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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)

**POSSIBLE MAJOR TRANSACTION
IN RESPECT OF GRANT OF PUT RIGHT**

All capitalised terms used in this circular have the meaning set out in the section headed “Definitions” of this circular.

A letter from the Board is set out on pages 1 to 10 of this circular.

The Company has obtained written Shareholders’ approval for the grant of Put Right pursuant to Rule 14.44 of the Listing Rules from a closely allied group of Shareholders together holding more than 50% of the voting rights at a general meeting to approve the grant of the Put Right. Accordingly, no Shareholders’ meeting will be held to approve the grant of the Put Right pursuant to Rule 14.44 of the Listing Rules. This circular is being despatched to the Shareholders for information only.

* *For identification purposes only*

23 November 2021

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DEFINITIONS

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

“Announcement”	the announcement of the Company dated 23 September 2021 in relation to, inter alia, the possible major transaction in respect of the grant of the Put Right
“Board”	the board of directors
“Capital Injection”	collectively, the Investors Capital Injection and the Employees Capital Injection
“Capital Injection and Equity Transfer Agreement”	the capital injection and equity transfer agreement dated 23 September 2021 entered into among the Company, the Investors, the Employees’ Shareholding Platforms and Guoneng I&C in relation to the Disposal
“China Energy”	China Energy Investment Group Corporation Limited* (國家能源投資集團有限公司), a limited liability company established in the PRC, being a controlling shareholder of the Company and is beneficially owned by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC
“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 established in the PRC, the H Shares of which are listed on the Main Board of the Stock Exchange (stock code: 01296)
“Completion”	completion of the Disposal in accordance with the terms of the Capital Injection and Equity Transfer Agreement
“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
“Disposal”	collectively, the Transfer and the Capital Injection
“Domestic Shares”	ordinary Shares in the Share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB

DEFINITIONS

“Employees Capital Injection”	the capital injection of RMB29.84 million by the Employees’ Shareholding Platforms into Guoneng I&C pursuant to the terms and conditions of the Capital Injection and Equity Transfer Agreement
“Employees’ Shareholding Platforms”	limited partnerships established in the PRC and through which the Grantees will hold their shares in Guoneng I&C, namely Hainan Xinkong Huizhi Enterprise Management Partnership (Limited Partnership)* (海南信控匯智企業管理合夥企業(有限合夥)) and Hainan Xinkong Huitong Enterprise Management Partnership (Limited Partnership)* (海南信控慧通企業管理合夥企業(有限合夥))
“Financial Investors”	collectively, Huajing Credit Holding (Tianjin) Equity Investment Fund Partnership (Limited Partnership)* (華景信控(天津)股權投資基金合夥企業(有限合夥)), China Internet Investment Fund (Limited Partnership)* (中國互聯網投資基金(有限合夥)) and Kegai Ceyuan (Chongqing) Private Equity Investment Fund Partnership (Limited Partnership)* (科改策源(重慶)私募股權投資基金合夥企業(有限合夥))
“Grantee(s)”	the grantee(s) under the Share Incentive Scheme
“Group”	the Company and its subsidiaries
“Guodian Power”	Guodian Power Development Co., Ltd.* (國電電力發展股份有限公司), a joint stock limited company incorporated in the PRC, whose A shares are listed on the Shanghai Stock Exchange (stock code: 600795)
“Guoneng I&C”	Guoneng I&C Interconnection Technology Co., Ltd.* (國能信控互聯技術有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of the Company as at the date of this circular
“H Shares”	the overseas-listed foreign shares in the ordinary share capital of the Company, with a RMB denominated par value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and listed on the Stock Exchange

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	a person/persons, or in case of a company/companies, the company/companies or its/their ultimate beneficial owner(s), who is/are independent or and not connected with the Company and its subsidiaries and their respective connected persons and their respective ultimate beneficial owner(s) or their respective associates
“Industry Investors”	collectively, Shenzhen Inovance Technology Co Ltd (深圳市匯川技術股份有限公司) and Chinasoft International Information Technology Limited (北京中軟國際信息技術有限公司)
“Investors”	collectively, the Financial Investors and the Industry Investors
“Investors Capital Injection”	the injection of RMB194.95 million by the Investors into the registered capital of Guoneng I&C pursuant to the terms and conditions of the Capital Injection and Equity Transfer Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China excluding, for the purpose of this circular only, Hong Kong, the Macau Special Administrative Region and Taiwan
“Put Right”	the right granted by the Company to the Financial Investors pursuant to the Supplemental Agreement, under which, when exercised, entitles each of the Financial Investors to require the Company to acquire its equity interests in Guoneng I&C
“Qualified IPO”	the listing of the securities of Guoneng I&C on the Shanghai Stock Exchange (Main Board or STAR Market) or the Shenzhen Stock Exchange (Main Board or ChiNext Market) or other legal and valid stock exchanges recognized by all parties
“RMB”	Renminbi, the lawful currency of the PRC

DEFINITIONS

“Sale Interests”	approximately 16.33% of the equity interests in Guoneng I&C
“SASAC”	The State-owned Assets Supervision and Administration Commission of the State Council of the PRC
“Share Incentive Scheme”	the share incentive scheme to be adopted by Guoneng I&C upon the Completion
“Shareholder(s)”	holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the supplemental agreement supplementing the terms of the Capital Injection and Equity Transfer Agreement dated 23 September 2021 and entered into between the Company and the Financial Investors setting out the grant of the Put Right
“Transfer”	the transfer by the Company of the Sale Interests to the Investors pursuant to the terms and conditions of the Capital Injection and Equity Transfer Agreement
“%”	per cent.

For the purpose of this circular, unless otherwise specified or the context requires otherwise, “” denotes an English translation of a Chinese name and is for identification purposes only. In the event of any inconsistency, the Chinese name shall prevail.*

LETTER FROM THE BOARD



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)

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Mr. Li Caiyun

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Mr. Song Chang
Mr. Zhang Wenjian
Mr. Gu Yuchun
Ms. Ge Xiaojing

Principal Office in the PRC:

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Independent non-executive Directors:

Mr. Shen Xiaoliu
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Mr. Yeung Chi Tat

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Hong Kong

23 November 2021

To the Shareholders

Dear Sir or Madam,

POSSIBLE MAJOR TRANSACTION IN RESPECT OF GRANT OF PUT RIGHT

INTRODUCTION

Reference is made to the Announcement.

The purpose of this circular is to provide you with further details of the grant of the Put Right under the Supplemental Agreement for information purposes only.

LETTER FROM THE BOARD

BACKGROUND OF THE MAJOR TRANSACTION

The Company entered into the Capital Injection and Equity Transfer Agreement with the Investors, the Employees' Shareholding Platforms and Guoneng I&C on 23 September 2021 (after trading hours). Upon the Completion, the equity interests in Guoneng I&C will be held as to approximately 49%, 46% and 5% by the Investors, the Company and the Employees' Shareholding Platforms, respectively.

The following table illustrates the equity interests of the Company, the Financial Investors and the Industry Investors in Guoneng I&C (i) as at the Latest Practicable Date; (ii) immediately upon the Completion; and (iii) upon exercise of the Put Right by the Financial Investors in full:

Name of shareholder	As at the Latest Practicable Date		Immediately upon the Completion		Upon exercise of the Put Right by the Financial Investors in full	
	Registered capital	Shareholding percentage	Registered capital	Shareholding percentage	Registered capital	Shareholding percentage
	(RMB)	(%)	(RMB)	(%)	(RMB)	(%)
<i>The Company</i>	143,823,113	100	106,136,844	46.00	173,049,201	75.00
<i>The Investors</i>	-	-	113,058,810	49.00	46,146,453	20.00
Shenzhen Inovance Technology Co Ltd (深圳市匯川技術股份有限公司)	-	-	18,458,581	8.00	18,458,581	8.00
Chinasoft International Information Technology Limited (北京中軟國際信息技術有限公司)	-	-	27,687,872	12.00	27,687,872	12.00
Huajing Credit Holding (Tianjin) Equity Investment Fund Partnership (Limited Partnership)* (華景信控(天津)股權投資基金合夥企業(有限合夥))	-	-	16,151,259	7.00	-	-
China Internet Investment Fund (Limited Partnership)* (中國互聯網投資基金(有限合夥))	-	-	25,380,549	11.00	-	-
Kegai Ceyuan (Chongqing) Private Equity Investment Fund Partnership (Limited Partnership)* (科改策源(重慶)私募股權投資基金合夥企業(有限合夥))	-	-	25,380,549	11.00	-	-
<i>The Employees' Shareholding Platforms</i>	-	-	11,536,613	5.00	11,536,613	5.00
Total	143,823,113	100.00	230,732,267	100.00	230,732,267	100.00

LETTER FROM THE BOARD

On 23 September 2021 (after trading hours), the Company entered into the Supplemental Agreement with the Financial Investors, pursuant to which, the Put Right was granted to each of the Financial Investors.

THE SUPPLEMENTAL AGREEMENT

The principal terms of the Supplemental Agreement are set out below.

Date

23 September 2021 (after trading hours)

Parties

- (a) the Company;
- (b) the Financial Investors; and
- (c) Guoneng I&C.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Financial Investors and their ultimate beneficial owners is an Independent Third Party.

Grant of the Put Right

On 23 September 2021 (after trading hours), the Company entered into the Supplemental Agreement with the Financial Investors, pursuant to which, each of the Financial Investors shall have the Put Right to cause the Company to purchase all of its entire equity interests in Guoneng I&C at a price (the "**Put Price**") which shall be the fair value of such equity interests as of the date of the exercise of the Put Right if Guoneng I&C is unable to achieve the Qualified IPO by 30 June 2025.

The Put Price shall be determined based on the total shareholders' equity value of Guoneng I&C to be determined in a valuation report to be prepared by an independent valuer, multiplied by the proportion of the equity interests to be repurchased accounted for by the then equity interests held by the Company. The Supplemental Agreement shall take effect simultaneously with the Capital Injection and Transfer after being signed by the parties to the Supplemental Agreement.

Conditions to the Supplemental Agreement

The Supplemental Agreement shall become effective upon the execution of the Capital Injection and Equity Transfer Agreement by the parties to the aforesaid agreement, the performance of the corresponding internal and external approvals by Guoneng I&C and the obtaining of the written decision of shareholders issued by the Company.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPPLEMENTAL AGREEMENT

The Supplemental Agreement was entered into by the Financial Investors for the purpose of achieving the Qualified IPO on or before 30 June 2025. However, the Qualified IPO remains a preliminary plan at present and no concrete proposal or timing in relation to the Qualified IPO has been concluded.

The Group has always been committed to the development and promotion of environmental protection, energy conservation and renewable energy technologies and is keen to introduce investors to Guoneng I&C. Given that Shenzhen Inovance Technology Co., Ltd. (深圳市匯川技術股份有限公司) is a leading enterprise in the industrial control field in the PRC and Chinasoft International Information Technology Limited (北京中軟國際信息技術有限公司) is a large-scale comprehensive software and information service provider, providing “end-to-end” information technology services to global customers, in cloud computing, artificial intelligence, big data, internet of things, blockchain, 5G and other new technologies. Introduction of the Industry Investors could bring synergy effects by integrating the Industry Investors’ and the Group’s existing resources of customers, supplies and technology which is beneficial to strengthening the Group’s competitiveness in the industry, in particular, it is expected that the Industry Investors could help Guoneng I&C to make new technological breakthroughs in photovoltaic, energy storage and other new energy fields as well as to improve its technological innovation and product development capabilities. Further, the Company is expected that the Industry Investors shall hold their stakes in Guoneng I&C as long term investment and provide opinions or guidance in the overall operation of Guoneng I&C.

The Directors are of the view that the introduction of the Financial Investors as strategic investors of Guoneng I&C will broaden the capital base of Guoneng I&C which will be beneficial to the future funding activities of Guoneng I&C. The Directors are further of the view that the grant of the Put Right to the Financial Investors who are subject to exit policies upon the expiration of the investment term or the consummation of an IPO is in line with the prevailing market practice. The Directors consider that in the event the Qualified IPO does not occur as planned, the Put Right will provide a clear mechanism of exit of the Financial Investors, under which the Company shall be able to repurchase the shares of Guoneng I&C as held by the Financial Investors on a fair and reasonable footing based on a valuation report prepared by an independent valuer and as such, the grant of the Put Right is to the benefit of the Company.

FINANCIAL EFFECTS OF THE GRANT OF THE PUT RIGHT

According to the Supplemental Agreement, the Financial Investors shall have the Put Right to cause the Company purchase all of the Financial Investors’ entire equity interests in Guoneng I&C at the Put Price which shall be the fair value of such equity interests as of the date of the exercise of the Put Right if Guoneng I&C is unable to achieve the Qualified IPO by 30 June 2025. According to the IFRS, for the Put Right granted to the non-controlling shareholders by the Company, the Company shall initially recognize a financial liability according to the present value of the repurchase amount payable in the future. During the initial recognition, the corresponding debt of the financial liability is made to another component of equity attributable to the equity shareholders of the Company. All subsequent changes in the carrying amount of the financial liability that results from the remeasurement of the present value of the amount payable upon exercise of the Put Right by the non-controlling shareholders equity shareholders are recognized in the profit or loss attributable to the equity shareholders rather than controlling shareholders. The repurchase amount likely to be paid in the future shall be evaluated by an independent valuer.

LETTER FROM THE BOARD

If the non-controlling Shareholders exercise the Put Right, the Company will carry out accounting treatment in accordance with the equity transaction of the purchase of minority shares, and if the non-controlling Shareholders fail to exercise the Put Right, the financial liability recognized as a result of the Put Right granted to the non-controlling Shareholders will be reclassified to the equity items on initial recognition.

The grant of the Put Right will be initially recognized at the grant day, and will have the following financial effect to the Group:

- (1) no effect shall be resulted to the profit and loss of the Group.
- (2) a financial liability amounted A would be recognized, which has no effect to the assets, the liability will increase by A, and the equity will decrease by A.

The carrying amount of the financial liabilities will be remeasured at the end of each financial year, and will have the following effect to the Group:

- (1) the subsequent change in carrying amount of the financial liabilities amounted B, which is possibly to be positive or negative, the profit or loss will decrease by B;
- (2) no effect to the assets, the liability will increase by B, and the equity will decrease by B.

The amounts of A and B will be determined according to the valuation of the amount payable by an independent valuer, and the amount of the liability on initial recognition is under valuation.

INFORMATION ABOUT THE COMPANY AND GUONENG I&C

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

Guoneng I&C, a wholly-owned subsidiary of the Company, is a limited liability company established in the PRC with a registered capital of approximately RMB144 million. It is principally engaged in the research and development and manufacturing of variable pitch products and information technology business.

LETTER FROM THE BOARD

Set out below are certain audited financial information of Guoneng I&C for the three years ended 31 December 2018, 2019 and 2020 which was prepared in accordance with China Accounting Standard for Business Enterprises (the “CAS”) and unaudited financial information of Guoneng I&C for the six months ended 30 June 2021 which was prepared in accordance with the CAS:

	For the six	For the year ended 31 December		
	months ended	2020	2019	2018
	30 June 2021	2020	2019	2018
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Total Assets	1,099.81	1,085.93	1,071.25	1,019.98
Net Assets	355.42	337.18	310.09	279.52
Revenue	395.66	667.11	588.15	578.99
Net profit before taxation	17.70	36.51	38.08	36.40
Net profit after taxation	18.23	29.93	33.54	31.41

INFORMATION ABOUT THE FINANCIAL INVESTORS

Huajing Credit Holding (Tianjin) Equity Investment Fund Partnership (Limited Partnership)* (華景信控(天津)股權投資基金合夥企業(有限合夥)) is a limited partnership established in the PRC in 2021 and is engaged in equity investment, investment management, asset management and other activities with private funds. Its equity interest is held by Huaneng Invesco WLR (Beijing) Investment Fund Management Company Ltd.* (華能景順羅斯(北京)投資基金管理有限公司), which is held as to 50% each by China Huaneng Group Co., Ltd.* (中國華能集團有限公司) and Invesco WLR Limited (景順羅斯有限公司), respectively. The sole shareholder of China Huaneng Group Co., Ltd. is the SASAC. Invesco WLR Limited is a company established in Hong Kong whose sole shareholder is Invesco Ltd., a NYSE listed company (NYSE: IVZ).

China Internet Investment Fund (Limited Partnership)* (中國互聯網投資基金(有限合夥)) is a limited partnership established in the PRC in 2017 and is principally engaged in investment management and consultation in non-securities business. Its ultimate beneficial owner is the National Cyberspace and Information Security Administration Center* (國家計算機網絡與信息安全管理中心) administered by the Office of the Central Cyberspace Affairs Commission of the PRC* (中央網絡安全和信息化委員會辦公室) which is a PRC government authority.

Kegai Ceyuan (Chongqing) Private Equity Investment Fund Partnership (Limited Partnership)* (科改策源(重慶)私募股權投資基金合夥企業(有限合夥)) is a limited partnership established in the PRC in 2021 and is principally engaged in private equity investment. Its largest shareholder is China Reform Holdings Corporation Ltd.* (中國國新控股有限責任公司) whose sole shareholder is the SASAC.

FURTHER ANNOUNCEMENT

The Company will make further announcement on the terms of the Put Right (including but not limited to the actual monetary value of the exercise price) after the Put Right is exercised or further details if the Put Right is not exercised by the Financial Investors pursuant to the Supplemental Agreement. If the actual monetary value results in the transaction falling within a higher classification of notifiable transaction, the Company will make announcement(s) as soon as practicable and comply with the additional requirements of such higher classification.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

Possible Major Transaction

The exercise of the Put Right is not at the discretion of the Company. According to Rule 14.74 of the Listing Rules, on the grant of the Put Right, the transaction will be classified as if the Put Right had been exercised. As it is not possible to demonstrate the highest possible monetary value of the Put Right at the time of its grant, the grant of the Put Right will be treated as at least a major transaction pursuant to Rule 14.76(1) of the Listing Rules. Therefore, the grant of the Put Right will be subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Shareholders' Approval of the Grant of the Put Right

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has any material interest in the grant of the Put Right and is required to abstain from voting if the Company was to convene an extraordinary general meeting for approval of the grant of the Put Right. As at the Latest Practicable Date, China Energy directly held 2,377,500,000 Domestic Shares of the Company, accounting for 39.21% of the total issued share capital of the Company, and through its subsidiaries, Guodian Power, held 2,376,500,000 Domestic Shares of the Company, accounting for 39.19% of the total issued share capital of the Company. Therefore, China Energy directly or indirectly held 4,754,000,000 Domestic Shares of the Company, accounting for approximately 78.40% of the total issued share capital of the Company. In accordance with Rule 14.44 of the Listing Rules, in lieu of holding a general meeting for approving the grant of the Put Right, the Company has obtained irrevocable and unconditional written approvals for the grant of the Put Right from China Energy and Guodian Power who jointly held approximately 78.40% of the total number of issued Shares of the Company.

Waiver from Compliance with Rules 14.67(6)(a)(i) and (ii) and Rule 14.67(7) of the Listing Rules

Rule 14.67(6)(a)(i) and (ii)

Pursuant to Rule 14.67(6)(a)(i) of the Listing Rules, on an acquisition of any business, company or companies, a circular issued in relation to an acquisition constituting a major transaction must contain an accountants' report on the business, company or companies being acquired in accordance with Chapter 4 of the Listing Rules, provided that, where any company in question has not or will not become a subsidiary of the listed issuer, the Stock Exchange may be prepared to relax this requirement.

Pursuant to Rule 14.67(6)(a)(i), it is provided that the accounts on which the report is based must relate to a financial period ended six months or less before the circular is issued, and that the financial information on the business, company or companies being acquired as contained in the accountants' report must be prepared using accounting policies which should be materially consistent with those of the listed issuer.

LETTER FROM THE BOARD

Furthermore, Rule 14.67(6)(a)(ii) of the Listing Rules provides that the listed issuer is also required to prepare a pro forma statement of the assets and liabilities of the listed issuer's group combined with the assets and liabilities of the business, company or companies being acquired on the same accounting basis, and which must also comply with Chapter 4 of the Listing Rules.

The Company considers that it would be unduly burdensome to full compliance with Rules 14.67(a)(i) and (ii) of the Listing Rules, to set out an accountants' report of Guoneng I&C and pro forma statement of the assets and liabilities of the Group, combined with the equity interest in Guoneng I&C that may be acquired, which would involve considerable work and cost on the part of the Company, but not yield information that is meaningful to the Shareholders' assessment of the Put Right, for the following reasons:

(a) *The requirement to prepare an accountants' report of Guoneng I&C would be unduly onerous*

The financial information of Guoneng I&C has already been disclosed as part of the Company's consolidated financial statements in the past, as Guoneng I&C has been a subsidiary of the Company for years.

In addition, upon the Completion, the Financial Investors will be interested in 29.0% of the equity interests in Guoneng I&C and Guoneng I&C will become a non-wholly owned subsidiary of the Company whose financial results, assets and liabilities will continue to be consolidated into the financial statements of the Group, given that the Company shall continue to control the board of directors and the general meeting of Guoneng I&C upon Completion. As such, assuming the full exercise of the Put Right and that the registered capital of Guoneng I&C remains unchanged, the Company will only be required to acquire 29.0% of the entire equity interests in Guoneng I&C and Guoneng I&C would remain as a subsidiary of the Company after such acquisition.

Further, the Put Right will only be exercisable after 30 June 2025. Accordingly, the inclusion of historical financial information of Guoneng I&C would be confusing and of little relevance to the Shareholders, as presentation of such information would not illustrate the impact of the Put Right as at the time when such right becomes exercisable.

Taking into account of the factors set out above, and considering that the audited financial results prepared by Guoneng I&C adopting IFRS (the same accounting policies as the Group) are not readily available and would involve considerable work and cost on the part of the Company to prepare them, the Company considers that it would be unduly onerous to require the Company to set out an accountants' report of Guoneng I&C in this circular.

LETTER FROM THE BOARD

(b) Preparation of a pro forma statement would only yield unmeaningful information

Given that Guoneng I&C has been a wholly owned subsidiary of the Company during the course of the relevant reporting period and will remain as a subsidiary of the Company after Completion given that the Company shall continue to control the board of directors and the general meeting of Guoneng I&C, Guoneng I&C's assets and liabilities would have already been and will continue to be consolidated in the consolidated statement of financial position of the Company.

As such, the Company considers that the preparation of a pro forma statement of the assets and liabilities of the Group, combined with the equity interest in Guoneng I&C that may be acquired, would only yield information that is not meaningful to the Shareholders' assessment of the Put Right.

(c) Guoneng I&C to remain a subsidiary of the Company

As Guoneng I&C will remain a subsidiary of the Company following Completion, the impact of its operating results will continue to be reflected in the financial results of the Company. The Put Right, if exercised, will only increase the Company's interest in Guoneng I&C in the future. Accordingly, the Shareholders and the investing public would have adequate access to the financial information of Guoneng I&C at the relevant time when the Put Right is exercised by the Financial Investors.

The Company has included the audited financial information prepared in accordance with the CAS for the three years ended 31 December 2018, 2019 and 2020 and the unaudited financial information prepared in accordance with the CAS for the six months ended 30 June 2021 of Guoneng I&C (including revenue, net profit before taxation, net profit after taxation, total assets and net assets) in this circular for the Shareholders to better understand the financial performance and position of Guoneng I&C. Based on the above reasons, the Company has applied for, and the Stock Exchange has granted, a waiver from the strict compliance with the requirements of Rules 14.67(a)(i) and (ii) and Rule 14.67(7) of the Listing Rules.

LETTER FROM THE BOARD

RECOMMENDATION

The terms of the Supplemental Agreement were determined after arm's length negotiations among the parties thereto and having considered the reasons for and benefits of the grant of the Put Right as mentioned above, the Directors are of the view that the terms of the Supplemental Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better, and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors would recommend the Shareholders to vote in favour of the resolutions approving the Supplemental Agreement, the grant of Put Right and the transactions contemplated thereunder if the Company were to convene a general meeting to approve such resolutions.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

By Order of the Board

Guodian Technology & Environment Group Corporation Limited*

Mr. CHEN Dongqing

Chairman

1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group for each of the three years ended 31 December 2018, 2019 and 2020 are disclosed in the annual reports of the Company for the years ended 31 December 2018 (pages 173–349), 2019 (pages 168–353) and 2020 (pages 178–353), respectively. The unaudited financial results of the Group for the six months ended 30 June 2021 are disclosed in the interim report of the Company for the half year ended 30 June 2021 (page 64–121). All of the above documents are published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.01296.hk):

- (i) annual report of the Company for the year ended 31 December 2018:
<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0426/lt201904262765.pdf>
- (ii) annual report of the Company for the year ended 31 December 2019:
<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0427/2020042701688.pdf>
- (iii) annual report of the Company for the year ended 31 December 2020:
<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0422/2021042201650.pdf>
- (iv) interim report of the Company for the half year ended 30 June 2021:
<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0914/2021091400662.pdf>

2. INDEBTEDNESS STATEMENT

Borrowings

As at the close of business on 30 September 2021, being the latest practicable date for the purpose of this indebtedness statement, the Group had outstanding borrowings of approximately RMB7,351,350,000, details of which are as follows:

	As at
	30 September 2021
	<i>RMB'000</i>
Bank loans	
– Secured/Unguaranteed	10,000
– Unsecured/Unguaranteed	1,222,500
Other loans	
– Unsecured/Unguaranteed	1,115,000
Private placement notes	
– Unsecured/Guaranteed	1,036,846
– Unsecured/Unguaranteed	1,053,261
Corporate bonds	
– Unsecured/Guarantee	2,913,743
	<u>7,351,350</u>

As at 30 September 2021, the guaranteed private placement notes of approximately RMB1,036,846,000 and the corporate bonds of approximately RMB899,727,000 were guaranteed by China Energy, and Guodian Power provided China Energy with a counter-guarantee over its shares. At the same time, Guoneng Longyuan Environmental Co., Ltd.* (國能龍源環保有限公司), being a subsidiary of the Company, has provided a counter-guarantee of the same amount for Guodian Power in the form of a letter of counter-guarantee. The remaining guaranteed corporate bonds of approximately RMB2,014,016,000 were also guaranteed by China Energy.

Lease Liabilities

As at the close of business on 30 September 2021, being the latest practicable date for the purpose of this indebtedness statement, the Group had outstanding unsecured and unguaranteed lease liabilities of approximately RMB153,683,000 in respect of lands, buildings and equipment.

Contingent liabilities

	As at
	30 September 2021
	<i>RMB'000</i>
Issued guarantee	
– Performance guarantee	441,873
– Financial guarantees to banks and other financial institution	249,277
	<u>691,150</u>

Save as disclosed above and apart from normal accounts payable in the ordinary course of the business, as at the close of business on 30 September 2021, the Group did not have any outstanding mortgages, charges, debentures or other loan capital, bank overdrafts or loans or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance or acceptance credits, guarantees or other material contingent liabilities. As at the Latest Practicable Date, the Directors are not aware of any material adverse changes in the Group's indebtedness position and contingent liabilities since the close of business on 30 September 2021.

3. WORKING CAPITAL

After making due and careful inquiries, and taking into account the financial resources available to the Group, including the internally generated funds and the available banking facilities, the Directors are of the opinion that the Group has sufficient working capital for its present requirement for the next twelve months from the date of this circular.

4. FINANCIAL AND BUSINESS PROSPECTS OF THE GROUP

Year 2021 marks the start of the 14th Five-Year Plan. It is also the year in which the Company will strive to promote market-oriented reforms and create a world-class professional technology and environmental protection company.

With proceeds from the disposal of the equity Guodian United Power Technology Co., Ltd., and the gradual reduction of shareholding of Tianjin Zhonghuan Semiconductor Co., Ltd.* (天津中環半導體股份有限公司), it is expected that the Company's cash flow will be significantly improved. In 2021, the Group will continue focus on the energy conservation and environmental protection solutions business, thus enhancing its core competitiveness:

Focus on technological independence and self-reliance, and continue to boost corporate innovation

First, accelerate the implementation of technological innovation guidance, and gradually form a new technological research and development system “crossing industries, sectors and businesses” based on the technological development plan of the “14th Five-year Plan”. Second, accelerate the improvement of technological innovation system and mechanism and focus on the profound management of research projects to carry out fine management of technological projects in the whole process. Continuously promote the coordination mechanism for major technological projects, instill a process management concept based on milestone point control, and step up on execution efficiency of projects. Third, accelerate the promotion of technological research and development and implement the research and development layout of “a generation for use, a generation under research and development and a generation for reservation”. Fourth, strengthen the promotion of major technological projects.

Develop the market effectively, and endeavor to enhance market competitiveness

First, actively pay the role of coordination for major scientific and technological projects as well as major engineering projects, and earnestly implement and follow up major projects. Second, comprehensively deepen the integrated development strategy to reveal the achievements of previous strategic cooperation and effectively promote the implementation of projects. Third, actively expand the integrated energy business, such as sludge disposal and incremental distribution network, strengthen internal coordination of the company, and realize the overall implementation of the integrated energy projects. Fourth, conduct in-depth research on the transformation of digital marketing, gradually implement the overall digital management process including project tracking, bidding and implementation, and continuously consummate the digital marketing communication network.

Pay closer attention to asset operation and effectively consolidate the foundation of high-quality development

Develop the new energy operation business by the following means. First, exert efforts to promote the substantial progress of the invested projects and carry forward the construction of a wind power project phase I of Guoneng Technology & Environment Wangkui New Energy Co., Ltd.* (國能科環望奎新能源有限公司). Second, make reasonable arrangements to keep up the work in renewable energy projects, and ensure that the wind power and photovoltaic projects will be approved. Third, further strengthen its refined management level and comprehensively promote the standardization of project construction.

Set out below is the management discussion and performance analysis of Guoneng I&C for each of the years ended 31 December 2018, 2019 and 2020 and for the six months ended 30 June 2021 (the “**Relevant Period**”). The financial data for the year ended 31 December 2018, 2019 and 2020 are from audited financial statements prepared in accordance with the CAS. The financial data for the six months ended 30 June 2021 are derived from the unaudited financial statements prepared in accordance with the CAS.

OVERVIEW

Guoneng I&C was founded in 2003 with a registered capital of RMB143 million. It is one of the earliest high-tech enterprises engaged in the information business of the power generation industry in China. Its business is divided into two major business sectors: wind power pitch control system and electric power informationization. The core components of wind power pitch control system are all made in China through its own technologies, with a cumulative sales volume of more than 20,000 sets and a total installed capacity of more than 35 million kilowatts. It has grown into a leading enterprise in the industry. The information business has realized the business transformation of “intelligent enterprise”. The overall technical level of the intelligent management and control platform has been recognized as “world leading”. The “intelligent enterprise” business has made a lot of achievements, and its products and services have been well received and recognized by customers.

For three consecutive years, Guoneng I&C has invested more than 6% of its operating income in R & D, being a scientific and innovative enterprise that attaches great importance to scientific and technological innovation. It has the fairly complete product chain of the industrial control of wind turbine and many patented products related to energy storage, such as battery management system, power conversion system, energy management system, as well as mature information technology and project implementation management experience.

FINANCIAL REVIEW

Revenue

The revenue of Guoneng I&C mainly comes from the information business and wind power pitch control system and related technical services. The revenues for the years ended 31 December 2018, 2019 and 2020 and for the six months ended 30 June 2021 were approximately RMB578,994,000, 588,149,000, 667,105,000 and 395,658,000, respectively.

The revenue in 2019 changed little compared with 2018, while the revenue in 2020 increased by approximately RMB78,956,000 or 13% compared with 2019, due to the increasing market demand for wind turbines under the continuous impact of the “rush of installation tide” on one hand, and the increasing orders with the continuous promotion of information technology in the power industry on the other hand.

Net profit

For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2021, the net profits of Guoneng I&C were approximately RMB31,408,000, RMB33,542,000, RMB29,927,000 and RMB18,232,000, respectively, and maintained relatively stable.

Liquidity, financial resources and capital structure

As at 31 December 2018, 2019 and 2020 and 30 June 2021, the net current assets of Guoneng I&C were RMB157,928,000, RMB304,100,000, RMB344,035,000 and RMB271,437,000, respectively.

As at 31 December 2018, 2019 and 2020 and 30 June 2021, the cash and cash equivalents of Guoneng I&C were RMB11,986,000, RMB128,313,000, RMB121,673,000 and RMB113,796,000, respectively.

As at 31 December 2018, 2019 and 2020 and 30 June 2021, the total assets of Guoneng I&C were RMB1,019,975,000, RMB1,071,249,000, RMB1,085,932,000 and RMB1,099,815,000, respectively.

Guoneng I&C monitors its capital based on the asset-liability ratio (presented as a percentage of net debt divided by total assets). The net debt is calculated as the loans (including bank loans and related party loans) less cash and cash equivalents. The asset-liability ratios as at 31 December 2018, 2019 and 2020 and 30 June 2021 were 31.08%, 17.61%, 14.30% and 17.57%, respectively.

As at 31 December 2018, 2019 and 2020 and 30 June 2021, the outstanding loans of Guoneng I&C were RMB329,000,000, RMB317,000,000, RMB277,000,000 and RMB307,000,000, respectively. All loans are presented in RMB and bear interest at fixed interest rates per annum ranging from 3.47% to 5.15%.

Capital expenditures

Capital expenditures of Guoneng I&C mainly include the purchase of property, plant and equipment, intangible assets and right-of-use assets. The capital comes from the self-owned funds and loans of Guoneng I&C. For each of the years ended 31 December 2018, 2019 and 2020 and six months ended 30 June 2021, capital expenditures were RMB5,441,000, RMB5,863,000, RMB11,967,000 and RMB18,346,000, respectively. The increase in capital expenditure is mainly due to the increase in lease of office properties from third parties with the expanded business scale of the company.

Material acquisition or disposal

During the Relevant Period, Guoneng I&C did not conduct any material acquisition or disposal of subsidiaries, associates or joint ventures.

Contingent liabilities

The contingent liabilities of Guoneng I&C mainly include performance guarantees provided externally as at 31 December 2018, 2019 and 2020 and 30 June 2021.

Financial and business prospects

In the future, Guoneng I&C will promote the transformation of its business to industrial control, safety and intelligence of new energy, in particular, extending upstream and downstream with its existing focus on PLC core technology, so as to promote the enrichment and development of new energy control product lines and realize localized substitution; accelerating the market promotion of products including smart gateways and industrial control situational awareness to ensure the safety of industrial control in new energy; forming the integrated manufacturing capability of energy-storage battery as soon as possible, further accelerating the cost reduction as well as efficient and safe use of energy storage systems; making full use of the advantages of information technology to help improve the level of intelligence in the new energy industry, so as to become a “first-class scientific and technological innovation enterprise promoting the energy technology revolution”.

The investors introduced in this mixed reform all have a complete and modern governance system, which will promote the improvement of the financial management and operational capabilities of Guoneng I&C. At the same time, the capital injection will further suffice the company’s capital reserves, improve cash flow, and ensure the rapid development of business. With the improvement of management capabilities and the expansion of business scale, the company’s financial indicators are expected to be in a steady growth in the next 3–5 years.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS**Directors', Supervisors' and Chief Executive's Interests**

As at the Latest Practicable Date, other than as disclosed herein, none of the Directors, supervisors or chief executive of the Company had an interest or short position in any shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO) or which was required, pursuant to section 352 of the SFO, to be entered in the register to therein, or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules to be notified to the Company and the Stock Exchange.

Except for the positions held by Mr. Song Chang and Mr. Zhang Wenjian at China Energy, and Mr. Gu Yuchun at Guodian Power, as at the Latest Practicable Date, none of the Directors was a director or employee of a company that had an interest or short position in the shares and underlying shares that would need to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Substantial Shareholder's Interest and Short Positions in the Shares and Underlying Shares of the Company

As at the Latest Practicable Date, so far as known to the Directors, the following persons (other than directors, supervisors and senior management of the Company) had interests or short positions in the Shares or underlying Shares of the Company that would need to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholders	Class of Share	Capacity	Number of Shares/ underlying shares held <i>(shares)</i>	Percentage in the relevant class of share capital ⁽¹⁾	Percentage in the share capital ⁽¹⁾
China Energy	Domestic Shares	Interests of beneficial owner and controlled corporation	4,754,000,000 ⁽²⁾ (Long position)	100.00	78.40
Guodian Power	Domestic Shares	Interests of beneficial owner and controlled corporation	2,376,500,000 ⁽²⁾ (Long position)	49.99	39.19
Mr Yan Andrew Y.	H Shares	Interests of controlled corporation	288,200,000 ⁽³⁾ (Long position)	22.00	4.75
SAIF IV GP Capital Ltd.	H Shares	Interests of controlled corporation	288,200,000 ⁽³⁾ (Long position)	22.00	4.75
SAIF IV GP, L.P.	H Shares	Interests of controlled corporation	288,200,000 ⁽³⁾ (Long position)	22.00	4.75
SAIF Partners IV L.P.	H Shares	Interests of beneficial owner	288,200,000 ⁽³⁾ (Long position)	22.00	4.75

Notes:

- (1) This percentage is calculated based on the number of relevant shares/total shares issued by the Company as at the Latest Practicable Date. As at the Latest Practicable Date, the total number of shares of the Company is 6,063,770,000, of which 4,754,000,000 shares are Domestic Shares and 1,309,770,000 shares are H Shares.
- (2) As at the Latest Practicable Date, China Energy owned 46.00% of the total shares of Guodian Power, and Guodian Power owned 49.99% of the Company's Domestic Shares. Hence, China Energy holds an aggregate of 4,754,000,000 Domestic Shares in the Company directly or indirectly, which represents approximately 78.40% of the Company's total issued share capital and is the controlling shareholder of the Company.

- (3) Mr. YAN Andrew Y. indirectly held 22.00% interest in the H shares of the Company via SAIF Partners IV L. P. through SAIF IV GP Capital Ltd. and SAIF IV GP, L.P. Mr. YAN Andrew Y. is the controlling shareholder of SAIF IV GP Capital Ltd., SAIF IV GP LP, and SAIF Partners IV L. P. SAIF IV GP Capital Ltd. is the controlling shareholder of SAIF IV GP, L.P., which is the controlling shareholder of SAIF Partners IV L.P.. SAIF Partners IV L.P. held 22.00% interest in the H shares of the Company. Therefore, Mr. YAN Andrew Y., SAIF IV GP Capital Ltd. and SAIF IV GP, L.P. are deemed to be interested in the H shares of the Company held by SAIF Partners IV L.P.

3. SERVICE CONTRACTS

In compliance with relevant laws and regulations and the articles of association, except for the service contract entered into by Ms. Chen Jing, a supervisor, with the Company on 30 June 2021, each of the executive Directors and the supervisors of the Company has entered into a service contract with the Company on 7 August 2020, and except for the letter of appointment entered into by Mr. Song Chang, the non-executive Director, with the Company on 30 June 2021, each of the non-executive Directors and the independent non-executive Directors has entered into a letter of appointment with the Company on 7 August 2020. Each service contract/letter of appointment is valid from the date of signing until 6 August 2023, with a clause of one-year automatic renewal.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had entered or proposed to enter into any service agreements with any member of the Group excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

4. INTERESTS IN OTHER COMPETING BUSINESS

As at the Latest Practicable Date, except as disclosed below, none of the Directors and their associates had any competing interests in any business that competed or was likely to compete, either directly or indirectly, with the business of the Group:

Name of Directors	Position in the Company	Other Interests
Mr. Song Chang	Non-executive Director	Director of the Corporate Management and Legal Affairs Department (Reform Office) of China Energy
Mr. Zhang Wenjian	Non-executive Director	First-level Business Director of Science and Technology Department of China Energy
Mr. Gu Yuchun	Non-executive Director	First-level Business Director of Guodian Power

5. INTEREST IN ASSETS

As at the Latest Practicable Date, none of the Directors, supervisors or chief executive of the Company had any direct or indirect interest in any assets which have been, since 31 December 2020, being the date to which the latest published audited consolidated accounts of the Group were made up, acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.

6. INTERESTS IN CONTRACT OR ARRANGEMENT

As at the Latest Practicable Date, none of the Directors, supervisors, or chief executive of the Company was materially interested, either directly or indirectly, in any subsisting contract or arrangement that is significant in relation to the business of the Group.

7. LITIGATIONS

As at the Latest Practicable Date, the Group was not engaged in any litigation or claims of material importance and there was no litigation or claims of material importance known to the Directors to be pending or threatened by or against the Group.

8. MATERIAL ADVERSE CHANGE

Save as disclosed in the interim report of the Company for the six months ended 30 June 2021, as at the Latest Practicable Date, the Directors confirm that there has been no material adverse change in the financial or trading positions of the Group since 31 December 2020, being the date of which the latest published audited consolidated financial statements of the Group were made up.

9. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group after the date two years immediately preceding the Latest Practicable Date and are or may be material:

- (a) the Capital Injection and Equity Transfer Agreement;
- (b) the Supplemental Agreement;

- (c) on 15 September 2021, Guoneng Longyuan Environmental Co., Ltd.* (國能龍源環保有限公司) (being a non-wholly owned subsidiary of the Company) and South Huiton Co., Ltd.* (南方匯通股份有限公司) entered into a subscription agreement, pursuant to which, Guoneng Longyuan Environmental Co., Ltd.* has conditionally agreed to subscribe for, and South Huiton Co., Ltd.* has conditionally agreed to issue, 25,000,000 A shares at a total subscription amount of RMB203.75 million;
- (d) on 11 August 2021, the Company, Yantai Longyuan Power Technology Co., Ltd.* (煙台龍源電力技術股份有限公司) and Guoneng Technology & Environment Wangkui New Energy Co., Ltd.* (國能科環望奎新能源有限公司) (being a non-wholly owned subsidiary of the Company) entered into a second capital injection agreement, pursuant to which, the Company agreed to contribute capital of RMB56,550,000 into Wangkui New Energy;
- (e) on 5 July 2021, the Company, Yantai Longyuan Power Technology Co., Ltd.* and Guoneng Technology & Environment Wangkui New Energy Co., Ltd.* entered into a capital injection agreement, pursuant to which, the Company agreed to contribute capital of RMB39,950,000 into Guoneng Technology & Environment Wangkui New Energy Co., Ltd.*;
- (f) on 16 June 2021, the Company and China Energy entered into a supplemental agreement to amend the non-competition agreement dated 23 November 2011, pursuant to which, the “main businesses” of the Company were amended as “the provision of environmental protection solutions (including desulfurization, denitrification, dust removal, water treatment, etc.) and energy conversation solutions (including plasma ignition, residual heat recovery, steam turbine flow modification and information system control, etc.) by the Company or its subsidiaries”;
- (g) on 16 June 2021, the Company, China Energy, China Longyuan Power Group Corporation Limited* (龍源電力集團股份有限公司) (being a non-wholly owned subsidiary of China Energy and a connected person of the Company) and Guodian United Power Technology Co., Ltd. (being a non-wholly owned subsidiary of the Company) entered into an equity transfer and capital injection agreement, pursuant to which, the Company conditionally agreed to dispose of approximately 15.68% equity interest in Guodian United Power Technology Co., Ltd.* to China Energy at a consideration of RMB407,681,944. Immediately upon completion of the Equity Transfer, China Energy and China Longyuan Power Group Corporation Limited* will make capital injection of approximately RMB1,474,662,400 and RMB631,998,172 into Guodian United Power Technology Co., Ltd.*, respectively, which will result in a further dilution of the Company’s equity interest in Guodian United Power Technology Co., Ltd.* to 30%;

- (h) on 19 April 2021, Beijing Lucency Enviro-Tech Co., Ltd.* (國能朗新明環保科技有限公司) (being a wholly-owned subsidiary of the Company) as transferor and Goldwind Environmental Protection Co., Ltd.* (金風環保有限公司) (being an Independent Third Party) as transferee entered into a property rights transaction agreement (產權交易合同) in relation to the disposal of 210,000,000 shares in Guodian Galaxy Water Co., Ltd.* (國電銀河水務股份有限公司) at a consideration of RMB514,983,000;
- (i) on 18 March 2021, China Energy Group Xinjiang Energy Co., Ltd.* (國家能源集團新疆能源有限責任公司) (being a wholly-owned subsidiary of China Energy and a connected person of the Company), Xinjiang Derun Economic Construction Development Co., Ltd.* (新疆德潤經濟建設發展有限公司) (being an Independent Third Party), State Grid Xinjiang Electric Power Co., Ltd.* (國網新疆電力有限公司) (being an Independent Third Party), Beijing Longyuan Environmental Engineering Co., Ltd.* (北京國電龍源環保工程有限公司) (being a wholly-owned subsidiary of the Company) and TBEA Xinjiang Sunoasis Co., Ltd.* (特變電工新疆新能源股份有限公司) (being an Independent Third Party) entered into a joint venture agreement, pursuant to which a joint venture company will be jointly established by the parties thereto with a registered capital of RMB200,010,000. Beijing Longyuan Environmental Engineering Co., Ltd.* will contribute RMB30,001,500 in cash to the joint venture company, accounting for 15% of the total registered capital of the joint venture company;
- (j) on 22 January 2021, the Company entered into an equity transfer agreement with China Energy Capital Holdings Co., Ltd. (國家能源集團資本控股有限公司) (being a wholly-owned subsidiary of China Energy and a connected person of the Company), pursuant to which the Company agreed to sell, and China Energy Capital Holdings Co., Ltd. (國家能源集團資本控股有限公司) agreed to acquire, 5% of the equity interest in Guodian Insurance Broker (Beijing) Co., Ltd. (國電保險經紀(北京)有限公司), at the consideration of RMB46,923,140.79;
- (k) on 30 December 2020, the Company entered into a property lease framework agreement for 2021 with Guodian New Energy Technology Research Institute Limited* (國電新能源技術研究院有限公司) (being a wholly-owned subsidiary of China Energy and a connected person of the Company), pursuant to which, Guodian New Energy Technology Research Institute Limited* agreed to lease certain properties to the Group for a period of one year from 1 January 2021 to 31 December 2021, with an annual cap of RMB42 million;

- (l) on 29 September 2020, the Company entered into a financial services framework agreement with China Energy Finance Co., Ltd.* (國家能源集團財務有限公司) (being a wholly-owned subsidiary of China Energy and a connected person of the Company), pursuant to which China Energy Finance Co., Ltd.* shall provide finance services to the Group for a term from the date of consideration and approval at the general meeting of the Company to 31 December 2022, with an annual cap of RMB45 million for each year;
- (m) on 13 August 2020, Beijing Guodian Longyuan Environmental Engineering Co., Ltd. (being a subsidiary of the Company), entered into an investment agreement with Tianshenggang Power Generation Co., Ltd. (being a wholly-owned subsidiary of China Longyuan Power Group Corporation Limited and a connected person of the Company) and Jin Tong Ling Technology Group Co., Ltd. (being an Independent Third Party) on the establishment of a joint venture. Beijing Guodian Longyuan Environmental Engineering Co., Ltd. will contribute RMB26 million in cash to the joint venture, accounting for 26% of the total registered capital of the joint venture;
- (n) on 10 January 2020, the Company entered into an equity transfer agreement with Beijing Huadian Tiande Assets Operation Co., Ltd. (being a connected person of the Company at the subsidiary level), pursuant to which the Company agreed to acquire and Beijing Huadian Tiande Assets Operation Co., Ltd. agreed to sell its 10% equity interest of Beijing Huadian Tianren Power Controlling Technology Co., Ltd. at the consideration of RMB27,111,294; and
- (o) on 30 December 2019, the Company entered into a property lease framework agreement for 2020 with Guodian New Energy Technology Research Institute Limited*, pursuant to which, Guodian New Energy Technology Research Institute Limited* agreed to lease certain properties to the Group for a period of one year from 1 January 2020 to 31 December 2020, with an annual cap of RMB42 million.

10. GENERAL

- (a) The registered office of the Company is at Suite 1101, 11/F, Building 1, Yard 16, W. 4th Ring Middle Road, Haidian District, Beijing, PRC.
- (b) The principal place of business of the Company in Hong Kong is 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.
- (c) The H share registrar of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong.
- (d) The company secretary of the Company is Mr. Lee Kwok Fai Kenneth. Mr. Lee Kwok Fai Kenneth is a member of Hong Kong Certified Public Accountants, a member of the American Institute of Certified Public Accountants in the United States and a Chartered Financial Analyst.
- (e) The English text of this circular shall prevail over the Chinese text in the event of inconsistency, unless otherwise the context requires.

11. DOCUMENTS ON DISPLAY

Copies of the following documents published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (<http://www.01296.hk>) for 14 days from the date of this circular:

- (a) the Directors’ service contracts or letters of appointment (as the case may be) with the Company referred to in the section headed “Service Contracts” in this appendix;
- (b) the Capital Injection and Equity Transfer Agreement; and
- (c) the Supplemental Agreement.