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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)

ANNOUNCEMENT

MAJOR TRANSACTION AND CONTINUING CONNECTED TRANSACTION RENEWAL OF FINANCIAL SERVICES AGREEMENT

RENEWAL OF FINANCIAL SERVICES AGREEMENT

Reference is made to the financial services agreement dated 31 August 2011 between the Company and Datang Finance, with a term commenced from 1 January 2011 and ended on 31 December 2013. On 20 January 2014, the Company entered into a financial services agreement with Datang Finance, with a term commenced from 20 January 2014 and ended on 31 December 2014. On 27 March 2015, the Company entered into a financial services agreement with Datang Finance, with a term commenced from 27 March 2015 and ending on 31 December 2017. The Board is pleased to announce that the Company renewed the financial services agreement with Datang Finance on 12 May 2017, with a term of three years commencing from 1 January 2018 and ending on 31 December 2020, pursuant to which Datang Finance agreed to provide loan services, deposit services and other financial services to the Group in accordance with the terms and conditions of the New Financial Services Agreement.

LISTING RULES IMPLICATIONS

As CDC directly and indirectly holds approximately 65.61% of the issued share capital of the Company as at the date of this announcement, it is a controlling shareholder as defined under the Listing Rules and thus a connected person of the Company. Datang Finance is a non-wholly owned subsidiary of CDC, and is therefore a connected person of the Company. Accordingly, the New Financial Services Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under the Listing Rules.

In respect of the loan services to be provided by Datang Finance to the Group, as the loan services are entered into on normal commercial terms (or more favourable terms as to the Group) and no security over the assets of the Group will be granted in respect of the loan services, the loan services will constitute financial assistance to be provided by a connected person for the benefit of the Group in line with the Listing Rules. The loan services could be exempt from reporting, announcement, annual review and Independent Shareholders' approval requirements under Rule 14A.90 of the Listing Rules.

In respect of the deposit services to be provided by Datang Finance to the Group, as one or more of the percentage ratio(s) (as defined in Rule 14.07 of the Listing Rules) applicable to the deposit services are more than 5%, the deposit services is subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements as set out in Chapter 14A of the Listing Rules. The Company will disclose the relevant details in the annual report published in the next year and accounts of the Company in accordance with the relevant requirements as set out in Rule 14A.71 of the Listing Rules.

In addition, as one or more of the percentage ratio(s) applicable to the deposit services are more than 25% but less than 75%, the deposit services constitutes a major transaction of the Company and is subject to the requirements of reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

In respect of other financial services to be provided by Datang Finance to the Group, each of the percentage ratio(s) applicable to other financial services is below the de minimis threshold set out in Rule 14A.76 of the Listing Rules, therefore the provision of other financial services by Datang Finance to the Group is exempt from the reporting, announcement, annual review and Independent Shareholders' approval requirements of the Listing Rules. The Company will comply with the reporting, announcement, annual review and Independent Shareholders' approval requirements as set out in Chapter 14A of the Listing Rules if the transaction amount of the other financial services to be provided by Datang Finance to the Group under the New Financial Services Agreement exceeds the relevant threshold.

APPROVAL BY THE BOARD AND THE INDEPENDENT SHAREHOLDERS

Directors (including independent non-executive Directors) are of the view that the New Financial Services Agreement and the transactions contemplated thereunder will be 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 its Shareholders as a whole. Mr. Wang Yeping (resigned on 18 April 2017), Mr. Liu Guangming, Mr. Liang Yongpan and Mr. Liu Baojun, being Directors of the Company and the connected Directors, have abstained from voting on the resolution in relation to consideration and approval of the New Financial Services Agreement and the transactions contemplated thereunder at the Board meeting. Other than those disclosed above, none of the Directors has any material interest in these transactions.

An Independent Board Committee comprised of all independent non-executive Directors has been formed to advise the Independent Shareholders in respect of the transactions; Gram Capital will be appointed as an Independent Financial Adviser of the Company to advise the Independent Board Committee and the Independent Shareholders on the same issue.

ANNUAL GENERAL MEETING

The Company will convene the annual general meeting to consider and approve the New Financial Services Agreement and the transactions contemplated thereunder. A circular containing, among other things, the letter from the Independent Board Committee, advice of the Independent Financial Adviser together with a notice convening the annual general meeting is expected to be despatched to Shareholders within 15 business days from the date of this announcement in accordance with the Listing Rules.

Reference is made to the financial services agreement dated 31 August 2011 between the Company and Datang Finance, with a term commenced from 1 January 2011 and ended on 31 December 2013. On 20 January 2014, the Company entered into a financial services agreement with Datang Finance, with a term commenced from 20 January 2014 and ended on 31 December 2014. On 27 March 2015, the Company entered into a financial services agreement with Datang Finance, with a term commenced from 27 March 2015 and ending on 31 December 2017. The Board is pleased to announce that the Company renewed the financial services agreement with Datang Finance on 12 May 2017, with a term of three years commencing from 1 January 2018 and ending on 31 December 2020, pursuant to which Datang Finance agreed to provide loan services, deposit services and other financial services to the Group in accordance with the terms and conditions of the New Financial Services Agreement.

1. MAIN CONTENTS OF THE NEW FINANCIAL SERVICES AGREEMENT

Since the financial services agreement entered into between the Company and Datang Finance on 27 March 2015 and the annual caps thereof will expire on 31 December 2017, the Company entered into the New Financial Services Agreement with Datang Finance on 12 May 2017, the major terms of which are as follows:

Date: 12 May 2017

Parties: Datang Finance (Service provider)

The Group (Service receiver)

Term of the agreement: From 1 January 2018 to 31 December 2020

Nature of transaction: The services to be provided by Datang Finance to the Group include loan services, intra-group transfer and settlement services, assistance in the receipt and payment of transaction proceeds, bill acceptance and discount services, deposit services, finance lease, investment and financing consultation services, financial consultation and training services, underwriting services concerning the issuance of corporate bonds by enterprises, guarantee trust services and insurance agent services. Datang Finance shall ensure the stable operation of fund management system to safeguard the fund, and to control the credit risk so as to satisfy the payments needs of the Group.

Scope of services:

- (1) Loan services;
- (2) Deposit services; and
- (3) Apart from the loan services and the deposit services, the other financial services to be provided by Datang Finance to the Group mainly include intra-group transfer and settlement services, assistance in the receipt and payment of transaction proceeds, bill acceptance and discount services, financing lease, investment and financing consultation services, financial consultation and training services, underwriting services concerning the issuance of bonds, guarantee trust services and insurance agent services (“**Other Financial Services**”).

2. PRICING POLICY

Datang Finance has undertaken to provide the aforementioned financial services to the Group based on the following pricing policies:

- (1) within the range for the floating deposit interests rates published by the PBOC and by reference to the benchmark deposit interest rate published by the PBOC, the deposit interest rate to be provided by Datang Finance to the Group shall not be lower than the equivalent deposit interest rate as offered by the independent domestic commercial banks in the PRC;

- (2) within the range for the floating loan interests rates published by the PBOC and by reference to the benchmark loan interest rate published by the PBOC, the loan interest rate to be granted by Datang Finance to the Group shall not be higher than the equivalent deposit interest rate as charged by the independent domestic commercial banks in the PRC;
- (3) the fees charged by Datang Finance for its provision of other financial services to the Group should not be higher than the rates charged by the independent domestic commercial banks in the PRC for the services of the same or similar kind.

3. PROPOSED ANNUAL CAPS AND THE BASIS OF DETERMINATION

Loan Services

In view that the loan services to be provided by Datang Finance to the Group are on normal commercial terms (or more favourable terms as to the Group) and that no security over the assets of the Group will be granted in respect of the loan services, the loan services could be exempt from reporting, announcement, annual review and Independent Shareholders' approval requirements under Rule 14A.90 of the Listing Rules. Datang Finance will grant integrated credit facilities of RMB4 billion to the Group for the three years ending 31 December 2018, 31 December 2019 and 31 December 2020, respectively.

Deposit Services

Pursuant to the financial services agreement entered into between the Company and Datang Finance on 20 January 2014 and 27 March 2015, the daily maximum deposit balance of the Group at Datang Finance amounted to approximately RMB0.43 billion, RMB0.869 billion, RMB0.818 billion and RMB0.43 billion for the three years ended 31 December 2014, 31 December 2015 and 31 December 2016 and for the four months ended 30 April 2017, respectively.

In view of the Company's business growth and increase in demand for financial services, the Company proposes to set the daily maximum deposit balance at Datang Finance as RMB2 billion for each of the three years ending 31 December 2018, 31 December 2019 and 31 December 2020 after taking into account of the following:

- (1) the daily maximum deposit balances of the Group at Datang Finance for the two years ended 31 December 2015 and 31 December 2016, respectively;
- (2) the Group's cash and cash equivalents and trade and bills receivables for the two years ended 31 December 2015 and 31 December 2016, respectively;

- (3) The daily maximum deposit balance of the Company in a year generally occurs in the last quarter of the year;
- (4) In order to strengthen the centralised management of funds and monitor the use of funds, the Group will continuously roll out a “funding pool” platform through Datang Finance. Such platform amasses the funds of the Group and enables loans to be granted within the Group by utilising the position arising from the difference in the time for receipt and payment of funds of the members of the Group in order to support the development of the Group;
- (5) In respect of the Group’s funds settlement business at Datang Finance, settlement expenses will be undertaken by Datang Finance; and
- (6) During the term of the agreement, the issuance of short-term debentures, ultra short-term debentures and non-public placement debt financing instruments will also enhance the Company’s daily maximum deposit balance at Datang Finance.

The Directors (including the independent non-executive Directors) consider that the above proposed deposit caps in respect of the deposit services are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Other Financial Services

The Company expects that each of the percentage ratios applicable to the total fees payable by the Group to Datang Finance in respect of other financial services will be less than the de minimis threshold as set out in Rule 14A.76 of the Listing Rules. The Company will comply with the reporting, announcement, annual review and Independent Shareholders’ approval requirements as set out in Chapter 14A of the Listing Rules if the transaction amount of the other financial services to be provided by Datang Finance to the Group under the New Financial Services Agreement exceeds the relevant threshold.

4. REASONS FOR AND BENEFITS OF THE NEW FINANCIAL SERVICES AGREEMENT

By entering into the New Financial Services Agreement with Datang Finance, the Company is able to secure loans and other financing services at interest rates lower than those in the market, which assists in improving the overall standard of fund operation of the Company and enhancing the Group’s bargaining power of external financing. The entering into of the New Financial Services Agreement can also enable the Company to secure higher interest rates for deposits than those in the market and enjoy payment and settlement services at zero rate, thereby increasing interest income on deposits and saving e-settlement costs. Due to the long-term relationship between the Group and Datang Finance, the Group expects that it will benefit from Datang Finance, which is familiar with the industry and operation of the Group. Through cooperation between each other for many years, Datang Finance is familiar with the capital structure, business operation, financing needs, mode of cash flow and cash management of the Group, as well as the Group’s entire financial management system so it will be an advantage to provide the Group with more appropriate, effective and flexible services when compared with the independent domestic commercial banks in the PRC.

The Directors (including the independent non-executive Directors) consider that it is beneficial to the Company to continue to enter into the continuing connected transactions as these transactions have facilitated and will continue to facilitate the operation and growth of the Company's business. Additionally, the Directors (including the independent non-executive Directors) believe that these transactions will continue to 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 and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

5. LISTING RULES IMPLICATIONS

As CDC directly and indirectly holds approximately 65.61% of the issued share capital of the Company as at the date of this announcement, it is a controlling shareholder as defined under the Listing Rules and thus a connected person of the Company. Datang Finance is a non-wholly owned subsidiary of CDC, and is therefore a connected person of the Company. Accordingly, the New Financial Services Agreement and the transactions contemplated thereunder constitute continuing connected transaction of the Company under the Listing Rules.

Loan services

In respect of the loan services to be provided by Datang Finance to the Group, as the loan services are on normal commercial terms (or more favourable terms as to the Group) and no security over the assets of the Group will be granted in respect of the loan services, the loan services will constitute financial assistance to be provided by a connected person for the benefit of the Group in line with the Listing Rules. The loan services could be exempt from reporting, announcement, annual review and Independent Shareholders' approval requirements under Rule 14A.90 of the Listing Rules.

Deposit Services

In respect of the deposit services to be provided by Datang Finance to the Group, as one or more of the percentage ratio(s) applicable to the deposit services are more than 5%, the deposit services is subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements as set out in Chapter 14A of the Listing Rules. The Company will disclose the relevant details in the annual report published in the next year and accounts of the Company in accordance with the relevant requirements as set out in Rule 14A.71 of the Listing Rules.

In addition, as one or more of the percentage ratio(s) applicable to the deposit services are more than 25% but less than 75%, the deposit services constitutes a major transaction of the Company and is subject to the requirements of reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Other Financial Services

In respect of other financial services to be provided by Datang Finance to the Group, each of the percentage ratio(s) applicable to other financial services is below the de minimis threshold set out in Rule 14A.76 of the Listing Rules, therefore the provision of other financial services by Datang Finance to the Group is exempt from the reporting, announcement, annual review and Independent Shareholders' approval requirements of the Listing Rules. The Company will comply with the reporting, announcement, annual review and Independent Shareholders' approval requirements as set out in Chapter 14A of the Listing Rules if the transaction amount of the other financial services to be provided by Datang Finance to the Group under the New Financial Services Agreement exceeds the relevant threshold.

6. INTERNAL CONTROL PROCEDURES AND CORPORATE GOVERNANCE MEASURES

Loan services

The internal control procedures adopted by the Company in relation to the loan services include, among others, during a certain period of time before the financing, the Company will take the initiative to locate independent domestic commercial banks in the PRC, inquire about the financing costs, undergo a comprehensive comparison according to the preferential conditions and interest rates and financing procedures given by each independent domestic commercial bank in the PRC in the negotiation process to determine the optimal choice to ensure that the company financing is the most cost-effective financing.

Deposit Services

The Company has adopted internal control and monitoring procedures relating to the deposit services, including:

- (1) Before entering into any deposit arrangements with Datang Finance, the Company will negotiate with Datang Finance on an arm's length basis in respect of the deposit interest rate of the deposit services, and ensure that such interest rate is determined (1) by reference to and is not lower than the benchmark interest rate then published by the PBOC for similar deposits for a similar term and in case of any change in the benchmark interest rate, the interest rate payable by Datang Finance shall be determined by reference to and not lower than such benchmark interest rate; and (2) by reference to and is not lower than the interest rates offered by at least four other independent domestic commercial banks in the PRC for similar deposit services on normal commercial terms. In the way, the Company will be able to ensure the deposit interest rate of the deposit services will not be less favourable than that published by PBOC for similar deposits for a similar term and that offered by four other independent domestic commercial banks in the PRC for similar deposits for a similar term;

In the event that upon receiving deposit certificate which shows the actual deposit interest rate as offered by Datang Finance, the Company notes that the deposit interest rate as offered by Datang Finance is less than the then negotiated savings interest rate as offered by PBOC, the Company will require Datang Finance to provide the differences in the part of interest to the Company;

- (2) Finance department of the Company will monitor the deposit services on a daily basis to ensure the proposed annual caps will not be exceeded; and
- (3) Finance department of the Company will report to the management of the Company, giving an update of the deposit arrangements with Datang Finance on a monthly basis.

7. CAPITAL RISK CONTROL MEASURES

- (1) Datang Finance will ensure the safe and stable operation of the funds management information system, all of which has passed the security test in respect of the interface of online banking of commercial banks and has reached the security standards for domestic commercial banks. The system has adopted the mode awarded with CA safety certificate verification to ensure the security of the funds of the Group;
- (2) Datang Finance will ensure that it operates in strict compliance with the risk monitoring indicators for financial institutions issued by the CBRC and that its major regulatory indicators such as capital adequacy ratio, interbank borrowing ratio and liquidity ratio will also comply with the requirements of the CBRC; and
- (3) Any balance of the Group's funds (after deducting the amount used for entrusted loans and the loans granted to the Group by Datang Finance) will be deposited into one or more commercial banks in the PRC as interbank deposits.

8. OPINIONS OF THE BOARD

Having considered the abovementioned pricing policies and basis for determination of proposed annual caps and reasons for and benefits of conducting the transactions under the New Financial Services Agreement, Directors (including independent non-executive Directors) are of the view that the New Financial Services Agreement and the transactions contemplated thereunder 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 its Shareholders as a whole. Mr. Wang Yeping (resigned on 18 April 2017), Mr. Liu Guangming, Mr. Liang Yongpan and Mr. Liu Baojun, being Directors of the Company and the connected Directors, have abstained from voting on the resolution in relation to consideration and approval of the New Financial Services Agreement and the transactions contemplated thereunder at the Board meeting. Other than those disclosed above, none of the Directors has any material interest in these transactions.

9. APPROVAL BY INDEPENDENT SHAREHOLDERS AND ANNUAL GENERAL MEETING

Since the New Financial Services Agreement and the transactions contemplated thereunder are subject to 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 relevant transactions. Gram Capital will be appointed as an Independent Financial Adviser of the Company to advise the Independent Board Committee and the Independent Shareholders on the same issue.

In view of the material interests of CDC in the New Financial Services Agreement and the transactions contemplated thereunder, CDC and its subsidiaries (which together are interested in an aggregate of approximately 65.61% of the total issued share capital of the Company as at the date of this announcement) and the associates of CDC and its subsidiaries are required to abstain from voting on the resolutions to be proposed at the annual general meeting to approve these transactions. As at the date of this announcement, to the best knowledge, information and belief of the Directors, save as disclosed in this announcement, no other Shareholders will be required to abstain from voting in respect of any of the resolutions.

The Company will convene the annual general meeting to consider and approve the New Financial Services Agreement and the transactions contemplated thereunder. A circular containing, among other things, the letter from the Independent Board Committee, advice of the Independent Financial Adviser together with a notice convening the annual general meeting is expected to be despatched to Shareholders within 15 business days from the date of this announcement in accordance with the Listing Rules.

10. GENERAL INFORMATION

Information on the Company

The Company is a joint stock limited company incorporated in the PRC in September 2004. The Company is a leading renewable energy generation company in PRC in terms of wind power installed capacity. 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, 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; as well as leasing of property.

Information on Datang Finance

Datang Finance is a non-bank financial institution incorporated in the PRC in May 2005. It is principally engaged in providing consultancy and agency service in relation to financial advisory, credit, visa and related services; assisting intra-group members in realizing receipt and payment of transaction amount; providing approved insurance agency services; serving as guarantees for loans of intra-group members; handling entrusted loan and entrusted investment between intra-group members; handling bill acceptances and discounting for intra-group members; conducting internal transfer settlement between intra-group members and designing of corresponding settlement and liquidation plan; absorbing deposits from intra-group members; dealing with loan and financial leasing for intra-group members; dealing with inter-bank offered credit; issuing finance company bonds upon approval, underwriting corporate bonds of intra-group members; making equity investments in financial institutions; and investment in negotiable securities, etc.

11. DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	means the board of Directors of the Company
“CDC”	means China Datang Corporation* (中國大唐集團公司), a state-owned enterprise established in the PRC and the controlling shareholder of the Company
“CBRC”	means China Banking Regulatory Commission (中國銀行業監督管理委員會)
“Company”	means 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, the H shares of which are listed on the Stock Exchange

“connected person”	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 Finance”	means China Datang Finance Co., Ltd.* (中國大唐集團財務有限公司), established in PRC and directly owned as to 64.5% by CDC
“Director(s)”	means the director(s) of the Company
“Group”	means the Company and its subsidiaries from time to time
“Independent Board Committee”	means an independent committee of the Board comprising Mr. Liu Chaoan, Mr. Lo Mun Lam, Raymond and Mr. Yu Shunkun, all being independent non-executive Directors
“Independent Financial Adviser” or “Gram Capital”	means Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, will be the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the deposit services under the New Financial Services Agreement
“Independent Shareholders”	means the Shareholders who are not required to abstain from voting at the annual general meeting for the relevant resolutions

“H Shares”	means the overseas listed foreign shares of the Company with a nominal value of RMB1.00 each, which are listed on the Stock Exchange
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange
“New Financial Services Agreement”	means the financial services agreement entered into between Datang Finance and the Company on 12 May 2017
“PBOC”	means People’s Bank of China (中國人民銀行)
“PRC”	means the People’s Republic of China
“RMB”	means Renminbi, the lawful currency of the PRC
“SFO”	means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	means holder(s) of shares of the Company
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it under the Listing Rules
“%”	per cent

By order of the Board
China Datang Corporation Renewable Power Co., Limited*
Jia Hong
Joint Company Secretary

Beijing, PRC, 12 May 2017

As at the date of this announcement, the executive Directors of the Company are Mr. Zhang Chunlei and Mr. Jiao Jianqing; the non-executive Directors are Mr. Chen Feihu, Mr. Liu Guangming, Mr. Liang Yongpan and Mr. Liu Baojun; and the independent non-executive Directors are Mr. Liu Chaoan, Mr. Lo Mun Lam, Raymond and Mr. Yu Shunkun.

* For identification purpose only