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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 TRANSACTIONS  
ACQUISITION OF EQUITY INTERESTS IN  
SHANXI JINKE WIND POWER AND  
ACQUISITION OF ASSETS OF SHENCHI LIUGOU WIND  
POWER CONSTRUCTION PROJECT**

The Board announces that on 12 October 2016, Longyuan Shenchì, a non wholly-owned subsidiary of the Company, entered into the Equity Transfer and Assets Transfer Agreements with Guodian Shanxi Jieneng. Pursuant to matters relating to equity transfer under the Equity Transfer and Assets Transfer Agreements, Longyuan Shenchì will acquire 52% of equity interests in Shanxi Jinke Wind Power from Guodian Shanxi Jieneng, and will pay a sum of RMB17,953,500 as consideration to Guodian Shanxi Jieneng. Upon completion of the Acquisition, Shanxi Jinke Wind Power will become a Subsidiary of the Company. In addition, pursuant to matters relating to assets transfer under the Equity Transfer and Assets Transfer Agreements, the Company will acquire 100% of assets of Shenchì Liugou Wind Power Construction Project from Guodian Shanxi Jieneng, and will pay a sum of RMB36,157,500 as consideration to Guodian Shanxi Jieneng.

As at the date of this announcement, Guodian is the controlling shareholder of the Company, directly and indirectly holding approximately 58.44% equity interests in the total issued share capital of the Company, and Guodian is therefore a Connected Person of the Company. Guodian Shanxi Jieneng is a wholly-owned subsidiary of Guodian Group and is therefore a Connected Person of the Company under Chapter 14A of the Listing Rules. Longyuan Shenchì is a non wholly-owned subsidiary of the Company and held as to 51% equity interests by the Company. Guodian Shanxi Jieneng holds 52% equity interests in Shanxi Jinke Wind Power and 100% assets of Shenchì Liugou Wind Power Construction Project. According to Chapter 14A of the Listing Rules, the transactions in respect of Guodian Shanxi Jieneng's transfer of 52% equity interests in Shanxi Jinke Wind Power and 100% assets of Shenchì Liugou Wind Power Construction Project held by itself to Longyuan Shenchì constitute connected transactions of the Company.

As the applicable percentage ratio in respect of the transactions contemplated under the Equity Transfer and Assets Transfer Agreements upon aggregation exceeds 0.1% but is less than 5%, the Company is subject to the reporting and announcement requirements but exempt from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules in respect of such transactions.

The Board announces that on 12 October 2016, Longyuan Shenchì, a non wholly-owned subsidiary of the Company entered into the Equity Transfer and Assets Transfer Agreements with Guodian Shanxi Jieneng. The principal terms of the Shanxi Jinke Wind Power Equity Transfer Agreement and the Shenchì Liugou Wind Power Construction Project Assets Transfer Agreement are summarized as follows:

	Equity Transfer	Assets Transfer
DATE	12 October 2016	
PARTIES	Transferor: Guodian Shanxi Jieneng Transferee: Longyuan Shenchì	
EQUITY INTERESTS AND ASSETS TO BE ACQUIRED	<ul style="list-style-type: none"> <li>52% equity interests in Shanxi Jinke Wind Power held by Guodian Shanxi Jieneng. Upon completion of the Acquisition, Shanxi Jinke Wind Power will become a Subsidiary of the Company.</li> </ul>	<ul style="list-style-type: none"> <li>100% assets of Shenchì Liugou Wind Power Construction Project held by Guodian Shanxi Jieneng.</li> </ul>
CONSIDERATION	<ul style="list-style-type: none"> <li>The consideration, being RMB17,953,500, has been arrived at in proportion after arm's length negotiations between Longyuan Shenchì and Guodian Shanxi Jieneng, with reference to the Zhong Cai Shanxi Valuation Report and the paid-up capital.</li> <li>According to the Zhong Cai Shanxi Valuation Report, as at the Valuation Base Date, the market value of the total equity interests of Shanxi Jinke Wind Power amounted to RMB20,647,200. If the capital which has been subscribed for but unpaid by the shareholders of Shanxi Jinke Wind Power amounting to RMB14,850,000 is paid up prior to 20 June 2016, the market value of all the interests held by the shareholders of Shanxi Jinke Wind Power as at the Valuation Base Date will amount to RMB34,526,000.</li> </ul>	<ul style="list-style-type: none"> <li>The consideration, being RMB36,157,500, has been arrived at in proportion after arm's length negotiations between Longyuan Shenchì and Guodian Shanxi Jieneng, with reference to the Zhong Cai Shenchì Valuation Report.</li> <li>According to the Zhong Cai Shenchì Valuation Report, as at the Valuation Base Date, the market value of Shenchì Liugou Wind Power Construction Project amounted to RMB36,157,500.</li> </ul>

	<b>Equity Transfer</b>	<b>Assets Transfer</b>
	<ul style="list-style-type: none"> <li>• The shareholders of Shanxi Jinke Wind Power have paid up RMB14,850,000 as part of the capital subscribed for by Shanxi Jinke Wind Power prior to 20 June 2016.</li> <li>• Any profits or losses or changes in equity interests incurred in the operation of Shanxi Jinke Wind Power during the period from the Valuation Base Date to the completion date of the equity transfer, shall belong to or be borne by Longyuan Shenchì in proportion to the corresponding shareholdings acquired by Longyuan Shenchì.</li> </ul>	<ul style="list-style-type: none"> <li>• Any profits or losses or changes in equity interests incurred in the operation of Shenchì Liugou Wind Power Construction Project during the period from the Valuation Base Date to the completion date of the assets transfer, shall belong to or be borne by Longyuan Shenchì in proportion to the corresponding assets acquired by Longyuan Shenchì.</li> </ul>
<b>PAYMENT</b>	<ul style="list-style-type: none"> <li>• The Transferee shall pay the first payment (being 30% of the total transaction amount) to the Transferor within five (5) business days from the date of entering into the Equity Transfer and Assets Transfer Agreements;</li> <li>• Upon the completion of equity transfer by both parties, the Transferee shall pay the second payment (being 50% of the total transaction amount) to the Transferor after the completion of registration procedures in relation to relevant changes in the business license;</li> <li>• The remaining 20% of the transaction amount shall be paid within ten (10) business days from the completion of the transfer of assets, personnel and others.</li> </ul>	<ul style="list-style-type: none"> <li>• The Transferee shall pay the first payment (being 30% of the total transaction amount) to the Transferor within five (5) business days from the date of entering into the Equity Transfer and Assets Transfer Agreements;</li> <li>• Upon the completion of assets transfer work by both parties, the Transferee shall pay the second payment (being 50% of the total transaction amount) to the Transferor after the completion of registration procedures in relation to relevant changes in the business license;</li> <li>• The remaining 20% of the transaction amount shall be paid within ten (10) business days from the completion of the transfer of assets, personnel and others.</li> </ul>

	<b>Equity Transfer</b>	<b>Assets Transfer</b>
<b>CONDITIONS PRECEDENT</b>	<ul style="list-style-type: none"> <li>• Guodian Shanxi Jieneng and Longyuan Shenchì have full civil rights and capacity in respect of the establishment and implementation of the Equity Transfer and Assets Transfer Agreements;</li> <li>• The assets and equity interests to be transferred by Guodian Shanxi Jieneng to Longyuan Shenchì are legally owned the Transferor, and there is no mortgage or pledge, other secured interest or other encumbrance created on such assets and equity interests;</li> <li>• From the date of entering into the Equity Transfer and Assets Transfer Agreements to the date of the completion of transfer, Guodian Shanxi Jieneng shall not pledge or create any other encumbrance on or otherwise dispose the underlying assets or the target equity interest;</li> <li>• Shanxi Jinke Wind Power has obtained the approval and permit from the competent department or other relevant authorities and has the legal right, qualification and licence to operate the assets owned by itself. It has obtained all necessary permits and approvals to operate its business and will continue to hold and own such permits and approvals until the completion of the equity transfer and assets transfer under the Equity Transfer and Assets Transfer Agreements.</li> </ul>	

Given that the appraisal of Shanxi Jinke Wind Power and Shenchì Liugou Wind Power Construction Project involves the use of income approach, such valuation is regarded as a profit forecast under Rule 14.61 of the Listing Rules and the Company thus has fully complied with Rule 14.62 of the Listing Rules. KPMG has reported on the calculations of the discounted future cash flow used in the valuation reports of Shanxi Jinke Wind Power and Shenchì Liugou Wind Power Construction Project issued on 17 January 2016 by Zhong Cai Bao Xin (Beijing) Assets Appraisal Co., Ltd.\* (中財寶信(北京)資產評估有限公司) and the Directors have also confirmed that the forecast has been made after due and careful enquiry.

## **PRINCIPAL ASSUMPTIONS ADOPTED FOR INCOME APPROACH**

The value of equity interests of Shanxi Jinke Wind Power contained in the valuation report has been prepared on the following principal bases and assumptions:

### **(I) General Assumptions**

1. Assuming that after the Valuation Base Date, the appraised entity will be continuously operated;
2. Assuming that after the Valuation Base Date, there will be no material change of politics, economy and social environment in the country and region in which the appraised entity is located;
3. Assuming that after the Valuation Base Date, there will be no material change of macro-economic policies, industrial policies and regional development policies of the country;
4. Assuming that after the Valuation Base Date, there will be no material change of the appraised entity's relevant interest rates, exchange rates, taxation criteria and rates, and levies collected in accordance with policies;
5. Assuming that after the Valuation Base Date, the management of the appraised entity will be responsible and stable, as well as capable to assume its duties;
6. Assuming that the appraised entity is completely in compliance with all the relevant laws and regulations; and
7. Assuming that after the Valuation Base Date, there will be no force majeure that may give rise to material adverse impact on the appraised entity.

### **(II) Special Assumptions**

1. Assuming that the accounting policies adopted for the appraised entity after the Valuation Base Date is consistent with the accounting policies adopted for preparation of this valuation report in material aspects;
2. Assuming that the operation scope and style of the appraised entity after the Valuation Base Date is consistent with those at present on the basis of the existing management methods and management level;

3. The appraisal does not take into consideration of any potential premium or discount arising from the existence or absence of control, as well as the impact of liquidity of equity interest on appraisal conclusion; and
4. Assuming that incidental factors such as frost, years of low wind speed and power curtailment to appraised entity's operation in historical years can be eliminated, annual utilization hour of wind power is expected to reach 1,742 hours and on-grid power is expected to reach 84,676,900kWH. Meanwhile, assuming that the maintenance staff of the appraised entity will be reduced to 10, operating costs including human resource cost will decrease to some extent.

The value of Shenchu Liugou Wind Power Construction Project contained in the valuation report has been prepared on the following principal bases and assumptions:

**(I) General Assumptions**

1. Assuming that after the Valuation Base Date, the title holder will be continuously operated;
2. Assuming that after the Valuation Base Date, there will be no material change of politics, economy and social environment in the country and region in which the title holder is located;
3. Assuming that after the Valuation Base Date, there will be no material change of macro-economic policies, industrial policies and regional development policies of the country;
4. Assuming that after the Valuation Base Date, there will be no material change of the title holder's relevant interest rates, exchange rates, taxation criteria and rates, and levies collected in accordance with policies;
5. Assuming that after the Valuation Base Date, the management of the title holder will be responsible and stable, as well as capable to assume its duties;
6. Assuming that the title holder is completely in compliance with all the relevant laws and regulations; and
7. Assuming that after the Valuation Base Date, there will be no force majeure that may give rise to material adverse impact on the title holder.

## **(II) Special Assumptions**

1. Assuming that the accounting policies adopted for the title holder after the Valuation Base Date is consistent with the accounting policies adopted for preparation of this valuation report in material aspects; and
2. Assuming that the operation scope and style of the title holder after the Valuation Base Date is consistent with those at present on the basis of the existing management methods and management level.

## **EXPERTS AND CONSENTS**

The qualifications of the experts who have given their statements in this announcement are as follows:

<b>Name</b>	<b>Qualification</b>
KPMG	Certified Public Accountants in Hong Kong
Zhong Cai Bao Xin (Beijing) Assets Appraisal Co., Ltd.* (中財寶信(北京)資產評估有限公司)	Independent professional valuer

KPMG, the auditor of the Company has reported on the calculations of the discounted future cash flow used in the valuation reports and is of the opinion that, so far as the calculations are concerned, the discounted cash flows have been properly compiled in all material respects in accordance with the bases and assumptions adopted. The Board has reviewed major assumptions upon which the valuation was based, and is of the view that the profit forecast has been made after due and careful enquiries. According to Rule 14.62 of the Listing Rules, Report from KPMG and Letter from the Board are set out in Appendix I and Appendix II of the announcement, respectively.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, Zhong Cai Bao Xin (Beijing) Assets Appraisal Co., Ltd.\* (中財寶信(北京)資產評估有限公司) and KPMG are third parties independent from the Group and its Connected Persons.

As at the date of the announcement, Zhong Cai Bao Xin (Beijing) Assets Appraisal Co., Ltd.\* (中財寶信(北京)資產評估有限公司) and KPMG have no equity interests in any member of the Group, and have no rights (whether legally enforceable or not) to subscribe for or to nominate others to subscribe for securities of any member of the Group.



Each of Zhong Cai Bao Xin (Beijing) Assets Appraisal Co., Ltd.\* (中財寶信(北京)資產評估有限公司) and KPMG has given and has not withdrawn its respective written consent to the issue of this announcement with inclusion of its report and all references to its name (including its qualification) in the form and context in which they are included.

For each of the two financial years ended 31 December 2014 and 2015, the unaudited net profit before taxation and net profit after taxation of Shanxi Jinke Wind Power are set out as follows:

	<b>For the year ended 31 December</b>	
	<b>2014</b>	<b>2015</b>
	<i>RMB</i>	<i>RMB</i>
	(unaudited)	(unaudited)
Net profit before taxation	0	-4,228,804
Net profit after taxation	0	-4,336,779

Based on the unaudited accounts prepared under the China Accounting Standards of Business Enterprises as promulgated by the Ministry of Finance of the PRC, as at 30 June 2016, the total assets, total liabilities and net assets of Shanxi Jinke Wind Power were approximately RMB390,070,991, RMB346,723,404 and RMB43,347,587, respectively.

For each of the two financial years ended 31 December 2014 and 2015, the unaudited net profit before taxation and net profit after taxation of Shenchì Liugou Wind Power Construction Project are set out as follows:

	<b>For the year ended 31 December</b>	
	<b>2014</b>	<b>2015</b>
	<i>RMB</i>	<i>RMB</i>
	(unaudited)	(unaudited)
Net profit before taxation	0	0
Net profit after taxation	0	0

Based on the unaudited accounts prepared under the China Accounting Standards of Business Enterprises as promulgated by the Ministry of Finance of the PRC, as at 30 June 2016, the total assets, total liabilities and net assets of Shenchì Liugou Wind Power Construction Project were approximately RMB445,261,680, RMB340,193,806 and RMB105,067,875, respectively.



## **INFORMATION OF SHANXI JINKE WIND POWER**

Shanxi Jinke Wind Power was established in August 2015 in the PRC. From its establishment to the date of this announcement, Shanxi Jinke Wind Power was held by Guodian Shanxi Jieneng as to 52% of its equity interests. Shanxi Jinke Wind Power is mainly engaged in development, construction, operation, maintenance and management of wind farms and clean energy power plants; sale of electricity produced by itself; and development, consultancy and technological services of clean-energy power generation.

Based on the audited accounts prepared under the China Accounting Standards of Business Enterprises issued by the Ministry of Finance of the PRC, as at 30 June 2016, the total assets, total liabilities and net assets of Shanxi Jinke Wind Power were RMB390,070,991, RMB346,723,404 and RMB43,347,587 respectively. As at 31 December 2014, the net profits before and after taxation were nil and nil respectively. As at 31 December 2015, the net profit before taxation and net profit after taxation were RMB-4,228,804 and RMB-4,336,779 respectively.

## **INFORMATION OF SHENCHI LIUGOU WIND POWER CONSTRUCTION PROJECT**

Shenchi Liugou Wind Power Construction Project is a 49.5MW wind power project with a total installed capacity of 49.5MW, which was approved in April 2013 and started on preparing for production in November 2015.

## **REASONS FOR THE ACQUISITION AND BENEFITS TO THE COMPANY**

The terms of the Equity Transfer and Assets Transfer Agreements were negotiated on an arm's length basis between the Transferor and Longyuan Shenchi, the non wholly-owned subsidiary of the Company. The Directors, including the independent non-executive Directors, considered that the Equity Transfer and Assets Transfer Agreements are entered into on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole. The Board believes that the principal businesses of Shanxi Jinke Wind Power and Shenchi Liugou Wind Power Construction Project are in line with the principal businesses of the Company. In addition to the increase in the total installed capacity of wind power business of the Company, the equity transfer and assets transfer also bring about new opportunities for the wind power business of the Company. Meanwhile, the competitions and potential competitions between Guodian Group (other than the Group) and the Company in terms of the wind power segment and relevant industries will be reduced.

## **INFORMATION OF 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 consultancy, 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.

## **INFORMATION OF GUODIAN SHANXI JIENENG**

Guodian Shanxi Jieneng is a state-owned enterprise established under the laws of the PRC. Guodian Shanxi Jieneng is primarily engaged in construction, operation, maintenance and management of wind farms and clean energy power plants, sale of electricity produced by itself, and research and development of clean-energy power generation technology. Guodian Shanxi Jieneng is a wholly-owned subsidiary of Guodian Group.

## **INFORMATION OF LONGYUAN SHENCHI**

Longyuan Shenchì is a state-owned enterprise established under the laws of the PRC, and primarily engaged in investment, construction and operation of wind farms and survey, design and construction of wind farms. Longyuan Shenchì is a non wholly-owned subsidiary of the Company and held as to 51% equity interests by the Company.

## **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, Guodian is the controlling shareholder of the Company, directly and indirectly holding approximately 58.44% equity interests in the total issued share capital of the Company, and is therefore a Connected Person of the Company. Guodian Shanxi Jieneng is a wholly-owned subsidiary of Guodian Group and is therefore a Connected Person of the Company under Chapter 14A of the Listing Rules. Longyuan Shenchì is a non wholly-owned subsidiary of the Company and held as to 51% equity interests by the Company. Guodian Shanxi Jieneng also holds 52% equity interests in Shanxi Jinke Wind Power and 100% assets of Shenchì Liugou Wind Power Construction Project. According to Chapter 14A of the Listing Rules, the transactions in respect of Guodian Shanxi Jieneng's transfer of 52% equity interests in Shanxi Jinke Wind Power and 100% assets of Shenchì Liugou Wind Power Construction Project held by itself to Longyuan Shenchì constitute connected transactions of the Company.

As the applicable percentage ratios in respect of the transactions contemplated under the Equity Transfer and Assets Transfer Agreements exceed 0.1% but are less than 5%, such transactions are subject to the reporting and announcement requirements but exempt from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, there is no other transaction entered into between the Group and the Guodian Group (other than the Group) within a 12-month period prior to the date of this announcement or other relevant arrangement, which shall, together with the transactions under the Equity Transfer and Assets Transfer Agreements, be regarded as a series of transactions and treated as if they are one transaction under Rule 14A.81 of the Listing Rules.

The Board has resolved and approved the Equity Transfer and Assets Transfer Agreements and the acquisition contemplated thereunder. Mr. Qiao Baoping, Mr. Wang Baole, Mr. Luan Baoxing and Mr. Yang Xiangbin, being the non-executive Directors, are employees of Guodian. Therefore, being the connected Directors, they have abstained from voting on the Equity Transfer and Assets Transfer Agreements at the Board meeting. Save as disclosed above, none of any other Directors of the Company has any material interest in the Equity Transfer and Assets Transfer Agreements and the acquisition contemplated thereunder.

## DEFINITIONS

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

“Assets Transfer” or “assets transfer”	transfer of 100% assets of Shenchì Liugou Wind Power Construction Project by Guodian Shanxi Jieneng
“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 Main Board of 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)”	director(s) of the Company
“Equity Transfer” or “equity transfer”	transfer of 52% equity interests in Shanxi Jinke Wind Power by Guodian Shanxi Jieneng
“Equity Transfer and Assets Transfer Agreements”	the equity transfer and assets transfer agreements entered into between Longyuan Shenchì, a non wholly-owned subsidiary of the Company and Guodian Shanxi Jieneng on 12 October 2016 in respect of the transfer of 52% equity interests in Shanxi Jinke Wind Power and 100% assets of Shenchì Liugou Wind Power Construction Project
“Group”	the Company and its subsidiaries from time to time
“Guodian”	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
“Guodian Group”	the businesses and companies in which China Guodian Corporation and its subsidiaries is interested

“Guodian Shanxi Jieneng” or “Transferor”	Guodian Shanxi Jieneng Co., Ltd. (國電山西潔能有限公司)
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Longyuan Shenchì” or “Transferee”	Guodian Longyuan Shenchì Wind Power Generation Co., Ltd. (國電龍源神池風力發電有限公司)
“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
“Shanxi Jinke Wind Power”	Shanxi Guodian Jinke Wind Power Generation Co., Ltd.* (山西國電金科風力發電有限公司)
“Shenchì Liugou Wind Power Construction Project”	the 49.5MW wind power project of Shenchì Liugou Wind Farm
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of shares of the Company
“Subsidiary”	has the meaning ascribed to it under the Listing Rules
“Valuation Base Date”	31 August 2015
“Zhong Cai Bao Xin (Beijing) Appraisal”	Zhong Cai Bao Xin (Beijing) Assets Appraisal Co., Ltd.* (中財寶信(北京)資產評估有限公司), an independent assets appraisal firm qualified in the PRC
“Zhong Cai Shanxi Valuation Report”	the valuation report issued on 17 January 2016 prepared by Zhong Cai Bao Xin (Beijing) Appraisal in respect of the valuation of the total equity interests of Shanxi Jinke Wind Power as at the Valuation Base Date, based on the income approach

“Zhong Cai Shench  
Valuation Report”

the valuation report issued on 17 January 2016 prepared by Zhong Cai Bao Xin (Beijing) Appraisal in respect of the valuation of the total value of Shench Liugou Wind Power Construction Project as at the Valuation Base Date, based on the income approach

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*

## APPENDIX I

*The following is the text of a report received from the Company's auditor, KPMG, Certified Public Accountants, Hong Kong, for inclusion in this announcement.*



8th Floor  
Prince's Building  
10 Chater Road  
Central  
Hong Kong

12 October 2016

### **REPORT ON THE DISCOUNTED FUTURE CASH FLOWS IN CONNECTION WITH THE BUSINESS VALUATIONS OF THE 52% EQUITY INTERESTS IN SHANXI GUODIAN JINKE WIND POWER GENERATION CO., LTD. AND 100% ASSETS OF SHENCHI LIUGOU WIND POWER CONSTRUCTION PROJECT**

#### **TO THE BOARD OF DIRECTORS OF CHINA LONGYUAN POWER GROUP CORPORATION LIMITED (THE "COMPANY")**

We refer to the discounted future cash flows on which the business valuation dated 17 January 2016 prepared by Zhong Cai Bao Xin (Beijing) Assets Appraisal Co., Ltd.\* (中財寶信(北京)資產評估有限公司) in respect of the appraisal of the fair value of the 52% equity interests in Shanxi Guodian Jinke Wind Power Generation Co., Ltd. as at 31 August 2015 and the business valuation dated 17 January 2016 prepared by Zhong Cai Bao Xin (Beijing) Assets Appraisal Co., Ltd.\* (中財寶信(北京)資產評估有限公司) in respect of the appraisal of the fair value of 100% assets of Shenchì Liugou Wind Power Construction Project as at 31 August 2015 (the "Valuations") are based. The Valuations are prepared based on the discounted future cash flows and are regarded as profit forecasts under paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

#### **Directors' Responsibilities**

The directors of the Company (the "Directors") are responsible for the preparation of the discounted future cash flows in accordance with the bases and assumptions determined by the Directors and as set out in the Valuations. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future cash flows for the Valuations and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.



## **Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Hong Kong Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## **Auditor’s Responsibilities**

Our responsibility is to report, as required by paragraph 14.62(2) of the Listing Rules, on the calculations of the discounted future cash flows used in the Valuations. The discounted future cash flows do not involve the adoption of accounting policies.

## **Basis of opinion**

We conducted our engagement in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the HKICPA. This standard requires that we plan and perform our work to obtain reasonable assurance as to whether, so far as the calculations are concerned, the Directors have properly compiled the discounted future cash flows in accordance with the bases and assumptions adopted by the Directors as set out in the Valuations. We performed procedures on the arithmetical calculations and the compilations of the discounted future cash flows in accordance with the bases and assumptions adopted by the Directors. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

## **Opinion**

In our opinion, so far as the calculations are concerned, the discounted future cash flows have been properly compiled in all material respects in accordance with the bases and assumptions adopted by the Directors as set out in the Valuations.

## **Other matters**

Without qualifying our opinion, we draw to your attention that we are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future cash flows are based and our work does not constitute any valuation of the equity interests in Shanxi Guodian Jinke Wind Power Generation Co., Ltd. and Shenchu Liugou Wind Power Construction Project or an expression of an audit or review opinion on the Valuations.

The discounted future cash flows depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.62(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of, arising out of or in connection with our work.

**KPMG**

Certified Public Accountants

Hong Kong

## **APPENDIX II LETTER FROM THE BOARD OF CHINA LONGYUAN POWER GROUP CORPORATION LIMITED\***

12 October 2016

The Stock Exchange of Hong Kong Limited  
11th Floor, One International Finance Centre  
1 Harbour View Street  
Central, Hong Kong

Dear Sirs or Madams

### **CONNECTED TRANSACTIONS OF CHINA LONGYUAN POWER GROUP CORPORATION LIMITED\* (THE “COMPANY”)**

#### **ACQUISITION OF EQUITY INTERESTS IN SHANXI JINKE WIND POWER AND ACQUISITION OF ASSETS OF SHENCHI LIUGOU WIND POWER CONSTRUCTION PROJECT**

The Board of China Longyuan Power Group Corporation Limited\* confirms that the following estimated values of the equity interests and assets to be acquired, which is based on the income approach, is determined after the due and prudent enquiries of the Board:

According to the Zhong Cai Shanxi Valuation Report issued by Zhong Cai Bao Xin (Beijing) Assets Appraisal Co., Ltd.\* (中財寶信(北京)資產評估有限公司) on 17 January 2016, the market value of the total equity interests of the shareholders of Shanxi Jinke Wind Power as at the Valuation Base Date amounted to RMB20,647,200. If the capital which has been subscribed for but unpaid (being RMB14,850,000) is paid up before 20 June 2016, according to Zhong Cai Shanxi Valuation Report, the market value of all the interests held by the shareholders of Shanxi Jinke Wind Power as at the Base Date will amount to RMB34,526,000.

According to the Zhong Cai Shenchì Valuation Report issued by Zhong Cai Bao Xin (Beijing) Assets Appraisal Co., Ltd.\* (中財寶信(北京)資產評估有限公司) on 17 January 2016, the market value of the Shenchì Liugou Wind Power Construction Project as at the Valuation Base Date amounted to RMB36,157,500.

On behalf of the Board  
**China Longyuan Power Group Corporation Limited\***  
**JiaNansong**  
*Secretary to the Board*

Executive Directors:	Li Enyi and Huang Qun
Non-executive Directors:	Qiao Baoping, Wang Baole, Luan Baoxing and Yang Xiangbin
Independent Non-executive Directors:	Zhang Songyi, Meng Yan and Han Dechang