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**龍源電力集團股份有限公司**

**CHINA LONGYUAN POWER GROUP CORPORATION LIMITED\***

*(A joint stock limited company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 00916)**

## **CONNECTED TRANSACTION ESTABLISHMENT OF FOUR JOINT VENTURE COMPANIES**

The Board announces that on 1 November 2013, the Company entered into three capital contribution agreements with Guodian Shandong and one capital contribution agreement with Guodian Guizhou respectively in relation to the establishment of the Four Joint Venture Companies.

The aggregate amount of the total registered capital of the Four Joint Venture Companies is RMB335,962,000. The Company will contribute RMB167,981,000, representing 50% of the aggregate amount of the total registered capital of the Four Joint Venture Companies. Upon completion of the Four Capital Contribution Agreements, the Company will hold 50% equity interests of each of the Four Joint Venture Companies and the other party of shareholder held the other 50% equity interests.

As at the date of this announcement, Guodian Group directly and indirectly holds approximately 58.44% of the issued share capital of the Company and thus Guodian Group is the Company's controlling shareholder. Both Guodian Shandong and Guodian Guizhou are wholly-owned subsidiaries of Guodian Group. Pursuant to Rule 14A.11(4) of the Listing Rules, Guodian Shandong and Guodian Guizhou constitute connected persons of the Company and the establishment of the Four Joint Ventures Companies constitutes connected transactions of the Company.

Pursuant to 14A.26(1) of the Listing Rules, the connected transactions should be aggregated on condition that the transactions are entered into by the listed issuer with parties connected or associated with one another. Since both Guodian Shandong and Guodian Guizhou are wholly-owned subsidiaries of Guodian Group who is the controlling shareholder of the Company, the four transactions in this announcement should be aggregated. As the highest applicable percentage ratio for the establishment of the Four Joint Venture Companies is more than 0.1% but less than 5%, the establishment of the Four Joint Venture Companies is subject to the reporting and announcement requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **FOUR CAPITAL CONTRIBUTION AGREEMENTS IN RELATION TO THE ESTABLISHMENT OF LINQU WIND POWER, JINAN WIND POWER, SISHUI WIND POWER AND DUYUN WIND POWER**

The Company entered into Four Capital Contribution Agreements in relation to the establishment of the Four Joint Venture Companies on 1 November 2013, three of which with Guodian Shandong and another one with Guodian Guizhou. The principal terms of the Four Capital Contribution Agreements are summarized in the table and text as follows:

	<b>Linqu Wind Power</b>	<b>Jinan Wind Power</b>	<b>Sishui Wind Power</b>	<b>Duyun Wind Power</b>
Parties and shareholding percentage (%)	(a) The Company (50%); and (b) Guodian Shandong (50%)	(a) The Company (50%); and (b) Guodian Shandong (50%)	(a) The Company (50%); and (b) Guodian Shandong (50%)	(a) The Company (50%); and (b) Guodian Guizhou (50%)
Total registered capital (RMB)	84,770,000	86,038,000	81,154,000	84,000,000
Place of incorporation	Linqu county, Weifang city, Shandong Province, the PRC	Jinan city, Shandong Province, the PRC	Sishui county, Shandong Province, the PRC	Guiyang city, Guizhou Province, the PRC
Installed capacity	48MW	49.5MW	48MW	49.5MW

## **Time of Capital Contribution**

The Company and the relevant parties of the Four Joint Venture Companies will contribute 20% of the total registered capital of each of the Four Joint Venture Companies in cash, which is equivalent to RMB16,954,000, RMB17,207,600, RMB16,230,000 and RMB16,800,000 respectively, as the first batch of capital contribution upon establishment of the Four Joint Venture Companies. The Company and the relevant parties of the Four Joint Venture Companies will fully contribute the rest 80% of the total registered capital in proportion within prescribed period pursuant to applicable PRC laws and regulations and subject to the work schedule and construction process.

## **Scope of Business of the Four Joint Venture Companies**

The Four Joint Venture Companies will be mainly engaged in (i) investment, construction and operation of wind power farms; (ii) installment, adjustment as well as repairing of wind power generator sets; and (iii) consultancy and training in respect of relevant technology. Such scope of business shall be subject to the approval from applicable authorities.

## **Transfer of Shares**

If either the Company or any of the relevant parties wishes to transfer its interests in the registered capital of the Four Joint Venture Companies (either to an existing shareholder of each joint venture company or a third party), it has to obtain approval from the other shareholder of the Four Joint Venture Companies.

Any pledge, mortgage and disposal of the interests in the registered capital of the Four Joint Venture Companies by any shareholder to a third party shall require the written approval of the other shareholder of the Four Joint Venture Companies.

## **Effective Date of the Four Capital Contribution Agreements**

Each of the Four Capital Contribution Agreements will take effect from the date of its execution.

## **FOUR SHAREHOLDER VOTING RIGHT EXECUTION AGREEMENTS**

In order to make use of the prominent industry expertise and management experience of the Company and secure the dominant role of the Company in deciding operational and financial affairs of the Four Joint Venture Companies, Guodian Shandong entered into three shareholder voting right execution agreements with the Company and Guodian Guizhou entered into one shareholder voting right agreement with the Company, respectively (“**Four Shareholder Voting Right Execution Agreements**”). Pursuant to the Four Shareholder Voting Right Execution Agreements, Guodian Shandong and Guodian Guizhou, agreed to act in concert with the Company in exercising their shareholder proposal rights and their nominated directors’ voting rights in relation to major issues of the Four Joint Venture Companies, including project development, operation planning, financial budget and final settlement, financial policies and regimes, management of cash and asset, and other operational and financial affairs.

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

The terms of the Four Capital Contribution Agreements were negotiated on an arm’s length basis among the parties. The Directors, including the independent non-executive Directors, consider that the terms of the Four Capital Contribution Agreements are on normal commercial terms, fair and reasonable and are in the interests of the Company and the shareholders of the Company as a whole. The Directors believe that the establishment of the Four Joint Venture Companies will enhance the cooperation among the Company, Guodian Shandong and Guodian Guizhou, and benefit from the industry expertise and technology superiority of the Company and regional resources advantage and management advantage of Guodian Shandong and Guodian Guizhou.

The non-executive Directors of the Company, Mr. Qiao Baoping, Mr. Chen Bin, Mr. Wang Baole and Mr. Luan Baoxing, being the connected Directors, have abstained from voting. None of the Directors of the Company has any material interest in the Four Joint Venture Companies.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Guodian Group directly and indirectly holds approximately 58.44% of the issued share capital of the Company and thus Guodian Group is the Company's controlling shareholder. Both Guodian Shandong and Guodian Guizhou are wholly-owned subsidiaries of Guodian Group. Pursuant to Rule 14A.11(4) of the Listing Rules, Guodian Shandong and Guodian Guizhou constitute connected persons of the Company and the establishment of the Four Joint Ventures Companies constitutes connected transactions of the Company.

Pursuant to 14A.26(1) of the Listing Rules, the connected transactions should be aggregated on condition that the transactions are entered into by the listed issuer with parties connected or associated with one another. Since both Guodian Shandong and Guodian Guizhou are wholly-owned subsidiaries of Guodian Group who is the controlling shareholder of the Company, the four transactions in this announcement should be aggregated. As the highest applicable percentage ratio for the establishment of the Four Joint Venture Companies is more than 0.1% but less than 5%, the establishment of the Four Joint Venture Companies is subject to the reporting and announcement requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **GENERAL INFORMATION**

### **Information of the Company**

The Company is the leading wind power generation company in the PRC. The Group is primarily engaged in the design, development, construction, management and operation of wind farms. In addition to the wind power business, the Group also operates other power projects such as coal power, solar power, tidal, biomass and geothermal energy. Meanwhile, the Group also provides consulting, repair and maintenance, training and other professional services to wind farms, as well as manufactures and sells power equipment used in the power grids, wind farms and coal power farms.

### **Information of Guodian Shandong**

Guodian Shandong is a wholly-owned subsidiary of Guodian Group. It is mainly engaged in the development, investment, construction, operation and management of electricity and relevant industries.

## Information of Guodian Guizhou

Guodian Guizhou is a wholly-owned subsidiary of Guodian Group. It is mainly engaged in the operation and management of electricity, coal resources, chemicals, transportation and water resources, the production and sales of electricity (heating power) and others.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings set out below:

“Company”	means China Longyuan Power Group Corporation Limited (龍源電力集團股份有限公司*), a joint stock limited company incorporated in the PRC, the H shares of which are listed on the The Stock Exchange of Hong Kong Limited
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	means the director(s) of the Company
“Duyun Wind Power”	means Guodian Duyun Wind Power Co., Ltd. (國電龍源都勻風力發電有限公司), a joint venture company set up by the Company and Guodian Guizhou
“Four Capital Contribution Agreements”	means the three capital contribution agreements entered into by the Company with Guodian Shandong and one capital contribution agreement entered into by the Company with Guodian Guizhou in relation to the establishment of the Four Joint Venture Companies
“Four Joint Venture Companies”	means Linqu Wind Power, Jinan Wind Power, Sishui Wind Power and Duyun Wind Power
“Group”	means the Company and its subsidiaries from time to time

“Guodian Group”	means 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 Guizhou”	means Guodian Guizhou Electric Power CO., LTD. (國電貴州電力有限公司), a wholly-owned subsidiary of Guodian Group
“Guodian Shandong”	means Guodian Shandong Electric Power CO., LTD. (國電山東電力有限公司), a wholly-owned subsidiary of Guodian Group
“Jinan Wind Power”	means Guodian Shandong Jinan Wind Power Co., Ltd. (國電山東龍源濟南風力發電有限公司), a joint venture company set up by the Company and Guodian Shandong
“Linqu Wind Power”	means Guodian Shandong Linqu Wind Power Co., Ltd. (國電山東龍源臨朐風力發電有限公司), a joint venture company set up by the Company and Guodian Shandong
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange
“Sishui Wind Power”	means Guodian Shandong Jinan Wind Power Co., Ltd. (國電山東龍源泗水風力發電有限公司), a joint venture company set up by the Company and Guodian Shandong

By Order of the Board

**China Longyuan Power Group Corporation Limited\***

**Li Enyi**

*Executive Director and President*

Beijing, PRC, 1 November 2013

*As at the date of this announcement, the non-executive directors of the Company are Mr. Qiao Baoping, Mr. Chen Bin, Mr. Wang Baole and Mr. Luan Baoxing; the executive directors are Mr. Li Enyi and Mr. Huang Qun; and the independent non-executive directors are Mr. Lv Congmin, Mr. Zhang Songyi and Mr. Meng Yan.*

\* for identification purpose only