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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 ESTABLISHMENT OF A JOINT VENTURE

The Board announced that on 12 October 2016, the Company entered into a contribution agreement with Guodian Group in relation to the establishment of a joint venture.

Upon completion of the Contribution Agreement, the Company will hold 51% equity interests of Longyuan Luoping, while Guodian Group will hold 49% equity interests of Longyuan Luoping.

The Company will make cash contributions to Longyuan Luoping, representing 51% of total registered capital of Longyuan Luoping, equivalent to RMB48,960,000. The Company and the related parties of the Joint Venture will contribute 20% of the total registered capital of the Joint Venture, equivalent to RMB19,200,000, as its initial contributions upon the establishment of the Joint Venture. The Company will fully contribute the remaining 80% amount of the total registered capitals in proportion within a designated period of time according to the applicable regulations in the PRC as well as the schedule of the projects and the progress of construction.

As at the date of this announcement, Guodian Group directly and indirectly held approximately 58.44% of the issued share capital of the Company, thus Guodian Group is the Controlling Shareholder of the Company. Guodian Group is the Connected Person of the Company under Rule 14A.07 of the Listing Rules. Accordingly, the establishment of the Joint Venture 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 completed within a 12-month period or were otherwise related. On 28 April 2016, the Company entered into contribution agreements with Guodian Group in relation to the establishment of two joint ventures. In the aforesaid transactions in relation to the establishment of the two joint ventures, the counterparties of the Company are Guodian Group or its associates, and the nature of these transactions is the same. Accordingly, such transactions shall be aggregated. As the highest applicable percentage ratio upon

aggregation is more than 0.1% but less than 5%, the establishment of the Joint Venture shall be subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirement as set out in Chapter 14A of the Listing Rules.

THE CONTRIBUTION AGREEMENT IN RELATION TO THE ESTABLISHMENT OF LONGYUAN LUOPING

On 12 October 2016, the Company entered into a contribution agreement with Guodian Group for the establishment of the Joint Venture. The summary of the major terms of the Contribution Agreement is set out as follows:

Longyuan Luoping

Parties and shareholding ratio (%)	(a) the Company (51%); and (b) Guodian Group (49%)
Total registered capital (<i>RMB</i>)	96,000,000
Place of incorporation	Yunnan Province
Installed capacity	49.5MW
Nature of the Joint Venture	Limited liability Company
Method of contribution	Cash contribution

TIME OF CONTRIBUTION

The Company will make cash contributions to the Joint Venture, representing 51% of total registered capital of Longyuan Luoping, equivalent to RMB48,960,000. The Company and the related parties of the Joint Venture will contribute 20% of the total registered capital of the Joint Venture, equivalent to RMB19,200,000, as its initial contributions upon the establishment of the Joint Venture. The Company will fully contribute the remaining 80% amount of the total registered capitals in proportion within a designated period of time according to the applicable regulations in the PRC as well as the schedule of the projects and the progress of construction. The amount of capital contribution under the Contribution Agreement was arrived at arm's length negotiation among the Company and the related parties of the Joint Venture.

BUSINESS SCOPE OF THE JOINT VENTURE

Longyuan Luoping will mainly engage in (i) investment, construction and operation of wind farms; (ii) survey, design and construction of wind farms; (iii) installation, test and maintenance of complete-set of wind power generation units; and (iv) related technological consultation and trainings. The above businesses shall be subject to approval of applicable authorities.

SHARE TRANSFER

If either the Company or the related party wishes to transfer its interests in the registered capital of the Joint Venture, it has to obtain approval from the other party.

Any pledge, mortgage and disposal of the interests in the registered capital of the Joint Venture by any shareholder to a third party shall require the written approval of the other party.

EFFECTIVE DATES OF THE CONTRIBUTION AGREEMENT

The Contribution Agreement will take effect from the date of its execution.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The terms of the Contribution Agreement were determined after arm's length negotiations between both parties. The Directors (including independent non-executive Directors) consider that the terms of the Contribution Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole. The Directors (including independent non-executive Directors) believe that the establishment of the Joint Venture will strengthen cooperation between the Company and Guodian Group, and benefit from the Company's prominent industry expertise and excellent technologies as well as regional resource advantages and management superiority of Guodian Group.

Non-executive Directors of the Company, Mr. Qiao Baoping, Mr. Wang Baole, Mr. Luan Baoxing and Mr. Yang Xiangbin, being employees of Guodian Group, are connected Directors, thus they have abstained from voting at the Board meeting. Save as disclosed above, there are no other Directors of the Company who have any material interests in the Joint Venture.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Guodian Group, being the Controlling Shareholder of the Company, directly and indirectly held approximately 58.44% of the total issued share capital of the Company. Guodian Guangdong is a Connected Person of the Company under Rule 14A.07 of the Listing Rules. Accordingly, the establishment of the Joint Venture 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 completed within a 12-month period or were otherwise related. On 28 April 2016, the Company entered into contribution agreements with Guodian Group in relation to the establishment of two joint ventures. In the aforesaid transactions in relation to the establishment of joint ventures, the counterparties of the Company are Guodian Group or its associates, and the nature of these transactions is the same. Accordingly, such transactions shall

be aggregated. As the highest applicable percentage ratio upon aggregation is more than 0.1% but less than 5%, the establishment of the Joint Venture shall be subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirement as set out in Chapter 14A of the Listing Rules.

INFORMATION ON THE COMPANY

The Company is a leading wind power generation company in the PRC. The Group is primarily engaged in the design, development, construction, management and operation of wind farms. In addition to the wind power business, the Group also operates other power projects such as coal power, solar power, tidal, biomass and geothermal energy. Meanwhile, the Group 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.

INFORMATION OF GUODIAN GROUP

Guodian Group is a state-owned enterprise established under the laws of the PRC and one of the five largest independent power generation groups established during the restructuring of the power industry in the PRC in 2002. Guodian Group is the Controlling Shareholder of the Company, holding directly and indirectly, approximately 58.44% of the total issued share capital of the Company. Guodian Group is principally engaged in coal power business and hydro power business.

GENERAL INFORMATION

Definitions

“Board”	means the board of Directors of the Company
“Company”	means 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 Stock Exchange of Hong Kong Limited
“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)”	means the director(s) of the Company
“Guodian Group”	means China Guodian Corporation (中國國電集團公司), a state-owned enterprise established in the PRC and the Controlling Shareholder of the Company

“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“MW”	unit of energy, megawatt. 1 MW = 1,000 kW. The installed capacity of power plants is generally expressed in MW
“PRC”	People’s Republic of China, and for the purpose of this announcement, excludes the Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of shares of the Company
“Longyuan Luoping”	Guodian Yunnan Longyuan Luoping Wind Power Generation Company Limited (國電雲南龍源羅平風力發電有限公司), a joint venture established by the Company and Guodian Group
“Contribution Agreement”	the contribution agreement entered into by the Company and Guodian Group in respect of establishment of the Joint Venture
“Joint Venture”	Longyuan Luoping

By order of the Board
China Longyuan Power Group Corporation Limited*
Li Enyi
Executive Director and President

Beijing, PRC, 12 October 2016

As at the date of this announcement, the non-executive directors of the Company are Mr. Qiao Baoping, Mr. Wang Baole, Mr. Luan Baoxing and Mr. Yang Xiangbin; the executive directors are Mr. Li Enyi and Mr. Huang Qun; and the independent non-executive directors are Mr. Zhang Songyi, Mr. Meng Yan and Mr. Han Dechang.

* For identification purpose only