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

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

(Stock Code: 00956)

CONTINUING CONNECTED TRANSACTION
NATURAL GAS PIPELINE TRANSMISSION SERVICES

The Board hereby announces that New-energy Supply Chain (as service recipient), a wholly-owned subsidiary of the Company, has entered into the Service Contract with Caofeidian Company (as service provider), pursuant to which Caofeidian Company will provide the Pipeline Transmission Services to New-energy Supply Chain. The contract term shall be from 29 August 2023 to 31 December 2025. The Company expects that the annual cap of the Pipeline Transmission Services under the Service Contract will be approximately RMB200 million, RMB400 million and RMB400 million for each of the three years ended 31 December 2023, 2024 and 2025, respectively.

Caofeidian Company is a non-wholly owned subsidiary of the Company; and HECIC is the controlling shareholder holding 49.17% equity interest in the Company and directly holds 10% or more equity interest in Caofeidian Company. Therefore, Caofeidian Company is a connected subsidiary of the Company and the Transaction constitutes a continuing connected transaction of the Group under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Transaction exceeds 0.1% but is less than 5%, the Transaction is therefore subject to the reporting and announcement requirements but exempt from the circular and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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I. SERVICE CONTRACT

The principal terms of the Service Contract are as follows:

- Date: 29 August 2023
- Parties: (i) New-energy Supply Chain (as service recipient); and
(ii) Caofeidian Company (as service provider)
- Term of the contract: From 29 August 2023 to 31 December 2025.

Prior to the expiry of the term of the Service Contract, New-energy Supply Chain may request for renewal in writing 60 days in advance, and with the consent of Caofeidian Company, the parties may negotiate the renewal of the Service Contract or enter into a new service contract.

Services: Under the terms of the Service Contract, Caofeidian Company shall receive the natural gas to be delivered by New-energy Supply Chain at the receiving point and transmit the natural gas to the designated delivery point through the pipeline transmission network.

New-energy Supply Chain shall report to Caofeidian Company in October each year on the amount of natural gas to be used in the following year and may adjust the specific pipeline transmission consumption on a monthly and weekly basis.

Service charges and pricing basis: The amount of the Pipeline Transmission Service fee to be paid by New-energy Supply Chain to Caofeidian Company is equal to the product of the unit service fee rate (tax inclusive) for the relevant service and the actual volume of natural gas transmitted by Caofeidian Company for New-energy Supply Chain (calculated in cubic metres) during the relevant settlement cycle.

The Pipeline Transmission Service fee shall be calculated in accordance with the national pricing mechanism and rules. According to the “Letter in Response to the Provisional Natural Gas Transmission Price to be Charged by Caofeidian Suntien Liquefied Natural Gas Co., Ltd.” issued by the Development and Reform Committee of Hebei Province, the provisional price for external pipeline transmission shall be RMB0.295/square metre. In the event of re-approval or adjustment on the pipeline transmission prices by the competent pricing supervisory and regulatory authority, Caofeidian Company will inform New-energy Supply Chain the updated pricing rates in writing, which will specify the effective date of settlement at the new rates.

Proposed Annual Caps and Basis of Determination

As the terminals of the Tangshan LNG project just commenced commissioning in late June 2023 and its long-distance pipelines have not yet been formally put into commercial operation, Caofeidian Company did not provide any Pipeline Transmission Services to the Group during the previous years.

The Group expects the annual cap for each of the three years ending 31 December 2023, 2024 and 2025 to be RMB200 million, RMB400 million and RMB400 million, respectively.

These annual caps were determined with reference to the following factors:

1. it is expected that the Group's potential demand for pipeline natural gas and distribution capacity will continue to grow each year;
2. with the continuous growth in the volume of the Group's LNG business, the Group expects that the annual pipeline transmission volume of natural gas will also continue to grow, and therefore the pipeline transmission volume is expected to reach to approximately 1.36 billion cubic metres per annum; and
3. the Company expects that the prevailing government-approved Pipeline Transmission Services fee rate for Caofeidian Company (i.e. RMB0.295 per cubic metre) will remain unchanged for the next three years.

II. REASONS FOR AND BENEFITS OF THE TRANSACTION

As the overall layout of the natural gas business of the Group, the Company has invested in the development of the Tangshan LNG Project (in 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) through Caofeidian Company. Currently, Caofeidian Company has entered into an LNG terminal service agreement with New-energy Supply Chain in relation to provision of LNG terminal services to New-energy Supply Chain. In view of the special storage and transportation requirements of natural gas (especially LNG), the transportation of natural gas mainly relies on pipeline transmission. As both Caofeidian Company and New-energy Supply Chain belong to the Group, Caofeidian Company is familiar with the business operations and needs of New-energy Supply Chain, and is therefore in a better position to co-ordinate with New-energy Supply Chain for its natural gas receiving and transmission plans to ensure the smooth natural gas business operation of New-energy Supply Chain.

Through the provision of Pipeline Transmission Services to New-energy Supply Chain, Caofeidian Company will be able to significantly increase the utilisation rate of the gasification services at the terminal of the Tangshan LNG project and the external pipelines; and by charging the Pipeline Transmission Service fees, Caofeidian Company will enhance its profitability and improve its return on investment.

On the other hand, New-energy Supply Chain has been actively establishing a diversified gas supply network to match the layout of pipeline network and the need for peaking facilities, and to plan reasonably for the supply capacity according to the downstream gas consumption structure, and form a safe and efficient natural gas production, supply, storage and sales system by relying on the terminal of the Tangshan LNG project and pipeline network layout, so as to assist in the coordinated development of the upstream, midstream and downstream of the industry chain.

Accordingly, the Transaction can further ensure New-energy Supply Chain will meet the gas demand of the Beijing-Tianjin-Hebei region and the neighbouring regions, and at the same time enhance the utilisation efficiency of the LNG terminal and the long-distance pipelines of the Tangshan LNG project, thereby continuing to expand the end-market scale of the Group's natural gas business and enhancing the Group's influence in the industry.

The Directors (including the independent non-executive Directors) consider that the Service Contract was entered into by the Group in the ordinary and usual course of business and on normal commercial terms and that the contract terms as well as the transaction and annual caps thereunder are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

III. IMPLICATIONS UNDER THE LISTING RULES

Caofeidian Company is a non-wholly owned subsidiary of the Company; and HECIC is the controlling shareholder holding 49.17% equity interest in the Company and directly holds 10% or more equity interest in Caofeidian Company. Therefore, Caofeidian Company is a connected subsidiary of the Company and the Transaction constitutes a continuing connected transaction of the Group under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Transaction exceeds 0.1% but is less than 5%, the Transaction is therefore subject to the reporting and announcement requirements but exempt from the circular and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As Dr. Cao Xin, Mr. Qin Gang and Mr. Wang Tao hold positions in HECIC, and Mr. Mei Chun Xiao and Mr. Wang Hong Jun hold positions in Caofeidian Company, they are regarded as having a material interest in the Service Contract, and therefore, they have abstained from voting on the Board resolution approving the Service Contract and the transaction contemplated thereunder. Save for the above, none of the Directors has a material interest in the Transaction and, therefore, no other Director was required to abstain from voting on the relevant resolution of the Board.

IV. 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, LNG, compressed 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.

New-energy Supply Chain

New-energy Supply Chain is a wholly-owned subsidiary of the Company. It is a professional natural gas sales platform established to complete the integration of purchase, storage, transmission and sales of natural gas. It is mainly engaged in the sales of piped gas and LNG by relying on the Tangshan LNG Project and the supporting outbound pipelines project, and undertakes the task of distributing natural gas resources at the LNG terminals of the Tangshan LNG Project.

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 (in 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).

V. DEFINITIONS

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

“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 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 under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“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 established in the PRC, and the controlling shareholder of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LNG”	liquefied natural gas
“New-energy Supply Chain”	HECIC New-energy Supply Chain Management Co., Ltd.* (河北建投新能供應鏈管理有限公司), a wholly-owned subsidiary of the Company
“Pipeline Transmission Services”	the natural gas pipeline transmission services
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Service Contract”	the Natural Gas Pipeline Transmission Services Contract dated 29 August 2023 entered into between New-energy Supply Chain and Caofeidian Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Transaction”	the provision of Pipeline Transmission Services by Caofeidian Company to New-energy Supply Chain under the Service Contract

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

Shijiazhuang City, Hebei Province, the PRC, 29 August 2023

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

** For identification purposes only*