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龍源電力

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)

ANNOUNCEMENT ON THE IMPAIRMENT TEST OF ACQUIRED ASSETS UPON EXPIRATION OF PERFORMANCE COMMITMENT PERIOD

References are made to the announcements dated 15 January 2021, 18 June 2021, 23 July 2021 and 20 January 2022 and the circular dated 8 July 2021 (the “**Circular**”) of China Longyuan Power Group Corporation Limited* (龍源電力集團股份有限公司) (the “**Company**”) in relation to, among other things, the absorption and merger of Inner Mongolia Pingzhuang Energy Co., Ltd. (“**Pingzhuang Energy**”) through share swap, disposal of material assets, purchase of assets through cash payment and the issuance of A Shares, in which the Company entered into the Profit Compensation Agreements and the Agreement on Purchase of Assets through Cash Payment (“**Agreement on Purchase of Assets through Cash Payment**”) with CHN Energy Northeast Electric Power Co., Ltd. (“**Northeast Electric Power**”), CHN Energy Shaanxi Electric Power Co., Ltd. (“**Shaanxi Electric Power**”), CHN Energy Guangxi Electric Power Co., Ltd. (“**Guangxi Electric Power**”), CHN Energy Yunnan Electric Power Co., Ltd. (“**Yunnan Electric Power**”), CHN Energy Gansu Electric Power Co., Ltd. (“**Gansu Electric Power**”) and CHN Energy North China Electric Power Co., Ltd. (“**North China Electric Power**”), respectively. Unless otherwise defined herein, the terms used in this announcement shall have the same meanings as defined in the Circular.

The Resolution on the Impairment Test of the Acquired Assets of China Longyuan Power Group Corporation Limited upon Expiration of the Performance Commitment Period was considered and approved at the second meeting of the fifth session of the board of directors in 2025 held on 28 April 2025, and the status of which is set out below:

I. OVERVIEW OF THE TRANSACTION

The Company considered and approved “the Resolution on absorption and merger of Pingzhuang Energy through Share Swap by the issuance of A Shares of the Company and disposal of material assets and purchase of assets through cash payment and proposal of related party transactions” (the “**Transaction**”) and a total of 23 resolutions related to the Transaction at the third extraordinary general meeting in 2021 held on 23 July 2021.

On 15 January 2021, the Company entered into the Agreement on Purchase of Assets through Cash Payment with CHN Energy Liaoning Electric Power Co., Ltd. (“**Liaoning Electric Power**”) (formerly known as Northeast Electric Power), pursuant to which the Company acquired its 100% equity interests in Guoneng Northeast New Energy Development Co., Ltd. (formerly known as Guodian Northeast New Energy Development Co., Ltd.).

On 15 January 2021, the Company entered into the Agreement on Purchase of Assets through Cash Payment with Shaanxi Electric Power, pursuant to which the Company acquired its 100% equity interests in Guoneng Dingbian New Energy Co., Ltd.

On 15 January 2021, the Company entered into the Agreement on Purchase of Assets through Cash Payment with Guangxi Electric Power, pursuant to which the Company acquired its 100% equity interests in Guangxi Guoneng Energy Development Co., Ltd.

On 15 January 2021, the Company entered into the Agreement on Purchase of Assets through Cash Payment with Yunnan Electric Power, pursuant to which the Company acquired its 100% equity interests in Guoneng Yunnan New Energy Co., Ltd.

On 15 January 2021, the Company entered into the Agreement on Purchase of Assets through Cash Payment with North China Electric Power, pursuant to which the Company acquired its 100% equity interests in Guodian North China Inner Mongolia New Energy Co., Ltd.

Since all parties were controlled by CHN Energy before and after the above mergers and such control was not temporary, the merger was a business combination under common control. Pursuant to the Agreement on Purchase of Assets through Cash Payment in respect of the aforesaid matters, the closing date of equity interest agreed upon by the parties was 4 January 2022 and on 4 January 2022, the Company has actually acquired control of the merged party and therefore the date of merger was determined to be 4 January 2022.

On 15 January 2021, the Company entered into the Agreement on Purchase of Assets through Cash Payment with North China Electric Power, pursuant to which the Company acquired its 100% equity interests in Shanxi Jieneng. Since both parties were controlled by CHN Energy both before and after the merger and such control was not temporary, the merger was a business combination under common control. Pursuant to the aforesaid Agreement on Purchase of Assets through Cash Payment, the closing date of equity interest agreed upon by the parties was 5 January 2022 and on 5 January 2022, the Company has actually acquired control of the merged party and therefore the date of merger was determined to be 5 January 2022.

On 15 January 2021, the Company entered into the Agreement on Purchase of Assets through Cash Payment with Gansu Electric Power, pursuant to which the Company acquired its 100% equity interests in Guodian Gansu New Energy Co., Ltd. Since both parties were controlled by CHN Energy both before and after the merger and such control was not temporary, the merger was a business combination under common control. Pursuant to the aforesaid Agreement on Purchase of Assets through Cash Payment, the closing date of equity interest agreed upon by the parties was 6 January 2022 and on 6 January 2022, the Company has actually acquired control of the merged party and therefore the date of merger was determined to be 6 January 2022.

On 15 January 2021, the Company entered into the Agreement on Purchase of Assets through Cash Payment with North China Electric Power, pursuant to which the Company acquired its 100% equity interests in Tianjin Guodian Jieneng Electric Power Co., Ltd. Since both parties were controlled by CHN Energy both before and after the merger and such control was not temporary, the merger was a business combination under common control. Pursuant to the aforesaid Agreement on Purchase of Assets through Cash Payment, the closing date of equity interest agreed upon by the parties was 6 January 2022 and on 6 January 2022, the Company has actually acquired control of the merged party and therefore the date of merger was determined to be 6 January 2022.

II. COMPLETION OF PERFORMANCE COMMITMENT AND COMPENSATION

(I) Performance Commitment

On 18 June 2021, the Performance Undertakers, being Liaoning Electric Power, Gansu Electric Power, Guangxi Electric Power, North China Electric Power, Shaanxi Electric Power and Yunnan Electric Power (the “**Target Companies**”), all entered into the Profit Compensation Agreement with the Company. The performance commitment period refers to the year following the completion of the purchase of the assets and the two subsequent accounting years, i.e. 2022, 2023 and 2024, during which commitment to the net profit attributable to shareholders of the parent company after deduction of non-recurring profit or loss shall be made. Details are as follows:

Unit: RMB'0,000

No.	Counterparty	Committed Net Profit for the Year 2022	Committed Net Profit for the Year 2023	Committed Net Profit for the Year 2024	Cumulative Committed Net Profit for the Years 2022–2024
1	Liaoning Electric Power	8,882.29	9,205.16	8,894.29	26,981.74
2	Shaanxi Electric Power	10,914.34	10,642.48	11,429.55	32,986.37
3	Guangxi Electric Power	22,900.01	23,820.20	23,401.92	70,122.13
4	Yunnan Electric Power	15,702.47	13,017.78	10,658.67	39,378.92
5	Gansu Electric Power	2,910.08	3,958.41	4,743.56	11,612.05
6	North China Electric Power	13,564.53	14,115.01	13,971.47	41,651.01

- Notes:*
1. A subsidiary, namely Jieneng Jinke that is 52% owned by Shanxi Jieneng, a subsidiary of North China Electric Power, took the valuation result under the cost approach as the final valuation result, and therefore no performance commitment was involved;
 2. North China Electric Power has changed its name to CHN Energy Tianjin Power Co., Ltd. (國家能源集團天津電力有限公司) in November 2024, and subsequent compensation will be fulfilled by Tianjin Power.

(II) Achievement of Performance Commitment

The Target Company's achievement of performance commitment for 2022 to 2024 is as follows:

Unit: RMB'0,000

No.	Counterparty	Cumulative Committed Net Profit for 2022–2024	Cumulative Net Profit Attributable to Shareholders of the Parent Company after Deduction of Non-recurring Profit or Loss for 2022–2024 (Audited)	Achievement Rate (%)
1	Liaoning Electric Power	26,981.74	28,116.73	104.21
2	Shaanxi Electric Power	32,986.37	36,022.10	109.20
3	Guangxi Electric Power	70,122.13	66,809.30	95.28
4	Yunnan Electric Power	39,378.92	39,589.16	100.53
5	Gansu Electric Power	11,612.05	18,248.95	157.16
6	North China Electric Power	41,651.01	38,618.27	92.72

(III) Compensation of Performance Commitment

Pursuant to the Profit Compensation Agreement, in the event that the actual net profit of the Target Company is lower than the committed net profit in any accounting year during the Performance Commitment Period, Yunnan Electric Power, Guangxi Electric Power, Liaoning Electric Power, Gansu Electric Power, Shaanxi Electric Power and North China Electric Power shall compensate the Company in cash for the difference in valuation results corresponding to the difference in net profit in accordance with such agreement.

During the Performance Commitment Period, the compensation amount for Yunnan Electric Power, Guangxi Electric Power, Liaoning Electric Power, Gansu Electric Power, Shaanxi Electric Power and North China Electric Power for each year shall be calculated and implemented in accordance with the following agreement:

Compensation amount for the year = (cumulative committed net profit of the Target Company as of the end of the year – cumulative actual net profit of the Target Company as of the end of the year) $\div$ cumulative committed net profit during the performance commitment period of the Target Company $\times$ transaction consideration of the Target Company – cumulative compensated amount.

1. In 2022, Yunnan Electric Power, Liaoning Electric Power, Gansu Electric Power and Shaanxi Electric Power achieved their performance commitments; Guangxi Electric Power failed to achieve its performance commitment due to unit maintenance and a decline in utilization hours; and North China Electric Power failed to achieve its performance commitment due to factors such as the difference between the income and forecast from new energy subsidies. It is estimated that, the compensation amount payable by Guangxi Electric Power to the Company was RMB55.5092 million and the compensation amount payable by North China Electric Power to the Company was RMB53.2013 million. As of 8 May 2023, the Company had received an aggregate amount of RMB108.7105 million from Guangxi Electric Power and North China Electric Power. The 2022 performance commitment compensation obligations of the Performance Undertakers to the Company have been fulfilled.
2. In 2023, Target Companies achieved their performance commitments.
3. In 2024, Guangxi Electric Power, Liaoning Electric Power and Shaanxi Electric Power achieved their performance commitments; Yunan Electric Power failed to achieve its performance commitment due to the impact on factors such as slightly lower-than-expected generation capacity; Gansu Electric Power failed to achieve its performance commitment due to the impact on factors such as a decrease in generation capacity as a result of a year-on-year decrease in the average wind speed; and North China Electric Power failed to achieve its performance commitment due to factors such as the difference between the income and forecast from new energy subsidies. It is estimated that, the cumulative actual net profit of Yunan Electric Power from 2022 to 2024 was higher than the cumulative committed net profit, no compensation amount was payable; the cumulative actual net profit of Gansu Electric Power from 2022 to 2024 was higher than the cumulative committed net profit, no compensation amount was payable; and North China Power is still required to make supplemental compensation payment of RMB89.105 million.

Please refer to the Company's announcements dated 29 March 2023, 10 May 2023, 27 March 2024 and 28 March 2025 for the completion status of the above performance commitments for 2022, 2023 and 2024 respectively.

III. IMPAIRMENT TEST AND COMPENSATION ARRANGEMENT

Pursuant to the Profit Compensation Agreement, the Company shall conduct an impairment test on Target Companies within 4 months after the expiration of the performance commitment period and engage an accounting firm and/or a valuation institution qualified in securities and futures business to issue an impairment test report on the impairment test.

If the closing impairment amount of the Target Companies is greater than the cumulative total compensated cash, the Target Companies are required to compensate the Company separately in cash. The amount of separate compensation is: the closing impairment amount of the Target Companies – the cumulative total compensated cash.

The Company shall determine the amount of compensation payable and notify the Target Companies in writing within 30 days after the issuance of the impairment test report. The Target Companies shall remit the amount of compensation payable in cash to the compensation cash account within 30 days from the date of receipt of the Company's notification.

VI. IMPAIRMENT TEST

The performance commitment period of the Target Companies expired on 31 December 2024 and the Company has engaged Shanghai Lixin Asset Appraisal Co., Ltd.* (上海立信資產評估有限公司) (“**Lixin Company**”) to commence an impairment test on the Target Companies. In accordance with the Assets Appraisal Law of the People's Republic of China and the Administrative Measures for the Valuation of State-Owned Assets, Lixin Company issued the Asset Valuation Report on the Equity Value of Eight Companies Including Guodian North China Inner Mongolia New Energy Co., Ltd. for Impairment Test Upon Expiration of the Performance Commitment Period Under the Equity Acquisition by China Longyuan Power Group Corporation Limited*, and compared the appraised equity value of the target assets as of 31 December 2024 with the transaction price paid for the assets during the cash acquisition, while deducting the impact of capital increases, reductions, and profit distributions by the target assets' shareholders (the “**Adjustment Items**”) during the profit compensation period. The appraisal results for the Target Companies' assets as of 31 December 2024 are set out below:

Unit: RMB'0,000

No.	Company Name	Appraised Value (A)	Impact of Adjustment Items during the Profit Compensation Period (B)	Adjusted Appraised Value of Equity (C=A-B)	Transaction Price (D)	Changes in Comparative Equity Appreciation (E=C-D)
1	Guodian North China Inner Mongolia New Energy Co., Ltd.					
2	Guodian Shanxi Jieneng Co., Ltd.	226,565.00	0.00	226,565.00	195,440.41	31,124.59
3	Tianjin Guodian Jieneng Electric Power Co., Ltd.					
4	Guoneng Dingbian New Energy Co., Ltd.	113,437.00	-12,021.14	125,458.14	81,600.00	43,858.14
5	Guoneng Northeast New Energy Development Co., Ltd.	66,378.00	-13,646.00	80,024.00	79,400.00	624.00
6	Guoneng Yunnan New Energy Co., Ltd.	80,424.00	0.00	80,424.00	75,200.00	5,224.00
7	Guodian Gansu New Energy Co., Ltd.	57,620.00	0.00	57,620.00	44,200.00	13,420.00
8	Guangxi Guoneng Energy Development Co., Ltd.	197,436.00	46,801.47	150,634.53	98,600.00	52,034.53

Based on the aforesaid valuation report, Zhongshen Zhonghuan Certified Public Accountants (Special General Partnership) issued the “Audit Report on Impairment Test of Target Assets Related to the Acquired Assets”. After testing, as of 31 December 2024, there was no indication of impairment of the assets of the eight Target Companies under the Transaction, and no separate compensation payment is required from Yunnan Electric Power, Guangxi Electric Power, Liaoning Electric Power, Gansu Electric Power, Shaanxi Electric Power and North China Electric Power.

V. DELIBERATIONS AT THE SPECIAL MEETING OF THE INDEPENDENT DIRECTORS

On 25 April 2025, the Company convened the second special meeting of independent directors of the fifth session of the board of directors in 2025. The special meeting of independent directors of the Company considered on the matter in accordance with the relevant requirements of the relevant laws and regulations, the management measures for independent directors of listed companies and the Articles of Association of China Longyuan Power Group Corporation Limited, and formed the following resolution:

In conjunction with the Asset Valuation Report on the Equity Value of Eight Companies Including Guodian North China Inner Mongolia New Energy Co., Ltd. for Impairment Test Upon Expiration of the Performance Commitment Period Under the Equity Acquisition by China Longyuan Power Group Corporation Limited* issued by Shanghai Lixin Asset Appraisal Co., Ltd. and the Audit Report on Impairment Test of Target Assets Related to the Acquired Assets issued by Zhongshen Zhonghuan Certified Public Accountants (Special General Partnership), the meeting approved the conclusion that there was no indication of impairment of the target assets. The impairment test of assets is in compliance with the requirements of the China Securities Regulatory Commission, the Shenzhen Stock Exchange, the Hong Kong Stock Exchange and the Company's system, without prejudice to the interests of the Company and its minority shareholders. It was agreed to submit the resolution to the board of directors for consideration.

By order of the Board
China Longyuan Power Group Corporation Limited*
Gong Yufei
Chairman

Beijing, the PRC, 28 April 2025

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 Ms. Wang Xuelian, Ms. Chen Jie, Mr. Zhang Tong and Mr. Wang Yong; and the independent non-executive directors are Mr. Michael Ngai Ming Tak, Mr. Gao Debu and Ms. Zhao Feng.

* For identification purpose only