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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)

**POTENTIAL DISCLOSEABLE TRANSACTION AND
CONNECTED TRANSACTION
DISPOSAL OF 27% EQUITY INTEREST IN JIANGYIN SULONG
BY WAY OF PUBLIC TENDER**

POTENTIAL DISPOSAL

The Company proposes to dispose of the 27% equity interest held in aggregate in Jiangyin Sulong by the Company and Hero Asia Company, a subsidiary of the Company, by way of public tender on the BEE at a price of not less than RMB1,319,150,070 (the “**Potential Disposal**”). The Company and Hero Asia Company will enter into an equity transaction contract with the winner in the bidding in accordance with the relevant provisions of the BEE. Upon completion of the Potential Disposal, the Company and its subsidiary will cease to hold any equity interest in Jiangyin Sulong, and the financial results of Jiangyin Sulong will no longer be consolidated in the financial statements of the Company and will cease to be a subsidiary of the Company.

Expected Percentage Ratio

It is expected that the highest applicable percentage ratio calculated in respect of the Potential Disposal pursuant to Chapter 14 of the Listing Rules is more than 5% but lower than 25%, therefore, the Potential Disposal will constitute a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules, but exempt from the shareholders' approval requirement.

The intended transferees of the Potential Disposal include Jiangyin Power, an existing shareholder of Jiangyin Sulong. As at the date of this announcement, Jiangyin Power, which holds 30.3% equity interest in Jiangyin Sulong, constitutes a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. Therefore, the Potential Disposal may constitute a connected transaction conducted with a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. The Potential Disposal is on normal commercial terms, the Board has approved the Potential Disposal and the independent non-executive Directors have confirmed that the transaction terms of the Potential Disposal are fair and reasonable, on normal commercial terms and in the interest of the Company and its shareholders as a whole. Accordingly, pursuant to Rule 14A.101 of the Listing Rules, the Potential Disposal is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but is exempt from the independent shareholders' approval requirement.

As the Potential Disposal has been completed, the directors of the Company have decided to discontinue the Potential Disposal. The Company will not proceed with the Potential Disposal.

I. POTENTIAL DISPOSAL

The Company proposes to dispose of the 27% equity interest held in aggregate in Jiangyin Sulong by the Company and Hero Asia Company, a subsidiary of the Company, by way of public tender on the BEE at a price of not less than RMB1,319,150,070 (the "Potential Disposal"). The Company and Hero Asia Company will enter into an equity transaction contract with the winner in the bidding in accordance with the relevant provisions of the BEE. Upon completion of the Potential Disposal, the Company and its subsidiary will cease to hold any equity interest in Jiangyin Sulong, and the financial results of Jiangyin Sulong will no longer be consolidated in the financial statements of the Company and will cease to be a subsidiary of the Company.

(I) **Potential Disposal of Jiangyin Sulong**

Subject Matter of the Transfer

As at the date of this announcement, the Company and Hero Asia Company, a subsidiary of the Company, hold in aggregate 27% equity interest in Jiangyin Sulong (the “**Subject Matter of the Transfer**”).

Consideration to be Paid

The Company proposes to dispose of the Subject Matter of the Transfer by way of public tender on the BEE at a price of not less than RMB1,319,150,070 (the “**Minimum Consideration**”). The final consideration for the Potential Disposal will be subject to the final bidding price depending on the results of the public tender, but in any event will not be less than the Minimum Consideration.

The Minimum Consideration was determined with reference to the appraised value of the entire shareholders’ equity of Jiangyin Sulong as at 30 June 2023 (the valuation benchmark date) as valued by China United Assets Appraisal Group (a third-party independent valuer) adopting the asset-based approach, being RMB4,885,741,000, and taking into account the proportion of equity interest in Jiangyin Sulong to be disposed of.

As at the date of this announcement, the Group has not entered into a legally binding contract with any other party in respect of the Potential Disposal. Regarding the Potential Disposal, other shareholders of Jiangyin Sulong have not waived their preemptive rights.

(II) **Financial Impact of Potential Disposal**

Upon the completion of the Potential Disposal, Jiangyin Sulong will no longer be included in the Company’s consolidated financial statements. The Company’s controlling installed capacity is expected to decrease by 1,240.764 MW, including a decrease of 1,215 MW in thermal power installed capacity and 25.764 MW in photovoltaic installed capacity. According to the data of the Company and Jiangyin Sulong in 2023 (without consideration of the impact of consolidated elimination), it is expected that the total assets of the Company will decrease by RMB6.215 billion, net assets will decrease by RMB3.376 billion, and net profit will increase by RMB297 million, measured at a transfer price of RMB1,319,150,070. The increase in net profit is mainly due to the investment income from the transfer of equity interest in Jiangyin Sulong. The above data has not been audited, and the final impact amount of Potential Disposal on the Company will be subject to the audit report of annual accountant.

(III) Realization of Benefits of the Potential Disposal

On the basis of comprehensive consideration of business and development, the Company intends to dispose of all equity of Jiangyin Sulong through public tender, with the aim of fulfilling the commitments made by the controlling shareholder of the Company, China Energy Investment Corporation Limited (“China Energy Group”) in the “Supplemental Undertaking Letter in relation to Non-competition with China Longyuan Power Group Corporation Limited by China Energy Investment Corporation Limited” issued on 18 June 2021, and resolving the overlap of thermal power business between the Company and China Energy Group. The Potential Disposal is in line with the Company’s business situation and development strategic plan, which is conducive to optimizing the Company’s asset structure, further focusing on the main business of new energy power generation, optimizing resource allocation, improving operational efficiency, and enhancing the quality of the listed company. The Potential Disposal will not impose any adverse impact on the financial and operating conditions of the Company. The Potential Disposal will be conducted by way of public tender, with fair prices and no harm to the interests of the Company and all shareholders, especially small and medium-sized shareholders.

The Directors (including the independent non-executive Directors) consider that the Potential Disposal is on normal commercial terms, fair and reasonable and in the interest of the Company and the shareholders as a whole.

None of the Directors has a material interest in the Potential Disposal or is required to abstain from voting on the Board resolution considering and approving the Potential Disposal.

(IV) Listing Requirements

It is expected that the highest applicable percentage ratio calculated in respect of the Potential Disposal pursuant to Chapter 14 of the Listing Rules is more than 5% but lower than 25%, therefore, the Potential Disposal will constitute a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules, but exempt from the shareholders’ approval requirement.

The intended transferees of the Potential Disposal include Jiangyin Power, an existing shareholder of Jiangyin Sulong. As at the date of this announcement, Jiangyin Power, which holds 30.3% equity interest in Jiangyin Sulong, constitutes a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. Therefore, the Potential Disposal may constitute a connected transaction conducted with a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. The Potential Disposal is on normal commercial terms, the Board has approved the Potential Disposal and the independent non-executive Directors have confirmed that the transaction terms of the Potential Disposal are fair and reasonable, on normal commercial terms and in the interest of the Company and its shareholders as a whole. Accordingly, pursuant to Rule 14A.101 of the Listing Rules, the Potential Disposal is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but is exempt from the independent shareholders' approval requirement.

II. GENERAL INFORMATION

(I) 1. 本公司之主要業務

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 China Energy Group.

(II) 1. 本公司之附屬公司

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

(III) 1. 本公司之主要業務

Jiangyin Sulong is a company incorporated in the PRC with limited liability and is principally engaged in electric heat and fuel sales business, investment in offshore wind power, distributed photovoltaic, biomass power, thermal power, shipping and financial sector (private fund) business.

The key financial information of Jiangyin Sulong prepared in accordance with China Accounting Standards for Business Enterprises is set out below:

Unit: RMB

Item	31 December 2023	31 March 2024
Total assets	6,214,567,493.66	6,380,504,927.85
Total liabilities	2,839,066,714.79	2,947,090,953.20
Accounts receivable	344,105,192.90	310,808,310.16
Net assets	3,375,500,778.87	3,433,413,974.65

Item	2023	January 2024
Revenue	6,355,503,782.95	579,887,106.63
Operating profit	563,794,046.80	28,294,800.54
Net profit	484,685,537.02	20,579,957.03
Net cash flow generated from operating activities	694,965,810.07	-192,681,128.68

Note:

- The financial data for the year 2023 has been audited, and the financial data for the first quarter of 2024 has not been audited.

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III. DEFINITIONS

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

“BEE”	China Beijing Equity Exchange
“Board”	the board of Directors 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
“Director(s)”	the director(s) of the Company
“Hero Asia Company”	Hero Asia (BVI) Company Limited (雄亞(維爾京)有限公司), being a subsidiary of the Company and a shareholder of Jiangyin Sulong
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Jiangyin Power”	Jiangyin Power Investment Co., Ltd. (江陰電力投資有限公司), being a substantial shareholder of Jiangyin Sulong

“Jiangyin Sulong”

Jiangyin Sulong Heat and Power Generating Co., Ltd.(江陰蘇龍熱電有限公司), being a subsidiary of the Company. As at the date of this announcement, the shareholders of Jiangyin Sulong include: (i) the Company (holding 2% equity interest) and Hero Asia Company (holding 25% equity interest), a subsidiary of the Company; and (ii) Jiangyin Power (holding 30.3% equity interest), Jiangsu Power Development Co., Ltd. (江蘇電力發展股份有限公司) (holding 25% equity interest), Sanfame Group Co., Ltd. (三房巷集團有限公司) (holding 16.7% equity interest), Jiangsu Xin Chang Jiang Group Co., Ltd. (江蘇新長江實業集團有限公司) (holding 1% equity interest). Pursuant to the Shareholders’ Voting Rights Exercise Agreement among the Company and its subsidiary, Hero Asia Company, Jiangyin Power, Sanfame Group Co., Ltd. and Jiangyin Maoyuan Investment Co., Ltd. (江陰茂源投資有限公司), each of the parties has agreed to exercise its rights to make proposals as a shareholder of Jiangyin Sulong in the same manner as the Company in respect of the major operational and financial policy related matters of Jiangyin Sulong, including project development, business plan, financial budget and final financial accounts, financial policy system, investment and financing management, cash and asset management, etc., or to procure its appointed directors to exercise their voting rights at the meeting of the board of directors of Jiangyin Sulong in the same manner as the directors appointed by the Company. Accordingly, the financial results of Jiangyin Sulong are currently consolidated in the financial statements of the Company and it is a subsidiary of the Company

“Listing Rules”

the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“RMB”

Renminbi, the lawful currency of the PRC

“subsidiary(ies)”

has the meaning ascribed to it under the Listing Rules

“%”

per cent

By order of the Board

C. A. L. g. Ya P. we G. Ya C. Ya a L. ed*
G. g. Yife
Chairman

Beijing, the PRC, 27 June 2024

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

* *For identification purpose only*