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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 FORMATION OF JOINT VENTURE

FORMATION OF JOINT VENTURE

The Board of the Company announces that, on 17 November 2023, the Company and CHN Energy entered into the Investment Agreement, pursuant to which, the Company and CHN Energy agreed to form the Joint Venture, among which, the Company will contribute RMB1,530 million in cash to the Joint Venture, accounting for 51% of the total registered capital of the Joint Venture.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CHN Energy, being the controlling shareholder of the Company, directly and indirectly holds approximately 58.56% of the issued share capital of the Company and is a connected person of the Company under Rule 14A.07 of the Listing Rules, and therefore the Transaction constitutes a connected transaction of the Company.

In accordance with Rule 14A.81 of the Listing Rules, a series of connected transactions will be aggregated and treated as if they were one transaction if they were all conducted or completed within a same 12-month period or were otherwise related with each other. References are made to (i) the announcement of the Company dated 30 December 2022 in relation to the capital increase to Guangdong New Energy, the announcement of the Company dated 15 February 2023 in relation to the capital increase to Guoneng Financial, the announcement of the Company dated 25 April 2023 in relation to the formation of joint venture, and the announcement of the Company dated 30 October 2023 in relation to the capital increase to Longyuan Wuqi; (ii) the connected transaction for the formation of Tianjin Joint Venture on 26 October 2023; and (iii) the connected transaction for the capital increase to Qian'an Guoneng on 17 November 2023 (collectively, the "**Previous Transactions**").

In the Previous Transactions and the Transaction, the counterparties of the Company or its subsidiaries are CHN Energy and its associates, and the nature of these transactions is the same. Accordingly, the Previous Transactions and the Transaction shall be aggregated. As the applicable percentage ratios (as defined under the Listing Rules) for the Transaction after taking into account the aggregated calculations are less than 5% and one or more of the applicable percentage ratio(s) (as defined under the Listing Rules) of the Transaction without taking into account the aggregated calculations is (are) more than 0.1% but less than 5%, the Transaction shall be subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

I. INVESTMENT AGREEMENT

The Board of the Company announces that, on 17 November 2023, the Company and CHN Energy entered into the Investment Agreement, pursuant to which, the Company and CHN Energy agreed to form the Joint Venture, among which, the Company will contribute RMB1,530 million in cash to the Joint Venture, accounting for 51% of the total registered capital of the Joint Venture. The main terms of the Investment Agreement are as follows:

Date

17 November 2023

Parties

The Company and CHN Energy

Name and Organizational Type

The Company and CHN Energy have agreed to jointly contribute funds to establish a company in Lanzhou City, Gansu Province.

The Chinese name of the Joint Venture is tentatively Guoneng Badain Jaran (Gansu) Energy Development and Investment Co., Ltd.* (國能巴丹吉林(甘肅)能源開發投資有限公司) (the final name is subject to the business licence issued by the company registration authority) and its organizational type is a limited liability company.

Scope of Business

Scope of business of the Joint Venture: licensed projects: power generation business, power transmission business, power supply (distribution) business; hydroelectric generation; installation, maintenance and testing of power transmission facilities, power supply facilities and power reception facilities. (For projects that are subject to approval according to the law, the business activities can be carried out only after obtaining approval by the relevant departments, and the specific business projects are subject to the approval documents or license documents from the relevant departments); general projects: solar power generation technology services; wind power generation technology services; power generation technology services; energy storage technology services; research and development of key technologies for waste heat power generation; research and development of waste heat, residual pressure and residual gas utilization technologies; emerging energy technology research and development; general equipment repair; gas and liquid separation and manufacturing of purification equipment; gas and liquid separation and sales of purification equipment; sales of station hydrogenation and hydrogen storage facilities; electrical equipment repair; technical services, technology development, technology consultation, technology exchange, technology transfer, technology promotion; sales of solar thermal power generation equipment; leasing of photovoltaic power generation equipment; research and development of high-efficiency energy-saving technologies in the power industry; engineering management services; energy-saving management services; research and development of wind farm related systems; research and development of resource recycling technologies; sales of coal and products; heat production and supply; information technology consulting service; safety consulting services; engineering and technical research and experimental development. (For projects other than those that are subject to approval according to the law, the business activities can be carried out independently with business license).

Registered Capital, Proportion of Capital Contribution and Timing of Capital Contribution

The total registered capital of the Joint Venture shall be RMB3,000 million.

Parties	Amount of Capital Contribution (RMB0'000)	Proportion of Capital Contribution (%)
The Company	153,000	51
CHN Energy	147,000	49
Total	<u>300,000</u>	<u>100</u>

Notes:

1. The form of capital contribution shall be in currency;
2. The time of actual capital injection shall be determined in accordance with the progress of the project, no later than 31 December 2033.

The Company is responsible for consolidating the financial statements of the Joint Venture.

The amount of capital contribution under the Investment Agreement has been determined by the parties after arm's length negotiations.

The parties shall complete their respective contribution in the proportion and at the time as agreed in the Investment Agreement after the signing of the Investment Agreement. After the shareholders have paid their capital contributions, the Joint Venture shall issue certificates of capital contribution to the shareholders.

A shareholder who fails to pay the capital contribution subscribed in accordance with the Investment Agreement shall be liable for breach of contract to the shareholder who has paid the capital contribution in full, pay liquidated damages, and pay the capital contribution subscribed in full within a specified period of time.

Each shareholder shall bear limited liability for the Joint Venture to the extent of the amount of its capital contribution, and the Joint Venture shall be liable for its debts with all of its assets.

The project construction funds other than the capital fund shall be financed by the Joint Venture through loans from banks or other financial institutions.

Equity Transfer and Pledge

The parties are allowed to transfer all or part of their capital contributions to each other. For the transfer of equity by one party to a third party other than the shareholders, a written notice shall be given to the other shareholder in respect of such equity transfer for consent thereof. If the other shareholder fails to reply within 30 days from the date of receiving the written notice, it shall be deemed to have agreed to the transfer. If it disagrees to the transfer, the other shareholder shall acquire the equity to be transferred; otherwise, it shall be deemed to have agreed to the transfer. Any transfer in breach of the above provisions shall be null and void. Under the same circumstances, the other shareholder who agrees to such transfer has the right of first refusal.

During the operating period of the Joint Venture, without written consent by one of the shareholders, the other shareholder shall not pledge or otherwise dispose of all or part of its equity interests in the company to a party other than the shareholder of the Joint Venture (unless otherwise agreed in this agreement). If one party pledges all or part of its equity in the Joint Venture to a party other than the shareholder of the Joint Venture, in addition to the prior written consent by the other shareholder, such party shall ensure that it shall be clearly stipulated in the equity pledge agreement to be signed that (1) when its pledged equity of the Joint Venture is disposed of for any reason, the other shareholder has the right of first refusal under the same circumstances; (2) the other shareholder shall be entitled to jointly dispose of its shareholding at the same price and on the same conditions (at least not less favourable than the conditions on which the pledged equity is transferred to a third party) to a third party who has acquired the equity in the Joint Venture as a result of the exercise of the pledge; (3) if the third party refuses to accept the pledged equity, the shareholder(s) who pledge(s) the equity shall be liable to the other shareholder for breach of contract.

When the People's Court transfers the equity of one party in accordance with the enforcement procedures provided by law, it shall notify the Joint Venture and the other shareholder. Under the same circumstances, the other shareholder has the right of first refusal. The right of first refusal shall be deemed to have been waived if the other shareholder fails to exercise such right of first refusal within 20 days from the date of notification by the People's Court.

Organizational Structure

The Joint Venture shall set up a board of shareholders consisting of all of its shareholders. The board of shareholders shall be the highest authority of the Joint Venture, and its powers and rules of procedure shall be in accordance with the provisions of the Company Law and relevant laws and the articles of association of the Joint Venture.

The Joint Venture shall have one executive director, who shall be elected by the board of shareholders. The powers of the executive director shall be carried out in accordance with the provisions of the Company Law and relevant laws and the articles of association of the Joint Venture.

The Joint Venture shall have one general manager, who shall be recommended by the board of shareholders and appointed or dismissed by the executive director. The powers and duties of the general manager shall be carried out in accordance with the provisions of the Company Law and relevant laws and the articles of association of the Joint Venture.

The Joint Venture shall have one supervisor, who shall be elected by the board of shareholders. The powers of the supervisor shall be carried out in accordance with the provisions of the Company Law and relevant laws and the articles of association of the Joint Venture.

Liabilities on Default

Upon the Investment Agreement becomes effective, any shareholder who fails to perform the Investment Agreement or fails to fully perform the relevant provisions stipulated in the Investment Agreement constitutes breach of contract. Any shareholder who breaches the contract and causes economic losses to the Joint Venture or the other shareholder shall be liable for indemnification to such losses.

II. REASONS FOR AND BENEFITS OF THE TRANSACTION

The establishment of Joint Venture aims to develop the project of the Badain Jaran (Gansu) Desert Base. The construction scale of the project plans to be 11 GW of new energy, with supporting peak load regulation of thermal power, energy storage and solar thermal projects. The project has not been approved. According to the requirements of the project development, the project shall be developed and constructed integrately by an investor, and through the joint operation of thermal power and new energy, the advantages of each power source will be complemented to achieve the most favourable economic benefits. Accordingly, the Company has co-operated with CHN Energy to establish the Joint Venture to fully utilise the Company's expertise and technological advantages in the field of new energy and leverage on the strengths of CHN Energy in the development, construction and operation of thermal power projects to jointly develop the project of the Badain Jaran (Gansu) Desert Base and to maximise the benefits therefrom.

The Directors (including independent non-executive Directors) consider that the terms of the Transaction are on normal commercial terms, which are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Mr. Tang Chaoxiong, Mr. Wang Yiguo and Mr. Ma Bingyan, being Directors of the Company, hold positions in CHN Energy and therefore have material interests in the Transaction. They have abstained from voting on the resolution of the Board for the approval of the Transaction. Save as mentioned above, there are no other Directors of the Company who have any material interests in the Transaction.

III. RELEVANT TRANSACTIONS INVOLVED IN AGGREGATION

(I) Formation of Tianjin Joint Venture

Tianjin Longyuan, a wholly-owned subsidiary of the Company, entered into an investment agreement with CHN Xiong'an, a wholly-owned subsidiary of CHN Energy, on 26 October 2023 to establish the Tianjin Joint Venture. The registered capital of the Tianjin Joint Venture is RMB1 million, of which CHN Xiong'an contributed RMB0.65 million, representing 65% of the total registered capital of the Tianjin Joint Venture, and Tianjin Longyuan contributed RMB0.35 million, representing 35% of the total registered capital of the Tianjin Joint Venture. The Company will not consolidate the financial statements of the Tianjin Joint Venture.

As the applicable percentage ratios (as defined under the Listing Rules) for the connected transaction in respect of the formation of Tianjin Joint Venture are less than 0.1% and the applicable percentage ratios (as defined under the Listing Rules) after taking into account the aggregated calculations are less than 5%, it is exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(II) Capital increase to Qian'an Guoneng

The Company entered into a capital increase agreement with Guoneng Jilin, a wholly-owned subsidiary of CHN Energy, on 17 November 2023, pursuant to which the Company and Guoneng Jilin shall increase their capital injection of RMB29.2538142 million and RMB28.1066058 million, respectively, in proportion to their shareholdings to Qian'an Guoneng, a subsidiary of the Company. Upon completion of the capital increase, the proportion of equity interests in Qian'an Guoneng held by the Company and Guoneng Jilin will remain unchanged at 51% and 49%, respectively, and Qian'an Guoneng will continue to be a subsidiary of the Company.

As the applicable percentage ratios (as defined under the Listing Rules) for the connected transaction in respect of the capital increase to Qian'an Guoneng after taking into account the aggregated calculations are less than 5%, and the applicable percentage ratios (as defined under the Listing Rules) for the formation of Tianjin Joint Venture after taking into account the aggregated calculations are less than 0.1%, it is exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

IV. LISTING RULES IMPLICATIONS

As at the date of this announcement, CHN Energy, being the controlling shareholder of the Company, directly and indirectly holds approximately 58.56% of the issued share capital of the Company and is a connected person of the Company under Rule 14A.07 of the Listing Rules, and therefore the Transaction constitutes a connected transaction of the Company.

In accordance with Rule 14A.81 of the Listing Rules, a series of connected transactions will be aggregated and treated as if they were one transaction if they were all conducted or completed within a same 12-month period or were otherwise related with each other. References are made to (i) the announcement of the Company dated 30 December 2022 in relation to the capital increase to Guangdong New Energy, the announcement of the Company dated 15 February 2023 in relation to the capital increase to Guoneng Financial, the announcement of the Company dated 25 April 2023 in relation to the formation of joint venture, and the announcement of the Company dated 30 October 2023 in relation to the capital increase to Longyuan Wuqi; (ii) the connected transaction for the formation of Tianjin Joint Venture on 26 October 2023; and (iii) the connected transaction for the capital increase to Qian'an Guoneng on 17 November 2023 (collectively, the "**Previous Transactions**").

In the Previous Transactions and the Transaction, the counterparties of the Company or its subsidiaries are CHN Energy and its associates, and the nature of these transactions is the same. Accordingly, the Previous Transactions and the Transaction shall be aggregated. As the applicable percentage ratios (as defined under the Listing Rules) for the Transaction after taking into account the aggregated calculations are less than 5% and one or more of the applicable percentage ratio(s) (as defined under the Listing Rules) of the Transaction without taking into account the aggregated calculations is (are) more than 0.1% but less than 5%, the Transaction shall be subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

V. GENERAL INFORMATION

Information on the Company

The Company is a leading wind power generation company in the PRC, primarily engaged in the design, development, construction, management and operation of wind farms. In addition to the wind power business, the Company also operates other power projects such as coal power, solar power, tidal, biomass and geothermal energy. Meanwhile, the Company also provides consultation, 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 plants. As at the date of this announcement, the ultimate beneficial owner of the Company is CHN Energy.

Information on CHN Energy

As a state-owned enterprise established in accordance with the laws of the PRC, CHN Energy is the controlling shareholder of the Company, and operates eight business segments including coal, thermal power, new energy, hydropower, transportation, chemicals, environmental technologies and finance. It is the world's largest producer of coal, thermal power, wind power, as well as coal-to-liquids and coal chemical products. As at the date of this announcement, the ultimate beneficial owner of CHN Energy is the State-owned Assets Supervision and Administration Commission of the State Council.

VI. DEFINITIONS

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

“Board”	the board of directors of the Company
“CHN Energy”	CHN Energy Investment Corporation Limited (國家能源投資集團有限責任公司), as at the date of this announcement, CHN Energy in aggregate directly and indirectly holds 4,908,598,141 shares (representing approximately 58.56% of the total issued share capital of the Company) in the Company, and is the controlling shareholder of the Company
“CHN Xiong’an”	CHN Xiong’an Energy Co., Ltd., a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of CHN Energy
“Company”	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 Hong Kong Stock Exchange (Stock Code: 00916), the A shares of which are listed on the Shenzhen Stock Exchange (Stock Code: 001289)
“Company Law”	the Company Law of the People’s Republic of China
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries

“Guoneng Jilin”	Guoneng Jilin Longhua Thermal Power Co., Ltd.* (國能吉林龍華熱電股份有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of CHN Energy
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Investment Agreement”	Guoneng Badain Jaran (Gansu) Energy Development and Investment Co., Ltd. Investment Agreement entered into between the Company and CHN Energy on 17 November 2023
“Joint Venture”	Guoneng Badain Jaran (Gansu) Energy Development and Investment Co., Ltd.* (國能巴丹吉林(甘肅)能源開發投資有限公司) (tentative name) proposed to be established under the Investment Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Qian’an Guoneng”	Qian’an Guoneng Longyuan New Energy Co., Ltd.* (乾安國能龍源新能源有限公司), a company incorporated in the PRC with limited liability. As at the date of this announcement, it is held as to 51% and 49% equity interests by the Company and Guoneng Jilin, respectively, and is a subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Tianjin Joint Venture”	Tianjin Binhai Guoneng Longyuan New Energy Co., Ltd.* (天津濱海國能龍源新能源有限公司), a company incorporated in the PRC with limited liability. As at the date of this announcement, it is held as to 35% and 65% equity interests by the Company and Guoneng Jilin, respectively, and is a subsidiary of CHN Energy

“Tianjin Longyuan”	Tianjin Longyuan New Energy Development Co., Ltd., a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Transaction”	the Investment Agreement and the transactions thereunder
“%”	per cent

By order of the Board
China Longyuan Power Group Corporation Limited*
Tang Jian
Chairman

Beijing, the PRC, 17 November 2023

As at the date of this announcement, the executive directors of the Company are Mr. Tang Jian and Mr. Gong Yufei; the non-executive directors are Mr. Tang Chaoxiong, Mr. Wang Yiguo and Mr. Ma Bingyan; and the independent non-executive directors are Mr. Michael Ngai Ming Tak, Mr. Gao Debu and Ms. Zhao Feng.

* *For identification purpose only*