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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in the Company, you should at once hand this circular and the relevant proxy forms and reply slips to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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 AND  
DISCLOSEABLE TRANSACTION  
UNDER THE RENEWED FINANCIAL SERVICES FRAMEWORK  
AGREEMENT WITH THE GROUP FINANCE COMPANY**

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



**Gram Capital Limited**  
**嘉林資本有限公司**

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The Company will convene the fourth extraordinary general meeting in 2021 (the “EGM”) at 9:30 a.m. on Tuesday, 14 December 2021 at the Conference Room, 5/F, Yun-Ray Ambassador Hotel, Shijiazhuang City, Hebei Province, the PRC. The notice of EGM is set out on pages 48 to 50 of this circular. A letter from the Board is set out on pages 6 to 27 of this circular. A letter from the Independent Board Committee containing its recommendations to the Independent Shareholders is set out on pages 28 to 29 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 30 to 43 of this circular.

If you intend to appoint a proxy to attend the EGM, you are required to complete and return the accompanying proxy form in accordance with the instructions printed thereon. For H Shareholders, the proxy form should be returned to Computershare Hong Kong Investor Services Limited in person or by post but in any event not less than 24 hours before the time fixed for holding the EGM (i.e. before 9:30 a.m. on Monday, 13 December 2021). Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or at any other adjourned meeting should you so wish.

\* *For identification purposes only*

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## DEFINITIONS

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

“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
“A Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each subscribed for and paid up in RMB, which is listed on the Main Board of the Shanghai Stock Exchange and traded in Renminbi
“A Shareholder(s)”	registered holder(s) of the A Share(s)
“A Share Listing Rules”	the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange
“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Bill Discounting Service”	the bill discounting service provided to the Group by the Group Finance Company pursuant to the Renewed Financial Services Framework Agreement
“Board”	the board of Directors
“CBIRC”	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會)
“Company”	China Suntien Green Energy Corporation Limited (新天綠色能源股份有限公司), a joint stock company incorporated in the PRC with limited liability on 9 February 2010, 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 Listing Rules

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## DEFINITIONS

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“continuing connected transaction”	has the same meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the same meaning ascribed to it under the Listing Rules
“Deposit Service”	the deposit service provided to the Group by the Group Finance Company pursuant to the Renewed Financial Services Framework Agreement
“Director(s)”	the director(s) of the Company
“EGM”	the fourth extraordinary general meeting for 2021 to be held by the Company at the Conference Room, 5th Floor, Yun-Ray Ambassador Hotel, Shijiazhuang City, Hebei Province, the PRC at 9:30 a.m. on Tuesday, 14 December 2021 in relation to the matters referred to in this circular
“Existing Financial Services Framework Agreement”	the financial services framework agreement dated 2 November 2018 entered into between the Company and the Group Finance Company, which will expire on 31 December 2021
“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-banking financial institution under the supervision of the CBIRC and a non-wholly owned subsidiary of HECIC
“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 the controlling shareholder of the Company
“HKD” or “HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited

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## DEFINITIONS

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“H Share(s)”	overseas listed foreign share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which is traded in Hong Kong dollars and listed on the Main Board of the Hong Kong Stock Exchange
“H Shareholder(s)”	registered holder(s) of the H Share(s)
“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 terms of the Deposit Service and the maximum daily deposit balance
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation permitted to carry out type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Deposit Service and the maximum daily deposit balance
“Independent Shareholders”	the Shareholders other than HECIC and its associates
“JEI”	Jointo Energy Investment Co., Ltd. Hebei* (河北建投能源投資股份有限公司) (formerly known as Shijiazhuang International Building (Group) Co., Ltd.* (石家莊國際大廈(集團)股份有限公司)), a company listed on the Shenzhen Stock Exchange (stock code: 000600), which is controlled by HECIC and a connected person of the Company
“Latest Practicable Date”	17 November 2021, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended from time to time

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## DEFINITIONS

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“Loan Service”	the loan and entrusted loan service provided to the Group by the Group Finance Company pursuant to the Renewed Financial Services Framework Agreement, which constitutes a continuing connected transaction exempt from the reporting, announcement, annual review and the Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules
“Member Company(ies)”	the companies and entities controlled by the HECIC and/or the Group, and the affiliates of the HECIC and/or the Group
“Miscellaneous Fee-based Financial Services”	miscellaneous fee-based financial services provided to the Group by the Group Finance Company pursuant to the Renewed Financial Services Framework Agreement, including guarantee service, acceptance service, entrusted loan service and other fee-based services
“Other Permitted Financial Services”	other services approved by the CBIRC that were provided to the Group by the Group Finance Company pursuant to the Renewed 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 circular only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Renewed Financial Services Framework Agreement”	the financial services framework agreement dated 28 October 2021 entered into between the Company and the Group Finance Company in respect of the Deposit Service, the Loan Service, the Bill Discounting Service, the Miscellaneous Fee-based Financial Services and the Other Permitted Financial Services
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shares”	Domestic Share(s) and H Share(s)

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## DEFINITIONS

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“Shareholder(s)”	the holder(s) of the Shares
“subsidiaries”	has the same meaning ascribed to it under the Listing Rules
“Supervisor(s)”	supervisor(s) of the Company
“%”	percentage

\* *For identification purpose only*

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## LETTER FROM THE BOARD

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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)**

**Board of Directors:**

*Non-executive Directors:*

Dr. Cao Xin (*Chairman*)

Dr. Li Lian Ping

Mr. Qin Gang

Mr. Wu Huijiang

*Executive Directors:*

Mr. Mei Chun Xiao (*President*)

Mr. Wang Hong Jun

*Independent Non-executive Directors:*

Mr. Guo Ying Jun

Mr. Wan Yim Keung, Daniel

Dr. Lin Tao

**Registered Office and**

**Headquarters:**

9th Floor, Block A,  
Yuyuan Plaza  
No. 9 Yuhua West Road  
Shijiazhuang City  
Hebei Province  
PRC

**Principal Place of Business  
in Hong Kong:**

Suite 2103, 21st Floor  
Prudential Tower  
The Gateway, Harbour City  
Kowloon  
Hong Kong

23 November 2021

*To the Shareholders:*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS AND  
DISCLOSEABLE TRANSACTION UNDER  
THE RENEWED FINANCIAL SERVICES FRAMEWORK  
AGREEMENT WITH THE GROUP FINANCE COMPANY**

#### **1. INTRODUCTION**

Reference is made to the announcement of the Company dated 28 October 2021 in relation to the Renewed Financial Services Framework Agreement and the transactions contemplated thereunder. The provision of the financial services (including the Deposit Service) under the Renewed Financial Services Framework Agreement constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules. The Deposit Service also constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

\* For identification purposes only



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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with:

- (a) further information on the details of the Renewed Financial Services Framework Agreement and the transactions contemplated thereunder;
- (b) the letter from the Independent Board Committee to the Independent Shareholders;
- (c) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and
- (d) other information as required under the Listing Rules.

## **2. THE CONTINUING CONNECTED TRANSACTIONS AND DISCLOSEABLE TRANSACTION UNDER THE RENEWED FINANCIAL SERVICES FRAMEWORK AGREEMENT**

### **2.1 Background**

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 2 November 2018, the Company and the Group Finance Company entered into the Existing 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. The Existing Financial Services Framework Agreement will expire on 31 December 2021.

In order to facilitate the Group to continue to utilize the services from the Group Finance Company in the future, on 28 October 2021, the Company and the Group Finance Company entered into the Renewed 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.

### **2.2 Renewed Financial Services Framework Agreement**

#### *Date*

28 October 2021

#### *Parties*

The Company and the Group Finance Company

#### *Summary of Financial Services*

Under the Renewed 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

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## LETTER FROM THE BOARD

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Miscellaneous Fee-based Financial Services (including 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 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).

Under the Renewed 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 Renewed Financial Services Framework Agreement will be observed.

### ***Pricing Policy***

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

- (a) 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 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.
- (b) 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.

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## LETTER FROM THE BOARD

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- (c) Bill Discounting Service: the discounting rates offered to 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.
- (d) 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 CBIRC 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.
- (e) Subject to the approval by the CBIRC, 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 CBIRC 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 HECIC.

### *Term*

The Renewed Financial Services Framework Agreement will be for a term of two years and will take effect from 1 January 2022 and expire on 31 December 2023.

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

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## LETTER FROM THE BOARD

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### 2.3 Historical Transaction Amounts

#### (a) *Deposit Service*

In respect of the Deposit Service, the maximum daily deposit balance (including accrued interests) of the deposits placed with the Group Finance Company by the Group for the two years ended 31 December 2019 and 2020 and the nine-month period ended 30 September 2021 were as follows:

<b>Period</b>	<b>Maximum Daily Deposit Balance RMB (in million)</b>	<b>Actual Maximum Daily Deposit Balance RMB (in million)</b>
Year ended 31 December 2019	3,570	1,992
Year ended 31 December 2020	3,570	2,011
Nine-month period ended 30 September 2021	3,570 (applicable to the year ending 31 December 2021)	2,527

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 2021.

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## LETTER FROM THE BOARD

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***(b) Loan Service***

In respect of the Loan Service, the amounts of the loans granted by the Group Finance Company to the Group for the two years ended 31 December 2019 and 2020 and the nine-month period ended 30 September 2021 were RMB2,244.20 million, RMB2,488.28 million and RMB1,899.27 million, respectively.

***(c) 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 2019 and 2020 and the nine-month period ended 30 September 2021 was the Bill Discounting Service with recourse, and the maximum daily discounting fund balance (including discounted interests) for each of the periods was RMB16.09 million, RMB115.36 million and RMB43.72 million, respectively.

***(d) Miscellaneous Fee-based Financial Services***

For the two years ended 31 December 2019 and 2020 and the nine-month period ended 30 September 2021, the services provided by the Group Finance Company to the Group included guarantee service, acceptance service and entrusted loan service, and the handling fees charged by the Group Finance Company to the Group were RMB0.29 million, RMB0.27 million and RMB0.63 million, respectively.

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

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## LETTER FROM THE BOARD

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### 2.4 Annual caps and its basis of determination

#### (a) *Deposit Service*

In respect of the Deposit Service, the Company estimates that the maximum daily deposit balance (including accrued interests) of the deposits placed with the Group Finance Company by the Group for each of the two years ending 31 December 2023 will be as follows:

<b>Period</b>	<b>Maximum Daily Deposit Balance*</b> <i>RMB</i> <i>(in million)</i>
Year ending 31 December 2022	3,570
Year ending 31 December 2023	3,570

\* The daily balance of the Group's aggregate deposits (including accrued interests thereon) with the Group Finance Company under the Deposit Service.

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 eight 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 increase its wind power capacity and the sales volume of natural gas between 2022 and 2023. The Group has achieved steady growth in its wind power capacity, with its accumulative consolidated installed capacity amounting to 5,656.45 MW as at 30 June 2021. It had wind power projects under construction with a total installed capacity of 402.7 MW as at 30 June 2021 and a number of reserved projects with a total capacity of 1,222.8 MW which had been approved by regulatory authorities but had not commenced construction as at the same date. Such projects, once completed and put into commercial operation, will bring positive cash flow for the Group.

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## LETTER FROM THE BOARD

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The Group has also recorded continuous increase in its sales volume of natural gas in recent years. The sales volume of natural gas amounted to 3,525 million cubic meters for the year ended 31 December 2020 and 2,123 million cubic meters for the six months ended 30 June 2021, representing an increase of 8.90% and 13.60%, respectively, as compared to the corresponding periods of the previous year. As at 30 June 2021, the aggregate length of the Group's natural gas pipelines in operation was 7,087.99 kilometers, and there were three natural gas pipeline projects under construction and six projects undergoing pre-construction approval procedures. Furthermore, as disclosed in the circular of the Company dated 1 April 2021, the Company plans to issue up to 1,154,973,118 A Shares to target investors for net proceeds of no more than RMB5,110 million (the “**Non-public Issuance of A Shares**”) which will mainly be used for the construction of a number of natural gas projects in Hebei Province, including (i) the Tangshan LNG Project (first phase and second phase), (ii) the Tangshan LNG Terminal Outbound Pipelines Project (Caofeidian – Baodi section) and (iii) the Tangshan LNG Terminal Outbound Pipelines Project (Baodi – Yongqing section). Of such projects, the first phase of the Tangshan LNG Project with a designed receiving and unloading capacity of 5 million tons per year is scheduled to be completed in 2022, and the construction schedule of the Tangshan LNG Terminal Outbound Pipelines Project (Caofeidian – Baodi section) and the Tangshan LNG Terminal Outbound Pipelines Project (Baodi – Yongqing section) will align with the construction progress of the first phase of the Tangshan LNG Project. Upon completion, such projects will further expand the coverage of the Group's natural gas pipeline network and enhance its ability in natural gas supply and pipeline transmission during the winter peak season. Along with the growth of the Group's business, it is expected that the scale of the Group's electricity sales of the wind power segment and its sales of natural gas will continue to increase, which will increase the cash balance of the Group and its demand for the Deposit Service from the Group Finance Company.

- the increase in the Group's projects under construction will lead to an additional demand for project construction loans, which will cause the Group to increase its scale in debt financing as well as its cash balance.
- the receipt of trade receivables will significantly increase the amount of cash in hand within a short period of time, which will result in 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 2022 and 2023.

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## LETTER FROM THE BOARD

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Despite that utilisation rates of the maximum daily deposit balance were approximately 55.8% and 56.3% for the year ended 31 December 2019 and 31 December 2020, respectively, and approximately 70.8% for the year ending 31 December 2021, the Company considers that it is reasonable to maintain the maximum daily deposit balance for each of the two years ending 31 December 2023 at the same level as the historical cap for the following reasons:

- As at 30 September 2021, (i) the Group's cash and cash equivalents amounted to approximately RMB2,478 million, and (ii) its accounts receivables (of which, the renewable energy subsidies and benchmark tariffs accounted for the most part) amounted to approximately RMB6,199 million. The sum of aforesaid two items amounted to RMB8,677 million, which indicates the Group's potential demand for deposit services to be provided by commercial banks and the Group Finance Company;
- As at 30 September 2021 (being the latest published financial information when entering into the Renewed Financial Services Framework Agreement), (i) the Group's monetary funds increased by approximately 19.0% or approximately RMB412 million as compared to that as at 30 September 2018 (being the latest published financial information when entering into the Existing Financial Services Framework Agreement), and (ii) its accounts receivables increased by approximately 133.5% or approximately RMB3,545 million as compared to that as at 30 September 2018. In addition, there was also a substantial increase in the Group's total operating revenue of approximately 76.9% or approximately RMB5,440 million for the year ended 31 December 2020 (being the latest full financial year before entering into the Renewed Financial Services Framework Agreement) as compared to that for the year ended 31 December 2017 (being the latest full financial year before entering into the Existing Financial Services Framework Agreement);
- The business development of the Group as described above will also contribute to the increase in the cash balance of the Group and its demand for the Deposit Service from the Group Finance Company; and
- The Group will utilize the services of the Group Finance Company on a voluntary basis and is not obliged to engage the Group Finance Company for any particular services, including the Deposit Service. The maximum daily deposit balance only represents the highest daily amount of deposits that the Group may place with the Group Finance Company and there are no obligations for the Group to deposit such amounts with the Group Finance Company. Setting the maximum daily deposit balance of the deposits placed by the Group with the Group Finance Company will enable the Group to have a greater flexibility in selecting deposit service providers and allocating its resources.



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## LETTER FROM THE BOARD

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*(b) Loan Service*

In respect of the Loan Service, the Company estimates that the maximum daily loan balance (including accrued interests) of the loans granted by the Group Finance Company to the Group for each of the two years ending 31 December 2023 will be as follows:

<b>Period</b>	<b>Maximum Daily Loan Balance<sup>#</sup></b> <i>RMB</i> <i>(in million)</i>
Year ending 31 December 2022	4,000
Year ending 31 December 2023	4,000

<sup>#</sup> The daily balance of the Group's loans (including interests) granted by the Group Finance Company.

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 2022 and 2023.
- according to the Group's current wind power and natural gas business expansion plan as described under the paragraphs headed "2.4 Annual caps and its basis of determination – (a) Deposit Service" above, the capital requirement of the Group for its projects. In particular, as described above, the net proceeds from the Non-public Issuance of A Shares will be no more than RMB5,110 million which will mainly be used for the construction of (i) the Tangshan LNG Project (first phase and second phase), (ii) the Tangshan LNG Terminal Outbound Pipelines Project (Caofeidian – Baodi section) and (iii) the Tangshan LNG Terminal Outbound Pipelines Project (Baodi – Yongqing section). The total investment amount of such projects is expected to be approximately RMB28,000 million. The capital expenditure on such projects in excess of the net proceeds from the Non-public Issuance of A Shares will need to be funded by the Group through other channels, which may include bank borrowings and the Loan Service from the Group Finance Company.

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## LETTER FROM THE BOARD

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(c) *Bill Discounting Service*

In respect of the Bill Discounting Service, the Company estimates that the maximum daily discounting fund balance (including discounting interests) of the bill discounts provided by the Group Finance Company to the Group for each of the two years ending 31 December 2023 will be as follows:

<b>Period</b>	<b>Maximum Daily Discounting Fund Balance<sup>^</sup> RMB (in million)</b>
Year ending 31 December 2022	500
Year ending 31 December 2023	500

<sup>^</sup> The daily balance of the Bill Discounting Service (including discounted interests) provided by the Group Finance Company to the Group.

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 two 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 two years ending 31 December 2023 in the event that the Group fully implements the business plan of utilizing the electronic bill discounting system of the Group Finance Company.

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## LETTER FROM THE BOARD

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*(d) Miscellaneous Fee-based Financial Services*

In respect of the Miscellaneous Fee-based 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 two years ending 31 December 2023 will be as follows:

<b>Period</b>	<b>Annual caps on the handling fees of the Miscellaneous Fee-based Financial Services</b> <i>RMB</i> <i>(in million)</i>
Year ending 31 December 2022	5
Year ending 31 December 2023	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.

### **2.5 Reasons for and Benefits of Entering into the Renewed Financial Services Framework Agreement**

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

- While the maximum daily deposit balance of the Deposit Service is set, 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, which 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.
- The deposits placed with the Group Finance Company by the Group are agreement deposits with an initial minimum deposit amount of RMB0.01, and are repayable to the Group on demand. The interests accrued from the Deposit Service will be paid to the Group on a quarterly basis, which the Company believes is in line with the banking practice 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. The prevailing interest rate for agreement deposit as announced by the PBOC is 1.15% per

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## LETTER FROM THE BOARD

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annum, and the deposit interest rates offered to the Group by the Group Finance Company range from 1.15% to 1.2075% per annum. As a result, the total interest income of the Group may 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 (as the case may be) those interest rates or handling fees individually offered by any third party to the Group member using such services.
- The PRC laws prohibit direct intercompany loans among group companies (including subsidiaries and associated companies) other than legitimate financial institutions. Loans must be provided through a legitimate financial institution or agency. The Group Finance Company, which is regulated by the PBOC and the CBIRC, is a non-banking financial institution authorized to provide various types of financial services, including deposit, loan and bill discounting services.
- The Group may utilize the Group Finance Company as a medium to allocate the funds between members of the Group more effectively, thereby improving the level of liquidity of the Group and enhancing the overall solvency of the Group.
- The Group will continue to utilise various services provided by 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 Renewed 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 Group Finance Company is limited to serving the needs and requests of the Member Companies and it is familiar with the Group's operation. Therefore, the Group Finance Company can provide services on a prioritized and more efficient manner than commercial banks in the PRC, from which the Group is expected to benefit.
- 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's profits.

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## LETTER FROM THE BOARD

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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 CBIRC 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.
- To the best of the Directors' knowledge, information and belief, the Group Finance Company has established a sound system of internal control and risk management in compliance with the regulatory requirements, and has also made requisite deposit reserves with the PBOC.
- The Group Finance Company has expanded its businesses rapidly since its establishment. As disclosed in "General Information" in this letter below, the Group Finance Company is permitted to provide a wide range of services to the Member Companies. As at 30 September 2021, 244 Member Companies are customers of the Group Finance Company. As at 31 December 2020, the balance of loan granted by the Group Finance Company to the Member Companies amounted to approximately RMB5,570 million, and the balance of corporate deposit taken from the Member Companies amounted to approximately RMB9,160 million. The fund stability of the Group Finance Company has been enhanced as a result of its increased deposit amount, while its business capability has been strengthened by its enhanced lending capability.
- To the best of the Directors' knowledge, information and belief, the Group Finance Company has not defaulted on any of its credit obligation or breached any material rule or operational requirement of the PBOC and the CBIRC, and has implemented stringent internal control and risk management measures.
- 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.
- There are no direct regulatory restrictions on the deposit amount of the Group Finance Company.
- The Group Finance Company has a specific fund settlement and auditing system which covers all types of business with the Member Companies.
- The Group Finance Company has entered into cooperation agreements with a number of third party commercial banks in the PRC, which facilitates its ability to make timely transfer of cash to the designated bank accounts of

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## LETTER FROM THE BOARD

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the Member Companies when such Member Companies withdraw or receive loans, or to any payees as instructed by the Member Companies for other financial services.

- Under the relevant rules of the PBOC and the CBIRC, the clients of the Group Finance Company are limited to the Member Companies. The Group Finance Company is hence exposed to a lower level of potential risk than the entities soliciting external clients.
- To ensure the capital 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.

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 the 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 2021, HECIC had a net asset of approximately RMB98,371 million and cash and cash equivalent of approximately RMB8,738 million. The Directors believe that HECIC is able to provide funding to the Group Finance Company if the Group Finance Company encounters any urgent payment difficulties.

To the best of the Directors' knowledge, information and belief, the Group Finance Company had not encountered any payment difficulties since its incorporation, and HECIC had not provided any funding to satisfy the Group Finance Company's urgent capital needs as at the Latest Practicable Date.

- Each Member Company will provide a detailed monthly fund utilization plan to the Group Finance Company for its financial arrangements and settlements through the Group Finance Company in the forthcoming calendar month. The Group Finance Company will make fund allocations and settlement arrangements in accordance with the aforesaid plan so as to satisfy the capital needs of each Member 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 Latest Practicable Date, its board of directors comprises (i) three directors nominated by HECIC, (ii) one director nominated by the Company, (iii) one director nominated by JEL, 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 (范维红) 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

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## LETTER FROM THE BOARD

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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. In addition, a risk management committee under the board of directors of the Group Finance Company has been established to examine and approve loans extended to the Member Companies with a single loan amount over RMB80 million. The risk management committee comprises three members, 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 Renewed Financial Services Framework Agreement, if the Group is unable to collect any deposits and accrued interests placed with the Group Finance Company under the Renewed 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.
- Pursuant to the Renewed Financial Services Framework Agreement, the Group Finance Company shall (i) provide the Company with the copies of each regulatory report submitted to the CBIRC 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.
- As a risk management strategy, the Company will not deposit all of its cash and cash equivalent into the Group Finance Company. In addition, certain cash and cash equivalent of the Group are proceeds from various fundraising activities (such as share offering, corporate bond offering, 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.

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## LETTER FROM THE BOARD

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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 Renewed Financial Services Framework Agreement, and determine whether the Group will continue to use 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 fee, 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 or examine 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 Renewed Financial Services Framework Agreement, and review the above regulatory report, monthly financial statements and monthly deposit statement provided by the Group Finance Company immediately after



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## LETTER FROM THE BOARD

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receiving the same. It will also review the Group's overall deposit balance 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 Renewed 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 Renewed Financial Services Framework Agreement of each quarter together with information on the comparable quotations obtained from the 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 Renewed 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 a yearly basis.
- In the event of any changes in the credit ratings of the Group Finance Company during the term of the Renewed 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 CBIRC, and the major monitoring indicators (e.g., gearing ratio, interbank credit ratio and liquidity ratio) will also comply with the requirements of the CBIRC.
- 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 Group Finance Company's financial and/or operational positions.

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## LETTER FROM THE BOARD

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- Based on the above, the Directors (including the independent non-executive Directors) are of the view that the Renewed 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 Renewed 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.

### **2.6 Implication under the Listing Rules**

As at the Latest Practicable Date, HECIC is the controlling shareholder of the Company holding approximately 48.73% 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 Renewed Financial Services Framework Agreement constitutes continuing connected transactions of the Company under Chapter 14A of 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 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 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 is exempt from the Independent Shareholders' approval requirement under Chapter 14A of the 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 Listing Rules. However, pursuant to the A Share Listing Rules, the Loan Service and its caps are still subject to the approval at the shareholders' 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 all the applicable percentage ratios of these two types of services, when aggregated, are less than 0.1%, both of them are exempt from the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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## LETTER FROM THE BOARD

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As Dr. Cao Xin, Dr. Li Lian Ping, Mr. Qin Gang and Mr. Wu Hui Jiang hold positions in HECIC, the controlling shareholder of the Company, they are deemed to have material interests in the Renewed Financial Services Framework Agreement and the transactions contemplated thereunder. Therefore, they have abstained from voting on the Board resolution approving the Renewed Financial Services Framework Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the other Directors has or is deemed to have a material interest in the transactions under the Renewed Financial Services Framework Agreement.

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).

### 2.7 General

#### *Information of 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.

#### *Information of the Group Finance Company*

The Group Finance Company is a non-banking financial institution regulated by the PBOC and the CBIRC. 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 money deposit 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 Latest Practicable Date, each of the Company, HECIC, HECIC Water Investment Co., Ltd., HECIC Communications Investment Co., Ltd. and JEI held a 10%, 60%, 10%, 10% and 10% equity interest in the Group Finance Company, respectively. HECIC Water Investment Co., Ltd., HECIC Communications Investment Co., Ltd. and JEI are all subsidiaries of HECIC.

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## LETTER FROM THE BOARD

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### 3. THE EGM

The business to be considered at the EGM is described in the notice of EGM. Ordinary resolution will be proposed at the EGM to consider and approve the Deposit Service (including the proposed caps of maximum daily deposit balance) and the Loan Service (including the proposed caps of maximum daily loan balance) under the Renewed Financial Services Framework Agreement.

The proxy form are enclosed. If you intend to appoint a proxy to attend the EGM, you are required to complete and return the accompanying proxy form in accordance with the instructions printed thereon. For holders of H Shares, the form of proxy should be returned to Computershare Hong Kong Investor Services Limited in person or by post not less than 24 hours before the time fixed for holding the EGM (i.e. on or before 13 December 2021) or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or at any other adjourned meeting should you so wish.

Arrangements for A shareholders to attend the EGM will be separately announced by the Company on the Shanghai Stock Exchange's website as and when appropriate.

### 4. VOTING BY POLL

According to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. Accordingly, the chairman of the EGM will exercise his power under the articles of association of the Company to demand a poll in relation to the proposed resolution at the EGM.

In view of HECIC's interests in the Renewed Financial Services Framework Agreement, HECIC and its associates are required to abstain and shall abstain from voting on the ordinary resolution to be proposed at the EGM to approve the Deposit Service and the Loan Service (including their respective maximum daily balance) under the Renewed Financial Services Framework Agreement.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save as disclosed above, there are no connected person of the Company or Shareholder or their respective associates with a material interest in the resolution to be proposed at EGM which is required to abstain from voting at the EGM.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, there is (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon any Shareholder; and (ii) no obligation or entitlement of any Shareholder as at the Latest Practicable Date, whereby it has or may have temporarily or permanently passed control over the exercise of the voting right in respect of its Shares to a third party, either generally or on a case-by-case basis. Accordingly, to the best knowledge, information and belief of the Directors, there exists no discrepancy between any Shareholder's beneficial shareholding interest in the Company and the number of Shares in the Company in respect of which such Shareholder will control or will be entitled to exercise control over the voting right at the EGM.

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## LETTER FROM THE BOARD

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### 5. RECOMMENDATIONS

On 28 October 2021, the Company convened a Board meeting and passed the resolution unanimously in relation to the continuing connected transactions under the Renewed Financial Services Framework Agreement and the respective annual caps. As Dr. Cao Xin, Dr. Li Lian Ping, Mr. Qin Gang and Mr. Wu Huijiang, being the Directors, hold positions in HECIC, they are deemed to have material interests in the transactions under the Renewed Financial Services Framework Agreement and accordingly have abstained from the voting on the relevant Board resolution. Save as disclosed above, none of the other Directors has or is deemed to have a material interest in the transactions under the Renewed Financial Services Framework Agreement.

In addition, the Independent Board Committee comprising all independent non-executive Directors has been established to advise the Independent Shareholders in respect of the Deposit Service (including the proposed caps of maximum daily deposit balance) under the Renewed Financial Services Framework Agreement. Gram Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in such respect.

The Directors (including the independent non-executive Directors) are of the view that the Renewed Financial Services Framework Agreement is entered into in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms of the transactions under the Renewed Financial Services Framework Agreement and the Deposit Service (including the proposed caps of maximum daily deposit balance) and the Loan Service (including the proposed caps of maximum daily loan balance) are fair and reasonable so far as the Independent Shareholders are concerned, and is in the interests of the Company and the Shareholders as a whole. Therefore, the Directors (including the independent non-executive Directors) recommend the Independent Shareholders to vote in favor of the resolution to be proposed at the EGM to approve the Deposit Service (including the proposed caps of maximum daily deposit balance) and the Loan Service (including the proposed caps of maximum daily loan balance) under the Renewed Financial Services Framework Agreement.

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 28 to 29 of this circular containing the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Deposit Service (including maximum daily deposit balance) under the Renewed Financial Services Framework Agreement; and the letter from the Independent Financial Adviser set out on pages 30 to 43 of this circular containing the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders as well as the principal factors and reasons considered in respect of the Deposit Service (including the proposed caps of maximum daily deposit balance) under the Renewed Financial Services Framework Agreement.

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

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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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)**

23 November 2021

*To the Independent Shareholders:*

Dear Sir or Madam,

#### **CONTINUING CONNECTED TRANSACTIONS AND DISCLOSEABLE TRANSACTION UNDER THE RENEWED FINANCIAL SERVICES FRAMEWORK AGREEMENT WITH THE GROUP FINANCE COMPANY**

We refer to the circular dated 23 November 2021 (the “**Circular**”) to the Shareholders by the Company, of which this letter forms part. Capitalized terms used in this letter shall have the same meaning as those defined in the Circular unless specified otherwise.

In accordance with the requirements of the Listing Rules, we have been appointed to consider and advise the Independent Shareholders as to whether the Deposit Service (including the proposed caps of maximum daily deposit balance) under the Renewed Financial Services Framework Agreement are conducted by the Company in its ordinary and usual course of business, on normal commercial terms, in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned. For such purpose, Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. Details of, and the reasons for, the Deposit Service (including the proposed caps of maximum daily deposit balance) under the Renewed Financial Services Framework Agreement are contained in the letter from the Board set out on pages 6 to 27 in the Circular.

We have also discussed with the management of the Company regarding the terms of the Renewed Financial Services Framework Agreement and the basis upon which the proposed maximum daily deposit balance of the Deposit Service for the two years ending 31 December 2023 are determined.

Having considered (i) the terms of the Renewed Financial Services Framework Agreement, (ii) the discussions with the management of the Company about the background and nature of the Renewed Financial Services Framework Agreement, (iii) reasons for the

\* *For identification purposes only*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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proposed maximum daily deposit balance and the basis upon which the proposed maximum daily deposit balance has been determined and (iv) the advice of Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, we consider that the transactions under the Renewed Financial Services Framework Agreement are entered into in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms of the transactions under the Renewed Financial Services Framework Agreement and the maximum daily deposit balance of the Deposit Service are fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole.

We therefore recommend the Independent Shareholders to vote in favor of the ordinary resolution to be proposed at the EGM to approve the Deposit Service (including the proposed cap of maximum daily deposit balance of the Deposit Service for each of the two years ending 31 December 2023) under the Renewed Financial Services Framework Agreement.

Yours faithfully,  
Independent Board Committee of  
**China Suntien Green Energy Corporation Limited**  
**Mr. Guo Ying Jun**  
**Mr. Wan Yim Keung, Daniel**  
**Dr. Lin Tao**  
*Independent Non-executive Directors*



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Deposit Service for the purpose of inclusion in this circular.*



Room 1209, 12/F.  
Nan Fung Tower  
88 Connaught Road Central/  
173 Des Voeux Road Central  
Hong Kong

23 November 2021

*To: The independent board committee and the independent shareholders  
of China Suntien Green Energy Corporation Limited*

Dear Sirs,

### CONTINUING CONNECTED TRANSACTION AND DISCLOSEABLE TRANSACTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the deposit service under the Renewed Financial Services Framework Agreement (the “**Deposit Service**”), details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 23 November 2021 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 28 October 2021, the Company and the Group Finance Company entered into the Renewed 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) Miscellaneous Fee-based Financial Services (including guarantee service, acceptance service, entrusted loan service and other fee-based services); and (v) Other Permitted Financial Services (including but not limited to the finance lease service and settlement service, financial and finance advisory services, credit authentication and relevant consulting and agency services, insurance agency service and corporate bonds underwriting service).

With reference to the Board Letter, the Deposit Service constitutes continuing connected transaction and discloseable transaction, and is subject to the reporting and announcement, annual review and independent shareholders’ approval requirements under the Listing Rules.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Independent Board Committee comprising Mr. Guo Ying Jun, Mr. Wan Yim Keung, Daniel and Dr. Lin Tao (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Deposit Service are on normal commercial terms and are fair and reasonable; (ii) whether the Deposit Service is in the interests of the Company and the Shareholders as a whole and is conducted in the ordinary and usual course of business of the Company; and (iii) how the Independent Shareholders should vote in respect of the resolution(s) to approve the Deposit Service at the EGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

### INDEPENDENCE

Gram Capital was engaged as the independent financial adviser in respect of the subscription of A Shares by HECIC (details of which are set out in the Company's circulars dated 15 January 2021 and 1 April 2021). Save for the aforesaid engagements, there was no other service provided by Gram Capital to the Company during the past two years immediately preceding the Latest Practicable Date.

Notwithstanding the aforesaid past engagement, as at the Latest Practicable Date, we were not aware of any relationships or interests between Gram Capital and the Company or any other parties that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Deposit Service.

Having considered the above, in particular (i) none of the circumstances as set out under the Rule 13.84 of the Listing Rules existed as at the Latest Practicable Date; and (ii) the aforesaid past engagements will not affect our independence to act as the Independent Financial Adviser due to the fact that (a) we were appointed as independent financial adviser to advise the independent board committee and the then independent Shareholders and the past engagements did not fall into any circumstances as set out under the Rule 13.84 of the Listing Rules, therefore we maintained our independence from the Company during the aforesaid past engagements; and (b) the advisory fee of the aforesaid past engagements paid by the Company to us accounted for an insignificant portion of our revenue for the relevant period, we are of the view that we are independent to act as the Independent Financial Adviser.

### BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate in all material respects at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there are no undisclosed private agreements/ arrangements or implied understanding with anyone concerning the Renewed Financial Services Framework Agreement. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in the Circular or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, the Group Finance Company, and each of their respective subsidiaries or associates, nor have we considered the taxation implication on the Company or the Shareholders as a result of the entering into the Renewed Financial Services Framework Agreement. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Deposit Service, we have taken into consideration the following principal factors and reasons:

#### Information on the Company

With reference to the Board Letter, 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.

#### Information on the Group Finance Company

With reference to the Board Letter, the Group Finance Company is a non-banking financial institution regulated by the PBOC and the CBIRC. 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 money deposit 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 services among the Member Companies; (xii) underwriting corporate bonds issued by the Member Companies; and (xiii) investment in negotiable securities.

As at the Latest Practicable Date, each of the Company, HECIC, HECIC Water Investment Co., Ltd., HECIC Communications Investment Co., Ltd. and JEI holds a 10%, 60%, 10%, 10% and 10% equity interest in the Group Finance Company, respectively. HECIC Water Investment Co., Ltd., HECIC Communications Investment Co., Ltd. and JEI are all subsidiaries of HECIC.

As confirmed by the Company, the Group Finance Company is required to operate in compliance with the 《企業集團財務公司管理辦法》(Administrative Measures for the Group Finance Companies\*, the “**Administrative Measures**”) promulgated by China Banking Regulatory Commission (now known as CBIRC) to regulate the operation of group finance companies and reduce the possible financial risk, and other regulations promulgated by the PBOC and CBIRC (e.g. 《企業集團財務公司風險監管指標考核暫行辦法》(Assessment Measures for Risk Control Indicators for the Group Finance Company\*, the “**Assessment Measures**”). We noted that the Administrative Measures and the Assessment Measures set out certain compliance and risk control requirements/measures, including but not limited to, maintaining certain ratios at all times.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The table below sets out the key financial ratio requirements of the Measures and the respective financial ratios of the Group Finance Company for the two years ended 31 December 2020 as provided by the Company.

<b>Financial ratio</b>	<b>Requirements</b>	<b>Financial ratios of the Group Finance Company</b>	
		<b>For the year ended 31 December 2020</b>	<b>For the year ended 31 December 2019</b>
		<b>(approximate %)</b>	<b>(approximate %)</b>
		<i>Lowest during the respective period</i>	
Capital adequacy ratio	Not less than 10%	17.63	17.51
		<i>Highest during the respective period</i>	
Inter-financial institution borrowing balances to total capital ratio	Not more than 100%	Nil	Nil
Total amount of outstanding guarantees to total capital ratio	Not more than 100%	3.47	14.57
Long-term and short-term investment to total capital ratio	Not more than 70%	22.86	62.41
Self-owned fixed assets to total capital ratio	Not more than 20%	0.02	0.05
Non-performing loan ratio	Not more than 5%	Nil	Nil

According to the above table, we noted that the Group Finance Company is in compliance with the ratio maintenance requirements as mentioned in the Administrative Measures and the Assessment Measures.

In addition, as confirmed by the Company, the Company is not aware of any record of non-compliance with the relevant rules and regulations by the Group Finance Company in the recent two years.

As mentioned above, the Group Finance Company is a non-banking financial institution authorised and regulated by the PBOC and CBIRC, and provides financial services in compliance with the rules and other operational requirements of these regulatory authorities. Pursuant to the Administrative Measures, in the event that a group finance company faces any difficulty in making payment, its controlling shareholder(s) will increase such group finance company's capital accordingly based on the actual need. We noted from Group Finance Company's articles of association that board of HECIC, the controlling shareholder of the Company and the Group Finance Company, undertook that HECIC will provide funding to the Group Finance Company to satisfy its capital needs in the event that the Group Finance Company experiences any urgent payment difficulties.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### Reasons for and benefit of the Deposit Service

With reference to the Board Letter, 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, which 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 Company as and when needed.

With reference to the Board Letter, the deposits placed in the Group Finance Company by the Group are agreement deposits with an initial minimum savings amount of RMB0.01, and are repayable to the Group on demand. The interest accrued from the Deposit Service will be paid to the Group on a quarterly basis, which the Company believes is in line with the banking practice 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.

In addition, pursuant to the Existing Financial Services Framework Agreement and the Renewed Financial Services Framework Agreement, among other things, 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 members 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.

The Group will utilize the financial services of 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.

In light of the above reasons, in particular, (i) the pricing policy of the Deposit Service; and (ii) the Group will utilize the financial services of 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, we consider the Deposit Service is in the interests of the Company and the Shareholders as a whole and is conducted in the ordinary and usual course of business of the Group.

### Principal terms of the Deposit Service

Set out below is the summary of Deposit Service, details of which are set out under section headed "Renewed Financial Services Framework Agreement" of the Board Letter.

**Date:** 28 October 2021

**Parties:** The Company and the Group Finance Company

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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<b>Term of the agreement:</b>	From 1 January 2022 to 31 December 2023
<b>Pricing policy for Deposit Service:</b>	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 members 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.

Upon our request, we obtained deposit records as follows: (i) the Company placed deposits in independent commercial banks and the Group Finance Company (the “**Group’s Deposit Records**”); and (ii) members of HECIC placed deposits in Group Finance Company, from December 2019 to September 2021. We noted from the deposit records that the deposit rates as shown in the deposit records are in line with the aforesaid requirements under the Existing Financial Services Framework Agreement (“**Our Findings on Deposit Rates**”).

We further searched over the Stock Exchange’s website to identify similar deposit arrangement (i.e. listed issuer group deposit fund in group finance company (a connected person of the listed issuer) and constitutes notifiable transaction and continuing connected transaction) with announcement published from 1 October 2021 to the date of the Renewed Financial Services Framework Agreement, being approximately one-month period immediately prior to the date of the Renewed Financial Services Framework Agreement. To the best of our knowledge, we identified 6 companies which met the aforesaid criteria and are exhaustive (the “**Comparables**”). Details of our findings are set out as follows:

<b>Company</b>	<b>Date of announcement</b>	<b>Pricing policy of deposit services</b>
Xinte Energy Co., Ltd. (1799)	13 October 2021	The deposits placed by the group with the group finance company shall not bear an interest rate that is lower than (i) the benchmark interest rate of PBOC; (ii) the deposit interest rates offered by other major state-owned commercial banks and national joint stock commercial banks in the PRC that cooperate with the Group; and (iii) the deposit interest rates offered by the group finance company to any member companies (excluding the group) of TBEA Co., Ltd. (a controlling shareholder of the company) with same credit ratings, if applicable.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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<b>Company</b>	<b>Date of announcement</b>	<b>Pricing policy of deposit services</b>
China Telecom Corporation Limited (728 & SH601728)	22 October 2021	<p>The deposit interest rates offered by the group finance company to the group shall comply with the relevant requirements of the PBOC and be with reference to the deposit benchmark interest rates promulgated by the PBOC from time to time (if any) and the deposit interest rates of the same type of deposit services for the same period offered by the major cooperative commercial banks of the group and are conducted on normal commercial terms or better. The deposit interest rates offered shall be equivalent to or higher than those offered by the major cooperative commercial banks of the group. Under the same conditions, the interest rates and terms for the deposit services offered by the group finance company to the group shall be the same as those interest rates and terms of the same type of deposit services for the same period offered by the group finance company to other member units.</p>

*Note:* the group finance company is a connected subsidiary of the company.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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<b>Company</b>	<b>Date of announcement</b>	<b>Pricing policy of deposit services</b>
China Communications Services Corporation Limited (552)	22 October 2021	<p>The deposit interest rates offered the group finance company to the group shall comply with the relevant requirements of the PBOC and be with reference to the deposit benchmark interest rates promulgated by the PBOC from time to time (if any) and the deposit interest rates offered by the major cooperative commercial banks of the group for the deposit services in the same period and of the same type, and the deposit services shall be conducted on normal commercial terms or better. The deposit interest rates offered by the group finance company shall be equivalent to or higher than those provided by the major cooperative commercial banks of the group. Under the same conditions, the interest rates of the deposits services provided by the group finance company to the group shall be the same as those offered by group finance company to other member companies of China Telecommunications Corporation (the company's controlling shareholder) for the deposit services in the same period and of the same type.</p>
Huadian Power International Corporation Limited (1071 & SH600027)	26 October 2021	<p>Interest rates for the group's deposits with the financial company shall not be lower than the interest rates for deposits offered by the commercial banks in the PRC during the same period and shall not be lower than the interest rates for the same type of deposits by the group finance company to other member companies of China Huadian Corporation Limited (the company's controlling shareholder).</p>



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Company	Date of announcement	Pricing policy of deposit services
Huaneng Power International, Inc. (902 & SH600011)	27 October 2021	The interest rates are no less favourable than the rates available from independent third parties for provision of similar services in the PRC. The terms of deposit provided by the group finance company are (i) not less favourable than the same type of deposit interest rate announced by PBOC; and (ii) not inferior to the average interest rate over similar deposit obtained by the company and its subsidiaries from five specific state-owned banks.
Qinhuangdao Port Co., Ltd. (3369 & SH601326)	28 October 2021	The interest rate applicable to the group's deposits with the group finance company shall not be lower than any of the following interest rate: (i) the benchmark interest rate for deposit published by the PBOC regularly; (ii) the interest rate of certain PRC banks for deposits of the same type for the same period; and (iii) the interest rate applicable to any Hebei Port Group Co., Ltd. (the company's controlling shareholder) member's deposits with the group finance company of the same type for the same period.

According to the above table, the pricing policy of the Deposit Service is generally in line with the pricing policies of the deposit services among the above listed issuer group and their group finance companies.

With reference to the Board Letter, to secure the interests of shareholders, the Company applied certain internal control procedures and corporate governance measures (the “**IC Measures**”) for utilizing the financial services provided by the Group Finance Company. Details of the IC Measures are set out under the section headed “Reasons for and Benefits of Entering into the Renewed Financial Services Framework Agreement” of the Board Letter.

After reviewing the IC Measures and having considered that, among other things, (i) there will be quotation collection and comparison procedures before the Group's placement of deposits into Group Finance Company; (ii) the Company's finance department will review regulatory report, monthly financial statement and monthly balance statement provided by the Group Finance Company; and (iii) if there is any change in deposit interest rates offered to the Group, the Company's finance department will examine and ensure that the updated interest rates are in compliance with the pricing policy under the Renewed Financial Services Framework Agreement, we consider that the IC Measures are sufficient for the

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Company to monitor the Deposit Service and the effective implementation of the IC Measures would help to ensure fair pricing of the Deposit Service according to the above pricing policies.

Furthermore, we discussed with the Company's senior management, board office staff and finance department staff and understood that they are aware of the IC Measures and will comply with IC Measures when conducting transactions contemplated under the Renewed Financial Services Framework Agreement.

Having considered that (i) our discussion with the Company's relevant staffs as mentioned above; and (ii) Our Findings on Deposit Rates, we do not doubt the effectiveness of the implementation of the IC Measures.

### The historical amounts and the proposed annual caps

Set out below are (i) the historical maximum daily deposit balance (including any interest accrued thereon) of the deposits placed with the Group Finance Company by the Group for the three years ending 31 December 2021 with existing annual caps; and (ii) the maximum daily deposit balance (including accrued interests) of the deposits placed with the Group Finance Company by the Group for the two years ending 31 December 2023 (the "Deposit Cap(s)"):

<b>Historical transaction amounts</b>	<b>For the year ended 31 December 2019</b> <i>(in RMB million)</i>	<b>For the year ended 31 December 2020</b> <i>(in RMB million)</i>	<b>For the year ending 31 December 2021</b> <i>(in RMB million)</i>
Actual maximum daily deposit balance	1,992	2,011	2,527( <i>Note</i> )
Maximum daily deposit balance	3,570	3,570	3,570
Utilisation rate (%)	55.8	56.3	70.8
		<b>For the year ending 31 December 2022</b> <i>(in RMB million)</i>	<b>For the year ending 31 December 2023</b> <i>(in RMB million)</i>
The Deposit Caps		3,570	3,570

*Note: The figure is for the nine months ended 30 September 2021.*

With reference to the Board Letter, the Deposit Caps have been determined after taking into account of certain factors, which are set out under the sub-section headed "ANNUAL CAPS AND ITS BASIS OF DETERMINATION" of the Board Letter.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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According to the above table, we noted that the relevant utilisation rates of the maximum daily deposit balance were approximately 55.8% and 56.3% for the year ended 31 December 2019 and 31 December 2020 respectively and approximately 70.8% for the year ending 31 December 2021, based on actual maximum daily deposit balance for the nine months ended 30 September 2021.

To assess the fairness and reasonableness of the Deposit Caps for the two years ending 31 December 2023, we conducted the following analyses:

- We noted from the Company's quarterly report for the nine months ended 30 September 2021 that as at 30 September 2021, the Group's (i) cash and cash equivalents amounted to approximately RMB2,478 million; (ii) accounts receivables (of which, the renewable energy subsidies and benchmark tariffs accounted for the most part) amounted to approximately RMB6,199 million. The summation of aforesaid two items (the "**Summation**") amounted to RMB8,677 million. The Summation (which is larger than the Deposit Caps) indicates the Group's possible demand of deposit services to be provided by commercial banks and the Group Finance Company.
- We noted that, as at 30 September 2021 (being the latest published financial information when entering into the Renewed Financial Services Framework Agreement), the Group's (i) monetary funds increased by approximately 19.0% or approximately RMB412 million as compared to that as at 30 September 2018 (being the latest published financial information when entering into the Existing Financial Services Framework Agreement); (ii) accounts receivables increased by approximately 133.5% or approximately RMB3,545 million as compared to that as at 30 September 2018. In addition, there was also a substantial increase in the Group's total operating revenue of approximately 76.9% or approximately RMB5,440 million for the year ended 31 December 2020 (being the latest full financial year before entering into the Renewed Financial Services Framework Agreement) as compared to that for the year ended 31 December 2017 (being the latest full financial year before entering into the Existing Financial Services Framework Agreement).

Despite that the utilisation rates of the existing deposit caps for the three years ending 31 December 2021 were approximately 55.8%, 56.3% and 70.8%, having considered following factors, including:

- (i) the abovementioned improvement in the Group's financial performance and position;
- (ii) the Summation (which is larger than the Deposit Caps) indicates the Group's possible demand of deposit services to be provided by commercial banks and the Group Finance Company;

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (iii) the Group's net cash flows from operating activities amounted to approximately RMB3.15 billion for the nine months ended 30 September 2021 (RMB1.58 billion, RMB2.07 billion, RMB2.82 billion for each of the nine months ended 30 September 2019, 2020 and 2021 respectively);
- (iv) according to the Group's current wind power and natural gas business expansion plan, the Group plans to increase its wind power capacity and the sales volume of natural gas between 2022 and 2023. As advised by the Directors, such increase may generate positive cash flow for the Group, thereby increasing the monetary fund balance.

We noted from the Company's financial reports that the Group's consolidated installed capacity of wind power was 5,656.45MW as at 30 June 2021 (5,471.95MW as at 31 December 2020, 4,415.75MW as at 31 December 2019 and 3,858.15MW as at 31 December 2018).

In addition, we also noted that the Company's Tangshan LNG project (first phase), located in Caofeidian Port Logistics Park, Tangshan City, Hebei Province, with a designed receiving and unloading capacity of 5 million tons per year) is scheduled for completion in 2022,

we consider that it is justifiable for the Company to set the same amount of Deposit Caps for the two years ending 31 December 2023 to the existing deposit caps for the three years ending 31 December 2021.

- As advised by the Directors, it is difficult to forecast the total cash level for the two years ending 31 December 2023. Nevertheless, should there be any substantial increase in total cash of the Company, the Company may opt to deposit portion of cash in commercial banks or re-comply with the applicable provisions of the Listing Rules governing continuing connected transaction to revise the Deposit Caps for the two years ending 31 December 2023.

Based on the above factors, we consider that the Deposit Caps for the two years ending 31 December 2023 (being the same amounts) are fair and reasonable.

In light of the above, we are of the view that the terms of the Deposit Service are on normal commercial terms and are fair and reasonable.

### **Listing Rules implication**

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules pursuant to which (i) the maximum values of the Deposit Service must be restricted by the Deposit Caps for the period concerned under the Renewed Financial Services Framework Agreement; (ii) the terms of the Deposit Service must be reviewed by the independent non-executive Directors annually; (iii) details of independent non-executive Directors' annual review on the terms of the Deposit Service must be included in the Company's subsequent published annual reports.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, whether anything has come to their attention that causes them to believe that the Deposit Service (i) have not been approved by the Board; (ii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (iii) have exceeded the annual caps.

In the event that the maximum amounts of the Deposit Service are anticipated to exceed the Deposit Caps, or that there is any proposed material amendment to the terms of the Deposit Service, as confirmed by the Directors, the Company shall comply with the applicable provisions of the Listing Rules governing continuing connected transaction.

Given the above stipulated requirements for continuing connected transactions pursuant to the Listing Rules, we are of the view that there are adequate measures in place to monitor the Deposit Service and thus the interest of the Independent Shareholders would be safeguarded.

### RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Deposit Service are on normal commercial terms and are fair and reasonable; and (ii) the Deposit Service is in the interests of the Company and the Shareholders as a whole and is conducted in the ordinary and usual course of business of the Company. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM to approve the Deposit Service and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,  
For and on behalf of  
**Gram Capital Limited**  
**Graham Lam**  
*Managing Director*

*Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 25 years of experience in investment banking industry.*

**1. RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make this circular or any statement herein misleading.

**2. DISCLOSURE OF INTERESTS****(a) Interests and Short Positions of Directors, Supervisors and Senior Management in the Shares, Underlying Shares and Debentures**

As at the Latest Practicable Date, the interests of Directors, supervisors and senior management of the Company in the Shares of the Company are as follows:

Name	Position(s)	Class of Shares	Capacity	Number of Shares held	Percentage in the relevant class of Shares (%)	Percentage of the total Shares in issue (%)
Cao Xin	Chairman and non-executive Director	H Shares	Beneficial owner	50,000 (Long position)	0.0027%	0.0013%
Mei Chun Xiao	Executive Director and President	H Shares	Beneficial owner	50,000 (Long position)	0.0027%	0.0013%
Ban Ze Feng	Vice president, Board secretary and joint company secretary	H Shares	Beneficial owner	50,000 (Long position)	0.0027%	0.0013%

Saved as disclosed above, as at the Latest Practicable Date, none of the Directors, Supervisors or senior management of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were

taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.

**(b) Competing and Other Interests of Directors**

As at the Latest Practicable Date, none of the Directors or, so far as is known to them, any of their respective associates was interested in any business (apart from the Group's business) which competes or is likely to compete either directly or indirectly with the Group's business (as would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them were a controlling shareholder).

**(c) Material Interests of the Directors in the Transactions**

As Dr. Cao Xin, Dr. Li Lian Ping, Mr. Qin Gang and Mr. Wu Huijiang hold positions in HECIC, the controlling shareholder of the Company, they are deemed to have material interests in the Renewed Financial Services Framework Agreement and the transactions contemplated thereunder. Accordingly, they have abstained from the voting on the Board resolution in relation to the approval for the Renewed Financial Services Framework Agreement and the transactions contemplated thereunder.

**3. POSITIONS HELD BY THE DIRECTORS IN THE CONTROLLING SHAREHOLDER**

The following table sets out the positions held by the Directors in HECIC as at the Latest Practicable Date:

<b>Name of Director</b>	<b>Position(s) held in the Company</b>	<b>Position(s) held in HECIC</b>
Dr. Cao Xin	Chairman and Non-executive Director	Deputy general manager of HECIC
Dr. Li Lian Ping	Non-executive Director	Chairman and party secretary of HECIC and a director of JEI
Mr. Qin Gang	Non-executive Director	Assistant to the general manager and department head of the capital department of HECIC
Mr. Wu Huijiang	Non-executive Director	Department head of the investment development department of HECIC

**4. INTERESTS HELD BY THE DIRECTORS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP**

So far as the Company and Directors are aware after making reasonable enquiries, as at the Latest Practicable Date, none of the Directors or Supervisors had any interest, either directly or indirectly, in any assets which have been, since 31 December 2020 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of or leased by any member of the Group, or are proposed to be acquired or disposed of or leased by any member of the Group.

So far as the Company and Directors are aware after making reasonable enquiries, as at the Latest Practicable Date, none of the Directors or Supervisors was materially interested, either directly or indirectly, in any significant contract or arrangement entered into by the Group that is relevant to the business of the Group and is still valid as at the Latest Practicable Date.

**5. SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS**

As at the Latest Practicable Date, none of the Directors or Supervisors had or is proposed to have any service contract with any member of the Group that is not determinable within one year without payment of compensation (other than statutory compensation).

**6. MATERIAL ADVERSE CHANGE**

The Directors confirm that, as at the Latest Practicable Date, there are no material adverse changes in the financial or trading position of the Group since 31 December 2020 (being the date to which the latest published audited accounts of the Group were made up).

**7. EXPERT AND CONSENT**

The following is the qualification of the expert who has been named in this circular or has given its opinion or advice which is contained in this circular:

<b>Name</b>	<b>Qualification</b>
Gram Capital Limited	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

Gram Capital has confirmed that:

- (a) it has given and has not withdrawn its written consent to the issue of this circular dated 23 November 2021 with the inclusion of its letter and the reference to its name in the form and context in which it appears;



- (b) as at the Latest Practicable Date, it did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (c) as at the Latest Practicable Date, it did not have any direct or indirect interest in any assets which have been, since 31 December 2020 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

## **8. GENERAL**

- (a) The joint company secretaries of the Company are Mr. Ban Zefeng and Ms. Lam Yuen Ling, Eva (a fellow of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators).
- (b) The Company's registered office and headquarters in the PRC is situated at 9th Floor, Block A, Yuyuan Plaza, No. 9 Yuhua West Road, Shijiazhuang City, Hebei Province, the PRC, and its principal place of business in Hong Kong is situated at Suite 2103, 21st floor, Prudential Tower, The Gateway, Harbour City, Kowloon, Hong Kong.
- (c) The Company's H Share registrar and transfer office is Computershare Hong Kong Investor Services Limited which is situated at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

## **9. DOCUMENTS ON DISPLAY**

A copy of the Renewed Financial Services Framework Agreement will be published on the Hong Kong Stock Exchange's website and the Company's own website for a period of 14 days from the date of this circular.

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## NOTICE OF EGM

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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)**

#### **NOTICE OF THE FOURTH EXTRAORDINARY GENERAL MEETING IN 2021**

**NOTICE IS HEREBY GIVEN** that the Fourth Extraordinary General Meeting in 2021 (the “**EGM**”) of the Company will be held at 9:30 a.m. on Tuesday, 14 December 2021 at the Conference Room, 5th Floor, Yun-Ray Ambassador Hotel, Shijiazhuang City, Hebei Province, the People's Republic of China (the “**PRC**”), for the purpose of considering and, if thought fit, passing the following resolution:

#### **Ordinary Resolution**

1. Resolution in relation to the renewal of the financial services framework agreement entered into between the Company and HECIC Group Finance Company Limited:

**“THAT:**

- (i) the renewal of the financial services framework agreement entered into between the Company and HECIC Group Finance Company Limited (the “**Renewed Financial Services Framework Agreement**”) and the transactions contemplated thereunder be and are hereby approved;
- (ii) the proposed annual caps for the transactions under the Renewed Financial Services Framework Agreement for each of the years ending 31 December 2022 and 2023 be and are hereby approved and ratified;
- (iii) any executive Director of the Company be and is hereby authorized to, on behalf of the Company, take all such steps as he/she may consider necessary and desirable for the purpose of and/or to give effect to the implementation of the terms of the Renewed Financial Services Framework Agreement; and
- (iv) any executive Director be and is hereby authorized to, on behalf of the Company, execute all such other documents, instruments and agreements and take all such actions or do all such things as he/she may consider incidental to, ancillary to or in connection with the matters contemplated under the Renewed Financial Services Framework Agreement, and agree to make any

\* *For identification purposes only*

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## NOTICE OF EGM

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amendments to any terms of the Renewed Financial Services Framework Agreement as he/she may consider being immaterial in nature and being in the interests of the Company.”

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

Shijiazhuang City, Hebei Province, the PRC, 23 November 2021

*Notes:*

1. The H share register of members of the Company will be closed, for the purpose of determining the entitlement of holders of H shares to attend the EGM, from Wednesday, 8 December 2021 to Tuesday, 14 December 2021 (both days inclusive), during which period no transfer of H shares will be registered. In order to attend the EGM, all instruments of transfers, accompanied by the relevant share certificates, must be lodged for registration with the Company’s H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Tuesday, 7 December 2021. Holders of H shares who are registered with Computershare Hong Kong Investor Services Limited on or before the aforementioned date are entitled to attend the EGM.

The Company will announce the details and materials for holders of A shares attending the EGM on the website of the Shanghai Stock Exchange in due course.

2. Pursuant to the Listing Rules, any vote of shareholders at a general meeting must be taken by way of a poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. As such, the resolution set out in this notice of EGM will be voted by poll. Results of the poll voting will be published on the Company’s website at [www.suntien.com](http://www.suntien.com) and the HKExnews website of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) after the EGM.
3. Any shareholder (in case of a corporate shareholder, its duly authorized representative) entitled to attend and vote at the EGM convened by the above notice is entitled to appoint one or more proxies to attend and vote instead of him/her. A proxy need not be a shareholder of the Company.
4. In order to be valid, the proxy form together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power of attorney or authority, must be completed and returned to the Company’s registered office and headquarters in the PRC (for holders of A shares) or the H Share Registrar of the Company, Computershare Hong Kong Investor Services Limited (for holders of H shares), at least 24 hours before the EGM (i.e. no later than 9:30 a.m. on Monday, 13 December 2021 for the purpose of the EGM) or any adjourned meeting thereof. Computershare Hong Kong Investor Services Limited is located at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong. Completion and return of a proxy form will not preclude a shareholder from attending and voting at the EGM or any adjourned meeting thereof should he/she so wish.
5. In case of joint shareholdings, the vote of the senior joint shareholder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint shareholder(s) and for this purpose, seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the joint shareholding.
6. The EGM is expected to be held for less than half a day. Shareholders who attend the meeting in person or by proxy shall bear their own travelling and accommodation expenses.
7. A shareholder or his proxy should produce proof of identity when attending the EGM.

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## NOTICE OF EGM

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8. The Company's registered office and headquarters in the PRC is 9th Floor, Block A, Yuyuan Plaza, No. 9 Yuhua West Road, Shijiazhuang City, Hebei Province, the PRC.

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