
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 China Suntien Green Energy Corporation Limited, you should at once hand this circular and the proxy form, the reply slip for the Annual General Meeting and, if applicable, the 2016 annual report to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



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)

- (1) REPORT OF THE BOARD OF DIRECTORS FOR 2016**
 - (2) REPORT OF THE BOARD OF SUPERVISORS FOR 2016**
 - (3) FINAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2016**
 - (4) AUDITED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016**
 - (5) PROFIT DISTRIBUTION PLAN FOR 2016**
 - (6) BUDGET REPORT FOR THE YEAR ENDING 31 DECEMBER 2017**
 - (7) RE-APPOINTMENT OF PRC AUDITORS AND INTERNATIONAL AUDITORS AND AUTHORIZATION OF THE BOARD TO DETERMINE THEIR RESPECTIVE REMUNERATIONS**
 - (8) ELECTION OF AN EXECUTIVE DIRECTOR**
 - (9) GENERAL MANDATE TO ISSUE SHARES**
- AND**
- (10) HUIHAI TRANSACTION**

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



A letter from the Board is set out on pages 6 to 22 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 23 to 24 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 25 to 36 of this circular.

The Company will convene the 2016 Annual General Meeting ("AGM") at 9:00 a.m. on Thursday, 8 June 2017 at the Conference Room, 5/F, Ambassador Hotel, Shijiazhuang City, Hebei Province, the PRC. Notice of the AGM was despatched to the Shareholders on 21 April 2017.

If you intend to appoint a proxy to attend the AGM, you are required to complete and return the accompanying proxy form in accordance with the instructions printed thereon. For holders of H Shares, the proxy form should be returned to Computershare Hong Kong Investor Services Limited and for holders of Domestic Shares, the proxy form should be returned to the Company's registered office and headquarters in the PRC in person or by post not less than 24 hours before the time fixed for holding the AGM or any adjourned meeting thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM or at any other adjourned meeting should you so wish.

If you intend to attend the AGM in person or by proxy, you are required to complete and return the accompanying reply slip to Computershare Hong Kong Investor Services Limited (for holders of H Shares) or to the Company's registered office and headquarters in the PRC (for holders of Domestic Shares) on or before Thursday, 18 May 2017.

* For identification purposes only

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	6
APPENDIX I – LETTER FROM THE INDEPENDENT BOARD COMMITTEE	23
APPENDIX II – LETTER FROM GRAM CAPITAL	25
APPENDIX III – GENERAL INFORMATION	37

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“AGM” or “Annual General Meeting”	means the 2016 annual general meeting of the Company to be held at 9:00 a.m. on Thursday, 8 June 2017 at the Conference Room, 5/F, Ambassador Hotel, Shijiazhuang City, Hebei Province, the PRC
“Articles of Association”	means the articles of association of the Company, as amended from time to time
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Audit and Valuation Reference Date”	means 31 December 2016
“Board of Directors” or “Board”	means the board of directors of the Company
“Board of Supervisors”	means the board of supervisors of the Company
“Capital Contribution Agreement”	means the capital contribution and subscription agreement to be entered into by and among JEL, Yanshan International, Suntien Shenzhen, Maotian Capital, HECIC and Suntien HK in relation to the increase of registered capital of Shenzhen Huihai upon completion of the Huihai Equity Transfer
“Change of AIC Registration”	means Shenzhen Huihai’s change of company registration records with the competent Industry and Commerce Administration Bureau in the PRC in connection with the Huihai Transaction in accordance with PRC laws
“Company”	means China Suntien Green Energy Corporation Limited (新天綠色能源股份有限公司), a joint stock limited company incorporated on 9 February 2010 in the PRC with limited liability
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Controlling Shareholders”	has the meaning ascribed to it in the Listing Rules
“Directors”	means directors of the Company
“Domestic Shares”	means ordinary shares in the Company’s capital, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB

DEFINITIONS

“Equity Transfer Agreement(s)”	refers to either one or both of the Equity Transfer Agreement 1 and Equity Transfer Agreement 2, as the context requires
“Equity Transfer Agreement 1”	means the Equity Transfer Agreement dated 12 April 2017 to be entered into by and between Suntien Shenzhen and JEI
“Equity Transfer Agreement 2”	means the Equity Transfer Agreement dated 12 April 2017 entered into by and between Suntien HK and Yanshan International
“General Mandate”	means a general mandate to be granted to the Board by Shareholders for issuing Domestic Shares and H Shares representing up to 20% of the total number of issued Domestic Shares and H Shares of the Company, respectively, as of the date when the related resolution of the Shareholders is adopted
“Group”	means the Company and its subsidiaries
“H Share(s)”	means overseas listed foreign share(s) in the 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 Stock Exchange
“HECIC”	means Hebei Construction & Investment Group Co., Ltd.* (河北建設投資集團有限責任公司), a wholly state-owned enterprise incorporated in the PRC and one of the promoters and the controlling shareholder of the Company, which holds an approximately 50.5% equity interest in the Company and is a connected person of the Company
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China
“HKD” or “HK\$”	means Hong Kong dollar, the lawful currency of Hong Kong
“Huihai Capital Contribution”	means the increase in the registered capital of Shenzhen Huihai by RMB350 million, which will be subscribed by JEI, Yanshan International, Maotian Capital and HECIC, following the completion of the Huihai Equity Transfer

DEFINITIONS

“Huihai Equity Transfer”	means the transactions in relation to the transfer of a 26.25% equity interest in Shenzhen Huihai to JEI by Suntien Shenzhen and the transfer of a 8.75% equity interest in Shenzhen Huihai to Yanshan International by Suntien HK
“Huihai Transaction”	means the Huihai Equity Transfer and the Huihai Capital Contribution
“Independent Board Committee”	means an independent board committee of the Company, comprising all of the independent non-executive Directors, namely Mr. Qin Hai Yan, Mr. Ding Jun, Mr. Wang Xiang Jun and Mr. Yue Man Yiu Matthew, which was formed to advise the Independent Shareholders in respect of the Huihai Transaction
“Independent Financial Adviser” or “Gram Capital”	means Gram Capital Limited, a licensed corporation 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 relation to the Huihai Transaction
“Independent Shareholders”	means the Shareholders other than HECIC and its associates
“JEI”	means Jointo Energy Investment Co., Ltd.* (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
“kWh”	means kilowatt-hour, a unit of energy
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Latest Practicable Date”	means 12 May 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein

DEFINITIONS

“Maotian Capital”	means Maotian Capital Company Limited* (茂天資本有限公司), a company established in Shijiazhuang, the PRC with limited liability and is a connected person of the Company
“MW”	mean megawatt, a unit of power
“PRC” or “China”	means the People’s Republic of China, excluding, for the purpose of this circular only, Hong Kong, Macau Special Administrative Region, and Taiwan region
“RMB”	means Renminbi, the lawful currency of the PRC
“SFO”	means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shares”	means shares in the share capital of the Company, with a nominal value of RMB1.00 each, comprising the Domestic Shares and H Shares
“Shareholders”	means holders of the Shares
“Shenzhen Huihai”	means Shenzhen Suntien Huihai Financial Leasing Co., Ltd.* (深圳新天匯海融資租賃有限公司), a company established in Shenzhen, the PRC with limited liability and a subsidiary of the Company before the completion of the Huihai Transaction
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“subsidiaries”	means has the meaning ascribed to it in the Listing Rules
“Suntien HK”	means Suntien Green Energy (Hong Kong) Corporation Limited (新天綠色能源(香港)有限公司), a company incorporated in Hong Kong with limited liability, and a subsidiary of the Company
“Suntien Shenzhen”	means Shenzhen Suntien Green Energy Investment Company Limited* (深圳新天綠色能源投資有限公司), a company established in Shenzhen, the PRC with limited liability, and a subsidiary of the Company
“Supervisor”	means supervisors of the Company
“Transferor(s)”	means either of Suntien Shenzhen or Suntien HK or both, as the context requires

DEFINITIONS

“Transferee(s)” means either of JEI or Yanshan International or both, as the context requires

“Yanshan International” means Yanshan International Investment Company Limited (燕山國際投資有限公司), a company incorporated in Hong Kong with limited liability, and a connected person of the Company

* *For identification purposes only*

LETTER FROM THE BOARD



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

Ms. Sun Min

Mr. Wu Hui Jiang

Executive Director:

Mr. Wang Hong Jun

Independent Non-executive Directors:

Mr. Qin Hai Yan

Mr. Ding Jun

Mr. Wang Xiang Jun

Mr. Yue Man Yiu Matthew

Registered Office and Headquarters:

9th Floor, Block A, Yuyuan Plaza

No. 9 Yuhua West Road

Shijiazhuang City, Hebei Province
the PRC

Principal place of business in Hong Kong:

Suite 2103, Prudential Tower

The Gateway, Harbour City

Kowloon

Hong Kong

18 May 2017

To the Shareholders

Dear Sirs and Madams

- (1) REPORT OF THE BOARD OF DIRECTORS FOR 2016
- (2) REPORT OF THE BOARD OF SUPERVISORS FOR 2016
- (3) FINAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2016
- (4) AUDITED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016
- (5) PROFIT DISTRIBUTION PLAN FOR 2016
- (6) BUDGET REPORT FOR THE YEAR ENDING 31 DECEMBER 2017
- (7) RE-APPOINTMENT OF PRC AUDITORS AND INTERNATIONAL AUDITORS AND
AUTHORIZATION OF THE BOARD TO DETERMINE
THEIR RESPECTIVE REMUNERATIONS
- (8) ELECTION OF AN EXECUTIVE DIRECTOR
- (9) GENERAL MANDATE TO ISSUE SHARES
AND
- (10) HUIHAI TRANSACTION

1 INTRODUCTION

On behalf of the Board of Directors, I invite you to attend the AGM to be held at 9:00 a.m. on Thursday, 8 June 2017 at the Conference Room, 5/F, Ambassador Hotel, Shijiazhuang City, Hebei Province, the PRC.

* For identification purposes only

LETTER FROM THE BOARD

The purpose of this circular is to provide you with the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the proposed resolutions at the AGM.

2 BUSINESSES TO BE CONSIDERED AT THE AGM

The businesses to be considered at the AGM are described in more details in the Notice of Annual General Meeting, which was despatched to you on 21 April 2017.

Resolutions will be proposed at the AGM as ordinary resolutions to approve the following:

- (a) the Report of the Board of Directors for 2016
- (b) the Report of the Board of Supervisors for 2016
- (c) the final accounts for the year ended 31 December 2016
- (d) the audited financial statements and independent auditors' report for the year ended 31 December 2016
- (e) the profit distribution plan for 2016
- (f) the budget report for the year ending 31 December 2017
- (g) the re-appointment of the PRC auditors and international auditors and authorization of the Board to determine their respective remunerations
- (h) the election of an executive Director

Resolution will be proposed at the AGM as special resolution to approve the following:

- (i) the General Mandate to issue shares

At the same time, resolution will be proposed to the Independent Shareholders at the AGM as ordinary resolution to approve:

- (j) the Huihai Transaction and the related matters

To enable you to have a better understanding of the resolutions to be proposed at the AGM and to make an informed decision in the circumstance where sufficient and necessary information are available, we have provided detailed information regarding the proposed resolutions in this circular.

3 BUSINESSES OF THE AGM

3.1 Regular businesses of the AGM

- (a) *To consider and approve the Report of the Board of Directors of the Company for 2016*

The full text of the Report of the Board of Directors for 2016 is set out in the section headed "Report of the Board of Directors" in the Company's 2016 annual report, which was despatched on 21 April 2017.

LETTER FROM THE BOARD

(b) To consider and approve the Report of the Board of Supervisors of the Company for 2016

The full text of the Report of the Board of Supervisors for 2016 is set out in the section headed “Report of the Board of Supervisors” in the Company’s 2016 annual report, which was despatched on 21 April 2017.

(c) To consider and approve the Final Accounts of the Company for the Year ended 31 December 2016

A summary of the report relating to the Company’s 2016 final accounts prepared under the International Financial Reporting Standards is as follows:

(i) Completion of production and operation of the Group

In 2016, the consolidated installed capacity of wind power of the Group was 2,796.15 MW in aggregate and the installed capacity which the Group has interest in was 2,571.6 MW. In 2016, the gross wind power generation of the Group was 4,585 million kWh with 2,195 utilization hours. Sales volume of natural gas was 1,111 million cubic meters.

(ii) Scope of consolidation for the overall financial position (consolidated statements) of the Company

As at the end of the year, the Company’s consolidated total assets amounted to RMB29,374 million and total liabilities amounted to RMB19,840 million. The net gearing ratio was 66% and net assets were RMB9,533 million, of which equity attributable to the owners of the Company was RMB3,715 million. Consolidated total liabilities was RMB19,840 million, of which current liabilities were RMB7,818 million and non-current liabilities were RMB12,022 million. Total equity was RMB3,715 million, of which equity attributable to the owners of the Company was RMB3,715 million and non-controlling interests were RMB1,634 million. For indicators in the Consolidated Statement of Comprehensive Income as compared to last year, the Company recorded sales revenue of RMB4,384 million, representing an increase of 3.8% from last year; profit before tax of RMB744 million, representing an increase of 272.0% from last year; and profit attributable to owners of the Company was RMB542 million, representing an increase of 222.6% from last year.

(iii) Dividend distribution

A distribution of a final dividend of RMB0.063 per share (tax inclusive) (approximately RMB234 million in total (tax inclusive)) for the year was proposed, subject to the Shareholders’ approval at the AGM.

(iv) Use of proceeds

In January 2014, the Company successfully issued new H Shares and raised a total of approximately HK\$1,597 million, which after deducting the expenses of approximately HK\$33 million amounted to approximately HK\$1,564 million in net proceeds. Based on the plans for the use of proceeds and the foreign exchange settlement, approximately HK\$1,400 million or 90% of the settled funds shall be used in wind power and natural gas projects, and approximately HK\$160 million or 10% shall be retained in Bank of China (Hong Kong) outside the PRC as working capital.

LETTER FROM THE BOARD

As of 31 December 2016, HK\$1,140 million of the settled funds has been used in the Group's wind power and natural gas businesses, of which HK\$880 million was used in wind power projects and HK\$260 million in natural gas projects, representing approximately 72.89% of the net proceeds raised. Approximately HK\$200 million was used to replenish the working capital of the Company, representing approximately 12.79% of the net proceeds raised. The remaining net proceeds raised by the placing (including their accrued interest) in the amount of approximately HK\$270 million are currently deposited in the bank account of the Company.

(d) To consider and approve the Audited Financial Statements of the Company and the Independent Auditors' Report for the Year ended 31 December 2016

The audited financial statements and independent auditors' report for the year ended 31 December 2016 are set out in the sections headed "Independent Auditors' Report", "Consolidated Statement of Profit or Loss and Other Comprehensive Income", "Consolidated Statement of Financial Position", "Consolidated Statement of Changes in Equity", "Consolidated Statement of Cash Flows" and "Notes to Financial Statements" in the Company's 2016 annual report, which was despatched on 21 April 2017.

(e) To consider and approve the Profit Distribution Plan of the Company for 2016

The Board of Directors proposed the distribution of a final dividend of RMB0.063 per share (tax inclusive) (which equates to approximately RMB234 million in total (tax inclusive)) to be paid to all Shareholders for the year ended 31 December 2016. Such dividends will be paid to holders of Domestic Shares in Renminbi and to holders of H Shares in Hong Kong dollars. The actual amount of H Share dividend paid in Hong Kong dollars will be calculated according to the central parity rate of the average exchange rate of Renminbi against Hong Kong dollars as published by the People's Bank of China for the five business days preceding the date of the AGM. Subject to the proposed profit distribution plan being approved at the AGM, the final dividend will be paid to Shareholders whose names are registered in the Company's register of members on Wednesday, 21 June 2017.

In order to determine the Shareholders who are entitled to the receipt of the abovementioned final dividend, the register of members of the Company will be closed from Friday, 16 June 2017 to Wednesday, 21 June 2017 (both days inclusive). To be eligible to receive the final dividend for the year ended 31 December 2016 (subject to the approval of the Shareholders), unregistered holders of H Shares of the Company must lodge their relevant share transfer documents 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 for registration not later than 4:30 p.m. on Thursday, 15 June 2017.

We hereby recommend Shareholders at the AGM to authorise the Board of Directors and its authorized person(s) to implement the above profit distribution plan, and recommend the Board of Directors to delegate its authority to the Company's management for implementing all relevant matters relating to the above profit distribution plan at the time when it obtains the above authority.

Pursuant to the Enterprise Income Tax Law of the PRC and its implementation rules, which came into force on 1 January 2008, and other relevant rules, where the Company distributes the proposed 2016 final dividend to non-resident enterprise Shareholders whose names appear on the register of members for H Shares of the Company, it is required to withhold and pay enterprise income tax at the rate of 10%. Any H Shares registered in the name of non-individual registered Shareholders, including HKSCC Nominees Limited, other

LETTER FROM THE BOARD

nominees or trustees, or other organizations or groups, will be treated as shares being held by non-resident enterprise Shareholders, and consequently will be subject to the withholding of the enterprise income tax.

According to the requirements of the State Administration of Taxation (Guo Shui Han [2011] No.348) and the relevant laws and regulations, if the individual holders of H Shares are residents of Hong Kong or Macau or those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of these Shareholders. If the individual holders of H Shares are residents of those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of less than 10%, the Company will assist them to make applications to seek entitlement of the relevant agreed preferential treatments pursuant to the relevant tax treaty. If the individual holders of H Shares are residents of those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of more than 10% but less than 20%, the Company will withhold and pay individual income tax at the effective tax rate stipulated in the relevant tax treaty. If the individual holders of H Shares are residents of those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of 20%, or those countries which have not entered into any tax treaties with the PRC, or under any other circumstances, the Company will withhold and pay individual income tax at the rate of 20% on behalf of these Shareholders.

The Company will determine the resident status of the individual holders of H Shares based on the registered address (the “**Registered Address**”) as recorded in the register of members of the Company on Wednesday, 21 June 2017. If the resident status of any individual holders of H Shares is not consistent with that indicated by the Registered Address, such individual holders of H Shares shall notify the Company’s H Share registrar not later than 4:30 p.m. on Thursday, 15 June 2017, and provide relevant supporting documents to 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. Any individual holder of H Shares who fails to provide relevant supporting documents within the time period stated above, may either personally attend, or appoint an agent to attend, to the relevant procedures in accordance with the requirements under the tax treaty notice.

The Company assumes no responsibility and disclaims all liabilities whatsoever in relation to the tax status or tax treatment of the individual holders of H Shares and for any claims arising from any delay in or inaccurate determination of the tax status or tax treatment of the individual holders of H Shares or any disputes over the withholding mechanism or arrangements.

(f) To consider and approve the Budget Report of the Company for the Year Ending 31 December 2017

For 2017, the Company will have 51 key fixed assets under construction and investment projects with an estimated investment of RMB6,495 million, including an estimated investment of RMB5,992 million in the new energy segment and an estimated investment of RMB503 million in the natural gas segment.

LETTER FROM THE BOARD

- (g) *To consider and approve the re-appointment of Reanda Certified Public Accountants (利安達會計師事務所) and Ernst & Young as the Company's PRC auditors and international auditors, respectively, for 2017 for a term until the conclusion of the next annual general meeting of the Company, and to authorise the Board to determine their respective remunerations.*
- (h) *To elect an executive Director*

Reference is made to the announcement of the Company dated 16 March 2017 in relation to the resignation of Mr. Gao Qing Yu as an executive Director, the president and a member of the Strategic and Investment Committee of the Company. In order to fill the causal vacancy arising from the resignation of Mr. Gao Qing Yu, a resolution on the nomination of Mei Chun Xiao as an executive Director of the third session of the Board of the Company was considered and approved in the fourth meeting of the third session of the Board.

Mr. Mei Chun Xiao (梅春曉), aged 48, joined the Group in August 2006. He obtained a master's degree in electrical engineering from Beijing Jiaotong University (北京交通大學) and is a professorate senior engineer. He was appointed a vice president of the Company on 6 June 2013 and was promoted to the president of the Company on 31 March 2017. Mr. Mei concurrently serves as the general manager of HECIC New-energy Co., Ltd., a subsidiary of the Company. In the past, Mr. Mei successively served as deputy general manager and chief engineer, an assistant to the general manager and chief engineer of HECIC New-energy Co., Ltd..

The Company will enter into a service contract with Mr. Mei Chun Xiao, and the term of office shall be effective from the date of the AGM and end on the expiry of the term of the third session of the Board. He is eligible for re-election as a Director upon expiry of his term according to the Articles of Association.

As an executive Director, Mr. Mei Chun Xiao will not receive any director's emoluments from the Company, and his annual remuneration will be determined in accordance with the criteria of the Company's remuneration management in relation to the performance evaluation measures of operators, which includes basic salary, performance bonuses and other benefits. Basic salary of Mr. Mei Chunxiao is determined based on his position of president of the Company, which is approximately RMB160,000 and is subject to adjustments on an annual basis. The performance bonus will be determined by the Remuneration and Appraisal Committee in accordance with the various factors relating to the Group's performance, such as (but not limited to) economic value added, total revenue, return on equity, growth of operating revenue, income from power generation, availability factors, gross profit of gas sales, consolidated installed capacity of wind farms, etc. Performance bonus of the president will be submitted to the Board for approval on an annual basis.

To the best of the knowledge of the Directors and save as disclosed above, Mr. Mei Chun Xiao did not hold any directorship in other public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years and he does not have any relationship with any Director, senior management or substantial or controlling Shareholder of the Company and he does not hold any other positions in the Company or any of its subsidiaries. As at the Latest Practicable Date, he does not have any interest in the shares of the Company or its associated corporations within the meaning of Part XV of the SFO.

LETTER FROM THE BOARD

Save as disclosed above, there is no other information in relation to the appointment of Mr. Mei Chun Xiao that needs to be disclosed pursuant to the requirements set out in Rule 13.51(2) of the Listing Rules, nor are there any other matters that need to be brought to the attention of the Shareholders.

(i) General mandate to issue shares

The Board had been granted a general mandate at the annual general meeting of 2015 held on 13 June 2016 to issue new Shares. The authorization, if not exercised before the AGM to be held on 8 June 2017, shall lapse upon the conclusion of the AGM.

To ensure flexibility and discretion for the Board to issue new Shares, the Company proposes to grant the new General Mandate to the Board by way of resolution at the AGM to allot, issue or deal with additional Domestic Shares and H Shares not exceeding 20% of the total number of issued Domestic Shares and H Shares of the Company, respectively, as of the date on which the related resolution is adopted. As at the Latest Practicable Date, the issued share capital of the Company comprised 1,876,156,000 Domestic Shares and 1,839,004,396 H Shares. Subject to the adoption of the resolution related to the granting of the General Mandate and on the basis that no further Shares will be issued before the AGM, the Company will be allowed to issue a maximum of 375,231,200 Domestic Shares and 367,800,879 H Shares in accordance with the General Mandate. The General Mandate shall be effective from the adoption of the resolution until the earliest of: (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or other applicable laws to be held; or (iii) the revocation or variation of the authority given under above-mentioned resolution by a special resolution of the Company in a general meeting. Any exercise of the power by the Board under the General Mandate shall comply with relevant requirements of the Listing Rules, the Articles of Association and relevant laws and regulations of the PRC. As at the date of this circular, the Board has no plans to issue new Shares pursuant to the General Mandate.

3.2 HUIHAI TRANSACTION

Reference is made to the announcement of the Company dated 12 April 2017 in relation to the Huihai Transaction. Shenzhen Huihai, a wholly-owned subsidiary of the Company, proposes to increase its registered capital and to convert into a joint stock company with limited liability. The Huihai Transaction will be conducted in two steps: (i) the Group will first dispose part of its equity interests in Shenzhen Huihai to connected persons; and (ii) secondly, connected persons will subscribe for the increased registered capital of Shenzhen Huihai. Upon completion of the Huihai Transaction, the shareholding of Shenzhen Huihai held by the Group will reduce from 100% to 30% and Shenzhen Huihai will cease to be a subsidiary of the Company. Subsequently, Shenzhen Huihai will be converted from a limited liability company into a joint stock company with limited liability.

3.2.1 Huihai Equity Transfer

As at the Latest Practicable Date, Suntien Shenzhen and Suntien HK, both of which are subsidiaries of the Company, hold 75% and 25% equity interests in Shenzhen Huihai, respectively. On 12 April 2017, Suntien Shenzhen entered into the Equity Transfer Agreement 1 with JEI, pursuant to which Suntien Shenzhen agrees to dispose a 26.25% equity interest in Shenzhen Huihai to JEI. On the same day, Suntien HK entered into the Equity Transfer Agreement 2 with Yanshan International, pursuant to which Suntien HK agrees to dispose a 8.75% equity interest in Shenzhen Huihai to Yanshan International. Upon completion of the Huihai Equity Transfer, the Company will hold an aggregate of a 65% equity interest in Shenzhen Huihai through Suntien Shenzhen and Suntien HK.

LETTER FROM THE BOARD

The salient terms of the Equity Transfer Agreements are as follows:

Parties

- (a) Equity Transfer Agreement 1: Suntien Shenzhen (as Transferor) and JEI (as Transferee); and
- (b) Equity Transfer Agreement 2: Suntien HK (as Transferor) and Yanshan International (as Transferee).

The execution and effective date of the agreement

The Equity Transfer Agreements were signed and sealed by the parties on 12 April 2017, and shall become effective only upon obtaining the approvals from the Shareholders at a general meeting of the Company and from the competent regulatory authorities.

Salient terms

- (a) *The price of the Huihai Equity Transfer and the deadline and method of payment for the consideration*

According to the audited financial statements of Shenzhen Huihai, which was prepared based on the Generally Accepted Accounting Principles of the PRC, the audited net assets value of Shenzhen Huihai as at the Audit and Valuation Reference Date was approximately RMB196.6906 million, and according to the assets valuation of Shenzhen Huihai undertaken by an independent third-party valuer using the asset-based approach, its net assets value was approximately RMB196.6941 million. The valuation amount is approximately RMB3,500 higher than the book value of Shenzhen Huihai. Given the insignificant difference, the parties recognized the audited net assets value of Shenzhen Huihai as RMB196.6906 million, by reference to which to determine the price of the Huihai Equity Transfer.

Suntien Shenzhen holds a 75% equity interest in Shenzhen Huihai and has contributed RMB146.25 million to the registered capital, while the outstanding contribution amount of RMB78.75 million remains unpaid. Suntien HK holds a 25% equity interest in Shenzhen Huihai and has contributed RMB48.75 million to the registered capital, while the outstanding contribution amount of RMB26.25 million remains unpaid.

Pursuant to the Equity Transfer Agreements, Suntien Shenzhen agrees to transfer to JEI a 26.25% equity interest in Shenzhen Huihai which corresponds to RMB78.75 million unpaid capital at the price of RMB78.75 million, while Suntien HK agrees to transfer a 8.75% equity interest in Shenzhen Huihai which corresponds to RMB26.25 million unpaid capital to Yanshan International at the price of RMB26.25 million. The Transferees will deposit their payments directly to the designated bank account of Shenzhen Huihai for settlement of the unpaid capital.

- (b) *Subsequent arrangements on capital contribution and subscription*

Shenzhen Huihai has made arrangements to introduce new shareholders subsequent to its increase of registered capital and on joint stock reformation. The Transferees have unconditionally undertaken to give their consent to, and will cooperate, with such arrangements.

LETTER FROM THE BOARD

(c) Share of profit and loss (indebtedness of debenture inclusive) of Shenzhen Huihai

In the event that, at the time of signing of the Equity Transfer Agreement, the Transferor fails to honestly disclose to the Transferee the existing debts and liabilities of Shenzhen Huihai prior to the signing and, in the ensuing event if, the Transferee suffers a loss after it becomes a shareholder of Shenzhen Huihai, the Transferee has a right to seek compensation from the Transferor.

(d) Confirmations

Based on the written confirmations by each of the Transferees, the Huihai Equity Transfer is the preceding step of the Huihai Capital Contribution and the Transferees would not participate in the Huihai Equity Transfer if the Huihai Capital Contribution does not take place.

3.2.2 Huihai Capital Contribution

Upon completion of the Huihai Equity Transfer, JEI, Yanshan International, Suntien Shenzhen, Maotian Capital, HECIC and Suntien HK will enter into the Capital Contribution Agreement, pursuant to which JEI, Yanshan International, Maotian Capital and HECIC will subscribe for RMB121.25 million, RMB123.75 million, RMB55 million and RMB50 million of the increased registered capital of Shenzhen Huihai, respectively. Upon completion of the Huihai Capital Contribution, the registered capital of Shenzhen Huihai will increase from RMB300 million to RMB650 million and the shareholding of Shenzhen Huihai held by the Company through Suntien Shenzhen and Suntien HK will reduce to 30%.

The salient terms of the Capital Contribution Agreement are as follows:

Parties

- (1) JEI;
- (2) Yanshan International;
- (3) Suntien Shenzhen;
- (4) Maotian Capital;
- (5) HECIC; and
- (6) Suntien HK.

The execution and effective date of the Capital Contribution Agreement

Upon completion of the Huihai Equity Transfer, the Capital Contribution Agreement will be signed and sealed by each party thereto and shall become effective only upon obtaining the approvals from the governing body of the parties and the approval from the Independent Shareholders.

LETTER FROM THE BOARD

Salient terms

(a) Increase of Registered Capital and Issue of Shares

Shenzhen Huihai will increase its registered capital by RMB350 million, for which JEI, Yanshan International, Maotian Capital and HECIC will subscribe for RMB121.25 million, RMB123.75 million, RMB55 million and RMB50 million, respectively.

Upon completion of the Huihai Capital Contribution, the registered capital of Shenzhen Huihai will increase from RMB300 million to RMB650 million. JEI, Yanshan International, Suntien Shenzhen, Maotian Capital, HECIC and Suntien HK will each hold a 30.769%, 23.077%, 22.50%, 8.462%, 7.692% and 7.50% equity interest in Shenzhen Huihai, respectively.

The parties recognized the net assets value of Shenzhen Huihai as RMB196.6906 million according to the audited book value of Shenzhen Huihai, which was used as the basis to determine the value of the equity interests of Shenzhen Huihai, and to further determine the shareholding of each party after the Huihai Capital Contribution.

The subscribers shall pay their respective subscription amounts into the designated bank account of Shenzhen Huihai within 20 days after the Capital Contribution Agreement is signed and takes effect and the Change of AIC Registration is completed.

(b) Condition Precedent

Completion of the Huihai Capital Contribution is conditional upon the completion of the Huihai Equity Transfer.

(c) Transition Arrangements

During the transition period commencing from the Audit and Valuation Reference Date to the completion date of the Change of AIC Registration:

- (i) Suntien Shenzhen and Suntien HK shall perform its management obligations in good faith to manage the business of Shenzhen Huihai, and shall not carry out any acts that may be harmful to Shenzhen Huihai.
- (ii) Prior to the completion of the Change of AIC Registration in respect of the Huihai Capital Contribution, Shenzhen Huihai shall not distribute any profit. Upon completion of the Change of AIC Registration, its shareholders are entitled to, based on their respective proportions of capital contributed, share the profit of Shenzhen Huihai for the month in which the Change of AIC Registration is completed and thereafter. The profit of Shenzhen Huihai (which shall be determined according to the financial statements of Shenzhen Huihai for the preceding month) before the completion date of the Change of AIC Registration shall be shared by Suntien Shenzhen and Suntien HK in the proportion of 75:25, respectively.

LETTER FROM THE BOARD

(d) Corporate Governance

Upon completion of the Huihai Capital Contribution, the arrangements on the nomination of the relevant personnel of Shenzhen Huihai are as follows:

- (i) The board of directors shall comprise seven directors: JEI shall be entitled to appoint two directors while each of Yanshan International, Suntien Shenzhen, Maotian Capital and Suntien HK shall be entitled to appoint one director; and one director will be elected by the staff representative meeting. The board shall have one chairman and one vice chairman, and the chairman will be elected from the directors appointed by JEI.
- (ii) The supervisory committee shall comprise three supervisors: each of Maotian Capital and Suntien HK shall appoint one supervisor while the staff representative supervisor shall be elected by the staff representative meeting. The supervisory committee will have one chairman who will be elected by the majority of all supervisors.
- (iii) The general manager and deputy general managers shall be appointed or dismissed by the board of directors, and the candidate for the role of general manager will be nominated by Yanshan International.

(e) Rights of the parties

The parties are entitled to share the profit, risk and loss of Shenzhen Huihai according to their respective proportions of capital contributed. In the event that Shenzhen Huihai further increases its registered capital, the parties shall have the pre-emptive right to subscribe for the increased capital (excluding the Huihai Capital Contribution) according to their respective proportions of capital contributed.

3.2.3 Information of Shenzhen Huihai

Shenzhen Huihai was established on 27 August 2015 under the laws of the PRC. Prior to the completion of the Huihai Capital Contribution, it is a subsidiary of the Company. It is primarily engaged in financial leasing, leasing, purchase of leased properties in the PRC and in overseas, disposal of residual value of leased properties and maintenance and consultation on leasing transaction and the provision of guarantee.

Pursuant to the audited financial statements of Shenzhen Huihai prepared under the Generally Accepted Accounting Principles of the PRC, the audited net profit/loss before and after tax and extraordinary items of Shenzhen Huihai for the financial years ended 31 December 2015 and 2016 were as follows:

	For the financial year ended 31 December 2015 (RMB)	For the financial year ended 31 December 2016 (RMB)
Audited net profit (before tax and extraordinary items) (“-” for loss)	-254,092.53	2,568,501.21
Audited net profit (after tax and extraordinary items) (“-” for loss)	-254,092.53	1,944,656.38

LETTER FROM THE BOARD

The shareholding structures of Shenzhen Huihai before and after the Huihai Transaction are as follows:

Contributor	Before completion of the Huihai Equity Transfer		After completion of the Huihai Equity Transfer and before the Huihai Capital Contribution		After the Huihai Capital Contribution			
	Subscribed registered capital	Proportion of capital contributed	Subscribed registered capital	Proportion of capital contributed	Subscribed registered capital	Contributed amount	Proportion of capital contributed	Method of contribution
	(RMB million)		(RMB million)		(RMB million)	(RMB million)		
JEI	-	-	78.75	26.25%	121.25	200.00	30.769%	Cash
Yanshan International	-	-	26.25	8.75%	123.75	150.00	23.077%	Cash
Suntien Shenzhen	225.00	75%	146.25	48.75%	-	146.25	22.5%	Cash
Maotian Capital	-	-	-	-	55.00	55.00	8.462%	Cash
HECIC	-	-	-	-	50.00	50.00	7.692%	Cash
Suntien HK	75.00	25%	48.75	16.25%	-	48.75	7.5%	Cash
Total	300.00	100%	300.00	100.00%	350.00	650.00	100.00%	

In accordance with the Equity Transfer Agreements and the Capital Contribution Agreement, the undistributed profits of Shenzhen Huihai prior to the completion of the Huihai Transaction will be distributed to Suntien Shenzhen and Suntien HK. However, according to the relevant PRC laws, the surplus reserves of RMB0.19 million retained in Shenzhen Huihai cannot be distributed to shareholders, and is required to be retained in Shenzhen Huihai. As the amount is relatively small, the losses sustained as a result of the Huihai Transaction will have no material impact on the Group's financial position. Upon completion of the Huihai Transaction, Shenzhen Huihai will cease to be a subsidiary of the Company and will become an associated company of the Company, and the accounts of Shenzhen Huihai attributable to the Group will be recorded in the consolidated profit and loss statement and other comprehensive income statement of the Group based on the equity method.

Upon completion of the Huihai Transaction, Shenzhen Huihai will be converted into a joint stock company with limited liability. If any agreement, document or arrangement is required to be entered into, signed or proceeded with in relation to the joint stock reformation of Shenzhen Huihai and contains material terms that are not disclosed in this circular, or leads to any substantial amendment to the agreements disclosed herein, the Company will make further announcement(s) as and when appropriate.

3.2.4 Reasons for and Benefits of the Huihai Transaction

As the principal businesses of the Group are new energy and the principal business of Shenzhen Huihai is financial leasing, the disposal of Shenzhen Huihai will allow the Company to better concentrate its capital in the development of its wind power and natural gas businesses which is in line with the Company's development strategy.

Upon completion of the Huihai Transaction, the Group will no longer be the sole shareholder of Shenzhen Huihai, but will remain a 30% shareholder and an important customer of Shenzhen Huihai. With the addition of various shareholders with different

LETTER FROM THE BOARD

backgrounds, it is expected that the asset scale of Shenzhen Huihai will enlarge significantly. As a result, Shenzhen Huihai can further expand and develop its financial lease platform and enhance its business competitiveness by leveraging on the strategic benefits of the new shareholders, who will contribute to a more diversified funding base, and accordingly, the Group will be able to access further funding through the financial leasing platform of Shenzhen Huihai to finance its future new energy projects.

Furthermore, the Group may negotiate with other third-party financial institutions by reference to the interest rates offered Shenzhen Huihai and which may lead to lower interest rates from other third-party financial institutions, and thereby further reducing the cost of financing for the Group. When considering the acceptance of financial leasing services to the Group, the Group will take into account the following factors before deciding to accept the services provided by Shenzhen Huihai: (i) the interest rates offered by Shenzhen Huihai to other companies requesting similar financial leasing services; and (ii) the interest rates offered by other financial institutions or financial leasing companies to the Group (whichever may be lower at the point of offer). On the basis of these factors, the Company will select the option which is most favourable to, and in the interests of, the Company and its Shareholders as a whole. If Shenzhen Huihai provides any financial leasing services to the Group, the Group will comply with the Listing Rules that are applicable to any transactions with Shenzhen Huihai.

Having considered the above, the Board (excluding the independent non-executive Directors whose views will be given after taking into account the advice by the Independent Financial Adviser) considers that the Huihai Transaction is fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

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

JEI

JEI is a company listed on the Shenzhen Stock Exchange (stock code: 000600), in which HECIC has a controlling interest. The principal business of JEI is investment in the construction, operation and management of energy projects (mainly in the power generation industry).

LETTER FROM THE BOARD

Yanshan International

Yanshan International is a company incorporated in Hong Kong and is a wholly-owned subsidiary of HECIC. As an overseas investment and financing institution of HECIC, Yanshan International leverages the advantage of Hong Kong as an international financial center to integrate all sorts of resources and allocating funds to invest in overseas as well as domestic markets.

Suntien Shenzhen

Suntien Shenzhen is a company established in Shenzhen, PRC and is primarily engaged in the industrial investment management of new energy and clean energy projects; assets and supply chain management of new energy and clean energy; research and technology development, consultation, provision of service and technology transfer of the new energy and clean energy projects.

Maotian Capital

Maotian Capital is a company established in Shijiazhuang, the PRC and is primarily engaged in investment by means of equity investment and entrusted loan, provision of pledge and guarantee for the enterprises, investment management for investment projects, assets entrusted management, investment consultation services, and lease of real estate.

HECIC

HECIC is a wholly state-owned enterprise incorporated under the approval of the People's Government of Hebei Province and is under the direct supervision of the State-owned Assets Supervision and Administration Commission of the People's Government of Hebei Province. It is primarily engaged in the investment in, and construction of, infrastructure industries, and pillar industries of Hebei Province, such as energy and transportation.

Suntien HK

Suntien HK is a company incorporated in Hong Kong and is primarily engaged in domestic and overseas investment projects of new energy, overseas financing businesses, and relation maintenance with overseas investors.

3.2.6 Implication under Listing Rules

HECIC is the controlling shareholder of the Company, holding an approximately 50.5% equity interest in the Company. JEI, Yanshan International and Maotian Capital are subsidiaries of HECIC, and accordingly, are associates of HECIC. Therefore, according to the requirements under the Listing Rules, HECIC, JEI, Yanshan International and Maotian Capital are connected persons of the Company. The Huihai Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

As the highest applicable percentage ratio of the Huihai Transaction exceeds 5% but is less than 25%, the Huihai Transaction is subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Furthermore, the Huihai Transaction is also a discloseable transaction under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements, but is exempt from the shareholders' approval requirements thereunder.

Given that five Directors, namely Dr. Cao Xin, Dr. Li Lian Ping, Mr. Qin Gang, Ms. Sun Min and Mr. Wu Hui Jiang, hold office in HECIC, they have abstained from voting on the Board resolution on approving the Huihai Transaction as required under the Articles of Association. Save as disclosed, none of the other Directors has any material interests in the Huihai Transaction and hence no other Director is required to abstain from voting in the relevant Board resolution.

The Company has formed the Independent Board Committee comprising all of its independent non-executive Directors (namely, Mr. Qin Hai Yan, Mr. Ding Jun, Mr. Wang Xiang Jun and Mr. Yue Man Yiu Matthew) in relation to the Huihai Transaction. Furthermore, Gram Capital (a licensed corporation licensed to carry on Type 6 (advising on corporate finance) regulated activities under the SFO) has been appointed as the Independent Financial Adviser by the Company to advise the Independent Board Committee and Independent Shareholders in relation to the Huihai Transaction.

The Company has put forward to the AGM the Huihai Transaction as one proposal by considering that the ultimate goal of the Huihai Transaction is to enhance the business scale of Shenzhen Huihai by introducing four new shareholders into Shenzhen Huihai and increase its registered capital from RMB300 million to RMB650 million. However, given that part of the registered capital of Shenzhen Huihai amounting to RMB105 million remained unpaid by Suntien Shenzhen and Suntien HK as at the date of the Equity Transfer Agreements and Suntien Shenzhen and Suntien HK do not intend to paid up the unpaid capital, it is a requirement under the Company Law of the PRC that any transfer of equity interest relating to unpaid capital of a company to the new shareholder(s) should take place first prior to the proposed increase of any registered capital. In addition, equity transfer is required to be notarized under the *Regulations of Shenzhen Special Economic Zone on Notarization* (深圳經濟特區公証條例). After consultation with the local regulatory authority in charge of the Change of AIC Registration, the Huihai Transaction is structured in two steps. It is the consensus of all parties of the Huihai Transaction that the Huihai Equity Transfer and the Huihai Capital Contribution are linked and form one significant transaction. In the event that the Huihai Capital Contribution does not take place after the completion of the Huihai Equity Transfer, the parties of the Huihai Equity Transfer will unwind the Equity Transfer Agreements and the shareholding structure of Shenzhen Huihai will be restored to the existing structure prior to the Huihai Equity Transfer.

As the Huihai Transaction is conditional upon the satisfaction of certain conditions as set out in Equity Transfer Agreements and Capital Contribution Agreement, the Huihai Transaction may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

LETTER FROM THE BOARD

4 THE AGM

The business to be considered at the AGM is described in the notice of AGM issued on 21 April 2017. The proxy form and the reply slip of the AGM were despatched to the Shareholders together with the notice of AGM. If you intend to appoint a proxy to attend the AGM, you are required to complete and return the form of proxy 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 and for holders of Domestic Shares, the form of proxy should be returned to the Company's registered office and headquarters in the PRC in person or by post not less than 24 hours before the time fixed for holding the AGM 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 AGM or at any other adjourned meeting should you so wish.

If you intend to attend the AGM in person or by proxy, you are required to complete and return the reply slip to (for holders of H Shares) Computershare Hong Kong Investor Services Limited or (for holders of Domestic Shares) to the Company's registered office and headquarters in the PRC on or before Thursday, 18 May 2017.

5 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 AGM will exercise his power under the Articles of Association to demand a poll in relation to all the proposed resolutions at the AGM.

In view of HECIC's interest in Huihai Transaction, HECIC (holding an approximately 50.5% equity interest in the Company) and its associates are required to abstain from voting on the ordinary resolution to be proposed at the AGM to approve the Huihai Transaction.

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

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 AGM.

LETTER FROM THE BOARD

6 RECOMMENDATIONS

The Board considers that all resolutions in respect of the regular business of the AGM as set out in section 3.1 of this letter proposed at the AGM are in the best interests of the Company and its shareholders as a whole. Accordingly, the Board recommends Shareholders to vote in favour of those resolutions proposed at the AGM.

The Independent Board Committee comprising all independent non-executive Directors has been established to advise the Independent Shareholders in respect of the Huihai Transaction. 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 (excluding the independent non-executive Directors) are of the view that, although the Huihai Transaction is not entered into in the Company's ordinary and usual course of business, the terms of the Equity Transfer Agreements and the Capital Contribution Agreement are on normal commercial terms, and are fair and reasonable in so far as the Independent Shareholders are concerned, and the Huihai Transaction is in the interests of the Company and the Shareholders as a whole. Therefore, the Directors (excluding the independent non-executive Directors) recommend the Independent Shareholders to vote in favor of the resolution to be proposed at the AGM to approve the Huihai Transaction.

The Independent Board Committee, having taken into account the terms of the Huihai Transaction and the advice of the Independent Financial Adviser, considers that, although the Huihai Transaction is not entered into in the Company's ordinary and usual course of business, the terms of the Equity Transfer Agreements and the Capital Contribution Agreement are on normal commercial terms, and are fair and reasonable in so far as the Independent Shareholders are concerned, and the Huihai Transaction is in the interests of the Company and the Shareholders as a whole. Therefore, the Independent Board Committee recommends the Independent Shareholders to vote in favor of the resolution to be proposed at the AGM to approve the Huihai Transaction.

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 23 to 24 of this circular containing the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Huihai Transaction; and (ii) the letter from the Gram Capital set out on pages 25 to 36 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 Huihai Transaction.

Yours faithfully,
Cao Xin
Chairman



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)

To the Independent Shareholders

18 May 2017

Dear Sirs and Madams,

HUIHAI TRANSACTION

We refer to the circular dated 18 May 2017 (the “**Circular**”) issued by the Company to its Shareholders of which this letter forms part. Unless the context otherwise requires, terms used in this letter have the same meanings as defined in the Circular.

According to the Listing Rules, we have been appointed as the Independent Board Committee to consider and advise the Independent Shareholders as to whether, in our opinion, the Huihai Transaction is entered into in the Company's ordinary and usual course of business, the Equity Transfer Agreements and the Capital Contribution Agreement are on normal commercial terms and are fair and reasonable as far as the Independent Shareholders are concerned, and the Huihai Transaction is in the interests of the Company and the Shareholders as a whole. In this regard, Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard. Details of the Huihai Transaction as well as the reasons for entering into the transactions are set out on pages 12 to 20 under the section headed “Letter from the Board” of the Circular.

We have also discussed the Huihai Transaction with the management of the Company. Having considered (i) the terms of the Equity Transfer Agreements and the Capital Contribution Agreement, (ii) the background and nature of the Huihai Transaction as discussed with the management of the Company and (iii) the advice to the Independent Board Committee and Independent Shareholders from Gram Capital, the Independent Financial Adviser, we consider that, although the Huihai Transaction is not entered into in the Company's ordinary and usual course of business, the Equity Transfer Agreements and the Capital Contribution Agreement are on normal commercial terms and are fair and reasonable in so far as the Independent Shareholders are concerned, and the Huihai Transaction is in the interests of the Company and the Shareholders as a whole.

* *For identification purposes only*

APPENDIX I LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the AGM to approve the Huihai Transaction.

Yours faithfully,

China Suntien Green Energy Corporation Limited

Independent Board Committee

Independent Non-executive Directors

Qin Hai Yan

Ding Jun

Wang Xiang Jun

Yue Man Yiu Matthew

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 Huihai Transaction 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

18 May 2017

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

Dear Sirs,

**CONNECTED TRANSACTION AND DISCLOSEABLE TRANSACTION
IN RELATION TO
SHENZHEN HUIHAI EQUITY INTEREST TRANSFER AND
CAPITAL CONTRIBUTION**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Huihai Transaction, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 18 May 2017 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.

The Huihai Transaction will be conducted in two steps: (i) the Group will first dispose part of its equity interests in Shenzhen Huihai to connected persons; and (ii) secondly, the connected persons will subscribe for the increased registered capital of Shenzhen Huihai. Upon completion of the Huihai Transaction, the shareholding of Shenzhen Huihai held by the Group will reduce from 100% to 30% and Shenzhen Huihai will cease to be a subsidiary of the Company. Subsequently, Shenzhen Huihai will be converted from a limited liability company into a joint stock company with limited liability.

As at the date of the Equity Transfer Agreements, Suntien Shenzhen and Suntien HK, both of which are subsidiaries of the Company, hold 75% and 25% equity interests in Shenzhen Huihai, respectively. On 12 April 2017, Suntien Shenzhen entered into the Equity Transfer Agreement 1 with JEI, pursuant to which Suntien Shenzhen agrees to dispose 26.25% equity interest in Shenzhen Huihai to JEI. On the same day, Suntien HK entered into the Equity Transfer Agreement 2 with Yanshan International, pursuant to which Suntien HK agrees to dispose 8.75% equity interest in Shenzhen Huihai to Yanshan International. Upon completion of the Huihai Equity Transfer, the Company will hold an aggregate of 65% equity interest in Shenzhen Huihai through Suntien Shenzhen and Suntien HK.

Upon completion of the Huihai Equity Transfer, JEI, Yanshan International, Suntien Shenzhen, Maotian Capital, HECIC and Suntien HK will enter into the Capital Contribution Agreement, pursuant to which JEI, Yanshan International, Maotian Capital and HECIC will subscribe for RMB121.25 million, RMB123.75 million, RMB55 million and RMB50 million of the increased registered capital of Shenzhen Huihai, respectively. Upon completion of the Huihai Capital Contribution, the registered capital of Shenzhen Huihai will increase from RMB300 million to RMB650 million and the shareholding of Shenzhen Huihai held by the Company through Suntien Shenzhen and Suntien HK will reduce to 30%.

With reference to the Board Letter, the Huihai Transaction constitutes a discloseable transaction and a connected transaction for the Company under Chapter 14 and Chapter 14A of the Listing Rules and is subject to reporting, announcement, annual review and Independent Shareholders' approval requirements of Chapter 14A of the Listing Rules.

The Independent Board Committee comprising Mr. Qin Hai Yan, Mr. Ding Jun, Mr. Wang Xiang Jun and Mr. Yue Man Yiu Matthew (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the Huihai Transaction is entered into in the Company's ordinary and usual course of business and the terms of the Equity Transfer Agreements and the Capital Contribution Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the Huihai Transaction is in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolution to approve the Equity Transfer Agreements, the Capital Contribution Agreement and the transactions contemplated thereunder at the AGM. 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 had not acted as an independent financial adviser for the Company during the past two years immediately preceding the Latest Practicable Date. As at the Latest Practicable Date, we were not aware of any relationships or interests between Gram Capital and the Company during the past two years immediately preceding the Latest Practicable Date, 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.

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 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 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, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there is no undisclosed private agreements/arrangements or implied understanding with anyone concerning the Huihai Transaction. 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 Group. 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 the circular or any statement herein 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, Suntien Shenzhen, Suntien HK, Shenzhen Huihai, HECIC, JEI, Maotian Capital, or their respective subsidiaries or associates (as the case may be), nor have we considered the taxation implication on the Group or the Shareholders as a result of the Huihai Transaction. 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.

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

Background of and reasons for the Huihai Transaction*Business overview of the Group*

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

Set out below are the audited consolidated financial results of the Group for the two years ended 31 December 2016 as extracted from the Company's annual report for the year ended 31 December 2016 (the "2016 Annual Report"):

	For the year ended 31 December 2016 RMB'000	For the year ended 31 December 2015 RMB'000	Year on year change %
Revenue	4,383,825	4,224,207	3.78
– Natural gas	2,400,757	2,795,727	(14.13)
– Wind power and solar energy	1,983,068	1,428,480	38.82
Gross profit	1,441,255	1,121,327	28.53
Profit for the year	647,172	188,943	242.52

As depicted by the above table, the Group recorded a slight increase in revenue of approximately 3.78% for the year ended 31 December 2016 ("FY2016") as compared to the year ended 31 December 2015 ("FY2015"). The Group's gross profit and profit increased substantially from FY2015 to FY2016 by approximately 28.53% and 242.52% respectively. With reference to the 2016 Annual Report, the improvement in profitability of the Group was mainly due to a significant increase in realized revenue from the wind power business and reduction in other expenses as compared with that of FY2015.

With reference to the 2016 Annual Report, in respect of the wind power business, the Group will fully allocate resources to put more efforts on developing new onshore wind resources areas and keep a close watch on any offshore wind power generation projects with good quality to further replenish its resource reserves. Furthermore, the Group will comprehensively strengthen the professional management of project construction to facilitate the commencement of operation of its projects as early as possible. Moreover, in relation to the natural gas business, the Group will take flexible measures by focusing on market expansion, increasing sales volume, raising profit levels, reducing accounts receivables and

ensuring safe production based on the principle of “capturing every opportunity, whether big or small” and grasp the existing market areas, while seizing the opportunity of replacing coal by gas, and actively develop new areas and new markets.

Information on Shenzhen Huihai

With reference to the Board Letter, Shenzhen Huihai was established on 27 August 2015 under the laws of the PRC. Prior to the completion of the Huihai Capital Contribution, Shenzhen Huihai is a subsidiary of the Company and is primarily engaged in financial leasing, leasing, purchase of leased properties in the PRC and in overseas, disposal of the residual value of leased properties and maintenance and consultation on leasing transaction and the provision of guarantee.

Set out below are the audited net profit/loss before and after tax and extraordinary items of Shenzhen Huihai for the period from 27 August 2015 (being its incorporation date) to 31 December 2016:

	For the year ended 31 December 2016 RMB	For the period from 27 August 2015 (incorporation date) to 31 December 2015 RMB
Net profit/(loss) (before tax and extraordinary items)	2,568,501.21	(254,092.53)
Net profit/(loss) (after tax and extraordinary items)	1,944,656.38	(254,092.53)

As advised by the Directors, Shenzhen Huihai completed two substantial sales-and-leaseback financing transactions with members of the Group since its establishment and made a net profit (before/after tax and extraordinary items) for the year ended 31 December 2016 as depicted from the above table.

Nevertheless, given the transactions conducted by Shenzhen Huihai were inter-group in nature, the financial leasing and related business operated by Shenzhen Huihai did not contribute to the consolidated total revenue of the Group.

Reasons for the Huihai Transaction

With reference to the Board Letter, as the Group’s principal business is new energy and Shenzhen Huihai’s principal business is financial leasing, the disposal of Shenzhen Huihai will allow the Company to better concentrate its capital in the development of its wind power and natural gas businesses which is in line with the Company’s development strategy.

Upon completion of the Huihai Transaction, the Group will no longer be the sole shareholder of Shenzhen Huihai, but will remain a 30% Shareholder and an important customer of Shenzhen Huihai. With the addition of various shareholders with different backgrounds, it is expected that the asset scale of Shenzhen Huihai will enlarge significantly. As a result, Shenzhen Huihai can further expand and develop its financial lease platform and enhance its business competitiveness by leveraging on the strategic benefits of the new shareholders, who will contribute to a more diversified funding base, and accordingly, the Group will be able to access further funding through the financial leasing platform of Shenzhen Huihai to finance its future new energy projects.

Furthermore, the Group may negotiate with other third-party financial institutions by reference to the interest rates offered by Shenzhen Huihai and which may lead to lower interest rates from other third-party financial institutions, and thereby further reducing the cost of financing of the Group.

When considering the acceptance of financial leasing services to the Group, the Group will take into account the following factors before deciding to accept the services provided by Shenzhen Huihai: (i) the interest rates offered by Shenzhen Huihai to other companies requesting similar financial leasing services; and (ii) the interest rates offered by other financial institutions or financial leasing companies to the Group (whichever may be lower at the point of offer). On the basis of these factors, the Company will select the option which is most favourable to, and in the interests of, the Company and its Shareholders as a whole. If Shenzhen Huihai provides any financial leasing services to the Group, the Group will comply with the Listing Rules that are applicable to any transactions with Shenzhen Huihai.

With reference to the Company's annual reports for each of the three years ended 31 December 2015 and the 2016 Annual Report, the Group recorded sustainable revenue which was generated from the Group's core businesses, namely, the natural gas business and the wind power and solar energy business. Both of the natural gas business and the wind power and solar energy business recorded positive segment results and made segment profit for each of the four years ended 31 December 2016. Given the sustainability and profitability of the Group's core businesses, it is justifiable for the Company to concentrate its capital in the development of the businesses of wind power and natural gas.

As demonstrated under the sections headed "Business overview of the Group" and "Information on Shenzhen Huihai" above, the financial leasing and related business operated by Shenzhen Huihai did not contribute to the consolidated total revenue of the Group. In addition, the Group's strategy is to develop its wind power business and natural gas business.

Having considered the above, we concur with the Directors that the Huihai Transaction is in the interests of the Company and the Shareholders as a whole.

Principal terms of the Equity Transfer Agreements

As at the Latest Practicable Date, Suntien Shenzhen and Suntien HK, both of which are subsidiaries of the Company, hold 75% and 25% equity interests in Shenzhen Huihai, respectively. On 12 April 2017, Suntien Shenzhen entered into the Equity Transfer Agreement 1 with JEI, pursuant to which Suntien Shenzhen agrees to dispose 26.25% equity interest in Shenzhen Huihai to JEI. On the same day, Suntien HK entered into the Equity Transfer Agreement 2 with Yanshan International, pursuant to which Suntien HK agrees to dispose 8.75% equity interest in Shenzhen Huihai to Yanshan International. Upon completion of the Huihai Equity Transfer, the Company will hold an aggregate of 65% equity interest in Shenzhen Huihai through Suntien Shenzhen and Suntien HK.

Principal terms of the Equity Transfer Agreements are set out below:

The price of the Huihai Equity Transfer and the deadline and method of payment for the consideration

As at 31 December 2016, the audited net assets value of Shenzhen Huihai was approximately RMB196.6906 million, and according to the assets valuation of Shenzhen Huihai undertaken by an independent third-party valuer using the asset-based approach, Shenzhen Huihai's audited net asset value was approximately RMB196.6941 million. Given the insignificant difference, the parties to the Equity Transfer Agreements recognized the audited net asset value of Shenzhen Huihai as approximately RMB196.6906 million, by reference to which to determine the price of the Huihai Equity Transfer.

Suntien Shenzhen holds 75% equity interest in Shenzhen Huihai and has contributed RMB146.25 million to the registered capital, while the outstanding contribution amount of RMB78.75 million remains unpaid. Suntien HK holds 25% equity interest in Shenzhen Huihai and has contributed RMB48.75 million to the registered capital, while the outstanding contribution amount of RMB26.25 million remains unpaid.

Pursuant to Equity Transfer Agreements, Suntien Shenzhen agrees to transfer to JEI the 26.25% equity interest in Shenzhen Huihai which corresponds to the unpaid outstanding contribution of RMB78.75 million, to JEI while Suntien HK agrees to transfer a 8.75% equity interest in Shenzhen Huihai to Yanshan International, which corresponds to the outstanding contribution of RMB26.25 million, to Yanshan International (the "**Price**" and "**Payment Method**"). The Transferees will deposit their payments directly to the designated bank account of Shenzhen Huihai for the settlement of the unpaid capital.

Having considered and taking into account the factors below (the "**Pricing Factors**"):

- (i) there is no significant difference between the audited net asset value of Shenzhen Huihai as at 31 December 2016 and the net asset value of Shenzhen Huihai as valued by an independent third-party valuer based on asset-based approach;

- (ii) the aggregated capital contribution made by Suntien Shenzhen and Suntien HK in Shenzhen Huihai amounted to RMB195 million (the “**Aggregated Capital Contribution**”), which is slightly less than the audited net asset value of Shenzhen Huihai of approximately RMB196.6906 million as at 31 December 2016;
- (iii) the difference between the Aggregated Capital Contribution and the audited net asset value of Shenzhen Huihai as at 31 December 2016 was mainly attributable to the surplus reserve and retained earnings of Shenzhen Huihai;
- (iv) according to the Equity Transfer Agreements, the profit of Shenzhen Huihai (determined as per the information of the financial statements of Shenzhen Huihai for the preceding month) before the date on which the Change of AIC Registration with respect to Huihai Capital Contribution is completed shall be shared by Suntien Shenzhen and Suntien HK in the proportion of 75:25;
- (v) although according to the relevant PRC laws, the surplus reserve of RMB0.19 million as at 31 December 2016 retained in Shenzhen Huihai cannot be distributed to its shareholders and is required to be retained in Shenzhen Huihai, the said amount of the surplus reserve is not material; and
- (vi) the Price, together with the Aggregated Capital Contribution, will be in proportion to the equity interests to be transferred to the Transferee and the remaining equity interests to be held by Suntien Shenzhen and Suntien HK upon completion of the equity interests transfer,

we are of the view that the Price and the Payment Method are fair and reasonable so far as the Independent Shareholders are concerned.

Subsequent arrangement on capital contribution and subscription

Shenzhen Huihai has made subsequent arrangements to introduce new shareholders by way of increase of registered capital and on joint stock reformation. The Transferees have unconditionally undertaken to give their consent to, and will cooperate with such arrangements.

Share of profit and loss (indebtedness of debenture inclusive) of Shenzhen Huihai

Upon the completion of the Change of AIC Registration with respect to Huihai Capital Contribution, the Transferee can, on the basis of the proportion of capital contributed, share the profit of Shenzhen Huihai for the month of completion of the Change of AIC Registration and thereafter. The profit of Shenzhen Huihai (determined as per the information of the financial statements of Shenzhen Huihai for the preceding month) before the completion date of the Change of AIC Registration with respect to Huihai Capital Contribution shall be shared by Suntien Shenzhen and Suntien HK in the proportion of 75:25.

In the event that, at the time of signing of the Equity Transfer Agreement, the Transferor fails to honestly disclose to the Transferee the existing debts and liabilities of Shenzhen Huihai prior to the signing and, in the ensuing event if, the Transferee suffers a loss after it becomes a shareholder of Shenzhen Huihai, the Transferee has a right to seek compensation from the Transferor.

Having considered the above principal terms of the Equity Transfer Agreements, we are of the view that the terms of the Equity Transfer Agreements are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned.

Principal terms of the Capital Contribution Agreement

Upon completion of the Huihai Equity Transfer, JEI, Yanshan International, Suntien Shenzhen, Maotian Capital, HECIC and Suntien HK will enter into Capital Contribution Agreement, pursuant to which JEI, Yanshan International, Maotian Capital and HECIC will subscribe for RMB121.25 million, RMB123.75 million, RMB55 million and RMB50 million of the increased registered capital of Shenzhen Huihai, respectively. Upon the completion of Huihai Capital Contribution, the registered capital of Shenzhen Huihai will increase from RMB300 million to RMB650 million and the shareholding of Shenzhen Huihai held by the Company through Suntien Shenzhen and Suntien HK will reduce to 30%.

Principal terms of the Capital Contribution Agreement are set out below:

Increase of registered capital and issue of shares

Shenzhen Huihai will increase its registered capital by RMB350 million. JEI, Yanshan International, Maotian Capital and HECIC will subscribe for RMB121.25 million, RMB123.75 million, RMB55 million and RMB50 million, respectively (the “**Subscription Amount**”).

Upon completion of the Huihai Capital Contribution, the registered capital of Shenzhen Huihai will increase from RMB300 million to RMB650 million. JEI, Yanshan International, Suntien Shenzhen, Maotian Capital, HECIC and Suntien HK will each hold 30.769%, 23.077%, 22.500%, 8.462%, 7.692% and 7.500% equity interest in Shenzhen Huihai, respectively.

The parties to the Capital Contribution Agreement recognized the net assets value of Shenzhen Huihai as RMB196.6906 million, according to the audited book value of Shenzhen Huihai, which was used as the basis to determine the value of the equity interests of Shenzhen Huihai, and to further determine the shareholding of each party after the Huihai Capital Contribution.

The subscribers shall pay their respective subscription amounts into the designated bank account of Shenzhen Huihai within 20 days after the Capital Contribution Agreement is signed and take effect and the Change of AIC Registration is completed.

Having considered the Pricing Factors and that the Aggregated Capital Contribution and the Subscription Amount will be in proportion to the equity interests to be held by the parties to the Capital Contribution Agreement, we are of the view that the Subscription Amount is fair and reasonable so far as the Independent Shareholders are concerned.

Transition arrangements

During the transition period commencing from the Audit and Valuation Reference Date to the completion date of the Change of AIC Registration:

- (i) Suntien Shenzhen and Suntien HK shall perform its management obligations in good faith to manage the business of Shenzhen Huihai, and shall not carry out any acts that may be harmful to Shenzhen Huihai.
- (ii) Prior to the completion of the Change of AIC Registration in respect of the Huihai Capital Contribution, Shenzhen Huihai shall not distribute any profit. Upon completion of the Change of AIC Registration, its shareholders are entitled to, based on their respective proportions of capital contributed, share the profit of Shenzhen Huihai for the month in which the Change of AIC Registration is completed and thereafter. The profit of Shenzhen Huihai (which shall be determined according to the financial statements of Shenzhen Huihai for the preceding month) before the completion date of the Change of AIC Registration shall be shared by Suntien Shenzhen and Suntien HK in the proportion of 75:25, respectively.

Corporate governance

Upon completion of the Huihai Capital Contribution, the arrangement on the nomination of the relevant personnel of Shenzhen Huihai (the “**Nomination Arrangement**”) are as follows:

- (i) The board of directors shall comprise seven directors: JEI will be entitled to appoint two directors while each of Yanshan International, Suntien Shenzhen, Maotian Capital and Suntien HK shall be entitled to appoint one director; and one director will be elected by the staff representative meeting. The board shall have one chairman and one vice chairman, and the chairman will be elected from the directors appointed by JEI.
- (ii) The supervisory committee shall comprise three supervisors: each of Maotian Capital and Suntien HK shall appoint one supervisor while the staff representative supervisor shall be elected by the staff representative meeting. The supervisory committee will have one chairman who will be elected by the majority of all supervisors.
- (iii) The general manager and deputy general managers shall be appointed or dismissed by the board of directors, and the candidate for the role of general manager will be nominated by Yanshan International.

According to the proposed articles of association of Shenzhen Huihai upon completion of the Huihai Capital Contribution,

- (i) the board of directors is responsible for, amongst others, decision of Shenzhen Huihai's operation direction and investment plan, approval of Shenzhen Huihai's annual financial budget and establishment the basic management structure of Shenzhen Huihai;
- (ii) unanimous approval by the attending directors in the board meeting is required for the increase/reduction of registered capital of Shenzhen Huihai, the change in shareholding structure of Shenzhen Huihai, the decision on bonds of Shenzhen Huihai and consolidation, sub-division, dissolution, liquidation or change in form of Shenzhen Huihai; and
- (iii) the supervisory committee is responsible for, amongst others, review of Shenzhen Huihai's financials and supervision of directors'/senior management's actions for execution of their duty in Shenzhen Huihai.

Having considered the function of the board of directors and supervisory committee of Shenzhen Huihai, together with the aforesaid rights to appoint directors and supervisor, we concur with the Directors' view that the investment in Shenzhen Huihai by Suntien Shenzhen and Suntien HK can be safeguarded. Having also considered the shareholding interests in Shenzhen Huihai upon completion of the Huihai Capital Contribution, we are of the view that the Nomination Arrangement is justifiable.

Rights to the parties

The parties are entitled to share the profit, risk and loss of Shenzhen Huihai according to their respective proportions of capital contributed. In the event that Shenzhen Huihai further increases its registered capital, the parties shall have the pre-emptive right to subscribe for the increased capital (excluding the Huihai Capital Contribution) according to their respective proportions of capital contributed.

Having considered the above principal terms of the Capital Contribution Agreement, we are of the view that the terms of the Capital Contribution Agreement are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned.

Possible financial effects of the Huihai Transaction

Upon completion of the Huihai Transaction, Shenzhen Huihai will cease to be a subsidiary of the Company and become an associated company of the Company. The results, assets and liabilities of Shenzhen Huihai will no longer be consolidated into the consolidated financial statements of the Group but the Company will share the results of Shenzhen Huihai under the Company's consolidated financial statements based on the equity method.

With reference to the Board Letter, in accordance with the Equity Transfer Agreements and the Capital Contribution Agreement, the undistributed profits of Shenzhen Huihai will be distributed to Suntien Shenzhen and Suntien HK. However, according to the relevant PRC laws, the surplus reserve of approximately RMB0.19 million as at 31 December 2016 retained in Shenzhen Huihai cannot be distributed to its shareholders, and is required to be retained in Shenzhen Huihai. As the amount is relatively small, the losses arising from the Huihai Transaction will have no material impact on the Group's financial position.

It should be noted that the aforementioned analysis is for illustrative purposes only and does not purport to represent how the financial position of the Group will be upon completion of the Huihai Transaction.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that, although the Huihai Transaction is not entered into in the Company's ordinary and usual course of business, (i) the terms of the Equity Transfer Agreements and the Capital Contribution Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Huihai Transaction is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the AGM to approve the Equity Transfer Agreements, the Capital Contribution Agreement and the transactions contemplated thereunder, and we recommend the Independent Shareholders to vote in favour of the resolution 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 20 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, 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 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 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, Ms. Sun Min and Mr. Wu Hui Jiang hold positions in HECIC, the controlling Shareholder, they are deemed to have material interests in the Huihai Transaction. Accordingly, they have abstained from the voting on the Board resolution in relation to the approval for the Huihai Transaction.

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:

Name of Director	Position(s) held in the Company	Position(s) held in HECIC
Dr. Cao Xin	Chairman and Non-executive Director	Deputy general manager of HECIC
Dr. Li Lian Ping	Non-executive Director	Chairman of HECIC
Mr. Qin Gang	Non-executive Director	Assistant to the general manager and department head of the capital department of HECIC
Ms. Sun Min	Non-executive Director	Department head of the appraisal and assessment department of HECIC
Mr. Wu Hui Jiang	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 2016 (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 has 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

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2016 (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:

Name	Qualification
Gram Capital	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 18 May 2017 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 2016 (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 Ze Feng and Ms. Lam Yuen Ling, Eva.
- (b) The Company's registered office and headquarters in the PRC is situated at 9 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 FOR INSPECTION

Copies of the following documents are available for inspection from 9:00 a.m. to 5:00 p.m. at the Company's principal place of business in Hong Kong at Suite 2103, 21st Floor, Prudential Tower, The Gateway, Harbour City, Kowloon, Hong Kong within 14 days from the date of this circular (excluding Saturdays, Sundays and public holidays):

- (a) the Equity Transfer Agreements;
- (b) the Capital Contribution Agreement (agreed final draft form);
- (c) the letter of recommendation from the Independent Board Committee regarding the Huihai Transaction, the text of which is set out on pages 23 to 24 of this circular;
- (d) the letter from Gram Capital to the Independent Board Committee and Independent Shareholders regarding the Huihai Transaction, the text of which is set out on pages 25 to 36 of this circular;
- (e) the written consent of Gram Capital as mentioned in paragraph 7 in this Appendix; and
- (f) this circular.