

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 – FACTORING BUSINESS COOPERATION
AGREEMENT

FACTORING BUSINESS COOPERATION AGREEMENT

On 20 September 2019, the Company and Datang Factoring Company entered into the Factoring Business Cooperation Agreement with a term commencing from 20 September 2019 to 31 December 2021, pursuant to which, Datang Factoring Company agreed to provide factoring business support to the Group, mainly including the factoring business on account receivables.

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 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 25% but less than 75%, such transactions constitute major transactions of the Company and is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

APPROVAL BY THE BOARD AND INDEPENDENT SHAREHOLDERS

Having considered the relevant pricing policies and basis for determination of proposed annual caps and reasons for and benefits 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 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. Chen Feihu, Mr. Hu Shengmu, Mr. Wu Zhiquan, Mr. Liu Baojun and Mr. Liu Guangming, 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 of the Company. Save as disclosed above, none of the Directors has any material interest in the transactions contemplated under the Factoring Business Cooperation Agreement and its proposed annual caps.

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.

EGM

The EGM will be held by the Company to consider and approve the transactions contemplated under the Factoring Business Cooperation Agreement and its proposed annual caps. A circular containing, among other things, a letter from the Independent Board Committee, a letter from the Independent Financial Adviser and a notice convening the EGM is expected to be despatched to the Shareholders according to the Listing Rules within 15 business days from the date of the publication of this announcement.

I. MAJOR TRANSACTION AND CONTINUING CONNECTED TRANSACTION – FACTORING BUSINESS COOPERATION AGREEMENT

On 20 September 2019, the Company and Datang Factoring Company entered into the Factoring Business Cooperation Agreement with a term commencing from 20 September 2019 to 31 December 2021, pursuant to which, Datang Factoring Company agreed to provide factoring business support to the Group, mainly including the factoring business on account receivables.

(1) Factoring Business Cooperation Agreement

The major terms of the Factoring Business Cooperation Agreement are as follows:

Date	20 September 2019
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 the agreement	From 20 September 2019 to 31 December 2021
Type of factoring	Recourse and non-recourse

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.
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 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.

(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.

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 rates 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 Amount

The Group has not entered into any factoring business transactions with Datang Factoring Company prior to the signing of the Factoring Business Cooperation Agreement.

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.

(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 2021:

Unit: RMB in millions

	For the year ending 31 December		
	2019	2020	2021
Annual caps for factoring business	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>

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 of the Company. 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 2019 to 2021 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 2019 to 2021;
- (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 2019 to 2021;
- (iv) the Group intends to carry out factoring business for the increase in account receivables of tariff premium for each year during 2019 to 2021, 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 as at 31 December 2018 is approximately RMB6,171 million, even if the increase in the account receivable of tariff premium for each year during 2019 to 2021 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 2018; 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 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.

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 effects 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 date of this announcement, 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 25% but less than 75%, such transactions constitute major transactions of the Company and is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

(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 management 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. The Company will re-comply with the necessary approval procedures in accordance with the Listing Rules in respect of continuing connected transactions that are expected to exceed their annual caps;
- (ii) 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 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 rates 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;
- (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 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 and basis for determination of proposed annual caps and reasons for and benefits 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 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. Chen Feihu, Mr. Hu Shengmu, Mr. Wu Zhiquan, Mr. Liu Baojun and Mr. Liu Guangming, 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 of the Company. Save as disclosed above, none of the Directors has any material interest in the transactions contemplated under the Factoring Business Cooperation Agreement and its proposed annual caps.

(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.

In view of the material interests of CDC in the transactions contemplated under the Factoring Business Cooperation Agreement and its proposed annual caps, CDC Group (holding 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 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 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 the relevant resolution.

(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 resources; 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 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 engineering and 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).

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.

II. EGM

The EGM will be held by the Company to consider and approve the transactions contemplated under the Factoring Business Cooperation Agreement and its proposed annual caps. A circular containing, among other things, a letter from the Independent Board Committee, a letter from the Independent Financial Adviser and a notice convening the EGM is expected to be despatched to the Shareholders according to the Listing Rules within 15 business days from the date of the publication of this announcement.

III. DEFINITIONS

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

“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 a controlling shareholder of the Company
“CDC Group”	CDC and its subsidiaries, 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 announcement
“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 directors”	any director who is considered to have a material interest in the 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
“Director(s)”	the director(s) of the Company

“Domestic Share(s)”	the ordinary domestic 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
“Factoring Business Cooperation Agreement”	the factoring business cooperation agreement entered into between the Company and Datang Factoring Company on 20 September 2019
“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”	Independent Board Committee, comprising Mr. Liu Chaoan, Mr. Lo Mun Lam, Raymond and Mr. Yu Shunkun, all being independent non-executive Directors of the Company, which 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
“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 Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), and being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of 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 transactions contemplated under the Factoring Business Cooperation Agreement and its proposed annual caps
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“major transaction(s)”	has the meaning ascribed to it under the Listing Rules
“RMB”	Renminbi, the lawful currency of the PRC
“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

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

Beijing, the PRC, 20 September 2019

As at the date of this announcement, the executive directors of the Company are Mr. Liu Guangming and Mr. Meng Lingbin; the non-executive directors are Mr. Chen Feihu, Mr. Hu Shengmu, Mr. Wu Zhiquan 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