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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)

CONTINUING CONNECTED TRANSACTIONS ENTERING INTO FACTORING SERVICES AGREEMENT

ENTERING INTO FACTORING SERVICES AGREEMENT

On 17 November 2023, the Company entered into the Factoring Services Agreement with Guoneng Factoring, pursuant to which, Guoneng Factoring agreed to provide the Group with factoring services (including recourse factoring, non-recourse factoring, reverse factoring, etc.) and factoring-related services such as related consulting, agency, asset management and supply chain finance platform services. The Factoring Services Agreement shall become effective from the date when it is approved by the Board of the Company, signed by the legal representatives or authorized representatives of both parties and affixed with the company seals or special contract seals, with a valid period from 17 November 2023 to 31 December 2025.

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. Guoneng Factoring is a subsidiary of CHN Energy and also constitutes a connected person of the Company under Chapter 14A of the Listing Rules and therefore the Factoring Services Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company.

As one or more of the applicable percentage ratio(s) (as defined in the Listing Rules) in respect of the transactions contemplated under the Factoring Services Agreement exceed 0.1% but are less than 5%, the Factoring Services Agreement and the transactions contemplated thereunder are only subject to the annual reporting and announcement requirements under Rule 14A.35 of the Listing Rules but are exempt from the independent shareholders' approval requirement under Rules 14A.36 to 14A.39 of the Listing Rules.

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Date

17 November 2023

Parties

The Company and Guoneng Factoring

Material Terms

According to the Factoring Services Agreement, Guoneng Factoring will provide the Group with the following services:

1. providing the Group with factoring services (including recourse factoring, non-recourse factoring, reverse factoring, etc.).
2. providing the Group with other factoring-related services such as consulting, agency, asset management and supply chain finance platform services.

The Factoring Services Agreement shall become effective from the date when it is approved by the Board of the Company, signed by the legal representatives or authorized representatives of both parties and affixed with the company seals or special contract seals, with a valid period from 17 November 2023 to 31 December 2025.

The parties to the Factoring Services Agreement may enter into separate execution contracts for each of the specific transactions contemplated under the Factoring Services Agreement. Any such execution contracts will not exceed the scope of the Factoring Services Agreement and annual caps thereunder.

If the provision of factoring services to the Group by Guoneng Factoring does not comply with the relevant laws and regulations and the relevant provisions of regulatory agencies resulting in damage to the Company's interests, the Company shall be indemnified against all losses.

Pricing Policy

For the provision of factoring services by Guoneng Factoring to the Group, the financing cost shall not be higher than that determined by an independent third-party factoring company for providing the same kind of services to the Group, and it should be determined on normal commercial terms. When the financing fee determined by the independent third-party factoring company for providing the same kind of services is difficult to obtain, it shall not be higher than the financing fee calculated based on the Loan Prime Rate (LPR) of the People's Bank of China ("PBOC") for the same period.

ANNUAL CAPS AND BASIS

During the term of the Factoring Services Agreement, the annual caps of the maximum daily balance of the factoring services provided by Guoneng Factoring to the Group (including interest, factoring service fees and other related financing fees) for each of the years ending 31 December 2023, 31 December 2024 and 31 December 2025 shall be set at RMB1.2 billion.

As of the date of this announcement, the Group has not conducted any factoring services transactions with Guoneng Factoring in the past.

Such caps are determined after taking into account:

1. scale of the Group's accounts receivable, demand for capital turnover business and expected development in the past two years.
2. factoring services provided by Guoneng Factoring may be rolled out many times in the year.
3. the ability of Guoneng Factoring to provide factoring services to the Group.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CONTINUING CONNECTED TRANSACTIONS

As a financial service platform of CHN Energy, Guoneng Factoring is familiar with the development needs of the Group and is able to provide the Group with high-quality, efficient and convenient factoring services under the premise of ensuring the safety of funds. Entering into of the Factoring Services Agreement will help alleviate the pressure on the Group's collection of accounts receivable and accelerate the efficiency of capital turnover; broaden the financing channels and reduce the financing cost; and improve the efficiency of capital and promote the Company's high-quality development.

The Directors, including the independent non-executive Directors, are of the view that the Factoring Services Agreement and its annual caps are conducted on normal commercial terms, in the ordinary and usual course of business of the Group, and 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, the connected directors of the Company, have abstained from voting on the resolution for the approval of the Factoring Services Agreement and its annual caps. Save as disclosed above, there are no other Directors who have any material interests in the Factoring Services Agreement and the transactions contemplated thereunder.

INTERNAL CONTROL MEASURES

The Company will adopt the following internal control measures:

1. The Factoring Services Agreement will be conducted on a non-exclusive basis.
2. Before conducting factoring-related transactions, the finance department of the Company or relevant subsidiaries will obtain quotations of terms from major domestic factoring companies independent of the Company and inquire about the benchmark interest rates for loans published by the PBOC from time to time. Ensure that the terms offered by Guoneng Factoring strictly comply with the pricing policy set out in the Factoring Services Agreement and that the relevant terms are no less favorable than those offered by independent third parties.
3. Guoneng Factoring ensures that it will operate in strict compliance with the risk control indicators and risk monitoring indicators required by the China Banking and Insurance Regulatory Commission and the Beijing Local Financial Supervision and Administration Bureau. Guoneng Factoring shall dispatch personnels with financial service experience and sense of responsibility to carry out the service work with diligence to ensure the smooth development of the relevant business of the Group.

4. The Group regularly reviews and approves funding plans, considers the transactions under the Factoring Services Agreement between the Group and Guoneng Factoring, keeps abreast of the relevant progress in a timely manner, and reasonably coordinates transaction arrangements between the Company and Guoneng Factoring.
5. The finance department of the Company will strictly control the cap balance to ensure the relevant proposed annual caps will not be exceeded. Guoneng Factoring will assist in monitoring the maximum daily balance of the Group's factoring services (including the relevant financing fees) and the total amount of agency fee, handling fee, consulting fee or other service fees charged for factoring-related services (including but not limited to the provision of consulting, agency, management and other services) per annum, so as to ensure that the relevant balance does not exceed the annual caps of related party/connected transactions. If the relevant cap for the year is reached, the Group will suspend such services with Guoneng Factoring for the remainder period of the year unless otherwise approved by the Board, the general meeting of the Company (if applicable).
6. In occurrence of material events in Guoneng Factoring which may affect its normal operation, including changes in significant institution, equity transaction or operation risks and other matters, or occurrence of serious malfunction in computer system, being robbed or defrauded, or when directors or the senior management are involved in severe violation of discipline or criminal cases, Guoneng Factoring shall inform the Group in a timely manner, and if necessary, the Group is entitled to terminate the business in Guoneng Factoring, and negotiate the subsequent matters with Guoneng Factoring.
7. During the annual audit period of the Company, the external auditor will review and issue opinions on the related party/connected transactions of both parties. The Company shall fulfill its information disclosure obligation under the requirements of the listing rules of the places where it is listed in a timely manner. Guoneng Factoring shall provide necessary cooperation, including but not limited to the provision of information on the amount and balance of relevant services.

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. Guoneng Factoring is a subsidiary of CHN Energy and also constitutes a connected person of the Company under Chapter 14A of the Listing Rules and therefore the Factoring Services Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company.

As one or more of the applicable percentage ratio(s) (as defined in the Listing Rules) in respect of the transactions contemplated under the Factoring Services Agreement exceed 0.1% but are less than 5%, the Factoring Services Agreement and the transactions contemplated thereunder are only subject to the annual reporting and announcement requirements under Rule 14A.35 of the Listing Rules but are exempt from the independent shareholders' approval requirement under Rules 14A.36 to 14A.39 of the Listing Rules.

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 Guoneng Factoring

Guoneng Factoring is a company incorporated in the PRC with limited liability and is principally engaged in factoring financing, maintenance of sales ledger and consulting services relating to commercial factoring. As at the date of this announcement, Guoneng Factoring is a wholly-owned subsidiary of CHN Energy and its ultimate beneficial owner 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.

DEFINITIONS

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

“Board”	board of directors of the Company
“CHN Energy”	China 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 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 in aggregate, and is the controlling shareholder of the Company
“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) and the A shares of which are listed on the Shenzhen Stock Exchange (stock code: 001289)
“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)”	director(s) of the Company
“Factoring Services Agreement”	the factoring services agreement dated 17 November 2023 entered into between the Company and Guoneng Factoring
“Group”	the Company and its subsidiaries

“Guoneng Factoring”	Guoneng (Beijing) Commercial Factoring Co., Ltd.* (國能(北京)商業保理有限公司), a company incorporated in the PRC with limited liability, is a wholly-owned subsidiary of CHN Energy
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“%”	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*