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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)

**VARIATION TO TERMS ANNOUNCEMENT
DECREASE IN INVESTMENT IN A JOINT VENTURE
COMPANY IN THE PRC**

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



Gram Capital Limited

嘉林資本有限公司

This announcement is issued pursuant to Rule 14A.35 of the Listing Rules.

Reference is made to the announcement of the Company dated January 25, 2016 regarding the entering into of the Original Investment Agreement by the Company with Guodian Shandong, Shandong Ludian and Shandong Tuoneng on January 25, 2016. Unless otherwise specified, terms defined in the Previous Announcement shall have the same meanings when used in this announcement.

As disclosed in the Previous Announcement, all parties agreed that, among other things, upon its establishment, the registered capital of the JV Company will be RMB1.741 billion. The parties' respective proportions in and contributions to the registered capital of the JV Company are as follows: (i) the Company will contribute RMB522 million, representing 30% of the registered capital; (ii) Guodian Shandong will contribute RMB888 million, representing 51% of the registered capital; (iii) Shandong Ludian will contribute RMB174 million, representing 10% of the registered capital; and (iv) Shandong Tuoneng will contribute RMB157 million, representing 9% of the registered capital.

On June 24, 2016, the Company entered into a supplemental agreement with Guodian Shandong, Shandong Ludian, Shandong Tuoneng and Shandong Xinda, pursuant to which, the parties agreed that the registered capital of the JV Company will be decreased to RMB1.6 billion, replacing the original registered capital of RMB1.741 billion as set out in the Original Investment Agreement.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios are more than 5% but less than 25%, the transaction contemplated under the Supplemental Investment Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

In addition, as Guodian Shandong is a subsidiary of Guodian Group, the controlling shareholder of the Company, Guodian Shandong is a connected person of the Company. The transaction contemplated under the Supplemental Investment Agreement also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and shall be subject to the reporting, announcement, circular and Independent Shareholders' approval requirements.

GENERAL

The circular containing further details of the Supplemental Investment Agreement and the transaction contemplated thereunder as well as other matters is expected to be dispatched to the Shareholders as soon as practicable and within 15 business days after publication of this announcement.

This announcement is issued pursuant to Rule 14A.35 of the Listing Rules.

Reference is made to the announcement of Guodian Technology & Environment Group Corporation Limited (the "**Company**") dated January 25, 2016 regarding the entering into of an investment agreement (the "**Original Investment Agreement**") by the Company with Guodian Shandong, Shandong Ludian and Shandong Tuoneng on January 25, 2016 (the "**Previous Announcement**"). Unless otherwise specified, terms defined in the Previous Announcement shall have the same meanings when used in this announcement.

As disclosed in the Previous Announcement, pursuant to the Original Investment Agreement, all parties agreed that, among other things, upon its establishment, the registered capital of the JV Company will be RMB1.741 billion. The parties' respective proportions in and contributions to the registered capital of the JV Company are as follows: (i) the Company will contribute RMB522 million, representing 30% of the registered capital; (ii) Guodian Shandong will contribute RMB888 million, representing 51% of the registered capital; (iii) Shandong Ludian will contribute RMB174 million, representing 10% of the registered capital; and (iv) Shandong Tuoneng will contribute RMB157 million, representing 9% of the registered capital.

On June 24, 2016, the Company entered into a supplemental agreement with Guodian Shandong, Shandong Ludian, Shandong Tuoneng and Shandong Xinda, pursuant to which, the parties agreed that the registered capital of the JV Company will be decreased to RMB1.6 billion, replacing the original registered capital of RMB1.741 billion as set out in the Original Investment Agreement (the "**Supplemental Investment Agreement**").

SUPPLEMENTAL INVESTMENT AGREEMENT

The terms and conditions of the Supplemental Investment Agreement are similar to those of the Original Investment Agreement, save for the addition of a joint venture partner and the following variations in relation to the registered capital of the JV Company:

Date: June 24, 2016

Parties:

- (1) the Company;
- (2) Guodian Shandong;
- (3) Shandong Ludian;
- (4) Shandong Tuoneng; and
- (5) Shandong Boxing Xinda Construction Investment Development Co., Ltd.*
 (“**Shandong Xinda**”)

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Shandong Xinda, Shandong Ludian and Shandong Tuoneng and their ultimate beneficial owners are third parties independent of the Company and its connected persons.

Proportions in and contributions to the registered capital

Pursuant to the Supplemental Investment Agreement, Shandong Xinda will join the JV Company as a new investor, and the registered capital of the JV Company will be decreased to RMB1.6 billion, replacing the original registered capital of RMB1.741 billion as set out in the Original Investment Agreement. Details of the proportion in and contribution to the registered capital after the decrease are set out as follows:

- (1) the Company: contribution of RMB448 million, representing 28% of the registered capital of the JV Company;
- (2) Guodian Shandong: contribution of RMB800 million, representing 50% of the registered capital of the JV Company;
- (3) Shandong Ludian: contribution of RMB144 million, representing 9% of the registered capital of the JV Company;
- (4) Shandong Tuoneng: contribution of RMB128 million, representing 8% of the registered capital of the JV Company; and
- (5) Shandong Xinda: contribution of RMB80 million, representing 5% of the registered capital of the JV Company.

The parties will make contributions in cash with their own funds and undertake to make sufficient contributions in proportion to their respective subscription in the JV Company within the time limit. The Company will finance its contribution from its internal resources. The difference between the total investment in the Project and the registered capital in the JV Company will be covered by loans to be obtained by the JV Company from banks or through other legitimate means. The contributions will be made in instalments.

Rights and responsibilities

The responsibilities of the parties for the external debts of the JV Company shall be limited to their respective contribution to the JV Company. The parties shall share profit, risks and losses according to their respective ratio of contribution in the registered capital of the JV Company. Guodian Shandong shall have controlling interest in, and construct and operate the JV Company, but other parties shall be entitled to the corresponding shareholders' rights according to their shareholding percentage in the JV Company.

Other than the amendments as stated above, all other principal terms and conditions of the Original Investment Agreement as disclosed in the Previous Announcement are repeated and incorporated in the Supplemental Investment Agreement. The Directors consider that the terms of the Supplemental Investment Agreement and the restated Original Investment Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPPLEMENTAL INVESTMENT AGREEMENT

The original shareholders of the JV Company include the Company, Guodian Shandong, Shandong Ludian and Shandong Tuoneng. The Board had considered that, the power generator units selected in this Project were large capacity coal-fired units with high parameter and advanced coal consumption standard. They were also energy-efficient, environmental friendly and through which the resources could be comprehensively utilized. The JV Company was expected to become a regional large power plant which is able to support the power network of Shandong and will bring stable income to the Company. Further, the original shareholders decided to introduce the investment platform of the local government (i.e. Shandong Xinda) after due consideration of the prospect of the project, in order to leverage upon the influence of the local government and coordinate all resources of the place where the project is located, thereby achieving a faster and better construction of the project.

Mr. Wang Zhongqu, Mr. Zhang Wenjian and Mr. Feng Shuchen, who are related to the Guodian Group, GD Power and other associates of Guodian Group, 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 Supplemental Investment Agreement. The Directors (excluding Mr. Wang Zhongqu, Mr. Zhang Wenjian and Mr. Feng Shuchen, and the independent non-executive Directors who will express their opinion after receiving the advice from Gram Capital) consider that the terms of the Supplemental Investment Agreement are on normal commercial terms or better and in the ordinary course of business of the Company, fair and reasonable and in the interest of the Company and its Shareholders as a whole.

INFORMATION ON THE PARTIES

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 being SO₂ and NO_x 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 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.

Guodian Shandong is a limited company established in the PRC. It is mainly engaged in the development, investment, construction, operation and management of power and relevant industries.

Shandong Ludian is a limited company established in the PRC. It is mainly engaged in energy industry, high-tech and information industry, environmental protection industry, power and other industries.

Shandong Tuoneng is a limited company established in the PRC. It is mainly engaged in the manufacturing, processing, installation and maintenance of metal structure, auxiliary equipment of power generation station and non-standard parts.

Shandong Xinda is a limited company established in the PRC. It is mainly engaged in the businesses including development and operation of land reserve, undertaking and construction of municipal engineering projects, investment, operation and management of state-owned assets and development and construction of infrastructure.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios are more than 5% but less than 25%, the transaction contemplated under the Supplemental Investment Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

In addition, as Guodian Shandong is a subsidiary of Guodian Group, the controlling shareholder of the Company, Guodian Shandong is a connected person of the Company. The transaction contemplated under the Supplemental Investment Agreement also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and shall be subject to the reporting, announcement, circular and Independent Shareholders' approval requirements.

Guodian Group and its associates (including GD Power) shall abstain from voting on the proposed resolution to approve the transaction contemplated under the Supplemental Investment Agreement 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 transaction contemplated under the Supplemental Investment Agreement which requires such Shareholder to abstain from voting on the proposed resolution to approve the transaction contemplated under the Supplemental Investment Agreement at the EGM.

An Independent Board Committee comprising all the independent non-executive Directors will be established by the Company to advise the Independent Shareholders in respect of the transaction contemplated under the Supplemental Investment Agreement. The Company has appointed Gram Capital as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the transaction contemplated under the Supplemental Investment Agreement 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.

DEFINITIONS

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

“associate”	has the meaning ascribed to it under the 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 company established 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
“Director”	director(s) of the Company
“EGM”	an extraordinary general meeting to be held by the Company to approve the transaction under the Supplemental Investment Agreement
“Gram Capital” or “Independent Financial Adviser”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), to be appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Investment Agreement
“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

“GD Power”	GD Power Development Co., Ltd. (國電電力發展股份有限公司), a joint stock limited company incorporated in the PRC and one of the controlling shareholders of the Company, whose A shares are listed on the Shanghai Stock Exchange (Stoke Code: 600795)
“Guodian Shandong”	Guodian Shandong Electric Power Co., Ltd. (國電山東電力有限公司), a limited liability company established in the PRC and 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 transaction under the Supplemental Investment Agreement
“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 transaction under the Supplemental Investment Agreement
“JV Company”	Guodian Boxing Power Generation Co. Ltd.* (國電博興發電有限公司), a joint venture company established in accordance with the relevant laws and regulations in the PRC with a registered capital of RMB1.6 billion
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China (excluding Hong Kong, Macau Special Administrative Region and Taiwan for the purposes of this announcement)
“Project”	an engineering project in relation to the construction of 2x1,000 MW power generator units of Guodian Boxing Power Plant (國電博興電廠) by the JV Company
“RMB”	Renminbi, the lawful currency of the PRC
“Shandong Ludian”	Shandong Ludian Energy Development Co. Ltd.* (山東魯電能源發展有限公司), a limited liability company established in the PRC and a third party independent of the Company and its connected persons

“Shandong Tuoneng”	Shandong Tuoneng Group Co. Ltd.* (山東拓能集團有限公司), a limited liability company established in the PRC and a third party independent of the Company and its connected persons
“Shandong Xinda”	Shandong Boxing Xinda Construction Investment Development Co., Ltd.* (山東省博興縣鑫達建設投資開發有限公司), a limited liability company established in the PRC and a third party independent of the Company and its connected persons
“Shareholder”	holder(s) of the shares of the Company
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“Original Investment Agreement”	the investment agreement entered into between the Company, Guodian Shandong, Shandong Ludian and Shandong Tuoneng on January 25, 2016 in relation to the establishment of the JV Company to invest in the Project
“Supplemental Investment Agreement”	the supplemental agreement entered into between the Company, Guodian Shandong, Shandong Ludian, Shandong Tuoneng and Shandong Xinda on June 24, 2016 in relation to the Original Investment Agreement
“%”	percent

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

Beijing, PRC, June 24, 2016

As at the date of this announcement, the executive Directors are Mr. Yang Guang, Mr. Chen Dongqing and Mr. Tang Chaoxiong; 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. Shen Xiaoliu, Mr. Qu Jiuhui, Mr. Xie Qiuye and Mr. Fan Ren Da Anthony.

* For identification purpose only