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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 THE ENTIRE ISSUED SHARE CAPITAL OF THE TARGET COMPANY

ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF THE TARGET COMPANY

The Board is pleased to announce that on 11 November 2016, the Seller, a subsidiary of Guodian Tech, entered into the Sale and Purchase Agreement with the Buyer, pursuant to which the Seller conditionally agreed to sell and the Buyer conditionally agreed to purchase the Sale Shares (the “**Transaction**”). The Target Company will become a subsidiary of the Company following completion of the Sale and Purchase Agreement.

LISTING RULES IMPLICATIONS

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. The Seller is a subsidiary of Guodian and is therefore an associate of Guodian and a connected person of the Company under Chapter 14A of the Listing Rules. According to Chapter 14A of the Listing Rules, the Transaction constitutes connected transactions 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 12 October 2016, the Company entered into equity transfer and assets transfer agreements with Guodian Shanxi Jieneng Co., one of Guodian's subsidiaries, in terms of the purchase of 52% equity interests in Shanxi Guodian Jinke Wind Power Generation Co., Ltd and purchase of 100% assets of Shenchu Liugou Wind Power Construction Project (the "**Jieneng Transaction**"). In the Jieneng Transaction and the Transaction, the counterparties of the Company or its subsidiary are associates of Guodian, and the nature of these transactions is the same. Accordingly, the Transaction and the Jieneng Transaction shall be aggregated.

As the applicable percentage ratio in respect of the Transaction 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 the Transaction.

The Board announces that on 11 November 2016, the Seller, a subsidiary of Guodian Tech, entered into the Sale and Purchase Agreement with the Buyer, pursuant to which the Seller conditionally agreed to sell and the Buyer conditionally agreed to purchase the Sale Shares.

SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are summarized as follows:

Date

11 November 2016

Parties

- (1) the Seller: Guodian United Power Technology Co., Ltd.* (國電聯合動力技術有限公司); and
- (2) the Buyer: the Company

Subject matter of the Purchase

Pursuant to the Sale and Purchase Agreement, the Seller conditionally agreed to sell and the Buyer conditionally agreed to purchase the Sale Shares. The Target Company will become a subsidiary of the Company following completion of the Sale and Purchase Agreement.

Consideration

RMB291,266,400

The Consideration was determined by the Parties with reference to the results of the valuation report prepared with an assets-based approach by an independent third party valuer, with 31 March 2016 as the valuation date. As of 31 March 2016, the book value of the Sale Shares was approximately RMB295,084,400, and the valuation of the Sale Shares was approximately RMB291,266,400.

Upon Completion, the Buyer is entitled to make relevant deductions or request the Seller to make compensations based on the figures set out in such valuation report, if the Buyer can prove that the actual quantity and quality of assets differ from those set out in such valuation report.

The Buyer will satisfy its payment of the Consideration in cash, 30% of which shall be paid within 10 business days of the effective date of the Sale and Purchase Agreement, 60% shall be paid within 10 business days after the effective share transfer of the Sale Shares, and the remaining 10% shall be paid and settled upon both of the Parties completing extension audits and determining the profits or losses during the period and the effective amount of asset compensation and the Seller having made payment to the Buyer.

Completion

Completion will take place after the satisfaction of the Parties' respective obligations under the Sale and Purchase Agreement.

Conditions Precedent

The conditions precedent to Completion are as follows:

- (1) the Sale and Purchase Agreement and the transaction contemplated thereunder having been internally approved by each Party;
- (2) the transaction having been approved by the board of directors of the Buyer and the board of directors and shareholders in general meeting of Guodian Tech, and the transaction having complied with the relevant requirements of the Listing Rules;
- (3) the Sale and Purchase Agreement and the transaction contemplated thereunder having obtained clearance, approval or authorisation from, but not limited to, governmental authorities such as the state-owned assets supervision and administration authority, the business management authority or other relevant authorities (including the regulatory authorities in the listing country of the Buyer and the shareholders of the Seller); and

- (4) any necessary third party approval in relation to the Sale and Purchase Agreement and the transaction contemplated thereunder having been obtained.

REASONS FOR AND BENEFITS OF THE ACQUISITION

After the Acquisition, the Target Company will be reformed to a wind power training base for the Company's cultivating of high-skilled wind power talents. Also, a technology research and development base of wind power will be established to provide renewal and upgrading services for the Company's wind power technology, thus enhancing the operating level and efficiency of the Company's wind power projects. The terms of the Sale and Purchase Agreement was negotiated on an arm's length basis between the Seller and the Buyer. The Directors, including the independent non-executive Directors, consider that the Sale and Purchase Agreement is entered into on normal commercial terms, fair and reasonable and is in the interests of the Company and the Shareholders as a whole even though it was not conducted in the ordinary and usual course of business of the Group.

INFORMATION ON THE PARTIES

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 the Seller

The Seller was established in 2007 as a limited company in the PRC, which is currently 70% owned by Guodian Tech and 30% by the Company. The Seller is principally engaged in designing, developing, manufacturing and selling wind turbine generators. It is a subsidiary of Guodian Tech and Guodian.

Information on the Target Company

The Target Company is a limited company established in the PRC and a wholly-owned subsidiary of the Seller. It is mainly engaged in research and development, design and manufacture of wind turbine generators.

Set out below are the net losses (both before and after taxation) of the Target Company, extracted from the audited financial statements of the Target Company for the years ended 31 December 2015 and 2014, respectively, which were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC:

	For the year ended 31 December 2015 RMB	For the year ended 31 December 2014 RMB
Net loss of the Target Company before taxation	48,806,000	53,192,000
Net loss of the Target Company after taxation	48,806,000	53,192,000

Upon Completion of the Acquisition, the Target Company will become a wholly owned subsidiary of the Company, and cease to be a subsidiary of Guodian Tech.

LISTING RULES IMPLICATIONS

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. The Seller is a subsidiary of Guodian and is therefore an associate of Guodian and a connected person of the Company under Chapter 14A of the Listing Rules. According to Chapter 14A of the Listing Rules, the Transaction constitutes connected transactions 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 12 October 2016, the Company entered into equity transfer and assets transfer agreements with Guodian Shanxi Jieneng Co., one of Guodian's subsidiaries, in terms of the purchase of 52% equity interests in Shanxi Guodian Jinke Wind Power Generation Co., Ltd and purchase of 100% assets of Shenchu Liugou Wind Power Construction Project. In the Jieneng Transaction and the Transaction, the counterparties of the Company or its subsidiary are associates of Guodian, and the nature of these transactions is the same. Accordingly, the Transaction and the Jieneng Transaction shall be aggregated.

As the applicable percentage ratio in respect of the Transaction 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 the Transaction.

The Board has resolved and approved the Sale and Purchase Agreement 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 Sale and Purchase Agreement and the Acquisition at the Board meeting. Save as disclosed above, none of any other Directors of the Company has any material interest in the Sale and Purchase Agreement and the Acquisition contemplated thereunder.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares by the buyer pursuant to the Sale and Purchase Agreement
“associate”	has the meaning ascribed to it under the Listing Rules
“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
“Completion”	completion of the transactions contemplated under the Sale and Purchase Agreement
“connected person”	has the meaning ascribed to it under the Listing Rules
“connected transaction”	has the meaning ascribed to it under the Listing Rules
“consideration”	the consideration to be paid by the Buyer to the Seller in respect of the Sale Shares pursuant to the Sale and Purchase Agreement

“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“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 Guodian and its subsidiaries is interested
“Guodian Tech”	Guodian Technology & Environment Group Corporation Limited* (國電科技環保集團股份有限公司), a subsidiary of Guodian
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“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
“Sale and Purchase Agreement”	the sale and purchase agreement entered into by the Seller and the Buyer on 11 November 2016 in relation to the Acquisition
“Sale Shares”	the entire issued share capital of the Target Company as held by the Seller
“Seller”	Guodian United Power Technology Co., Ltd.* (國電聯合動力技術有限公司), a subsidiary of Guodian Tech
“subsidiary”	has the meaning ascribed to it under the Listing Rules

“Target Company”

Guodian United Power Technology (Changchun) Co., Ltd.* (國電聯合動力技術(長春)有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of the Seller

“%”

per cent

By order of the Board

China Longyuan Power Group Corporation Limited*
Li Enyi

Beijing, PRC, 11 November 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