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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**

### **THE EXTENSION OF PROVISION OF LOAN TO A CONNECTED PERSON**

Hero Asia, a wholly-owned subsidiary of the Company, and Guodian Financial Leasing entered into the Original Loan Agreement on 12 August 2014, pursuant to which, Hero Asia provided a shareholder loan amounting to RMB2 billion to Guodian Financial Leasing for a term of one year.

On 21 May 2015, Hero Asia and Guodian Financial Leasing entered into the Loan Extension Agreement, pursuant to which, the Original Loan Agreement has been extended for a term from 21 May 2015 to 21 May 2017.

As at the date of this announcement, Guodian Group directly and indirectly holds approximately 58.44% of the issued share capital of the Company and is the Controlling Shareholder under the Listing Rules, thus it is a Connected Person of the Company. Guodian Capital is a wholly-owned subsidiary of Guodian Group, and since Guodian Capital holds 51% equity interest in Guodian Financial Leasing, Guodian Financial Leasing constitutes an associate of Guodian Group, and is therefore a Connected Person of the Company. Accordingly, the extension of the provision of a shareholder loan by Hero Asia to Guodian Financial Leasing constitutes a connected transaction of the Company.

As the highest applicable percentage ratio is more than 0.1% but less than 5%, the provision of loan to Guodian Financial Leasing 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.

## **Loan Extension Agreement**

Hero Asia and Guodian Financial Leasing entered into the Loan Extension Agreement on 21 May 2015, pursuant to which, the Original Loan Agreement has been extended for a term from 21 May 2015 to 21 May 2017.

Principal terms of the Loan Extension Agreement are as follows:

Signing date:	21 May 2015
Parties:	Hero Asia, as the lender  Guodian Financial Leasing, as the borrower
Amount:	RMB2 billion
Term:	From 21 May 2015 to 21 May 2017
Interest rate:	4% per annum
Use of loan:	Includes but not limited to, repayment of the undue bank loans, fixed asset investment, development of sale and leaseback business, purchases of equipment and construction of plants (among which, financial leasing related business is limited to develop within the internal units of China Guodian Corporation)
Loan repayment method:	One-off repayment of principal of RMB2 billion when due. The lender has the right to request an early repayment of all or part of the loan by the borrower at any time.

## **REASONS FOR AND BENEFITS OF PROVISION OF LOAN**

The terms of the Loan Extension Agreement, including the applicable interest rate, were agreed by the parties after arm's length negotiations having taken into account the prevailing market interest rates and practices. The Directors consider that not only can the Company share the shareholders' profit of Guodian Financial Leasing through Hero Asia, but can also earn differences between domestic and overseas interests by way of shareholder loan.

In view of the above, the Directors (including independent non-executive Directors) are of the opinion that the terms of the Loan Extension Agreement mentioned above are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Company's non-executive Directors, Mr. Qiao Baoping, Mr. Wang Baole, Mr. Shao Guoyong and Mr. Chen Jingdong who hold senior management positions in Guodian Group are considered to be connected Directors. They have abstained from voting. Save as disclosed above, none of the Directors of the Company hold any material interest in the provision of loan.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Guodian Group directly and indirectly held approximately 58.44% of the issued share capital of the Company and was the Controlling Shareholder under the Listing Rules, thus it is a Connected Person of the Company. Guodian Capital is a wholly-owned subsidiary of Guodian Group, and since Guodian Capital holds 51% equity interest in Guodian Financial Leasing, Guodian Financial Leasing constitutes an associate of Guodian Group, and is therefore a Connected Person of the Company. Accordingly, the provision of a shareholder loan by Hero Asia, a wholly-owned subsidiary of the Company, to Guodian Financial Leasing constitutes a connected transaction of the Company.

As the highest applicable percentage ratio is more than 0.1% but less than 5%, the provision of loan 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.

## **GENERAL INFORMATION**

### **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 consulting, repair and maintenance, training and other professional services to wind farms, as well as manufacturing and selling power equipment used in the power grids, wind farms and coal power plants.

## **Information on Hero Asia**

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

## **Information on Guodian Financial Leasing**

Guodian Financial Leasing is a Sino-foreign joint venture established by Hero Asia and Guodian Capital in the PRC in March 2014. Guodian Financial Leasing is mainly engaged in businesses of leasing, financial leasing, acquisition of domestic and overseas leasehold properties, disposal and maintenance of the residual value of leasehold properties as well as provision of consultation and guarantee in respect of leasing transactions.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms shall have the meanings set out below:

“Company”	means	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 PRC, the H shares of which are listed on The Stock Exchange of Hong Kong Limited
“Connected Person”	means	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder”	means	has the meaning ascribed to it under the Listing Rules
“Director(s)”	means	the director(s) of the Company
“Group”	means	the Company and its subsidiaries from time to time

“Guodian Capital”	means	中國國電資本控股有限公司 (China Guodian Capital Holdings Ltd.), a limited company established in the PRC and a wholly-owned subsidiary of Guodian Group
“Guodian Financial Leasing”	means	國電融資租賃有限公司 (China Guodian Financial Leasing Company Ltd.), a Sino-foreign joint venture established in the PRC and held by Hero Asia and Guodian Capital as to 49% and 51% of its equity interest, respectively
“Guodian Group”	means	中國國電集團公司 (China Guodian Corporation), a state-owned enterprise established in the PRC and the Controlling Shareholder of the Company
“Loan Extension Agreement”	means	On 21 May 2015, Hero Asia and Guodian Financial Leasing entered into a loan extension agreement, pursuant to which, the Original Loan Agreement has been extended for a term from 21 May 2015 to 21 May 2017
“Original Loan Agreement”	means	On 12 August 2014, Hero Asia, a wholly-owned subsidiary of the Company, and Guodian Financial Leasing entered into a loan agreement
“Listing Rules”	means	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hero Asia”	means	雄亞 (維爾京) 有限公司 (Hero Asia (BVI) Company Limited), a company established in British Virgin Islands and a wholly-owned subsidiary of the Company

By Order of the Board  
**China Longyuan Power Group Corporation Limited\***  
**Li Enyi**  
*Executive Director and General Manager*

Beijing, the PRC, 21 May 2015

*As at the date of this announcement, the non-executive Directors of the Company are Mr. Qiao Baoping, Mr. Wang Baole, Mr. Shao Guoyong and Mr. Chen Jingdong; 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*