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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 2022**

Reference is made to the announcement of the Company dated 30 December 2020 (the “**Announcement**”) in relation to, among others, the entering into of the Existing Property Lease Framework Agreement with New Energy Research Institute in order to lease certain properties from New Energy Research Institute. As the Existing Property Lease Framework Agreement will expire on 31 December 2021, considering that the Group will continue to lease certain properties from New Energy Research Institute, the Company entered into the Property Lease Framework Agreement 2022 with New Energy Research Institute on 28 December 2021. Pursuant to the Property Lease Framework Agreement 2022, New Energy Research Institute agrees to lease certain properties to the Group for a term of one year commencing on 1 January 2022 and ending on 31 December 2022. Pursuant to the Property Lease Framework Agreement 2022, the Group will pay the rent and property management fee for the leased properties.

China Energy directly or indirectly holds approximately 78.40% equity interests of the Company and is the controlling shareholder of the Company. New Energy Research Institute is a wholly-owned subsidiary of China Energy, and China Energy and its subsidiaries are connected persons of the Company as defined under Chapter 14A of the Listing Rules. Therefore, New Energy Research Institute is a connected person of the Company. The transactions contemplated under the Property Lease Framework Agreement 2022 constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios exceed 0.1% but are less than 5%, the continuing connected transactions contemplated under the Property Lease Framework Agreement 2022 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 2022**

Reference is made to the Announcement in relation to, among others, the entering into of the Existing Property Lease Framework Agreement with New Energy Research Institute in order to lease certain properties from New Energy Research Institute. As the Existing Property Lease Framework Agreement will expire on 31 December 2021, considering that the Group will continue to lease properties from New Energy Research Institute, the Company entered into the Property Lease Framework Agreement 2022 with New Energy Research Institute on 28 December 2021 to lease certain properties for a term of one year commencing on 1 January 2022 and ending on 31 December 2022.

### **Date:**

28 December 2021

### **Parties:**

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

### **Material Terms:**

The Property Lease Framework Agreement 2022 is for a term of one year commencing on 1 January 2022 and ending on 31 December 2022, 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 properties.

### **Annual Cap and Historical Figures of Rent and Property Management Fee:**

Pursuant to the Property Lease Framework Agreement 2022, 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 properties 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 properties and shall not exceed RMB1.5 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 rent and property management fee will be determined based on the condition of each property with reference to the fair and reasonable market price as well as the rents and property management fees of comparable properties in similar locations. According to Hong Kong Financial Reporting Standards/International Financial Reporting Standards No. 16, the Group must recognize right-of-use assets and related lease liabilities. The Group must set an annual cap on the total value of the lease-related right-of-use assets under the Property Lease Framework Agreement 2022, and the total value of the newly-added right-of-use assets and the proposed annual cap of property management fee for the year ending 31 December 2022 from New Energy Research Institute is RMB48,000,000. The annual cap is calculated after considering the Group's demand for leased properties from New Energy Research Institute and historical data. As disclosed in the Announcement, the annual cap of the property lease under the Existing Property Lease Framework Agreement is RMB42,000,000. The actual rent and property management fee incurred by the Group under the Existing Property Lease Framework Agreement for the eleven months ended 30 November 2021 were approximately RMB17,903,400.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE PROPERTY LEASE FRAMEWORK AGREEMENT 2022**

The Company is of the view that the transactions contemplated under the Property Lease Framework Agreement 2022 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 2022 was entered into after arm's length negotiations and is beneficial to the Group.

The Directors (including the independent non-executive Directors but excluding Mr. Song Chang, Mr. Zhang Wenjian and Mr. Gu Yuchun) confirm that the terms of the Property Lease Framework Agreement 2022 (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.

The non-executive Directors, Mr. Song Chang, Mr. Zhang Wenjian and Mr. Gu Yuchun, being Directors connected with China Energy or its subsidiaries, have abstained from voting on the resolution in relation to the continuing connected transactions contemplated under the Property Lease Framework Agreement 2022 and the annual cap set out therein in view of their positions as connected Directors at the Board meeting. Save as disclosed above, none of the Directors has any material interests in the transactions contemplated under the Property Lease Framework Agreement 2022.

## **INTERNAL CONTROL PROCEDURES**

To ensure that the considerations for the continuing connected transactions of the Group, including those under the Property Lease Framework Agreement 2022, 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 formulated and strictly enforced Connected Transaction Management Policy. According to the policy, the department of securities and legal affairs of the Company is responsible for reviewing the compliance of the continuing connected transaction agreements of the Company with applicable laws and regulations, the Company's policies and the Listing Rules. Furthermore, the finance department, the internal control and audit 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) The Company has confirmed the annual caps in strict accordance with the above policy and continued to pay attention to the use of the annual caps: the department of securities and legal affairs of the Company is responsible for regularly monitoring and reviewing the implementation of connected transactions (including but not limited to the implementation of pricing policies and the scale of transactions). The general management department and the finance department of the Company coordinate to calculate the cap of connected transactions related to property lease; and
- (3) In compliance with the Listing Rules, the independent non-executive Directors of the Company have reviewed and will continue to review the Company's connected transaction agreements or continuing connected transaction agreements to ensure 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.

## **LISTING RULES IMPLICATIONS**

China Energy directly or indirectly holds approximately 78.40% equity interests of the Company and is the controlling shareholder of the Company. New Energy Research Institute is a wholly-owned subsidiary of China Energy, and China Energy and its subsidiaries are connected persons of the Company as defined under Chapter 14A of the Listing Rules. Therefore, New Energy Research Institute is a connected person of the Company. The transactions contemplated under the Property Lease Framework Agreement 2022 constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios exceed 0.1% but are less than 5%, the continuing connected transactions contemplated under the Property Lease Framework Agreement 2022 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, with established leading or dominant market positions in the environmental protection and energy conservation solution industries in the PRC.

### **New Energy Research Institute**

New Energy Research Institute is a wholly-owned subsidiary of China Energy. It is primarily engaged in the engineering and technical research and experimental development, 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), undertaking exhibitions and demonstrating activities, translation services, copyrights transferring and agency services, copyright agency services, marketing planning, software development, product design, retail of electrical equipment and accessories and patent agents.

## **DEFINITIONS**

In this announcement, the following expressions have the following meanings:

“Board”	the board of Directors of the Company
“China Energy”	China Energy Investment Group Corporation Limited* (國家能源投資集團有限責任公司), a limited liability company incorporated in the PRC and a 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 company incorporated in the PRC with limited liability, the H Shares of which is listed on the Stock Exchange (Stock Code: 1296)

“Director(s)”	the director(s) of the Company
“Existing Property Lease Framework Agreement”	the Property Lease Framework Agreement entered into between the Company and New Energy Research Institute on 30 December 2020
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Energy Research Institute”	CHN Energy New Energy Technology Research Institute Co., Ltd.* (國家能源集團新能源技術研究院有限公司), a limited liability company incorporated in the PRC
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Property Lease Framework Agreement 2022”	the Property Lease Framework Agreement entered into between the Company and New Energy Research Institute on 28 December 2021
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Beijing, PRC, 28 December 2021

*As at the date of this announcement, the executive Directors of the Company are Mr. Chen Dongqing and Mr. Li Caiyun; the non-executive Directors are 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*