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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)**

**CHANGE IN THE INVESTMENT METHOD OF THE USE OF PROCEEDS  
AND  
CONNECTED TRANSACTION IN RELATION TO THE PROVISION OF  
INTEREST-BEARING LOANS TO CAOFEIDIAN COMPANY**

**CHANGE IN THE INVESTMENT METHOD OF THE USE OF PROCEEDS**

References are made to the announcements of the Company dated 9 January 2022 and 24 February 2022 in relation to the non-public issuance of 337,182,677 A Shares by the Company to 22 specific target subscribers. The net Proceeds raised from the A Shares Issuance, after deduction of issuance expenses, amounted to approximately RMB4,545 million, of which approximately RMB3,334 million was intended to be injected into Caofeidian Company by means of capital increase and used for construction of and investment in the Funded Projects, namely the Tangshan LNG Project (first phase and second phase), Tangshan LNG Terminal Outbound Pipelines Project (Caofeidian-Baodi section) and Tangshan LNG Terminal Outbound Pipelines Project (Baodi-Yongqing section).

In order to accelerate the construction of the Funded Projects and improve the efficiency of the use of the Proceeds, the Board has considered and approved for the Company's change in the investment method for the use of Proceeds in the construction of the Funded Projects. The method of investment shall be changed to "injection of the Proceeds by means of capital increase and provision of an interest-bearing loan for the construction of the Funded Projects". In particular, up to RMB3 billion interest-bearing loans in aggregate will be provided to Caofeidian Company, and the available balance of the Proceeds will be injected into Caofeidian Company by means of capital increase. In accordance with the relevant requirements of the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and the articles of association of the Company, the proposal in relation to the change in the method of investment of the use of Proceeds is required to be submitted to the general meeting of the Company for consideration and approval.

## **CONNECTED TRANSACTION IN RELATION TO THE PROVISION OF INTEREST-BEARING LOANS TO CAOFEIDIAN COMPANY**

On 28 April 2022, the Company entered into the Loan Agreement with Caofeidian Company, pursuant to which, conditional upon, among other things, the resolution on the proposed change in the method of investment of use of Proceeds being considered and approved at a general meeting of the Company, the Company will provide interest-bearing loans of RMB3 billion in aggregate to Caofeidian Company in phases according to Caofeidian Company's capital use plan for a term of not more than three years. The Loans shall be funded by the Proceeds and will be used for the investment and construction of the Funded Projects. The interest rate of each Loan drawdown shall be calculated based on the one-year loan prime rate (LPR) as announced by the National Interbank Funding Center on the working day prior to the drawdown date, minus five basis points.

HECIC, the controlling shareholder of the Company, holds 10% or more equity interest in Caofeidian Company, and Caofeidian Company is therefore a connected subsidiary of the Company. As such, the Loans constitute a connected transaction involving the provision of financial assistance to a connected person by the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of the Loan are 5% or above, the Loans are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company has appointed Gram Capital as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Loans.

The Company will convene a general meeting in due course to seek approval from the shareholders for the change in the method of investment of the Proceeds and the Loans (by Independent Shareholders only). A notice of the general meeting and a circular containing, among other things, (i) details of the change in the method of investment of the Proceeds and the Loans; (ii) a letter from the Independent Board Committee setting out its recommendations to the Independent Shareholders; and (iii) a letter of advice from Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, will be despatched to the shareholders of the Company within 15 business days after the publication of this announcement in accordance with the Listing Rules.

## BACKGROUND

References are made to the announcements of the Company dated 9 January 2022 and 24 February 2022 in relation to the non-public issuance of 337,182,677 A Shares by the Company to 22 specific target subscribers. The net Proceeds raised from the A Shares Issuance, after deduction of issuance expenses, amounted to approximately RMB4,545 million.

According to the proposal for the A Shares Issuance of the Company, the Proceeds as to approximately RMB3,334 million and RMB1,211 million will be used for investment in the Funded Projects, replenishment of working capital and repayment of relevant bank loans of the Company, details of which are as follows:

<b>Project name</b>	<b>Implementing entity</b>	<b>Total investment (RMB million)</b>	<b>Proposed injection of Proceeds (RMB million)</b>
Tangshan LNG Project (first phase and second phase)	Caofeidian Company	18,597	2,398
Tangshan LNG Terminal Outbound Pipelines Project (Caofeidian-Baodi section)	Caofeidian Company	6,417	699
Tangshan LNG Terminal Outbound Pipelines Project (Baodi-Yongqing section)	Caofeidian Company	2,954	237
Replenishment of working capital and repayment of bank loans	Company	1,362	1,211
Total		<u>29,330</u>	<u>4,545</u>

As of 31 December 2021, the Company has accumulatively used approximately RMB512 million of the Proceeds, all of which were used for replenishment of working capital and repayment of bank loans. The balance of the Proceeds in the deposit account was approximately RMB4,037 million. From 5 March 2021, the date on which the Board considered and approved the relevant resolutions in relation to the proposal on A Shares Issuance, to 31 January 2022, the Group had made upfront payment of approximately RMB286 million in aggregate into the Funded Projects with self-raised funds, and paid the issuance expenses of approximately RMB4.15 million from the account of the Company's own capital. The Company intended to replace the above self-raised funds invested in advance into the Funded Projects and paid for the issuance expenses with the Proceeds of approximately RMB290 million.

## **CHANGE IN THE METHOD OF INVESTMENT OF THE USE OF PROCEEDS**

In order to accelerate the construction of the Funded Projects and improve the efficiency of the use of the Proceeds, the Board has considered and approved the Company's change in the method of investment of the use of Proceeds in the construction of the Funded Projects from "injection of the Proceeds into the project implementing entity by means of capital increase" to "injection of the Proceeds by means of capital increase and provision of interest-bearing loans for the construction of the Funded Projects". In particular, up to RMB3 billion interest-bearing loans in aggregate will be provided to Caofeidian Company, and the available balance of the Proceeds will be injected into Caofeidian Company by means of capital increase.

Except for the above changes, the implementing entity, locations, investment projects and fund amounts as set out in the use of Proceeds plan remain unchanged. The change in the method of investment of the use of Proceeds shall not have any material and adverse effects on the implementation of the Funded Projects.

In accordance with the relevant requirements of the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and the articles of association of the Company, the proposal in relation to the change in the method of investment of the use of Proceeds is required to be submitted to the general meeting of the Company for consideration and approval.

## **CONNECTED TRANSACTION IN RELATION TO THE PROVISION OF INTEREST-BEARING LOANS TO CAOFEIDIAN COMPANY**

On 28 April 2022, the Company entered into the Loan Agreement with Caofeidian Company, pursuant to which, conditional upon, among other things, the resolution on the proposed change in the method of investment of use of Proceeds being considered and approved at a general meeting of the Company, the Company will provide interest-bearing loans to Caofeidian Company in phases according to Caofeidian Company's capital use plan for the investment and construction of the Funded Projects.

The principal terms of the Loan Agreement are as follows:

Date of agreement and effectiveness : 28 April 2022

The Loan Agreement is subject to the approval by the internal decision-making bodies of both parties, and will become effective upon the following conditions being satisfied:

- (1) the Loan Agreement having been signed and sealed by the legal representatives or authorised representatives of both parties;
- (2) the change in the method of investment of the use of Proceeds of the Company having been considered and approved at the general meeting of the Company; and
- (3) the Loans having been considered and approved at the general meeting of the Company.

Parties : The Company (as lender) and Caofeidian Company (as borrower)

Source and use of the Loans : The Loans shall be funded by the Proceeds from the A Shares Issuance, which are specifically allocated for the construction of the Funded Projects

Amount and term of the Loans : The amount of the Loans shall be RMB3 billion.

The term of the Loans shall be 36 months from the first drawdown date. Caofeidian Company may make drawdown once or multiple times based on its actual need of funds within 36 months from the date of the first drawdown upon the Loan Agreement taking effect. The repayment date of any drawdown shall not exceed the loan expiry date as set out in the Loan Agreement.

Principle and method of interest :  
rate determination

1. Principle of Loan interest rate determination: The rate shall be determined with reference to the interest rates for bank loans of Caofeidian Company with the same duration from financial institutions and adjusted simultaneously according to the loan prime rate (LPR) for loans with the same duration. In the event that the interest rates for bank loans of Caofeidian Company with the same duration from financial institutions are adjusted, the interest rate(s) under the Loan Agreement may be revised through the execution of a supplemental agreement upon the provision of supporting documents by Caofeidian Company such as loan contracts or withdrawal slips. The revised interest rate(s) shall only be applicable to the future period, and the final adjustment shall be determined by the Company.
2. The interest rate of each Loan drawdown shall be determined based on the pricing basis and floating points. The pricing basis shall be the one-year LPR as announced by the National Interbank Funding Center on the working day prior to the date of each drawdown (hereinafter referred to as the first rate determination date), and the floating points shall be minus five basis points (one basis point refers to 0.01%, the same applies hereinafter).
3. Subsequent to the first rate determination date, interest rate of the Loans shall be applicable for a period of 12 months, and will be reviewed and adjusted every 12 months. The Loan interest for each interest period shall be calculated according to the Loan interest rate as adjusted and applicable to such interest period. The rate determination date of the second and subsequent interest periods shall be the anniversaries of the first drawdown, and the lender shall adjust the Loan interest rate on each anniversary day based on the loan prime rate for the same term as announced by the National Interbank Funding Center on the last working day prior to that day minus the floating points.
4. The loan interest shall be calculated on a daily basis from the actual drawdown date and accrued quarterly. The interest shall be repaid by matching with the principal upon the expiry date. The daily interest rate = interest rate per annum/360. If the interest rate fluctuates repeatedly in a single interest accrual period, the interest shall be calculated as the aggregate amount of the interest in each floating period.

For reference purposes, it is expected that Caofeidian Company will pay interest to the Company at the rate of 3.65% per annum, being the one-year LPR at 3.70% as announced by the National Interbank Funding Center minus 5 basis points as at the date of this announcement and, with the total amount of approximately RMB328.5 million.

Drawdown

: Caofeidian Company shall submit a drawdown plan to the Company at least 30 days in advance and a drawdown notice in writing to the Company 10 days in advance in the event of any request for the drawdown of the Loans. If Caofeidian Company intends to make any adjustment to the drawdown plan, it shall submit an application to the Company three days in advance and make adjustments to the plan with the consent of the Company.

The drawdown shall only be deposited to the designated account(s) of Caofeidian Company for the relevant Funded Projects, which is/are not permitted to retain or transfer other type of funds.

In the event that Caofeidian Company fails to use funds or make drawdown in accordance with the agreed terms, the Company shall be entitled to cancel part or all of the Loans undrawn by Caofeidian Company.

Repayment

: Caofeidian Company shall repay the principal of the Loans by the Loan expiry date. In the event that Caofeidian Company fails to repay the principal of the Loans in accordance with the agreed terms, the Company shall charge a default interest at the agreed interest rate plus 50% on the Loan overdue amount from the overdue date until the principal of the Loans and any interest accrued thereon are settled. The Company shall be entitled to impose compound interest on any interest failed to be paid by Caifeidian Company as scheduled (including default interest) at the aforesaid default interest rate for the Loans overdue amount.

The Company shall have the right to request for early repayment from Caofeidian Company based on the Company's capital position and Caofeidian Company's business operation, etc., and Caofeidian Company shall raise the capital (such as revenue for the period of project operation or project loans from financial institutions) as soon as practicable to ensure that early repayment will be made within one month upon receipt of the notice from the Company.

In the case that the credit standing of Caofeidian Company deteriorates, the Company shall be entitled to cancel its commitment to Caofeidian Company in relation to all undrawn amounts of the Loans under Loan Agreement without giving any prior notice.

## **REASONS FOR AND BENEFITS OF CHANGE IN INVESTMENT METHOD OF THE USE OF PROCEEDS AND PROVISION OF THE LOANS**

The Company has intended to use the Proceeds primarily for the Funded Projects, as per its originally plan for use of Proceeds. On the one hand, the proposal to change the investment method of the Proceeds and provide Loans is due to the fact that the Funded Project is a significant construction project, where the equity and debt funds must be used in proportion to a reasonable ratio. The Company may maintain a reasonable pace in investment in the Funded Projects and expedite the fund injection process through the provision of interest-bearing loans, thereby ensuring smooth progress of the Funded Projects. On the other hand, provision of interest-bearing loans will temporarily reduce the external financing of Caofeidian Company for the purposes of the Funded Projects, make no increase to the Company's indebtedness and thereby enhance the capital management efficiency of the Group. The manner and use of the Proceeds are in line with the direction of the Company's business development and in accordance with the use of Proceeds plan, and there is no circumstance where the purpose of the Proceeds is changed in any disguised form.

The Board is of the view that the Loans are made on normal commercial terms. Although the Loans are not provided to Caofeidian Company in the ordinary and usual course of business of the Company, the relevant terms are fair and reasonable, and in the interests of the Company and its shareholders as a whole. As Dr. Cao Xin, Dr. Li Lian Ping, Mr. Qin Gang and Mr. Wu Hui Jiang hold positions in HECIC, and Mr. Mei Chun Xiao and Mr. Wang Hong Jun hold positions in Caofeidian Company, they have abstained from voting on the resolution of the Board approving the Loans. Save for the above, none of the Directors has any material interest in the Loans and no other Director is therefore required to abstain from voting on the relevant resolution of the Board.

## **IMPLICATIONS UNDER THE LISTING RULES**

HECIC, the controlling shareholder of the Company, holds 10% or more equity interest in Caofeidian Company, and Caofeidian Company is therefore a connected subsidiary of the Company. As such, the Loans constitute a connected transaction involving the provision of financial assistance to a connected person by the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of the Loans are 5% or above, the Loans are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company has appointed Gram Capital as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Loans.

The Company will convene a general meeting in due course to seek approval from the shareholders for the change in the method of investment of the use of Proceeds and the Loans (by the Independent Shareholders only). A notice of the general meeting and a circular containing, among other things, (i) details of the change in the method of investment of the use of Proceeds and the Loans; (ii) a letter from the Independent Board Committee setting out its recommendations to the Independent Shareholders; and (iii) a letter of advice from Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, will be despatched to the shareholders of the Company within 15 business days after the publication of this announcement in accordance with the Listing Rules.

## **GENERAL INFORMATION**

### **The Company**

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

### **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 and construction of energy, transportation, water business, commercial real estates and other infrastructure industries, infrastructures and pillar industries of Hebei Province.

### **Caofeidian Company**

Caofeidian Company was incorporated under the laws of the PRC on 22 March 2018, and is held by the Company and HECIC as to 51% and 49%, respectively. It is primarily engaged in investment in the development of the Tangshan LNG Project (three phases), the Hebei Suntien Tangshan LNG Terminal Outbound Pipelines Project (Caofeidian-Baodi section) and the Hebei Suntien Tangshan LNG Terminal Outbound Pipelines Project (Baodi-Yongqing section).

## DEFINITIONS

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

“A Shares”	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each subscribed for and paid up in RMB, which is listed on the Main Board of the Shanghai Stock Exchange and traded in Renminbi
“A Shares Issuance”	the non-public issuance of 337,182,677 A Shares by the Company to 22 specific target subscribers completed on 6 January 2022
“Board”	the board of Directors of the Company
“Caofeidian Company”	Caofeidian Suntien Liquefied Natural Gas Co., Ltd.* (曹妃甸新天液化天然氣有限公司), a company incorporated in the PRC with limited liability on 22 March 2018, and a non-wholly owned subsidiary and a connected subsidiary of the Company
“Company”	China Suntien Green Energy Corporation Limited* (新天綠色能源股份有限公司), a joint stock company incorporated in the PRC with limited liability on 9 February 2010, the H shares and A Shares of which are listed on the main board of the Stock Exchange and the main board of the Shanghai Stock Exchange, respectively
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“connected subsidiary(ies)”	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
“Funded Projects”	the investment in and construction of the Tangshan LNG Project (first phase and second phase), Tangshan LNG Terminal Outbound Pipelines Project (Caofeidian-Baodi section) and Tangshan LNG Terminal Outbound Pipelines Project (Baodi-Yongqing section)

“Gram Capital” or “Independent Financial Adviser”	Gram Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance, which is the independent financial adviser to advise the Independent Board Committee and Independent Shareholders in respect of the Loans
“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 state-owned enterprise incorporated in the PRC, and the controlling shareholder of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee established by the Company, comprising all of the independent non-executive Directors, namely Mr. Guo Ying Jun, Mr. Wan Yim Keung, Daniel and Dr. Lin Tao, for the purpose of advising the Independent Shareholders in respect of the Loans
“Independent Shareholders”	the shareholders of the Company other than HECIC and its associates (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loans”	a series of Loans of not more than RMB3 billion in aggregate that are proposed to be provided to Caofeidian Company by the Company from the Proceeds
“Loan Agreement”	the loan agreement entered into between the Company and Caofeidian Company on 28 April 2022 in relation to the Loans
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes the Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan region
“Proceeds”	the actual amount of net Proceeds upon completion of the A Shares Issuance (after deduction of issuance expenses) amounting to approximately RMB4,545 million
“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

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  
28 April 2022

*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. Guo Ying Jun, Mr. Wan Yim Keung, Daniel and Dr. Lin Tao.*

\* *For identification purposes only*