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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)

ANNOUNCEMENT ON THE ACHIEVEMENT OF PERFORMANCE COMMITMENT AND PERFORMANCE COMPENSATION SCHEME FOR THE YEAR 2024

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 board of directors of the Company (the “**Board**”) hereby announces that the Resolution on the Achievement of Performance Commitment and Performance Compensation Scheme for the Year 2024 was considered and approved at the meeting of the Board held on 28 March 2025.

I. THE TRANSACTION AND ITS PERFORMANCE COMMITMENT

(1) Overview of the Transaction

The Company considered and approved “the Resolution on absorption and merger of Inner Mongolia Pingzhuang Energy Co., Ltd. through Share Swap by the issuance of A Shares of the Company and disposal of material assets and purchase of assets through cash payment of China Longyuan Power Group Corporation Limited and proposal of related party transactions” (collectively referred to as 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 effectively 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 Guodian Shanxi Jieneng 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 5 January 2022 and on 5 January 2022, the Company has effectively 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 effectively 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 effectively acquired control of the merged party and therefore the date of merger was determined to be 6 January 2022.

(2) Content of 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, 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 valuation adjustment 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 CHN Energy Tianjin Power Co., Ltd..

II. ACHIEVEMENT OF PERFORMANCE COMMITMENT

(I) Explanation of the terms of the 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.

(II) Explanation of the achievement of performance commitment

The achievement of performance commitment for 2024 is as follows:

Unit: RMB'0,000

No.	Counterparty	Committed Net Profit for 2024	Net Profit Attributable to Shareholders of the Parent Company after Deduction of Non-recurring Profit or Loss (Audited)	Achievement Rate (%)
1	Liaoning Electric Power	8,894.29	8,994.30	101.12
2	Shaanxi Electric Power	11,429.55	11,673.72	102.14
3	Guangxi Electric Power	23,401.92	23,519.67	100.50
4	Yunnan Electric Power	10,658.67	10,302.64	96.66
5	Gansu Electric Power	4,743.56	3,877.90	81.75
6	North China Electric Power	13,971.47	11,225.45	80.35

In 2024, Guangxi Electric Power, Liaoning Electric Power and Liaoning 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.

(III) Explanation of the compensation of performance commitment

The 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 <i>(Audited)</i>	Achievement Rate <i>(%)</i>
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

Note: In 2022, Guangxi Electric Power failed to achieve its performance commitment due to unit maintenance and a decline in utilization hours, and the compensation amount payable was RMB55.5092 million, which was paid to the Company on 8 May 2023. The performance commitment was achieved in 2023 and 2024.

According to the calculation regarding the compensation amount and the implementation method as stipulated in the Performance Compensation Agreement, the compensation amount payable of Yunnan Electric Power, Gansu Electric Power and North China Electric Power in 2024 is measured as follows:

1. Yunnan Electric Power: The performance commitment in 2022 and 2023 was achieved and the compensation amount payable in 2024 is:

Compensation amount in 2024 = (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) ÷ cumulative committed net profit during the performance commitment period of the Target Company × transaction consideration of the Target Company – cumulative compensated amount = (39,378.92 – 39,589.16) ÷ 39,378.92 × 75,200.00 – 0 = -401.49 (in RMB ten thousand)

It is estimated that, as of the end of 2024, Yunnan Electric Power's cumulative actual net profit from 2022 to 2024 was higher than the cumulative committed net profit and no compensation amount is payable.

2. Gansu Electric Power: The performance commitment in 2022 and 2023 was achieved and the compensation amount payable in 2024 is:

Compensation amount in 2024 = (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) ÷ cumulative committed net profit during the performance commitment period of the Target Company × transaction consideration of the Target Company – cumulative compensated amount = (11,612.05 – 18,248.95) ÷ 11,612.05 × 44,200.00 – 0 = -25,262.63 (in RMB ten thousand)

It is estimated that, as of the end of 2024, Gansu Electric Power's cumulative actual net profit from 2022 to 2024 was higher than the cumulative committed net profit and no compensation amount is payable.

3. North China Electric Power: The performance commitment was not achieved in 2022 and 2024 due to factors such as the difference between the income and forecast from new energy subsidies. The compensation amount payable in 2022 was RMB53,201.3 million, which was paid to the Company on 8 May 2023; and the performance commitment in 2023 was achieved.

Compensation amount in 2024 = (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) ÷ cumulative committed net profit during the performance commitment period of the Target Company × transaction consideration of the Target Company – cumulative compensated amount = (41,651.01 – 38,618.27) ÷ 41,651.01 × (198,400.00 – 2,959.58) – 5,320.13 = 14,230.63 – 5,320.13 = 8,910.50 (in RMB ten thousand)

It is estimated that, as of the end of 2024, the North China Electric Power's cumulative amount of compensation payable from 2022 to 2024 was RMB142,306,300, and after deducting the compensation amount paid of RMB53,201,300, a supplemental compensation payment of RMB89,105,000 is still required.

For details of the fulfillment of the above performance commitments from 2022 to 2023, please refer to the announcements of the Company dated 29 March 2023, 10 May 2023 and 27 March 2024.

III. PERFORMANCE COMPENSATION SCHEME

Based on the above calculation results, North China Electric Power is required to pay an additional compensation of RMB89.105 million for 2024.

The Company shall determine the amount of compensation payable for the current period within 30 days after the issuance of the special audit report during the Performance Commitment Period and notify North China Electric Power in writing. North China Electric Power shall remit the amount of compensation payable for the current period in cash to the bank account designated by the Company within 30 days after the date of receipt of the notification from the Company.

As at the date of this announcement, the accounting firm has issued the special audit report.

IV. DELIBERATIONS AT THE SPECIAL MEETING OF THE INDEPENDENT DIRECTORS

On 21 March 2025, the Company convened the first special meeting of independent directors of the fifth Session of the Board for the year 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 annual special audit report for 2022 issued by Da Hua Certified Public Accountants LLP and the annual special audit reports for 2023 and 2024 issued by Zhongshen Zhonghuan Certified Public Accountants (Special General Partnership) (“**Zhongshen Zhonghuan**”), the meeting recognized the fulfillment of the 2022-2024 cumulative performance commitments of the Target Company and considered that North China Electric Power is still required to pay an additional compensation of RMB89.105 million, which was determined in line with the Performance Compensation Agreements, and that the fulfillment of North China Electric Power’s compensation obligations in accordance with its commitments is in the interests of the Company and all shareholders, and the procedures proposed by the Company are legal and effective. It was agreed to submit the resolution to the Board for consideration.

V. REVIEW OPINIONS FROM THE SPONSORS

The sponsors verified the achievement of performance commitment by reviewing the special audit report issued by the accountant and the documents of the performance compensation agreement signed between the listed company and the counterparty.

After review, the sponsors, CITIC Securities Company Limited and China International Capital Corporation Limited, believe that:

The target companies, Liaoning Electric Power and Shaanxi Electric Power, involved in the cash purchase portion of such transaction achieved their performance commitments in 2024. The cumulative actual net profit from 2022 to 2024 were higher than the cumulative committed net profit, and their relevant performance commitments were achieved.

Guangxi Electric Power failed to achieve its performance commitment in 2022, and the compensation amount payable was RMB55.5092 million, which was paid to the Company on 8 May 2023. The performance commitment was achieved in 2023 and 2024.

Yunan Electric Power achieved its performance commitment in 2022 and 2023, while it failed to achieve its performance commitment in 2024. As its cumulative actual net profit from 2022 to 2024 was higher than the cumulative committed net profit, no compensation amount is payable in 2024.

Gansu Electric Power achieved its performance commitment in 2022 and 2023, while it failed to achieve its performance commitment in 2024. As its cumulative actual net profit from 2022 to 2024 was higher than the cumulative committed net profit, no compensation amount is payable in 2024.

North China Electric Power achieved its performance commitment in 2023, while it failed to achieve its performance commitment in 2022 and 2024. In particular, the compensation amount payable in 2022 was RMB53.2013 million, which was paid to the Company on 8 May 2023; and a supplemental compensation payment of RMB89.105 million is still required in 2024.

The sponsors will pay close attention to the progress of the relevant compensation matters, urge the listed company and the performance commitment party to fulfill the performance compensation commitments in such transaction in accordance with relevant regulations and procedures, and effectively protect the interests of small and medium investors.

Further announcement(s) will be made by the Company in relation to the progress of the compensation as and when appropriate.

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

Beijing, the PRC, 28 March 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*