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CHINA SUNTIEN GREEN ENERGY CORPORATION LIMITED*
新天綠色能源股份有限公司

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 00956)

CONNECTED TRANSACTION
ACQUISITION OF DISTRIBUTED PHOTOVOLTAIC
POWER GENERATION PROJECTS

On 22 November 2019, Suntien Electricity, a wholly-owned subsidiary of the Company, entered into the Asset Transfer Agreement with CISF, and the Company entered into the Equity Transfer Agreement with CISF, pursuant to which the Group will acquire the Target Project Assets and the Target Equity from CISF. The Group will pay an aggregate cash consideration of approximately RMB35.58 million, including the Asset Transfer Consideration of approximately RMB15.04 million and the Equity Transfer Consideration of approximately RMB20.54 million, to CISF in respect of the Acquisition. Upon completion of the Acquisition, the Target Project Assets will be consolidated into the consolidated balance sheet of the Company and CFPT will become a non-wholly owned subsidiary of the Company.

CISF is a wholly-owned subsidiary of HECIC, the controlling shareholder of the Company which directly holds 50.5% issued share capital of the Company. As such, pursuant to the Listing Rules, CISF is a connected person of the Company and the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more applicable percentage ratios of the Acquisition exceed 0.1% but are less than 5%, this transaction is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but is exempt from independent shareholders' approval requirements.

I. BACKGROUND

CISF is currently directly investing in the construction of two distributed photovoltaic power generation projects i.e. the Hengshui Project and the Cangzhou Project, and at the same time investing through CFPT in two distributed photovoltaic power generation projects, i.e. the Baoshuo Project and the Longde Project.

Taking into account of the growth prospect of distributed photovoltaic power generation business and the development strategy of the Company's photovoltaic power generation business, on 22 November 2019, the Company entered into the Asset Transfer Agreement and the Equity Transfer Agreement with CISF, pursuant to which the Group will acquire the Target Project Assets and the Target Equity from CISF.

II. THE ASSET TRANSFER AGREEMENT

The major terms of the Asset Transfer Agreement are summarized as follows:

- The execution and effective date** : On 22 November 2019, the agreement became effective upon being signed and sealed by each party's legal representative or authorized representative.
- Parties** : Suntien Electricity (as purchaser) and CISF (as seller).
- Transfer subject** : CISF agreed to transfer, and the Company agreed to acquire, the relevant assets and liabilities of the Hengshui Project and the Cangzhou Project. The details of the assets and liabilities shall be based on the asset valuation report issued by an independent third party valuer.
- Asset Transfer Consideration** : The Assets Transfer Consideration is approximately RMB15.04 million. The aforesaid consideration was determined with reference to the appraised value of the Target Project Assets (approximately RMB15.04 million) valued by an independent third party valuer. The valuation used the asset-based approach, with 30 June 2019 as the base date.
- Completion and post-completion obligations** : The parties agreed that the Asset Transfer Consideration Date shall be the fifth business day following the obtaining by CISF of the waiver of pre-emptive right from power-consuming enterprises (the "Third Party Waiver") (if necessary) and the written document agreeing on the continuing use by Suntien Electricity of the rooftops pursuant to relevant cooperation agreements ("Third Party Letter of Consent"), on which the asset transfer procedures shall be handled. If any registration of change of particulars and transfer procedures are required for any target assets, CISF shall cooperate with Suntien Electricity to continue to proceed with relevant procedures.

With effect from the Asset Transfer Completion Date, the Target Project Assets and all rights, obligations and risks attached thereto shall be assumed and borne by Suntien Electricity.

With effect from the Asset Transfer Completion Date, all relevant contracts of the Hengshui Project and the Cangzhou Project (including but not limited to sale and purchase of electricity contracts, on-grid connection arrangement agreements, etc.) shall no longer be executed in the name of CISF, and CISF shall be obligated to cooperate with Suntien Electricity to complete the procedures for the change of contract party.

If CISF receives any electricity tariff from grid companies that has incurred prior to the completion date or any government subsidies yet to be collected for electricity generation project relating to the Target Project Assets after the Asset Transfer Completion Date, CISF shall hand over such payments to Suntien Electricity in one lump sum within 30 days after receiving such payments.

Payment terms

: The parties agreed that the Asset Transfer Consideration shall be paid in installments:

- (1) within 5 working days after the Asset Transfer Agreement becoming effective, Suntien Electricity shall pay 40% of the Assets Transfer Consideration to CISF;
- (2) on the Asset Transfer Completion Date, Suntien Electricity shall pay 30% of the Asset Transfer Consideration to CISF; and
- (3) within 10 working days after the completion of the assets transfer procedure, Suntien Electricity shall pay the remaining Asset Transfer Consideration to CISF.

Within 60 days after the Asset Transfer Agreement becoming effective, if CISF fails to obtain the Third Party Waiver and the Third Party Letters of Consent, Suntien Electricity is entitled to terminate the agreement, and CISF shall return all Asset Transfer Consideration paid by Suntien Electricity to Suntien Electricity.

The Group will finance the Asset Transfer Consideration by its internal resources.

Vesting of the increase and decrease amount in net asset during the transition period : The parties agreed that for the period from the base date (being 30 June 2019) up to the Asset Transfer Completion Date, the increase or decrease in net asset of the Target Project Assets shall be assumed or borne by CISF, the specific amount of which shall be determined based on the audit report issued by auditors with the Asset Transfer Completion Date as the base date.

Creditors' rights and debts : All creditors' rights and debts related to the Target Project Assets shall be transferred along with the Target Project Assets, which shall be assumed or borne by Suntien Electricity.

CISF shall repay debts related to the Target Project Assets which are due on or before the Asset Transfer Completion Date, and shall make best endeavour to complete the debt assignment to Suntien Electricity by obtaining the written consents from relevant creditors in respect of debts not yet due before the Asset Transfer Completion Date.

III. THE EQUITY TRANSFER AGREEMENT

The execution and effective date : On 22 November 2019, the agreement became effective upon being signed and sealed by each party's legal representative or authorized representative.

Parties : The Company (as purchaser) and CISF (as seller).

Transfer subject : CISF agreed to transfer, and the Company agreed to acquire, 90% equity interests in CFPT.

Upon completion of the equity transfer, CFPT will become a non-wholly owned subsidiary of the Company.

Equity Transfer Consideration : The Equity Transfer Consideration is approximately RMB20.54 million. The aforesaid consideration was determined with reference to the appraised value of the net assets of CFPT (approximately RMB22.82 million) valued by an independent third party valuer. The valuation used the asset-based approach, with 30 June 2019 as the base date.

Completion

: The parties agreed that the Equity Transfer Completion Date shall be the fifth business day after (1) obtaining by CISF of written consent letters of waiving of the pre-emptive right to acquire the Target Equity or other legal documents of equal effect from other shareholders of CFPT (the “**Shareholder Waiver Letter**”) and (2) discharging the pledge of the Target Equity (“**Share Pledge**”). With effect from the Equity Transfer Completion Date, all rights, obligations and risks of the Target Equity shall be transferred.

Before the Equity Transfer Completion Date, CISF shall hand over all assets and relevant files of CFPT to the Company.

Payment terms

: The parties agreed that the Equity Transfer Consideration shall be paid in installments:

- (1) within 5 working days after the Equity Transfer Agreement becoming effective, the Company shall pay 40% of the Equity Transfer Consideration to CISF;
- (2) on the Equity Transfer Completion Date, the Company shall pay 30% of the Equity Transfer Consideration to CISF; and
- (3) within 10 working days after the completion of the registration of change of shareholders and all the equity transfer procedures by CFPT, the Company shall pay the remaining Equity Transfer Consideration to CISF.

Within 60 days after the Equity Transfer Agreement becoming effective, if CISF fails to obtain the Shareholder Waiver Letter or discharge the Share Pledge, the Company is entitled to terminate the agreement, and CISF shall return all the Equity Transfer Consideration paid by the Company.

The Company will finance the Equity Transfer Consideration by its internal resources.

Vesting of interest during the transition period

: The parties agreed that for the period from the base date (being 30 June 2019) up to the Equity Transfer Completion Date, the profit or loss of CFPT shall be assumed or borne by CISF, the specific amount of which shall be determined based on the audit report issued by auditors with the Equity Transfer Completion Date as the base date.

IV. INFORMATION OF THE TARGET PROJECT ASSETS AND CFPT

1. The Target Project Assets

Hengshui Project is located on the rooftop of the factory premises of an independent third party enterprise in the Hebei Province Hengshui Economic Development Zone (河北省衡水市經濟開發區), with a total installed capacity of 2.13MW. The power station was completed in June 2016 and commenced grid integrated power generation in August 2016.

Cangzhou Project is located in the premises of an independent third party enterprise in Cangzhou City, Hebei Province, with a total installed capacity of 1.21MW. The power station commenced grid integrated power generation in August 2017.

According to the special audit report of CISF prepared by independent third party auditors in accordance with the generally accepted accounting principles of the PRC, the carrying amount of the Target Project Assets and the total net asset value of the Target Project Assets as at 30 June 2019 were approximately RMB20.21 million and approximately RMB20.14 million, respectively, and the Target Project Assets' audited profits (or loss) before tax and extraordinary items and after tax and extraordinary items for each of the two years ended 31 December 2017 and 2018 were as follows:

	For the year ended 31 December	
	2017	2018
Profit before tax and extraordinary items	RMB1.33 million	RMB1.53 million
Profit after tax and extraordinary items	RMB1.33 million	RMB1.53 million

2. CFPT

CFPT was incorporated under the laws of the PRC on 30 November 2016 with a registered capital of RMB50 million, which was contributed 90% by CISF and 10% by Tangshan Jigan Investment Partnership Enterprise* (唐山冀乾投資合夥企業), an independent third party. CFPT primarily invests in the construction of Baoshuo Project and Longde Project.

Baoshuo Project is located on the rooftop of the factory premises of an independent third party enterprise at the north of Libao Village, Mancheng Town, Mancheng County, Baoding City, Hebei Province, with a total installed capacity of 3.03MW. The power station officially commenced grid integrated power generation in June 2017.

Longde Project is located on the rooftop of the premise of an independent third party enterprise in Wei County, Xingtai City, Hebei, with a total installed capacity of 9.82MW. The power station officially commenced grid integrated power generation in February 2019.

According to the special audit report of CFPT prepared by independent third party auditors in accordance with the generally accepted accounting principles of the PRC, the book value of assets and the total net asset value of CFPT as at 30 June 2019 were approximately RMB84.76 million and approximately RMB30.94 million, respectively, and its audited profits (or loss) before tax and extraordinary items and after tax and extraordinary items for each of the two years ended 31 December 2017 and 2018 were as follows:

	For the year ended 31 December	
	2017	2018
Profit before tax and extraordinary items	RMB0.65 million	RMB0.68 million
Profit after tax and extraordinary items	RMB0.65 million	RMB0.68 million

V. REASONS FOR AND BENEFITS OF THE ACQUISITION

Taking into account of the growth prospect of distributed photovoltaic power generation business and the good expected revenue of the four underlying distributed photovoltaic power generation projects in the Acquisition, the Company is of the view that the Acquisition will further expand the Company's photovoltaic power generation business and build a good foundation for the expansion of the Company's distributed photovoltaic power generation project business.

For the above reasons, the Directors (including the independent non-executive Directors) are of the view that the Asset Transfer Agreement and Equity Transfer Agreement are entered into on an arm's length basis and on normal commercial terms, and the terms of the Asset Transfer Agreement, the Equity Transfer Agreement and the Acquisition are fair and reasonable and in the interests of the Company and its shareholders as a whole.

VI. IMPLICATION UNDER THE LISTING RULES

CISF is a wholly-owned subsidiary of HECIC, the controlling shareholder of the Company which directly holds 50.5% issued share capital of the Company. As such, pursuant to the Listing Rules, CISF is a connected person of the Company and the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more applicable percentage ratios of the Acquisition exceed 0.1% but are less than 5%, this transaction is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but is exempt from independent shareholders' approval requirements.

As each of Dr. Cao Xin, Dr. Li Lian Ping, Mr. Qin Gang and Mr. Wu Hui Jiang hold office in HECIC, they have abstained from voting on the Board resolutions on approving the Asset Transfer Agreement, the Equity Transfer Agreement and the Acquisition as required under the articles of association of the Company. Save as the abovementioned, none of the Directors has any material interest in the Asset Transfer Agreement, the Equity Transfer Agreement and the Acquisition and hence no other Director is required to abstain from voting on the relevant Board resolutions.

VII. GENERAL INFORMATION

1. The Company and Suntien Electricity

The Company is one of the leading clean energy companies in Northern China. Its scope of business includes: (i) investment in the exploration and utilization projects of natural gas, coalbed methane and coal-made natural gas; (ii) investment in the exploration of new energy projects such as wind power and solar power; and (iii) development of new energy technology and technical services.

Suntien Electricity is a wholly-owned subsidiary of the Company, primarily engages in the sales of electricity, engineering construction of power transmission and distribution, contractual energy management and electricity consultancy.

2. CISF

CISF is a wholly-owned subsidiary of HECIC. It primarily engages in the development of distributed energy system, exploration and sales of energy conservation and emission reduction technologies.

VIII. DEFINITIONS

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

“Acquisition”	the acquisition of the Target Project Assets and the acquisition of the Target Equity
“Asset Transfer Agreement”	the asset transfer agreement in relation to the transfer of the Target Project Assets entered into by Suntien Electricity and CISF on 22 November 2019
“Asset Transfer Completion Date”	the completion date for the transfer of the Target Project Assets as prescribed in the Asset Transfer Agreement
“Asset Transfer Consideration”	the consideration for the transfer of the Target Project Assets as prescribed in the Asset Transfer Agreement
“Baoshuo Project”	the 3.03MW rooftop distributed photovoltaic power generation project in an independent third party enterprise located at the north of Libao Village, Mancheng Town, Mancheng County, Baoding City, Hebei Province
“Board”	the board of Directors of the Company
“Cangzhou Project”	the 1.21MW distributed photovoltaic power generation project in an independent third party enterprise located in Cangzhou City, Hebei Province

“CFPT”	Hebei Construction & Financing Photovoltaic Technology Ltd.* (河北建融光伏科技有限公司), a company incorporated in the PRC with limited liability on 30 November 2016
“CISF”	Hebei Construction & Investment State Financing Energy Services Ltd.* (河北建投國融能源服務有限公司), a company incorporated in the PRC with limited liability on 10 January 2011
“Company”	China Suntien Green Energy Corporation Limited* (新天綠色能源股份有限公司), a joint stock company incorporated in the PRC with limited liability on 9 February 2010, whose H shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“controlling shareholder”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“distributed photovoltaic power generation”	the photovoltaic power generation facilities constructed and operated at or near the location of users, which are mainly for self-generation and self-consumption by users, with excessive electricity to be fed into the grid for balancing and adjustment
“Equity Transfer Agreement”	the equity transfer agreement in relation to the transfer of the Target Equity entered into by the Company and CISF on 22 November 2019
“Equity Transfer Completion Date”	the completion date for the transfer of the Target Equity as prescribed in the Equity Transfer Agreement
“Equity Transfer Consideration”	the consideration for the transfer of the Target Equity as prescribed in the Equity Transfer Agreement
“Group”	the Company and its subsidiaries
“HECIC”	Hebei Construction & Investment Group Co., Ltd.* (河北建設投資集團有限責任公司), a wholly state-owned enterprise incorporated in the PRC, and one of the promoters and the controlling shareholder of the Company, which is primarily engaged in the investment in and construction of projects in the foundation industries, infrastructures and provincial pillar industries, including energy, transportation, water supply and commercial real estate
“Hengshui Project”	the 2.13MW photovoltaic power generation project in an independent third party enterprise located in the Hebei Province Hengshui Economic Development Zone (河北省衡水市經濟開發區)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Longde Project”	the 9.82MW rooftop distributed photovoltaic power generation project in an independent third party enterprise located in Wei County, Xingtai City, Hebei Province
“MW”	unit of power, megawatt. 1MW = 1,000 kW. The installed capacity of power plants is generally expressed in MW
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it in the Listing Rules
“Suntien Electricity”	Suntien Hebei Electricity Sales Co., Ltd.* (新天河北電力銷售有限公司), a company incorporated in the PRC with limited liability on 25 September 2016, which is a wholly-owned subsidiary of the Company
“Target Equity”	90% equity interests in CFPT
“Target Project Assets”	relevant assets and liabilities of the Hengshui Project and the Cangzhou Project

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

Shijiazhuang City, Hebei Province, the PRC, 22 November 2019

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

* For identification purposes only