
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **China Datang Corporation Renewable Power Co., Limited***, you should at once hand this circular and the accompanying revised form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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中国大唐集团新能源股份有限公司

China Datang Corporation Renewable Power Co., Limited*

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 01798)

**CONTINUING CONNECTED TRANSACTION – RENEWAL OF
DATANG MASTER AGREEMENT
DISCLOSEABLE TRANSACTION AND
CONTINUING CONNECTED TRANSACTION – RENEWAL OF
FACTORING BUSINESS COOPERATION AGREEMENT
PROPOSED APPOINTMENT OF NON-EXECUTIVE DIRECTORS
AND
REVISED NOTICE OF THE SECOND EXTRAORDINARY GENERAL MEETING
IN 2021**

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



Gram Capital Limited
嘉林資本有限公司

A letter from the Board is set out on pages 1 to 28 of this circular. A letter from the Independent Board Committee, containing its advice to the Independent Shareholders, is set out on pages 29 to 30 of this circular. A letter from Gram Capital, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 31 to 52 of this circular.

The Company will convene the EGM at 10:00 a.m. on Wednesday, 29 December 2021 at Building 1, No. 1 Caishikou Street, Xicheng District, Beijing, the PRC. Revised notice of the EGM is set out on pages 58 to 60 of this circular.

If you intend to appoint a proxy to attend the EGM, you are required to complete and return the accompanying revised form of proxy in accordance with the instructions printed thereon. For holders of H Shares, the revised form of proxy should be returned to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited and for holders of Domestic Shares, the revised form of proxy should be returned to the Company's head office in the PRC, provided that the registered Shareholders and HKSCC Nominees Limited receiving the voting instructions from non-registered Shareholders shall return the completed revised form of proxy in person or by post by not less than 24 hours before the time fixed for holding the EGM or any adjourned meeting thereof. Completion and return of the revised form of proxy will not preclude you from attending and voting in person at the EGM or at any other adjourned meeting should you so wish.

13 December 2021

* For identification purpose only

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DEFINITIONS

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

“Agreed Product(s)”	pursuant to the Datang Master Agreement, the mutual provision of the Group and CDC Group on products, including spare parts, accessories, equipment, transportation (including automobiles and cargo vehicles), water, electricity, gas, thermal energy, raw materials, fuel, minerals and power, etc.
“Agreed Service(s)”	pursuant to the Datang Master Agreement, the mutual provision of the Group and CDC Group on services, including design consulting service, operation maintenance service, technical service, construction service, operation and management service, clean development mechanism consulting service, carbon transaction service, green certificate transaction service, tendering and bidding service, material management service, insurance underwriting and other financial service, entrusted agency service, sharing service, logistics service, other non-commercial labour services, communication service, property service and other relevant or similar services, etc.
“Articles of Association”	the articles of association of the Company (as amended, supplemented or otherwise modified from time to time)
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“CDC”	China Datang Corporation Ltd.* (中國大唐集團有限公司), a state-owned enterprise established in the PRC, and its ultimate beneficial owner is the State-owned Assets Supervision and Administration Commission of the State Council of China, and a controlling shareholder of the Company

DEFINITIONS

“CDC Group”	CDC and its associates, excluding the Group
“China” or “PRC”	the People’s Republic of China, excluding Hong Kong, the Macao Special Administrative Region and Taiwan for the purpose of this circular
“Company”	China Datang Corporation Renewable Power Co., Limited* (中國大唐集團新能源股份有限公司), a joint stock limited company incorporated in the PRC and its H Shares are listed on the Stock Exchange (stock code: 01798)
“connected director(s)”	any director who is considered to have a material interest in the Datang Master Agreement and/or Factoring Business Cooperation Agreement pursuant to Rules 2.15 and 2.16 of the Listing Rules
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“continuing connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Datang Factoring Company”	Datang Commercial Factoring Company Limited* (大唐商業保理有限公司), a company incorporated in the PRC with limited liability and an indirectly wholly-owned subsidiary of CDC
“Datang Jilin”	Datang Jilin Power Generation Company Limited* (大唐吉林發電有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of CDC and also a controlling shareholder of our Group just like CDC, and one of the promoters of the Company
“Datang Master Agreement”	the framework agreement of comprehensive products and services entered into between the Company and CDC on 7 December 2021
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	the ordinary share(s) with a nominal value of RMB1.00 each in the share capital of the Company which are subscribed for and credited as fully paid in RMB by PRC citizens and/or PRC incorporated entities

* For identification purpose only

DEFINITIONS

“EGM”	the second extraordinary general meeting in 2021 to be held by the Company at Building 1, No. 1 Caishikou Street, Xicheng District, Beijing, the PRC at 10:00 a.m. on Wednesday, 29 December 2021
“Factoring Business Cooperation Agreement”	the factoring business cooperation agreement entered into between the Company and Datang Factoring Company on 7 December 2021
“Group”	the Company and its subsidiaries
“H Share(s)”	the overseas listed foreign share(s) in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, listed on the Stock Exchange (stock code: 01798)
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company, comprising Mr. Liu Chaoan, Mr. Lo Mun Lam, Raymond and Mr. Yu Shunkun, all being independent non-executive Directors, which has been formed to advise the Independent Shareholders in respect of the Procurement Transactions contemplated under the Datang Master Agreement and its proposed annual caps and the transactions contemplated under the Factoring Business Cooperation Agreement and its proposed annual caps
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, and being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Procurement Transactions contemplated under the Datang Master Agreement and its proposed annual caps and the transactions contemplated under the Factoring Business Cooperation Agreement and its proposed annual caps
“Independent Shareholders”	the Shareholders who are not required to abstain from voting at the EGM or any adjourned meeting thereof for the relevant resolution in respect of the Procurement Transactions contemplated under the Datang Master Agreement and its proposed annual caps and the transactions contemplated under the Factoring Business Cooperation Agreement and its proposed annual caps

DEFINITIONS

“Latest Practicable Date”	10 December 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Procurement Transaction(s)”	the transactions in relation to the procurement of the Agreed Products and Agreed Services from CDC Group under the Datang Master Agreement
“Provision Transaction(s)”	the transactions in relation to the provision of the Agreed Products and Agreed Services to CDC Group under the Datang Master Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, comprising the Domestic Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of Share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed to it under the Listing Rules
“%”	per cent

LETTER FROM THE BOARD



中国大唐集团新能源股份有限公司

China Datang Corporation Renewable Power Co., Limited*

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 01798)

Executive Directors:

Mr. Liu Guangming (*Chairman*)

Mr. Meng Lingbin

Non-executive Directors:

Mr. Liu Jianlong

Mr. Li Yi

Mr. Kuang Lelin

Independent Non-executive Directors:

Mr. Liu Chaoan

Mr. Lo Mun Lam, Raymond

Mr. Yu Shunkun

Registered office in the PRC:

Room 6197, 6/F, Building 4

Courtyard 49, Badachu Road

Shijingshan District

Beijing

PRC

Head office in the PRC:

8/F, Building 1

No. 1 Caishikou Street

Xicheng District

Beijing

PRC

Principal place of business in Hong Kong:

40/F, Dah Sing Financial Centre

No. 248 Queen's Road East

Wanchai

Hong Kong

13 December 2021

To the Shareholders:

**CONTINUING CONNECTED TRANSACTION – RENEWAL OF
DATANG MASTER AGREEMENT
DISCLOSEABLE TRANSACTION AND
CONTINUING CONNECTED TRANSACTION – RENEWAL OF
FACTORING BUSINESS COOPERATION AGREEMENT
PROPOSED APPOINTMENT OF NON-EXECUTIVE DIRECTORS**

INTRODUCTION

The purpose of this circular is to provide you with further information on the following resolutions, so as to enable you to make informed decisions on whether to vote for or against the resolutions on relevant matters at the EGM.

* For identification purpose only

LETTER FROM THE BOARD

1. To consider and approve the resolution in relation to the Procurement Transactions contemplated under the Datang Master Agreement and the proposed annual caps for the three years ending 31 December 2024;
2. To consider and approve the resolution in relation to the transactions contemplated under the Factoring Business Cooperation Agreement and its proposed annual caps for the three years ending 31 December 2024;
3. To consider and approve the resolution in relation to the proposed appointment of Mr. Wang Qiying as a non-executive Director of the Company; and
4. To consider and approve the resolution in relation to the proposed appointment of Mr. Yu Fengwu as a non-executive Director of the Company.

1. CONTINUING CONNECTED TRANSACTION – RENEWAL OF DATANG MASTER AGREEMENT

Reference is made to the announcement dated 7 December 2021 of the Company in relation to, among other things, the renewal of the Datang Master Agreement between the Company and CDC. The below set out the information for your perusal when considering the resolution in relation to the Procurement Transactions contemplated under the Datang Master Agreement and its proposed annual caps for the three years ending 31 December 2024.

(1) Datang Master Agreement

Further references are made to the announcement dated 23 August 2018 and the circular dated 21 September 2018 of the Company in relation to, among other things, the entering into of the 2018 Framework Agreement of Comprehensive Products and Services (“**2018 Datang Master Agreement**”) between the Company and CDC. As the agreement and annual caps of such continuing connected transactions will expire on 31 December 2021, the Company and CDC renewed the Datang Master Agreement on 7 December 2021. The major terms of the 2018 Datang Master Agreement are as follows:

Date 7 December 2021

Parties

(i) the Company

(ii) CDC

Relevant subsidiaries or associates of both parties will enter into individual contracts which shall set out the specific scope of services and/or products, terms and conditions of providing such services and/or products according to the principles laid down by the Datang Master Agreement.

LETTER FROM THE BOARD

Term of the agreement	<p>From 1 January 2022 to 31 December 2024</p> <p>Either party may terminate the agreement upon giving the other party not less than three-month written notice.</p>
Nature of transaction	<p>The Group and CDC Group mutually provide the counterparty with the Agreed Products and Agreed Services. In particular:</p> <p>The products provided by CDC Group to the Group mainly include equipment, accessories, spare parts, etc.; the services provided by CDC Group to the Group mainly include design consulting service, operation maintenance service, technical service, construction service, operation and management service, clean development mechanism consulting service, carbon transaction service, green certificate transaction service, tendering and bidding service, material management service, insurance underwriting and other financial service, entrusted agency service, logistics service, property service, etc.; the services provided by the Group to CDC Group mainly include inspection and acceptance service, maintenance and testing service, oil testing service and training service.</p>
Priority right	<p>If the terms and conditions of similar products and services offered by one of the parties are no less favourable than those offered by an independent third party, the counterparty shall give such party the priority in sourcing of the requisite products and services.</p>
Conditions precedent	<p>The Datang Master Agreement shall become effective upon the Independent Shareholders' approval of the Procurement Transactions and its proposed annual caps.</p>

(2) Pricing Policy

The pricing of the Agreed Products under the Procurement Transactions will be determined based on the following mechanism:

- (i) government authorities (such as the National Development and Reform Commission) may from time to time publish prescribed prices or guidance prices on the Agreed Products, where such prescribed price or guidance price is available, such price

LETTER FROM THE BOARD

will be adopted for the Agreed Products. Such prices will be published on the websites of the Department of Price under the National Development and Reform Commission, the price bureaus of local governments and relevant competent price authorities (e.g. beijingprice at <http://www.beijingprice.cn/>) from time to time in accordance with the Pricing Catalogues of the Central Government (<https://www.ndrc.gov.cn/xxgk/zcfb/fzggwl/202003/P020200316606029544738.pdf>).

- (ii) where a government-prescribed price or guidance price is not available, a market price as determined through a public tendering procedure will be adopted. The public tendering procedure adopted shall strictly comply with the Tender and Bidding Law of the People's Republic of China, which shall govern the procurement of all Agreed Products. According to the Regulation on the Implementation of the Tender and Bidding Law of the People's Republic of China, failure to comply with such law shall lead to a maximum penalty of RMB100,000.

In accordance with the Administrative Measures on Tendering Procedures of China Datang Corporation Renewable Power Co., Limited (《中國大唐集團新能源股份有限公司招標管理辦法》), the Company has prepared complete public tendering procedures. Details of public tendering procedures are as follows:

1. Tender preparation stage: the Group or its entrusted parties will prepare the tendering documents in accordance with the public tendering procedures. In accordance with the PRC laws and regulations and the administrative measures on tendering procedures of the Company, the tendering documents will be published on the China bidding and tendering website (www.chinabidding.cn) and other platforms for 20 days;
2. Bid opening stage: The Group or its entrusted parties will ensure that at least three qualified bidders will participate in the bid. In case relevant requirements on qualification and quantity, etc. are not satisfied, the bid will fail and the bidding procedure will end. The Group or its entrusted parties will otherwise prepare bidding documents to reconduct tender in accordance with the aforementioned procedures;
3. Bid evaluation stage: In the bid evaluation stage, the Group or its entrusted parties will select more than five experts who don't have any conflict of interest in relevant transactions from the expert bank at random. These experts will form a bid evaluation team to assess and score the bidders based on a number of factors, including their technical experience, professional qualification, historical transaction records, quality of service, project management capability and tendering price; and

LETTER FROM THE BOARD

4. Results approval and publicity stage: The bid evaluation team will grade the bidders in accordance with the scoring standards and bid evaluation measures and prepare a bid evaluation report. The candidate for bid winner will be recommended based on the descending order of overall score and be submitted to the Group or its entrusted parties for approval. After the pre-approval by the Group, the bidder ranking the first will be publicised on China bidding and tendering website (www.chinabidding.cn) and other platforms for three working days. In case of no objections, such bidder will be selected as the bid winner by the Group.
- (iii) Where a prescribed price or guidance price published by the government authorities in relation to the Agreed Products is not available and there is insufficient number of qualified suppliers participating in bidding, a market price determined through price inquiry procedures will be adopted for the Agreed Products. A market price shall be determined based on the quotations and details thereof obtained through the following price inquiry procedures:
1. Preparation stage: The Group or its entrusted parties will prepare the price inquiry documents;
 2. Inquiry stage: The Group or its entrusted parties will issues inquiry invitation documents to at least three suppliers, no less than two of which shall be third parties independent from the Company and its connected persons;
 3. Price comparison stage: After the suppliers provide their quotation documents, the Group or its entrusted parties will select at least three persons who don't have any conflict of interest in relevant transactions. They will form a price comparison team to assess and score the suppliers based on a number of factors, including the technical experience, professional qualification, historical transaction records and quality of service of the suppliers; and
 4. Results approval stage: The price comparison team will prepare an inquiry result report in accordance with the scores. The candidates will be recommended based on the descending order of overall scores and be submitted to the Group or its entrusted parties for approval.

LETTER FROM THE BOARD

- (iv) Where a prescribed price or guidance price published by the government authorities in relation to the Agreed Products is not available and there is insufficient number of qualified suppliers participating in bidding, and also no relevant market price is available, such prices shall be determined by the parties after arm's length negotiation, provided that the terms and prices shall be no less favourable than those available to the Group from independent third parties for the same or similar products in the PRC (if applicable).

Under the above pricing mechanism, the specific pricing policies for the Agreed Products under the Procurement Transactions are set out below:

1. market price as determined through public tendering procedures will be adopted for equipment, accessories and spare parts.
2. market price as determined through price inquiry procedures will be adopted for transportation, heat, raw materials, fuels, minerals, power, etc. (if any); in the absence of such market price, it shall be determined through arm's length negotiations between the relevant parties.
3. water, electricity and gas will be determined through arm's length negotiations between the relevant parties on the basis of actual costs reflecting market prices in accordance with requirements of government regulations.

The pricing of the Agreed Services under the Procurement Transactions will be determined based on the following mechanism:

- (i) The Agreed Services will adopt the market price as determined by public tendering or invitational tendering procedures. Tendering procedures shall be in strict compliance with the Tender and Bidding Law of the People's Republic of China, which shall govern the procurement of all Agreed Services. According to the Regulation on the Implementation of the Tender and Bidding Law of the People's Republic of China, failure to comply with such law shall lead to a maximum penalty of RMB100,000.

Please refer to the public tendering procedures disclosed in the Agreed Products section above for public tendering procedures for the Agreed Services.

According to the Administrative Measures on Tendering Procedures of China Datang Corporation Renewable Power Co., Limited, the invitational tendering procedures for the Agreed Services mainly involve three stages:

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1. The Group or its entrusted parties will issue invitation letters for tender to no less than three enterprises including CDC Group, the provider of the Agreed Services;
 2. A tender committee comprising members from business departments of the Group such as the investment and development department, finance department, legal risk control department and production safety department will be established to make an assessment of the terms offered by bidders, so as to ensure the tendering procedure and the pricing are reasonable and to select the optimal plan; and
 3. A summarized report on the results of the tender will be submitted to the senior management of the Group for approval, after which the Group will sign a contract with the successful bidder. In the event that the Group noticed that the terms offered by CDC Group were less favourable than those offered by other independent third parties, the Group or its entrusted parties shall be entitled to negotiate with CDC Group on an arm's length basis and CDC Group also agreed that it shall make adjustments to relevant terms accordingly, so as to ensure that the Datang Master Agreement is implemented on terms no less favourable than those available to the Group from any other independent third parties.
- (ii) Where there is insufficient number of qualified suppliers participating in bidding, a market price determined through price inquiry procedures will be adopted for the Agreed Services. A market price shall be determined based on the quotations and details thereof obtained through the price inquiry procedures. For price inquiry procedures for the Agreed Services, please refer to the price inquiry procedures disclosed in the above section in relation to the Agreed Products.
- (iii) Where there is insufficient number of qualified suppliers participating in bidding and no relevant market price is available, such prices shall be determined by the parties after arm's length negotiation, but, if applicable, the terms and prices shall be no less favourable than those available to the Group from independent third parties for the same or similar services in the PRC.

Under the above pricing mechanism, the specific pricing policies for the Agreed Services under the Procurement Transactions are set out below:

1. for design consulting service, operation maintenance service, technical service, construction service, operation and management service, insurance underwriting and other financial service, sharing service, logistics service, communication service, property service, etc., the market price as determined by public tendering, invitational tendering procedures or price inquiry procedures will be adopted.

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2. for clean development mechanism consulting service, carbon transaction service, green certificate transaction service, tendering and bidding service, material management service, entrusted agency service, other non-commercial labour services, etc. (if any), the market price as determined through price inquiry procedures will be adopted; in the absence of such market price, it shall be determined through arm's length negotiations between the relevant parties.

(3) *Historical Amounts*

The table below sets out the annual caps for the three years ending 31 December 2021:

Unit: RMB in millions

	Annual cap for the year ended/ending		
	31 December		
	2019	2020	2021
Provision Transactions	60	60	60
Procurement Transactions	3,600	3,600	3,600

The table below sets out the historical amounts for the two years ended 31 December 2020 and the nine months ended 30 September 2021:

Unit: RMB in millions

	Actual		Actual
	transaction amounts		transaction
	for the year ended		amounts for
	31 December		the nine
	2019	2020	months ended
			30 September
			2021*
Provision Transactions	6	3	10
Procurement Transactions	811	2,943	2,169

**Note: The actual transaction amounts for the nine months ended 30 September 2021 are only based on internal statistical standard. The actual transaction amounts for 2021 are subject to the section of connected transactions under the chapter of the report of the Board published in 2021 annual report of the Company.*

LETTER FROM THE BOARD

(4) Proposed Annual Caps and the Basis of Determination

The table below sets out the proposed annual caps for the three years ending 31 December 2024:

Unit: RMB in millions

	Proposed annual caps for the year ending 31 December		
	2022	2023	2024
Provision Transactions	60	60	60
Procurement Transactions	4,500	4,500	4,500

The proposed annual caps are estimated based on the possible amount and value of the mutual provision of the Agreed Products and Agreed Services between the Group and CDC Group with reference to the anticipated demands of the Agreed Products and Agreed Services after taking into account the following factors:

- (1) The Notice of National Energy Administration on Establishing a Monitoring and Early Warning Mechanism to Promote the Sustainable and Healthy Development of the Wind Power Industry (《國家能源局關於建立監測預警機制促進風電產業持續健康發展的通知》) issued by National Energy Administration in July 2016 imposes restrictions on wind power development and construction in red alert areas as categorized. Therefore, the progress of operation of the Company from 2017 to 2019 slowed down under the impact of relevant policies. As there was no relevant restriction before the issuance of the policy in 2016, and according to the monitoring and early warning results of investment in wind power of China for the past years released by National Energy Administration, the restriction of wind power project development and construction was gradually released in recent years, therefore, in order to reasonably assess the annual cap amounts of the procurement of products and services by the Group from 2022 to 2024, the actual transaction amounts of Procurement Transactions for 2016, 2020 and the nine months ended 30 September 2021 have been taken as the main references;
- (2) The Group incurred a total actual amount of RMB2,169 million on Procurement Transactions for the nine months ended 30 September 2021, based on which, the estimated amount of Procurement Transactions to be incurred for the year of 2021 is approximately RMB2,900 million (the final actual amount of Procurement Transactions for 2021 shall be subject to the section of connected transactions under

LETTER FROM THE BOARD

the chapter of the report of the Board published in the 2021 annual report of the Company); in 2020, the Group incurred a total actual amount of RMB2,943 million on Procurement Transactions; in 2016, the Group incurred a total actual amount of RMB3,329 million on Procurement Transactions. The average actual amount for the above-mentioned three years was approximately RMB3,057 million, which mainly represented transactions such as the procurement of wind turbine equipment, modules and related services;

- (3) The Chinese government has put forward the goals of striving to peak carbon dioxide emissions before 2030 and achieve carbon neutrality before 2060. On 12 December 2020, President Xi Jinping announced at the Climate Ambition Summit that the total installed capacity of wind power and solar power will reach more than 1.2 billion kW by 2030, achieving which will require vigorous development of renewable energy. Therefore, during the “14th Five-Year Plan” period, the Company will, on top of maintaining the construction progress of wind power projects, accelerate the construction of photovoltaic projects and procure a certain percentage of photovoltaic modules as well as spare parts and technical services related to the modules through CDC Group. The Company has been awarded the construction target of nearly 6 million kW of photovoltaic projects and the relevant projects will be successively commenced construction and put into operation from 2022 to 2024, which is expected to incur an annual amount of approximately RMB1.2 billion to RMB1.4 billion in relation to the procurement of photovoltaic equipment, modules and relevant services; and
- (4) The warranty period of the installed capacity of the Company in previous years will gradually mature. The materials for equipment maintenance and the repairing and maintenance cost will increase correspondingly.

Taken into consideration of the above factors, the proposed annual caps for Procurement Transactions are determined mainly with reference to (1) the historical amounts of transactions, mainly incurred from the procurement of wind turbine equipment, modules and related services, for 2016, 2020 and the nine months ended 30 September 2021; and (2) the estimated new transactions in relation to the procurement of photovoltaic equipment, modules and relevant services during the period from 2022 to 2024 (estimated annual transaction amount in each year being approximately RMB1.2 billion to RMB1.4 billion); the proposed annual caps for Provision Transactions are determined based on (1) historical amounts of Agreed Products and Agreed Services; (2) the business development of the Group and CDC Group; and (3) the price range and contract amounts estimated based on the abovementioned pricing policy.

LETTER FROM THE BOARD

(5) *Reasons for and Benefits of the Entering into of the Datang Master Agreement*

The transactions under the Datang Master Agreement will be conducted in the ordinary and usual course of business of the Company on normal commercial terms. These transactions are agreed on an arm's length basis with terms that are fair and reasonable to the Company.

As there is a long-term cooperation relationship between the Group and CDC Group, the Directors (including the independent non-executive Directors) consider that it is beneficial to the Company to continue to enter into the transactions under the Datang Master Agreement as these transactions have facilitated and will continue to facilitate the operation and development of the Group's business and the provision of the Agreed Products and Agreed Services to CDC Group will generate additional business and sources of revenue to the Group; on the other hand, CDC Group is a leading provider in respect of many of the Agreed Products and Agreed Services and is familiar with the Company's requirement on the Agreed Products and Agreed Services, and will continue to be able to respond quickly and in a cost efficient manner to any new requirement that the Company may have. As provided in the Datang Master Agreement, (1) the pricing of the Agreed Products and Agreed Services should follow the governmental pricing or the market rate based on arm's length negotiation; and (2) the Company is free to procure or provide the Agreed Products and Agreed Services from or for a third party if such party offers better terms, therefore the Company can ensure that any procurement or provision will be conducted on usual commercial terms or no less favourable than those available to the Company from independent third parties. Given the reasons above, the Directors (including the independent non-executive Directors) consider that the transactions under the Datang Master Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

(6) *Listing Rules Implications*

As CDC directly and indirectly holds approximately 65.61% of the issued share capital of the Company as at the Latest Practicable Date, it is a controlling shareholder as defined under the Listing Rules and thus a connected person of the Company. Therefore, the Datang Master Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratio(s) (as defined under Rule 14.07 of the Listing Rules) in respect of the Provision Transactions are more than 0.1% but all the applicable percentage ratios are less than 5%, the Provision Transactions constitute continuing connected transactions of the Company that are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but are exempt from the circular (including independent financial advice) and Independent Shareholders' approval requirements.

LETTER FROM THE BOARD

As one or more of the applicable percentage ratio(s) (as defined under Rule 14.07 of the Listing Rules) in respect of the Procurement Transactions are more than 5%, the Procurement Transactions constitute non-exempt continuing connected transactions of the Company. Accordingly, the Procurement Transactions are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(7) *Internal Control Procedures and Corporate Governance Measures*

The Company has adopted internal control and monitoring procedures relating to the Procurement Transactions, including: the Company has formulated and implemented the administrative measures for connected transactions, according to which, the Company's relevant functional departments, such as the investment and development department, finance department, production safety department and securities and capital department, will track and control the connected transactions within their scopes. During the process, each of the Company's relevant subsidiaries and branches is responsible for collecting information for the relevant connected transactions and relevant market information within their business management scopes and assessing the fairness and reasonableness of the pricing terms through analyzing relevant market information so as to ensure that the relevant terms are on normal commercial terms. In addition, each of the Company's said relevant functional departments shall keep management ledgers for the implementation of the connected transactions within their business management scopes, compute the cumulative amount of the connected transactions at the end of each quarter and report it to the securities and capital department. If the aggregated transaction amount is about to exceed or expected to exceed 75% of the annual cap, a transaction warning will be activated and the Company's said relevant functional departments will tighten the review, approval and control over the subsequent relevant connected transactions and review every transaction. If necessary, the transactions will be suspended, or the Company will not proceed with the transactions until it has performed the corresponding review and disclosure procedures for a revised annual cap in accordance with relevant rules, so as to ensure that the annual cap will not be exceeded. In addition, the Company's auditors shall conduct annual audits on the pricing and annual caps of such transactions. The independent non-executive Directors of the Company will review the transactions contemplated under the Datang Master Agreement and its proposed annual caps on an annual basis to ensure that the transactions contemplated under the Datang Master Agreement are conducted in the ordinary and usual course of business of the Company and on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

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(8) *Opinion of the Board*

Having considered the pricing policy and basis of determination for the proposed annual caps as well as the reasons for and benefits of entering into the Datang Master Agreement stated above, the Directors (excluding the connected directors, but including the independent non-executive Directors) are of the view that the terms of the Datang Master Agreement are fair and reasonable and the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group as well as in the interest of the Company and the Shareholders as a whole.

Directors Mr. Liu Jianlong, Mr. Li Yi and Mr. Kuang Lelin, being the connected directors, have abstained from voting on the resolutions in respect of considering and approving the transactions contemplated under the Datang Master Agreement and its proposed annual caps at the Board meeting. Save as disclosed above, none of the Directors has any material interest in the transactions contemplated under the Datang Master Agreement.

(9) *Approval by Independent Shareholders*

As the Procurement Transactions contemplated under the Datang Master Agreement and its proposed annual caps are subject to the Independent Shareholders' approval, an Independent Board Committee comprised of all independent non-executive Directors has been formed to advise the Independent Shareholders in connection with the Procurement Transactions and its proposed annual caps. Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the same matter.

In view of the interest of CDC in the Procurement Transactions, CDC Group (holding an aggregate of approximately 65.61% of the total issued share capital of the Company as at the Latest Practicable Date) and the associates thereof are required to abstain from voting on the resolution to be proposed at the EGM to approve the Procurement Transactions contemplated under the Datang Master Agreement and its proposed annual caps.

As at the Latest Practicable Date, to the best knowledge, information and belief of the Directors, save as disclosed herein, no other Shareholders are required to abstain from voting on the related resolution.

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(10) General Information

Information on the Company

The Company is a joint stock limited company incorporated in the PRC in September 2004. The Group is primarily engaged in the development, investment, construction and management of wind power and other renewable energy sources; research and development, application and promotion of low carbon technology; research and development, sale, testing and maintenance of renewable energy-related equipment; power generation; design, construction and installation, repair and maintenance of domestic and overseas power projects; import and export services of renewable energy equipment and technology; foreign investment; renewable energy-related consulting services.

Information on CDC

CDC is a state-owned enterprise established in the PRC. CDC is primarily engaged in the development, investment, construction, operation and management of power energy; organization of power (thermal) production and sales; manufacture, inspection and maintenance and commissioning of electric power equipment; power technology development and consultation; contracting and consulting of electric power projects and electric power environmental protection projects; development of new energy; and self-operating and being an agent for import and export of various goods and technologies (save for the goods and technologies the import or export of which are restricted or prohibited by the laws and regulations of the PRC).

2. DISCLOSEABLE TRANSACTION AND CONTINUING CONNECTED TRANSACTION – RENEWAL OF FACTORING BUSINESS COOPERATION AGREEMENT

Reference is made to the announcement dated 7 December 2021 of the Company in relation to, among other things, the Factoring Business Cooperation Agreement entered into between the Company and Datang Factoring Company. Below set out the information for your perusal when considering the resolution in relation to the transactions contemplated under the Factoring Business Cooperation Agreement and the proposed annual caps for the three years ending 31 December 2024.

(1) Factoring Business Cooperation Agreement

Further references are made to the announcement dated 20 September 2019 and the circular dated 27 September 2019 of the Company in relation to, among other things, the entering into of the 2019 Factoring Business Cooperation Agreement (“**2019 Factoring Business**

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Cooperation Agreement”) between the Company and Datang Factoring Company. As the agreement and annual caps of such continuing connected transactions will expire on 31 December 2021, the Company and Datang Factoring Company renewed the 2019 Factoring Business Cooperation Agreement on 7 December 2021. The major terms of the Factoring Business Cooperation Agreement are as follows:

Date	7 December 2021
Parties	(i) the Company (ii) Datang Factoring Company
Term of the agreement	From 1 January 2022 to 31 December 2024
Nature of transaction	Datang Factoring Company shall provide factoring business support to the Group, mainly including the factoring business ^{Note 1} on account receivables. The Company and/or its subsidiaries may, during the term of the agreement, enter into specific factoring contracts in accordance with the terms of the Factoring Business Cooperation Agreement, and such specific factoring contracts shall be subject to the terms of the Factoring Business Cooperation Agreement.
Type of factoring	Recourse ^{Note 2}
Major terms of the agreement	1. Datang Factoring Company shall provide factoring business support (mainly including the factoring business on account receivables) to the Group in respect of the tariff premium for key programs invested and constructed by the Group with no more than RMB2,000 million (including factoring handling fees and factoring facilities interest) for each calendar year.

- Notes:*
1. In this circular, the factoring business refers to a transaction in which the tariff subsidies receivable from the State, as the transaction subject, will be transferred by the Group to Datang Factoring Company in order to obtain liquidity support and solve liquidity squeeze and other issues facing the existing new energy enterprises.
 2. In this circular, factoring with recourse means that Datang Factoring Company does not have the obligation to approve credit lines and provide bad debt guarantees for the Group but has the right to recover the paid financing amount from the Group and repudiate payment of the outstanding balance, regardless of the reasons why the tariff subsidies receivable from the State is uncollectible.

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2. Leveraging on its professional advantage in the financial business, Datang Factoring Company shall provide the Group with various economic consulting services including the design of account receivables factoring products and the transaction arrangements.
3. Datang Factoring Company shall, in accordance with the requirements of the Group and after considering the relevant policies, laws and regulations of the state, the supply of and demand for capital in the market as well as the structural features of factoring products, offer comprehensive rates which are the equivalent to or more favourable than those provided by other independent commercial factoring companies in the PRC so as to help the Group to reduce its financial costs and optimise its financial structure.
4. Datang Factoring Company shall, upon thorough negotiations with the Group, select appropriate projects and shall design and offer customised factoring business proposals within the scope of the Group's business development and plan.

Guarantee

Nil

Conditions precedent

The Factoring Business Cooperation Agreement shall become effective upon the Independent Shareholders' approval of the transactions contemplated thereunder and its proposed annual caps.

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(2) Pricing Policy

The Group will pay comprehensive fees, including factoring handling fees and factoring facilities interest ^{Note 1}, to Datang Factoring Company in relation to its provision of factoring facility services. Since 2019, the rate for factoring handling fees of each specific factoring contracts under Factoring Business Cooperation Agreement has ranged from 0.3% to 1%, and the factoring facilities interest rate of each specific factoring contracts under Factoring Business Cooperation Agreement has ranged from 3.3% to 4.0%.

Datang Factoring Company shall provide the Group with the most favourable comprehensive rate ^{Note 2} according to the needs of the Group, taking into account the relevant policies and regulations of the PRC, the supply of and demand for capital in the market as well as the structural features of factoring products. Prior to the business cooperation with Datang Factoring Company, the Group will make enquires to no less than three commercial factoring companies (no less than two of which are third parties independent from the Company and its connected persons) to collect information about the terms and conditions of the relevant transactions and in relation to their comprehensive rates. If the Group identifies that the comprehensive rates provided by Datang Factoring Company are higher than any other independent third parties, Datang Factoring Company shall agree to adjust the comprehensive rates correspondingly after arm's length negotiation with the Group to ensure that the Group is offered with the most favourable terms, and the comprehensive rates of the relevant transactions shall be equivalent to or more favourable than those offered by the other independent commercial factoring companies in the PRC.

While ensuring that the capital needs of the Group are met, the Group has the right to choose the most favourable comprehensive rate to conduct factoring business with Datang Factoring Company, which will help the Group to reduce the finance costs, optimise the financial structure and strive for the maximization of the overall interests.

(3) Historical Amounts

The Group had not entered into any factoring business transactions with Datang Factoring Company before the 2019 Factoring Business Cooperation Agreement was entered into between the Company and Datang Factoring Company on 20 September 2019. The table below sets out the annual caps for the three years ending 31 December 2021:

- Notes:
1. Factoring facilities interest = factoring facilities balance x factoring facilities interest rate x actual days of occupation/360.
 2. Comprehensive rate = (factoring handling fees + factoring facilities interest)/factoring facility amount.

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Unit: RMB in millions

	Annual caps for the year ended/ending 31 December		
	2019	2020	2021
Factoring business	2,000	2,000	2,000

The table below sets out the historical amounts for the two years ended 31 December 2020 and the nine months ended 30 September 2021:

Unit: RMB in millions

	Actual transaction amounts for the year ended 31 December		Actual transaction amounts for the nine months ended 30 September
	2019	2020	2021*
Factoring business	141	526	505

**Note: The actual transaction amounts for the nine months ended 30 September 2021 are only based on internal statistical standard. The actual transaction amounts for 2021 are subject to the section of connected transactions under the chapter of the report of the Board published in 2021 annual report of the Company.*

(4) Proposed Annual Caps and the Basis of Determination

The table below sets out the proposed annual caps for the three years ending 31 December 2024:

Unit: RMB in millions

	For the year ending 31 December		
	2022	2023	2024
Factoring business	2,000	2,000	2,000

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The proposed annual caps are estimated based on the possible amount and value of the factoring services to be provided by Datang Factoring Company to the Group with reference to the anticipated demands of the factoring services. The above proposed annual caps are determined after taking into account that (among others):

- (i) Based on the Group's current installed capacity in operation and tariff structure, it is expected that the tariff premium receivable by the Group for each year during 2022 to 2024 will amount to approximately RMB3,500 million to RMB4,000 million;
- (ii) with reference to the previous conditions of the recovery of the account receivables of the tariff premium, it is expected that the Group will receive tariff premium of approximately RMB2,000 million for each year during 2022 to 2024;
- (iii) calculated based on the above conditions, the Group's account receivables of tariff premium will increase by approximately RMB1,500 million to RMB2,000 million in each year during 2022 to 2024;
- (iv) the Group intends to carry out factoring business for the increase in account receivables of tariff premium for each year during 2022 to 2024, so as to timely reduce the balance of the account receivables of tariff premium;
- (v) given that the balance of the account receivables of tariff premium of the Group for the nine months ended 30 September 2021 was RMB15,020 million, even if the increase in the account receivables of tariff premium for the period from 2022 to 2024 was less than RMB2,000 million, the Group still could carry out factoring business for the balance of the account receivables of tariff premium as at 31 December 2021; and
- (vi) the business scale of Datang Factoring Company can meet the factoring demands of the Group.

(5) *Reasons for and Benefits of Entering into of the Factoring Business Cooperation Agreement*

The relevant arrangements under the Factoring Business Cooperation Agreement are (i) beneficial to the Group to revitalise assets, replenish cash flow in a timely manner and accelerate the capital turnover to continuously support the capital expenditure of the Group; (ii) efficiently and conveniently obtaining financing support and financing services with the comprehensive rates equal to or lower than that in the market by making good use of the resources and business advantages of Datang Factoring Company, so as to lower the Group's overall funding costs and promote the Group's business development; and (iii) conducive to enhancing the Group's bargaining power in carrying out factoring business of the same type with other commercial factoring companies.

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The payment of factoring handling fees and factoring facilities interests under the Factoring Business Cooperation Agreement may imply that the Group's profit margin will decrease. However, the factoring handling fees and factoring facilities interests to be paid under the Factoring Business Cooperation Agreement only account for a small part of the Group's profit. On the other hand, as the Group will be able to collect the tariff premium before the original maturity date through factoring business with Datang Factoring Company, which can improve the Group's financial position and create flexibility for management of cash flow, the Company expects that the factoring services under the Factoring Business Cooperation Agreement will have no material impact on the corresponding profit, assets and liabilities.

The Directors (excluding connected directors but including the independent non-executive Directors) are of the view that the transactions contemplated under the Factoring Business Cooperation Agreement will be conducted in the ordinary and usual course of business of the Company on normal commercial terms or on terms no less favourable than those available to the Company from independent third parties which are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

(6) *Listing Rules Implications*

As CDC directly and indirectly holds approximately 65.61% of the issued share capital of the Company as at the Latest Practicable Date, it is a controlling shareholder as defined under the Listing Rules and thus a connected person of the Company. Datang Factoring Company is a subsidiary of CDC, and is therefore a connected person of the Company. Accordingly, the transactions contemplated under the Factoring Business Cooperation Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the Factoring Business Cooperation Agreement and its proposed annual caps is more than 5%, the transactions contemplated under the Factoring Business Cooperation Agreement and its proposed annual caps are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements as set out in Chapter 14A of the Listing Rules.

In addition, as the highest applicable percentage ratio in respect of the transactions contemplated under the Factoring Business Cooperation Agreement and its proposed annual caps is more than 5% but is less than 25%, such transactions constitute discloseable transactions of the Company and are subject to the announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

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(7) *Internal Control Procedures and Corporate Governance Measures*

The Company has adopted internal control and monitoring procedures relating to the factoring business cooperation, including:

- (i) According to the requirements of management system of the connected transactions of the Company, the finance department of the Company is responsible for monitoring the transaction amounts relating to the proposed annual caps under the Factoring Business Cooperation Agreement by developing management accounts for continuing connected transactions and designating specialists for management and maintenance, and consolidating and preparing statistics for the transaction amounts incurred in the continuing connected transactions on a monthly basis. If the transaction amount is about to exceed or expected to exceed 75% of the annual cap, the transaction warning will be activated and the Company's finance department will tighten the review, approval and control over the subsequent relevant connected transactions and review every transaction. If necessary, the transactions will be suspended, or the Company will not proceed with the transactions until it has performed the corresponding review and disclosure procedures for a revised annual cap in accordance with the relevant rules, so as to ensure that the annual cap will not be exceeded;
- (ii) The finance department of the Company or the finance departments of relevant subsidiaries will make enquires to no less than three commercial factoring companies (no less than two of which are third parties independent from the Company and its connected persons) to collect information about the terms and conditions of the relevant transactions and in relation to their comprehensive rates. If the finance department of the Company or the finance departments of relevant subsidiaries finds that the comprehensive rates provided by Datang Factoring Company are higher than any other independent third parties, Datang Factoring Company shall agree to adjust the comprehensive rates correspondingly after arm's length negotiation with the Group to ensure that the Group is offered with the most favourable terms, and the comprehensive rates of the relevant transactions shall be equivalent to or more favourable than those offered by other independent commercial factoring companies in the PRC. Meanwhile, the Group has the right to choose the most favourable comprehensive rate to conduct factoring business and strive for the maximization of the overall interests;
- (iii) The finance department of the Company will report to the management of the Company, giving an update of the specific factoring contracts entered into with Datang Factoring Company on a quarterly basis;

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- (iv) The Directors (including independent non-executive Directors) will review the transactions contemplated under the Factoring Business Cooperation Agreement and its proposed annual caps each year to ensure that the transactions contemplated under the Factoring Business Cooperation Agreement are conducted in the ordinary and usual course of business of the Company on normal commercial terms and in the interests of the Company and its Shareholders as a whole; and
- (v) The auditors of the Company will also conduct annual audits on the pricing and annual caps of such transactions.

(8) *Opinion of the Board*

Having considered the abovementioned pricing policies, basis for determination of proposed annual caps and reasons for and benefits of the entering into of the Factoring Business Cooperation Agreement, Directors (excluding connected directors but including the independent non-executive Directors) are of the view that the terms of the Factoring Business Cooperation Agreement are fair and reasonable and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Company on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

Directors Mr. Liu Jianlong, Mr. Li Yi and Mr. Kuang Lelin being the connected directors, have abstained from voting on the resolution in relation to considering and approving the transactions contemplated under the Factoring Business Cooperation Agreement and its proposed annual caps at the Board meeting. Save as disclosed above, none of the Directors has any material interest in the transactions contemplated under the Factoring Business Cooperation Agreement.

(9) *Approval by Independent Shareholders*

Since the transactions contemplated under the Factoring Business Cooperation Agreement and its proposed annual caps are subject to the Independent Shareholders' approval, an Independent Board Committee comprised of all independent non-executive Directors has been formed to advise the Independent Shareholders in respect of the transactions contemplated under the Factoring Business Cooperation Agreement and its proposed annual caps, and Gram Capital has been appointed as an Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the same matter.

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In view of the material interests of CDC in the transactions contemplated under the Factoring Business Cooperation Agreement, CDC Group (holding an aggregate of approximately 65.61% of the total issued share capital of the Company as at the Latest Practicable Date) and the associates of CDC Group thereof are required to abstain from voting on the resolution to be proposed by the Company at the EGM to approve the transactions contemplated under the Factoring Business Cooperation Agreement and its proposed annual caps.

As at the Latest Practicable Date, to the best knowledge, information and belief of the Directors, save as disclosed in this circular, no other Shareholders will be required to abstain from voting in respect of the relevant resolution.

(10) General Information

Information on the Company

Please refer to page 14 of this circular for details of the information on the Company.

Information on CDC

Please refer to page 14 of this circular for details of the information on the CDC.

Information on Datang Factoring Company

Datang Factoring Company is a company with limited liability incorporated in the PRC in April 2018. Datang Factoring Company is primarily engaged in the provision of trade financing service by way of acquisition of account receivables; settlement, management and collection of account receivables; management of sales ledger; and investigation and evaluation of clients' credit standing; and relevant consultancy services.

LETTER FROM THE BOARD

3. RESOLUTION IN RELATION TO THE PROPOSED APPOINTMENT OF NON-EXECUTIVE DIRECTORS

References are made to the announcements of the Company dated 7 December 2021 and 10 December 2021 in relation to, among other things, the proposed appointment of Mr. Wang Qiying and Mr. Yu Fengwu as non-executive Directors of the Company.

Having taken into account the Board Diversity Policy of the Company, the views, skills and experience of Mr. Wang Qiying and Mr. Yu Fengwu and the contribution they may bring to the Company, the Nomination Committee of the Company and the Board have considered and approved the proposed appointment of Mr. Wang Qiying and Mr. Yu Fengwu as the non-executive Directors of the Company, which will take effect from the date of approval by the Shareholders at the EGM.

Upon due appointment, Mr. Wang Qiying and Mr. Yu Fengwu will enter into a service contract with the Company, respectively, for a term commencing from the date on which the appointment is approved by the Shareholders at the EGM and ending on the expiration of the term of the current session of the Board. Pursuant to the Articles of Association, Mr. Wang Qiying and Mr. Yu Fengwu will be subject to re-election and reappointment upon the expiry of their term of office. Mr. Wang Qiying and Mr. Yu Fengwu, as non-executive Directors of the Company, will not receive any remuneration from the Company.

The biographical details of Mr. Wang Qiying and Mr. Yu Fengwu, which are required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules, are set out as follows:

Mr. Wang Qiying (王琪瑛), born in October 1962, currently serves as an appointed full-time director of a subsidiary of CDC. Mr. Wang Qiying started to work from August 1982, and successively served as the deputy plant manager, plant manager and a member of the Party committee of Baoding Heat Power Plant (保定熱電廠); a Party committee member and deputy general manager of Datang Hebei Power Generation Co., Ltd. (大唐河北發電有限公司); the general manager, Party committee secretary and deputy secretary of the Party committee of Datang Xinjiang Power Generation Co., Ltd. (大唐新疆發電有限公司); the chief of the planning and development department of CDC and general manager and Party committee secretary of the Tibet Branch Company of CDC (大唐集團西藏分公司); the deputy general manager and deputy secretary of the Party committee of Datang International Power Generation Co. Ltd. (大唐國際發電股份有限公司), a company listed on the Stock Exchange, the Shanghai Stock Exchange and the London Stock Exchange under the stock codes of 00991, 601991 and DAT, respectively. Mr. Wang Qiying graduated from North China Electric Power College with a bachelor's degree in engineering, majoring in thermodynamics in the department of power engineering, from the Correspondence College of the Party School of the Central Committee of Communist Party of China (中共中央黨校函授學院) with a bachelor's degree in economics and management, and from the department of economics and management of North China Electric Power University with a bachelor's degree in business administration, majoring in business administration. He currently serves as a senior engineer and senior political engineer.

LETTER FROM THE BOARD

Mr. Yu Fengwu, born in August 1964, currently serves as an appointed full-time director of a subsidiary of CDC. Mr. Yu Fengwu started his career in March 1982, served successively as the secretary of the general branch of the Youth League of Beijing Shijingshan General Power Plant, Jingxi Power Plant (北京石景山發電總廠京西電廠); secretary of the General Office of the Department of Energy (能源部); secretary of the General Office, chief staff member and deputy director of the Minister's Office of the Ministry of Electric Power Industry (電力工業部); deputy chief of the Secretariat of the General Office, deputy chief and office clerk (division-level) of the Secretariat of the General Manager's Work Department of State Power Corporation (國家電力公司); director of the Secretariat of the General Manager's Work Department of CDC; member of the Party group and deputy general manager of Datang Environmental Technology & Engineering Company Limited (大唐環境科技工程有限公司); deputy general manager, member of the Party group and chairman of the labor union of Datang Technology Industry Group Co., Ltd. (大唐科技產業集團有限公司); deputy general manager, member of the Party group and chairman of the labor union of Datang Environment Industry Group Co., Ltd. (大唐環境產業集團股份有限公司) (a company listed on the Stock Exchange, stock code: 1272); secretary of the Party group, secretary of the Party committee, deputy general manager, general manager and chairman of Datang Guizhou Power Generation Company Limited (大唐貴州發電有限公司); general manager and deputy secretary of the Party committee of China Datang Techno-Economic Research Institute Co., Ltd. (中國大唐集團技術經濟研究院有限責任公司); dean, and director of the educational department of the Party School of CDC Cadre Training College (大唐幹部培訓學院); general manager, secretary of the Party committee and executive director of Beijing Datang Xingyuan Property Management Co., Ltd. (北京大唐興源物業管理有限公司). Mr. Yu Fengwu graduated from the School of Business Administration of North China Electric Power University, majoring in technical economy and management, and obtained a master's degree in management. He currently serves as a senior economist.

As at the Latest Practicable Date, save as disclosed above, each of Mr. Wang Qiying and Mr. Yu Fengwu confirmed that (i) they have no relationship with any other Directors, supervisors, senior management, substantial Shareholders or controlling Shareholders of the Company; (ii) they do not hold any other positions within the Company or other members of the Company and its subsidiaries; (iii) they did not hold any directorship of any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years; (iv) they have no interest or deemed interest in any share or underlying share of the Company or its associated corporations within the meaning of Part XV of the SFO; and (v) there are no other matters relating to their appointment that need to be brought to the attention of the Shareholders or the Stock Exchange or to be disclosed pursuant to Rule 13.51(2) (h) to (v) of the Listing Rules.

LETTER FROM THE BOARD

EGM

The EGM will be held at 10:00 a.m. on Wednesday, 29 December 2021 at Building 1, No. 1 Caishikou Street, Xicheng District, Beijing, the PRC to approve the resolution to be proposed at the EGM as set out in the revised notice of the EGM. The revised notice of the EGM is set out on pages 58 to 60 of this circular.

Since the Procurement Transactions contemplated under the Datang Master Agreement and its proposed annual caps and the transactions contemplated under the Factoring Business Cooperation Agreement and its proposed annual caps are subject to the Independent Shareholders' approval, an Independent Board Committee comprised of all independent non-executive Directors has been formed to advise the Independent Shareholders in respect of the relevant matters; and Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the same matter.

In order to ascertain the entitlements of the Shareholders to attend the EGM, the register of members of the Company will be closed from Wednesday, 22 December 2021 to Wednesday, 29 December 2021 (both days inclusive), during which no transfer of Shares of the Company will be effected. To be eligible to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares), or the Company's head office in the PRC at 8/F, Building 1, No. 1 Caishikou Street, Xicheng District, Beijing 100053, the PRC (for holders of Domestic Shares) not later than 4:30 p.m. on Tuesday, 21 December 2021.

The revised form of proxy for the EGM is also attached to this circular. If you intend to appoint a proxy to attend the EGM, you are required to complete and return the revised form of proxy in accordance with the instructions printed thereon as soon as possible, provided that the registered Shareholders and HKSCC Nominees Limited receiving the voting instructions from non-registered Shareholders shall return the completed revised form of proxy in person or by post not less than 24 hours before the time fixed for holding the EGM or any adjourned meeting thereof. Completion and return of the revised form of proxy will not preclude you from attending and voting in person at the EGM or at any adjourned meeting thereof should you so wish.

The revised form of proxy is intended to be used for the resolutions specified in the revised notice of the EGM.

LETTER FROM THE BOARD

If a Shareholder has already lodged the original form of proxy dispatched on 8 December 2021 (the “**Original Form of Proxy**”) in accordance with the instructions printed thereon with the Company, he/she should note that:

- (a) If no revised form of proxy is lodged in accordance with the instructions printed hereon, the Original Form of Proxy will be treated as a valid form of proxy lodged by the Shareholder if duly completed. The proxy appointed under the Original Form of Proxy will also be entitled to vote in accordance with the instructions previously given by the Shareholder or at his/her discretion (if no such instructions are given) on any resolution properly put to the EGM (including the additional proposed resolutions as set out in this circular and the revised notice of the EGM).
- (b) If the revised form of proxy is lodged in accordance with the instructions printed hereon at or before 10:00 a.m. on Tuesday, 28 December 2021, the revised form of proxy will be treated as a valid form of proxy lodged by the Shareholder if duly completed.
- (c) If the revised form of proxy is lodged after the closing time set out in the revised notice of the EGM, the revised form of proxy will be deemed invalid. It will not revoke the Original Form of Proxy previously lodged by the Shareholder. The Original Form of Proxy will be treated as a valid form of proxy if duly completed. The proxy appointed under the Original Form of Proxy will also be entitled to vote in accordance with the instructions previously given by the Shareholder or at his/her discretion (if no such instructions are given) on any resolution properly put to the EGM (including the additional proposed resolutions as set out in this circular and the revised notice of the EGM).

VOTING BY POLL AT EGM

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at the general meetings must be taken by poll. The chairman of the EGM will therefore demand a poll for every resolution put to vote at the EGM pursuant to Article 81 of the Articles of Association.

On a poll, every Shareholder present at the EGM in person or by proxy (in the case of a member being a corporation, by its duly authorized representative) shall have one vote for each Share registered in his/her name in the register of members. A Shareholder entitled to more than one vote need not use all his/her votes or cast all the votes he/she has in the same manner.

RECOMMENDATION

The Board considers that the aforesaid resolutions are in the best interests of the Company and its Shareholders as a whole. As such, the Board recommends the Shareholders to vote in favour of the resolutions as set out in the revised notice of EGM which are to be proposed at the EGM.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee to the Independent Shareholders and the letter from Gram Capital to the Independent Board Committee and the Independent Shareholders set out in this circular.

By order of the Board

China Datang Corporation Renewable Power Co., Limited*

Jia Hong

Joint Company Secretary

* *For identification purpose only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



中国大唐集团新能源股份有限公司

China Datang Corporation Renewable Power Co., Limited*

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 01798)

13 December 2021

To the Independent Shareholders

**CONTINUING CONNECTED TRANSACTION – RENEWAL OF
DATANG MASTER AGREEMENT
DISCLOSEABLE TRANSACTION AND CONTINUING CONNECTED
TRANSACTION - RENEWAL OF
FACTORING BUSINESS COOPERATION AGREEMENT**

Dear Sir or Madam,

We refer to the circular despatched to all Shareholders (the “**Circular**”) dated 13 December 2021 of the Company, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless otherwise specified.

We have been appointed by the Board as members of the Independent Board Committee to advise the Independent Shareholders on whether the Procurement Transactions contemplated under the Datang Master Agreement and its proposed annual caps and the transactions contemplated under the Factoring Business Cooperation Agreement and its proposed annual caps (details set out in the letter from the Board in the Circular) are conducted in the ordinary and usual course of business of the Company on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the same matter.

Having considered the information set out in the letter from the Board as well as the letter from Gram Capital in the Circular, we are of the view that the Procurement Transactions contemplated under the Datang Master Agreement and its proposed annual caps and the transactions contemplated under the Factoring Business Cooperation Agreement and its proposed annual caps are conducted in the ordinary and usual course of business of the Company on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Our view related to fairness and reasonableness is necessarily based on information, facts and circumstances currently prevailing.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we advise the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Procurement Transactions contemplated under the Datang Master Agreement and its proposed annual caps and the transactions contemplated under the Factoring Business Cooperation Agreement and its proposed annual caps.

Yours faithfully,
Independent Board Committee

Mr. Liu Chaoan
*Independent non-executive
Director*

Mr. Lo Mun Lam, Raymond
*Independent non-executive
Director*

Mr. Yu Shunkun
*Independent non-executive
Director*

* *For identification purpose only*

LETTER FROM GRAM CAPITAL

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Procurement Transactions and the Factoring Services for the purpose of inclusion in this circular.



Gram Capital Limited
嘉林資本有限公司

Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

13 December 2021

*To: The independent board committee and the independent shareholders
of China Datang Corporation Renewable Power Co., Ltd.*

Dear Sirs,

I.CONTINUING CONNECTED TRANSACTION; AND II.DISCLOSEABLE TRANSACTION AND CONTINUING CONNECTED TRANSACTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of (i) the Procurement Transactions; and (ii) the transactions contemplated under the Factoring Business Cooperation Agreement (the “**Factoring Services**”), details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 13 December 2021 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 7 December 2021, the Company entered into the Datang Master Agreement with CDC, pursuant to which the Group and CDC Group mutually provide the counterparty with the Agreed Products and Agreed Services for a term of three years commencing from 1 January 2022 and ending on 31 December 2024.

On the even date, the Company entered into the Factoring Business Cooperation Agreement with Datang Factoring Company, pursuant to which, Datang Factoring Company shall provide factoring business support to the Company, mainly including the factoring business on account receivables (i.e. Factoring Services).

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With reference to the Board Letter, (i) the Procurement Transactions constitute non-exempt continuing connected transactions of the Company; and (ii) Factoring Services constitute continuing connected transaction and discloseable transaction. As such, the aforesaid transactions are subject to the reporting and announcement, annual review and the independent shareholders' approval requirement under the Listing Rules.

The Independent Board Committee comprising Mr. Liu Chaoan, Mr. Lo Mun Lam, Raymond and Mr. Yu Shunkun (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Procurement Transactions and the Factoring Services are on normal commercial terms and are fair and reasonable; (ii) whether the Procurement Transactions and the Factoring Services are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolutions to approve the Procurement Transactions and the Factoring Services at the EGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

INDEPENDENCE

Gram Capital was engaged as the independent financial adviser in respect of the Company's major and continuing connected transactions (details of which are set out in the Company's circular dated 13 November 2020). Save for the aforesaid engagement, there was no other service provided by Gram Capital to the Company during the past two years immediately preceding the Latest Practicable Date.

Notwithstanding the aforesaid past engagement, as at the Latest Practicable Date, we were not aware of any relationships or interests between Gram Capital and the Company or any other parties that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Procurement Transactions and the Factoring Services.

Having considered the above, in particular (i) none of the circumstances as set out under the Rule 13.84 of the Listing Rules existed as at the Latest Practicable Date; and (ii) the aforesaid past engagement was only independent financial adviser engagement and will not affect our independence to act as the Independent Financial Adviser, we are of the view that we are independent to act as the Independent Financial Adviser.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate in all material respects at the time when they were

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made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there are no undisclosed private agreements/arrangements or implied understanding with anyone concerning the Datang Master Agreement and the Factoring Business Cooperation Agreement. We consider that we have taken sufficient and necessary steps (such as obtain the Datang Master Agreement and the Factoring Business Cooperation Agreement; review the terms of Procurement Transactions and the Factoring Services, the individual agreements under the existing Procurement Transactions and the existing Factoring Services; and analyse the Company's estimated Procurement Transactions and Factoring Services figures in relation to the proposed annual caps) on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in the Circular or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, CDC, Datang Factoring Company, and each of their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Procurement Transactions and/or the Factoring Services. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources.

LETTER FROM GRAM CAPITAL

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Procurement Transactions and the Factoring Services, we have taken into consideration the following principal factors and reasons:

Information on the Group

With reference to the Board Letter, the Company is a joint stock limited company incorporated in the PRC in September 2004. The Group is primarily engaged in the development, investment, construction and management of wind power and other renewable energy sources; research and development, application and promotion of low carbon technology; research and development, sale, testing and maintenance of renewable energy-related equipment; power generation; design, construction and installation, repair and maintenance of domestic and overseas power projects; import and export services of renewable energy equipment and technology; foreign investment; renewable energy-related consulting services.

A. THE PROCUREMENT TRANSACTIONS

Information on CDC

With reference to the Board Letter, CDC is a state-owned enterprise established in the PRC. CDC is primarily engaged in the development, investment, construction, operation and management of power energy; organization of power (thermal) production and sales; manufacture, inspection and maintenance and commissioning of electric power equipment; power technology development and consultation; contracting and consulting of electric power projects and electric power environmental protection projects; development of new energy; and self-operating and being an agent for import and export of various goods and technologies (save for the goods and technologies the import or export of which are restricted or prohibited by the laws and regulations of the PRC).

Reasons for and benefit of the Procurement Transactions

With reference to the Board Letter, as there is a long-term cooperation relationship between the Group and CDC Group, the Directors consider that it is beneficial to the Company to continue to enter into the transactions under the Datang Master Agreement as these transactions have facilitated and will continue to facilitate the operation and development of the Group's business and the provision of the Agreed Products and Agreed Services to CDC Group will generate additional business and sources of revenue to the Group; on the other hand, CDC Group is a leading provider in respect of many of the Agreed Products and Agreed Services and is familiar with the Company's requirement on the Agreed Products and Agreed Services, and will continue to be able to respond quickly and in a cost efficient manner to any new requirement that the Company may have.

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Having considered the above factor, we are of the view that the Procurement Transactions are conducted in the ordinary and usual course of business of the Group and in the interest of the Company and the Shareholders as a whole.

Principal terms of the Procurement Transactions

Set out below are the key terms of the Procurement Transactions, details of which are set out under the section headed “(1) Datang Master Agreement” of the Board Letter.

Date: 7 December 2021

Parties: The Company; and

CDC

Relevant subsidiaries or associates of both parties will enter into individual contracts which shall set out the specific scope of services and/or products, terms and conditions of providing such services and/or products according to the principles laid down by the Datang Master Agreement.

Term of the agreement: From 1 January 2022 to 31 December 2024

Either party may terminate the agreement upon giving the other party not less than three-month written notice.

Nature of transactions: The Group will procure Agreed Products and Agreed Services from CDC Group under the Datang Master Agreement.

Priority Right: If the terms and conditions of similar products and services offered by one of the parties are no less favourable than those offered by an independent third party, the counterparty shall give such party the priority in sourcing of the requisite products and services.

The pricing of the Agreed Products and Agreed Services under the Procurement Transactions will be determined based on the following mechanism, (i) prescribed price or guidance price; (ii) market price (as determined through tendering procedures or price inquiry procedures); (iii) prices shall be determined by the parties after arm's length negotiation. The detailed pricing policy of the Procurement Transactions are set out under the sub-section headed “Pricing Policy” under the section headed “(1) Datang Master Agreement” in the Board Letter.

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With reference to the Board Letter, the specific pricing policies for the Agreed Products and the Agreed Services under the Procurement Transactions are set out below:

1. market price as determined through public tendering procedures will be adopted for equipment, accessories and spare parts.
2. market price as determined through price inquiry procedures will be adopted for transportation, heat, raw materials, fuels, minerals, power, etc. (if any); in the absence of such market price, it shall be determined through arm's length negotiations between the relevant parties.
3. water, electricity and gas will be determined through arm's length negotiations between the relevant parties on the basis of actual costs reflecting market prices in accordance with requirements of government regulations.
4. for design consulting service, operation maintenance service, technical service, construction service, operation and management service, insurance underwriting and other financial service, sharing service, logistics service, communication service, property service, etc., the market price as determined by public tendering, invitational tendering procedures and price inquiry procedures will be adopted.
5. for clean development mechanism consulting service, carbon transaction service, green certificate transaction service, tendering and bidding service, material management service, entrusted agency service, other non-commercial labour services, etc. (if any), the market price as determined through price inquiry procedures will be adopted; in the absence of such market price, it shall be determined through arm's length negotiations between the relevant parties.

As confirmed by the Directors, same pricing policy will be applied to the same Agreed Products or Services regardless of the identities of products supplier or services providers. Having considered the following factors:

- (i) **Pricing policy of the abovementioned Agreed Products or Agreed Services with market price as determined through a public tendering procedure:** We noted that through public tendering procedures, (a) Tender and Bidding Law of the People's Republic of China is required to strictly comply; (b) at least three qualified bidders will participate in the bid; (c) final price will be the same as the bid winner's quotation; and (d) the bid winner will be selected according to the overall score graded by five experts (who don't have any conflict of interest in relevant transaction) based on a number of factors.

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- (ii) **Pricing policy of the abovementioned Agreed Products or Agreed Services with market price as determined through an invitational tendering procedures:** We noted that through public tendering procedures, (a) no less than three enterprises including CDC Group will be invited; (b) a tender committee comprising members from different departments of the Group will assess the terms offered by the bidders.
- (iii) **Pricing policy of the abovementioned Agreed Products or Agreed Services with market price as determined based on the quotations and details thereof obtained through the price inquiry procedures:** We noted that the Group or its entrusted parties will issue inquiry invitation documents to at least three suppliers (including no less than two of independent third parties) and quotation documents will be assessed by at least three persons who don't have any conflict of interest in relevant transactions.
- (iv) **Pricing policy of the abovementioned Agreed Products or Agreed Services with price as determined by the parties after arm's length negotiation:** We noted that (i) each of the Company's relevant subsidiaries and branches is responsible for collecting information for the relevant connected transactions and relevant market information within their business management scopes and assessing the fairness and reasonableness of the pricing terms through analyzing relevant market information so as to ensure that the relevant terms are on normal commercial terms; (ii) the terms and prices shall be no less favourable than those available to the Group from independent third parties for the same or similar products in the PRC (if applicable).
- (v) Same pricing policy will be applied to the same Agreed Products or Agreed Services regardless of the identities of products supplier or services providers.

We are of the view that the pricing policies of the Agreed Products and Agreed Services are fair and reasonable.

Internal control

With reference to the Board Letter, the Company has adopted internal control and monitoring procedures relating to the Procurement Transactions (the "**Procurement Transactions Measures**"), details of the Procurement Transaction Measures are set out under the section headed "Internal Control Procedures and Corporate Governance Measures" of the Board Letter. Having considered that (i) there would be quotations collection and assessment procedures by the Company's relevant subsidiaries and branches under the Procurement Transactions Measures; and (ii) the Group's adoption of procedures to govern the utilisation of proposed annual caps, pursuant to which the Group will review every transaction if the utilisation rate of proposed annual caps exceed 75%, we consider that the Procurement Transactions Measures are sufficient to ensure fair pricing of the transactions contemplated under the Procurement Transactions according to the pricing policies and the proposed annual cap will not be exceeded.

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For our due diligence purpose, we discussed with senior management, staff of Company's investment and development department, finance department, production safety department, and securities and capital department and understood that the Company's senior management, investment and development department, finance department, production safety department and securities and capital department were aware of the Procurement Transactions Measures and will comply with Procurement Transactions Measures when conducting the Procurement Transactions.

Upon our request, we obtained a list of the Group's procurement projects with connected persons in 2019, 2020 and 2021. We selected three procurement projects on a random basis with contracts signed in 2019, 2020 and 2021. We also obtained signed contracts relating to the selected projects (the **"Individual Contracts"**) between the Group and entrusted agency services providers (the **"Entrusted Agency"**), being members of CDC Group. Based on the aforesaid signed contracts and supporting documents as provided by the Group, we noted that (**"Our Findings on Individual Contracts"**):

- (i) before signing the Individual Contracts, the Entrusted Agency conducted tender processes with at least three bidders;
- (ii) the material/services prices offered by Entrusted Agency to the Group were in line with prices as offered by the successful bidder(s) to the Entrusted Agency from aforesaid tender processes;
- (iii) the amount of such management service fees under each project were less than 6% of the purchase amount.

Upon our request, the Directors further advised us that,

- (i) after taking into consideration of (a) the familiarity of the Group's business; (b) the stable services previously provided by the Entrusted Agency; (c) the stronger bargaining power of the Entrusted Agency; and (d) there was insufficient number of qualified suppliers participating in bidding for entrusted agency services, the Entrusted Agency was selected as entrusted agency services provider; and
- (ii) if other members of CDC Group entrusted the Entrusted Agency to carry out centralized purchase of production and infrastructure materials, the Entrusted Agency will also charge management services fees accordingly.

We noted from announcement of Datang International Power Generation Co., Ltd. (991.HK & SH601991) (**"Datang International"**) dated 15 November 2021 that, among other things, in respect of the procurement of production and infrastructure materials and relevant auxiliary services, Datang International and its subsidiaries agreed to entrust CDC Group to carry out centralized

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purchase of production and infrastructure materials, the prices of which are to be determined through public bidding. CDC Group will charge a certain management service fee in respect of its relevant services undertaken in centralized procurement which shall not exceed 6% of the purchase amount.

Having considered (i) Our Findings on Individual Contracts as mentioned above; and (ii) our discussion with the Company's senior management and staff of relevant departments, we do not doubt the effectiveness of the implementation of the internal procedure for the Procurement Transactions.

The historical amounts and the proposed annual caps

Set out below are (i) the historical amounts of Procurement Transactions for the two years ended 31 December 2020 and for the nine months ended 30 September 2021 with existing annual caps; and (ii) the proposed annual caps of Procurement Transactions (the "**Procurement Cap(s)**") for the three years ending 31 December 2024:

	For the year ended	For the year ended	For the year ending
Historical transaction amounts	31 December 2019	31 December 2020	31 December 2021
	<i>(in RMB million)</i>	<i>(in RMB million)</i>	<i>(in RMB million)</i>
Historical amounts	811	2,943	2,169 (Note)
Previous Annual Caps	3,600	3,600	3,600
Utilisation rate (%)	23%	82%	N/A
	For the year ending	For the year ending	For the year ending
	31 December 2022	31 December 2023	31 December 2024
	<i>(in RMB million)</i>	<i>(in RMB million)</i>	<i>(in RMB million)</i>
Procurement Caps	4,500	4,500	4,500

Note: The actual transaction amounts for the nine months ended 30 September 2021 were only based on internal statistical standard. The actual transaction amounts for 2021 are subject to the section of connected transactions under the chapter of the report of the Board published in 2021 annual report of the Company.

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With reference to the Board Letter, the Procurement Caps for the three years ending 31 December 2024 were determined with reference to various factors, details of which were set out under the section headed “Proposed Annual Caps and the Basis of Determination” of the Board Letter.

According to the above table, the utilisation rate of the existing annual caps of the Procurement Transactions were approximately 23% and 82% for 2019 and 2020 respectively.

We understood from the Directors that they mainly made reference to (i) the amounts of Procurement Transactions for 2016, 2020 and first three quarters of 2021 (the “**Existing Procurement Transactions**”), which mainly represented transactions such as the procurement of wind turbine equipment, modules and related services; and (ii) the proposed procurement of photovoltaic modules and technical services (the “**New Procurement Transactions**”), when determining the Procurement Caps for FY2022 to FY2024. To assess the fairness and reasonableness of the Procurement Caps including by reference to the amounts of Procurement Transactions for 2016, 2020 and first three quarters of 2021, we performed the following analyses:

The Existing Procurement Transactions

- As advised by the Directors, the arrangement was mainly due to the impact of the issuance of 《國家能源局關於建立監測預警機制促進風電產業持續健康發展的通知》(Notice of the NEA on Establishing a Monitoring and Early Warning Mechanism to Promote the Sustainable and Healthy Development of the Wind Power Industry*, the “**2016 Policy**”) by National Energy Administration (“**NEA**”) in July 2016.

According to the 2016 Policy, NEA established a wind power investment monitoring and early warning mechanism to guide rational investment by wind power enterprises, promote the sustained and healthy development of the wind power industry. There will be three categories of alert (i.e. red alert, orange alert and green alert) as results from wind power investment monitoring and early warning system to be used to guide the investment in wind power development in various provinces (autonomous regions, municipalities). It is not allowed to construct new wind power projects in the red alert areas of wind power development and construction.

As confirmed by the Directors, there was no such restriction before the issuance of 2016 Policy.

- According to 《關於2016年全國風電投資監測預警結果的通知》(The Notice on Monitoring and Early Warning Results of Investment in Wind Power of China in 2016*), being an annex to the 2016 Policy, the NEA gave a red alert to five provinces (i.e. Jilin, Heilongjiang, Gansu, Ningxia and Xinjiang). According to 《關於2017年度風電投資監測預警結果的通知》(The Notice on Monitoring and Early Warning Results of Investment in Wind Power

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in 2017*), the NEA gave a red alert to one more province in addition to the aforesaid five provinces, being east of and west of Inner Mongolia. According to 《關於2018 年度風電投資監測預警結果的通知》(The Notice on Monitoring and Early Warning Results of Investment in Wind Power in 2018*), the NEA released red alert on Heilongjiang, Ningxia and east of and west of Inner Mongolia. According to 《關於2019年度風電投資監測預警結果的通知》(The Notice on Monitoring and Early Warning Results of Investment in Wind Power in 2019*), the NEA gave a red alert Xinjiang and Gansu. Inner Mongolia is the orange alert area. Xinzhou, Shuozhou and Datong located in the north of Shanxi Province, Yulin located in the north of Shaanxi Province and Zhangjiakou and Chengde from Hebei Province are subject to orange alert management. Other provinces (including the autonomous regions and municipalities directly under the central government) and regions are green areas. According to 《2020年度風電投資監測預警結果》(The Notice on Monitoring and Early Warning Results of Investment in Wind Power of China in 2020*), the NEA released red alert to all provinces (autonomous regions, municipalities) and gave Gansu (other than certain cities are subject to green alert management), Xinjiang and west of Inner Mongolia are the orange alert area. Xinzhou, Shuozhou and Datong located in the north of Shanxi Province, Chifeng of east of Inner Mongolia and Zhangjiakou and Chengde from Hebei Province are subject to orange alert management. Other provinces (including the autonomous regions and municipalities directly under the central government) and regions are green areas.

According to the above, numbers of the red alert areas are summarized as follows:

	Number of provinces (including the autonomous regions and municipalities directly under the central government) in red alert
2016	5
2017	6
2018	3
2019	2
2020	0

According to The Notice on Monitoring and Early Warning Results of Investment in Wind Power of China for the past years, the restriction of wind power project development and construction was gradually released in recent years.

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Having considered the following factors, including:

- (i) there was no such restriction before the issuance of 2016 Policy; and
- (ii) according to The Notice on Monitoring and Early Warning Results of Investment in Wind Power of China for the past years, the restriction of wind power project development and construction was gradually released in recent years, in particular the NEA removed red alert to all areas,

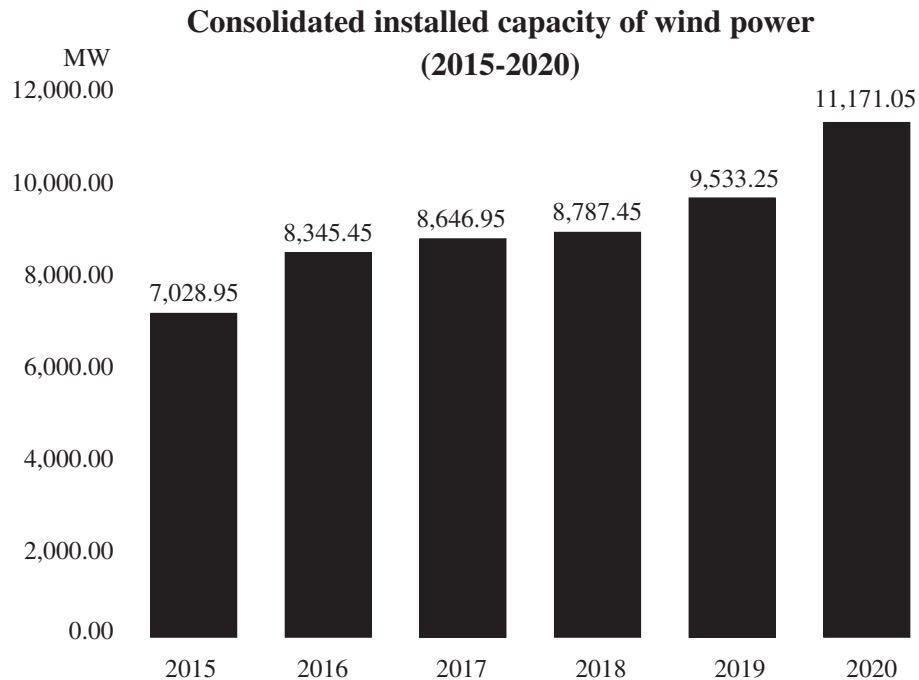
we consider that the it is more appropriate to estimate the amounts of the Existing Procurement Transactions with reference to the amounts of Procurement Transactions for 2016 and 2020 (and afterwards).

The estimated amounts of the Existing Procurement Transactions of RMB3,100 million for FY2022 were in line with the average amounts of the Procurement Transactions of approximately RMB3,050 million (based on historical amounts for 2016, 2020 and annualised amounts for the first nine months ended 30 September 2021). We also noted the following factors:

- In March 2021, the document of the 14th Five-Year Plan for National Economic and Social Development (2021–2025) and Vision 2035 (《中華人民共和國國民經濟和社會發展第十四個五年(2021–2025年)規劃和2035年遠景目標綱要》) was issued on the National People’s Congress and the Chinese People’s Political Consultative Conference, which states: “Accelerate the development of non-fossil energy sources, insist on a combination of centralised and distributed power generation, vigorously increase the scale of wind power and photovoltaic power generation, accelerate the development of distributed energy sources in the East and Central China, and develop offshore wind power in an orderly manner. It also mentioned to accelerate the construction of hydropower bases in the southwest, safely and steadily promote the construction of coastal nuclear power, build a number of clean energy bases that complement each other, and increase the proportion of non-fossil energy in total energy consumption to about 20%.”
- In May 2021, the Notice on Matters Relating to the Development and Construction of Wind Power and Photovoltaic Power Generation in 2021 (Guo Neng Fa Xin Neng [2021] No. 25) (《關於2021年風電、光伏發電開發建設有關事項的通知》(國能發新能[2021]25號)) was issued by the National Energy Administration, which stated that the proportion of wind power and photovoltaic power generation in the total electricity consumption of the whole country would reach about 11% in 2021, and also required the implementation of carbon peaking by 2030 and carbon neutral by 2060, and the proportion of non-fossil energy in primary energy consumption would reach about 25% in 2030, and the total installed capacity of wind power and solar power reach over 1.2 billion kW.

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Set out below are the Group's consolidated installed capacity from 2015 to 2020 for Shareholders' information purpose:



With reference to the Company's interim report for the six months ended 30 June 2021, as at 30 June 2021, the capacity of the projects under construction of the Company was 1,789.50MW with the accumulated consolidated installed capacity of 12,207.52MW. In particular, the wind power consolidated installed capacity was 11,137.05MW, representing an increase of 1,511.80MW or 15.71% as compared with that for the corresponding period in 2020; the photovoltaic power consolidated installed capacity was 1,065.47MW, representing an increase of 793.00MW or 291.04% as compared with the corresponding period in 2020.

As advised by the Directors, the increase in the Company's consolidated installed capacity indicated the possible demand of Agreed Products and Agreed Services.

Having considered the above factors, in particular (i) it is more appropriate to estimate amounts of the Existing Procurement Transactions (which mainly represented transactions such as the procurement of wind turbine equipment, modules and related services) with reference to the amounts of Procurement Transactions for 2016 and 2020 (and afterwards); (ii) the estimated amounts of the Existing Procurement Transactions of RMB3,100 million for FY2022 were in line with the average amounts of the Procurement Transactions of approximately RMB3,050 million (based on historical amounts for 2016, 2020 and annualised amounts for the first nine months ended 30 September 2021); and (iii) the increase in the Company's consolidated installed capacity indicated the possible demand of Agreed Products and Agreed Services, we are of the view that the estimated amounts of the Existing Procurement Transactions to be justifiable.

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The New Procurement Transactions

With reference to the Board Letter, the Company has been awarded the construction target of nearly 6 million kW of photovoltaic projects, which will successively commence construction and put into operation from 2022 to 2024. It is expected to incur an annual amount of approximately RMB1.2 billion to RMB1.4 billion in relation to the procurement of photovoltaic modules and technical services.

Upon our request, the Directors advised us that cost per installed capacity of photovoltaic power equipment amounted to approximately RMB2,000 per MW. The Directors further provided us a price quotation list of photovoltaic power equipment. We noted that the estimated cost per installed capacity of photovoltaic power equipment was in line with the implied cost per installed capacity of photovoltaic power equipment as shown in the price quotation list. Accordingly, we consider the estimated cost per installed capacity of photovoltaic power equipment to be reasonable.

Based on the abovementioned “the construction target of nearly 6 million kW of photovoltaic projects and the relevant projects will be successively commenced construction and put into operation from 2022 to 2024” and the estimated cost per installed capacity of photovoltaic power equipment of approximately RMB2,000 per MW, the implied estimated cost for purchase of photovoltaic power equipment from each of 2022 to 2024 were substantially more than the estimated annual amount of approximately RMB1.2 billion to RMB1.4 billion, indicating the Group’s possible purchase of photovoltaic power equipment from members of CDC Group and independent third party suppliers. Therefore, we consider the estimated annual amount of approximately RMB1.2 billion to RMB1.4 billion to be reasonable.

Having considered the above analyses and that (i) the warranty period of the installed capacity of the Company in previous years will gradually mature, which may lead to the increase in the demand of repairing and maintenance services; and (ii) the Procurement Cap for FY2022 is in line with the estimated amounts of the Procurement Transactions for FY2022, we consider that the Procurement Cap for FY2022 is fair and reasonable. As also advised by the Directors, the expected the demand of Procurement Transactions for FY2023 and FY2024 will remain at the similar level of that for FY2022. As the Procurement Caps for FY2023 and FY2024 were the same as the Procurement Cap for FY2022, we consider the Procurement Caps for FY2023 and FY2024 to be fair and reasonable.

Shareholders should note that as the Procurement Caps are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2024, and they do not represent forecasts of revenue/expenses/costs to be recorded/incurred from the Procurement Transactions. Consequently, we express no opinion as to how closely the actual revenue/expenses/costs to be incurred from the Procurement Transactions will correspond with the Procurement Caps.

LETTER FROM GRAM CAPITAL

In light of the above, we are of the view that the terms of the Procurement Transactions are on normal commercial terms and are fair and reasonable.

B. FACTORING SERVICES

Information on Datang Factoring Company

With reference to the Board Letter, Datang Factoring Company is a company with limited liability incorporated in the PRC in April 2018. Datang Factoring Company is primarily engaged in the provision of trade financing service by way of acquisition of account receivables; settlement, management and collection of account receivables; management of sales ledger; and investigation and evaluation of clients' credit standing; and relevant consultancy services.

Reasons for and benefits of the Factoring Services

With reference to the Board Letter, the relevant arrangements under the Factoring Business Cooperation Agreement are (i) beneficial to the Group to revitalise assets, replenish cash flow in a timely manner and accelerate the capital turnover to continuously support the capital expenditure of the Group; (ii) efficiently and conveniently obtaining financing support and financing services with the comprehensive rates equal to or lower than that in the market by making good use of the resources and business advantages of Datang Factoring Company, so as to lower the Group's overall funding costs and promote the Group's business development; and (iii) conducive to enhancing the Group's bargaining power in carrying out factoring business of the same type with other commercial factoring companies.

We further understood from the Directors that Factoring Services allowed the Group to further enhance the bargaining power of the company and its affiliates when conducting factoring business with other financial institutions.

Pursuant to the Factoring Business Cooperation Agreement, the comprehensive rates for fees shall be equivalent to or more favourable than those offered by other independent commercial factoring companies in the PRC. As such, the Factoring Services may allow the Company to have a lower fee charge than those provided by independent third parties. Therefore, the Factoring Services shall help the Company to reduce the finance costs and optimise the financial structure while ensuring that the capital needs of the Company are met.

With reference to the Company's interim report for the six months ended 30 June 2021, the Group's trade and bills receivables amounted to approximately RMB15,438 million as at 30 June 2021, representing an increase of approximately RMB3,032 million as compared with that as at 31 December 2020. Trade and bills receivables primarily represent receivables from regional or provincial power grid companies for tariff revenue (the "**Outstanding Subsidies**").

LETTER FROM GRAM CAPITAL

In order to mitigate the impacts of the prolonged process of receiving the tariff and reduce the receivables of the Group, the Company may utilize the Factoring Services to deal with the Outstanding Subsidies. The Company can receive the Outstanding Subsidies in advance through the factoring business, satisfy the capital requirement for business development, mitigate the possible fund occupation arisen from the Outstanding Subsidies, and support the ongoing business expansion so as to raise the efficiency of capital use.

In light of the above factors, we consider the Factoring Services are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group.

Principal terms of the Factoring Services

The following table summarizes the principal terms of the Factoring Services. Details of the terms of the Factoring Services are set out under the section headed “Factoring Business Cooperation Agreement” of the Board Letter.

Date: 7 December 2021

Parties: (i) the Company
(ii) Datang Factoring Company

Subject matter: Datang Factoring Company shall provide factoring business support to the Group, mainly including the factoring business on account receivables.

The Company and/or its subsidiaries may, during the term of the agreement, enter into specific factoring contracts in accordance with the terms of the Factoring Business Cooperation Agreement, and such specific factoring contracts shall be subject to the terms of the Factoring Business Cooperation Agreement.

Term of agreement: From 1 January 2022 to 31 December 2024

Type of factoring: Recourse

LETTER FROM GRAM CAPITAL

Major terms of the agreement:

- (i) Datang Factoring Company shall provide factoring business support (mainly including the factoring business on account receivables) to the Group in respect of the tariff premium for key programs invested and constructed by the Group with no more than RMB2,000 million (including factoring handling fees and factoring facilities interest) for each calendar year.
- (ii) Leveraging on its professional advantage in the financial business, Datang Factoring Company shall provide the Group with various economic consulting services including the design of account receivables factoring products and the transaction arrangements.
- (iii) Datang Factoring Company shall, in accordance with the requirements of the Group and after considering the relevant policies of the state, the supply of and demand for capital in the market as well as the structural features of factoring products, offer comprehensive rates which are the equivalent to or more favourable than those provided by other independent commercial factoring companies in the PRC so as to help the Group to reduce its financial costs and optimise its financial structure.
- (iv) Datang Factoring Company shall, upon thorough negotiations with the Group, select appropriate projects and shall design and offer customized factoring business proposals within the scope of the Group's business development and plan.

Pricing policy

The Group will pay comprehensive fees, including factoring handling fees and factoring facilities interest^(Note 1), to Datang Factoring Company in relation to its provision of factoring facility services.

Datang Factoring Company shall provide the Group with the most favourable comprehensive rate^(Note 2) according to the needs of the Group, taking into account the relevant policies and regulations of the PRC, the supply of and demand for capital in the market as well as the structural features of factoring products.

Notes:

- 1. Factoring facilities interest = factoring facilities balance x factoring facilities interest rate x actual days of occupation/360.
- 2. Comprehensive rate = (factoring handling fees + factoring facilities interest)/factoring facility amount.

LETTER FROM GRAM CAPITAL

Prior to the business cooperation with Datang Factoring Company, the Group will make enquires to no less than three commercial factoring companies (no less than two of which are third parties independent from the Company and its connected persons) to collect information about the terms and conditions of the relevant transactions and in relation to their comprehensive rates. If the Group identifies that the comprehensive rates provided by Datang Factoring Company are higher than any other independent third parties, Datang Factoring Company shall agree to adjust the comprehensive rates correspondingly after arm's length negotiation with the Group to ensure that the Group is offered with the most favourable terms, and the comprehensive rates of the relevant transactions shall be equivalent to or more favourable than those offered by the other independent commercial factoring companies in the PRC.

We understood from the Directors, to safeguard the interests of the Shareholders, the Company has adopted certain internal control procedures and corporate governance measures (the “**Factoring Services Measures**”) for utilizing the Factoring Services provided by Datang Factoring Company. Details of the Factoring Services Measures are set out under the section headed “Internal Control Procedures and Corporate Governance Measures” of the Board Letter. Having considered that (i) there would be quotations collection and comparison procedures by finance department of the Company or finance department of relevant subsidiary which proposes to enter into factoring arrangement under the Factoring Services Measures; and (ii) the Group's adoption of procedures to govern the utilisation of proposed annual caps, pursuant to which the Group will review every transaction if the utilisation rate of proposed annual caps exceed 75%, we are of the view that there are sufficient procedures to ensure fair pricing of the Factoring Services according to the pricing policies and the proposed annual cap will not be exceeded.

Upon our request, the Directors provided three copies of individual factoring agreements entered into between the Group and Datang Factoring Company in each of 2019, 2020 and 2021 with quotations. We noted that (i) there were three quotations provided by service suppliers (i.e. Datang Factoring Company and two independent third parties) before entering into each of the individual factoring agreements; and (ii) the comprehensive rates offered by Datang Factoring Company were less than those offered by independent third parties. Accordingly, we do not doubt the effectiveness of the implementation of the Factoring Services Measures.

LETTER FROM GRAM CAPITAL

The proposed annual caps

Set out below are (i) the historical transactions amounts of Factoring Services for the two years ended 31 December 2020 and for the nine months ended 30 September 2021 with existing annual caps; and (ii) the proposed annual caps of Factoring Services (the “**Factoring Cap(s)**”) for the three years ending 31 December 2024:

	For the year ended	For the year ended	For the year ending
Historical transaction amounts	31 December 2019	31 December 2020	31 December 2021
	<i>(in RMB million)</i>	<i>(in RMB million)</i>	<i>(in RMB million)</i>
Historical amounts	141	526	505 (Note)
Existing annual caps	2,000	2,000	2,000
Utilisation rate	7%	26%	N/A
	For the year ending	For the year ending	For the year ending
	31 December 2022	31 December 2023	31 December 2024
	<i>(in RMB million)</i>	<i>(in RMB million)</i>	<i>(in RMB million)</i>
Factoring Caps	2,000	2,000	2,000

Note: The actual transaction amounts for the nine months ended 30 September 2021 were only based on internal statistical standard. The actual transaction amounts for 2021 are subject to the section of connected transactions under the chapter of the report of the Board published in 2021 annual report of the Company.

The proposed annual caps are estimated based on various factors, details of which are set out under the section headed “Proposed Annual Caps and the Basis of Determination” of the Board Letter.

As mentioned above, the Group’s trade and bills receivables amounted to approximately RMB15,438 million as at 30 June 2021, representing an increase of approximately RMB3,032 million as compared with that as at 31 December 2020. Trade and bills receivables primarily represent receivables from regional or provincial power grid companies for tariff revenue.

LETTER FROM GRAM CAPITAL

Upon our request, the Directors also provided figures showing (i) power generation amounts; (ii) on-grid power generation amounts; (iii) tariff entitlements of the year; and (iv) tariff received during the year. The aforesaid figures are listed below:

	For the year ended 31 December 2020	For the year ended 31 December 2019
Power generation amounts (<i>MWh</i>)	21,176,229	18,435,463
Subsidies entitlements (<i>RMB'billion</i>)	5.27	4.48
Subsidies collection (<i>RMB'billion</i>)	2.76	2.35
Net of subsidies entitlements and subsidies collection (<i>RMB'billion</i>)	2.51	2.13

Based on the above table, the subsidies entitlements for FY2020 and FY2019 were larger than the proposed annual caps of RMB2 billion.

As also mentioned in the Board Letter, the Group intends to carry out factoring business for the increase in account receivables of tariff premium for each year during 2022 to 2024, so as to timely reduce the balance of the account receivables of tariff premium. Based on the above table, we also noted that the proposed annual caps of Factoring Services were close to net of subsidies entitlements and subsidies collection of RMB2.51 billion and RMB2.13 billion for FY2020 and FY2019.

Given that the balance of the account receivables of the tariff premium as at 30 September 2021 was approximately RMB15,020 million, even if the account receivable in respect of the actual annual increase in tariff premium during 2022 to 2024 were less than RMB2,000 million, the Company still can carry out factoring business for the balance of the account receivables of the tariff premium as at 30 September 2021.

Upon our further request, the Directors advised us that the low utilization rates of the existing annual caps for the three years ending 31 December 2021 were mainly due to the loosen domestic inter-bank market financing with lower financing cost in recent years, resulting in the Group's demand of more financing from commercial banks or other channels instead of institutions which provide factoring services. However, it is uncertain that the aforesaid situation will continuously sustain.

In light of that (i) the Outstanding Subsidies as at 30 June 2021 were substantially above the proposed for each of the three years ending 31 December 2024; and (ii) the proposed annual caps were close to net of subsidies entitlements and subsidies collection for FY2020 and FY2019, we consider that the proposed annual caps for FY2022 are fair and reasonable.

LETTER FROM GRAM CAPITAL

As confirmed by the Directors, should there be any substantial increase in Outstanding Subsidiaries, the Group may opt to proceed larger portion of Outstanding Subsidiaries by factoring arrangement through independent commercial factoring companies in the PRC or by other approaches to convert the Outstanding Subsidiaries to cash or re-comply with the applicable provisions of the Listing Rules governing continuing connected transaction to revise the proposed annual caps during the terms of Factoring Business Cooperation Agreement.

Based on the above, we consider that the proposed annual caps for the two years ending 31 December 2024, which are the same as the proposed annual cap for the year ending 31 December 2022, are fair and reasonable.

Shareholders should note that as the proposed annual caps of the Factoring Services are relating to future events and was estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2024, and they do not represent forecasts of revenue/cost to be recorded/incurred from the Factoring Services. Consequently, we express no opinion as to how closely the actual revenue/cost to be recorded/incurred from the Factoring Services will correspond with the proposed annual caps.

In light of the above, we are of the view that the terms of the Factoring Services are on normal commercial terms and are fair and reasonable.

Listing Rules implication

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules pursuant to which (i) the values of the Procurement Transactions must be restricted by their respective annual caps for the period concerned under the Datang Master Agreement; (ii) the values of the Factoring Services must be restricted by their respective annual caps for the period concerned under the Commercial Factoring Business Framework Agreement; (iii) the terms of the Procurement Transactions and the Factoring Services must be reviewed by the independent non-executive Directors annually; (iv) details of independent non-executive Directors' annual review on the terms of the Procurement Transactions and the Factoring Services must be included in the Company's subsequent published annual reports.

Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, whether anything has come to their attention that causes them to believe that the Factoring Services (i) have not been approved by the Board; (ii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (iii) have exceeded the annual caps.

LETTER FROM GRAM CAPITAL

In the event that the maximum amounts of each of the Procurement Transactions or the Factoring Services are anticipated to exceed the proposed annual caps, or that there is any proposed material amendment to the terms of the Procurement Transactions or the Factoring Services, as confirmed by the Directors, the Company shall comply with the applicable provisions of the Listing Rules governing continuing connected transaction.

Given the above stipulated requirements for continuing connected transactions pursuant to the Listing Rules, we are of the view that there are adequate measures in place to monitor the Procurement Transactions and the Factoring Services and thus the interest of the Independent Shareholders would be safeguarded.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Procurement Transactions and the Factoring Services are on normal commercial terms and are fair and reasonable; and (ii) the Procurement Transactions and the Factoring Services are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Procurement Transactions and the Factoring Services and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 25 years of experience in investment banking industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material aspects and not misleading or deceptive, and there are no other matters, the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS AND CONFIRMATIONS

- (a) as at the Latest Practicable Date, none of the Directors, supervisors or senior management of the Company had any interest or short positions in the Shares, underlying Shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO), which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provision of the SFO); or are required pursuant to section 352 of the SFO to be entered in the register referred to therein, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers;
- (b) as at the Latest Practicable Date, the Company has not granted its Directors, supervisors, senior management or their respective spouses or children below 18 any rights to subscribe for its equity securities or debt securities;
- (c) apart from Mr. Liu Jianlong, Mr. Li Yi and Mr. Kuang Lelin who are directors and/or employees of CDC Group, as at the Latest Practicable Date, none of the Directors is a director or employee of a company having an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO;
- (d) as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting and significant in relation to the business of the Group;
- (e) as at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been since 31 December 2020, being the date to which the latest published audited annual financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;

- (f) save as disclosed in the section “Interests of Directors in Competing Business” of the third paragraph of this Appendix, as at the Latest Practicable Date, none of the Directors or, to the best of their knowledge, any of their respective associates was interested in any business (apart from the Group’s business) which competes or is likely to compete either directly or indirectly with the Group’s business (as would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them were a controlling shareholder);
- (g) as at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading positions of the Group since 31 December 2020, the date to which the latest published audited annual financial statements of the Company were made up;
- (h) as at the Latest Practicable Date, none of the Directors, proposed director(s), supervisors or proposed supervisor(s) of the Company entered or will enter into any service contract with any member of the Group (excluding contracts expiring or terminable by the employer within one year without payment of compensation (other than statutory compensation)); and
- (i) as at the Latest Practicable Date, the Board confirms that, after making all reasonable enquires and to the best of their knowledge, information and belief, there are no voting trust or other agreement or arrangement or understanding (other than an outright sale) entered into by or binding upon any Shareholders, or any obligation or entitlement of any Shareholders, whereby such Shareholders have or may have temporarily or permanently passed control over the exercise of the voting right in respect of his Shares, either generally or on a case-by-case basis.

3. INTERESTS OF DIRECTORS IN COMPETING BUSINESS

As at the Latest Practicable Date, save as disclosed below, none of the Directors and their associates had any competing interests in any business which competed or was likely to compete, either directly or indirectly, with the business of the Group:

Name of Directors	Position in the Company	Other Interests
Mr. Liu Jianlong	Non-executive Director	A full-time director of subsidiaries delegated by CDC Group
Mr. Li Yi	Non-executive Director	The secretary of the Party committee, an executive director and general manager of Datang Shanghai Energy Development Co., Ltd. (大唐(上海)能源開發有限公司)
Mr. Kuang Lelin	Non-executive Director	A member of the Party committee, vice general manager and chairman of Labor Union of Datang Jilin

4. SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS HOLDING DISCLOSEABLE INTERESTS IN THE COMPANY

As at the Latest Practicable Date, as far as known to the Directors and chief executives of the Company, the following persons had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were registered in the register required to be kept pursuant to Section 336 of the SFO, or who are directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote at a general meeting under all circumstances:

Name of Shareholder	Class of Shares	Capacity	Number of Shares Held	Percentage in the Relevant Class of Share	Percentage in the Total Share Capital
CDC ^(Note 1)	Domestic Shares	Beneficial owner and interests in a controlled corporation	4,772,629,900 (Long position)	100%	65.61%
Datang Jilin ^(Note 1)	Domestic Shares	Beneficial owner	599,374,505 (Long position)	12.56%	8.24%
Baoshan Iron & Steel Co., Ltd.* (寶山鋼鐵股份有限公司) ^(Note 2)	H Shares	Interests in a controlled corporation	164,648,000 (Long position)	6.58%	2.26%
Bao-Trans Enterprises Limited ^(Note 2)	H Shares	Beneficial owner	164,648,000 (Long position)	6.58%	2.26%
BlackRock, Inc.	H Shares	Interests in a controlled corporation	138,426,000 (Long position)	5.53%	1.90%
			24,630,000 (Short position)	0.98%	0.34%

Notes:

- (1) CDC directly held 4,173,255,395 Domestic Shares and is deemed to be interested in 599,374,505 Domestic Shares held by Datang Jilin, by virtue of the fact that Datang Jilin is a wholly-owned subsidiary of CDC, therefore, CDC, directly and indirectly, held 4,772,629,900 Domestic Shares of the Company in total.
- (2) Baoshan Iron & Steel Co., Ltd.* (寶山鋼鐵股份有限公司) indirectly holds 164,648,000 H Shares through Bao-Trans Enterprises Limited, its wholly-owned subsidiary.

Save as disclosed in this circular, the Directors and chief executive of the Company are not aware that there is any party who, as at the Latest Practicable Date, had an interest or a short position in the Shares and underlying Shares which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or who are directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote at a general meeting under all circumstances.

5. MATERIAL CONTRACT

Within the two years immediately preceding the date of this circular and up to the Latest Practicable Date, no contract (not being contract entered into in the ordinary and usual course of business) was entered into by the Group which are or may be material.

6. LITIGATION

As at the Latest Practicable Date, as far as known to the Directors, no member of the Group was engaged in any litigation, arbitration or claim of material importance and there was no litigation, arbitration or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

7. QUALIFICATION OF EXPERT AND CONSENT

The following are the qualifications of the expert who has provided opinion or advice contained in this circular:

Name	Qualification
Gram Capital Limited	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

- (a) As at the Latest Practicable Date, Gram Capital has given and has not withdrawn its written consent to the issue of this circular with inclusion of its letter (as the case may be) and the reference to its name included herein in the form and context in which they currently appear.
- (b) As at the Latest Practicable Date, Gram Capital did not hold any beneficial interest in the share capital of any member of the Group, nor did it have the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (c) As at the Latest Practicable Date, Gram Capital did not have any interest in any assets which have been, since 31 December 2020 (being the date to which the latest published audited annual financial statements of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

8. OTHER INFORMATION

- (a) The joint company secretaries of the Company are Mr. Jia Hong and Ms. Kwong Yin Ping, Yvonne (a fellow of both The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute).
- (b) The registered office of the Company in the PRC is Room 6197, 6/F, Building 4, Courtyard 49, Badachu Road, Shijingshan District, Beijing, the PRC; the head office in the PRC is 8/F, Building 1, No. 1 Caishikou Street, Xicheng District, Beijing, the PRC; the principal place of business in Hong Kong is 40/F, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong.
- (c) H Share registrar of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text in the event of inconsistency.

9. DOCUMENTS ON DISPLAY

Copies of the following documents will be published for display on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.cdt-re.com>) from the date of this circular up to and including 29 December 2021:

- (a) the letter from the Independent Board Committee, full text of which is set out on pages 29 to 30 of this circular;
- (b) the letter from Gram Capital, full text of which is set out on pages 31 to 52 of this circular;
- (c) the written consent of the experts referred to paragraph 7 of this appendix;
- (d) Datang Master Agreement; and
- (e) the Factoring Business Cooperation Agreement.

* *For identification purpose only*



中国大唐集团新能源股份有限公司

China Datang Corporation Renewable Power Co., Limited*

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 01798)

**REVISED NOTICE OF THE SECOND EXTRAORDINARY
GENERAL MEETING IN 2021**

REVISED NOTICE IS HEREBY GIVEN that the second extraordinary general meeting in 2021 (the “EGM”) of China Datang Corporation Renewable Power Co., Limited* (the “**Company**”) will be held at 10:00 a.m. on Wednesday, 29 December 2021 at Building 1, No.1 Caishikou Street, Xicheng District, Beijing, the PRC to consider the following matters:

ORDINARY RESOLUTIONS

1. To consider and approve the resolution in relation to the transactions of procurement of products and services contemplated under the Datang Master Agreement and its proposed annual caps for the three years ending 31 December 2024
2. To consider and approve the resolution in relation to the transactions contemplated under the Factoring Business Cooperation Agreement and its proposed annual caps for the three years ending 31 December 2024
3. To consider and approve the resolution in relation to the proposed appointment of Mr. Wang Qiying as a non-executive Director of the Company
4. To consider and approve the resolution in relation to the proposed appointment of Mr. Yu Fengwu as a non-executive Director of the Company

By order of the Board

China Datang Corporation Renewable Power Co., Limited*

Jia Hong

Joint Company Secretary

Beijing, the PRC, 13 December 2021

REVISED NOTICE OF THE SECOND EXTRAORDINARY GENERAL MEETING IN 2021

Notes:

1. The register of members will be closed by the Company from Wednesday, 22 December 2021 to Wednesday, 29 December 2021 (both days inclusive). To be eligible to attend the EGM, all instruments of transfer accompanied by relevant share certificates must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H shares of the Company); or the Company's head office in the PRC at 8/F, Building 1, No. 1 Caishikou Street, Xicheng District, Beijing 100053, the PRC (for holders of domestic shares of the Company) not later than 4:30 p.m. on Tuesday, 21 December 2021.
2. A shareholder entitled to attend and vote at the EGM may appoint one or more proxies (whether he/she is a shareholder) to attend and vote at the EGM on his or her behalf.
3. The instrument to appoint a proxy shall be signed by the appointer or his attorney duly authorised in writing or, in the case of a legal person, must be either executed under its common seal or under the hand of its directors or attorney duly authorised.
4. To be valid, the revised form of proxy dispatched on 13 December 2021 (the “**Revised Form of Proxy**”) must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H shares of the Company); or the Company's head office in the PRC at 8/F, Building 1, No. 1 Caishikou Street, Xicheng District, Beijing 100053, the PRC (for holders of domestic shares of the Company) in person or by post not less than 24 hours before the time fixed for holding the EGM or any adjourned meeting thereof. If such instrument is signed by another person under a power of attorney or other authorisation documents given by the appointer, such power of attorney or other authorisation documents shall be notarised. The notarised power of attorney or other authorisation documents shall, together with the instrument appointing the proxy, be deposited at the specified place at the time set out in such instrument.
5. If the appointer is a legal person, its legal representative or any person authorised by resolutions of the board or other governing bodies may attend the EGM on behalf of the appointer.
6. The Company has the rights to request a proxy who attends the EGM on behalf of a shareholder to provide proof of identity.
7. The EGM is expected to take less than half a day. Shareholders who attend the EGM shall be responsible for their own travel and accommodation expenses.
8. The address of the Company's head office in the PRC is as follows:

8/F, Building 1
No. 1 Caishikou Street
Xicheng District
Beijing 100053
PRC
9. A shareholder who has not yet lodged the original form of proxy dispatched on 8 December 2021 (the “**Original Form of Proxy**”) in accordance with the instructions printed thereon is requested to lodge the Revised Form of Proxy if he or she wishes to appoint proxies to attend the EGM on his or her behalf. In this case, the Original Form of Proxy should not be lodged.

REVISED NOTICE OF THE SECOND EXTRAORDINARY GENERAL MEETING IN 2021

10. A shareholder who has already lodged the Original Form of Proxy in accordance with the instructions printed thereon should note that:
- (i) If no Revised Form of Proxy is lodged in accordance with the instructions printed hereon, the Original Form of Proxy will be treated as a valid form of proxy lodged by the shareholder if duly completed. The proxy appointed under the Original Form of Proxy will also be entitled to vote in accordance with the instructions previously given by the shareholder or at his/her discretion (if no such instructions are given) on any resolution properly put to the EGM (including the additional proposed resolution as set out in the circular and this revised notice of the EGM of the Company dated 13 December 2021).
 - (ii) If the Revised Form of Proxy is lodged in accordance with the instructions printed hereon at or before 10:00 a.m. on Tuesday, 28 December 2021, the Revised Form of Proxy will be treated as a valid form of proxy lodged by the shareholder if duly completed.
 - (iii) If the Revised Form of Proxy is lodged after the closing time set out in this revised notice of the EGM, the Revised Form of Proxy will be deemed invalid. It will not revoke the Original Form of Proxy previously lodged by the shareholder. The Original Form of Proxy will be treated as a valid form of proxy if duly completed. The proxy appointed under the Original Form of Proxy will also be entitled to vote in accordance with the instructions previously given by the shareholder or at his/her discretion (if no such instructions are given) on any resolution properly put to the EGM (including the additional proposed resolution as set out in the circular and this revised notice of the EGM of the Company dated 13 December 2021).
11. Shareholders are reminded that the completion and return of the Revised Form of Proxy will not preclude them from attending and voting in person at the EGM or any adjournment thereof should they so wish.

As at the date of this notice, the executive directors of the Company are Mr. Liu Guangming and Mr. Meng Lingbin; the non-executive directors are Mr. Liu Jianlong, Mr. Li Yi and Mr. Kuang Lelin; and the independent non-executive directors are Mr. Liu Chaoan, Mr. Lo Mun Lam, Raymond and Mr. Yu Shunkun.

** For identification purpose only*