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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 THE FRAMEWORK AGREEMENT FOR PURCHASE
AND SALE OF COMPREHENSIVE PRODUCTS AND SERVICES**

In view of the expiry of the Existing Framework Agreement for Purchase and Sale of Comprehensive Products and Services on 31 December 2023, the Board has resolved and approved to enter into the Framework Agreement for Purchase and Sale of Comprehensive Products and Services with CHN Energy on 20 November 2023. Pursuant to the Framework Agreement for Purchase and Sale of Comprehensive Products and Services, the Group has agreed to provide products and services to CHN Energy and CHN Energy has agreed to provide products and services to the Group. The Framework Agreement for Purchase and Sale of Comprehensive Products and Services shall come into force upon the signature and affixing of the official seals by the authorised representatives of both parties and the approval by the general meeting of the Company, and shall be effective for a term commencing on 1 January 2024 and expiring on 31 December 2026.

LISTING RULES IMPLICATIONS

As of 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 Framework Agreement for Purchase and Sale of Comprehensive Products and Services and the transactions contemplated thereunder constitute continuing connected transactions of the Company.

As the highest applicable percentage ratio in respect of the provision of products and services by the Group to CHN Energy and its subsidiaries exceeds 5%, such transactions shall be subject to the announcement, reporting, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the provision of products and services to the Group by CHN Energy and its subsidiaries exceeds 5%, such transactions shall be subject to the announcement, reporting, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

CHN Energy and its associates will abstain from voting on the resolution for the Framework Agreement for Purchase and Sale of Comprehensive Products and Services and the proposed annual caps thereunder at the extraordinary general meeting.

GENERAL

The Board has resolved and approved the resolution in relation to the Framework Agreement for Purchase and Sale of Comprehensive Products and Services and its proposed annual caps on 20 November 2023, and authorised chairman of the Board to sign the Framework Agreement for Purchase and Sale of Comprehensive Products and Services in due course. Mr. Tang Chaoxiong, Mr. Wang Yiguo and Mr. Ma Bingyan, connected Directors of the Company, have abstained from voting on the resolution for the approval of the Framework Agreement for Purchase and Sale of Comprehensive Products and Services and its proposed annual caps. Save for the above, none of the other Directors of the Company has a material interest in the Framework Agreement for Purchase and Sale of Comprehensive Products and Services and the transactions contemplated thereunder.

The Independent Board Committee comprising all independent non-executive Directors has been established to advise the Independent Shareholders in respect of the Framework Agreement for Purchase and Sale of Comprehensive Products and Services and the proposed annual caps thereof for 2024, 2025 and 2026. Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the same matters.

An extraordinary general meeting will be convened for the Independent Shareholders to consider and, if thought fit, approve, among other things, the Framework Agreement for Purchase and Sale of Comprehensive Products and Services and the proposed annual caps thereof. A circular containing, among other things, (i) further details of the Framework Agreement for Purchase and Sale of Comprehensive Products and Services and the proposed annual caps thereof; (ii) a letter from the Independent Board Committee to the Independent Shareholders; (iii) a letter from Gram Capital to the Independent Board Committee and the Independent Shareholders; and (iv) other information as required under the Listing Rules, together with the notice of the extraordinary general meeting, is expected to be despatched to the Shareholders within 15 business days.

FRAMEWORK AGREEMENT FOR PURCHASE AND SALE OF COMPREHENSIVE PRODUCTS AND SERVICES

In view of the expiry of the Existing Framework Agreement for Purchase and Sale of Comprehensive Products and Services on 31 December 2023, the Board has resolved and approved to enter into the Framework Agreement for Purchase and Sale of Comprehensive Products and Services with CHN Energy on 20 November 2023. Pursuant to the Framework Agreement for Purchase and Sale of Comprehensive Products and Services, the Group has agreed to provide products and services to CHN Energy and CHN Energy has agreed to provide products and services to the Group. The Framework Agreement for Purchase and Sale of Comprehensive Products and Services shall come into force upon the signature and affixing of the official seals by the authorised representatives of both parties and the approval by the general meeting of the Company, and shall be effective for a term commencing on 1 January 2024 and expiring on 31 December 2026. The principal terms of the Framework Agreement for Purchase and Sale of Comprehensive Products and Services are set out below:

Parties

The Company

CHN Energy

Term

The Framework Agreement for Purchase and Sale of Comprehensive Products and Services shall come into force upon the signature and affixing of the official seals by the authorised representatives of both parties and the approval by the general meeting of the Company, and shall be effective for a term commencing on 1 January 2024 and expiring on 31 December 2026.

Principal Terms

1. Pursuant to the Framework Agreement for Purchase and Sale of Comprehensive Products and Services, the Group will provide products and services to CHN Energy and its subsidiaries, including:
 - (1) in terms of production: electricity trading, power generation rights trading, wind power technical services, resource evaluation of wind power projects, development and technical services of photovoltaic power generation and other related or similar services;
 - (2) in terms of supply: sales or leasing of spare parts, technical and design consulting services such as wind power design and consulting services, and other related or similar products and services;

- (3) in terms of auxiliary production: engineering general contracting services, software and hardware sales and related technical services, information technology services, logistics services, wind power vocational training, and other related or similar products and services.
2. Pursuant to the Framework Agreement for Purchase and Sale of Comprehensive Products and Services, CHN Energy and its subsidiaries will provide products and services to the Group, including:
 - (1) in terms of production: electricity trading, power generation rights trading and other related or similar services;
 - (2) in terms of supply: sales of coal, sales or leasing of production equipment and spare parts (such as wind power generating units, unit spare parts and relevant technical services), office supplies, and other related or similar products and services;
 - (3) in terms of auxiliary production: EPC services for projects, engineering construction, logistics services, training, bidding agency services, information technology services, technical consulting, and other related or similar services;
 - (4) in terms of administrative management: social security and pension management services and staff data recording management services and other related or similar services.

The Group and CHN Energy and its subsidiaries will enter into specific transaction agreements setting out the content of the products and/or services to be supplied and the terms and conditions on which such products and/or services will be provided, in accordance with the principles laid down by the Framework Agreement for Purchase and Sale of Comprehensive Products and Services.

The settlement terms shall be determined separately and in line with market practice applicable to each specific transaction. The detailed settlement terms will be set out in specific transaction agreements.

There is no exclusivity arrangement between the Group and CHN Energy under the Framework Agreement for Purchase and Sale of Comprehensive Products and Services. In the event that one party under the Framework Agreement for Purchase and Sale of Comprehensive Products and Services is unable to satisfy the other party's demand for products or services, or if more favourable conditions are offered by an independent third party, the other party will be entitled to enter into a transaction with such independent third party.

If either party violates any term of the Framework Agreement for Purchase and Sale of Comprehensive Products and Services (the “**Defaulting Party**”), the other party (the “**Observant Party**”) can notify it in written form about the breach, and require the Defaulting Party to remedy the breach within a reasonable term. If the Defaulting Party fails to make any remedy for the breach within the above term, the Observant Party shall be entitled to terminate the Framework Agreement for Purchase and Sale of Comprehensive Products and Services immediately and reserve the right to claim compensation and any other legally permitted claims against the Defaulting Party.

PRICING POLICY

Pursuant to the Framework Agreement for Purchase and Sale of Comprehensive Products and Services, the prices and conditions for the provision of products and services by the Group to CHN Energy and its subsidiaries shall be no less favourable than the prices and terms for the provision of similar products and services by the Group to an independent third party; the prices and conditions for the provision of products and services by CHN Energy and its subsidiaries to the Group shall be no more favourable than the prices and terms for the provision of similar products and services by an independent third party to the Group.

The prices of the products and services under the Framework Agreement for Purchase and Sale of Comprehensive Products and Services will be determined based on the following principles and order:

- (1) Government-prescribed price or government-guided prices: if there are prescribed prices or guided prices applicable to products and services under the Framework Agreement for Purchase and Sale of Comprehensive Products and Services, such products or services shall be provided at the applicable government-prescribed prices or as agreed within the scope of government-guided prices.

For example, for power generation rights trading, the Company has mainly taken into account the policies issued by NDRC and National Energy Administration for the power generation rights trading, and the information published from time to time by the power exchange centres jointly set up by local energy competent authorities and local grid companies. According to the Guiding Opinions on Accelerating the Building of a Nationwide Unified Power Market System (《關於加快建設全國統一電力市場體系的指導意見》), which was considered and approved by the Comprehensive Deepening Reform Commission in November 2021, by 2025, a unified national power market system will be initially built, the national market and the provincial (district and municipal)/regional markets will operate in coordination, the medium- to long-term, spot, and auxiliary services markets for electricity will be designed in an integrated manner and operated in a joint manner, and the market-oriented allocation of inter-provincial and inter-regional resources and the scale of green power trading will be significantly increased. The market trading and pricing mechanisms favorable to

the development of new energy and energy storage will be formed initially. By 2030, a unified national power market system will be basically built, adapting to the requirements of a new type of power system, with the national market and provincial (district and municipal)/regional markets operating jointly, new energy fully participating in market transactions, market participants competing on an equal footing and making independent choices, and the allocation of electricity resources on a nationwide scale being further optimised.

For the coal transaction, the Company mainly refers to the Bohai Bay Thermal Coal Price published from time to time by the China National Coal Association, including (but not limited to) the Bohai-Rim Steam-Coal Price Index, which was published on various coal industry websites such as Qinhuangdao Coal Net (<http://www.cqcoal.com>) and sxcoal.com (<http://www.sxcoal.com>). Pursuant to the Notice on the Commissioning Operation of the Bohai Bay Thermal Coal Price Index (《關於開展環渤海動力煤價格指數試運行工作的通知》) issued by the NDRC in 2010, Bohai-Rim Steam-Coal Price Index is authorised and guided by the National Development and Reform Commission, and its data is collected and periodically published by Qinhuangdao Seaborne Coal Market Co., Ltd.. It is an index system which reflects the Free On Board price and price volatility of the Bohai Bay thermal coal.

- (2) Tender and bidding price: if laws and regulations require the application of tendering and bidding procedures, the price shall be determined according to the tendering and bidding procedures.

Regarding the tendering and bidding procedures of the Company:

- i. contact with the suppliers of the Group by way of holding meetings with different suppliers at least once within a month based on purchase needs of the Company in order to keep abreast of the market development and the price trend of the comprehensive services;
- ii. invite at least three suppliers in the approved suppliers' list of the Group (including CHN Energy) to submit quotations or proposals before issuing certain procurement orders;
- iii. the prices of the products and services of the suppliers will be determined by the comprehensive bid-evaluation team of the Company with reference to the measures on the market price enquiry management of the Company; and

- iv. the Company and its subsidiaries will require the quotations of the same products or services from other independent suppliers, so as to ensure if the replaceable products or services with the same quality could be timely obtained at the most competitive price. If the replaceable products or services can be obtained, the Company and its subsidiaries will call for a bid with the selected suppliers of the replaceable products or services. During the bidding process, the Company will treat the connected persons, its associates and other independent suppliers equally. The public tendering procedures mainly consist of three stages: (i) the Company will issue the tender invitation to not less than three entities; (ii) the comprehensive bid-evaluation team, which will be formed by the functional departments including purchasing department, audit department, legal affairs department, financial department, and departments with internal control functions and business units of the Company, shall review and consider the terms to be provided by the tenderers by reference to the terms provided by independent third parties to make sure the reasonableness of the tendering and pricing so as to select the best option; and (iii) the comprehensive bid-evaluation team will consider the comprehensive aspects including the quotations, qualification of suppliers, historical trading records of the suppliers, quality of the products or services, settlement method etc. to form a summary report on the tender results, and enter into a contract with the winning bidder after approval by the Company's senior management team. Thus, if the Company and its subsidiaries can obtain more preferential terms from other suppliers, they will not procure the products and comprehensive services from the connected persons of the Company and its associates.
- (3) Market price: refers to the prices determined according to the following order: (i) The prices charged by at least two independent third parties providing similar-sized products or services for the time being under normal commercial transactions in the places where such products and services are provided or its vicinity; or (ii) the prices charged by at least two independent third parties providing applicable products or services under normal commercial transactions for products or services of similar sizes at that time.
- (4) Agreed price: it is determined based on fair negotiations between the parties by adding a reasonable profit margin over a reasonable cost. Reasonable costs refer to the actual costs incurred in providing such products or services by CHN Energy to the Group or by the Group to CHN Energy, as agreed and recognised by the parties. Reasonable profit margin is determined with reference to at least two comparable deals with independent third parties during the same period.

On the basis of the above, the following pricing policies will be adopted for specific types of products or services:

- (a) Engineering construction: if a bidding is required by laws and regulations, the prices shall be determined through the tendering procedures; if there is no requirement for bidding according to laws and regulations, market prices shall be implemented.
- (b) Electricity trading and power generation rights trading: government-guided price if any; unified market-clearing price shall be applicable for the centralised bidding transaction; and the independent negotiated transaction shall refer to transaction price of the recent comparable market deals.
- (c) Hardware and software sales and related technical services: market price (including tender and bidding price).
- (d) Production equipment and spare parts, office products: market price.
- (e) Bidding agency services: price prescribed under relevant rules of NDRC.
- (f) Technical consulting services: agreed price with a profit margin of approximately 10%.
- (g) Information technology services: the budget is reviewed by professional institution(s) with pricing reviewing qualification according to relevant rules and regulations on construction pricing, pricing mechanism and fee standards, with reference to the market customs of the information technology industry, actual standards and market price, taking into account the actual condition of the Company's information technology construction. The parties negotiate and agree on the service price within the scope of budget.
- (h) Logistics services and training services: agreed price (cost plus a profit margin of approximately 5%).
- (i) Social security and pension management services and staff data recording services: agreed price (cost plus a profit margin of approximately 5%).

HISTORICAL AMOUNTS

The actual transaction amounts under the Existing Framework Agreement for Purchase and Sale of Comprehensive Products and Services for the years ended 31 December 2021, 31 December 2022 and the nine months ended 30 September 2023 are set out below:

Unit: RMB million

	For the year ended 31 December 2021	For the year ended 31 December 2022	For the nine months ended 30 September 2023
Provision of products and services to CHN Energy by the Group	105.82	167.89	300.87
Provision of products and services to the Group by CHN Energy	2,938.92	3,394.5	2,275.94

Note: The above actual amounts incurred for the nine months ended 30 September 2023 are unaudited. The actual transaction amounts for the year ending 31 December 2023 are not expected to exceed the annual caps under the Existing Framework Agreement for Purchase and Sale of Comprehensive Products and Services.

The annual caps of the Existing Framework Agreement for Purchase and Sale of Comprehensive Products and Services for the years ended 31 December 2021, 31 December 2022 and the year ending 31 December 2023 are set out below:

Unit: RMB million

	For the year ended 31 December 2021	For the year ended 31 December 2022	For the year ending 31 December 2023
Provision of products and services to CHN Energy by the Group	1,250	1,250	1,250
Provision of products and services to the Group by CHN Energy	5,298.829	7,048.381	5,446.451

PROPOSED ANNUAL CAPS AND BASIS OF DETERMINATION

For the years ending 31 December 2024, 31 December 2025 and 31 December 2026, the proposed aggregate annual transactions under the Framework Agreement for Purchase and Sale of Comprehensive Products and Services shall not exceed the caps set out below:

Unit: RMB million

	For the year ending 31 December 2024	For the year ending 31 December 2025	For the year ending 31 December 2026
Proposed annual caps for the provision of products and services to CHN Energy by the Group	4,030.46	4,276.28	4,664.43
Proposed annual caps for the provision of products and services to the Group by CHN Energy	7,484.21	7,360.14	7,444.47

The aforesaid annual caps have been determined after taking into account the following factors:

1. Regarding the proposed annual caps for the provision of products and services by the Group to CHN Energy and its subsidiaries, the Company has taken into consideration:
 - (1) the proposed annual caps in respect of the provision of products and services to CHN Energy by the Group have been determined with reference to the historical transactions and their amounts in respect of the provision of products and services to CHN Energy by the Group, estimated business development and actual demand of CHN Energy, as well as estimates on contractual amount, etc.
 - (2) the Group will provide products and services to CHN Energy, including electricity trading, sales or leasing of spare parts, technical and design consulting services, engineering general contracting services, logistics services, training and other related or similar products and services. CHN Energy has a long-term and stable cooperative relationship with the Group. In 2021 and 2022 and the nine months ended 30 September 2023, the Group provided products and services to CHN Energy in amounts of RMB105.82 million, RMB167.89 million, RMB300.87 million, respectively.

- (3) the Group will continue to expand its scale in the future. Based on the Company’s “14th Five Year Plan”, the installed capacity will continue to grow steadily over the next three years. With the growth of installed capacity and the incentive-oriented of national policies, the transaction scale will gradually expand; and the capacity of the project to end the full life cycle of reasonable utilization hours is increasing year by year, in order to strive for more favorable tariffs through market trading, the electricity participated in market trading will increase accordingly, in summary, the proportion of traded electricity in total electricity is expected to increase year by year. At the same time, the Ministry of Ecology and Environment, in collaboration with the State Administration for Market Regulation, has issued the “Greenhouse Gas Voluntary Emission Reduction Trading Measures (Pilot)” (《溫室氣體自願減排交易管理辦法(試行)》). In the future, the Company will vigorously develop the Chinese Certified Emission Reduction (CCER) project development and trading related works, and continuously enhance its ability to provide power trading and other related services to CHN Energy. In addition, the demand for green power is expected to expand with the Notice on Matters Related to the Participation of Green Power Projects with Central Government Subsidies in Green Power Deals (《關於享受中央政府補貼的綠電項目參與綠電交易有關事項的通知》) jointly issued by the NDRC, the Ministry of Finance and the National Energy Administration in February 2023, which points out that it is necessary to steadily promote the participation of green power projects with national renewable energy subsidies in green power deals.
 - (4) considering the impact of growing business demand and equipment overhaul demand of CHN Energy, the enhancement of the Group’s supply capacity, and rising prices and labor costs, it is estimated that the amount of products and services provided by the Group to CHN Energy from 2024 to 2026 will be RMB4,030.46 million, RMB4,276.28 million, RMB4,664.43 million, respectively.
2. Regarding the proposed annual caps for the provision of products and services by CHN Energy to the Group, the Company has taken into consideration:
- (1) the proposed annual caps in respect of the provision of products and services to the Group by CHN Energy have been determined with reference to the historical transactions and their amounts in respect of the provision of products and services to the Group by CHN Energy, estimated business development and actual demand of the Group, as well as estimates on contractual amount, etc.

- (2) CHN Energy will provide products and services to the Group, including sales of coal, sales or leasing of production equipment and spare parts, power generation rights trading, and other related or similar products and services. Given the long-term cooperative relationship between the Group and CHN Energy, CHN Energy has business advantages and good reputation, and is willing to provide production materials and auxiliary services to the Group at fair and reasonable prices. In 2021 and 2022 and the nine months ended 30 September 2023, CHN Energy provided products and services to the Group in amounts of RMB2,938.92 million, RMB3,394.5 million, RMB2,275.94 million, respectively.
- (3) during the “14th Five Year Plan” period, the Group will continue to promote the development of green energy. In order to hold the first place globally in terms of wind power installation, and in combination with the Company’s “14th Five Year Plan”, the installed capacity will continue to grow steadily over the next three years. The growth in installed capacity is expected to drive the growth in demand for the Group’s power generation rights trading, equipment and spare parts; in addition, the demand for coal will also grow due to the rebound of electricity demand. Meanwhile, in the next three years, the warranty period of wind turbine units of approximately 4,000 MW is expected to expire annually, resulting in significant increase in the Group’s demand for daily units maintenance, regular maintenance, and spare parts for emergency repair. In addition, according to the Company’s overall plan of “14th Five Year Plan”, it will vigorously promote the development of onshore wind power and photovoltaic bases in the future, etc., and vigorously develop photovoltaic projects through various measures, which will also lead to an increase in the Group’s demand for the relevant purchases.
- (4) in summary, the expenditure on purchasing production equipment and services, engineering construction services, material supply, and technical services from CHN Energy is expected to increase in the next three years. Considering the impact of business growth, rising prices and labor costs, it is estimated that the amount of products and services purchased by the Group from CHN Energy from 2024 to 2026 will be RMB7,484.21 million, RMB7,360.14 million, RMB7,444.47 million, respectively.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FRAMEWORK AGREEMENT FOR PURCHASE AND SALE OF COMPREHENSIVE PRODUCTS AND SERVICES

The transactions under the Framework Agreement for Purchase and Sale of Comprehensive Products and Services are and will continue to be carried out in the ordinary and usual course of business of the Group and such transactions will continue to be agreed on based on arm's length negotiations and on terms that are fair and reasonable to the Group. The prices and conditions at which the Group and CHN Energy and its subsidiaries will provide products and services to each other under the Framework Agreement for Purchase and Sale of Comprehensive Products and Services will be no less favourable than the prices and conditions at which the Group enters into similar transactions with the independent third parties.

The Directors (including the independent non-executive Directors) consider that:

1. The transactions between the Group and CHN Energy and its subsidiaries have been and will continue to be beneficial to the operation and development of the business of the Group. The provision of products and services by the Group to CHN Energy and its subsidiaries enables the Group to carry out its business more extensively and to have a comprehensive understanding of the development of the industry;
2. The Group purchases products and services from CHN Energy and its subsidiaries in the ordinary and usual course of business, and CHN Energy and its subsidiaries have provided a stable supply to the Group for a long period of time. Therefore, CHN Energy and its subsidiaries are able to fully understand the business and operational requirements of the Group. The Group and CHN Energy and its subsidiaries have established a long-term co-operative relationship and understand each other's operational plans, quality control and certain special requirements. The provision of products and services by CHN Energy and its subsidiaries to the Group will, to a large extent, enhance the operational efficiency of the Group and reduce operating costs and risks of the Group;
3. To maintain a stable and high-quality supply of products and services to the Group is crucial to the Group's current and future production and operations. Based on the past experience in the mutual supply of products and services between the Group and CHN Energy and its subsidiaries, CHN Energy and its subsidiaries have a relatively good ability to perform their contracts. The Group has maintained normal business dealings with CHN Energy and its subsidiaries, and all specific connected transactions have been executed in accordance with the business contracts entered into, which have agreed on a reasonable settlement period. So far, all the connected transaction contracts have been well executed. CHN Energy and its subsidiaries are in good financial position. The risk of loss to the Group due to the inability of the connected parties to perform contracts properly is relatively small and within the available range. Accordingly, it is believed that CHN Energy and its subsidiaries are able to effectively meet the Group's requirements for stable and high-quality supply of products and services.

Based on the above and having considered the basis on which the proposed annual caps were determined, the Board is of the view that the Framework Agreement for Purchase and Sale of Comprehensive Products and Services and its proposed annual caps are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The Independent Board Committee comprising the independent non-executive Directors, having taken into account the views of Gram Capital, has provided its advice on the Framework Agreement for Purchase and Sale of Comprehensive Products and Services and its proposed annual caps as set out in the letter contained in the circular to be despatched thereafter.

INTERNAL CONTROL MEASURES

In order to ensure that the prices and terms on which the Group enters into specific transactions are entered into on normal commercial terms and that the terms of the relevant specific transactions, in particular the pricing terms, have complied with the pricing policy under the framework agreement for the continuing connected transactions, the Company has adopted the following regulatory and internal control procedures:

1. The Group has adopted and implemented a set of connected transactions administration rules. To be specific, the securities department of the Company is responsible for formulating and supervising the internal control systems and procedures of continuing connected transactions, and examining continuing connected transaction agreements for compliance with the requirements of the laws and regulations, the Company's policies and the Listing Rules with the legal department. The financial department and audit department are responsible for reviewing the pricing strategies and transaction amounts of connected transactions and regularly monitoring and reviewing the implementation and accumulative amounts of continuing connected transactions. The purchasing department is responsible for the organization, supervision and implementation of bidding and purchase, ensuring the compliance of the purchasing procedures and that the purchasing prices and transaction terms are fair and in the interest of the Company, formulating the bidding and purchasing schedules of the Company and accordingly predicting and analyzing the purchasing amounts and scales in the future, etc.
2. In compliance with the Listing Rules, the Company's independent non-executive Directors have reviewed and will continue to review each of the Group's connected transaction agreements and the implementation of the transactions to ensure that such transactions and their terms are fair and reasonable, on normal or better commercial terms and in the interests of the Company and its Shareholders as a whole. The auditors of the Company also conduct annual review of the agreements, pricing policies and transaction amounts of each continuing connected transactions of the Group.

DIRECTORS' CONFIRMATION AND INDEPENDENT SHAREHOLDERS' APPROVAL

The Board has resolved and approved the resolution in relation to the Framework Agreement for Purchase and Sale of Comprehensive Products and Services and its proposed annual caps on 20 November 2023, and authorised chairman of the Board to sign the Framework Agreement for Purchase and Sale of Comprehensive Products and Services in due course. Mr. Tang Chaoxiong, Mr. Wang Yiguo and Mr. Ma Bingyan, connected Directors of the Company, have abstained from voting on the resolution for the approval of the Framework Agreement for Purchase and Sale of Comprehensive Products and Services and its proposed annual caps. Save for the above, none of the other Directors of the Company has a material interest in the Framework Agreement for Purchase and Sale of Comprehensive Products and Services and the transactions contemplated thereunder.

In addition, the Independent Board Committee comprising all independent non-executive Directors has been established to advise the Independent Shareholders in respect of the Framework Agreement for Purchase and Sale of Comprehensive Products and Services and the proposed annual caps thereof for 2024, 2025 and 2026. Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the same matters.

An extraordinary general meeting will be convened for the Independent Shareholders to consider and, if thought fit, approve, among other things, the Framework Agreement for Purchase and Sale of Comprehensive Products and Services and the proposed annual caps thereof. A circular containing, among other things, (i) further details of the Framework Agreement for Purchase and Sale of Comprehensive Products and Services and the proposed annual caps thereof; (ii) a letter from the Independent Board Committee to the Independent Shareholders; (iii) a letter from Gram Capital to the Independent Board Committee and the Independent Shareholders; and (iv) other information as required under the Listing Rules, together with the notice of the extraordinary general meeting, is expected to be despatched to the Shareholders within 15 business days.

IMPLICATIONS UNDER THE LISTING RULES

As of 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 Framework Agreement for Purchase and Sale of Comprehensive Products and Services and the transactions contemplated thereunder constitute continuing connected transactions of the Company.

As the highest applicable percentage ratio in respect of the provision of products and services by the Group to CHN Energy and its subsidiaries exceeds 5%, such transactions shall be subject to the announcement, reporting, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the provision of products and services to the Group by CHN Energy and its subsidiaries exceeds 5%, such transactions shall be subject to the announcement, reporting, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

CHN Energy and its associates will abstain from voting on the resolution for the Framework Agreement for Purchase and Sale of Comprehensive Products and Services and the proposed annual caps thereunder at the extraordinary general meeting.

GENERAL INFORMATION

(1) Information on the Company

The Company is the 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 thermal power, solar power generation, tidal, biomass and geothermal energy. Meanwhile, the Company also provides consulting, repair and maintenance, training and other professional services to wind farms, as well as manufactures and sells power equipment used in the power grids, wind farms and thermal power farms. As at the date of this announcement, the ultimate beneficial owner of the Company is CHN Energy.

(2) 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 words and 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 Shenzhen Stock Exchange
“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 of 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 and its H Shares are listed on the Hong Kong Stock Exchange (Stock Code: 00916) and A Shares are listed on the Shenzhen Stock Exchange (Stock Code: 001289)
“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)”	director(s) of the Company
“Existing Framework Agreement for Purchase and Sale of Comprehensive Products and Services”	the framework agreement on the mutual supply of materials, products and services dated 12 November 2020 entered into by the Company and CHN Energy

“Framework Agreement for Purchase and Sale of Comprehensive Products and Services”	the framework agreement for purchase and sale of comprehensive products and services for 2024 to 2026, which was resolved and approved by the Board on 20 November 2023 to be entered into with CHN Energy
“Group”	the Company and its subsidiaries
“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 People’s Republic of China
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Board Committee”	the independent committee of the Board, comprising Mr. Michael Ngai Ming Tak, Mr. Gao Debu and Ms. Zhao Feng, the independent non-executive Directors of the Company, established to advise the Independent Shareholders in respect of the Framework Agreement for Purchase and Sale of Comprehensive Products and Services and the proposed annual caps thereof for 2024, 2025 and 2026
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO and the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Framework Agreement for Purchase and Sale of Comprehensive Products and Services and the proposed annual caps thereof for 2024, 2025 and 2026
“Independent Shareholders”	Shareholders who are not required under the Listing Rules to abstain from voting on the relevant resolutions to be proposed at the extraordinary general meeting for consideration in respect of the Framework Agreement for Purchase and Sale of Comprehensive Products and Services and the proposed annual caps thereof for 2024, 2025 and 2026

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“NDRC”	the National Development and Reform Commission of the PRC
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shareholder(s)”	holder(s) of Shares of the Company
“Shares”	share(s) in the share capital of the Company with a nominal value of RMB1.00 each, comprising A Shares and H Shares
“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, 20 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*