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If you have sold or transferred all your shares in **DATANG INTERNATIONAL POWER GENERATION CO., LTD.**, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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大唐国际发电股份有限公司
DATANG INTERNATIONAL POWER GENERATION CO., LTD.

(a sino-foreign joint stock limited company incorporated in the People's Republic of China)
(Stock Code: 00991)

MAJOR TRANSACTION
AND
CONTINUING CONNECTED TRANSACTIONS
2022 FINANCIAL SERVICES AGREEMENT

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

TRINITY
Trinity Corporate Finance Limited

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular. A letter from the Board is set out on pages 3 to 11 of this circular. A letter from the Independent Board Committee is set out on pages 12 to 13 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 14 to 25 of this circular.

28 October 2022

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DEFINITIONS

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

“2019 Financial Services Agreement”	the financial services agreement entered into between the Company and Datang Finance Company on 16 October 2019
“2022 Financial Services Agreement”	the financial services agreement entered into between the Company and Datang Finance Company on 30 August 2022
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“CBIRC”	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會)
“CDC”	China Datang Corporation, Ltd. (中國大唐集團有限公司), a wholly state-owned company established under the laws of the PRC, whose ultimate beneficial owner is the State-owned Assets Supervision and Administration Commission of the State Council of the PRC, and is the controlling shareholder of the Company. For details, please refer to the section headed “INFORMATION OF THE RELEVANT PARTIES” of this circular
“Company”	Datang International Power Generation Co., Ltd., a sino-foreign joint stock limited company incorporated in the PRC on 13 December 1994, whose H Shares are listed on the Stock Exchange and the London Stock Exchange and whose A Shares are listed on the Shanghai Stock Exchange. For details, please refer to the section headed “INFORMATION OF THE RELEVANT PARTIES” of this circular
“connected person”	has the meaning ascribed to it under the Listing Rules
“continuing connected transactions”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Datang Finance Company”	China Datang Finance Co., Ltd. (中國大唐集團財務有限公司), a company established under the laws of the PRC and a subsidiary of CDC. For details, please refer to the section headed “INFORMATION OF THE RELEVANT PARTIES” of this circular
“Director(s)”	the director(s) of the Company

DEFINITIONS

“EGM”	the extraordinary general meeting of the Company to be held to consider and, if thought fit, to approve, among others, the 2022 Financial Services Agreement
“Independent Board Committee”	the independent board committee of the Company, comprising all independent non-executive Directors, namely Mr. Liu Jizhen, Mr. Niu Dongxiao, Mr. Zong Wenlong, Mr. Si Fengqi and Mr. Zhao Yi, which has been formed to advise the Independent Shareholders on the terms of the provision of deposit services under the 2022 Financial Services Agreement
“Independent Financial Adviser” or “Trinity Corporate Finance Limited”	Trinity Corporate Finance Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, and the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the terms of the provision of deposit services under the 2022 Financial Services Agreement
“Group”	the Company and its subsidiaries
“Independent Shareholder(s)”	Shareholder(s) other than CDC, its associates and any other Shareholder with a material interest in the deposit services contemplated under the 2022 Financial Services Agreement
“Latest Practicable Date”	20 October 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PBOC”	the People’s Bank of China* (中國人民銀行), the central bank of the PRC
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

LETTER FROM THE BOARD



大唐国际发电股份有限公司
DATANG INTERNATIONAL POWER GENERATION CO., LTD.

(a sino-foreign joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 00991)

Executive Director:

Mr. Liang Yongpan (*Chairman, General Manager*)

Non-executive Directors:

Mr. Ying Xuejun

Mr. Xiao Zheng

Mr. Su Min

Mr. Liu Jianlong

Mr. Zhu Shaowen

Mr. Cao Xin

Mr. Zhao Xianguo

Mr. Jin Shengxiang

Mr. Sun Yongxing

Office address:

No.9 Guangningbo Street

Xicheng District

Beijing, 100033

the PRC

Principal place of business in Hong Kong:

40/F, Dah Sing Financial Centre

248 Queen's Road East

Wanchai

Hong Kong

Independent non-executive Directors:

Mr. Liu Jizhen

Mr. Niu Dongxiao

Mr. Zong Wenlong

Mr. Si Fengqi

Mr. Zhao Yi

To the Shareholders

28 October 2022

Dear Sir or Madam,

**MAJOR TRANSACTION
AND
CONTINUING CONNECTED TRANSACTIONS
2022 FINANCIAL SERVICES AGREEMENT**

References are made to the announcement dated 16 October 2019, the circular dated 20 November 2019 and the announcement dated 20 December 2019 of the Company in respect of, among other things, the 2019 Financial Services Agreement.

The 2019 Financial Services Agreement will expire on 31 December 2022. To enhance the efficiency of the scale of capital, accelerate capital turnover and ensure the security of capital, the parties intend to continue to enter into transactions of similar nature from time to time after 31 December 2022.

LETTER FROM THE BOARD

The purposes of this circular are to, among other things:

- (i) provide you with details of the 2022 Financial Services Agreement;
- (ii) set out the letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the provision of deposit services under the 2022 Financial Services Agreement; and
- (iii) set out the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the provision of deposit services under the 2022 Financial Services Agreement.

2022 FINANCIAL SERVICES AGREEMENT

Date

30 August 2022

Parties

1. the Company; and
2. Datang Finance Company

Term of the Agreement

A term of 36 months, from 1 January 2023 to 31 December 2025

Major Terms of the Agreement

Datang Finance Company shall mainly provide the Group with deposit services, loan services (excluding entrusted loans), and other financial services including payment and settlement, financial leasing, entrusted loans, bill acceptance and discounting, financing guarantees, financial and financing consultation, and bonds underwriting, etc., pursuant to the following terms and conditions of the 2022 Financial Services Agreement:

- i. as to the deposit business, the deposit interest rate provided by Datang Finance Company to the Group shall be not lower than the interest rate of the same type of deposits placed by the Group with the national commercial banks in the PRC under the same conditions. The daily maximum balance of deposits placed by the Group with Datang Finance Company shall be not more than RMB18 billion each year;
- ii. the comprehensive credit services include but are not limited to loans, discounting, guarantees and other forms of financing, with a comprehensive credit limit of RMB27 billion. Under the same conditions, the loan interest rate shall be not higher than those charged by the national commercial banks in the PRC to the Group for same type of loan services;

LETTER FROM THE BOARD

- iii. the unified settlement services for funds shall be conducted according to the instructions of the Group, with the relevant settlement expenses being borne by Datang Finance Company;
- iv. the entrusted loan services, which are to increase the efficiency for use of idle funds and realise the optimum allocation of resources, shall be provided at the handling fee of not exceeding 0.06% of the actual principal amount occurred; and
- v. relevant consultation and training services shall be provided in relation to monetary policies, financial conditions, financing products and cash management.

Effective Date of the Agreement

The agreement shall become effective upon being duly signed by authorised representatives of the parties and affixed with their respective company seals, and after obtaining the approval by the Independent Shareholders at the general meeting of the Company.

Capital Risk Control Measures

1. Datang Finance Company will provide the Company with the reviewed financial report, compliance risk report and fund security and other statements semiannually.
2. Datang Finance Company will ensure the safe operation of the fund management information systems. All fund management information systems of Datang Finance Company have passed the security test in respect of the interface of online banking of commercial banks and have reached the security standards for domestic commercial banks. The systems have adopted the mode awarded with CA safety certificate verification to ensure the security of the funds of the Group.
3. Datang Finance Company will ensure that it is operated in strict compliance with the risk monitoring indicators for financial institutions issued by the CBIRC 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 CBIRC.
4. Any balance in the Group's funds (after deducting the amount used for making entrusted loans and the loans made to the Group by Datang Finance Company) will be deposited into one or more commercial banks in the PRC as interbank deposits. Datang Finance Company shall settle the interests of the Company's current deposit in accordance with the negotiated deposit interest rate set by the PBOC, which is higher than the existing level of current deposit interest rate offered by the commercial banks in the PRC to the Company.
5. CDC undertakes to increase relevant capital according to the actual needs to solve payment difficulties in case of any emergency of payment problem exposed by Datang Finance Company.

LETTER FROM THE BOARD

Pricing Policy and Annual Caps

Deposit Services:

As to the deposit business, the deposit interest rate provided by Datang Finance Company to the Group shall be not lower than the interest rate of the same type of deposits placed by the Group with the national commercial banks in the PRC under the same conditions.

In view of the Group's current business growth and the demand for financial services, the Company intends to set the annual cap for the daily maximum deposit balance placed by the Group with Datang Finance Company at RMB18 billion for each of the three years ending 31 December 2025 after taking into account of the following:

1. Pursuant to the 2019 Financial Services Agreement, the annual cap for the daily maximum deposit balance placed by the Group with Datang Finance Company was RMB18 billion for each of the three years ending 31 December 2022. The historical amount of daily maximum deposit balance placed by the Group with Datang Finance Company amounted to approximately RMB12.618 billion, RMB14.473 billion and RMB15.443 billion for the two years ended 31 December 2021 and for approximately eight months ended 30 August 2022 in the current year, respectively.
2. In order to strengthen the centralised management of funds and monitor the use of funds, through the "funding pool" platform of Datang Finance Company, the Group will amass the funds of the Group and grant loans within the Group by utilizing 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.
3. During the term of the agreement, the issuance of short-term debentures, super short-term debentures and non-public targeted debt financing instruments will also enhance the Company's daily maximum deposit balance at Datang Finance Company.

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

Loan Services:

Under the same conditions, the loan interest rate shall be not higher than those charged by the national commercial banks in the PRC to the Group for same type of loan services.

In view of the fact that the loan services to be provided by Datang Finance Company to the Group are on normal commercial terms which are similar to or even more favourable than those offered by other national commercial banks in the PRC for similar services, and no security over the assets of the Group will be granted in respect of the loan services. Thus, pursuant to Rule 14A.90 of the Listing Rules, the loan services are fully exempt from the requirements of reporting, announcement, annual review and the Independent Shareholders' approval under Chapter 14A of the Listing Rules, and no cap has been set for

LETTER FROM THE BOARD

such loan services pursuant to Chapter 14A of the Listing Rules. The Directors (including the independent non-executive Directors) consider that the loan services to be provided under the 2022 Financial Services Agreement are fair and reasonable, on normal commercial terms and in the interests of the Shareholders as a whole.

Other Financial Services:

Apart from the deposit services and the loan services, the other financial services which may be provided by Datang Finance Company to the Group mainly include payment and settlement services, entrusted loan services, finance leasing services, bill acceptance and discounting services, and so forth.

The other financial services to be provided under the 2022 Financial Services Agreement will be on normal commercial terms and on terms similar to or even more favourable than those offered by other national commercial banks in the PRC for similar services. Particularly, as to payment and settlement services, the settlement expenses shall be borne by Datang Finance Company; and as to entrusted loan services, the handling fees of entrusted loan services shall not exceed 0.06% of the actual principal amount occurred. The handling fee rate of entrusted loan services provided by Datang Finance Company to the Group will not exceed those charged by major commercial banks or other financial institutions in China for providing the same type of financial services in the same period. Upon investigation on major commercial banks in the PRC, the handling fee rate of entrusted loan services determined with Datang Finance Company will not exceed 0.06%. The Directors (including the independent non-executive Directors) consider that the other financial services to be provided under the 2022 Financial Services Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

The Company expects that the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) of the total fees payable by the Company to Datang Finance Company for other financial services is below the de minimis threshold as stipulated under Rule 14A.76(1) of the Listing Rules and, therefore, is fully exempt from the requirements of reporting, announcement, annual review and the Independent Shareholders' approval under Chapter 14A of the Listing Rules. The Company will comply with the requirements of reporting, announcement, annual review and the Independent Shareholders' approval under Chapter 14A of the Listing Rules if the transaction amount of the other financial services to be provided by Datang Finance Company to the Group under the 2022 Financial Services Agreement exceeds the relevant threshold.

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2022 FINANCIAL SERVICES AGREEMENT

The Group's financing needs will be effectively supplemented by entering into the 2022 Financial Services Agreement. Through Datang Finance Company, the financing channels of the Group would be further expanded, the sources of funds would be broadened, thereby improving the overall operation level and efficiency of the Group's funds as well as enhancing the bargaining power of the Group's external financing.

Also, by entering into the 2022 Financial Services Agreement, the Company could obtain deposit interest rate more favorable than market interest rate, and could enjoy the payment and settlement services of nil fee rate, which will be conducive to increase the deposit interest income and save the settlement cost.

LETTER FROM THE BOARD

Furthermore, by entering into the 2022 Financial Services Agreement, the Group could strengthen the capital control and account management through the capital management platform of Datang Finance Company, which is conducive to further improve the efficiency of capital use and reduce and avoid financial risks.

In view of the reasons above, the Directors (including the independent non-executive Directors) consider that the 2022 Financial Services Agreement and the transactions contemplated thereunder are fair and reasonable, have been entered into on normal commercial terms and in the ordinary and usual course of business of the Company, and are in the interests of the Company and the Shareholders as a whole; and the capital risk control measures under the 2022 Financial Services Agreement are adequate to prevent the risks involved in placing the funds of the Group with Datang Finance Company.

INTERNAL CONTROL

Deposit Services

The internal control procedures in respect of the determination of deposit interest rate for the provision of deposit services are as follows:

1. Before entering into any deposit arrangements with Datang Finance Company, the Company will obtain and review quotes (i.e. current deposit interest rate) from at least four other independent financial institutions and the then current deposit interest rate and negotiated deposit interest rate published by the PBOC.
2. In the event that the Company notes that the then negotiated deposit interest rate announced by the PBOC is lower than the then current deposit interest rate published by the PBOC or the then current deposit interest rate offered by other independent financial institutions, the Company will enter into supplemental agreement(s) with Datang Finance Company to ensure that the deposit interest rate of the deposit services under the 2022 Financial Services Agreement will be no less favourable than the then current deposit interest rate published by the PBOC.
3. In the event that, upon receiving deposit certificate which shows the actual deposit interest rate offered by Datang Finance Company, the Company notes that the deposit interest rate offered by Datang Finance Company is lower than the then negotiated deposit interest rate as published by the PBOC, the Company will require Datang Finance Company to make up for the differences in interest to the Company.

The internal control measures in respect of the monitoring of annual caps for the provision of deposit services are as follows:

1. The finance department of the Company will monitor the provision of deposit services on a daily basis to ensure that the proposed annual caps will not be exceeded.
2. The finance department of the Company will report to the management of the Company giving an update of the deposit arrangements with Datang Finance Company on a monthly basis.

LETTER FROM THE BOARD

3. The independent non-executive Directors and auditors of the Company will conduct an annual review with respect to the continuing connected transactions conducted by the Group throughout the preceding financial year (including the provision of deposit services by Datang Finance Company to the Group) and will provide annual confirmations pursuant to the requirements under the Listing Rules to ensure that the continuing connected transactions are in accordance with the terms of the relevant agreements governing such transactions, on normal commercial terms, fair and reasonable, and in accordance with the pricing policies and annual caps.

Loan Services

The internal control procedures adopted by the Company in relation to the loan services include, among other things, that during a certain period of time before the financing, the Company will take the initiative to locate financing institutions, make enquiries about the financing costs and undergo comprehensive comparison of the preferential conditions, interest rates and financing procedures offered by each financial institution during the negotiation process, to determine the most desirable choice, thereby ensuring that the financing is the most cost-effective to the Company.

APPROVAL OF THE BOARD

The Resolution on the Entering into of Financial Services Agreement with China Datang Finance Co., Ltd. has been considered and approved at the third meeting of the eleventh session of the Board. For details, please refer to the overseas regulatory announcement of the Company dated 30 August 2022 in relation to the resolutions of the Board.

None of the Directors has any material interest in the 2022 Financial Services Agreement. Mr. Ying Xuejun, Mr. Su Min and Mr. Liu Jianlong who are connected Directors have abstained from voting on the relevant resolution in accordance with the requirements of the listing rules of the Shanghai Stock Exchange.

INFORMATION OF THE RELEVANT PARTIES

1. The Company was established in December 1994 and is principally engaged in the construction and operation of power plants, the sale of electricity and thermal power; the repair and maintenance of power equipment; power-related technical services. The Company's main service areas are in the PRC.
2. CDC was established on 9 March 2003 with registered capital of RMB37 billion. It is principally engaged in the development, investment, construction, operation and management of power energy; organisation of power (thermal) production and sales; manufacturing, repair and maintenance of power equipment; power technology development and consultation; power engineering, contracting and consultation of environmental power engineering; development of new energy as well as the export and import of various commodities and technologies for itself or as an agent.

LETTER FROM THE BOARD

3. Datang Finance Company is a non-banking financial institution established on 10 May 2005 in the PRC with registered capital of RMB6.5 billion. Its principal businesses include the provision of deposit services, loan services, entrusted loan services, entrusted investment services, etc. Datang Finance Company is owned by CDC as to 73.51% and by the Company as to 16.95%. The remaining equity interest of Datang Finance Company is held by the other subsidiaries of CDC.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, CDC together with its subsidiaries hold a total of approximately 53.09% of the issued share capital of the Company. Since Datang Finance Company is a subsidiary of CDC, Datang Finance Company is a connected person of the Company and the 2022 Financial Services Agreement and the transactions thereunder constitute continuing connected transactions of the Company.

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the provision of deposit services under the 2022 Financial Services Agreement is more than 5%, the provision of deposit services under the 2022 Financial Services Agreement is subject to the requirements of reporting, announcement, annual review and the Independent Shareholders' approval 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 provision of deposit services under the 2022 Financial Services Agreement is more than 25%, such deposit services constitute major transactions of the Company and are subject to the requirements of reporting, announcement and Shareholders' approval under Chapter 14 of the Listing Rules.

The loan services to be provided by Datang Finance Company to the Group under the 2022 Financial Services Agreement constitute financial assistance to be provided by a connected person for the benefit of the Group. As such loan services are on normal commercial terms which are similar to or even more favourable than those offered by other national commercial banks in the PRC for similar services, and no security over the assets of the Group will be granted in respect of the loan services. Thus, pursuant to Rule 14A.90 of the Listing Rules, the loan services are fully exempt from the requirements of reporting, announcement, annual review and the Independent Shareholders' approval under Chapter 14A of the Listing Rules.

The Company expects that the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) of the total fees payable by the Company to Datang Finance Company in respect of the provision of other financial services under the 2022 Financial Services Agreement is below the de minimis threshold as stipulated under Rule 14A.76(1) of the Listing Rules and, therefore, is fully exempt from the requirements of reporting, announcement, annual review and the Independent Shareholders' approval under Chapter 14A of the Listing Rules. The Company will comply with the requirements of reporting, announcement, annual review and the Independent Shareholders' approval under Chapter 14A of the Listing Rules if the transaction amount of other financial services to be provided by Datang Finance Company to the Group under the 2022 Financial Services Agreement exceeds the relevant threshold.

LETTER FROM THE BOARD

EGM

The Company will convene the EGM to consider and approve, among other things, the 2022 Financial Services Agreement.

Pursuant to Rule 14A.36 of the Listing Rules, any Shareholder with a material interest in the transaction and its associates will abstain from voting at the EGM to be held by the Company to, including but not limited to, consider and approve the 2022 Financial Services Agreement. Therefore, CDC and its associates, which hold 9,825,068,940 shares of the Company as at the Latest Practicable Date, representing approximately 53.09% of the issued share capital of the Company, shall abstain from voting at the EGM to consider and approve the 2022 Financial Services Agreement.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, apart from CDC and its associates, no other Shareholders have material interest in the 2022 Financial Services Agreement and shall abstain from voting at the resolution(s) in relation to the approval of the 2022 Financial Services Agreement at the EGM.

RECOMMENDATION

Your attention is drawn to the letter of recommendation from the Independent Board Committee as set out on pages 12 to 13 of this circular which contains its recommendation to the Independent Shareholders on the terms of the 2022 Financial Services Agreement. Your attention is also drawn to the letter of advice received from Trinity Corporate Finance Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, as set out on pages 14 to 25 of this circular which contains, among other things, its advice to the Independent Board Committee and the Independent Shareholders in relation to the terms of the 2022 Financial Services Agreement, the casting of votes for or against the resolution(s) approving the 2022 Financial Services Agreement as well as the principal factors and reasons considered by it in concluding its advice.

The Directors (including the independent non-executive Directors) are of the view that the terms of the 2022 Financial Services Agreement are fair and reasonable, have been entered into after arm's length negotiation between all parties thereto and determined on normal commercial terms and in the ordinary and usual course of business of the Company, are in the interests of the Company and its Shareholders as a whole, and they recommend the Shareholders to vote in favour of the resolution(s) at the EGM.

ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee to the Independent Shareholders, the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, and additional information set out in the appendices to this circular.

Yours faithfully,
By Order of the Board of
Datang International Power Generation Co., Ltd.
Sun Yanwen
Joint Company Secretary

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



大唐国际发电股份有限公司
DATANG INTERNATIONAL POWER GENERATION CO., LTD.

(a sino-foreign joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 00991)

Office address

No.9 Guangningbo Street
Xicheng District
Beijing, 100033
The PRC

28 October 2022

To the Independent Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION
AND
CONTINUING CONNECTED TRANSACTIONS
2022 FINANCIAL SERVICES AGREEMENT**

We refer to the circular issued by the Company to the Shareholders dated 28 October 2022 (the “Circular”) of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context otherwise requires.

Under the Listing Rules, the transactions to be contemplated under the 2022 Financial Services Agreement constitute continuing connected transactions of the Company, and the provision of deposit services under the 2022 Financial Services Agreement is subject to the approval of the Independent Shareholders at the EGM.

We have been appointed as the Independent Board Committee to consider the terms of the transactions of provision of deposit services under the 2022 Financial Services Agreement and to advise the Independent Shareholders based on our opinion regarding whether the terms of the transactions of provision of deposit services under the 2022 Financial Services Agreement are fair and reasonable and whether the provision of deposit services under the 2022 Financial Services Agreement is in the interests of the Company and the Shareholders as a whole. Trinity Corporate Finance Limited has been appointed as the Independent Financial Adviser to advise us in this respect.

We wish to draw your attention to the letter from the Board and the letter from Trinity Corporate Finance Limited as set out in this Circular. Having considered the principal factors and reasons considered by, and the advice of Trinity Corporate Finance Limited as set out in its letter of advice, we are of the view

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

that the provision of deposit services under the 2022 Financial Services Agreement is entered into on normal commercial terms, and that the provision of deposit services under the 2022 Financial Services Agreement is in the best interests of the Company and the Shareholders as a whole.

We also consider that the terms of the provision of deposit services under the 2022 Financial Services Agreement (including its annual caps contemplated thereunder) are entered into in the ordinary and usual course of business of the Company, and are fair and reasonable. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to approve the provision of deposit services under the 2022 Financial Services Agreement (including its annual caps contemplated thereunder) at the EGM.

Yours faithfully,

For and on behalf of the Independent Board Committee

Liu Jizhen, Niu Dongxiao, Zong Wenlong,

Si Fengqi and Zhao Yi

Independent non-executive Directors

Datang International Power Generation Co., Ltd.

LETTER FROM TRINITY CORPORATE FINANCE LIMITED

The following is the full text of letter from Trinity Corporate Finance Limited, the Independent Financial Adviser, to the Independent Board Committee and the Independent Shareholders in respect of the deposit services under the 2022 Financial Services Agreement in this circular.

TRINITY

Trinity Corporate Finance Limited

Unit 05, 29/F,
50 Wong Chuk Hang Road,
Hong Kong.

28 October 2022

To the Independent Board Committee and the Independent Shareholders of

Datang International Power Generation Co., Ltd.

Dear Sirs,

MAJOR TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS 2022 FINANCIAL SERVICES AGREEMENT

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the provision of deposit services under the 2022 Financial Services Agreement, details of which are set out in the Letter from the Board (the “**Letter from the Board**”) in the Company’s circular dated 28 October 2022 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

The 2019 Financial Services Agreement will expire on 31 December 2022. To enhance the efficiency of the scale of capital, accelerate capital turnover and ensure the security of capital, the parties intended to continue to enter into transactions of similar nature from time to time after 31 December 2022.

On 30 August 2022, the Company entered into the 2022 Financial Services Agreement with Datang Finance Company, pursuant to which Datang Finance Company shall mainly provide the Group with deposit services, loan services (excluding entrusted loans) and other financial services. The term of the agreement shall be three years, commencing from 1 January 2023 to 31 December 2025.

As at the Latest Practicable Date, CDC together with its subsidiaries hold a total of approximately 53.09% of the issued share capital of the Company. Since Datang Finance Company is a subsidiary of CDC, Datang Finance Company is a connected person of the Company and the 2022 Financial Services Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company.

LETTER FROM TRINITY CORPORATE FINANCE LIMITED

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the provision of deposit services under the 2022 Financial Services Agreement is more than 5%, the provision of deposit services under the 2022 Financial Services Agreement is subject to the reporting, announcement, annual review and the Independent Shareholders' approval requirements 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 provision of deposit services under the 2022 Financial Services Agreement is more than 25%, such deposit services constitute major transactions of the Company, and are subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The loan services to be provided by Datang Finance Company to the Group under the 2022 Financial Services Agreement constitute financial assistance to be provided by a connected person for the benefit of the Group. As such loan services are on normal commercial terms which are similar to or even more favourable than those offered by other national commercial banks in the PRC for similar services, and no security over the assets of the Group will be granted in respect of the loan services. Thus, pursuant to Rule 14A.90 of the Listing Rules, the loan services are fully exempt from the requirements of reporting, announcement, annual review and the Independent Shareholders' approval under Chapter 14A of the Listing Rules.

The Company expects that the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) of the total fees payable by the Company to Datang Finance Company in respect of the provision of other financial services under the 2022 Financial Services Agreement is below the de minimis threshold as stipulated under Rule 14A.76(1) of the Listing Rules and, therefore, is fully exempt from the requirements of reporting, announcement, annual review and the Independent Shareholders' approval under Chapter 14A of the Listing Rules. The Company will comply with the requirements of reporting, announcement, annual review and the Independent Shareholders' approval under Chapter 14A of the Listing Rules if the transaction amount of other financial services to be provided by Datang Finance Company to the Group under the 2022 Financial Services Agreement exceeds the relevant threshold. An Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the terms of the provision of deposit services under the 2022 Financial Services Agreement and the transactions contemplated thereunder. We have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

The Company will convene the EGM to consider and approve, among other things, the 2022 Financial Services Agreement.

Pursuant to Rule 14A.36 of the Listing Rules, any Shareholder with a material interest in the transaction and its associates will abstain from voting at the EGM to be held by the Company to, including but not limited to, consider and approve the 2022 Financial Services Agreement. Therefore, CDC and its associates, which hold 9,825,068,940 shares of the Company as at the Latest Practicable Date, representing approximately 53.09% of the issued share capital of the Company, shall abstain from voting at the EGM to consider and approve the 2022 Financial Services Agreement.

LETTER FROM TRINITY CORPORATE FINANCE LIMITED

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, apart from CDC and its associates, no other Shareholders have material interest in the 2022 Financial Services Agreement and shall abstain from voting at the resolution(s) in relation to the approval of the 2022 Financial Services Agreement at the EGM.

As at the Latest Practicable Date, Trinity Corporate Finance Limited did not have any relationships or interests with the Company or any other parties that could reasonably be regarded as relevant to the independence of Trinity Corporate Finance Limited. In the last two years, Trinity Corporate Finance Limited has acted as an independent financial adviser to the then independent board committee and independent shareholders of the Company in connection with the revision of annual caps of continuing connected transactions (details of which were set out in the circular of the Company dated 30 October 2020), the continuing connected transactions in relation to 2021 comprehensive product and service framework agreement (details of which were set out in the circular of the Company dated 3 December 2021), the discloseable transactions and the continuing connected transactions in relation to the 2021 Leasing and Factoring Business Cooperation Agreement (details of which were set out in the circular of the Company dated 10 January 2022) and the discloseable transactions and the continuing connected transactions in relation to the 2022 financial business cooperation agreement (details of which were set out in the circular of the Company dated 28 July 2022). Apart from normal professional fees paid or payable to us in connection with such appointments, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other party to the transactions, therefore we consider such relationship would not affect our independence.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the accuracy of the statements, information, opinions and representations contained or referred to in the Circular and the information and representations provided to us by the Company, the Directors and the management of the Company. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have assumed that all information, representations and opinions contained or referred to in the Circular, which have been provided by the Company, the Directors and the management of the Company and for which they are solely and wholly responsible, were true and accurate at the time when they were made and continue to be true as at the Latest Practicable Date and should there be any material changes to our opinion after the despatch of the Circular and up to the date of the EGM, Shareholders would be notified as soon as practicable.

All Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

LETTER FROM TRINITY CORPORATE FINANCE LIMITED

We have not conducted any independent in-depth investigation into the business and affairs of the Group or any parties involved in the transactions contemplated under the 2022 Financial Services Agreement. In forming our opinion, we consider that we have independently reviewed sufficient information, inter alia, the 2021 annual report of the Company, the historical transaction amounts, the Letter from the Board and samples as disclosed in this letter, to provide a reasonable basis for our opinion.

This letter is issued to the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the terms of the provision of deposit services under the 2022 Financial Services Agreement and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes other than our role as the Independent Financial Adviser, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion regarding the 2022 Financial Services Agreement, we have taken into account the following principal factors and reasons:

A. Background of the Company and Relevant Parties

The Company was established in December 1994 and is primarily engaged in the construction and operation of power plants, the sale of electricity and thermal power, the repair and maintenance of power equipment and power-related technical services, with its main service areas located in the PRC.

As at 31 December 2021, the total assets of the Company amounted to approximately RMB296.10 billion. Total installed capacity under management of the Company amounted to 68,770.03MW.

CDC was established on 9 March 2003 with registered capital of RMB37 billion. It is principally engaged in the development, investment, construction, operation and management of power energy; organisation of power (thermal) production and sales; manufacturing, repair and maintenance of power equipment; power technology development and consultation; power engineering, contracting and consultation of environmental power engineering; development of new energy as well as the export and import of various commodities and technologies for itself or as an agent.

Datang Finance Company is a non-banking financial institution established on 10 May 2005 in the PRC with registered capital of RMB6.5 billion. Its principal businesses include the provision of deposit services, loan services, entrusted loan services, entrusted investment services, etc. Datang Finance Company is owned by CDC as to 73.51% and by the Company as to 16.95%. The remaining equity interest of Datang Finance Company is held by the other subsidiaries of CDC.

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B. Financial Performance of the Company

The following table is a summary of the consolidated statement of profit or loss of the Group for the three years ended 31 December 2019, 2020 and 2021 respectively, as extracted from the respective annual reports of the Company.

(In millions of RMB)	For the year ended 31 December 2019 (audited)	For the year ended 31 December 2020 (audited)	For the year ended 31 December 2021 (audited)
Operating Revenue	95,453	95,614	103,412
(Loss)/profit before tax	4,619	7,144	(11,244)
(Loss)/profit for the year attributable to owners of the Company	391	1,830	(10,707)

During the year ended 31 December 2021, the Group realized operating revenue of approximately RMB103,412 million, representing an increase of approximately 8.16% compared with the previous year, which was mainly attributable to the year-on-year increase of 7.76% in operating revenue from power generation segment. Total operating costs of the Group amounted to approximately RMB111,142 million, representing an increase of approximately RMB26,402 million or approximately 31.16% compared with the previous year, which was mainly attributable to the rise in coal prices. The Group reported a total loss before tax from continuing operations amounting to approximately RMB11,244 million, representing a year-on-year decrease of approximately 257.39% compared with the previous year. Net loss attributable to equity holders of the Company amounted to approximately RMB9,269 million, while net profit attributable to equity holders of the Company for the year of 2020 amounted to approximately RMB2,989 million. Power generation segment of the Company realized a total loss before tax from continuing operations of approximately RMB12,719 million, representing a year-on-year decrease of approximately RMB20,078 million.

As of 31 December 2021, total assets of the Group amounted to approximately RMB296,100 million, representing an increase of approximately RMB15,628 million over the end of the previous year. The increase in total assets was mainly due to the increase in inventories, prepayments to suppliers and prepayments for properties, plant and equipment. Total liabilities of the Group amounted to approximately RMB219,825 million, representing an increase of approximately RMB30,863 million compared with the end of the previous year. The increase in total liabilities was mainly due to the increase in the principal of the loan.

As at 31 December 2021, the debt ratio of the Group was approximately 74.24%. The net debt-to-equity ratio (i.e. (loans + short-term financing bonds + long-term bonds – cash and cash equivalents)/owner's equity) was approximately 207.30%. As at 31 December 2021, cash and cash equivalents of the Group amounted to approximately RMB11,258 million, among which deposits that were equivalent to approximately RMB108 million were foreign currency deposits. The Group had no entrusted deposits and overdue fixed deposits during the year. As at 31 December 2021, short-term loans of the Group amounted to approximately RMB39,277 million, bearing annual interest rates ranging from 1.38% to 5.20%. Long-term

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loans (excluding those repayable within one year) amounted to approximately RMB102,616 million and long-term loans repayable within one year amounted to approximately RMB11,770 million. Long-term loans (including those repayable within one year) were at annual interest rates ranging from 1.20% to 5.39%.

C. Principal Terms of the deposit services under the 2022 Financial Services Agreement

As mentioned in the Letter from the Board, on 30 August 2022, the Company entered into the 2022 Financial Services Agreement with Datang Finance Company.

(1) Subject matter and pricing policy:

Pursuant to the 2022 Financial Services Agreement, Datang Finance Company shall provide the Group with, among other things, deposit services with the terms and conditions that the deposit interest rate provided by Datang Finance Company to the Group shall be not lower than the interest rate of the same type of deposits placed by the Group with the national commercial banks in the PRC under the same conditions.

The daily maximum balance of deposits placed by the Group with Datang Finance Company shall be not more than RMB18 billion each year.

(2) Term and effective date of the agreement:

The 2022 Financial Services Agreement has a term of 36 months, commencing from 1 January 2023 to 31 December 2025. The agreement shall become effective upon being duly signed by authorised representatives of the parties and affixed with their respective company seals, and after obtaining the approval by the Independent Shareholders at the general meeting of the Company.

(3) Internal control measures:

The internal control procedures in respect of the determination of deposit interest rate for the provision of deposit services are as follows:

1. Before entering into any deposit arrangements with Datang Finance Company, the Company will obtain and review quotes (i.e. current deposit interest rate) from at least four other independent financial institutions and the then current deposit interest rate and negotiated deposit interest rate published by the PBOC.
2. In the event that the Company notes that the then negotiated deposit interest rate announced by the PBOC is lower than the then current deposit interest rate published by the PBOC or the then current deposit interest rate offered by other independent financial institutions, the Company will enter into supplemental agreement(s) with Datang Finance Company to ensure that the deposit interest rate of the deposit services under the 2022 Financial Services Agreement will be no less favourable than the then current deposit interest rate published by the PBOC.

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3. In the event that, upon receiving deposit certificate which shows the actual deposit interest rate offered by Datang Finance Company, the Company notes that the deposit interest rate offered by Datang Finance Company is lower than the then negotiated deposit interest rate as published by the PBOC, the Company will require Datang Finance Company to make up for the differences in interest to the Company.

We agree that the above internal control procedures will ensure that the interest rates for deposits placed by the Group with Datang Finance Company will be on normal commercial terms or better and will improve the financial position of the Group, and hence are in the interests of the Independent Shareholders.

The internal control measures in respect of the monitoring of annual caps for the provision of deposit services are as follows:

1. The finance department of the Company will monitor the provision of deposit services on a daily basis to ensure that the proposed annual caps will not be exceeded.
2. The finance department of the Company will report to the management of the Company giving an update of the deposit arrangements with Datang Finance Company on a monthly basis.
3. The independent non-executive Directors and auditors of the Company will conduct an annual review with respect to the continuing connected transactions conducted by the Group throughout the preceding financial year (including the provision of deposit services by Datang Finance Company to the Group) and will provide annual confirmations pursuant to the requirements under the Listing Rules to ensure that the continuing connected transactions are in accordance with the terms of the relevant agreements governing such transactions, on normal commercial terms, fair and reasonable, and in accordance with the pricing policies and annual caps.

We are of the view that the above internal control procedures on a regular basis and especially the daily monitoring of the provision of deposit services will ensure that the annual caps are not exceeded and also ensure that the continuing connected transactions and the terms of the underlying transactions are on normal commercial terms and in accordance with the pricing policies and annual caps, and are therefore in the interests of the Independent Shareholders.

(4) Capital risk control measures:

1. Datang Finance Company will provide the Company with the reviewed financial report, compliance risk report and fund security and other statements semi-annually.

We have been provided with two samples of the reports provided by Datang Finance Company and confirmed with the Company that the reports have been provided by Datang Finance Company on a regular basis.

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2. Datang Finance Company will ensure the safe operation of the fund management information systems. All fund management information systems of Datang Finance Company have passed the security test in respect of the interface of online banking of commercial banks and have reached the security standards for domestic commercial banks. The systems have adopted the mode awarded with CA safety certificate verification to ensure the security of the funds of the Group.
3. Datang Finance Company will ensure that it is operated in strict compliance with the risk monitoring indicators for financial institutions issued by the CBIRC 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 CBIRC.
4. Any balance in the Group's funds (after deducting the amount used for making entrusted loans and the loans made to the Group by Datang Finance Company) will be deposited into one or more commercial banks in the PRC as interbank deposits. Datang Finance Company shall settle the interests of the Company's current deposit in accordance with the negotiated deposit interest rate set by the People's Bank of China, which is higher than the existing level of current deposit interest rate offered by the commercial banks in the PRC to the Company.

We have been provided with two samples of deposits with interest rates which are in accordance with the negotiated deposit interest rates set by the PBOC, and confirmed that such interest rates are higher than two other samples of deposits with interest rates set according to the deposit interest rates offered by commercial banks in the PRC.

5. CDC undertakes to increase relevant capital according to the actual needs to solve payment difficulties in case of any emergency of payment problem exposed by Datang Finance Company.

We consider that the Group's deposits will not be put under unnecessary risk as Datang Finance Company will ensure that it is operated in strict compliance with the risk monitoring indicators for financial institutions issued by the CBIRC 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 CBIRC and also, CDC will ensure Datang Finance Company is solvent if there any emergency payment problems. Accordingly, we agree that the capital risk control measures under the 2022 Financial Services Agreement are adequate to prevent the risks involved in placing the funds of the Group with Datang Finance Company.

We are of the view that the pricing policy and internal control measures as well as the capital risk control measures set out above will ensure that the terms and conditions for deposit services under the 2022 Financial Services Agreement will be on normal commercial terms or better and hence will be in the interests of the Company and its Shareholders, including the Independent Shareholders, as a whole.

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D. Historical Transaction Amounts and New Annual Caps

The historical amount of daily maximum deposit balance placed by the Group with Datang Finance Company under the 2019 Financial Services Agreement for the two years ended 31 December 2021 and the eight months ended 30 August 2022 are set out as follows:

(In RMB billion)	From 1 January 2020 to 31 December 2020	From 1 January 2021 to 31 December 2021	From 1 January 2022 to 30 August 2022
Historical amount of daily maximum deposit balance	12.618	14.473	15.443
Annual caps	18	18	18
Utilisation rate	Approximately 70.1%	Approximately 80.4%	Approximately 85.8%

The annual caps for the daily maximum deposit balance placed by the Group with Datang Finance Company under the 2022 Financial Services Agreement for the three years ending 31 December 2025 are set out as follows:

(In RMB billion)	From 1 January 2023 to 31 December 2023	From 1 January 2024 to 31 December 2024	From 1 January 2025 to 31 December 2025
Daily maximum deposit balance	18	18	18

According to the Letter from the Board, as to the deposit business, the deposit interest rate provided by Datang Finance Company to the Group shall be not lower than the interest rate of the same type of deposits placed by the Group with the national commercial banks in the PRC under the same conditions. The above proposed annual caps are determined with reference to the Group's current business growth and the demand for financial services and the Company intended to set the annual cap for the daily maximum deposit balance placed by the Group with Datang Finance Company at RMB18 billion for each of the three years ending 31 December 2025 after taking into account of the following:

1. Pursuant to the 2019 Financial Services Agreement, the annual cap for the daily maximum deposit balance placed by the Group with Datang Finance Company was RMB18 billion for each of the three years ended/ending 31 December 2022. The historical amount of daily maximum deposit balance placed by the Group with Datang Finance Company amounted to approximately RMB12.618 billion, RMB14.473 billion and RMB15.443 billion for the two years ended 31 December 2021 and for approximately eight months ended 30 August 2022 in the current year, respectively.

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We note that as shown in the table above, the respective utilisation rates for the historical amounts of daily maximum deposit balances for the two years ended 31 December 2021 and the eight months ended 30 August 2022 were relatively high at approximately 70.1%, 80.4% and 85.8% of the annual caps respectively.

2. In order to strengthen the centralised management of funds and monitor the use of funds, through the “funding pool” platform of Datang Finance Company, the Group will amass the funds of the Group and grant loans within the Group by utilizing 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.
3. During the term of the agreement, the issuance of short-term debentures, super short-term debentures and non-public debt financing instruments will also enhance the Company’s daily maximum deposit balance at Datang Finance Company.

We have discussed with the Company and understand that it expects to issue up to more than RMB10 billion short-term debentures, super short-term debentures and non-public debt financing instruments in each of the three years ending 31 December 2025.

As set out in the section headed “B. Financial Performance of the Company” above, as at 31 December 2021, cash and cash equivalents of the Group amounted to approximately RMB11,258 million and short-term loans of the Group amounted to approximately RMB39,277 million. Long-term loans (excluding those repayable within one year) amounted to approximately RMB102,616 million and long-term loans repayable within one year amounted to approximately RMB11,770 million.

In light of the cash position and level of short-term and long-term loans of the Group as at 31 December 2021, and that the historical utilisation rates in respect of the historical amount of daily maximum deposit balance placed by the Group with Datang Finance Company under the 2019 Financial Services Agreement for the two years ended 31 December 2021 and the eight months ended 30 August 2022 were relatively high, ranging from approximately 70.1% to 85.8%, the issuance of additional short-term debentures, super short-term debentures and non-public debt financing instruments of up to more than RMB10 billion in each of the three years ending 31 December 2025 will likely increase the Company’s daily maximum deposit balance with Datang Finance Company. Therefore, based on the above considerations, we consider that it is fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole for the annual caps to be set at RMB18 billion for the three years ending 31 December 2025, which is the same as the annual caps under the 2019 Financial Services Agreement.

E. Reasons for and benefits of entering into the 2022 Financial Services Agreement

According to the Letter from the Board, the Group’s financing needs will be effectively supplemented by entering into the 2022 Financial Services Agreement. Through Datang Finance Company, the financing channels of the Group would be further expanded, the sources of funds would be broadened, thereby improving the overall operation level and efficiency of the Group’s funds as well as enhancing the bargaining power of the Group’s external financing.

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Also, by entering into the 2022 Financial Services Agreement, the Company could obtain deposit interest rate more favorable than market interest rate, and could enjoy the payment and settlement services of nil fee rate, which will be conducive to increase the deposit interest income and save the settlement cost.

Furthermore, by entering into the 2022 Financial Services Agreement, the Group could strengthen the capital control and account management through the capital management platform of Datang Finance Company, which is conducive to further improve the efficiency of capital use and reduce and avoid financial risks.

After considering the above factors, we are of the opinion that the 2022 Financial Services Agreement and the transactions contemplated thereunder are fair and reasonable, have been entered into on normal commercial terms and in the ordinary and usual course of business of the Company, and are not prejudicial to the interests of the Company and the Independent Shareholders.

RECOMMENDATION

Having considered the principal factors and reasons referred to above, in particular:–

- (1) the principal businesses of the Company and Datang Finance Company;
- (2) the pricing policy and internal control measures as well as the principles of transactions, which ensure that the deposit interest rate provided by Datang Finance Company to the Group shall be not lower than the interest rate of the same type of deposits placed by the Group with the national commercial banks in the PRC under the same conditions;
- (3) the historical transaction amounts and underlying reasons for setting the annual caps of the 2022 Financial Services Agreement, which is the same as the annual caps under the 2019 Financial Services Agreement; and
- (4) the reasons for and benefits to the Company by entering into the 2022 Financial Services Agreement;

we are of the opinion that the terms and the proposed annual caps of the deposit services under the 2022 Financial Services Agreement and the transactions contemplated thereunder are on normal commercial terms or better and are fair and reasonable so far as the Independent Shareholders are concerned, and the deposit services under the 2022 Financial Services Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group, and the entering into of the 2022 Financial Services Agreement in respect of the deposit services and the transactions contemplated thereunder is in the

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interests of the Company and the Independent Shareholders as a whole. Accordingly, we would advise the Independent Shareholders and the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolution to approve the deposit services under the 2022 Financial Services Agreement and the transactions contemplated thereunder at the EGM.

Yours faithfully,

For and on behalf of

Trinity Corporate Finance Limited

Joanne Pong
Responsible Officer

(1) FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group (i) for the year ended 31 December 2019 has been disclosed on pages 89 to 233 of the annual report of the Company for the year ended 31 December 2019 published on 27 April 2020 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0427/2020042700611.pdf>); (ii) for the year ended 31 December 2020 has been disclosed on pages 89 to 237 of the annual report of the Company for the year ended 31 December 2020 published on 23 April 2021 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0423/2021042302395.pdf>); (iii) for the year ended 31 December 2021 has been disclosed on pages 97 to 252 of the annual report of the Company for the year ended 31 December 2021 published on 27 April 2022 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0427/2022042700449.pdf>); and (iv) for the six months ended 30 June 2022 has been disclosed on pages 19 to 52 of the interim report of the Company for the six months ended 30 June 2022 published on 28 September 2022 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0928/2022092800402.pdf>)

All the above annual reports and interim report of the Company have been published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.dtpower.com).

(2) FINANCIAL AND TRADING PROSPECTS OF THE GROUP

In the second half of the year, the Company will always adhere to the general tone of seeking progress while maintaining stability. With profit as the target, fuel as the leader and electricity as the basis, the Company will efficiently coordinate the two markets of fuel and electricity, and go all out to ensure safety, power supply and development, and increase efficiency, so as to promote the steady achievement of various tasks and goals.

1. We will comprehensively improve the safety level in a qualitative manner. We will improve our position comprehensively, closely follow the main line of “preventing risks and ensuring safety”, further rationalize and consolidate the responsibility system for safety production, and continuously improve the responsibility system for safety production. We will continue to deepen the investigation and rectification, and focus on the rectification of problems with high standards and high quality. We will coordinate the work of safety production, pandemic prevention and control, flood prevention and disaster reduction, etc., and resolutely adhere to the red line of safety production to ensure energy supply.
2. We will comprehensively improve profitability. We will stick to the annual profit target, adhere to the “daily dispatch” management and control, and apply the lean management concept to the whole process of safety production, operation management, investment development, engineering construction, etc. to ensure maximum benefits. We will seize power and coal policy opportunities, maximize the supply and price control. We will refine marketing management, strive to generate profitable electricity, and improve the benefits of electric heating by all means. We will give full play to the advantages of financing platforms, explore new financing categories, optimize asset structure and reduce financial expenses. We will also strictly control costs and expenses, and strengthen the acquisition of investment income.

3. We will comprehensively improve the quality of development. We will pay close attention to the acquisition of new energy resources, make efforts in annual competitive allocation, and strive for more construction indicators. We will make efforts in the commencement, construction and operation of the projects that have been obtained. We will continue to increase efforts to expand new business formats, vigorously promote the construction of virtual power plants and speed up the acquisition of high-quality resources, strengthen the industrial chain cooperation, and improve project feasibility.
4. We will comprehensively improve governance efficiency. We will continue to strengthen the governance of listed companies, further improve the authorization and decision-making system, optimize the structure of the Board and special committees, select and assign strong independent Directors, and improve the scientific decision-making efficiency of the Board. We will continue to strengthen compliance management, and continuously improve governance ability. We will continue to improve and optimize the internal distribution mechanism to fully stimulate the vitality of employees, and will continue to optimize the labor management so as to continuously improve labor productivity. We will also further improve the quality of information disclosure and perfect the investor relationship management.

(3) INDEBTEDNESS

As at the close of business on 31 August 2022, being the latest practicable date for the purpose of this statement of indebtedness and contingent liabilities prior to the printing of this circular, the Group had unaudited outstanding interest-bearing debts of approximately RMB181.99 billion (excluding perpetual bonds included in equity), comprising borrowings from financial institutions of approximately RMB155.833 billion, and outstanding bonds of approximately RMB13.49 billion, and outstanding financial lease payables of approximately RMB12.669 billion, among which:

- (i) for borrowings from financial institutions, the guaranteed borrowings amounted to approximately RMB4.778 billion, the secured and pledged borrowings amounted to approximately RMB33.88 billion, and the unsecured and unguaranteed borrowings amounted to approximately RMB117.175 billion;
- (ii) for outstanding bonds, the guaranteed bonds amounted to approximately RMB1.959 billion, there was no secured and pledged bonds, and the unsecured, unpledged and unguaranteed bonds amounted to approximately RMB0; and
- (iii) for outstanding financial lease payables, the guaranteed financial lease payables amounted to approximately RMB0, the secured financial lease payables amounted to approximately RMB0, and the unsecured and unguaranteed financial lease payables amounted to approximately RMB12.669 billion.

Save as aforesaid and apart from intra-group liabilities, the Group did not have any mortgages, charges, debentures, loan capital, bank loans and overdrafts, debt securities or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptances credits, guarantees or contingent liabilities outstanding at the close of business on 31 August 2022.

As at the Latest Practicable Date, the Directors are not aware of any material adverse changes in the Group's indebtedness position and contingent liabilities since the close of business on 31 August 2022.

(4) WORKING CAPITAL

The Directors are of the opinion that, after taking into account the present available banking facilities and the internally generated resources of the Group, the Group has sufficient working capital for its requirements at least within the next 12 months from the date of this circular. The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

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 respects 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

Interest of Directors, supervisors and chief executive of the Company

As at the Latest Practicable Date, save as disclosed below, to the best knowledge of the Directors, supervisors and chief executive of the Company, none of the Directors, supervisors or chief executive of the Company have any interest or short position in the shares, underlying shares and/or debentures (as the case may be) of the Company or any of its associated corporations (within the meaning of the SFO) which was required: (i) 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 any such Director, supervisor or chief executive is taken or deemed to have under such provisions of the SFO); (ii) to be entered into the register required to be kept by the Company under section 352 of the SFO; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules.

Name of Director	Long position/ short position	Capacity/nature of interest	Number of A-shares held	Percentage of the total issued share capital of the Company ⁽¹⁾
Mr. Liu Jizhen	Long position	Beneficial interest	9,100	0.000049%

Note:

- (1) The percentage is calculated based on the 18,506,710,504 issued shares of the Company as at the Latest Practicable Date.

Interest of substantial Shareholders of the Company

As at the Latest Practicable Date, to the best knowledge of the Directors, supervisors and chief executive of the Company, the interest and short positions of the substantial Shareholders in the issued share capital of the Company which will be required, pursuant to Section 336 of the SFO, to be entered into the register referred to therein, or holding 5% or above in the issued share capital of the Company which will be required to be notified to the Company are as follows:

Name of Shareholder	Class of Shares	No. of Shares Held	Approximate Percentage to Total Issued Share Capital of the Company (%)	Approximate Percentage to Total Issued A Shares of the Company (%)	Approximate Percentage to Total Issued H Shares of the Company (%)
CDC (Note 1)	A shares	6,540,706,520	35.34	52.76	/
	A shares	8,738,600	0.05	0.07	/
	H shares	3,275,623,820 (L)	17.70 (L)	/	53.61 (L)
Tianjin Jinneng Investment Co., Ltd. (Note 2)	A shares	1,285,748,600	6.95	10.37	/
Hebei Construction & Investment Group Co., Ltd. (Note 3)	A shares	1,281,872,927	6.93	10.34	/
Beijing Energy Investment Holding Co., Ltd.	A shares	902,230,842	4.88	7.28	/

(L) = Long Position

Notes:

- (1) Mr. Ying Xuejun, Mr. Su Min and Mr. Liu Jianlong, all non-executive Directors, are employees of CDC.
- (2) Mr. Zhu Shaowen, a non-executive Director, is currently an employee of Tianjin Energy Investment Group Limited, the de facto controller of Tianjin Jinneng Investment Co., Ltd.
- (3) Mr. Cao Xin and Mr. Zhao Xianguo, both non-executive Directors, are employees of Hebei Construction & Investment Group Co., Ltd.
- (4) Mr. Jin Shengxiang and Mr. Sun Yongxing, both non-executive Directors, are employees of Beijing Energy Investment Holding Co., Ltd.

As at the Latest Practicable Date, save as disclosed above and to the best knowledge of the Directors, supervisors and chief executive of the Company, (i) no person had any interests or short positions in the shares or underlying shares of the Company which were required, pursuant to Section 336 of the SFO, to be entered into the register referred to therein, or holding 5% or above in the issued share capital of the Company which will be required to be notified to the Company; and (ii)

none of the Directors, supervisors or chief executive of the Company was also a director or employee of a company which had an interest or short position in the Shares or underlying Shares, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors or supervisors of the Company had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the Company within one year without payment of compensation (other than statutory compensation)).

4. INTEREST IN ASSETS OR CONTRACTS

- (a) As at the Latest Practicable Date, none of the Directors, proposed Directors, supervisors or proposed supervisors of the Company had any direct or indirect interest in any assets which had been, since 31 December 2021 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by, or leased to, any member of the Group, or were proposed to be acquired or disposed of by, or leased to, any member of the Group.
- (b) As at the Latest Practicable Date, none of the Directors or supervisors of the Company was materially interested in any contracts or arrangements entered into by any member of the Group, which were subsisting as at the Latest Practicable Date and which were significant in relation to the business of the Group.

5. MATERIAL CHANGES

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2021, being the date to which the latest published audited financial statements of the Group were published, and including the Latest Practicable Date.

6. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors, proposed Directors or their respective close associates had any interests in a business which competes or was likely to compete, either directly or indirectly, with the businesses of the Group (as would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them was a controlling shareholder).

7. EXPERT AND CONSENT

The following sets out the qualification of the expert which has given its opinion or advice as contained in this circular:

Name	Qualification
Trinity Corporate Finance Limited	a licensed corporation under the SFO permitted to conduct Type 6 (advising on corporate finance) regulated activities for the purposes of the SFO

The letter and recommendation from the above expert is given as of the date of this circular for incorporation herein.

As at the Latest Practicable Date, the above expert:

- (a) did not have any shareholding, direct or indirect, in any members of the Group or any rights (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group;
- (b) did not have any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2021 (being the date to which the latest published audited financial statements of the Group were made up); and
- (c) had given and had not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name and its letter in the form and context in which they respectively appear.

8. LITIGATION

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, no member of the Group was engaged in any litigation, arbitration or claim of material importance to the Group, and no litigation, arbitration or claim of material importance to the Group was pending or threatened against any member of the Group.

9. MISCELLANEOUS

- (a) The registered office of the Company is No. 9 Guangningbo Street, Xicheng District, Beijing, the PRC.
- (b) The principal place of business of the Company in Hong Kong is at 40/F, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong.

- (c) The Hong Kong share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at 46/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (d) The joint company secretaries of the Company are Mr. Sun Yanwen and Ms. Mak Po Man Cherie. Ms. Mak is an associate member of The Hong Kong Chartered Governance Institute, an associate member of The Chartered Governance Institute in the United Kingdom, a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.

10. MATERIAL CONTRACTS

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

11. DOCUMENT ON DISPLAY

Copy of the following document will be published at the website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<http://www.dtpower.com>) for 14 days from the date of this circular:

- (a) 2022 Financial Services Agreement
- (b) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out in this circular
- (c) the written consent referred to in the section headed "Expert and Consent" in this appendix