
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this supplemental circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Longyuan Power Group Corporation Limited*, you should at once hand this supplemental circular and the accompanying revised form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this supplemental circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this supplemental circular.



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)

ENTERING INTO OF THE NEW FINANCIAL SERVICES AGREEMENT BETWEEN THE COMPANY AND CHINA ENERGY FINANCE AND SUPPLEMENTAL NOTICE OF 2021 ANNUAL GENERAL MEETING

This supplemental circular (the “**Supplemental Circular**”) should be read together with the circular of the annual general meeting (the “**First Circular**”) of the Company dated 23 May 2022.

The Company will convene the Annual General Meeting in 2021 (the “**AGM**”) at 9:00 a.m. on Wednesday, 22 June 2022 at the Conference Room, 3/F, Block c, 6 Fuchengmen North Street, Xicheng District, Beijing, the People's Republic of China. The Supplemental Notice of AGM is set out on pages 15 to 19 in this Supplemental Circular.

If you intend to appoint a proxy to attend the AGM, you are required to complete and return the accompanying revised form of proxy (the “**Revised Form of Proxy**”) in accordance with the instructions printed thereon. For holders of H Shares, the Revised Form of Proxy should be returned to Computershare Hong Kong Investor Services Limited not less than 24 hours before the time fixed for holding the AGM (i.e. not later than 9:00 a.m. on Tuesday, 21 June 2022) or any adjourned meeting (as the case may be). Completion and return of the Revised Form of Proxy will not preclude you from attending and voting in person at the AGM or at any other adjourned meeting.

Unless the context otherwise requires, terms used in this Supplemental Circular shall have the same meanings as those defined in the First Circular.

7 June 2022

* For identification purpose only

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DEFINITIONS

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

“A Shares”	the ordinary shares of the Company with a nominal value of RMB1.00 each, which are listed on the SZSE
“AGM”	the annual general meeting in 2021 to be held by the Company at the Conference Room, 3/F, Block c, 6 Fuchengmen North Street, Xicheng District, Beijing, the PRC at 9:00 a.m. on Wednesday, 22 June 2022
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“CBIRC”	China Banking and Insurance Regulatory Commission
“China Energy Finance”	China Energy Finance Co., Ltd.* (國家能源集團財務有限公司), a limited liability company incorporated in the PRC
“China Shenhua”	China Shenhua Energy Company Limited (中國神華能源股份有限公司), a joint stock limited company incorporated in the PRC, the H shares of which are listed on the Hong Kong Stock Exchange (stock code: 01088) and the A shares of which are listed on the Shanghai Stock Exchange (stock code: 601088), which is a subsidiary of CHN Energy
“CHN Energy”	China Energy Investment Corporation Limited (國家能源投資集團有限責任公司), as at the Latest Practicable Date, 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
“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 SZSE (stock code: 001289)

DEFINITIONS

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“continuing connected transactions”	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
“Financial Services Agreement”	the financial services agreement entered into between the Company and China Energy Finance on 27 April 2022
“Group”	the Company and its subsidiaries
“Guodian Finance”	Guodian Finance Corporation Limited (國電財務有限公司). According to the requirements under the Implementation Measures of the China Banking and Insurance Regulatory Commission for the Administrative Licensing Items concerning Non-Banking Financial Institutions, after the former China Guodian Corporation Ltd. (“ Guodian Group ”) and the former Shenhua Group Corporation Limited (“ Shenhua Group ”) reorganised into CHN Energy, only one finance company shall be retained by CHN Energy. Therefore, Guodian Finance, the finance company subordinated to the former Guodian Group, cancelled its registration, and CHN Energy made capital contribution to and acquired control of Shenhua Finance Co., Ltd., the finance company subordinated to the former Shenhua Group, and renamed it as China Energy Finance Co., Ltd.*, to provide service to the whole group
“H Shares”	the overseas listed foreign shares of the Company with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Latest Practicable Date”	1 June 2022, being the latest practicable date prior to the printing of this Supplemental Circular for ascertaining certain information contained in this Supplemental Circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“New Financial Services Agreement”	the new financial services agreement entered into between the Company and China Energy Finance on 31 May 2022
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of shares of the Company
“subsidiary” or “subsidiaries”	has the meaning ascribed to it under the Listing Rules
“Supplemental Notice of AGM”	the supplemental notice of 2021 AGM
“SZSE”	Shenzhen Stock Exchange
“%”	percentage

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Li Zhongjun (*Chairman*)
Mr. Tang Jian

Non-executive Directors:

Mr. Tian Shaolin
Mr. Tang Chaoxiong
Mr. Wang Yiguo
Mr. Ma Bingyan

Independent Non-executive Directors:

Mr. Michael Ngai Ming Tak
Mr. Gao Debu
Ms. Zhao Feng

Registered office in the PRC:

Room 2006, 20th Floor
Block c, 6 Fuchengmen North Street
Xicheng District, Beijing
PRC

Head office in the PRC:

Block c, 6 Fuchengmen North Street
Xicheng District, Beijing
PRC

Principal place of business in Hong Kong:

Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

7 June 2022

To the Shareholders

Dear Sirs or Madams,

**ENTERING INTO OF THE NEW FINANCIAL SERVICES AGREEMENT
BETWEEN THE COMPANY AND CHINA ENERGY FINANCE
AND
SUPPLEMENTAL NOTICE OF 2021 ANNUAL GENERAL MEETING**

INTRODUCTION

References are made to the circular of the AGM and the notice of AGM of the Company both dated 23 May 2022. This Supplemental Circular aims to give you the Supplemental Notice of AGM and provide you with relevant information, to enable you to make an informed decision on whether to vote for or against, among other things, the resolution relating to the following supplemental matter to be proposed at the AGM.

Ordinary Resolution

13. To consider and approve the entering into of the New Financial Services Agreement between the Company and China Energy Finance

* For identification purpose only

LETTER FROM THE BOARD

ENTERING INTO OF THE NEW FINANCIAL SERVICES AGREEMENT BETWEEN THE COMPANY AND CHINA ENERGY FINANCE

I. BACKGROUND

Reference is made to the announcement of the Company dated 27 April 2022 in relation to the entering into of the Financial Services Agreement between the Company and China Energy Finance and the annual caps thereunder, pursuant to which, China Energy Finance has agreed to provide the Group with loan services, deposit services and other financial services. The Financial Services Agreement and its corresponding annual caps will become effective from 27 April 2022, and expire on 31 December 2024.

Reference is made to the announcement of the Company dated 31 May 2022, the Board has approved the revision of the existing annual caps for deposit services under the Financial Services Agreement on 31 May 2022. The Company re-entered into the New Financial Services Agreement with China Energy Finance on 31 May 2022. Save for the revision of annual caps for the deposit services, there is no change in the scope of services and the other annual caps thereunder the New Financial Services Agreement as compared to the Financial Services Agreement.

According to the relevant provisions of the Rules Governing the Listing of Shares on Shenzhen Stock Exchange which the Company is required to comply with, the New Financial Services Agreement and the annual caps thereunder are subject to the approval of the general meeting of the Company. The New Financial Services Agreement and the annual caps thereunder shall be valid from the date of approval by the general meeting to 31 December 2024. As determined by the Company and China Energy Finance through negotiation, the Financial Services Agreement entered into between both parties on 27 April 2022 and the annual caps thereunder shall be terminated from the effective date of the New Financial Services Agreement and the annual caps thereunder.

II. NEW FINANCIAL SERVICES AGREEMENT

Date: 31 May 2022

Parties: The Company (as services receiver); and China Energy Finance (as services provider)

Material Terms:

Pursuant to the New Financial Services Agreement, the services to be provided by China Energy Finance to the Group include the provision of comprehensive credit facilities, intra-group transfer and settlement services, assistance in the receipt and payment of transaction proceeds, entrusted loans and entrusted investment services, bill acceptance and discount services, deposit services, provision of finance leasing services to the Group, financial and financing advisory services, credit attestation and related consultancy and agency services, underwriting services, financial consultation services, revolving entrusted loan services and other services.

LETTER FROM THE BOARD

In particular, the provision of revolving entrusted loan services by China Energy Finance to the Group is to manage the collection and allocation of funds between the Company and its subsidiaries in the form of entrusted loans. Specifically, the revolving entrusted loan business of the Group is to enable the subsidiaries and branches of the Company to collect funds from the Company in the form of entrusted loans through the cash management module of the new core system of China Energy Finance, and the Company allocates funds to each member of the Company in the form of entrusted loan repayment. The service fees charged by China Energy Finance for the provision of the revolving entrusted loan services to the Group are included in the annual caps of the total service fees charged by China Energy Finance for the provision of other financial services to the Group.

China Energy Finance shall ensure the stable operation of fund management system to safeguard the fund, and to monitor the asset-liabilities risk so as to satisfy the payment needs of the Group.

The New Financial Services Agreement and the annual caps thereunder shall be valid from the date of approval by the AGM to 31 December 2024.

Pricing Policy:

China Energy Finance has undertaken to provide the aforementioned financial services to the Group based on the following pricing principles:

1. the interest rates for deposits placed by the Group with China Energy Finance shall not, in principle, be lower than the interest rates for deposits of the same type offered to members of the Group by the major domestic commercial banks (i.e. the four major state-owned banks including Industrial and Commercial Bank of China, Agricultural Bank of China, Bank of China and China Construction Bank) and shall be determined in accordance with normal commercial terms;
2. the interest rates for loans granted by China Energy Finance to the Group shall comply with the relevant provisions of the People's Bank of China on interest rate management, and shall not, in principal, be higher than the interest rates charged by the major domestic commercial banks for the same category of loan services provided to the members of the Group and shall be determined in accordance with normal commercial terms;
3. the fees charged for various financial services other than deposits and loans shall not be higher than the fees charged by the major domestic commercial banks for the same category of businesses.

LETTER FROM THE BOARD

REVISED ANNUAL CAPS AND BASIS

Loan Services:

During the term of the New Financial Services Agreement, the maximum daily balance of loans provided by China Energy Finance to the Group (including loans, credit, bill acceptance and discounting, guarantee, letter of guarantee, overdraft, opening of letter of credit, etc.) shall not exceed RMB22 billion.

Deposit Services:

During the term of the New Financial Services Agreement, the maximum daily deposit balance of the Group with China Energy Finance (including accrued interest incurred) shall not exceed RMB7.5 billion. Such cap covers the relevant total balance of funds deposited with China Energy Finance by the Group under the cash management module of the new core system of China Energy Finance arising from cash deposit, bill acceptance and revolving entrusted loan business of the Group under the New Financial Services Agreement.

Such cap is determined after taking into account:

- (1) the Group's new deposit requirements;

Recently, the Company received part of the renewable energy subsidy funds. According to the information of the State Council executive meeting, the Company will successively receive new renewable energy subsidies in the future. Accordingly, the Company's demand for the deposit services provided by China Energy Finance will increase significantly.

Pursuant to the Financial Services Agreement entered into between the Group and China Energy Finance on 27 April 2022, during the term of the Financial Services Agreement, the maximum daily balance of deposits (including accrued interest incurred) placed by the Group with China Energy Finance shall not exceed RMB3 billion. Taking into account (i) the above estimated additional demand for deposits by the Group, and (ii) the fact that China Energy Finance has been providing deposit services to the Group with relatively good commercial terms, the Company is hereby making appropriate adjustments to the annual caps for the deposit services under the Financial Services Agreement to meet the Group's future demand for deposits.

LETTER FROM THE BOARD

- (2) the historical caps and amounts of the daily deposit balances of the Group;

In accordance with the previous financial services agreements entered into between the Group and China Energy Finance (or its predecessor, Guodian Finance, the same below), the annual caps for the Group's maximum daily deposits balance (including interests accrued thereon) with China Energy Finance for the previous years are set out as follows:

(Unit: RMB million)

	The period from 27 April 2022 to	The period from 28 October 2020 to 27 October 2021	The period from 28 October 2021 to 26 April 2022	The period from 28 October 2021 to 26 April 2022	The effective date of the New Financial Services Agreement
Annual caps for maximum daily deposits balance (including interests accrued thereon) placed by the Group with China Energy Finance					
		1,990	1,871	5,500	3,000

The maximum daily deposit balances (including interests accrued thereon) placed by the Group with China Energy Finance for the years ended 31 December 2019, 31 December 2020 and for the periods from 1 January 2021 to 27 October 2021, 28 October 2021 to 26 April 2022 and 27 April 2022 to 30 April 2022 are set out as follows:

(Unit: RMB million)

	The year ended 31 December 2019	The year ended 31 December 2020	The period from 1 January 2021 to 27 October 2021	The period from 28 October 2021 to 26 April 2022	The period from 27 April 2022 to 30 April 2022
Maximum daily deposits balance (including interests accrued thereon) placed by the Group with China Energy Finance	approximately 1,960	approximately 1,741	approximately 1,848	approximately 4,282	approximately 2,665

LETTER FROM THE BOARD

- (3) expected future daily deposit balances of the Group; and
- (4) China Energy Finance is under the supervision of the CBIRC. The collaboration between the Group and China Energy Finance may reduce finance costs, increase interest income of deposits, lower settlement costs and control risks.

Other Financial Services:

In addition to the loan services and deposit services, during the term of the New Financial Services Agreement, the total agency fees, handling fees, consulting fees or other service fees charged by China Energy Finance for the provision of other financial services (including but not limited to the provision of consultation, agency, settlement, transfer, investment, letter of credit, online banking, entrusted loans, guarantees, bill acceptance and other services) to the Group shall not exceed RMB10 million for each year.

The Company confirms that there will not be any provision of financial assistance by the Company to China Energy Finance under this arrangement. The other financial services provided under the New Financial Services Agreement will be on normal commercial terms and, as far as the Group is concerned, on terms similar to or more favourable than those offered by independent third parties for comparable services in the PRC.

Such cap is determined after taking into account:

- (1) the total historical service fees for the provision of other financial services by China Energy Finance to the Group;

The total historical service fees for the provision of other financial services by China Energy Finance to the Group for the years ended 31 December 2019, 31 December 2020 and the period from 1 January 2021 to 27 October 2021 was nil. The total historical service fees for the provision of other financial services by China Energy Finance to the Group for the period from 28 October 2021 to 30 April 2022 was RMB11,395,417.

- (2) China Energy Finance will continue to provide financial services to the Group. In the future, China Energy Finance will give full play to its financial platform function and carry out entrusted loans, syndicated loans and bills business on a large scale, which is expected to result in a substantial increase in income from fees and consultancy fees. It is expected that the total service fees for the provision of other financial services by China Energy Finance to the Group will not exceed RMB10 million per year by 31 December 2024.

LETTER FROM THE BOARD

III. REASONS FOR AND BENEFITS OF ENTERING INTO THE CONTINUING CONNECTED TRANSACTIONS

- (1) Institutional risk: China Energy Finance is a platform company authorised by CHN Energy to conduct fund collection, settlement, monitoring and service, with a registered capital of RMB12.5 billion. China Energy Finance shall comply with all relevant laws, regulations, requirements and guidelines formulated by the CBIRC and the People's Bank of China including requirements for the capital adequacy, provision coverage, liquidity and guarantee ratio of China Energy Finance. In addition, according to the requirements of the CBIRC, if China Energy Finance encounters any liquidity issues, CHN Energy, as its parent company, shall provide sufficient capital for China Energy Finance. In addition, China Energy Finance is not allowed to have inter-bank loan balances that exceed its total capital. The operating performance and financial position of China Energy Finance have been satisfactory, with prescribed risk monitoring and good performance in supervision and management, and security level of its settlement system has reached the level of domestic commercial banks. Compared with typical commercial banks, the account supervision of China Energy Finance such as substantial payment is more stringent, and the use of its deposit services provides higher fund security.
- (2) Achieving centralised fund management and efficient fund management: the deposit placed with China Energy Finance facilitates the settlement within the subsidiaries of the Group and between the subsidiaries of CHN Energy, and shortens the time required for transfer and turnover of funds. China Energy Finance will enable the Company to lower the cost of funds by improving the efficiency of the internal settlement and help realise optimisation of cost and operational efficiency. In addition, deposits placed with China Energy Finance would be conducive to realising centralized fund management of subsidiaries of the Group and can satisfy the flexible needs of funds of the Group.
- (3) Good commercial terms: China Energy Finance offers the Group relatively good commercial terms as compared with the domestic commercial banks. For example, China Energy Finance does not charge the Group settlement fees, which are typically charged by commercial banks in the PRC. The deposit rates the Group received from China Energy Finance are not lower than the rates it would receive from the major domestic commercial banks.
- (4) Compared with typical commercial banks in the PRC, China Energy Finance could provide the Group with stronger support and more flexible loan conditions. The collaboration between the Group and China Energy Finance may reduce finance costs, ensure the security of the capital chain and help monitor risks for the Group.

LETTER FROM THE BOARD

- (5) Familiar with the Company's business, and providing more flexible and convenient services: China Energy Finance is familiar with the capital structure, business operation, capital needs and cash flow pattern of each subsidiary of the Group, enabling it to better forecast the capital needs of the Group. Therefore, China Energy Finance can provide flexible, convenient and low-cost services to the Group at any time; and
- (6) The Group's ability to choose service providers: by entering into the New Financial Services Agreement with China Energy Finance, the Group opens another channel for service providers. The Group is able to cooperate with China Energy Finance, whilst not prohibited from selecting other financial and insurance institutions, including commercial banks in the PRC. The Group may freely cooperate with any institutions selected and obtain any best terms offered. Moreover, the credit services provided by China Energy Finance for the Group may increase credit for the credit provided by domestic commercial banks for the Group.

The Directors are of the view that the transactions contemplated under the New Financial Services Agreement do not have negative effects on the assets or liabilities of the Group.

The Directors, including the independent non-executive Directors, are of the view that the New Financial Services Agreement and its revised 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. Tian Shaolin, Mr. Tang Chaoxiong, Mr. Wang Yiguo and Mr. Ma Bingyan, being connected Directors, have abstained from voting on the resolution approving the New Financial Services Agreement and its annual caps. Save as disclosed above, none of the other Directors has any material interest in the New Financial Services Agreement and the transactions contemplated thereunder.

IV. INTERNAL CONTROL MEASURES

In order to ensure that the terms offered by China Energy Finance are not less favourable than those offered by the major domestic commercial banks for the provision of the same type of financial service, before every deposit transaction, the finance departments of the Company or relevant subsidiaries will make inquiries to the four major domestic commercial banks providing deposit services to the Group to obtain relevant information, including the same type of deposit rates and period. Before conducting a loan transaction or using other finance services, the finance departments of the Company or relevant subsidiaries will make inquiries to the four major domestic commercial banks providing financial services to the Group to obtain relevant information under the same conditions, including loan rates/fees, scale and period of the same type.

LETTER FROM THE BOARD

In order to ensure that the deposit terms offered by China Energy Finance are not less favourable than those offered to other members of CHN Energy, since China Energy Finance has a unified interest rate pricing plan, the members can log on China Energy Finance's online banking platform for inquiry. The pricing plan is updated from time to time according to market conditions. In order to ensure that the terms of the loans or other finance services offered by China Energy Finance are not less favourable than those offered to other members of CHN Energy, before conducting a transaction, the finance departments of the Company or relevant subsidiaries will get wise to China Energy Finance to obtain relevant information under the same conditions, including loan rates/fees, scale and period of the same type offered to other members.

A fund coordination meeting, chaired by the financial executive of the Company with the attendance of finance departments of subsidiaries, is convened on a regular basis by the Group, to consider the deposits placed with China Energy Finance by the Group, keep abreast of the loans granted in a timely manner, and reasonably coordinate recent fund deposit and financing arrangements of the Company, which shall also be reported to the management of the Company for decision-making.

In this manner, the Group ensures that it obtains the best price from the financial institutions, irrespective of whether such financial institutions are connected persons or independent third parties.

China Energy Finance will assist in monitoring the maximum daily deposit balance (including interests accrued thereon) of the Group and the aggregate service fees incurred by the Group, in order to ensure that relevant balance does not exceed the annual caps. If the deposits of the Group placed with China Energy Finance are expected to exceed the caps, China Energy Finance shall inform the Company in a timely manner and assist in transferring the excessive deposit to the designated bank accounts of the Company. If the cost of services provided by China Energy Finance reaches the relevant cap for the year, the Company's member units will suspend such services with China Energy Finance for the remainder period of the year unless otherwise approved by the Board or the general meeting of the Company (as applicable).

In occurrence of material events in China Energy Finance which may affect its normal operation, including changes in significant institution, equity transaction or operation risks and other matters, or occurrence of the run of depositors, unpaid due debts, overdue large loans or guarantee advance, 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, China Energy Finance shall inform the Group in a timely manner, and if necessary, the Group is entitled to terminate the business in China Energy Finance, and negotiate the subsequent matters with China Energy Finance.

LETTER FROM THE BOARD

Indicators of China Energy Finance, including gearing ratio, shall be in compliance with regulations of applicable laws and provisions (including the Measures for the Administration of Enterprise Group Finance Companies) and requirements of the CBIRC.

China Energy Finance agrees that the Group and its auditor review the records of transactions of China Energy Finance under the New Financial Services Agreement, for the purpose of performing disclosure obligations of the Group under the Listing Rules.

The Group takes the above-mentioned measures to ensure capital safety at China Energy Finance.

V. LISTING RULES IMPLICATIONS

As CHN Energy directly and indirectly holds approximately 58.56% of the issued share capital of the Company, it is a controlling shareholder and a connected person of the Company. China Energy Finance is a subsidiary and, by virtue of this, an associate of CHN Energy, and is therefore the connected person of the Company. Accordingly, the New Financial Services Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under the Listing Rules.

In view of the loan services provided by China Energy Finance to the Group are on normal commercial terms which, as far as the Group is concerned, are similar to or more favourable than those offered from independent third parties for comparable services in the PRC, and that no security over the assets of the Group will be granted in respect of the loan services, the loan services are exempt from the annual reporting, announcement and independent shareholders' approval requirements under Rule 14A.90 of the Listing Rules.

As each of the percentage ratio(s) (as defined in Rule 14.07 of the Listing Rules) applicable to the deposit services under the New Financial Services Agreement is more than 0.1% but less than 5%, the deposit services provided by China Energy Finance to the Group and its annual caps are subject to the annual reporting and announcement requirements as set out in Rule 14A.35 of the Listing Rules but exempt from the independent shareholders' approval requirement under Rules 14A.36 to 14A.39 of the Listing Rules.

As each of the percentage ratio(s) (as defined in Rule 14.07 of the Listing Rules) applicable to other financial services to be provided by China Energy Finance to the Group under the New Financial Services Agreement is less than 0.1%, other financial services provided by China Energy Finance to the Group and its annual caps are exempt from the annual reporting, announcement and independent shareholders' approval requirements of the Listing Rules.

LETTER FROM THE BOARD

The Directors, including the independent non-executive Directors, are of the view that the New Financial Services Agreement and its revised 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. Tian Shaolin, Mr. Tang Chaoxiong, Mr. Wang Yiguo and Mr. Ma Bingyan, being connected Directors, have abstained from voting on the resolution approving the New Financial Services Agreement and its annual caps. Save as disclosed above, none of the other Directors has any material interest in the New Financial Services Agreement and the transactions contemplated thereunder.

VI. 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. The ultimate beneficial owner of the Company is CHN Energy.

Information on China Energy Finance

China Energy Finance is a non-banking financial institution approved by the People's Bank of China to provide financial services to members of CHN Energy as a principal business. China Energy Finance was established on 27 November 2000 with current registered capital of RMB12.5 billion. It is principally engaged in "(domestic and foreign currency services) the provision of financial and financing consultation services, credit appraisal and other related consultation and agency services to members; assistance to members in the collection and payment of transaction amounts; authorised insurance agency services; provision of guarantee between members; provision of entrusted loans and entrusted investments between members; provision of bill acceptance and discount services to members; provision of internal fund transfer and settlement services and corresponding settlement and clearing planning to members; accepting deposits from members; provision of loans and finance leasing to members; provision of inter-bank lending; authorised issuance of finance company bonds; underwriting of corporate bonds of members; equity investments in financial institutions; investments in negotiable securities; provision of consumption credit, buyers' credit and finance leasing for products of members".

LETTER FROM THE BOARD

As at the Latest Practicable Date, CHN Energy holds 60% of the equity interests in China Energy Finance, and China Shenhua and its subsidiaries together hold 40% of the equity interests in China Energy Finance (among which, China Shenhua directly holds 32.57% of the equity interests in China Energy Finance, and Guoneng Shuohuang Railway Development Co., Ltd. (國能朔黃鐵路發展有限責任公司), Shenhua Zhunge'er Energy Co., Ltd. (神華準格爾能源有限責任公司) and Shenhua Baoshen Railway Co., Ltd. (神華包神鐵路有限責任公司), which are subsidiaries of China Shenhua, hold 2.86%, 2.86% and 1.71% of equity interests in China Energy Finance, respectively.)

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.

AGM

The Company will convene the AGM at 9:00 a.m. on Wednesday, 22 June 2022 at the Conference Room, 3/F, Block c, 6 Fuchengmen North Street, Xicheng District, Beijing, the People's Republic of China. The Supplemental Notice of the AGM is set out in this Supplemental Circular to inform the Shareholders of the resolutions detailed in the First Circular and the resolution detailed in this Supplemental Circular. The resolutions detailed in the First Circular of the Company dated 23 May 2022 remain unchanged.

As disclosed in the First Circular, in order to determine the holders of Shares who are eligible to attend and vote at the AGM, the H Share register of members of the Company will be closed from Friday, 17 June 2022 to Wednesday, 22 June 2022, both days inclusive. To be eligible to attend and vote at the AGM, unregistered holders of the H Shares of the Company shall lodge share transfer documents with (for holders of H Shares) the Company's H Share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 16 June 2022.

Shareholders who intend to appoint a proxy to attend the AGM shall complete and return the accompanying Revised Form of Proxy in accordance with the instructions printed thereon. For holders of H Shares, the Revised Form of Proxy should be returned in person or by post to Computershare Hong Kong Investor Services Limited not less than 24 hours before the time fixed for holding the AGM (i.e. not later than 9:00 a.m. on Tuesday, 21 June 2022) or any adjourned meeting (as the case may be). Completion and return of the Revised Form of Proxy will not preclude you from attending and voting in person at the AGM or at any other adjourned meeting.

LETTER FROM THE BOARD

The Revised Form of Proxy is intended to be used for the resolutions specified in the Notice of AGM and the Supplemental Notice of AGM.

If a Shareholder has already lodged the form of proxy which was sent by the Company to the Shareholders on 23 May 2022 (the “**Original Form of Proxy**”), he/she should note that:

- (1) if no Revised Form of Proxy is lodged by the Shareholder, the Original Form of Proxy will be treated as a valid form of proxy lodged by the Shareholder if duly completed. The proxy appointed under the Original Form of Proxy will also be entitled to vote in accordance with the instructions previously given by the Shareholder or at his/her discretion (if no such instructions are given) on any resolution properly put to the AGM, including the additional proposed resolution as set out in this Supplemental Circular and the Supplemental Notice of AGM.
- (2) if the Revised Form of Proxy is lodged by the Shareholder at or before 9:00 a.m. on Tuesday, 21 June 2022, the Revised Form of Proxy will be treated as a valid form of proxy lodged by the Shareholder if duly completed.
- (3) if the Revised Form of Proxy is lodged by the Shareholder after the closing time set out in the Supplemental Notice of AGM, the Revised Form of Proxy will be deemed invalid. It will not revoke the Original Form of Proxy previously lodged by the Shareholder. The Original Form of Proxy will be treated as a valid form of proxy if duly completed. The proxy appointed under the Original Form of Proxy will also be entitled to vote in accordance with the instructions previously given by the Shareholder or at his/her discretion (if no such instructions are given) on any resolution properly put to the AGM (including the additional proposed resolution as set out in this Supplemental Circular and the Supplemental Notice of AGM).

VOTING BY POLL AT AGM

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of Shareholders of a listed issuer at the issuer’s general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The chairman of the AGM will therefore demand a poll for each resolution put to the vote at the AGM pursuant to Article 89 of the Articles.

On a poll, every Shareholder present in person or by proxy (or being a corporation by its duly authorized representative) shall have one vote for each Share registered in his/her/its name in the register of members. A Shareholder entitled to more than one vote needs not use all his/her/its votes or cast all the votes he/she/it used in the same manner.

LETTER FROM THE BOARD

Pursuant to Rule 2.15 of the Listing Rules, any shareholder who has a material interest in a relevant transaction or arrangement proposed for approval at a general meeting shall abstain from voting on the relevant resolution. Accordingly, any connected persons, Shareholders and their associates who have a material interest in the resolution in relation to the entering into of the New Financial Services Agreement between the Company and China Energy Finance are required to abstain from voting on the resolution in relation to the entering into of the New Financial Services Agreement between the Company and China Energy Finance at the AGM.

As at the Latest Practicable Date, CHN Energy directly and indirectly holds 4,908,598,141 A Shares of the Company (of which 4,602,432,800 shares are directly held by CHN Energy and of the remaining shares, 212,238,141 shares are held by Inner Mongolia Pingzhuang Coal (Group) Co., Ltd. (內蒙古平莊煤業(集團)有限責任公司) (“**Pingzhuang Coal Group**”), a subsidiary of CHN Energy, 93,927,200 shares are held by CHN Energy Liaoning Electric Power Co., Ltd. (國家能源集團遼寧電力有限公司) (“**Liaoning Electric Power**”), a subsidiary of CHN Energy), representing approximately 58.56% of the issued share capital of the Company, is the controlling shareholder and a connected person of the Company, has a material interest in the resolution in relation to the entering into of the New Financial Services Agreement between the Company and China Energy Finance. Accordingly, CHN Energy and its associates, Pingzhuang Coal Group and Liaoning Electric Power, are required to abstain from voting on the resolution in relation to the entering into of the New Financial Services Agreement between the Company and China Energy Finance at the AGM.

As at the Latest Practicable Date, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, none of other Shareholders other than CHN Energy and its associates is materially interested in the resolution in relation to the entering into of the New Financial Services Agreement between the Company and China Energy Finance.

Mr. Tian Shaolin, Mr. Tang Chaoxiong, Mr. Wang Yiguo and Mr. Ma Bingyan, the connected Directors, have abstained from voting on the relevant Board resolution approving the entering into of the New Financial Services Agreement between the Company and China Energy Finance. Save for the persons mentioned above, none of the other Directors has a material interest in the above resolution.

RECOMMENDATION

The Board considers that all the resolutions set out in the Supplemental Notice of AGM for consideration and approval by the Shareholders are in the best interests of the Company and its Shareholders. As such, the Board recommends the Shareholders to vote in favour of the resolutions set out in the Supplemental Notice of AGM which are to be proposed at the AGM.

By order of the Board
China Longyuan Power Group Corporation Limited*
Li Zhongjun
Chairman

* For identification purpose only



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)

SUPPLEMENTAL NOTICE OF 2021 ANNUAL GENERAL MEETING

Reference is made to the notice of 2021 annual general meeting of China Longyuan Power Group Corporation Limited* (the “**Company**”) dated 23 May 2022 (the “**Notice of AGM**”) which sets out the resolutions to be considered by shareholders at the 2021 annual general meeting to be held at the Conference Room, 3/F, Block c, 6 Fuchengmen North Street, Xicheng District, Beijing, the People's Republic of China (the “**PRC**”) at 9:00 a.m. on Wednesday, 22 June 2022 (the “**AGM**”).

SUPPLEMENTAL NOTICE IS HEREBY GIVEN that the AGM, which will be held as originally scheduled, will consider and, if thought fit, pass the following resolution by way of ordinary resolution, in addition to the resolutions set out in the Notice of AGM.

ORDINARY RESOLUTION

13. To consider and approve the entering into of the New Financial Services Agreement between the Company and China Energy Finance

By order of the Board

China Longyuan Power Group Corporation Limited*

Li Zhongjun

Chairman

Beijing, the PRC, 7 June 2022

As at the date of this notice, the executive directors of the Company are Mr. Li Zhongjun and Mr. Tang Jian; the non-executive directors are Mr. Tian Shaolin, 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

SUPPLEMENTAL NOTICE OF 2021 AGM

Notes:

1. Important: The Supplemental Circular setting out further details of the resolution and the revised form of proxy for the AGM (the “**Revised Form of Proxy**”) will be dispatched and published by the Company in due course. The Company has dispatched and published the Company’s annual report for 2021. Shareholders of the Company (“**Shareholders**”) who wish to appoint a proxy to attend and vote at the AGM shall first read the Company’s annual report for the year 2021 published on the websites of The Stock Exchange of Hong Kong Limited and the Company, or dispatched to relevant Shareholders. The annual report for the year 2021 included the Report of Board of Directors for the year 2021, the Report of Supervisory Board for the year 2021, the audited financial statements and the auditor’s report for the year 2021.
2. In order to determine the holders of shares who are eligible to attend and vote at the AGM, the H share register of members of the Company will be closed from Friday, 17 June 2022 to Wednesday, 22 June 2022, both days inclusive. No registration of the Company’s H shares will be accepted during the period. To be eligible to attend the AGM, all H share transfer documents accompanied by relevant share certificates must be lodged with the Company’s H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 16 June 2022.

In order to determine the holders of shares who are entitled to receive the proposed 2021 final dividend, the H share register of members of the Company will be closed from Thursday, 30 June 2022 to Tuesday, 5 July 2022, both days inclusive. To be eligible to receive the final dividend for the year ended 31 December 2021 (subject to the approval of the Shareholders), unregistered holders of H shares of the Company shall lodge share transfer documents with the Company’s H share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 29 June 2022.

Pursuant to the Enterprise Income Tax Law of the PRC (《中國企業所得稅法》) and its implementation rules, which came into effect on 1 January 2008 and other relevant rules, where the Company distributes the proposed 2021 final dividend to non-resident enterprise shareholders whose names appear on the register of members for H shares, it is required to withhold and pay enterprise income tax at the rate of 10%. Any shares registered in the name of non-individual H-share Shareholders, including HKSCC Nominees Limited, other nominees, trustees or other groups and organizations will be treated as shares being held by non-resident enterprise shareholders and therefore will be subject to the withholding of the enterprise income tax.

According to regulations by the State Administration of Taxation (Guo Shui Han [2011] No. 348) and relevant laws and regulations, if the individual H-share Shareholders are residents of Hong Kong or Macau or those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of 10%, the Company will withhold and pay individual income tax at the rate of 10%. If the individual holders of H Shares are residents of those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of less than 10%, the individual holders of H Shares should take the initiative to submit statements to the Company in order to enjoy the agreed treatment, and keep relevant data for inspection. If the information provided is complete, the Company will withhold it in accordance with regulations of the PRC tax laws and agreements. If the individual H-share Shareholders are residents of those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of more than 10% but less than 20%, the Company will withhold and pay individual income tax at the actual tax rate stipulated in the relevant tax treaty. If the individual H-share Shareholders are residents of those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of 20%, or those countries which have not entered into any tax treaties with the PRC, or under any other circumstances, the Company will withhold and pay individual income tax at the rate of 20%.

SUPPLEMENTAL NOTICE OF 2021 AGM

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (Cai Shui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014] 81號)) and Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (Cai Shui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)), for dividends received by domestic individual investors from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, the company of such H shares shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors. The company of such H shares will not withhold and pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax by themselves.

The dividend entitlement date, cash dividend payment date and other time arrangements for investors under Southbound Trading Link shall be in line with that of Shareholders of H Shares of the Company.

The Company will determine the resident status of the individual H-share Shareholders based on the registered address as recorded in the register of members of the Company on Tuesday, 5 July 2022 (the “**Registered Address**”). If the resident status of any individual H-share Shareholder is not in consistency with that indicated by the Registered Address, such individual H-share Shareholder shall notify the Company’s H share registrar not later than 4:30 p.m. on Wednesday, 29 June 2022 and provide relevant supporting documents to the Company’s H share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong. Any individual H-share Shareholder who fails to provide relevant supporting documents within the time period stated above, may either personally or appoint an agent to attend to the relevant procedures in accordance with the requirements under the tax treaty notice.

The Company assumes no responsibility and disclaims all liabilities whatsoever in relation to the tax status or tax treatment of the individual H-share Shareholders and for any claims arising from any delay in or inaccurate determination of the tax status or tax treatment of the individual H-share Shareholders or any disputes over the withholding mechanism or arrangements.

3. A Shareholder entitled to attend and vote at the AGM may appoint one or more proxies (whether he/she is a Shareholder) to attend and vote at the AGM on his, her or its behalf.
4. The Revised Form of Proxy shall be signed by the appointer or his/her attorney duly authorized in writing or, in the case of a legal person, must be either executed under its common seal or under the hand of its director or attorney duly authorized.
5. To be valid, the Revised Form of Proxy must be lodged with the Company’s H share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong (for holders of H Shares of the Company) not less than 24 hours prior to the holding of the AGM (i.e. not later than 9:00 a.m. on Tuesday, 21 June 2022). If the Revised Form of Proxy is signed by another person under a power of attorney or other authorization documents given by the appointer, such power of attorney or other authorization documents shall be notarized by a notary. The notarized power of attorney or other authorization documents shall, together with the Revised Form of Proxy, be deposited at the specified place at the time set out in such Revised Form of Proxy.

SUPPLEMENTAL NOTICE OF 2021 AGM

6. If the appointer is a legal person, its legal representative or any person authorised by resolution of its board or other governing bodies may attend the AGM on behalf of the appointer.
7. A Shareholder who has not yet lodged the form of proxy sent together with the circular dated 23 May 2022 (the “**Original Form of Proxy**”) in accordance with the instructions printed thereon is requested to lodge the Revised Form of Proxy if he or she wishes to appoint proxies to attend the meeting on his or her behalf. In this case, the Original Form of Proxy should not be lodged.
8. A Shareholder who has already lodged the Original Form of Proxy in accordance with the instructions printed thereon should note that:
 - (1) If no Revised Form of Proxy is lodged by the Shareholder, the Original Form of Proxy will be treated as a valid form of proxy lodged by the Shareholder if duly completed. The proxy appointed under the Original Form of Proxy will also be entitled to vote in accordance with the instructions previously given by the Shareholder or at his/her discretion (if no such instructions are given) on any resolution properly put to the AGM, including the additional proposed resolutions as set out in this Supplemental Circular and the Supplemental Notice of AGM.
 - (2) If the Revised Form of Proxy is lodged by the Shareholder at or before 9:00 a.m. on Tuesday, 21 June 2022, the Revised Form of Proxy will be treated as a valid form of proxy lodged by the Shareholder if duly completed.
 - (3) If the Revised Form of Proxy is lodged by the Shareholder after the closing time set out in the Supplemental Notice of AGM, the Revised Form of Proxy will be deemed invalid. It will not revoke the Original Form of Proxy previously lodged by the Shareholder. The Original Form of Proxy will be treated as a valid form of proxy if duly completed. The proxy appointed under the Original Form of Proxy will also be entitled to vote in accordance with the instructions previously given by the Shareholder or at his/her discretion (if no such instructions are given) on any resolution properly put to the AGM (including the additional proposed resolutions as set out in this Supplemental Circular and the Supplemental Notice of AGM).
9. Shareholders are reminded that the completion and return of the Revised Form of Proxy will not preclude them from attending and voting in person at the AGM or any adjournment thereof.
10. The Company has the rights to request a Shareholder or a proxy who attends the AGM on behalf of a Shareholder to provide proof of identity.
11. The AGM is expected to take less than half a day. Shareholders who attend the AGM shall be responsible for their own travel and accommodation expenses.

SUPPLEMENTAL NOTICE OF 2021 AGM

12. Notes for the AGM

To prevent and control the COVID-19 pneumonia pandemic and maintain public health, the Company encourages the Shareholders to consider appointing the chairman of the AGM to serve as their proxy to attend the AGM and vote on related resolutions. To attend the AGM on site, a Shareholder must pay attention to the following matters:

- (1) In order to prevent the COVID-19 pneumonia pandemic and ensure the safety of participants, the Shareholders wishing to attend the AGM on site must pay attention to and strictly abide by the regulations and requirements of Beijing on health declaration, quarantine and observation during the epidemic prevention and control. The Company will strictly comply with the epidemic prevention and control requirements of relevant government departments and take appropriate epidemic prevention and control measures for the Shareholders attending the AGM under the guidance and supervision of relevant government departments. Shareholders who have fever and other symptoms or do not meet the requirements of epidemic prevention and control will not be able to enter the site of the AGM.
- (2) Please contact the Company no later than two days before the AGM (i.e. before 9:00 a.m. on Monday, 20 June 2022, Beijing Time) to communicate and register the health status, recent travel and other information, so as to facilitate entering the venue on the date of the AGM. The contact of the Company is as follows:

Block c, 6 Fuchengmen North Street, Xicheng District, Beijing, the PRC
Securities Affairs and Investor Relationship Department
Telephone number: (86)10 6388 8199

- (3) After arriving at the AGM venue on that date, please cooperate to implement the epidemic prevention requirements such as participation registration, health information inquiry and certification, body temperature detection, and strictly abide by the epidemic prevention regulations of local government departments. During the meeting, please wear a mask and keep a necessary distance according to the meeting arrangement.

* *For identification purpose only*