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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 CAPITAL INCREASE TO GUONENG FINANCIAL

CAPITAL INCREASE

On 15 February 2023, Hero Asia Company, the wholly-owned subsidiary of the Company, China Energy Capital and Guoneng Financial entered into a Capital Increase Agreement, pursuant to which Hero Asia Company and China Energy Capital will subscribe RMB1,960 million and RMB2,040 million, respectively, for capital increase to Guoneng Financial. As at the date of this announcement, Guoneng Financial is held as to 49% equity interests by Hero Asia Company and as to 51% equity interests by China Energy Capital. Upon completion of the Capital Increase, the registered capital of Guoneng Financial will be increased from RMB3,000 million to RMB7,000 million; the proportion of equity interests in Guoneng Financial held by Hero Asia Company and China Energy Capital will remain unchanged at 49% and 51%, respectively; and Guoneng Financial will continue to be a subsidiary of China Energy Capital.

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. China Energy Capital, being the wholly-owned subsidiary of CHN Energy, also constitutes a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the capital increase to Guoneng Financial by Hero Asia Company, the wholly-owned subsidiary of the Company, and China Energy Capital 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. Reference is made to the announcement of the Company dated 30 December 2022 in relation to the capital increase to Guangdong New Energy (the “**Previous Transaction**”). In the Previous Transaction and the Capital Increase, 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 Transaction and the Capital Increase shall be aggregated. As one or more of the applicable percentage ratio(s) (as defined under the Listing Rules) of the Capital Increase after taking into account the aggregated calculations is (are) more than 0.1% but less than 5%, the Capital Increase shall be subject to the reporting and announcement requirements but exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

CAPITAL INCREASE AGREEMENT

On 15 February 2023, Hero Asia Company, the wholly-owned subsidiary of the Company, China Energy Capital and Guoneng Financial entered into a Capital Increase Agreement, pursuant to which Hero Asia Company and China Energy Capital will subscribe RMB1,960 million and RMB2,040 million, respectively, for capital increase to Guoneng Financial. As at the date of this announcement, Guoneng Financial is held as to 49% equity interests by Hero Asia Company and as to 51% equity interests by China Energy Capital. Upon completion of the Capital Increase, the registered capital of Guoneng Financial will be increased from RMB3,000 million to RMB7,000 million; the proportion of equity interests in Guoneng Financial held by Hero Asia Company and China Energy Capital will remain unchanged at 49% and 51%, respectively; and Guoneng Financial will continue to be a subsidiary of China Energy Capital.

The principal terms of the Capital Increase Agreement are as follows:

Date

15 February 2023

Parties

Hero Asia Company, China Energy Capital and Guoneng Financial

Method and Amount of Capital Increase

Hero Asia Company and China Energy Capital shall contribute in cash to subscribe RMB4,000 million in total for capital increase to Guoneng Financial. Among them, Hero Asia Company shall subscribe RMB1,960 million and China Energy Capital shall subscribe of RMB2,040 million for the capital increase.

After the completion of the Capital Increase, the amount of capital contribution and percentage of shareholding of Hero Asia Company and China Energy Capital to Guoneng Financial are as follows:

Shareholder	As at the date of this announcement		After the completion of the Capital Increase	
	The amount of capital contribution (RMB'0,000)	Shareholding in Guoneng Financial (%)	The amount of capital contribution (RMB'0,000)	Shareholding in Guoneng Financial (%)
Hero Asia Company	147,000	49	343,000	49
China Energy Capital	153,000	51	357,000	51
Total	300,000	100	700,000	100

The amount of the Capital Increase was determined by the parties after arm's length negotiations, taking into account factors such as the business development, capital requirements and financial position of Guoneng Financial.

Time of Capital Increase

Hero Asia Company and China Energy Capital shall pay the actual amount for the capital increase upon receipt of the payment notice from Guoneng Financial in accordance with the requirements of the project progress of Guoneng Financial. Regardless of whether the payment notice is sent by Guoneng Financial or the progress of the project, Hero Asia Company and China Energy Capital shall perform the payment obligation in full for the capital increase no later than 31 March 2023.

Hero Asia Company and China Energy Capital are required to pay for the capital increase in full and on time. Any party who does not pay for the capital increase in full and on time as agreed in the Capital Increase Agreement shall be liable for defaulting to the shareholder who has paid for the capital increase in full, and shall pay for its subscribed capital increase in full by the deadline.

Liabilities for Defaulting

Upon the Capital Increase Agreement becomes effective, any party who fails to perform the Capital Increase Agreement or fails to fully perform the relevant provisions stipulated in the Capital Increase Agreement constitutes breach of the agreement. Any party who breaches the agreement and causes economic losses to Guoneng Financial or other parties shall be liable for such losses.

REASONS FOR AND BENEFITS OF THE TRANSACTION

According to the provisions of the Interim Measures for the Supervision and Administration of Financial Leasing Companies (《融資租賃公司監督管理暫行辦法》) issued by the China Banking and Insurance Regulatory Commission, the total risk assets of financial leasing shall be subject to a maximum of 8 times of the net assets. As of the end of 2022, the total risk assets of Guoneng Financial were RMB26.329 billion and the net assets were RMB3.454 billion, which were close to the maximum allowed by the current regulatory provisions, and the growth space for business scale was limited. In order to accelerate the expansion, strengthening and improvement of the financial leasing segment and to meet the regulatory requirements, it is necessary to increase the registered capital to ensure the compliance of the operation.

As a licensed non-bank financial institution, Guoneng Financial gives full play to financing leasing, which includes raising low-cost capital and providing capital supply. The two parties continue to maintain a close equity cooperation relationship, which is conducive to the expansion of the Company's financing channels and modes. With the full expectation of promising future development prospects, the Company will enjoy investment income and returns after the Capital Increase.

The Directors (including independent non-executive Directors) consider that the terms of the Capital Increase Agreement are determined on normal commercial terms in the usual and ordinary business course of the Group, 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 Directors, hold positions in CHN Energy and have material interests in the Capital Increase. They have abstained from voting on the resolution for the approval of the Capital Increase at the Board meeting. Save as disclosed above, there are no other Directors who have any material interests in the Capital Increase.

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. China Energy Capital, being the wholly-owned subsidiary of CHN Energy, also constitutes a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the capital increase to Guoneng Financial by Hero Asia Company, the wholly-owned subsidiary of the Company, and China Energy Capital 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. Reference is made to the announcement of the Company dated 30 December 2022 in relation to the capital increase to Guangdong New Energy (the “**Previous Transaction**”). In the Previous Transaction and the Capital Increase, 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 Transaction and the Capital Increase shall be aggregated. As one or more of the applicable percentage ratio(s) (as defined under the Listing Rules) of the Capital Increase after taking into account the aggregated calculations is (are) more than 0.1% but less than 5%, the Capital Increase shall be subject to the reporting and announcement requirements but exempt from the independent shareholders’ approval requirement under Chapter 14A 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 Hero Asia Company

Hero Asia Company is a wholly-owned subsidiary of the Company. It was established in March 1994 in British Virgin Islands, mainly engaged in investment and shareholding businesses.

Information on China Energy Capital

China Energy Capital is a company incorporated in the PRC with limited liability. It is mainly engaged in conducting financial services such as financial leasing, business factoring, industrial funds, asset management, financial consulting and insurance protection. As at the date of this announcement, China Energy Capital is a wholly-owned subsidiary of CHN Energy, which is its ultimate beneficial owner.

Information on Guoneng Financial

Guoneng Financial is a company incorporated in the PRC with limited liability. It is mainly engaged in leasing business, finance leasing business, purchase of domestic and foreign rental properties, disposal of residual value and maintenance of rental property as well as advice and guarantees of leasing transactions.

The key financial data of Guoneng Financial prepared in accordance with the PRC Accounting Standards for Business Enterprises are as follows:

Unit: RMB'0,000

Item	As of 31 December 2021 (Audited)	As of 31 December 2022 (Unaudited)
Total assets	2,469,433.92	2,653,938.38
Total liabilities	2,125,606.21	2,308,494.31
Net assets	343,827.70	345,444.07

Item	For the year ended 31 December 2021 (Audited)	For the year ended 31 December 2022 (Unaudited)
Operating revenue	92,772.00	97,482.33
Total profits (profit before tax)	23,757.93	21,240.69
Net profits (profit after tax)	17,751.18	15,817.31

Note: Certain figures have been subject to rounding adjustments, or have been rounded to two decimal places. Any discrepancies between the total shown and the sum of the amounts listed are due to rounding.

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
“Capital Increase”	the subscription of RMB1,960 million and RMB2,040 million for capital increase to Guoneng Financial by Hero Asia Company and China Energy Capital, respectively, in accordance with the Capital Increase Agreement

“Capital Increase Agreement”	the capital increase agreement entered into between the Hero Asia Company, China Energy Capital and Guoneng Financial on 15 February 2023, pursuant to which Hero Asia Company and China Energy Capital will subscribe RMB1,960 million and RMB2,040 million, respectively, for capital increase to Guoneng Financial
“China Energy Capital”	China Energy Capital Holdings Co., Ltd. (國家能源集團資本控股有限公司), a company incorporated in the PRC with limited liability, and is a wholly-owned subsidiary of CHN Energy
“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
“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)
“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 Financial”	Guoneng Financial Leasing Co., Ltd (國能融資租賃有限公司), a company incorporated in the PRC with limited liability. As of the date of this announcement, Guoneng Financial is held as to 49% by Hero Asia Company and as to 51% by China Energy Capital, and is a subsidiary of China Energy Capital

“Hero Asia Company”	Hero Asia (BVI) Company Limited (雄亞(維爾京)有限公司), a company incorporated in British Virgin Islands, and a wholly-owned subsidiary of the Company
“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
“%”	percentage

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

Beijing, the PRC, 15 February 2023

As at the date of this announcement, the executive director of the Company is 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