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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)

**ANNOUNCEMENT OF CONNECTED TRANSACTION
RELATING TO
ACQUISITION OF 100% OF THE EQUITY INTEREST
IN BEIJING GUODIAN LANTIAN ENERGY SAVING SCIENCE
AND TECHNOLOGY DEVELOPMENT CO., LTD.**

The Board is pleased to announce that Energy Saving Company, a wholly-owned subsidiary of the Company, has entered into the Equity Transfer Agreement with Guodian Science and Technology Research Institute on 13 September 2017, pursuant to which, Energy Saving Company has conditionally agreed to purchase, and Guodian Science and Technology Research Institute has conditionally agreed to sell, the latter's 100% equity interest in Lantian Company at a consideration of RMB48,156,500 (equivalent to approximately HK\$56,436,264).

As Guodian Science and Technology Research Institute is a wholly-owned subsidiary of Guodian Group, and Guodian Group, the Controlling Shareholder of the Company, directly and indirectly holds approximately 78.40% of the Company's issued share capital, Guodian Science and Technology Research Institute is a Connected Person of the Company. The Acquisition between Energy Saving Company and Guodian Science and Technology Research Institute constitutes a Connected Transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

As one of the applicable percentage ratios (as defined in the Hong Kong Listing Rules) in relation to the Acquisition exceeds 0.1% but all applicable percentage ratios are less than 5%, the Acquisition shall only be subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

Having made due and reasonable inquiries, the Directors (including the independent non-executive Directors) are of the view that the terms of the Equity Transfer Agreement are entered into in the ordinary and usual course of the Company's business, on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole. Mr. WANG Zhongqu, Mr. ZHANG Wenjian and Mr. GU Yuchun, who are Directors related to Guodian Group or other Associates of Guodian Group, have abstained from voting at the Board meeting of the Company. Save as aforesaid, no Director has any material interest in the Equity Transfer Agreement.

INTRODUCTION

The Board is pleased to announce that Energy Saving Company, a wholly-owned subsidiary of the Company, has entered into the Equity Transfer Agreement with Guodian Science and Technology Research Institute on 13 September 2017, pursuant to which, Energy Saving Company has conditionally agreed to purchase, and Guodian Science and Technology Research Institute has conditionally agreed to sell, the latter's 100% equity interest in Lantian Company at a consideration of RMB48,156,500 (equivalent to approximately HK\$56,436,264). Details of the Equity Transfer Agreement are set out below.

THE EQUITY TRANSFER AGREEMENT

Signing Date

13 September 2017

Parties

- (1) Guodian Science and Technology Research Institute, as transferor; and
- (2) Energy Saving Company, as transferee.

Subject Matter

Pursuant to the Equity Transfer Agreement, Energy Saving Company has conditionally agreed to purchase, and Guodian Science and Technology Research Institute has conditionally agreed to sell, the latter's 100% equity interest in Lantian Company. Lantian Company, a company incorporated in the PRC, is primarily engaged in technology development, technology promotion, technology transfer, technical consultation, technical services; engineering and technology research and experimental development; construction project management and general contracting construction businesses.

Consideration and Payment

The consideration payable by Energy Saving Company to Guodian Science and Technology Research Institute is RMB48,156,500 (equivalent to approximately HK\$56,436,264), which was determined after arm's length negotiation between Energy Saving Company and Guodian Science and Technology Research Institute with reference to, among others, the appraised net asset value of Lantian Company and the synergies and optimization in business and technology of Lantian Company upon completion of the Acquisition. Pursuant to the Equity Transfer Agreement, the payment of such consideration shall be made by cash in full within 30 business days after the effective date of the Equity Transfer Agreement.

Completion

The Acquisition will be completed on the date when the registration procedures for changes arising from the Acquisition with the relevant administrative authority for industry and commerce are completed.

Financial Information of Lantian Company

Certain financial information prepared in accordance with accounting standards in the PRC for the years ended 31 December 2015 and 31 December 2016, and the six months ended 30 June 2017 is set out as follows:

	For the six months ended 30 June 2017 (RMB) (Unaudited)	For the year ended 31 December 2016 (RMB) (Audited)	For the year ended 31 December 2015 (RMB) (Audited)
Profit/(loss) before tax	(8,509,350.57)	10,137,997.91	(5,555,106.78)
Net profit/(loss) after tax	(7,856,469.24)	9,359,450.28	(5,231,915.34)

Lantian Company was established by Guodian Science and Technology Research Institute in April 2011 with registered capital of RMB10,000,000 (equivalent to approximately HK\$11,719,345). As of 31 January 2017, the valuation date, the appraised net asset value of Lantian Company amounted to RMB34,600,024.27 (equivalent to approximately HK\$40,548,934).

REASONS FOR AND BENEFITS OF THE ACQUISITION

Lantian Company has mastery of numerous technologies relating to energy saving, such as the superior low-level energy heating technology, showcasing its distinct technical advantages and larger potential market capacity of its business. Acquisition of Lantian Company enables the integration and optimization of the technologies of Lantian Company and the existing energy saving technology of the Company, the carrying out of system integration research of machines, furnaces, electricity, auxiliary machines and heating system, and increasing the comprehensive strengths and business scale of Energy Saving Company to enhance the capability of comprehensive energy saving and reconstruction technology of the Group.

Having made due and reasonable inquiries, the Directors (including the independent non-executive Directors) are of the view that the terms of the Equity Transfer Agreement are entered into in the ordinary and usual course of the Company's business, on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

EFFECT OF THE ACQUISITION

After completion of the Acquisition, the Lantian Company will become an indirect wholly-owned subsidiary of the Company and its financial results, assets and liabilities will be included in the consolidated financial statements of the Group.

INFORMATION ON THE PARTIES

The Group

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

Guodian Science and Technology Research Institute

Guodian Science and Technology Research Institute is a company incorporated in the PRC. It is primarily engaged in production of power system, safety consultation, testing, evaluation and relevant technical services of power system equipment and relevant engineering; research and development, promotion and application of new technology and new products; research and services of relevant technical routes and standards.

IMPLICATIONS OF THE HONG KONG LISTING RULES

As Guodian Science and Technology Research Institute is a wholly-owned subsidiary of Guodian Group, and Guodian Group, the Controlling Shareholder of the Company, directly and indirectly holds approximately 78.40% of the Company's issued share capital, Guodian Science and Technology Research Institute is a Connected Person of the Company. The Acquisition between Energy Saving Company and Guodian Science and Technology Research Institute constitutes a Connected Transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

As one of the applicable percentage ratios (as defined in the Hong Kong Listing Rules) in relation to the Acquisition exceeds 0.1% but all applicable percentage ratios are less than 5%, the Acquisition shall be only subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

Mr. WANG Zhongqu, Mr. ZHANG Wenjian and Mr. GU Yuchun, who are Directors related to Guodian Group or other Associates of Guodian Group, have abstained from voting at the Board meeting of the Company. Save as aforesaid, no Director has any material interest in the Equity Transfer Agreement.

DEFINITIONS

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

“Acquisition”	the transaction contemplated under the Equity Transfer Agreement
“Associates”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Board”	the board of directors 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 pursuant to the PRC Company Law on 16 May 2011, and including its subsidiaries as the context requires
“Connected Person”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Connected Transaction”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Controlling Shareholder”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Director(s)”	director(s) of the Company
“Energy Saving Company”	Guodian Energy Saving Technology Co., Ltd.* (國電節能技術有限公司), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of the Company
“Equity Transfer Agreement”	the equity transfer agreement entered into between Energy Saving Company and Guodian Science and Technology Research Institute on 13 September 2017, pursuant to which Energy Saving Company conditionally agreed to purchase and Guodian Science and Technology Research Institute conditionally agreed to sell 100% of its equity interest in Lantian Company
“Group”	the Company and its subsidiaries
“Guodian Group”	China Guodian Corporation* (中國國電集團公司), a state-owned enterprise established in the PRC and the Controlling Shareholder of the Company
“Guodian Science and Technology Research Institute”	Guodian Science and Technology Research Institute* (國電科學技術研究院), a wholly-owned subsidiary of Guodian Group
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“Lantian Company”	Beijing Guodian Lantian Energy Saving Science and Technology Development Co., Ltd.* (北京國電藍天節能科技開發有限公司), a limited liability company incorporated in the PRC
“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
“%”	percent

In this announcement, for the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of HK\$1.00 to RMB0.85329. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

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

Beijing, PRC, 13 September 2017

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

* For identification purpose only