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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)**

## **VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION**

### **Transfer of Desulfurization and Denitrification Assets**

#### **Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders**



**Gram Capital Limited**

**嘉林資本有限公司**

The Board is pleased to announce that, on February 5, 2016, Longyuan Environmental (a wholly-owned subsidiary of the Company) entered into the Transfer Agreements with each of the 27 subsidiaries of Guodian Group. Pursuant to the Transfer Agreements, Longyuan Environmental will transfer certain desulfurization and denitrification assets to the 27 subsidiaries of Guodian Group respectively, with a total consideration of approximately RMB3,390,886,900.

#### **LISTING RULE IMPLICATIONS**

As the transferees under each of the Transfer Agreements are all subsidiaries of Guodian Group, and Guodian Group is a controlling shareholder of the Company. As such, the transferees under each of the Transfer Agreements are connected persons of the Company, and the transactions contemplated under each of the Transfer Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules and shall be subject to approval by the Independent Shareholders.

In addition, according to Rule 14A.81, the transactions under each of the Transfer Agreements shall be aggregated for the purpose of calculation. Upon aggregation, the total consideration for the transactions under the Transfer Agreements is RMB3,390,886,900. As after aggregation, the applicable percentage ratios for the transactions under the Transfer Agreements are more than 75%, the transactions contemplated under the Transfer Agreements constitute a very substantial disposal of the Company under Chapter 14 of the Listing Rules and shall be subject to the requirements regarding reporting, announcement, circular and Independent Shareholders' approval.

Guodian Group and its associates (including GD Power) shall abstain from voting on the proposed resolution to approve the transactions contemplated under the Transfer Agreements at the EGM. Save for the aforesaid and to the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, as at the date of this announcement, no other Shareholder is involved in or interested in the transactions contemplated under the Transfer Agreements which requires such Shareholder to abstain from voting on the proposed resolution to approve the transactions contemplated under the Transfer Agreements at the EGM.

An Independent Board Committee comprising all the independent non-executive Directors will be established to advise the Independent Shareholders in respect of the transactions contemplated under the Transfer Agreements. The Company will appoint Gram Capital as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the transactions contemplated under the Transfer Agreements are on normal commercial terms or better and in the ordinary course of business of the Company, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **GENERAL**

A circular is expected to be dispatched to the Shareholders as required by the Listing Rules as soon as practicable and within 15 business days after the publication of this announcement.

**As the Disposal is subject to the fulfilment of the conditions precedent disclosed in this announcement and may or may not materialise, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.**

The Board is pleased to announce that, on February 5, 2016, Longyuan Environmental (a wholly-owned subsidiary of the Company) entered into a Transfer Agreement with each of the 27 subsidiaries of Guodian Group. Pursuant to which, Longyuan Environmental will transfer certain desulfurization and denitrification assets to the 27 subsidiaries of Guodian Group respectively, with a total consideration of approximately RMB3,390,886,900.

The desulfurization and denitrification assets to be disposed of by Longyuan Environmental under the Transfer Agreements consist primarily of (i) inventories which include raw material necessary for the operation of desulfurization and denitrification equipment (current assets) and (ii) fixed assets which include desulfurization and denitrification equipment, facilities and buildings, as well as construction in progress (non-current assets). Such assets are used to reduce the emissions of SO<sub>2</sub> and NO<sub>x</sub> from coal-fired power generation so as to protect the environment.

The desulfurization and denitrification related projects involve the Group using the concession business model to invest, construct, operate and maintain the desulfurization and denitrification facilities, thereby generating revenue from on-grid tariff subsidies for the electricity generated by the power plants. The desulfurization and denitrification assets and related projects are installed according to the specific design and construction of the electricity generating facilities of the relevant power plants so as to reduce the emissions of SO<sub>2</sub> and NO<sub>x</sub>.

As at the date of this announcement, the Company and the Board do not have any intention, arrangement, agreement, understanding, negotiation (concluded or otherwise) on (i) any disposal, termination, scaling-down of the Company's existing businesses apart from the Disposal, the shutdown of the production lines of crystalline silicon cells with an annual production capacity of 180 MW, the production lines of modules with an annual production capacity of 400 MW, and the production lines of thin-film solar cells with an annual production capacity of 60 MW of GD Solar Co., Ltd (a subsidiary of the Company) (as disclosed in the Company's announcements on November 18, 2015 and December 21, 2015), the intention to transfer the interests in Guodian United Power Technology (Changchun) Co., Ltd, a subsidiary of Guodian United Power Technology Co., Ltd (a subsidiary of the Company), to transfer the assets in GD Solar Co., Ltd and to transfer the Company's intellectual property rights in the photovoltaic field, which may or may not materialise since no formal or legally binding agreement has been entered in this respect; (ii) injection of any new business to the Group; and (iii) any change in the Company's shareholding structure.

## **TRANSFER AGREEMENTS**

The major terms of the Transfer Agreements are as summarized as below:

### **1. Yanji Pyroelectricity Transfer Agreement**

#### *Date*

February 5, 2016

#### *Parties*

Transferor: Longyuan Environmental

Transferee: Yanji Pyroelectricity

#### *Assets to be disposed*

All assets are fallen within the valuation scope as prescribed by the valuation report of the desulfurization related asset project of the Yanji branch company of Longyuan Environmental.

#### *Consideration*

RMB87,463,559

The consideration is determined by Longyuan Environmental and Yanji Pyroelectricity with reference to the appraised value of RMB77,448,360, as listed in the valuation report prepared by an independent third party valuer CEA using the asset-based approach, with September 30, 2015 as the basis date. The consideration is the sum of such appraised value and the value-added tax. As of September 30, 2015, the book value of the relevant assets is approximately RMB63,630,600.

#### *Payment*

The consideration will be paid in cash. Yanji Pyroelectricity shall settle the entire transfer payment to Longyuan Environmental in an one-off manner by no later than April 15, 2016.

## **2. Changchun Pyroelectricity Transfer Agreement**

### ***Date***

February 5, 2016

### ***Parties***

Transferor: Longyuan Environmental

Transferee: Changchun Pyroelectricity

### ***Assets to be disposed***

All assets are fallen within the valuation scope as prescribed by the valuation report of the desulfuration related asset project of the Changchun branch company of Longyuan Environmental.

### ***Consideration***

RMB106,802,060

The consideration is determined by Longyuan Environmental and Changchun Pyroelectricity with reference to the target appraised value of RMB94,196,295, as listed in the valuation report prepared by an independent third party valuer CEA using the asset-based approach, with September 30, 2015 as the basis date. The consideration is the sum of such appraised value and the value-added tax. As of September 30, 2015, the book value of the relevant assets is approximately RMB79,977,800.

### ***Payment***

The consideration will be paid in cash. Changchun Pyroelectricity shall settle the entire transfer payment to Longyuan Environmental in an one-off manner by no later than April 15, 2016.

### **3. Baicheng Pyroelectricity Transfer Agreement**

#### ***Date***

February 5, 2016

#### ***Parties***

Transferor: Longyuan Environmental

Transferee: Baicheng Pyroelectricity

#### ***Assets to be disposed***

All assets are fallen within the valuation scope as prescribed by the valuation report of the desulfuration related asset project of the Baicheng branch company of Longyuan Environmental.

#### ***Consideration***

RMB107,247,185

The consideration is determined by Longyuan Environmental and Baicheng Pyroelectricity with reference to the target appraised value of RMB94,047,922, as listed in the valuation report prepared by an independent third party valuer CEA using the asset-based approach, with September 30, 2015 as the basis date. The consideration is the sum of such appraised value and the value-added tax. As of September 30, 2015, the book value of the relevant assets is approximately RMB83,914,500.

#### ***Payment***

The consideration will be paid in cash. Baicheng Pyroelectricity shall settle the entire transfer payment to Longyuan Environmental in an one-off manner by no later than April 15, 2016.

#### **4. Shenyang Pyroelectricity Transfer Agreement**

##### ***Date***

February 5, 2016

##### ***Parties***

Transferor: Longyuan Environmental

Transferee: Shenyang Pyroelectricity

##### ***Assets to be disposed***

All assets are fallen within the valuation scope as prescribed by the valuation report of the desulfuration related asset project of the Shenyang branch company of Longyuan Environmental.

##### ***Consideration***

RMB117,388,842

The consideration is determined by Longyuan Environmental and Shenyang Pyroelectricity with reference to the target appraised value of RMB103,935,911, as listed in the valuation report prepared by an independent third party valuer CEA using the asset-based approach, with September 30, 2015 as the basis date. The consideration is the sum of such appraised value and the value-added tax. As of September 30, 2015, the book value of the relevant assets is approximately RMB87,834,500.

##### ***Payment***

The consideration will be paid in cash. Shenyang Pyroelectricity shall settle the entire transfer payment to Longyuan Environmental in an one-off manner by no later than April 15, 2016.

## **5. Harbin Pyroelectricity Transfer Agreement**

### ***Date***

February 5, 2016

### ***Parties***

Transferor: Longyuan Environmental

Transferee: Harbin Pyroelectricity

### ***Assets to be disposed***

All assets are fallen within the valuation scope as prescribed by the valuation report of the desulfuration related asset project of the Harbin branch company of Longyuan Environmental.

### ***Consideration***

RMB97,398,872

The consideration is determined by Longyuan Environmental and Harbin Pyroelectricity with reference to the target appraised value of RMB86,673,222, as listed in the valuation report prepared by an independent third party valuer CEA using the asset-based approach, with September 30, 2015 as the basis date. The consideration is the sum of such appraised value and the value-added tax. As of September 30, 2015, the book value of the relevant assets is approximately RMB71,767,800.

### ***Payment***

The consideration will be paid in cash. Harbin Pyroelectricity shall settle the entire transfer payment to Longyuan Environmental in an one-off manner by no later than April 15, 2016.



## **6. Yuci Pyroelectricity Transfer Agreement**

### ***Date***

February 5, 2016

### ***Parties***

Transferor: Longyuan Environmental

Transferee: Yuci Pyroelectricity

### ***Assets to be disposed***

All assets are fallen within the valuation scope as prescribed by the valuation report of the desulfuration related asset project of the Yuci branch company of Longyuan Environmental.

### ***Consideration***

RMB133,259,257

The consideration is determined by Longyuan Environmental and Yuci Pyroelectricity with reference to the target appraised value of RMB117,035,665, as listed in the valuation report prepared by an independent third party valuer CEA using the asset-based approach, with September 30, 2015 as the basis date. The consideration is the sum of such appraised value and the value-added tax. As of September 30, 2015, the book value of the relevant assets is approximately RMB123,912,000.

### ***Payment***

The consideration will be paid in cash. Yuci Pyroelectricity shall settle the entire transfer payment to Longyuan Environmental in an one-off manner by no later than April 15, 2016.

## **7. Chengde Pyroelectricity Transfer Agreement**

### ***Date***

February 5, 2016

### ***Parties***

Transferor: Longyuan Environmental

Transferee: Chengde Pyroelectricity

### ***Assets to be disposed***

All assets are fallen within the valuation scope as prescribed by the valuation report of the desulfuration related asset project of units #1 and #2 of the Chengde branch company of Longyuan Environmental.

### ***Consideration***

RMB146,979,919

The consideration is determined by Longyuan Environmental and Chengde Pyroelectricity with reference to the target appraised value of RMB127,809,248, as listed in the valuation report prepared by an independent third party valuer CEA using the asset-based approach, with September 30, 2015 as the basis date. The consideration is the sum of such appraised value and the value-added tax. As of September 30, 2015, the book value of the relevant assets is approximately RMB146,390,200.

### ***Payment***

The consideration will be paid in cash. Chengde Pyroelectricity shall settle the entire transfer payment to Longyuan Environmental in an one-off manner by no later than April 15, 2016.

## **8. Huaian Pyroelectricity Transfer Agreement**

### ***Date***

February 5, 2016

### ***Parties***

Transferor: Longyuan Environmental

Transferee: Huaian Pyroelectricity

### ***Assets to be disposed***

All assets are fallen within the valuation scope as prescribed by the valuation report of the desulfuration related asset project of the Huaian branch company of Longyuan Environmental.

### ***Consideration***

RMB97,819,044

The consideration is determined by Longyuan Environmental and Huaian Pyroelectricity with reference to the target appraised value of RMB85,758,796, as listed in the valuation report prepared by an independent third party valuer CEA using the asset-based approach, with September 30, 2015 as the basis date. The consideration is the sum of such appraised value and the value-added tax. As of September 30, 2015, the book value of the relevant assets is approximately RMB105,702,000.

### ***Payment***

The consideration will be paid in cash. Huaian Pyroelectricity shall settle the entire transfer payment to Longyuan Environmental in an one-off manner by no later than April 15, 2016.

## **9. Jinneng Pyroelectricity Transfer Agreement**

### ***Date***

February 5, 2016

### ***Parties***

Transferor: Longyuan Environmental

Transferee: Jinneng Pyroelectricity

### ***Assets to be disposed***

All assets are fallen within the valuation scope as prescribed by the valuation report of the desulfuration related asset project of the Tianjin branch company of Longyuan Environmental.

### ***Consideration***

RMB90,093,579

The consideration is determined by Longyuan Environmental and Jinneng Pyroelectricity with reference to the target appraised value of RMB78,683,270, as listed in the valuation report prepared by an independent third party valuer CEA using the asset-based approach, with September 30, 2015 as the basis date. The consideration is the sum of such appraised value and the value-added tax. As of September 30, 2015, the book value of the relevant assets is approximately RMB88,673,300.

### ***Payment***

The consideration will be paid in cash. Jinneng Pyroelectricity shall settle the entire transfer payment to Longyuan Environmental in an one-off manner by no later than April 15, 2016.

## **10. Huozhou Power Generation Transfer Agreement**

### ***Date***

February 5, 2016

### ***Parties***

Transferor: Longyuan Environmental

Transferee: Huozhou Power Generation

### ***Assets to be disposed***

All assets are fallen within the valuation scope as prescribed by the valuation report of the desulfuration related asset project of the Huozhou branch company of Longyuan Environmental.

### ***Consideration***

RMB143,863,643

The consideration is determined by Longyuan Environmental and Huozhou Power Generation with reference to the target appraised value of RMB126,169,277, as listed in the valuation report prepared by an independent third party valuer CEA using the asset-based approach, with September 30, 2015 as the basis date. The consideration is the sum of such appraised value and the value-added tax. As of September 30, 2015, the book value of the relevant assets is approximately RMB133,494,400.

### ***Payment***

The consideration will be paid in cash. Huozhou Power Generation shall settle the entire transfer payment to Longyuan Environmental in an one-off manner by no later than April 15, 2016.

## **11. Lanzhou Fanping Pyroelectricity Transfer Agreement**

### ***Date***

February 5, 2016

### ***Parties***

Transferor: Longyuan Environmental

Transferee: Lanzhou Fanping Pyroelectricity

### ***Assets to be disposed***

All assets are fallen within the valuation scope as prescribed by the valuation report of the desulfuration related asset project of the Lanzhou branch company of Longyuan Environmental.

### ***Consideration***

RMB99,035,214

The consideration is determined by Longyuan Environmental and Lanzhou Fanping Pyroelectricity with reference to the target appraised value of RMB85,991,832, as listed in the valuation report prepared by an independent third party valuer CEA using the asset-based approach, with September 30, 2015 as the basis date. The consideration is the sum of such appraised value and the value-added tax. As of September 30, 2015, the book value of the relevant assets is approximately RMB73,418,900.

### ***Payment***

The consideration will be paid in cash. Lanzhou Fanping Pyroelectricity shall settle the entire transfer payment to Longyuan Environmental in an one-off manner by no later than April 15, 2016.

## **12. Jiuquan Power Generation Transfer Agreement**

### ***Date***

February 5, 2016

### ***Parties***

Transferor: Longyuan Environmental

Transferee: Jiuquan Power Generation

### ***Assets to be disposed***

All assets are fallen within the valuation scope as prescribed by the valuation report of the desulfuration related asset project of the Jiuquan branch company of Longyuan Environmental.

### ***Consideration***

RMB108,353,206

The consideration is determined by Longyuan Environmental and Jiuquan Power Generation with reference to the target appraised value of RMB95,709,821, as listed in the valuation report prepared by an independent third party valuer CEA using the asset-based approach, with September 30, 2015 as the basis date. The consideration is the sum of such appraised value and the value-added tax. As of September 30, 2015, the book value of the relevant assets is approximately RMB93,644,200.

### ***Payment***

The consideration will be paid in cash. Jiuquan Power Generation shall settle the entire transfer payment to Longyuan Environmental in an one-off manner by no later than April 15, 2016.

### **13. Datong Power Generation Transfer Agreement**

#### *Date*

February 5, 2016

#### *Parties*

Transferor: Longyuan Environmental

Transferee: Datong Power Generation

#### *Assets to be disposed*

All assets are fallen within the valuation scope as prescribed by the valuation report of the desulfuration related asset project of the Datong branch company of Longyuan Environmental.

#### *Consideration*

RMB252,609,483

The consideration is determined by Longyuan Environmental and Datong Power Generation with reference to the target appraised value of RMB222,829,010, as listed in the valuation report prepared by an independent third party valuer CEA using the asset-based approach, with September 30, 2015 as the basis date. The consideration is the sum of such appraised value and the value-added tax. As of September 30, 2015, the book value of the relevant assets is approximately RMB228,828,400.

The above project is undergoing capacity increase and technological reform, and certain works in progress have not been included in the determination of the appraised value for this transfer. Longyuan Environmental shall continue to carry out such technological reform works which are estimated to be completed on June 30, 2016. Approximately RMB77,190,000 have been incurred as of September 30, 2015 and the estimated cost-to-completion with respect to such technological reform works is approximately RMB44,250,000. Upon the completion of the technological reform projects and Datong Power Generation having passed its quality approval check, Longyuan Environmental shall provide relevant supporting and audit report. The parties shall then settle based on the actual amount, and Datong Power Generation shall pay to Longyuan Environmental sums for that portion of assets, so as to complete the transaction.

#### *Payment*

The consideration will be paid in cash. Datong Power Generation shall settle the entire transfer payment to Longyuan Environmental in an one-off manner by no later than April 15, 2016.



## **14. Dalian Zhuanghe Power Generation Transfer Agreement**

### ***Date***

February 5, 2016

### ***Parties***

Transferor: Longyuan Environmental

Transferee: Dalian Zhuanghe Power Generation

### ***Assets to be disposed***

All assets are fallen within the valuation scope as prescribed by the valuation report of the desulfuration related asset project of the Dalian Zhuanghe branch company of Longyuan Environmental.

### ***Consideration***

RMB215,809,197

The consideration is determined by Longyuan Environmental and Dalian Zhuanghe Power Generation with reference to the target appraised value of RMB191,725,233, as listed in the valuation report prepared by an independent third party valuer CEA using the asset-based approach, with September 30, 2015 as the basis date. The consideration is the sum of such appraised value and the value-added tax. As of September 30, 2015, the book value of the relevant assets is approximately RMB196,972,800.

### ***Payment***

The consideration will be paid in cash. Dalian Zhuanghe Power Generation shall settle the entire transfer payment to Longyuan Environmental in an one-off manner by no later than April 15, 2016.

## **15. Shizuishan First Power Generation Transfer Agreement**

### ***Date***

February 5, 2016

### ***Parties***

Transferor: Longyuan Environmental

Transferee: Shizuishan First Power Generation

### ***Assets to be disposed***

All assets are fallen within the valuation scope as prescribed by the valuation report of the desulfuration related asset project of the 330+350MW units of Shizuishan branch company of Longyuan Environmental.

### ***Consideration***

RMB115,418,054

The consideration is determined by Longyuan Environmental and Shizuishan First Power Generation with reference to the target appraised value of RMB100,170,867, as listed in the valuation report prepared by an independent third party valuer CEA using the asset-based approach, with September 30, 2015 as the basis date. The consideration is the sum of such appraised value and the value-added tax. As of September 30, 2015, the book value of the relevant assets is approximately RMB106,793,100.

### ***Payment***

The consideration will be paid in cash. Shizuishan First Power Generation shall settle the entire transfer payment to Longyuan Environmental in an one-off manner by no later than April 15, 2016.

## **16. Dalian Development Zone Pyroelectricity Transfer Agreement**

### ***Date***

February 5, 2016

### ***Parties***

Transferor: Longyuan Environmental

Transferee: Dalian Development Zone Pyroelectricity

### ***Assets to be disposed***

All assets are fallen within the valuation scope as prescribed by the valuation report of the desulfuration related asset project of the Dalian branch company of Longyuan Environmental.

### ***Consideration***

RMB123,916,069

The consideration is determined by Longyuan Environmental and Dalian Development Zone Pyroelectricity with reference to the target appraised value of RMB110,086,446, as listed in the valuation report prepared by an independent third party valuer CEA using the asset-based approach, with September 30, 2015 as the basis date. The consideration is the sum of such appraised value and the value-added tax. As of September 30, 2015, the book value of the relevant assets is approximately RMB114,290,100.

### ***Payment***

The consideration will be paid in cash. Dalian Development Zone Pyroelectricity shall settle the entire transfer payment to Longyuan Environmental in an one-off manner by no later than April 15, 2016.

## **17. Inner Mongolia Energy Transfer Agreement**

### ***Date***

February 5, 2016

### ***Parties***

Transferor: Longyuan Environmental

Transferee: Inner Mongolia Energy

### ***Assets to be disposed***

All assets are fallen within the valuation scope as prescribed by the valuation report of the desulfuration related asset project of the Bulian branch company of Longyuan Environmental.

### ***Consideration***

RMB173,340,943

The consideration is determined by Longyuan Environmental and Inner Mongolia Energy with reference to the target appraised value of RMB152,402,085, as listed in the valuation report prepared by an independent third party valuer CEA using the asset-based approach, with September 30, 2015 as the basis date. The consideration is the sum of such appraised value and the value-added tax. As of September 30, 2015, the book value of the relevant assets is approximately RMB162,061,700.

### ***Payment***

The consideration will be paid in cash. Inner Mongolia Energy shall settle the entire transfer payment to Longyuan Environmental in an one-off manner by no later than April 15, 2016.

## **18. Karamayi Power Generation Transfer Agreement**

### ***Date***

February 5, 2016

### ***Parties***

Transferor: Longyuan Environmental

Transferee: Karamayi Power Generation

### ***Assets to be disposed***

All assets are fallen within the valuation scope as prescribed by the valuation report of the desulfuration related asset project of the Karamayi branch company of Longyuan Environmental.

### ***Consideration***

RMB109,573,887

The consideration is determined by Longyuan Environmental and Karamayi Power Generation with reference to the target appraised value of RMB96,136,189, as listed in the valuation report prepared by an independent third party valuer CEA using the asset-based approach, with September 30, 2015 as the basis date. The consideration is the sum of such appraised value and the value-added tax. As of September 30, 2015, the book value of the relevant assets is approximately RMB95,614,600.

### ***Payment***

The consideration will be paid in cash. Karamayi Power Generation shall settle the entire transfer payment to Longyuan Environmental in an one-off manner by no later than April 15, 2016.

## **19. Kuqa Power Generation Transfer Agreement**

### ***Date***

February 5, 2016

### ***Parties***

Transferor: Longyuan Environmental

Transferee: Kuqa Power Generation

### ***Assets to be disposed***

All assets are fallen within the valuation scope as prescribed by the valuation report of the desulfuration related asset project of the Kuqa branch company of Longyuan Environmental.

### ***Consideration***

RMB92,385,167

The consideration is determined by Longyuan Environmental and Kuqa Power Generation with reference to the target appraised value of RMB82,160,963, as listed in the valuation report prepared by an independent third party valuer CEA using the asset-based approach, with September 30, 2015 as the basis date. The consideration is the sum of such appraised value and the value-added tax. As of September 30, 2015, the book value of the relevant assets is approximately RMB86,292,700.

### ***Payment***

The consideration will be paid in cash. Kuqa Power Generation shall settle the entire transfer payment to Longyuan Environmental in an one-off manner by no later than April 15, 2016.

## **20. Zhaoqing Pyroelectricity Transfer Agreement**

### ***Date***

February 5, 2016

### ***Parties***

Transferor: Longyuan Environmental

Transferee: Zhaoqing Pyroelectricity

### ***Assets to be disposed***

All assets are fallen within the valuation scope as prescribed by the valuation report of the desulfuration related asset project of the Zhaoqing branch company of Longyuan Environmental.

### ***Consideration***

RMB132,148,321

The consideration is determined by Longyuan Environmental and Zhaoqing Pyroelectricity with reference to the target appraised value of RMB117,413,337, as listed in the valuation report prepared by an independent third party valuer CEA using the asset-based approach, with September 30, 2015 as the basis date. The consideration is the sum of such appraised value and the value-added tax. As of September 30, 2015, the book value of the relevant assets is approximately RMB115,734,400.

### ***Payment***

The consideration will be paid in cash. Zhaoqing Pyroelectricity shall settle the entire transfer payment to Longyuan Environmental in an one-off manner by no later than April 15, 2016.

## **21. Xingyang Coal Power Transfer Agreement**

### ***Date***

February 5, 2016

### ***Parties***

Transferor: Longyuan Environmental

Transferee: Xingyang Coal Power

### ***Assets to be disposed***

All assets are fallen within the valuation scope as prescribed by the valuation report of the desulfuration related asset project of the Xingyang branch company of Longyuan Environmental.

### ***Consideration***

RMB113,932,104

The consideration is determined by Longyuan Environmental and Xingyang Coal Power with reference to the target appraised value of RMB100,428,229, as listed in the valuation report prepared by an independent third party valuer CEA using the asset-based approach, with September 30, 2015 as the basis date. The consideration is the sum of such appraised value and the value-added tax. As of September 30, 2015, the book value of the relevant assets is approximately RMB110,606,900.

### ***Payment***

The consideration will be paid in cash. Xingyang Coal Power shall settle the entire transfer payment to Longyuan Environmental in an one-off manner by no later than April 15, 2016.



## **22. Jiujiang Power Generation Transfer Agreement**

### ***Date***

February 5, 2016

### ***Parties***

Transferor: Longyuan Environmental

Transferee: Jiujiang Power Generation

### ***Assets to be disposed***

All assets are fallen within the valuation scope as prescribed by the valuation report of the desulfuration related asset project of the Jiujiang branch company of Longyuan Environmental.

### ***Consideration***

RMB86,159,842

The consideration is determined by Longyuan Environmental and Jiujiang Power Generation with reference to the target appraised value of RMB76,322,831, as listed in the valuation report prepared by an independent third party valuer CEA using the asset-based approach, with September 30, 2015 as the basis date. The consideration is the sum of such appraised value and the value-added tax. As of September 30, 2015, the book value of the relevant assets is approximately RMB78,967,200.

### ***Payment***

The consideration will be paid in cash. Jiujiang Power Generation shall settle the entire transfer payment to Longyuan Environmental in an one-off manner by no later than April 15, 2016.

## **23. Jintang Power Generation Transfer Agreement**

### ***Date***

February 5, 2016

### ***Parties***

Transferor: Longyuan Environmental

Transferee: Jintang Power Generation

### ***Assets to be disposed***

All assets are fallen within the valuation scope as prescribed by the valuation report of the denitrification related asset project of the Jintang branch company of Longyuan Environmental.

### ***Consideration***

RMB154,172,247

The consideration is determined by Longyuan Environmental and Jintang Power Generation with reference to the target appraised value of RMB132,261,304, as listed in the valuation report prepared by an independent third party valuer CEA using the asset-based approach, with September 30, 2015 as the basis date. The consideration is the sum of such appraised value and the value-added tax. As of September 30, 2015, the book value of the relevant assets is approximately RMB134,626,300.

### ***Payment***

The consideration will be paid in cash. Jintang Power Generation shall settle the entire transfer payment to Longyuan Environmental in an one-off manner within 45 days of the Transfer Agreement taking effect.

## **24. Shuangliao Power Generation Transfer Agreement**

### ***Date***

February 5, 2016

### ***Parties***

Transferor: Longyuan Environmental

Transferee: Shuangliao Power Generation

### ***Assets to be disposed***

All assets are fallen within the valuation scope as prescribed by the valuation report of the desulfuration related asset project of the Shuangliao project of Longyuan Environmental.

### ***Consideration***

RMB101,266,751

The consideration is determined by Longyuan Environmental and Shuangliao Power Generation with reference to the target appraised value of RMB91,116,151, as listed in the valuation report prepared by an independent third party valuer CEA using the asset-based approach, with September 30, 2015 as the basis date. The consideration is the sum of such appraised value and the value-added tax. As of September 30, 2015, the book value of the relevant assets is approximately RMB67,447,900.

### ***Payment***

The consideration will be paid in cash. Shuangliao Power Generation shall settle the entire transfer payment to Longyuan Environmental in an one-off manner by no later than April 15, 2016.

## **25. Binhai Pyroelectricity Transfer Agreement**

### ***Date***

February 5, 2016

### ***Parties***

Transferor: Longyuan Environmental

Transferee: Binhai Pyroelectricity

### ***Assets to be disposed***

All assets are fallen within the valuation scope as prescribed by the valuation report of the desulfuration related asset project of the Beitang project of Longyuan Environmental.

### ***Consideration***

RMB99,225,961

The consideration is determined by Longyuan Environmental and Binhai Pyroelectricity with reference to the target appraised value of RMB89,970,730, as listed in the valuation report prepared by an independent third party valuer CEA using the asset-based approach, with September 30, 2015 as the basis date. The consideration is the sum of such appraised value and the value-added tax. As of September 30, 2015, the book value of the relevant assets is approximately RMB89,704,700.

### ***Payment***

The consideration will be paid in cash. Binhai Pyroelectricity shall settle the entire transfer payment to Longyuan Environmental in an one-off manner by no later than April 15, 2016.

## **26. Luanhe Pyroelectricity Transfer Agreement**

### ***Date***

February 5, 2016

### ***Parties***

Transferor: Longyuan Environmental

Transferee: Luanhe Pyroelectricity

### ***Assets to be disposed***

All assets are fallen within the valuation scope as prescribed by the valuation report of the desulfuration related asset project of unit #3 of the Chengde branch company of Longyuan Environmental.

### ***Consideration***

RMB84,516,885

The consideration is determined by Longyuan Environmental and Luanhe Pyroelectricity with reference to the target appraised value of RMB74,561,543, as listed in the valuation report prepared by an independent third party valuer CEA using the asset-based approach, with September 30, 2015 as the basis date. The consideration is the sum of such appraised value and the value-added tax. As of September 30, 2015, the book value of the relevant assets is approximately RMB49,739,700.

### ***Payment***

The consideration will be paid in cash. Luanhe Pyroelectricity shall settle the entire transfer payment to Longyuan Environmental in an one-off manner by no later than April 15, 2016.

## **27. Shizuishan Power Generation Transfer Agreement**

### ***Date***

February 5, 2016

### ***Parties***

Transferor: Longyuan Environmental

Transferee: Shizuishan Power Generation

### ***Assets to be disposed***

All assets are fallen within the valuation scope as prescribed by the valuation report of the desulfuration related asset project of the 4×330MW units of the Shizuishan branch company of Longyuan Environmental.

### ***Consideration***

RMB200,707,640

The consideration is determined by Longyuan Environmental and Shizuishan Power Generation with reference to the target appraised value of RMB176,813,166, as listed in the valuation report prepared by an independent third party valuer CEA using the asset-based approach, with September 30, 2015 as the basis date. The consideration is the sum of such appraised value and the value-added tax. As of September 30, 2015, the book value of the relevant assets is approximately RMB173,918,000.

### ***Payment***

The consideration will be paid in cash. Shizuishan Power Generation shall settle the entire transfer payment to Longyuan Environmental in an one-off manner by no later than April 15, 2016.

## **CONDITIONS PRECEDENT OF THE COMPLETION**

The completion of the Transfer Agreements is conditional upon:

1. The Transfer Agreements and the relevant transactions have been approved by the competent internal decision-making bodies of the relevant contracting parties;
2. The Company has obtained the approval of the Board and the Independent Shareholders with respect to the relevant transactions, and the relevant transactions have complied with the relevant requirements of the Listing Rules;
3. Permits, approvals, authorisations or filings, etc. with respect to the Transfer Agreements and the relevant transactions from the competent government authorities (including but not limited to the competent authorities for state assets supervision and the competent authorities for industry supervision) and other competent authorities have been obtained; and
4. Consent letters from third parties with respect to matters requiring third parties' consent that are involved in the Transfer Agreements and the relevant transactions have been obtained.

## **COMPLETION**

The parties to the Transfer Agreements should complete and obtain the approvals of their respective competent internal decision-making bodies, and satisfy the conditions precedent of the completion of the Transfer Agreements before March 31, 2016.

Within 20 working days from the satisfaction of the conditions precedent of the Transfer Agreement, the relevant contracting parties shall complete the completion formalities for the transfer of the relevant assets.

## **INFORMATION OF ASSETS TO BE DISPOSED OF**

The Group operates desulfurization and denitrification business through the concession business model, under which the relevant desulfurization and denitrification service providers construct and own the desulfurization and denitrification equipment and operate and maintain the desulfurization and denitrification business as an operator. The duration of the concession contract is the same as the remaining life cycle of the respective power plant, which is typically expected to be of 20 years or more at the beginning of the concession operation. Because the concession holder is also the operator of the desulfurization or denitrification operations, under the concession business model, its revenue is generated by the on-grid tariff subsidies of RMB1.5 cents per kWh (including VAT) (for desulfurization) and RMB0.1 per kWh (including VAT) (for denitrification) for the electricity generated by the power plants.

The table below sets out the unaudited operating profits of the assets to be disposed of as of each of the financial year ended December 31, 2013, December 31, 2014 and 9 months ended September 30, 2015 respectively, prepared in accordance with the accounting policies of the Group as disclosed in the relevant annual reports of the Company:

	<b>For the year ended December 31, 2013 (RMB'000)</b>	<b>For the year ended December 31, 2014 (RMB'000)</b>	<b>For the 9 months ended September 30, 2015 (RMB'000)</b>
Operating profits in relation to the assets in operation ( <i>Note</i> )	53,062	58,509	79,603

*Note:* The Group did not prepare financial statements of the desulfurization and denitrification assets on a stand-alone basis. Net profits before taxation and net profits after taxation attributable to the desulfurization and denitrification assets is not applicable in this case. Operating profits represent revenue generated from and costs incurred for the operation of the desulfurization and denitrification assets by the Group.

## **REASONS AND BENEFITS FOR CARRYING OUT THE DISPOSAL**

As disclosed above, the Group operates the desulfurization and denitrification business under the Transfer Agreements through the concession business model. In recent years, the environmental protection standard of the PRC state and local government has become more stringent. As the capacities of the desulfurization and denitrification concession units to be disposed of by the Group under the Transfer Agreements range from 200MW to 660MW and are relatively small, the annual utilization hours of the relevant desulfurization and denitrification assets are short, and the depreciation rates of such assets are high, and massive capital needs to be invested in the technological reform of such assets in order to meet the higher environmental protection standard. Since the original value of these assets increased as a result of the technological reform, relevant depreciation charge will also increase accordingly. In addition, the consumption costs of raw materials for the operation of such assets will increase, thus resulting in substantial increase of the operating expenses of such assets.

At the same time, the electricity system reform oriented by the policy of “four opening-up, one independence and one enhancement (四放開、一獨立、一加強)” will inevitably intensify the competition among power providers. The fierce competition among power generation enterprises will pose higher requirements for thermal power environmental protection, causing a substantial increase in the costs of carrying out environmental protection, and will to a large extent impair the profitability from the concession operation of environmental protection facilities.



## **EFFECT OF THE DISPOSAL**

The capacity of the desulfurization and denitrification concession operation units to be disposed of under the Transfer Agreements account for approximately 75% and 29% of the existing capacity of the desulfurization and denitrification concession operation units of the Group respectively. After the Disposal, the Group will continue to operate the remaining desulfurization and denitrification concession operations and the existing engineering, procurement and construction (EPC) projects (i.e. the Group is in charge of the project design, procurement of the equipment, construction, training and testing through the transfer of the project). The Disposal will not affect the remaining business of the Group. Instead, the Disposal allows the Group to concentrate its resources on the remaining 9 concession projects with good quality (including desulfurization and denitrification units of the Group with higher capacity (total desulfurization capacity of 12,690MW and denitrification capacity of 2,320MW), higher annual utilization hours and situate in the more economically developed regions), thereby optimizing the Group's business and increasing the Group's profits.

Upon completion of the Transfer Agreements, the Group will continue its existing business activities other than those related to the desulfurization and denitrification assets. The Disposal represents only approximately 5.7%, 4.8% and 4.6% of the total assets as at 30 June 2015, operating profits for the year ended 31 December 2014 and total revenue for the year ended 31 December 2014 of the Group respectively.

The Group provides integrated cleaning technology solutions and services in the PRC through two major business segments (i) environmental protection and energy conservation solutions and (ii) renewable energy equipment manufacturing and services, respectively. Given the PRC's economy is in a transformation stage, there being excess production capacity in the electricity industry, the state continues to raise its environmental protection standards, and there being development opportunities for emerging industries, the Group is faced with more challenges than opportunities. Going forward, the Group will further leverage on its advantages in the energy-saving and environmental protection industry, optimising the wind turbine equipment manufacturing industry, greatly developing the general contracting of power plants, informatisation of electric and electron and related industries, and work hard on cultivating the core competitiveness of the relevant business sectors, to facilitate the sustained development of the Group.

Based on the total consideration for the transactions under the Transfer Agreements of approximately RMB2,987,857,700 (without value-added tax) less the book value of the assets of the Disposal of approximately RMB2,963,958,700 on the accounts of the Group as of September 30, 2015, it is anticipated that the Group will recognize gains of approximately RMB23,899,000 (without deducting costs and expenses of the relevant transactions) as a result of the Disposal.

Ms. Wang Zhongqu (being the chief supervisor of the Work Safety and the head of the Work Safety Office of Guodian Group), Mr. Zhang Wenjian (being the head of the Technology and General Industry Office of Guodian Group) and Mr. Feng Shuchen (being the president of GD Power and the general manager assistant of the Guodian Group) are related to Guodian Group and its associates. As such, they have abstained from voting in the Board meeting of the Company. Save as aforesaid, no Director has any material interests in the transactions contemplated under the Transfer Agreements. Directors (excluding Mr. Wang Zhongqu, Mr. Zhang Wenjian and Mr. Feng Shuchen, and other than the independent non-executive Directors who will express their opinion after receiving the advice from Gram Capital) consider that the terms of the Transfer Agreements are on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

## **USE OF PROCEEDS**

The net proceeds is approximately RMB3,390,886,900 (without deducting costs and expenses of the relevant transactions) . The Group intends to use 30% and 70% of such proceeds from the Disposal (after deducting costs and expenses of the relevant transactions) as working capital and repayment of bank borrowings, respectively.

## **INFORMATION OF 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. In terms of its environmental protection and energy conservation solutions business, the Group is the largest provider of technology and integrated systems solutions to coal-fired power plants in the PRC, providing innovative and advanced technology designed to reduce pollutant emissions and to maximize efficiencies in resource utilization, with the overall objectives of reducing coal-fired power generation-related environmental impact and maximizing cost efficiencies and profitability for its customers. Leveraging on its comprehensive environmental protection and energy conservation technologies and solutions for all coal-fired power plants (with the core business lines being SO<sub>2</sub> and NO<sub>x</sub> emissions reductions, plasma-assisted ignition and combustion stabilization), the Group is capable of providing “one-stop” solutions to its customers which are tailored for their specific needs. The Group is also one of the largest manufacturers of wind power generation equipment in the PRC in terms of its renewable energy equipment manufacturing and services business, with well-established brands and is well known for its product quality and performance. The Group also provides renewable energy related services such as the maintenance and repair of wind turbine generators.

## **Longyuan Environmental**

Longyuan Environmental, a wholly-owned subsidiary of the Company, is a limited liability company incorporated in the PRC, which primarily engages in businesses including desulfuration and denitration EPC engineering, desulfuration and denitration franchising, environmental protection equipment manufacturing.

## **Guodian Group**

With a nationwide network, the Guodian Group is one of the five largest power generation groups in the PRC. The Guodian Group primarily engages in the development, investment, construction, operation and management of power generation facilities, and sales of power and heat. It is also involved in the investment, construction, operation and management of businesses relevant to its core business, such as coal, power generation equipment, new energy, transportation, technology, environmental protection, technological services and consulting.

## **Yanji Pyroelectricity**

Yanji Pyroelectricity, a subsidiary of Guodian Group, is a limited liability company incorporated in the PRC, which primarily engages in power generation, as well as the integrated utilization and development of power generation and heat supply related products.

## **Changchun Pyroelectricity**

Changchun Pyroelectricity, a subsidiary of Guodian Group, is a branch company of company limited by shares incorporated in the PRC, which primarily engages in the thermal power generation and heat supply business.

## **Baicheng Pyroelectricity**

Baicheng Pyroelectricity, a subsidiary of Guodian Group, is a branch company of company limited by shares incorporated in the PRC, which primarily engages in the thermal power generation and heat supply business.

## **Shenyang Pyroelectricity**

Shenyang Pyroelectricity, a subsidiary of Guodian Group, is a limited liability company incorporated in the PRC, which primarily engages in the thermal power generation and heat supply business.

## **Harbin Pyroelectricity**

Harbin Pyroelectricity, a subsidiary of Guodian Group, is a limited liability company incorporated in the PRC, which primarily engages in the thermal power generation and heat supply business.

### **Yuci Pyroelectricity**

Yuci Pyroelectricity, a subsidiary of Guodian Group, is a limited liability company incorporated in the PRC, which primarily engages in thermal power generation and the development, production and operation of related products.

### **Chengde Pyroelectricity**

Chengde Pyroelectricity, a subsidiary of Guodian Group, is a limited liability company incorporated in the PRC, which primarily engages in the thermal power generation and heat supply business.

### **Huaian Pyroelectricity**

Huaian Pyroelectricity, a subsidiary of Guodian Group, is a limited liability company incorporated in the PRC, which primarily engages in thermal power generation, heat supply and the development, production and operation of related products.

### **Jinneng Pyroelectricity**

Jinneng Pyroelectricity, a subsidiary of Guodian Group, is a limited liability company incorporated in the PRC, which primarily engages in thermal power generation, heat supply and the development, production and operation of related products.

### **Huozhou Power Generation**

Huozhou Power Generation, a subsidiary of Guodian Group, is a branch entity owned by all the people incorporated in the PRC, which primarily engages in thermal power generation.

### **Lanzhou Fanping Pyroelectricity**

Lanzhou Fanping Pyroelectricity, a subsidiary of Guodian Group, is a limited liability company incorporated in the PRC, which primarily engages in the thermal power generation and heat supply business.

### **Jiuquan Power Generation**

Jiuquan Power Generation, a subsidiary of Guodian Group, is a limited liability company incorporated in the PRC, which primarily engages in the production and sale of power and heat, as well as power and heat related products and businesses.

### **Datong Power Generation**

Datong Power Generation, a subsidiary of Guodian Group, is a limited liability company incorporated in the PRC, which primarily engages in the thermal power generation business.

### **Dalian Zhuanghe Power Generation**

Dalian Zhuanghe Power Generation, a subsidiary of Guodian Group, is a limited liability company incorporated in the PRC, which primarily engages in thermal power generation, equipment maintenance, etc.

### **Shizuishan First Power Generation**

Shizuishan First Power Generation, a subsidiary of Guodian Group, is a limited liability company incorporated in the PRC, which primarily engages in thermal power generation as well as the development and operation of related products.

### **Dalian Development Zone Pyroelectricity**

Dalian Development Zone Pyroelectricity, a subsidiary of Guodian Group, is a branch company of company limited by shares incorporated in the PRC, which primarily engages in thermal power generation and urban city heat supply.

### **Inner Mongolia Energy**

Inner Mongolia Energy, a subsidiary of Guodian Group, is a limited liability company incorporated in the PRC, which primarily engages in the production and sale of power and heat, reclaimed water, plaster and fly ash related products relating to power generation, etc.

### **Karamayi Power Generation**

Karamayi Power Generation, a subsidiary of Guodian Group, is a limited liability company incorporated in the PRC, which primarily engages in the power generation and heat supply business.

### **Kuqa Power Generation**

Kuqa Power Generation, a subsidiary of Guodian Group, is a limited liability company incorporated in the PRC, which primarily engages in power production, the development of fly coal ash, power technology consultancy services, etc.

### **Zhaoqing Pyroelectricity**

Zhaoqing Pyroelectricity, a subsidiary of Guodian Group, is a limited liability company incorporated in the PRC, which primarily engages in the power generation and heat supply business.

### **Xingyang Coal Power**

Xingyang Coal Power, a subsidiary of Guodian Group, is a limited liability company incorporated in the PRC, which primarily engages in thermal power generation and urban city heat supply.

### **Jiujiang Power Generation**

Jiujiang Power Generation, a subsidiary of Guodian Group, is a limited liability company incorporated in the PRC, which primarily engages in the thermal power generation business.

### **Jintang Power Generation**

Jintang Power Generation, a subsidiary of Guodian Group, is a limited liability company incorporated in the PRC, which primarily engages in businesses such as power production, construction of power engineering works and power technology consultancy.

### **Shuangliao Power Generation**

Shuangliao Power Generation, a subsidiary of Guodian Group, is a limited liability company incorporated in the PRC, which primarily engages in the thermal power generation business.

### **Binhai Pyroelectricity**

Binhai Pyroelectricity, a subsidiary of Guodian Group, is a limited liability company incorporated in the PRC, which primarily engages in thermal power generation, heat supply, and the development, production and operation of related products.

### **Luanhe Pyroelectricity**

Luanhe Pyroelectricity, a subsidiary of Guodian Group, is a limited liability company incorporated in the PRC, which primarily engages in the thermal power generation and heat supply business.

## **Shizuishan Power Generation**

Shizuishan Power Generation, a subsidiary of Guodian Group, is a limited liability company incorporated in the PRC, which primarily engages in the production and sale of power, new power-related productions and businesses, etc.

### **LISTING RULES IMPLICATIONS**

As the transferees under each of the Transfer Agreements are all subsidiaries of Guodian Group, and Guodian Group is a controlling shareholder of the Company. As such, the transferees under each of the Transfer Agreements are connected persons of the Company, and the transactions contemplated under each of the Transfer Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules and shall be subject to approval by the Independent Shareholders.

In addition, according to Rule 14A.81, the transactions under each of the Transfer Agreements shall be aggregated for the purpose of calculation. Upon aggregation, the total consideration for the transactions under the Transfer Agreements is RMB3,390,886,900. As after aggregation, the applicable percentage ratios for the transactions under each of the Transfer Agreements are more than 75%, the transactions contemplated under the Transfer Agreements constitute a very substantial disposal of the Company under Chapter 14 of the Listing Rules and shall be subject to the requirements regarding reporting, announcement, circular and Independent Shareholders' approval.

Guodian Group and its associates (including GD Power) shall abstain from voting on the proposed resolution to approve the transaction contemplated under the Transfer Agreements at the EGM. Save for the aforesaid and to the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, as at the date of this announcement, no other Shareholder is involved in or interested in the transactions contemplated under the Transfer Agreements which requires such Shareholder to abstain from voting on the proposed resolution to approve the transactions contemplated under the Transfer Agreements at the EGM.

An Independent Board Committee comprising all the independent non-executive Directors will be established to advise the Independent Shareholders in respect of the transactions contemplated under the Transfer Agreements. The Company will appoint Gram Capital as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the transactions contemplated under the Transfer Agreements are on normal commercial terms or better and in the ordinary course of business of the Company, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## GENERAL

A circular is expected to be dispatched to the Shareholders as required by the Listing Rules as soon as practicable and within 15 business days after the publication of this announcement.

**As the Disposal is subject to the fulfilment of the conditions precedent disclosed in this announcement and may or may not materialise, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

In this announcement, the following expressions shall have the following meaning:

“associates”	has the meaning ascribed to it under the Listing Rules
“Baicheng Pyroelectricity”	Guodian Jilin Longhua Baicheng Pyroelectricity Factory* (國電吉林龍華白城熱電廠), a branch company of company limited by shares incorporated in the PRC, and is a connected person of the Company
“Binhai Pyroelectricity”	Tianjin Guodian Jinneng Binhai Pyroelectricity Co., Ltd* (天津國電津能濱海熱電有限公司), a limited liability company incorporated in the PRC, and is a connected person of the Company
“Board”	the board of Directors of the Company
“CEA”	Beijing China Enterprise Appraisals Co., Ltd. (北京中企華資產評估有限責任公司), an independent third party valuer employed by the Company with respect to the valuation matters in relation to the Disposal
“Changchun Pyroelectricity”	Guodian Jilin Longhua Changchun Pyroelectricity No. 1 Factory* (國電吉林龍華長春熱電一廠), a branch company of company limited by shares incorporated in the PRC, and is a connected person of the Company
“Chengde Pyroelectricity”	Guodian Chengde Pyroelectricity Co., Ltd* (國電承德熱電有限公司), a limited liability company incorporated in the PRC, and is a connected person 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 company limited by shares incorporated in the PRC
“connected person”	has the meaning ascribed to it under the Listing Rules
“connected transaction”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Dalian Development Zone Pyroelectricity”	GD Power Development Co., Ltd. Dalian Development Zone Pyroelectricity Factory* (國電電力發展股份有限公司大連開發區熱電廠), a branch company of company limited by shares incorporated in the PRC, and is a connected person of the Company
“Dalian Zhuanghe Power Generation”	GD Power Dalian Zhuanghe Power Generation Co., Ltd* (國電電力大連莊河發電有限責任公司), a limited liability company incorporated in the PRC, and is a connected person of the Company
“Datong Power Generation”	GD Power Datong Power Generation Co., Ltd* (國電電力大同發電有限責任公司), a limited liability company incorporated in the PRC, and is a connected person of the Company
“Director”	director(s) of the Company
“Disposal”	the disposal of the desulfurization and denitrification assets by Longyuan Environmental to 27 subsidiaries of Guodian Group respectively pursuant to the terms of the Transfer Agreements
“EGM”	an extraordinary general meeting to be held by the Company to approve the transactions under the Transfer Agreements
“GD Power”	GD Power Development Co., Ltd (國電電力發展股份有限公司), a company limited by shares incorporated in the PRC and a controlling shareholder of the Company, with its A shares being listed on the Shanghai Stock Exchange (stock code: 600795)

“Gram Capital”	Gram Capital Limited, being a licensed corporation entitled to carry out Type 6 regulated activity (advising on corporate finance) pursuant to the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), and also an Independent Financial adviser to advise the Independent Board Committee and the Independent Shareholders on the Transfer Agreements
“Group”	the Company and its subsidiaries
“Guodian Group”	China Guodian Corporation* (中國國電集團公司), a state-owned enterprise incorporated in the PRC and the controlling shareholder of the Company
“Harbin Pyroelectricity”	Guodian Harbin Pyroelectricity Co., Ltd* (國電哈爾濱熱電有限公司), a limited liability company incorporated in the PRC, and is a connected person of the Company
“Huaian Pyroelectricity”	Guodian Huaian Pyroelectricity Co., Ltd* (國電懷安熱電有限公司), a limited liability company incorporated in the PRC, and is a connected person of the Company
“Huozhou Power Generation”	China Guodian Corporation Huozhou Power Generation Plant* (中國國電集團公司霍州發電廠), a branch entity owned by all the people incorporated in the PRC, and is a connected person of the Company
“Independent Board Committee”	an independent Board committee comprising all independent non-executive Directors, which will be formed to advise the Independent Shareholders on the transactions under the Transfer Agreements
“Independent Shareholder”	Shareholders who, under the Listing Rules, are not required to abstain from voting for the resolution in relation to the approval of the transactions under the Transfer Agreements
“Inner Mongolia Energy”	Guodian Jiantou Inner Mongolia Energy Co., Ltd* (國電建投內蒙古能源有限公司), a limited liability company incorporated in the PRC, and is a connected person of the Company

“Jinneng Pyroelectricity”	Tianjin Guodian Jinneng Pyroelectricity Co., Ltd* (天津國電津能熱電有限公司), a limited liability company incorporated in the PRC, and is a connected person of the Company
“Jintang Power Generation”	Guodian Chengdu Jintang Power Generation Co., Ltd* (國電成都金堂發電有限公司), a limited liability company incorporated in the PRC, and is a connected person of the Company
“Jiujiang Power Generation”	Guodian Jiujiang Power Generation Co., Ltd* (國電九江發電有限公司), a limited liability company incorporated in the PRC, and is a connected person of the Company
“Jiuquan Power Generation”	GD Power Jiuquan Power Generation Co., Ltd* (國電電力酒泉發電有限公司), a limited liability company incorporated in the PRC, and is a connected person of the Company
“Karamayi Power Generation”	Guodian Karamayi Power Generation Co., Ltd* (國電克拉瑪依發電有限公司), a limited liability company incorporated in the PRC, and is a connected person of the Company
“Kuqa Power Generation”	Guodian Kuqa Power Generation Co., Ltd* (國電庫車發電有限公司), a limited liability company incorporated in the PRC, and is a connected person of the Company
“Lanzhou Fanping Pyroelectricity”	Guodian Lanzhou Fanping Pyroelectricity Co., Ltd* (國電蘭州範坪熱電有限公司), a limited liability company incorporated in the PRC, and is a connected person of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Longyuan Environmental”	Beijing Guodian Longyuan Environmental Engineering Co., Ltd* (北京國電龍源環保工程有限公司), a limited liability company incorporated in the PRC, and is a wholly-owned subsidiary of the Company

“Luanhe Pyroelectricity”	Guodian Luanhe Pyroelectricity Co., Ltd* (國電灤河熱電有限公司), a limited liability company incorporated in the PRC, and is a connected person of the Company
“PRC”	the People’s Republic of China (excluding Hong Kong, Macau Special Administrative Region and Taiwan for the purposes of this announcement)
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder”	holder(s) of the shares of the Company
“Shenyang Pyroelectricity”	Guodian Shenyang Pyroelectricity Co., Ltd* (國電瀋陽熱電有限公司), a limited liability company incorporated in the PRC, and is a connected person of the Company
“Shizuishan First Power Generation”	Guodian Shizuishan No. 1 Power Generation Co., Ltd* (國電石嘴山第一發電有限公司), a limited liability company incorporated in the PRC, and is a connected person of the Company
“Shizuishan Power Generation”	Guodian Ningxia Shizuishan Power Generation Co., Ltd* (國電寧夏石嘴山發電有限責任公司), a limited liability company incorporated in the PRC, and is a connected person of the Company
“Shuangliao Power Generation”	Guodian Shuangliao Power Generation Co., Ltd* (國電雙遼發電有限公司), a limited liability company incorporated in the PRC, and is a connected person of the Company
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“Transfer Agreement(s)”	the transfer agreements entered into by Longyuan Environmental (as the transferor) with 27 subsidiaries of Guodian Group (as the transferee) on February 5, 2016 respectively with respect to the Disposal
“Xingyang Coal Power”	Guodian Xingyang Coal Power Integrated Co., Ltd* (國電滎陽煤電一體化有限公司), a limited liability company incorporated in the PRC, and is a connected person of the Company

“Yanji Pyroelectricity”	Guodian Longhua Yanji Pyroelectricity Co., Ltd* (國電龍華延吉熱電有限公司), a limited liability company incorporated in the PRC, and is a connected person of the Company
“Yuci Pyroelectricity”	Guodian Yuci Pyroelectricity Co., Ltd* (國電榆次熱電有限公司), a limited liability company incorporated in the PRC, and is a connected person of the Company
“Zhaoqing Pyroelectricity”	Guodian Zhaoqing Pyroelectricity Co., Ltd* (國電肇慶熱電有限公司), a limited liability company incorporated in the PRC, and is a connected person of the Company
“%”	percent

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

Beijing, PRC, February 5, 2016

*As at the date of this announcement, the executive director of the Company is Mr. Yang Guang; the non-executive directors are Mr. Wang Zhongqu, Mr. Zhang Wenjian, Mr. Feng Shuchen and Mr. Yan Andrew Y.; and the independent non-executive directors are Mr. Qu Jiuhui, Mr. Xie Qiuye and Mr. Fan Ren Da Anthony.*

\* *For identification purpose only*