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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 FRAMEWORK AGREEMENT OF SALE OF COMPREHENSIVE PRODUCTS AND SERVICES

THE FRAMEWORK AGREEMENT OF SALE OF COMPREHENSIVE PRODUCTS AND SERVICES

The Board is pleased to announce that, on 13 August 2021 (after trading hours), the Company entered into the Framework Agreement with Wangkui New Energy, pursuant to which the Company agrees to provide comprehensive products and services to Wangkui New Energy and its subsidiaries. The term of the Framework Agreement shall be effective from the date on which the Framework Agreement and the proposed annual cap for the transactions under the Framework Agreement are approved by the Independent Shareholders and end on 31 December 2021 (both days inclusive).

LISTING RULES IMPLICATIONS

As at the date of this announcement, Wangkui New Energy is 65% owned by the Company and 35% owned by Longyuan Technology. China Energy is the controlling shareholder of the Company, directly or indirectly holding approximately 78.40% of the issued share capital of the Company, and the Company directly holds approximately 22.83% of the issued share capital of Longyuan Technology. In addition, as at the date of this announcement, Hero Asia (BVI) Company Limited, a wholly-owned subsidiary of Longyuan Power, owns approximately 18.75% equity interests in Longyuan Technology. Since Longyuan Power is a subsidiary of China Energy and Longyuan Technology is a connected person of the Company, Wangkui New Energy is a connected person of the Company. Accordingly, the Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Since the highest applicable percentage ratio in respect of the proposed annual cap for the transactions contemplated under the Framework Agreement is more than 5%, the transactions contemplated under the Framework Agreement and the proposed annual cap are subject to the reporting, annual review, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The EGM will be convened to seek the approval of the Independent Shareholders on, among other things, the entering into of the Framework Agreement and the proposed annual cap. China Energy and its associates shall abstain from voting at the EGM for the resolutions to approve the entering into of the Framework Agreement and the proposed annual cap.

INDEPENDENT BOARD COMMITTEE

An Independent Board Committee comprising all the independent non-executive Directors will be established to advise the Independent Shareholders in relation to the fairness and reasonableness of the transactions under the Framework Agreement and the proposed annual cap, taking into account the recommendations provided by an independent financial adviser.

INDEPENDENT FINANCIAL ADVISER

The Company will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the transactions contemplated under the Framework Agreement and the proposed annual cap.

GENERAL

A circular containing, among other things, (i) details of the transactions under the Framework Agreement and the proposed annual cap thereof; (ii) a letter from an independent financial adviser to the Independent Board Committee and the Independent Shareholders containing its advice on the Framework Agreement and the proposed annual cap thereof; (iii) a letter from the Independent Board Committee to the Independent Shareholders containing the recommendations of the Independent Board Committee; and (iv) a notice convening the EGM, will be dispatched to the Shareholders on or before 3 September 2021, which is within 15 Business Days after the publication of this announcement.

1. BACKGROUND

The Board is pleased to announce that, on 13 August 2021 (after trading hours), the Company entered into the Framework Agreement with Wangkui New Energy, pursuant to which the Company agrees to provide comprehensive products and services to Wangkui New Energy and its subsidiaries. The term of the Framework Agreement shall be effective from the date on which the Framework Agreement and the proposed annual cap for the transactions under the agreement are approved by the Independent Shareholders and end on 31 December 2021 (both days inclusive).

2. THE FRAMEWORK AGREEMENT

A summary of the principal terms of the Framework Agreement is set out below:

Date

13 August 2021

Parties

- (1) The Company; and
- (2) Wangkui New Energy

Term

The term of the Framework Agreement shall commence on the date on which the Framework Agreement and the proposed annual cap for the transactions under the Framework Agreement are approved by the Independent Shareholders and end on 31 December 2021 (both days inclusive).

Description of the transactions

Pursuant to the Framework Agreement, the products or services that the Company shall provide to Wangkui New Energy and its subsidiaries include power station EPC, centralized control data access and intelligent station construction, intelligent online or remote monitoring and monitoring system, relevant commissioning, management and operation services.

The parties agree that the signing of the Framework Agreement shall not preclude them from choosing counterparties at their discretion, or conducting transactions with third parties. The Company undertakes that it will provide and procure its subsidiaries to provide Wangkui New Energy with products and services on terms no more favourable than those offered to third parties.

Wangkui New Energy agrees to prioritise the use of the Company's products and services in the event that conditions and fees payable for the products and services to be provided by third parties are comparable with those of the products and services to be provided by the Company.

The parties will enter into separate agreements from time to time and as required in relation to the provision of products or services pursuant to the Framework Agreement.

Pricing policy

The pricing of the products and services in relation to the Framework Agreement will be determined in accordance with the following principles and sequence, but shall not be lower than the price offered by the Group to independent third parties for the same products or services:

- (1) where there is a government-prescribed price, the government-prescribed price;
- (2) where there is no government-prescribed price but there is a government-guidance price, the government-guidance price;
- (3) where there is neither government-prescribed price nor government-guidance price, the historical transaction price or prevailing market price; or
- (4) where none of the aforesaid is available, the principle of reasonable cost plus reasonable profit shall be adopted in determining the appropriate price.

Proposed Annual Cap and Basis of Determination

The proposed annual cap of the products and services to be provided by the Company to Wangkui New Energy under the Framework Agreement is RMB700.0 million.

In determining the proposed annual cap, the Board has taken into account the following major factors, including but not limited to:

- (i) the potential procurement of the Group's (excluding Wangkui New Energy and its subsidiaries) power station EPC services by Wangkui New Energy by tender; and
- (ii) the estimated steady demand from Wangkui New Energy for the Group's centralized control data access and intelligent station construction, intelligent online or remote monitoring and monitoring system, relevant commissioning, management and operation services.

3. REASONS FOR AND BENEFITS OF ENTERING INTO THE FRAMEWORK AGREEMENT

Wangkui New Energy is an important client of the Group (excluding Wangkui New Energy and its subsidiaries). The self-constructed wind power project of Wangkui New Energy requires the procurement of the power station EPC services provided by the subsidiaries of the Group. Wangkui New Energy also requires the procurement of the centralized control data access and intelligent station construction, intelligent online or remote monitoring and monitoring system, relevant commissioning, management and operation services from the various subsidiaries of the Group.

The Framework Agreement is entered into in the ordinary course of business of the Company and is carried out at the market price. Its terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Directors (including the independent non-executive Directors, but excluding Mr. Wang Zhongqu, Mr. Song Chang, Mr. Zhang Wenjian and Mr. Gu Yuchun, the non-executive Directors) confirm that the terms of the Framework Agreement (including the proposed annual cap) are entered into on normal commercial terms, and the terms are fair and reasonable. The transactions contemplated under the Framework Agreement are entered into in the ordinary and usual course of business of the Company, and in the interest of the Company and the Shareholders as a whole.

Mr. Wang Zhongqu, Mr. Song Chang, Mr. Zhang Wenjian and Mr. Gu Yuchun, the non-executive Directors who are connected with China Energy and/or its subsidiaries, have abstained from voting on the resolutions of the Board to approve the Framework Agreement, the transactions contemplated thereunder and the proposed annual cap. Save as disclosed above, none of the Directors has any material interests in the Framework Agreement and the proposed annual cap and hence no other Director has abstained from voting on such Board resolutions.

4. INTERNAL CONTROL PROCEDURES

To ensure that the considerations for the continuing connected transactions of the Group are on normal commercial terms and that relevant terms (in particular, pricing terms, having taken into account reasonable costs and reasonable profits in determining the appropriate price) thereunder are complied with, the Company has adopted the following supervision and internal control procedures:

- (1) the Company has adopted and implemented a set of connected transactions administration rules. According to these rules, the department of securities financing and legal affairs of the Company is responsible for examining connected transaction agreements and continuing connected transaction

agreements to comply with applicable laws and regulations, company policies and the Listing Rules. Furthermore, the finance department, planning and development department and relevant business divisions of the Company are jointly responsible for evaluating the terms, in particular, the fairness of the pricing terms of each agreement; and

- (2) under the Listing Rules, the Company's independent non-executive Directors have reviewed and will continue to review the Company's connected transaction agreements or continuing connected transaction agreements to confirm that they are on normal commercial terms and in accordance with relevant agreements governing the relevant transactions. The auditors of the Company shall also conduct annual review on certain continuing connected transactions of the Group, to ascertain that such transactions are conducted in accordance with the pricing policies of the Group stipulated under the relevant agreements governing such transactions, and that they have been entered into in accordance with the relevant agreements governing such transactions.

5. INFORMATION ON THE GROUP

The Group is primarily engaged in the provision of integrated clean technology solutions and services within the PRC with established market leading or dominant positions in the environmental protection, energy conservation solution industries in the PRC.

6. INFORMATION ON WANGKUI NEW ENERGY

Wangkui New Energy is a company incorporated in the PRC with limited liability, and is 65% equity interests owned by the Company and 35% equity interests owned by Longyuan Technology. Wangkui New Energy is principally engaged in the construction and operation of wind and photovoltaic power generation, the inspection, design and construction of wind and photovoltaic power stations, as well as the installation, testing and maintenance of wind and photovoltaic power generation equipment.

7. LISTING RULES IMPLICATIONS

As at the date of this announcement, Wangkui New Energy is 65% owned by the Company and 35% owned by Longyuan Technology. China Energy is the controlling shareholder of the Company, directly or indirectly holding approximately 78.40% of the issued share capital of the Company, and the Company directly holds approximately 22.83% of the issued share capital of Longyuan Technology. In addition, as at the date of this announcement, Hero Asia (BVI) Company Limited, a wholly-owned subsidiary of Longyuan Power, owns approximately 18.75% equity interests in Longyuan Technology. Since Longyuan Power is a subsidiary of China Energy and Longyuan Technology is a

connected person of the Company, Wangkui New Energy is a connected person of the Company. Accordingly, the Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Since the highest applicable percentage ratio in respect of the proposed annual cap for the transactions contemplated under the Framework Agreement is more than 5%, the transactions contemplated under the Framework Agreement and the proposed annual cap are subject to the reporting, annual review, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The EGM will be convened and held to seek the approval of the Independent Shareholders on the entering into of the Framework Agreement and the proposed annual cap. China Energy and its associates shall abstain from voting at the EGM for the resolutions to approve the entering into of the Framework Agreement and the proposed annual cap.

8. INDEPENDENT BOARD COMMITTEE

An Independent Board Committee comprising all the independent non-executive Directors will be established to advise the Independent Shareholders in relation to the fairness and reasonableness of the transactions under the Framework Agreement and the proposed annual cap, taking into account the recommendations provided by an independent financial adviser.

9. INDEPENDENT FINANCIAL ADVISER

The Company will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the transactions contemplated under the Framework Agreement and the proposed annual cap.

10. GENERAL

A circular containing, among other things, (i) details of the transactions under the Framework Agreement and the proposed annual cap thereof; (ii) a letter from an independent financial adviser to the Independent Board Committee and the Independent Shareholders containing its advice on the Framework Agreement and the proposed annual cap thereof; (iii) a letter from the Independent Board Committee to the Independent Shareholders containing the recommendations of the Independent Board Committee; and (iv) a notice convening the EGM, will be dispatched to the Shareholders on or before 3 September 2021, which is within 15 Business Days after the publication of this announcement.

11. DEFINITIONS

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

“Board”	the board of Directors of the Company
“Business Day(s)”	a day other than a Saturday, Sunday or public holiday (or a day on which a tropical cyclone No.8 or above or a “black” rainstorm warning is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m. on weekdays) on which banks are open in Hong Kong to the general public for business
“China Energy”	China Energy Investment Corporation Limited* (國家能源投資集團有限責任公司), a company incorporated in the PRC with limited liability, being the controlling shareholder of the Company
“Company”	Guodian Technology & Environment Group Corporation Limited* (國電科技環保集團股份有限公司), a joint stock limited liability company incorporated in the PRC, the H shares of which are listed on the Stock Exchange (stock code: 1296)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among others, the Framework Agreement, the transactions contemplated thereunder and the proposed annual cap
“Framework Agreement”	the Framework Agreement of Sale of Comprehensive Products and Services entered into between the Company and Wangkui New Energy on 13 August 2021

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“H Share(s)”	the overseas-listed foreign shares in the ordinary share capital of the Company, with a RMB denominated par value of RMB1.0 each, which are subscribed for and traded in Hong Kong dollars and listed on the Stock Exchange
“Independent Board Committee”	an independent board committee composed of all independent non-executive Directors, namely Mr. Shen Xiaoliu, Mr. Qu Jiuhui, Mr. Xie Qiuye and Mr. Yeung Chi Tat, to be formed to advise the Independent Shareholders on the conclusion of the Framework Agreement and the fairness and reasonableness of the proposed annual cap under the agreement
“Independent Shareholders”	the Shareholders who are not required to abstain from voting in favour of approving the proposed resolutions under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“Longyuan Power”	China Longyuan Power Group Corporation Limited* (龍源電力集團股份有限公司), a joint stock limited company established in the PRC (whose H Shares are listed on the Main Board of the Stock Exchange (stock code: 916))
“Longyuan Technology”	Yantai Longyuan Power Technology Co., Ltd.* (煙台龍源電力技術股份有限公司), a joint stock company incorporated in the PRC with limited liability and listed on the Shenzhen Stock Exchange (stock code: 300105), which is approximately 22.83% directly owned by the Company as at the date of this announcement
“PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region and Taiwan

“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the H Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Wangkui New Energy”	Guoneng Technology & Environment Wangkui New Energy Co., Ltd.* (國能科環望奎新能源有限公司), a company incorporated in the PRC with limited liability, and a non wholly-owned subsidiary of the Company as at the date of this announcement
“%”	percentage

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

Beijing, PRC, 13 August 2021

As at the date of this announcement, the executive Director is Mr. Chen Dongqing; the non-executive Directors are Mr. Wang Zhongqu, Mr. Song Chang, Mr. Zhang Wenjian, Mr. Gu Yuchun and Ms. Ge Xiaojing; and the independent non-executive Directors are Mr. Shen Xiaoliu, Mr. Qu Jiuhui, Mr. Xie Qiuye and Mr. Yeung Chi Tat.

* *For identification purposes only*