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國電科技環保集團股份有限公司

GUODIAN TECHNOLOGY & ENVIRONMENT GROUP CORPORATION LIMITED*

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

(Stock code: 01296)

CONTINUING CONNECTED TRANSACTIONS ENTERING INTO THE PROPERTY LEASE FRAMEWORK AGREEMENT 2019

Reference is made to the announcement of Guodian Technology & Environment Group Corporation Limited* (the “**Company**”, and together with its subsidiaries, the “**Group**”) dated 28 December 2017 (the “**Announcement**”) in relation to, among others, certain property lease agreements and the property lease framework agreement (the “**Existing Property Lease Framework Agreement**”) with Guodian New Energy Technology Research Institute Limited* (國電新能源技術研究院有限公司) (“**New Energy Research Institute**”) in order to lease certain premises from New Energy Research Institute. As the Existing Property Lease Framework Agreement will expire on 31 December 2018, considering that the Group will continue to lease certain premises from New Energy Research Institute, the Company entered into a property lease framework agreement for 2019 (the “**Property Lease Framework Agreement 2019**”) with New Energy Research Institute on 28 December 2018. Pursuant to the Property Lease Framework Agreement 2019, New Energy Research Institute agrees to lease certain premises to the Group for a term of one year commencing from 1 January 2019 and ending on 31 December 2019. Pursuant to the Property Lease Framework Agreement 2019, the Group will pay the rent and property management fee for the leased properties.

China Energy Investment Group Corporation Limited* (國家能源投資集團有限公司) (“**China Energy**”) and China Guodian Corporation Limited* (中國國電集團有限公司) (“**Guodian Group**”) are both controlled by the SASAC. As approved by the SASAC (Guo Zi Fa Gai Ge [2017] No. 146), China Energy and Guodian Group have implemented strategic restructuring, such that Guodian Group is absorbed by and merged into China Energy. Prior to the absorption and merger, Guodian Group holds 78.40% equity interests of the Company. After the absorption and merger, all of the assets, liabilities, businesses, staff, contracts, qualifications and all other rights and obligations of Guodian Group will be transferred to/assumed by China Energy. China Energy/Guodian Group and their subsidiaries are connected persons of the Company as defined under Chapter 14A of the Listing Rules. The transactions between the Group and China Energy/Guodian Group and their subsidiaries constitute connected transactions of the Company under the Listing Rules. New Energy Research Institute is wholly owned by China Energy/Guodian Group, and is therefore a connected person of the Company. The transactions contemplated under the Property Lease Framework Agreement 2019 constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios exceeds 0.1% but is less than 5%, the continuing connected transactions contemplated under the Property Lease Framework Agreement 2019 and the annual cap set out therein are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

THE PROPERTY LEASE FRAMEWORK AGREEMENT 2019

Reference is made to the Announcement in relation to, among others, certain property lease agreements and the Existing Property Lease Framework Agreement with New Energy Research Institute in order to lease certain premises from New Energy Research Institute. As the Existing Property Lease Framework Agreement will expire on 31 December 2018, considering that the Group will continue to lease premises from New Energy Research Institute, the Company entered into the Property Lease Framework Agreement 2019 with New Energy Research Institute on 28 December 2018 to lease the premises for a term of one year commencing from 1 January 2019 and ending on 31 December 2019.

Date:

28 December 2018

Parties:

- (1) The Company; and
- (2) New Energy Research Institute

Material Terms:

The Property Lease Framework Agreement 2019 is for a term of one year commencing from 1 January 2019 and ending on 31 December 2019, subject to compliance with the requirements of the Listing Rules by the Company, and shall be renewable upon mutual agreement by the parties. During the term of the leases for the properties, each party to each lease will bear its respective taxes in accordance with the applicable laws and regulations. The Company has guaranteed that the Group will pay the rent and property management fee for each of the properties in a timely manner and that the Group will use the properties in accordance with the agreed purposes of the leases and will not damage the value of the use of the properties.

Annual Cap and Historical Figure of Rent and Property Management Fee:

Pursuant to the Property Lease Framework Agreement 2019, the Group will pay the rent and property management fee for the leased properties.

The rent will be calculated according to the construction area of the premises and shall not exceed RMB3.6 per square metre per day (exclusive of the property management fee and water and electricity fees). The property management fee will be calculated according to the construction area of the premises and shall not exceed RMB1.7 per square metre per day (exclusive of the water and electricity fees). The rent may be adjusted by mutual agreement or by the appointment of an independent valuer recognized by both parties and the property management fee may be adjusted by mutual agreement. However, such adjustment shall be reasonable and shall not be higher than the amount of rent/property management fee that would be payable by third party tenants and charged by an independent third party for similar properties.

The annual cap of the rent and property management fee under the Property Lease Framework Agreement 2019 for the year ending 31 December 2019 is RMB47,000,000. The rent and property management fee will be determined based on the condition of each premise with reference to the fair and reasonable market price and rents and property management fee of comparable properties in similar locations. The annual cap was calculated after taking into account the demand of the Group for leasing the properties from New Energy Research Institute and the historical figures thereof. As disclosed in the Announcement, the annual cap to lease the properties under the Existing Property Lease Framework Agreement for the year ending 31 December 2018 is RMB23,000,000. The actual rent incurred under the Existing Property Lease Framework Agreement was approximately RMB11,362,943 for the eleven months ended 30 November 2018.¹

REASONS FOR AND BENEFITS OF ENTERING INTO THE PROPERTY LEASE FRAMEWORK AGREEMENT 2019

The Company is of the view that the transactions contemplated under the Property Lease Framework Agreement 2019 shall provide certain subsidiaries of the Company with stable and necessary office premises, and allow them to conduct their businesses in New Energy Research Institute's properties. The Property Lease Framework Agreement 2019 was entered into after arm's length negotiations and is beneficial to the Group.

The directors of the Company (the "**Directors**") (including the independent non-executive Directors but excluding Mr. Wang Zhongqu, Mr. Zhang Wenjian and Mr. Gu Yuchun) confirm that the terms of the Property Lease Framework Agreement 2019 (including the proposed annual cap) are on normal commercial terms or better, fair and reasonable, and the transactions contemplated thereunder were entered into in the ordinary and usual course of business of the Company and are in the interests of the Company and its shareholders as a whole.

Note:

¹ The property management fee was not included in the annual cap of Property Lease Framework Agreement 2018 and the actual rent amount incurred.

The non-executive Directors, Mr. Wang Zhongqu, Mr. Zhang Wenjian and Mr. Gu Yuchun, being Directors connected with China Energy/Guodian Group or their subsidiaries, have abstained from voting on the resolution in relation to the continuing connected transactions contemplated under the Property Lease Framework Agreement 2019 and the annual cap set out therein in view of their positions as connected Directors at the Company's board meeting. Save as disclosed above, none of the Directors has any material interests in the transactions contemplated under the Property Lease Framework Agreement 2019.

LISTING RULES IMPLICATIONS

China Energy and Guodian Group are both controlled by the SASAC. As approved by the SASAC (Guo Zi Fa Gai Ge [2017] No. 146), China Energy and Guodian Group have implemented strategic restructuring, such that Guodian Group is absorbed by and merged into China Energy. Prior to the absorption and merger, Guodian Group holds 78.40% equity interests of the Company. After the absorption and merger, all of the assets, liabilities, businesses, staff, contracts, qualifications and all other rights and obligations of Guodian Group will be transferred to/assumed by China Energy. China Energy/Guodian Group and their subsidiaries are connected persons of the Company as defined under Chapter 14A of the Listing Rules. The transactions between the Group and China Energy/Guodian Group and their subsidiaries constitute connected transactions of the Company under the Listing Rules. New Energy Research Institute is wholly owned by China Energy/Guodian Group, and is therefore a connected person of the Company. The transactions contemplated under the Property Lease Framework Agreement 2019 constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios exceeds 0.1% but is less than 5%, the continuing connected transactions contemplated under the Property Lease Framework Agreement 2019 and the annual cap set out therein are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INFORMATION ON THE PARTIES

The Group

The Group is primarily engaged in the provision of integrated clean technology solutions and services within the PRC through its two main business segments, with established market leading or dominant positions in the environmental protection, energy conservation and renewable energy equipment manufacturing and related services industries in the PRC.

New Energy Research Institute

New Energy Research Institute is wholly owned by China Energy/Guodian Group. It is primarily engaged in the provision of patent agency services, provision of training for new energy application technology, technology development, technology transfer, technology consulting, technology services, economic information consulting (excluding intermediary services), export and import of technology, leasing commercial housings, leasing office space, conference service, organizing cultural and arts communication activities (excluding performance), hosting exhibitions, provision of translation services, copyrights transferring and agency services, marketing planning, software development, product design and retail of electrical equipment and accessories.

By order of the Board of
Guodian Technology & Environment Group Corporation Limited*
Mr. CHEN Dongqing
Chairman

Beijing, PRC, 28 December 2018

As at the date of this announcement, the executive directors of the Company are Mr. Chen Dongqing, Mr. Zhang Jun and Mr. Tang Chaoxiong; the non-executive directors are Mr. Wang Zhongqu, Mr. Zhang Wenjian, Mr. Gu Yuchun and Mr. Yan Andrew Y.; and the independent non-executive directors are Mr. Shen Xiaoliu, Mr. Qu Jiuhui, Mr. Xie Qiuye and Mr. Yeung Chi Tat.

* *For identification purpose only*