; (viii) acceptance of deposits from the Member Companies; (ix) arrangement of lending and finance lease for the Member Companies; (x) carrying out interbank market transactions; (xi) arrangement of entrusted investment service among the Member Companies; (xii) underwriting corporate bonds issued by the Member Companies; and (xiii) investment in negotiable securities.

As at the date of this announcement, the Company, HECIC, HECIC Water Investment Co., Ltd., HECIC Communications Investment Co., Ltd. and HECIC Energy Investment Co., Ltd. held a 10%, 60%, 10%, 10% and 10% equity interest in the Group Finance Company, respectively. Each of HECIC Water Investment Co., Ltd., HECIC Communications Investment Co., Ltd. and HECIC Energy Investment Co., Ltd. is a subsidiary of HECIC.

3. Huihai

Established on 27 August 2015 under the laws of the PRC, Huihai is a non-banking financial institution approved by the Ministry of Commerce 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, while the Company holds an aggregate of 30% equity interest in Huihai through two wholly-owned subsidiaries.

IV. EXTRAORDINARY GENERAL MEETING

The Company will convene an extraordinary general meeting in order to seek approval from the Independent Shareholders/non-connected shareholders in respect of the New Financial Services Framework Agreement and the New Asset Financing Services Framework Agreement and the transactions contemplated thereunder.

The Company has appointed Gram Capital as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Deposit Service (including the proposed caps of maximum daily deposit balance).

The Company will dispatch the meeting notice and a circular to its shareholders according to the H Share Listing Rules within 15 business days after the publication of this announcement, which will set out, among other things, (i) details of the New Financial Services Framework Agreement and the New Asset Financing Services Framework Agreement and the transactions contemplated thereunder; (ii) the letter from the Independent Board Committee setting out its recommendations to the Independent Shareholders in respect of the Deposit Service (including the proposed caps of maximum daily deposit balance) under the New Financial Services Framework Agreement; and (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Deposit Service (including the proposed caps of maximum daily deposit balance) under the New Financial Services Framework Agreement.

V. DEFINITIONS

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

"A Share Listing Rules"	the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange
"agreement deposit"	a type of deposits in RMB offered by a PRC financial institution to its corporate customer, where a corporate customer deposits an initial minimum amount into its account with the financial institution, the interest rate for such portion will be calculated based on the demand deposit rate as announced by the PBOC from time to time, and the deposits in excess of the initial minimum amount will accrue interests at the interest rate for agreement deposit as announced by the PBOC from time to time
"Asset Financing Services"	the Finance Leasing Services and other asset financing services (if any)
"associate(s)"	has the same meaning ascribed to it under the H Share Listing Rules

"Bill Discounting Service"	the bill discounting service provided to the Group by the Group Finance Company pursuant to the New Financial Services Framework Agreement
"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 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 H Share Listing Rules
"continuing connected transaction"	has the same meaning ascribed to it under the H Share Listing Rules
"controlling shareholder"	has the same meaning ascribed to it under the H Share Listing Rules
"Deposit Service"	the deposit service provided to the Group by the Group Finance Company pursuant to the New Financial Services Framework Agreement
"Director(s)"	the director(s) of the Company
"Existing Asset Financing Services Framework Agreement"	the asset financing services framework agreement dated 21 December 2020 entered into between the Company and Huihai, which will expire on 31 December 2023
"Existing Financial Services Framework Agreement"	the financial services framework agreement dated 28 October 2021 entered into between the Company and the Group Finance Company, which will expire on 31 December 2023
"Finance Leasing Services"	the finance leasing services provided by Huihai 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
"Group Finance Company"	HECIC Group Finance Company Limited (河北建投集團財務有限公司), a limited liability company established in the PRC, which is a non-wholly owned subsidiary of HECIC

"H Share Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
"HECIC"	Hebei Construction & Investment Group Co., Ltd. (河北建設投資集團有限責任公司), a state-owned enterprise incorporated in the PRC, and the controlling shareholder of the Company
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Huihai"	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, which is a non-wholly owned subsidiary of HECIC and a connected person of the Company
"Independent Board Committee"	an independent board committee established by the Company, comprising all of the independent non-executive Directors, namely Mr. Guo Ying Jun, Mr. Wan Yim Keung, Daniel and Dr. Lin Tao, for the purpose of advising the Independent Shareholders in respect of the Deposit Service (including the proposed caps of the maximum daily deposit balance) under the Financial Services Framework Agreement
"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 Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Deposit Service (including the proposed caps of the maximum daily deposit balance) under the New Financial Services Framework Agreement
"Independent Shareholders"	shareholders of the Company other than HECIC and its associates
"Loan Service"	the loan service provided to the Group by the Group Finance Company pursuant to the New Financial Services Framework Agreement
"Member Company(ies)"	the companies and entities controlled by HECIC and/or the Group, and the affiliates of HECIC and/or the Group

"Miscellaneous Fee-based Financial Services"	the miscellaneous fee-based financial services provided to the Group by the Group Finance Company pursuant to the New Financial Services Framework Agreement, including non-financing guarantee service, acceptance service, entrusted loan service and other fee-based services
"NAFR"	the National Administration of Financial Regulation of the PRC
"New Asset Financing Services Framework Agreement"	the asset financing services framework agreement dated 20 October 2023 entered into between the Company and Huihai
"New Financial Services Framework Agreement"	the financial services framework agreement dated 20 October 2023 entered into between the Company and the Group Finance Company
"Other Permitted Financial Services"	other services approved by the NAFR that were provided to the Group by the Group Finance Company pursuant to the New Financial Services Framework Agreement, including but not limited to finance lease service and settlement service, financial and financing advisory services, credit authentication and relevant consulting and agency services, insurance agency service and corporate bonds underwriting service
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC"	the People's Republic of China, which for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"RMB"	Renminbi, the lawful currency of the PRC
"subsidiary(ies)"	has the same meaning ascribed to it under the H Share Listing Rules

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

Shijiazhuang City, Hebei Province, the PRC, 20 October 2023

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. 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.

* *For identification purpose only*