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

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

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中国大唐集团新能源股份有限公司

China Datang Corporation Renewable Power Co., Limited*

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

(Stock Code: 01798)

**CONTINUING CONNECTED TRANSACTION –
RENEWAL OF DATANG MASTER AGREEMENT
MAJOR TRANSACTION AND CONTINUING CONNECTED TRANSACTION –
RENEWAL OF FACTORING BUSINESS COOPERATION AGREEMENT
ADJUSTMENTS TO THE FINANCIAL BUDGET PLAN FOR 2024
ADJUSTMENTS TO THE OPERATION AND INVESTMENT PLAN FOR 2024
ADJUSTMENTS TO THE FINANCING BUDGET PLAN FOR 2024
AND
NOTICE OF THE FOURTH EXTRAORDINARY GENERAL MEETING IN 2024**

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

TRINITY

Trinity Corporate Finance Limited

A letter from the Board is set out on pages 1 to 29 of this circular. A letter from the Independent Board Committee, containing its advice to the Independent Shareholders, is set out on pages 30 to 31 of this circular. A letter from Trinity, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 32 to 61 of this circular.

The Company will convene the EGM at 10:00 a.m. on Friday, 27 December 2024 at Building 1, No. 1 Caishikou Street, Xicheng District, Beijing, the PRC. The notice of the EGM is set out on pages 73 to 74 of this circular.

If you intend to appoint a proxy to attend the EGM, you are required to complete and return the form of proxy published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.cdt-re.com>) in accordance with the instructions printed thereon. For holders of H Shares, the form of proxy should be returned to the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, and for holders of Domestic Shares, the form of proxy should be returned to the Company's head office in the PRC, provided that the registered Shareholders and HKSCC Nominees Limited receiving the voting instructions from non-registered Shareholders shall return the completed form of proxy in person or by post not less than 24 hours before the time fixed for holding the EGM or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or at any other adjourned meeting should you so wish.

* *For identification purpose only*

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DEFINITIONS

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

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

DEFINITIONS

“Company”	China Datang Corporation Renewable Power Co., Limited* (中國大唐集團新能源股份有限公司), a joint stock limited company incorporated in the PRC and its H Shares are listed on the Stock Exchange (stock code: 01798)
“connected Director(s)”	any Director who is considered to have a material interest in the Datang Master Agreement and/or Factoring Business Cooperation Agreement pursuant to Rules 2.15 and 2.16 of the Listing Rules
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“continuing connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Datang Factoring Company”	Datang Commercial Factoring Company Limited* (大唐商業保理有限公司), a company incorporated in the PRC with limited liability and an indirectly wholly-owned subsidiary of CDC
“Datang Master Agreement”	the framework agreement of comprehensive products and services entered into between the Company and CDC on 10 December 2024
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	the ordinary share(s) with a nominal value of RMB1.00 each in the share capital of the Company which are subscribed for and credited as fully paid in RMB by the PRC citizens and/or the PRC incorporated entities
“EGM”	the fourth extraordinary general meeting in 2024 to be convened by the Company at Building 1, No. 1 Caishikou Street, Xicheng District, Beijing, the PRC at 10:00 a.m. on Friday, 27 December 2024
“Factoring Business Cooperation Agreement”	the factoring business cooperation agreement entered into between the Company and Datang Factoring Company on 10 December 2024
“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)

DEFINITIONS

“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company, comprising Mr. Lo Mun Lam, Raymond, Mr. Yu Shunkun and Mr. Qin Haiyan, all being independent non-executive Directors, which has been formed to advise the Independent Shareholders in respect of the Procurement Transactions contemplated under the Datang Master Agreement and its proposed annual caps and the transactions contemplated under the Factoring Business Cooperation Agreement and its proposed annual caps
“Independent Financial Adviser” or “Trinity”	Trinity Corporate Finance Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, and being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Procurement Transactions contemplated under the Datang Master Agreement and its proposed annual caps and the transactions contemplated under the Factoring Business Cooperation Agreement and its proposed annual caps
“Independent Shareholders”	the Shareholders who are not required to abstain from voting at the EGM or any adjourned meeting thereof for the related resolutions in respect of the Procurement Transactions contemplated under the Datang Master Agreement and its proposed annual caps and the transactions contemplated under the Factoring Business Cooperation Agreement and its proposed annual caps
“Latest Practicable Date”	10 December 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“MW”	unit of energy and unit of power, megawatt 1 MW = 1,000 KW. The installed capacity of power plants is generally expressed in MW

DEFINITIONS

“Procurement Transaction(s)”	the transactions in relation to the procurement of the Agreed Products and Agreed Services from CDC Group under the Datang Master Agreement
“Provision Transaction(s)”	the transactions in relation to the provision of the Agreed Products and Agreed Services to CDC Group under the Datang Master Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, comprising the Domestic Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of Share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed to it under the Listing Rules
“%”	per cent.

LETTER FROM THE BOARD



中国大唐集团新能源股份有限公司

China Datang Corporation Renewable Power Co., Limited*

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

(Stock Code: 01798)

Executive Directors:

Mr. Ying Xuejun (*Chairman*)

Mr. Wang Fanghong

Non-executive Directors:

Ms. Rong Xiaojie

Mr. Wang Shaoping

Mr. Shi Feng

Independent Non-executive Directors:

Mr. Lo Mun Lam, Raymond

Mr. Yu Shunkun

Mr. Qin Haiyan

Registered office in the PRC:

Room 6197, 6/F, Building 4

Courtyard 49, Badachu Road

Shijingshan District

Beijing, the PRC

Head office in the PRC:

8/F, Building 1

No. 1 Caishikou Street

Xicheng District

Beijing, the PRC

Principal place of business in Hong Kong:

40/F, Dah Sing Financial Centre

No. 248 Queen's Road East

Wanchai

Hong Kong

12 December 2024

To the Shareholders:

**CONTINUING CONNECTED TRANSACTION –
RENEWAL OF DATANG MASTER AGREEMENT
MAJOR TRANSACTION AND CONTINUING CONNECTED TRANSACTION –
RENEWAL OF FACTORING BUSINESS COOPERATION AGREEMENT
ADJUSTMENTS TO THE FINANCIAL BUDGET PLAN FOR 2024
ADJUSTMENTS TO THE OPERATION AND INVESTMENT PLAN FOR 2024
ADJUSTMENTS TO THE FINANCING BUDGET PLAN FOR 2024**

INTRODUCTION

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

1. To consider and approve the resolution in relation to the Procurement Transactions contemplated under the Datang Master Agreement and the proposed annual caps for the three years ending 31 December 2027;

* For identification purpose only

LETTER FROM THE BOARD

2. To consider and approve the resolution in relation to the transactions contemplated under the Factoring Business Cooperation Agreement and the proposed annual caps for the two years ending 31 December 2026;
3. To consider and approve the resolution in relation to the adjustments to the financial budget plan for 2024;
4. To consider and approve the resolution in relation to the adjustments to the operation and investment plan for 2024; and
5. To consider and approve the resolution in relation to the adjustments to the financing budget plan for 2024.

1. CONTINUING CONNECTED TRANSACTION – RENEWAL OF DATANG MASTER AGREEMENT

Reference is made to the announcement of the Company dated 10 December 2024 in relation to, among other things, the renewal of the Datang Master Agreement between the Company and CDC. The below sets out the information for your perusal when considering the resolution in relation to the Procurement Transactions contemplated under the Datang Master Agreement and the proposed annual caps for the three years ending 31 December 2027.

(1) Datang Master Agreement

Further references are made to the announcement dated 7 December 2021 and the circular dated 13 December 2021 of the Company in relation to, among other things, the entering into of the framework agreement of comprehensive products and services between the Company and CDC on 7 December 2021 (the “**2021 Datang Master Agreement**”). As the agreement and annual caps of such continuing connected transactions will expire on 31 December 2024, the Company and CDC renewed the 2021 Datang Master Agreement on 10 December 2024. The major terms of the Datang Master Agreement are as follows:

Date	10 December 2024
Parties	(i) The Company (ii) CDC

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

LETTER FROM THE BOARD

Term of the agreement	<p>From 1 January 2025 to 31 December 2027</p> <p>Either party may terminate the agreement upon giving the other party not less than three-month written notice.</p>
Nature of transaction	<p>The Group and CDC Group mutually provide the counterparty with the Agreed Products and Agreed Services. In particular:</p> <p>The products provided by CDC Group to the Group mainly include equipment, accessories, spare parts, etc.; the services provided by CDC Group to the Group mainly include design consulting service, operation maintenance service, technical service, construction service, operation and management service, clean development mechanism consulting service, carbon transaction service, green certificate transaction service, tendering and bidding service, material management service, insurance underwriting and other financial service, entrusted agency service, logistics service, property service, etc.; the products provided by the Group to CDC Group mainly include accessories, spare parts, electricity, gas, fuel, etc.; the services provided by the Group to CDC Group mainly include inspection and acceptance service, maintenance and testing service, oil testing service and training service.</p>
Priority right	<p>If the terms and conditions of products and services offered by one party are no less favourable than those offered by an independent third party for similar products and services, the counterparty shall give such party the priority in sourcing of the requisite products and services.</p>
Conditions precedent	<p>The Datang Master Agreement shall become effective upon the Independent Shareholders' approval of the Procurement Transactions and its proposed annual caps.</p>

LETTER FROM THE BOARD

(2) Pricing Policy

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

- (i) government authorities (such as the National Development and Reform Commission) may from time to time publish prescribed prices or guidance prices on the Agreed Products, where such prescribed price or guidance price is available, such price will be adopted for the Agreed Products. Such prices will be published on the websites of the Department of Price under the National Development and Reform Commission, the price bureaus of local governments and relevant competent price authorities (e.g. beijingprice at <http://www.beijingprice.cn/>) from time to time in accordance with the Pricing Catalogues of the Central Government (<https://www.ndrc.gov.cn/xxgk/zcfb/fzggwl/202003/P020200316606029544738.pdf>).
- (ii) where a government-prescribed price or guidance price is not available, a market price as determined through a public tendering procedure will be adopted for the Agreed Products. The public tendering procedure adopted shall strictly comply with the Tender and Bidding Law of the People's Republic of China, which shall govern the procurement of all Agreed Products. According to the Regulation on the Implementation of the Tender and Bidding Law of the People's Republic of China, failure to comply with such law shall lead to a maximum penalty of RMB100,000.

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

1. Tender preparation stage: The Group or its entrusted parties will prepare the tendering documents in accordance with the public tendering procedures. In accordance with the PRC laws and regulations and the administrative measures on tendering procedures of the Company, the tendering documents will be published on the China bidding and tendering website (www.chinabidding.cn) and other platforms for 20 days;
2. Bid opening stage: The Group or its entrusted parties will ensure that at least three qualified bidders will participate in the bid. In case relevant requirements on qualification and quantity, etc. are not satisfied, the bid will fail and the bidding procedure will end. The Group or its entrusted parties will otherwise prepare bidding documents to reconduct tender in accordance with the aforementioned procedures;

LETTER FROM THE BOARD

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

LETTER FROM THE BOARD

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

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

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

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

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

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

LETTER FROM THE BOARD

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

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

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

1. for design consulting service, operation maintenance service, technical service, construction service, operation and management service, insurance underwriting and other financial service, sharing service, logistics service, communication service, property service, etc., the market price as determined by public tendering, invitational tendering procedures or price inquiry procedures will be adopted.
2. for clean development mechanism consulting service, carbon transaction service, green certificate transaction service, tendering and bidding service, material management service, entrusted agency service, other non-commercial labour services, etc. (if any), the market price as determined through price inquiry procedures will be adopted; in the absence of such market price, it shall be determined through arm's length negotiations between the relevant parties.

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

- (i) government authorities (such as the National Development and Reform Commission) may from time to time publish prescribed prices or guidance prices on the Agreed Products, where such prescribed price or guidance price is available, such price will be adopted for the Agreed Products. Such prices will be published on the websites of the Department of Price under the National Development and Reform Commission, the price bureaus of local governments and relevant competent price authorities (e.g. beijingprice at <http://www.beijingprice.cn/>) from time to time in accordance with the Pricing Catalogues of the Central Government (<https://www.ndrc.gov.cn/xxgk/zcfb/fzggwl/202003/P020200316606029544738.pdf>);
- (ii) where a government-prescribed price or guidance price is not available, a market price as determined through the public bidding procedures will be adopted. The relevant public bidding procedures adopted shall strictly comply with the Tender and Bidding Law of the People's Republic of China, which shall govern the provision of all Agreed Products. According to the Regulation on the Implementation of the Tender and Bidding Law of the People's Republic of China, failure to comply with such law shall lead to a maximum penalty of RMB100,000. For details of the public bidding procedures, please refer to the public tendering procedures disclosed in the Agreed Products section above under the Procurement Transactions; and

LETTER FROM THE BOARD

- (iii) where a prescribed price or guidance price published by the government authorities in relation to the Agreed Products is not available and the public bidding procedure is not applicable, such prices shall be determined by the parties after arm's length negotiation, provided that the terms and prices in any case shall be no more favourable than those offered by the Group to independent third parties for the same or similar products in the PRC (if applicable).

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

- (i) the Agreed Services will adopt the market price as determined by public bidding or invitational bidding procedures. Relevant bidding procedures shall be in strict compliance with the Tender and Bidding Law of the People's Republic of China, which shall govern the provision of all Agreed Services. According to the Regulation on the Implementation of the Tender and Bidding Law of the People's Republic of China, failure to comply with such law shall lead to a maximum penalty of RMB100,000. For details of the public bidding procedures, please refer to the public tendering procedures disclosed in the Agreed Products section above under the Procurement Transactions; and
- (ii) Where the public bidding procedure is not applicable, such prices shall be determined by the parties after arm's length negotiation, provided that the terms and prices in any case shall be no more favourable than those offered by the Group to independent third parties for the same or similar products in the PRC (if applicable).

LETTER FROM THE BOARD

(3) Historical Amounts

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

Unit: RMB in millions

	Annual cap for the year ended/ending 31 December			
	2021	2022	2023	2024
Provision Transactions	60	60	60	60
Procurement Transactions	<u>3,600</u>	<u>4,500</u>	<u>4,500</u>	<u>4,500</u>

The table below sets out the historical amounts for the three years ended 31 December 2023 and the nine months ended 30 September 2024:

Unit: RMB in millions

	Actual transaction amounts for the year ended 31 December			Actual transaction amounts for the nine months ended 30 September 2024*
	2021	2022	2023	2024*
Provision Transactions	15	39	48	25
Procurement Transactions	<u>3,260</u>	<u>2,703</u>	<u>2,584</u>	<u>2,023</u>

**Note:* The actual transaction amounts for the nine months ended 30 September 2024 are only based on internal statistical standard. The actual transaction amounts for 2024 shall be subject to those disclosed in the section of connected transactions under the chapter of the report of the Board in 2024 annual report of the Company.

LETTER FROM THE BOARD

(4) Proposed Annual Caps and the Basis of Determination

The table below sets out the proposed annual caps for the three years ending 31 December 2027:

Unit: RMB in millions

	Proposed annual caps for the year ending 31 December		
	2025	2026	2027
Provision Transactions	300	300	300
Procurement Transactions	<u>10,000</u>	<u>11,000</u>	<u>12,200</u>

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

- (i) Industry policies and the Company's development potential. In order to implement the development goals of "carbon peak" and "carbon neutrality", the State-owned Assets Supervision and Administration Commission of the State Council successively issued the white papers including "Opinions on Accelerating Comprehensive Transition Towards Green Economic and Social Development (《關於加快經濟社會發展全面綠色轉型的意見》)" and "China's Energy Transformation (《中國的能源轉型》)" in July and August 2024, clearly stipulating that it will promote high-quality development of new energy with greater efforts, carry out solid works on green and low-carbon transformation of energy, and boost the annual increase in the proportion of non-fossil energy consumption by approximately 1 percentage point, with the proportion of non-fossil energy consumption increasing to about 25% by 2030. In conjunction with current industry policies, market shares and estimated resources of reserve projects, the Company expects an additional capacity of about 3,000MW to be put into operation per year from 2025 to 2027.
- (ii) Historical production scales. From 2021 to 2023, the Company's newly added installed capacity was 848.5MW, 1,115.35MW and 1,225.35MW, respectively, with an average newly added production scale of 1,063.07MW.
- (iii) In terms of procurement of services, the amount of transactions from 2021 to 2023 was RMB201 million, RMB707 million and RMB1,263 million, respectively, which was mainly due to the demand, with higher relevance to the projects' production progress, for engineering design, construction, supervision and insurance arising from

LETTER FROM THE BOARD

construction process of newly-invested projects. Based on the newly added installed capacity and the increase in procurement of services incurred in the current year (i.e., in 2022, the newly installed capacity was 1,115.35 MW, corresponding to a year-on-year increase of RMB506 million in procurement of services incurred in the current year; in 2023, the newly installed capacity was 1,225.35 MW, corresponding to a year-on-year increase of RMB556 million in procurement of services incurred in the current year), it is equivalent to an additional expenditure of approximately RMB500 million in connected transactions of service procurement for every 1,000 MW of newly added installed capacity.

Based on the additional capacity of 3,000MW to be put into operation in each of the next three years, the demand for annual cap for the procurement of services from 2025 to 2027 will increase by approximately RMB1,500 million per annum. Taking into account that approximately RMB1,700 million is likely to be incurred for the procurement of services for the year 2024^{Note 1}, it is expected that the demand for annual cap for the procurement of services from 2025 to 2027 will be approximately RMB3,200 million, RMB4,700 million and RMB6,200 million, respectively.

- (iv) In terms of procurement of products, the amount of transactions from 2021 to 2023 was RMB3,059 million, RMB1,996 million and RMB1,321 million, respectively, which was mainly due to the procurement of wind turbines, tower tubes, photovoltaic equipment and spare parts for newly-invested projects, with higher relevance to the projects' production scales.

Based on the additional capacity of 3,000MW to be put into operation per year, the total construction cost per kilowatt^{Note 2} that decreases annually (from RMB4,500 in 2025, to RMB4,250 in 2026, and RMB4,000 in 2027), and the equipment (including equipment purchase and installation costs) accounting for approximately 50% of the total construction cost per kilowatt^{Note 3}, it is expected that the demand for annual cap for the procurement of products from 2025 to 2027 will be approximately RMB6,800 million, RMB6,300 million, and RMB6,000 million, respectively.

- Notes:*
1. The final actual amount of Procurement Transactions for 2024 shall be subject to that disclosed in the section of connected transactions under the chapter of the report of the Board in 2024 annual report of the Company.
 2. The total construction cost per kilowatt includes equipment costs, construction project costs and other costs (including land use fees for project construction, preliminary expenses, project construction management fees, production preparation fees, scientific research, survey and design fees, etc).
 3. Equipment (including equipment purchase and installation costs) accounts for approximately 50% of the total construction cost per kilowatt, which is calculated from the actual construction costs of the Company's previous projects.

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Taken into consideration of the above factors, the proposed annual caps for Procurement Transactions are determined mainly with reference to (1) the historical amounts of transactions from 2021 to 2023 and the nine months ended 30 September 2024; (2) the estimated newly added Procurement Transactions for services such as engineering design, construction and supervision during the period from 2025 to 2027; and (3) the estimated newly added Procurement Transactions for products such as wind power and photovoltaic modules, and spare parts during the period from 2025 to 2027; and the proposed annual caps for Provision Transactions are determined after taking into account (1) the historical amounts of Agreed Products and Agreed Services; (2) the industry policy environment trends; (3) the business development of the Group and CDC Group; and (4) the price range and contract amounts estimated based on the abovementioned pricing policy.

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

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

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

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(6) Listing Rules Implications

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

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Provision Transactions exceeds 0.1% but is less than 5%, the Provision Transactions are subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules but are exempt from the circular (including independent financial advice) and Independent Shareholders' approval requirements.

As the highest applicable percentage ratio in respect of the Procurement Transactions exceeds 5%, the Procurement Transactions are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(7) Internal Control Procedures and Corporate Governance Measures

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

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audits on the pricing and annual caps of such transactions. The independent non-executive Directors of the Company will review the transactions contemplated under the Datang Master Agreement and its proposed annual caps on an annual basis to ensure that the transactions contemplated under the Datang Master Agreement are conducted in the ordinary and usual course of business of the Company and on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

(8) Opinion of the Board

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

Directors Ms. Rong Xiaojie, Mr. Wang Shaoping and Mr. Shi Feng, being the connected Directors, have abstained from voting on the relevant resolution in respect of considering and approving the transactions contemplated under the Datang Master Agreement and its proposed annual caps at the Board meeting. Save as disclosed above, none of the Directors has any material interest in the transactions contemplated under the Datang Master Agreement and its proposed annual caps, and shall abstain from voting on the relevant Board resolutions.

(9) Approval by Independent Shareholders

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

In view of the interests of CDC in the Procurement Transactions, CDC and its associates (holding an aggregate of 4,772,629,900 Shares of the Company, representing approximately 65.61% of the total issued share capital of the Company as at the Latest Practicable Date) are required to abstain from voting on the relevant resolution to be proposed by the Company at the EGM to approve the Procurement Transactions contemplated under the Datang Master Agreement and its proposed annual caps.

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

(10) General Information

Information on the Company

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

Information on CDC

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

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

Reference is made to the announcement of the Company dated 10 December 2024 in relation to, among other things, the renewal of the Factoring Business Cooperation Agreement between the Company and Datang Factoring Company. The below sets out the information for your perusal when considering the resolution in relation to the transactions contemplated under the Factoring Business Cooperation Agreement and the proposed annual caps for the two years ending 31 December 2026.

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(1) Factoring Business Cooperation Agreement

Further references are made to the announcement dated 7 December 2021 and the circular dated 13 December 2021 of the Company in relation to, among other things, the entering into of the factoring business cooperation agreement between the Company and Datang Factoring Company on 7 December 2021 (the “**2021 Factoring Business Cooperation Agreement**”). As the agreement and annual caps of such continuing connected transactions will expire on 31 December 2024, the Company and Datang Factoring Company renewed the 2021 Factoring Business Cooperation Agreement on 10 December 2024. The major terms of the Factoring Business Cooperation Agreement are as follows:

Date	10 December 2024
Parties	(i) The Company (ii) Datang Factoring Company
Term of the agreement	From 1 January 2025 to 31 December 2026
Nature of transaction	Datang Factoring Company shall provide factoring business support to the Group ^{Note 1} . The Company and/or its subsidiaries may, during the term of the agreement, enter into specific factoring contracts in accordance with the terms of the Factoring Business Cooperation Agreement, and such specific factoring contracts shall be subject to the terms of the Factoring Business Cooperation Agreement.
Type of factoring	Recourse ^{Note 2}

- Notes:*
1. In this circular, the factoring business refers to the Group’s transfer of electricity tariff receivables, tariff premium receivables and other claims and debts arising from underlying transactions to Datang Factoring Company as the transaction subject, in order to obtain liquidity support and solve liquidity strain and other issues faced by the existing new energy enterprises.
 2. In this circular, factoring with recourse means that Datang Factoring Company does not have the obligation to approve credit lines and provide bad debt guarantees for the Group but has the right to recover the paid financing amount from the Group and repudiate payment of the outstanding balance, regardless of the reasons why the trade receivables are uncollectible.

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Major terms of the agreement

1. Datang Factoring Company shall provide factoring business support for the electricity tariffs, tariff premium and other claims and debts arising from underlying transactions of the key programs invested and constructed by the Group with no more than RMB6,000 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, laws and regulations of the state, the supply of and demand for capital in the market as well as the structural features of factoring products, offer comprehensive rates which are the equivalent to or more favourable than those provided by other independent commercial factoring companies in the PRC so as to help the Group to reduce its financial costs and optimise its financial structure.
4. Datang Factoring Company shall, upon thorough negotiations with the Group, select appropriate projects and design and offer customised factoring business proposals within the scope of the Group's business development and plan.

Guarantee

Nil

Conditions precedent

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

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(2) Pricing Policy

The Group will pay comprehensive fees, including factoring handling fees and factoring facilities interest ^{Note 1}, to Datang Factoring Company in relation to its provision of factoring facility services. Since 2022, the rate for factoring handling fees of each specific factoring contracts under Factoring Business Cooperation Agreement has ranged from 0% to 3.85%, and the factoring facilities interest rate of each specific factoring contracts under Factoring Business Cooperation Agreement has ranged from 0% to 4.60%.

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

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

(3) Historical Amounts

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

Unit: RMB in millions

	Annual caps for the year ended/ending 31 December		
	2022	2023	2024
Factoring business	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>

Notes: 1. Factoring facilities interest = factoring facilities balance × factoring facilities interest rate × actual days of occupation/360.

2. Comprehensive rate = (factoring handling fees + factoring facilities interest)/factoring facility amount.

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The table below sets out the historical amounts for the two years ended 31 December 2023 and the nine months ended 30 September 2024:

Unit: RMB in millions

	Actual transaction amounts for the		Actual
	year ended 31 December		transaction
	2022	2023	amounts for
			the nine months
			ended
			30 September
			2024*
Factoring business	503	712	1,898

**Note:* The actual transaction amount for the nine months ended 30 September 2024 is only based on internal statistical standard. The actual transaction amount for 2024 shall be subject to that disclosed in the section of connected transactions under the chapter of the report of the Board in 2024 annual report of the Company.

The low utilisation rate of the existing annual caps for the two years ended 31 December 2023 was mainly due to the centralised crediting of the tariff premium of RMB8,255 million for renewable energy in 2022, representing a significant increase over the average amount in previous years, and accordingly significantly improves the Company's cash flow in 2022 and 2023 and reduces the demand for factoring business.

(4) Proposed Annual Caps and the Basis of Determination

The table below sets out the proposed annual caps for the two years ending 31 December 2026:

Unit: RMB in millions

	For the year ending 31 December	
	2025	2026
Factoring business	6,000	6,000

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

- (i) based on the Group's current installed capacity in operation and tariff structure, it is expected that the tariff premium receivable by the Group for each year during 2025 to 2026 will amount to approximately RMB6,500 million to RMB7,500 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 RMB2,500 million for each year during 2025 to 2026;
- (iii) calculated based on the above conditions, the Group's account receivables of tariff premium will increase by approximately RMB4,000 million to RMB5,000 million in each year during 2025 to 2026;
- (iv) the Group intends to carry out factoring business for the increase in account receivables of tariff premium for each year during 2025 to 2026, so as to timely reduce the balance of the account receivables of tariff premium;
- (v) given that the balance of the account receivables of tariff premium of the Group for the nine months ended 30 September 2024 was RMB19,575 million, even if the increase in the account receivables of tariff premium for each year from 2025 to 2026 was less than RMB5,000 million, the Group still could carry out factoring business for the balance of the account receivables of tariff premium as at 31 December 2024; and
- (vi) the business scale of Datang Factoring Company can meet the factoring demands of the Group.

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

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

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The payment of factoring handling fees and factoring facilities interests under the Factoring Business Cooperation Agreement may imply that the Group's profit margin will decrease. However, the factoring handling fees and factoring facilities interests to be paid under the Factoring Business Cooperation Agreement only account for a small portion 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 therefore expects that the factoring services under the Factoring Business Cooperation Agreement will have no material impact on the corresponding profit, assets and liabilities.

The Directors (excluding the 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, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

(6) Listing Rules Implications

As CDC directly and indirectly holds approximately 65.61% of the issued share capital of the Company as at the Latest Practicable Date, it is a controlling shareholder as defined under the Listing Rules and thus a connected person of the Company. 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 exceeds 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 exceeds 25%, such transactions constitute major transactions of the Company and are subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

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(7) Internal Control Procedures and Corporate Governance Measures

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

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

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- (iv) The Directors (including independent non-executive Directors) will review the transactions contemplated under the Factoring Business Cooperation Agreement and its proposed annual caps each year to ensure that the transactions contemplated under the Factoring Business Cooperation Agreement are conducted in the ordinary and usual course of business of the Company on normal commercial terms and in the interests of the Company and the 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 pricing policies, basis of determination for the proposed annual caps as well as the reasons for and benefits of the entering into of the Factoring Business Cooperation Agreement stated above, the Directors (excluding the connected Directors but including the independent non-executive Directors) are of the view that the terms of the Factoring Business Cooperation Agreement are fair and reasonable and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Company on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Directors Ms. Rong Xiaojie, Mr. Wang Shaoping and Mr. Shi Feng, being the connected Directors, have abstained from voting on the relevant resolution in respect of considering and approving the transactions contemplated under the Factoring Business Cooperation Agreement and its proposed annual caps at the Board meeting. Save as disclosed above, none of the Directors has any material interest in the transactions contemplated under the Factoring Business Cooperation Agreement and its proposed annual caps, and shall abstain from voting on the relevant Board resolutions.

(9) Approval by Independent Shareholders

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

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In view of the material interests of CDC in the transactions contemplated under the Factoring Business Cooperation Agreement, CDC and its associates (holding an aggregate of 4,772,629,900 Shares of the Company, representing approximately 65.61% of the total issued share capital of the Company as at the Latest Practicable Date) are required to abstain from voting on the relevant resolution to be proposed by the Company at the EGM to approve the transactions contemplated under the Factoring Business Cooperation Agreement and its proposed annual caps.

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

(10) General Information

Information on the Company

Please refer to page 16 of this circular for details of the information on the Company.

Information on CDC

Please refer to page 16 of this circular for details of the information on the CDC.

Information on Datang Factoring Company

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

3. ADJUSTMENTS TO THE FINANCIAL BUDGET PLAN FOR 2024

An ordinary resolution will be proposed at the EGM to approve the adjustments to the financial budget plan for 2024.

References are made to the circular dated 30 May 2024 and the poll results announcement dated 28 June 2024 of the Company in relation to, among others, the financial budget plan for 2024 considered and approved by the Shareholders at the annual general meeting for the year 2023 held on 28 June 2024 (the "**Financial Budget Plan for 2024**").

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According to the production and operation situation and investment schedule, the Company proposes to adjust the capital budget under the Financial Budget Plan for 2024. Details are as follows:

- (1) Budget for large and medium-scale infrastructure: At present, the budget for 2024 is RMB13,121.08 million. In line with the changes in the plan for large and medium-scale infrastructure projects for 2024, it is proposed to increase the budget by RMB4,955.41 million.
- (2) Budget for technical transformation and environmental protection and external equity investment: At present, the budget for technical transformation and environmental protection for 2024 is RMB0, and the budget for external equity investment for 2024 is RMB36.43 million. In line with the need of technical transformation and environmental protection and external equity investment, it is proposed to increase the budgets for technical transformation and environmental protection and external equity investment by RMB799.89 million and RMB2.682 million, respectively.

Except for the above adjustments, other contents of the Financial Budget Plan for 2024 remain unchanged.

4. ADJUSTMENTS TO THE OPERATION AND INVESTMENT PLAN FOR 2024

An ordinary resolution will be proposed at the EGM to approve the adjustments to the operation and investment plan for 2024.

References are made to the circular dated 30 May 2024 and the poll results announcement dated 28 June 2024 of the Company in relation to, among others, the operation and investment plan for 2024 considered and approved by the Shareholders at the annual general meeting for the year 2023 held on 28 June 2024 (the “**Operation and Investment Plan for 2024**”).

After adjustments, the total amount of the Company’s Operation and Investment Plan for 2024 increased to RMB18,089.52 million, of which: the total amount of annual operation and investment plan for large and medium-scale infrastructure increased to RMB18,076.49 million, representing an increase of RMB4,955.41 million as compared with the original plan of RMB13,121.08 million; the investment plan for equity participation shall be approximately RMB10.95 million, with no change as compared with the original plan; and the investment plan for small-scale infrastructure projects shall be approximately RMB2.08 million, with no change as compared with the original plan.

The investment plan and capital plan will be amended by the Company with reference to the progress of preparation work and construction of ongoing projects.

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5. ADJUSTMENTS TO THE FINANCING BUDGET PLAN FOR 2024

A special resolution will be proposed at the EGM to approve the adjustments to the financing budget plan for 2024.

References are made to the circular dated 30 May 2024 and the poll results announcement dated 28 June 2024 of the Company in relation to, among others, the financing budget plan for 2024 considered and approved by the Shareholders at the annual general meeting for the year 2023 held on 28 June 2024 (the “**Financing Budget Plan for 2024**”).

As mentioned above, according to capital budget adjustments under the Financing Budget Plan for 2024, the Company also proposes to correspondingly increase the debt financing scale under the Financing Budget Plan for 2024 by RMB5.8 billion. After adjustments, the total financing scale of the Company for 2024 shall be RMB86.783 billion, including: RMB72.783 billion for debt financing (the net increase of which for this year shall not exceed RMB15.6 billion) and RMB14 billion for equity financing.

Except for the above adjustments, other contents of the Financing Budget Plan for 2024, such as the varieties of debt financing, as well as the scale and varieties of equity financing, etc., remain unchanged.

EGM

The EGM will be held at 10:00 a.m. on Friday, 27 December 2024 at Building 1, No. 1 Caishikou Street, Xicheng District, Beijing, the PRC to approve the resolutions to be proposed at the EGM as set out in the notice of the EGM. The notice of the EGM is set out on pages 73 to 74 of this circular.

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

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In order to ascertain the entitlements of the Shareholders to attend the EGM, the register of members of the Company will be closed from Thursday, 19 December 2024 to Friday, 27 December 2024 (both days inclusive), during which period no transfer of Shares of the Company will be effected. To be eligible to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares), or the Company's head office in the PRC at 8/F, Building 1, No. 1 Caishikou Street, Xicheng District, Beijing 100053, the PRC (for holders of Domestic Shares) not later than 4:30 p.m. on Wednesday, 18 December 2024.

A form of proxy for use at the EGM has been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.cdt-re.com>). If you intend to appoint a proxy to attend the EGM, you are required to complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible, provided that the registered Shareholders and HKSCC Nominees Limited receiving the voting instructions from non-registered Shareholders shall return the completed form of proxy in person or by post not less than 24 hours before the time fixed for holding the EGM or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or at any adjourned meeting thereof should you so wish.

VOTING BY POLL AT EGM

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

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

RECOMMENDATION

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

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

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

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

* *For identification purpose only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



中国大唐集团新能源股份有限公司

China Datang Corporation Renewable Power Co., Limited*

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

(Stock Code: 01798)

12 December 2024

To the Independent Shareholders

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

Dear Sir or Madam,

We refer to the circular despatched to all Shareholders (the “**Circular**”) dated 12 December 2024 of the Company, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless otherwise specified.

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

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

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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

Yours faithfully,

Independent Board Committee

Mr. Lo Mun Lam, Raymond

*Independent non-executive
Director*

Mr. Yu Shunkun

*Independent non-executive
Director*

Mr. Qin Haiyan

*Independent non-executive
Director*

* *For identification purpose only*

TRINITY

Trinity Corporate Finance Limited
Unit 102B, 1st Floor, Building 5W,
Hong Kong Science Park,
New Territories,
Hong Kong.

12 December 2024

To the Independent Board Committee and the Independent Shareholders of

China Datang Corporation Renewable Power Co., Limited

Dear Sirs,

**CONTINUING CONNECTED TRANSACTION –
RENEWAL OF DATANG MASTER AGREEMENT
AND
MAJOR AND CONTINUING CONNECTED TRANSACTION –
RENEWAL OF FACTORING BUSINESS COOPERATION 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 Procurement Transactions contemplated under the Datang Master Agreement and the Factoring Business Cooperation Agreement, details of which are set out in the Letter from the Board (the “**Letter from the Board**”) in the Company’s circular dated 12 December 2024 (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.

As the 2021 Datang Master Agreement, as defined in the Letter from the Board, will expire on 31 December 2024, the Company and CDC renewed the 2021 Datang Master Agreement on 10 December 2024.

Also, as the 2021 Factoring Business Cooperation Agreement, as defined in the Letter from the Board, will expire on 31 December 2024, the Company and Datang Factoring Company renewed the 2021 Factoring Business Cooperation Agreement on 10 December 2024.

LETTER FROM TRINITY

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

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

As the highest applicable percentage ratio in respect of the Procurement Transactions exceeds 5%, the Procurement Transactions are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at the Latest Practicable Date, since CDC directly and indirectly holds approximately 65.61% of the issued share capital of the Company, 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 Factoring Business Cooperation Agreement and the transactions contemplated thereunder 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 exceeds 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 exceeds 25%, such transactions constitute major transactions of the Company and are subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

LETTER FROM TRINITY

The Company will convene the EGM to consider and approve, among others, the Procurement Transactions contemplated under the Datang Master Agreement and the Factoring Business Cooperation Agreement and the transactions contemplated thereunder. In view of the interests of CDC in the Procurement Transactions contemplated under the Datang Master Agreement and the transactions contemplated under the Factoring Business Cooperation Agreement, CDC and its associates (holding an aggregate of 4,772,629,900 shares of the Company, representing approximately 65.61% of the total issued share capital of the Company as at the Latest Practicable Date) are required to abstain from voting on the relevant resolution(s) to be proposed by the Company at the EGM to approve the Procurement Transactions contemplated under the Datang Master Agreement and the transactions contemplated under the Factoring Business Cooperation Agreement and their respective proposed annual caps.

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

Directors Ms. Rong Xiaojie, Mr. Wang Shaoping and Mr. Shi Feng, being the connected Directors, have abstained from voting on the relevant resolutions in relation to consideration and approval of the transactions contemplated under the Datang Master Agreement and the Factoring Business Cooperation Agreement and their respective proposed annual caps at the Board meeting. Save as disclosed above, none of the Directors has any material interest in the transactions contemplated under the Datang Master Agreement and the Factoring Business Cooperation Agreement and their respective proposed annual caps, and shall abstain from voting on the relevant Board resolutions.

An Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the Procurement Transactions contemplated under the Datang Master Agreement and the Factoring Business Cooperation 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.

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 major transactions and continuing connected transactions in relation to the renewal of the financial services agreement and the renewal of the finance lease business framework agreement (details of which were set out in the circular of the Company dated 30 November 2023) and the discloseable transaction and connected transaction in relation to capital increase agreement (details of which were set out in the circular of the Company dated 17 April 2024). Apart from normal professional fees paid or payable to us in connection with such appointment(s), 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 pursuant to Rule 13.84 of the Listing Rules.

LETTER FROM TRINITY

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.

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 Datang Master Agreement and the Factoring Business Cooperation Agreement.

This letter is issued to the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Procurement Transactions contemplated under the Datang Master Agreement and the Factoring Business Cooperation 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.

In accordance with Rule 13.80 of the Listing Rules, to formulate our opinion, we have independently reviewed, inter alia, the 2023 annual report and 2024 interim results announcement of the Company, the historical transaction amounts, the Letter from the Board and the samples of transactions of the Company relating to the Procurement Transactions contemplated under the Datang Master Agreement and the Factoring Business Cooperation Agreement.

LETTER FROM TRINITY

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion regarding the Procurement Transactions contemplated under Datang Master Agreement and the Factoring Business Cooperation Agreement, we have taken into account the following principal factors and reasons:

A. Background of the Company and Relevant Parties

Information on the Company

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

Information on CDC

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

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; investigation and evaluation of clients' credit standing; and relevant consultancy services.

LETTER FROM TRINITY

B. Principal Terms of the Datang Master Agreement

(1) *Datang Master Agreement*

As mentioned in the Letter from the Board, on 10 December 2024, the Company entered into the Datang Master Agreement with CDC. The major terms of the Datang Master Agreement are as follows:

Date 10 December 2024

Parties (i) The Company

(ii) CDC

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

Term of the agreement From 1 January 2025 to 31 December 2027

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

Nature of transaction The Group and CDC Group mutually provide the counterparty with the Agreed Products and Agreed Services. In particular:

LETTER FROM TRINITY

The products provided by CDC Group to the Group mainly include equipment, accessories, spare parts, etc.; the services provided by CDC Group to the Group mainly include design consulting service, operation maintenance service, technical service, construction service, operation and management service, clean development mechanism consulting service, carbon transaction service, green certificate transaction service, tendering and bidding service, material management service, insurance underwriting and other financial service, entrusted agency service, logistics service, property service, etc.; the products provided by the Group to CDC Group mainly include accessories, spare parts, electricity, gas, fuel, etc.; the services provided by the Group to CDC Group mainly include inspection and acceptance service, maintenance and testing service, oil testing service and training service.

Priority right

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

Conditions precedent

The Datang Master Agreement shall become effective upon the Independent Shareholders' approval of the Procurement Transactions and its proposed annual caps.

LETTER FROM TRINITY

(2) *Pricing Policy*

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

- (i) government authorities (such as the National Development and Reform Commission) may from time to time publish prescribed prices or guidance prices on the Agreed Products, where such prescribed price or guidance price is available, such price will be adopted for the Agreed Products. Such prices will be published on the websites of the Department of Price under the National Development and Reform Commission, the price bureaus of local governments and relevant competent price authorities (e.g. Beijing price at <http://www.beijingprice.cn/>) from time to time in accordance with the Pricing Catalogues of the Central Government (<https://www.ndrc.gov.cn/xxgk/zcfb/fzggwl/202003/P020200316606029544738.pdf>).
- (ii) where a government-prescribed price or guidance price is not available, a market price as determined through a public tendering procedure will be adopted for the Agreed Products. The public tendering procedure adopted shall strictly comply with the Tender and Bidding Law of the People's Republic of China, which shall govern the procurement of all Agreed Products. According to the Regulation on the Implementation of the Tender and Bidding Law of the People's Republic of China, failure to comply with such law shall lead to a maximum penalty of RMB100,000.

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

1. Tender preparation stage: The Group or its entrusted parties will prepare the tendering documents in accordance with the public tendering procedures. In accordance with the PRC laws and regulations and the administrative measures on tendering procedures of the Company, the tendering documents will be published on the China bidding and tendering website (www.chinabidding.cn) and other platforms for 20 days;
2. Bid opening stage: The Group or its entrusted parties will ensure that at least three qualified bidders will participate in the bid. In case relevant requirements on qualification and quantity, etc. are not satisfied, the bid will fail and the bidding procedure will end. The Group or its entrusted parties will otherwise prepare bidding documents to reconduct tender in accordance with the aforementioned procedures;

LETTER FROM TRINITY

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

LETTER FROM TRINITY

4. Results approval stage: The price comparison team will prepare an inquiry result report in accordance with the scores. The candidates will be recommended based on the descending order of overall scores and be submitted to the Group or its entrusted parties for approval.
- (iv) Where a prescribed price or guidance price published by the government authorities in relation to the Agreed Products is not available and there is insufficient number of qualified suppliers participating in bidding, and also no relevant market price is available, such prices shall be determined by the parties after arm's length negotiation, provided that the terms and prices shall be no less favourable than those available to the Group from independent third parties for the same or similar products in the PRC (if applicable).

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

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

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

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

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

LETTER FROM TRINITY

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

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

LETTER FROM TRINITY

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

1. for design consulting service, operation maintenance service, technical service, construction service, operation and management service, insurance underwriting and other financial service, sharing service, logistics service, communication service, property service, etc., the market price as determined by public tendering, invitational tendering procedures or price inquiry procedures will be adopted.
2. for clean development mechanism consulting service, carbon transaction service, green certificate transaction service, tendering and bidding service, material management service, entrusted agency service, other non-commercial labour services, etc. (if any), the market price as determined through price inquiry procedures will be adopted; in the absence of such market price, it shall be determined through arm's length negotiations between the relevant parties.

For details of the pricing of the Agreed Products and Agreed Services under the Provision Transactions, which is not subject to Independent Shareholders' approval and independent financial advice, please refer to the relevant sections in the Letter from the Board.

We have reviewed three samples of historical transactions entered into between the Group and CDC for procurement of equipment, accessories and spare parts, of which the selection criteria is being selected by the Company on a random basis, and confirm that the market price as determined through public tendering procedures was adopted for equipment, accessories and spare parts to ensure that the terms and prices are no less favourable than those available to the Group from independent third parties for the same or similar services. Based on our discussion with the Company, it is confirmed that CDC would charge a management fee for the public tendering process of not more 6% of the transaction cost. We concur with the Company that it is considered reasonable as CDC charges similar fees to other group companies and the savings to the Company from centralised procurement through CDC can reasonably justify the required management fees. On the basis that the Company is able to obtain terms and pricing no less favourable than those available to the Group from independent third parties for same or similar services, even including the management fees, we agree that such pricing policy is fair and reasonable and in the interests of the Independent Shareholders as a whole.

LETTER FROM TRINITY

We have also reviewed three samples of historical transactions entered into between the Group and CDC for procurement of engineering design, construction and supervision services, of which the selection criteria is being selected by the Company on a random basis, and confirm that the market price as determined through public tendering procedures was adopted for engineering design, construction and supervision services to ensure that the terms and prices are no less favourable than those available to the Group from independent third parties for the same or similar services.

We consider that the selected samples for the procurement of Agreed Products and Agreed Services are adequate, sufficient, fair and representative in concluding our view that the above pricing policy was properly followed and that the terms of the transactions between the Company and CDC are fair and reasonable so far as the Company and the Independent Shareholders are concerned and the pricing policy is able to ensure that the continuing connected transactions are conducted on normal commercial terms or better and not prejudicial to the interests of the Company and the Independent Shareholders as a whole. The above samples of transactions selected by the Company on a random basis for the purpose of our review of the Company's pricing policy have covered the major products and/or services of the Company and are representative as an illustration to prove that the pricing terms with the Company's related party are no less favourable than those with the independent third parties, and given that the Company's independent non-executive Directors and auditors review the transactions in relation to the continuing connected transactions on an annual basis, we have no reason to doubt that such pricing policy is not consistently followed by the Company.

C. Historical Transaction Amounts and Proposed Annual Caps

The historical transaction amounts for the Procurement Transactions for the three years ended 31 December 2023 and the nine months ended 30 September 2024 are as follows:

<i>(in RMB million)</i>	For the financial year ended 31 December 2021	For the financial year ended 31 December 2022	For the financial year ended 31 December 2023	For the period from 1 January 2024 to 30 September 2024 <i>(Note 1)</i>
Procurement Transactions				
Historical transaction amounts	3,260	2,703	2,584	2,023
Annual cap for the year	3,600	4,500	4,500	4,500
Approximate utilisation rate (%)	90.6%	60.1%	57.4%	45.0%
Approximate utilisation rate (%) on an annualised basis	N/A	N/A	N/A	60.0%

LETTER FROM TRINITY

Note:

1. The actual transaction amounts for the nine months ended 30 September 2024 are only based on internal statistical standard. The actual transaction amounts for 2024 shall be subject to those disclosed in the section of connected transactions under the chapter of the report of the Board in the 2024 annual report of the Company.

As set out above, the historical utilisation rates for Procurement Transactions under the Datang Master Agreement were approximately 90.6%, 60.1%, 57.4% and 45.0% for the three years ended 31 December 2023 and the nine-month period ended 30 September 2024 respectively. Also, we note that the utilisation rate for the nine months ended 30 September 2024 is approximately 60.0% on an annualised basis.

The Company proposes to set the annual caps for the Procurement Transactions for each of the three years ending 31 December 2027 as follows:

<i>(in RMB million)</i>	For the financial year ending 31 December 2025	For the financial year ending 31 December 2026	For the financial year ending 31 December 2027
Proposed annual caps	10,000	11,000	12,200
Year-on-year increase (%)	122.2%	10.0%	10.9%

As shown in the table above, the proposed annual cap for the year ending 31 December 2025 represents a 122.2% year-on-year increase from the previous year and the proposed annual caps for the two years ending 31 December 2027 represents a year-on-year increase of 10.0% and 10.9% respectively. The main reason for the year-on-year increase of 122.2% for the proposed annual cap for the year ending 31 December 2025 is due to the expected substantial increase in operation capacity for the three years ending 31 December 2027, which has a high correlation with the Agreed Products and Agreed Services under Procurement Transactions, as explained below.

Based on our discussion with the management of the Company, we are given to understand that the proposed annual caps are estimated based on the possible amount and value of the mutual provision of the Agreed Products and Agreed Services between the Group and CDC Group with reference to the anticipated demands of the Agreed Products and Agreed Services after taking into account the following factors:

1. Industry policies and the Company's development potential. In order to implement the development goals of "carbon peak" and "carbon neutrality", the State-owned Assets Supervision and Administration Commission of the State Council successively issued the white papers including "Opinions on Accelerating Comprehensive Transition Towards Green Economic and Social Development" (《關於加快經濟社會發展全面綠色轉型的意

LETTER FROM TRINITY

見》) and “China’s Energy Transformation” (《中國的能源轉型》) in July and August 2024, clearly stipulating that it will promote high-quality development of new energy with greater efforts, carry out solid works on green and low-carbon transformation of energy, and boost the annual increase in the proportion of non-fossil energy consumption by approximately 1 percentage point, with the proportion of non-fossil energy consumption increasing to about 25% by 2030. In conjunction with current industry policies, market shares and estimated resources of reserve projects, the Company expects an additional capacity of about 3,000MW to be put into operation per year from 2025 to 2027. We have reviewed the Company’s annual report for the financial year ended 31 December 2023 and note that in 2023, the Company completed power generation of 31,607,760MWh and obtained qualification for construction of 3,580MW. We have also discussed with the Company and understand that it currently has new projects to develop additional capacity of not less than 9,000MW, which translates into approximately 3,000MW per annum over the three financial years ending 31 December 2027. It is therefore fair and reasonable for the Company, especially in light of the above government policies, to promote high-quality development of new energy with greater efforts and to boost non-fossil energy consumption, with an expectation of additional capacity of about 3,000MW to be put into operations per year from 2025 to 2027.

2. Historical production scales. From 2021 to 2023, the Company’s newly added installed capacity was 848.5MW, 1,115.35MW and 1,225.35MW respectively, with an average newly added production scale of 1,063.07MW.
3. In terms of procurement services, the amount of transactions from 2021 to 2023 was RMB201 million, RMB707 million and RMB1,263 million, respectively, which was mainly due to the demand, with higher relevance to the projects’ production progress, for engineering design, construction, supervision and insurance arising from construction process of the newly-invested projects. Combined with the increase in newly added installed capacity and procurement of services incurred in the current year (i.e. 1,115.35MW of newly added installed capacity in 2022, corresponding to a year-on-year increase of RMB506 million in procurement of services incurred in the current year; and 1,225.35MW of newly added installed capacity in 2023, corresponding to a year-on-year increase of RMB556 million in procurement of services incurred in the current year), which is equivalent to every 1,000MW of newly added installed capacity would correspond to an additional expenditure of approximately RMB500 million in connected transactions of service procurement. We note that the amount of transactions increased by approximately RMB506 million in 2022 compared to 2021 and increased by approximately RMB556 million in 2023 compared to 2022, while production scale increased by an average of slightly more than 1,000MW per year.

LETTER FROM TRINITY

Based on the additional capacity of 3,000MW to be put into operation in each of the next three years, the demand for the annual cap for the procurement of services from 2025 to 2027 will increase by approximately RMB1,500 million per annum. Taking into account that approximately RMB1,700 million (*Note 1*) is likely to be incurred for the procurement of services for the year 2024, it is expected that the demand for annual cap for the procurement of services from 2025 to 2027 will be approximately RMB3,200 million, RMB4,700 million and RMB6,200 million, respectively.

4. In terms of procurement of products, the amount of transactions from 2021 to 2023 was RMB3,059 million, RMB1,996 million and RMB1,321 million respectively, which was mainly due to the procurement of wind turbines, tower tubes, photovoltaic equipment and spare parts for newly-invested projects, with higher relevance to the projects' production scales.

Based on the additional capacity of 3,000MW to be put into operation per year, the total construction cost per kilowatt (*Note 2*) that decreases annually at RMB4,500 in 2025, RMB4,250 in 2026 and RMB4,000 in 2027, and the equipment (including equipment purchase and installation costs) accounting for approximately 50% of the total construction cost per kilowatt (*Note 3*), it is expected that the demand for annual cap for the procurement of products from 2025 to 2027 will be approximately RMB6,800 million, RMB6,300 million and RMB6,000 million respectively. We note that the Company expects the total construction cost to reach approximately RMB13.50 billion, RMB12.75 billion and RMB12.00 billion for each of the three financial years ending 31 December 2027 respectively and according to the past experience of Company, equipment costs are approximately 50% of total construction cost, which means that the expected equipment cost is approximately RMB6,800 million, RMB6,300 million and RMB6,000 million for each of the three years ending 31 December 2027.

Notes:

1. The final actual amount of procurement transactions for 2024 shall be subject to that disclosed in the section of connected transactions under the chapter of the report of the Board in 2024 annual report of the Company.
2. The total construction cost per kilowatt includes equipment costs, construction project costs and other costs (including land use fees for project construction, preliminary expenses, project construction management fees, production preparation fees, scientific research, survey and design fees, etc).
3. Equipment (including equipment purchase and installation costs) accounted for approximately 50% of the total construction cost per kilowatt, which was based on the actual construction costs of the Company's previous projects.

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Taken into consideration of the above factors, the proposed annual caps for Procurement Transactions are determined mainly with reference to:

- (1) the historical amounts of transactions from 2021 to 2023 and the nine months ended 30 September 2024;
- (2) the estimated newly added procurement transactions for services, such as, engineering design, construction, and supervision from 2025 to 2027 (with an estimated annual transaction amount of approximately RMB3,200 million, RMB4,700 million and RMB6,200 million from 2025 to 2027 respectively as explained above); and
- (3) the estimated newly added procurement transactions for products, such as, wind power, photovoltaic modules and spare parts during the period from 2025 to 2027 (with an estimated annual transaction amount of approximately RMB6,800 million, RMB6,300 million and RMB6,000 million from 2025 to 2027 respectively as explained above).

Accordingly, based on the above projections of the Company, the total of the estimated newly added procurement transactions for services and products such as wind power, photovoltaic modules and spare parts from 2025 to 2027, are RMB10,000 million, RMB11,000 million and RMB12,200 million respectively, which represent the proposed annual caps for the three years ending 31 December 2027 respectively.

In view of the computations above of the newly added procurement transactions for products and services based on the expected increase in operation capacity, we believe that it is reasonable for the Company to set the proposed annual caps for each of the three financial years ending 31 December 2027 at RMB10,000 million, RMB11,000 million and RMB12,200 million respectively. Accordingly, we consider that it is fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole for the proposed annual caps of the Procurement Transaction contemplated under the Datang Master Agreement to be set at the respective amounts above.

LETTER FROM TRINITY

D. Reasons for and Benefits of entering into of the Datang Master Agreement

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

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

We confirm that it is in the best interests of the Independent Shareholders for the Company to be able to ensure that any procurement or provision will be conducted on normal commercial terms or no less favourable than those available to the Company from independent third parties as (1) the pricing of the Agreed Products and Agreed Services should follow the governmental pricing or the market rate based on arm's length negotiation; and (2) the Company is free to procure or provide the Agreed Products and Agreed Services from or for a third party if such party offers better terms. Accordingly, we concur with the Directors that the transactions under the Datang Master Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM TRINITY

E. Internal Control Procedures and Corporate Governance Measures

The Company has adopted internal control and monitoring procedures relating to the Procurement Transactions, including: the Company has formulated and implemented the administrative measures for connected transactions, according to which, the Company's relevant functional departments, such as the investment and development department, finance department, production safety department and securities and capital department, will track and control the connected transactions within their scopes. During the process, each of the Company's relevant subsidiaries and branches is responsible for collecting information for the relevant connected transactions and relevant market information within their business management scopes and assessing the fairness and reasonableness of the pricing terms through analyzing relevant market information so as to ensure that the relevant terms are on normal commercial terms. In addition, each of the Company's aforesaid relevant functional departments shall keep management ledgers for the implementation of the connected transactions within their business management scopes, compute the cumulative amount of the connected transactions at the end of each quarter and report it to the securities and capital department. If the aggregated transaction amount is about to exceed or expected to exceed 75% of the annual cap, a transaction warning will be activated and the Company's aforesaid relevant functional departments will tighten the review, approval and control over the subsequent relevant connected transactions and review every transaction. If necessary, the transactions will be suspended, or the Company will not proceed with the transactions until it has performed the corresponding review and disclosure procedures for a revised annual cap in accordance with relevant rules, so as to ensure that the annual cap will not be exceeded. In addition, the Company's auditors shall conduct annual audits on the pricing and annual caps of such transactions. The independent non-executive Directors of the Company will review the transactions contemplated under the Datang Master Agreement and its proposed annual caps on an annual basis to ensure that the transactions contemplated under the Datang Master Agreement are conducted in the ordinary and usual course of business of the Company and on normal commercial terms and in the interests of the Company and the Shareholders as a whole. We have reviewed two samples of the quarterly reports provided by the Company and confirmed that the relevant functional departments have kept management ledgers for the implementation of the connected transactions within their business management scopes, and computed the cumulative amount of the connected transactions at the end of each quarter. We consider that the Company has endeavoured to abide by the internal control procedures which are effective in ensuring that the terms of the Procurement Transactions contemplated under the Datang Master Agreement are made at no less favourable terms than those available to the Company from independent third parties.

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F. Principal Terms of the Factoring Business Cooperation Agreement

As mentioned in the Letter from the Board, on 10 December 2024, the Company entered into the Factoring Business Cooperation Agreement with Datang Factoring Company. The major terms of the Factoring Business Cooperation Agreement are as follows:

Date	10 December 2024
Parties	(i) The Company (ii) Datang Factoring Company
Term of the agreement	From 1 January 2025 to 31 December 2026
Nature of transaction	Datang Factoring Company shall provide factoring business support to the Group (<i>Please see Note 1 for details</i>). The Company and/or its subsidiaries may, during the term of the agreement, enter into specific factoring contracts in accordance with the terms of the Factoring Business Cooperation Agreement, and such specific factoring contracts shall be subject to the terms of the Factoring Business Cooperation Agreement.
Type of factoring	Recourse (<i>Please see Note 2 for details</i>)

Notes:

1. The factoring business refers to the Group's transfer of electricity tariff receivables, tariff premium receivables and other claims and debts arising from underlying transactions to Datang Factoring Company as the transaction subject, in order to obtain liquidity support and solve liquidity strain and other issues faced by the existing new energy enterprises.
2. Factoring with recourse means that Datang Factoring Company does not have the obligation to approve credit lines and provide bad debt guarantees for the Group but has the right to recover the paid financing amount from the Group and repudiate payment of the outstanding balance, regardless of the reasons why the trade receivables are uncollectible.

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Major terms of the agreement

1. Datang Factoring Company shall provide factoring business support for the electricity tariffs, tariff premium and other claims and debts arising from underlying transactions of the key programs invested and constructed by the Group with no more than RMB6,000 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, laws and regulations of the state, the supply of and demand for capital in the market as well as the structural features of factoring products, offer comprehensive rates which are the equivalent to or more favourable than those provided by other independent commercial factoring companies in the PRC so as to help the Group to reduce its financial costs and optimize its financial structure.
4. Datang Factoring Company shall, upon thorough negotiations with the Group, select appropriate projects and 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 Independent Shareholders' approval of the transactions contemplated thereunder and its proposed annual caps.

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We have reviewed three samples of historical transactions entered into between the Group and Datang Factoring Company and confirmed that the Company has obtained quotations from at least two independent third parties providing the same or similar type of factoring services and has ensured that the comprehensive rates of the relevant transactions shall be equivalent to or more favourable than those offered by the other independent commercial factoring companies in the PRC. We consider that the selected samples are adequate, sufficient, fair and representative in concluding our view that the above terms were properly followed and are fair and reasonable so far as the Company and the Independent Shareholders are concerned, which are able to ensure that the continuing connected transactions are conducted on normal commercial terms or better and not prejudicial to the interests of the Company and the Independent Shareholders as a whole.

G. Pricing Policy

The Group will pay comprehensive fees, including factoring handling fees and factoring facilities interest (*Please see Note 1 for details*), to Datang Factoring Company in relation to its provision of factoring facility services. Since 2022, the rate for factoring handling fees of each specific factoring contracts under Factoring Business Cooperation Agreement has ranged from 0% to 3.85%, and the factoring facilities interest rate of each specific factoring contracts under Factoring Business Cooperation Agreement has ranged from 0% to 4.60%. We have reviewed three samples of historical transactions entered into between the Group and Datang Factoring Company, of which the selection criteria is being selected by the Company on a random basis, and confirm that the handling fees were between the range from 0% to 3.85% and the interest rates were between 0% to 4.60%.

Datang Factoring Company shall provide the Group with the most favourable comprehensive rate (*Please see Note 2 for details*) 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.

Notes:

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

LETTER FROM TRINITY

We have reviewed three samples of historical transactions entered into between the Group and Datang Factoring Company of which the selection criteria is being selected by the Company on a random basis, and confirm that the Group made enquiries with no less than three commercial factoring companies (including Datang Factoring Company) prior to business cooperation with Datang Factoring Company. We also confirm that Datang Factoring Company also provided a quotation for the lowest comprehensive rate for each of the respective transactions.

We consider that the selected samples are adequate, sufficient, fair and representative in concluding our view that the above pricing policy was properly followed and that the terms of the transactions between the Company and Datang Factoring Company are fair and reasonable so far as the Company and the Independent Shareholders are concerned and the pricing policy is able to ensure that the continuing connected transactions are conducted on normal commercial terms or better and not prejudicial to the interests of the Company and the Independent Shareholders as a whole. The above samples of transactions selected by the Company on a random basis for the purpose of our review of the Company's pricing policy have covered the major products and/or services of the Company and are representative as an illustration to prove that the pricing terms with the Company's related party are no less favourable than those with the independent third parties, and given that the Company's independent non-executive Directors and auditors review the transactions in relation to the continuing connected transactions on an annual basis, we have no reason to doubt that such pricing policy is not consistently followed by the Company.

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

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H. Historical Transaction Amounts and Proposed Annual Caps

The historical transaction amounts of the 2021 Factoring Business Cooperation Agreement for the two financial years ended 31 December 2023 and the nine-month period ended 30 September 2024 are as follows:

<i>(in RMB million)</i>	For the financial year ended 31 December 2022	For the financial year ended 31 December 2023	For the period from 1 January 2024 to 30 September 2024 <i>(Note 1)</i>
Factoring business			
Historical transaction amounts	503	712	1,898
Annual cap for the year	2,000	2,000	2,000
Approximate utilisation rate (%)	25.2%	35.6%	94.9%

Note:

1. The actual transaction amount for the nine months ended 30 September 2024 is only based on internal statistical standard. The actual transaction amount for 2024 shall be subject to that disclosed in the section of connected transactions under the chapter of the report of the Board in the 2024 annual report of the Company.

We have discussed with the Company and understand that the low utilisation rates for the two financial years ended 31 December 2023 of approximately 25.2% and 35.6% respectively were mainly due to the centralised crediting of the tariff premium of RMB8,255 million for renewable energy in 2022, representing a significant increase over the average amount in previous years, and accordingly significantly improves the Company's cash flow in 2022 and 2023 and reduces the demand for factoring business.

Apart from the receipt of tariff subsidies of approximately RMB8.2 billion in 2022 which improved the Company's cashflow position for the two financial years ended 31 December 2023 and reduced the need for factoring services, we note that, for the year ending 31 December 2024, the receipt of tariff subsidies has resumed to the usual historical levels of approximately RMB2.5 billion per annum and increases the financing need of the Company. As the Loan Prime Rate has gradually decreased in 2024, Datang Factoring Company has been able to offer more competitive rates and this has led to a substantial increase in the historical utilisation rate to approximately 94.9% for the nine months ended 30 September 2024.

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The Company proposes to set the proposed annual caps of the factoring business for each of the two years ending 31 December 2026 as follows:

<i>(in RMB million)</i>	For the financial year ending 31 December 2025	For the financial year ending 31 December 2026
Annual caps	6,000	6,000
Year-on-year increase (%)	200.0%	0%

As shown in the table above, the proposed annual cap for the year ending 31 December 2025 represents a year-on-year increase of 200.0% from the previous year. This is mainly due to the estimated factoring business for the increase in account receivables of tariff premium of approximately RMB4,000 million to RMB5,000 million for each year during 2025 to 2026 so as to timely reduce the balance of the account receivables of tariff premium, which is explained in further detail below.

We have discussed with the Company and understand that the annual caps are proposed for the two years ending 31 December 2026 only, instead of the usual practice for three financial years up to 31 December 2027, in order for the Company to provide an update in due course on the proposed annual caps for the year ending 31 December 2027 and for subsequent years, as applicable.

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

- (i) based on the Group's current installed capacity in operation and tariff structure, it is expected that the tariff premium receivable by the Group for each year during 2025 to 2026 will amount to approximately RMB6,500 million to RMB7,500 million. As we understand from the Company, this comprises the ongoing account receivables of tariff premium and the expected increase as set out in paragraphs (ii) and (iii) below;
- (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 RMB2,500 million for each year during 2025 to 2026;
- (iii) calculated based on the above conditions, the Group's account receivables of tariff premium will increase by approximately RMB4,000 million to RMB5,000 million in each year during 2025 to 2026;

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- (iv) the Group intends to carry out factoring business for the increase in account receivables of tariff premium for each year during 2025 to 2026, so as to timely reduce the balance of the account receivables of tariff premium;
- (v) given that the balance of the account receivables of tariff premium of the Group for the nine months ended 30 September 2024 was RMB19,575 million, even if the increase in the account receivables of tariff premium for each year from 2025 to 2026 was less than RMB2,500 million, the Group still could carry out factoring business for the balance of the account receivables of tariff premium as at 31 December 2024; and
- (vi) the business scale of Datang Factoring Company can meet the factoring demands of the Group.

We have reviewed the Group's annual report for the year ended 31 December 2023 and note that the trade and bills receivables of the Group increased to RMB17,792.5 million, compared with RMB14,468.3 million for the previous year.

We have also reviewed the Group's interim report for the period ended 30 June 2024 and note that the trade and bills receivables of the Group increased to RMB20,551.3 million, compared with RMB17,792.5 million for the year ended 31 December 2023. Trade and bills receivables primarily represent receivables from regional or provincial power grid companies for tariff revenue. These receivables are unsecured and non-interest-bearing. We also note that for trade and bills receivables arising from tariff revenue, the Group usually grants credit periods of approximately one month to local power grid companies from the date of invoice in accordance with the relevant electricity sales contracts between the Group and the respective local power grid companies, except for the tariff premium of renewable energy.

We also note from the 2024 interim report, that the ageing analysis of trade and bills receivables based on revenue recognition date, less impairment losses, is as follows:

<i>(In RMB million)</i>	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Within 1 year	4,659.7	7,016.8
Between 1 year and 2 years	5,926.9	4,841.6
Between 2 years and 3 years	4,451.1	3,063.1
Over 3 years	5,513.7	2,871.0
Total	<u>20,551.3</u>	<u>17,792.5</u>

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As shown in the above ageing analysis, the use of factoring business services can assist the Group to collect the tariff subsidies before the original maturity date, which has a maturity profile of up to over 3 years to recover, despite the usual credit period of only one month.

As the balance of trade and bills receivables of the Group as at 30 June 2024 of RMB20,551.3 million is substantially higher than the proposed annual cap of RMB6,000 million for factoring business for the two financial years ending 31 December 2027, we consider that it is fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole for the proposed annual caps for factoring cooperation business to be set at the respective amounts above.

I. Reasons for and Benefits of entering into of the Factoring Business Cooperation Agreement

According to the Letter from the Board, the benefits of the relevant arrangements under the Factoring Business Cooperation Agreement are as follows: (i) it is 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) it enables the Group to efficiently and conveniently obtain 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) it is 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 portion 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 therefore expects that the factoring services under the Factoring Business Cooperation Agreement will have no material impact on the corresponding profit, assets and liabilities.

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

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We confirm that it is in the best interests of the Independent Shareholders for the Group to improve its financial position and create flexibility for management of cash flow under the Factoring Business Cooperation Agreement. We also agree that it is beneficial to the Group and Independent Shareholders as a whole as the Group will be able to collect the tariff premium before the original maturity date through factoring business with Datang Factoring Company due to the maturity profile of the trade and bills receivables set out above.

J. Internal Control Procedures and Corporate Governance Measures

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

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

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- (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 and usual course of business of the Company on normal commercial terms and in the interests of the Company and the 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.

We have reviewed two samples of monthly reports generated by the finance department of the Company for factoring business cooperation and agree that the Company has endeavoured to monitor the balance caps to ensure that the relevant annual caps will not be exceeded. We consider that the pricing policy and internal control measures as well as principles of transactions set out above are effective in ensuring that the terms and conditions for transactions under the Factoring Business Cooperation Agreement, which has been entered into after arm's length negotiations, will be on normal commercial terms or better, entered in the ordinary and usual course of business of the Company and hence will be in the interests of the Company and its Shareholders, including the Independent Shareholders, as a whole.

RECOMMENDATION

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

- (1) the principal businesses of the Company, CDC and Datang Factoring Company;
- (2) the pricing policy and internal control measures as well as the principles of transactions of the Procurement Transactions contemplated under the Datang Master Agreement and the Factoring Business Cooperation Agreement respectively, which ensure that the pricing and other terms and conditions shall be on normal commercial terms or on terms no less favourable than those available to the Company from an independent third party;
- (3) the historical transaction amounts and underlying reasons for setting the proposed annual caps of the Procurement Transactions contemplated under Datang Master Agreement and the Factoring Business Cooperation Agreement; and

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- (4) the reasons for and benefits to the Company by entering into the Procurement Transactions contemplated under Datang Master Agreement and the Factoring Business Cooperation Agreement;

we are of the opinion that the terms and the proposed annual caps of the Procurement Transactions contemplated under the Datang Master Agreement and the Factoring Business Cooperation 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 Procurement Transactions contemplated under the Datang Master Agreement and the Factoring Business Cooperation Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group, and the entering into of the Procurement Transactions contemplated under the Datang Master Agreement and the Factoring Business Cooperation Agreement and the transactions contemplated thereunder is in the 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 Procurement Transactions contemplated under the Datang Master Agreement and the Factoring Business Cooperation 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 details of the financial information of the Group for the six months ended 30 June 2024 were disclosed on pages 42 to 100 of the Company's 2024 Interim Report published on the website of the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0913/2024091300966.pdf>) and the website of the Company (<http://www.cdt-re.com/xnygsweb/ueditor/jsp/upload/file/20241205/1733398107282067016.pdf>);

The details of the financial information of the Group for the year ended 31 December 2023 were disclosed on pages 164 to 311 of the Company's 2023 Annual Report published on the website of the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0429/2024042904353.pdf>) and the website of the Company (<http://www.cdt-re.com/xnygsweb/ueditor/jsp/upload/file/20231128/1701163147949044984.pdf>);

The details of the financial information of the Group for the year ended 31 December 2022 were disclosed on pages 167 to 316 of the Company's 2022 Annual Report published on the website of the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0428/2023042800337.pdf>) and the website of the Company (<http://www.cdt-re.com/xnygsweb/ueditor/jsp/upload/file/20231128/1701163147949044984.pdf>); and

The details of the financial information of the Group for the year ended 31 December 2021 were disclosed on pages 161 to 313 of the Company's 2021 Annual Report published on the website of the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0429/2022042904727.pdf>) and the website of the Company (<http://www.cdt-re.com/xnygsweb/ueditor/jsp/upload/file/20231128/1701166961140088365.pdf>).

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 October 2024, the Group had unaudited outstanding interest-bearing debts of RMB63,717,012.53 thousand, comprising borrowings from financial institutions of RMB54,918,651.86 thousand (interest rate of 1.66%-3.55%), bonds payable of RMB3,500,000.00 thousand (interest rate of 1.72%-3.39%) and financial lease costs payable of RMB5,298,360.67 thousand (interest rate of 2%-4.16%), of which (1) for borrowings from financial institutions, the guaranteed borrowings amounted to RMB455,465.45 thousand, the secured borrowings amounted to RMB1,785,934.00 thousand, and the unsecured and unguaranteed borrowings amounted to RMB52,677,252.41 thousand; (2) for bonds payable, all of them are unsecured and unguaranteed bonds; (3) for financial lease costs payable, all of them are secured but unguaranteed financial lease.

Save as aforesaid and apart from intra-group liabilities, the Group did not have any mortgages, charges, debentures, loan capital, bank loans or overdrafts, debt securities or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptances credits, or any guarantees, or any other contingent liabilities outstanding at the close of business on 31 October 2024.

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 October 2024.

3. WORKING CAPITAL

As at the Latest Practicable Date, having made careful enquiries and taking into account of the internal resources of and credit facilities available to the Group as well as the Financial Services Agreement and Finance Lease Business Framework Agreement and the transactions contemplated respectively thereunder, the Directors are of the opinion that the Group has sufficient working capital for its present requirements, that is for at least 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.

4. FINANCIAL AND TRADING PROSPECTS

The Company's financial and business outlook for the second half of 2024 is set out below:

(1) Insisting on deepening the implementation of the spirit of the Third Plenary Session of the 20th CPC Central Committee to lead high-quality development with high-quality party building

We carefully organise learning and training, and widely launch publicity. We firmly grasp the essence of the spirit to intensify the reform and achieve practical results, and practically implement the major deployments of the Plenary Session into all business areas on various levels, so as to promote a new stage of high-quality development of the listed company.

(2) Insisting on the implementation of various measures for benchmarking analysis and quality and efficiency enhancement to strive for annual task goals

We insist on the cost-leading strategy, focus on the target of “stable growth from profit and constant optimisation of five rates (一利穩定增長、五率持續優化)”, and deepen the value creation and quality and efficiency enhancement actions based on improving profitability, so as to promote a new enhancement of production and operating results.

(3) Insisting on highlighting key areas and expanding resources to resolutely fight the battle of high-quality development

We insist that high-quality serves as bedrock for development, make high-quality development a “priority” project, focus on base resources, accelerate the cultivation of strategic new industries and future industries, coordinate and plan the layout of the “15th Five-Year Plan” ahead of time, to strive for breakthroughs in the development of the work.

(4) Insisting on focusing on improving the quality of listed company, and fully utilizing the financing function of the platform

Guided by value creation, we continue to give full play to the role of listed company as a platform, innovate financing tools and methods to optimize the route and reduced the cost, and deepen the market capitalisation management and enhance the capital market image of the Company through various measures.

In particular, for each of the business segments:

(1) Pre-development business

We will accelerate the pace of green development of the Company by all means and with a variety of measures. We will focus on tracking the progress of regional transmission corridor planning in Xinjiang, Ningxia, Qinghai, Inner Mongolia, etc.; continue to pay attention to the progress of offshore wind power distribution in Jiangsu, Hainan, Guangdong and other regions in the planning of the 10-million-kilowatt offshore wind power corridor; vigorously promote the equipment renewal and upgrading plan through “replacing smaller units with larger ones” based on the progress of declaration of the provincial energy bureaus and following the principle of “One Plant, One Policy”; and scientifically scheme the “15th Five-Year Plan” to achieve new breakthroughs in high-quality development work with every effort.

(2) Project production business

We will strictly implement the boundary conditions for project commencement, and optimize the tendering and decision-making process for project commencement to accelerate the progress of project commencement; comprehensively coordinate the design, construction, supervision and equipment suppliers to accelerate the progress of each project; and scientifically and carefully arrange the project investment plan to provide financial guarantee for the full completion of the annual construction and production tasks. In the second half of the year, the Company will continue to accelerate the progress of each project and strive to achieve an additional installed capacity of 2 million kilowatts in 2024.

(3) Operation and management business

We will continue to strengthen equipment management, take advantage of the low wind season to eliminate defects in a timely manner, and complete spot inspection and regular maintenance with high quality to ensure reliable operation of equipment, with the aim of ensuring that the wind turbine equipment will be able to “keep on top of the situation and generate electricity (頂得上發得出)” after entering the strong wind season; continue to increase communication and coordination with the local power grids, and strive to achieve year-on-year decreases in the two-rules assessment and the apportionment of ancillary services; and accelerate the innovation in digital operation management and control in order to build a stable foundation for the Company’s safety production and effectively increase the power generation capacity of existing assets.

(4) Financial control business

We will insist on strengthening power marketing, deeply explore the potential of green certificates and green power to increase efficiency, and continuously improve operating income; strive to reduce financing costs, adjust the debt structure and improve the stability of capital operation; continue to innovate and broaden the financing channels, make full use of various types of equity instruments to reduce financing costs and increase equity funds, so as to effectively enhance the profitability of the Company's overall assets.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS AND CONFIRMATIONS

- (a) as at the Latest Practicable Date, none of the Directors, supervisors or senior management of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO), which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provision of the SFO); or are required pursuant to section 352 of the SFO to be entered in the register referred to therein, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules;
- (b) the Company has not granted its Directors, supervisors, senior management or their respective spouses or children below 18 any rights to subscribe for its equity securities or debt securities as at the Latest Practicable Date;
- (c) as at the Latest Practicable Date, apart from Ms. Rong Xiaojie, Mr. Wang Shaoping and Mr. Shi Feng who are directors and/or employees of CDC Group, none of the Directors is a director or employee of a company having an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO;
- (d) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group, which was subsisting as at the Latest Practicable Date and significant in relation to the business of the Group;
- (e) as at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been since 31 December 2023, being the date to which the latest published audited annual financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;

- (f) save as disclosed in the section “INTERESTS OF DIRECTORS IN COMPETING BUSINESS” of the third paragraph of this Appendix, none of the Directors or, so far as is known to them, any of their respective associates was interested in any business (apart from the Group’s business) which competes or is likely to compete either directly or indirectly with the Group’s business (as would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them was a controlling shareholder) as at the Latest Practicable Date;
- (g) as at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading positions of the Group since 31 December 2023, the date to which the latest published audited annual financial statements of the Company were made up;
- (h) as at the Latest Practicable Date, none of the Directors, proposed Directors, supervisors or proposed supervisors of the Company entered or proposed to enter into any service contract with any member of the Group (excluding contracts expiring or terminable by the employer within one year without payment of compensation (other than statutory compensation)); and
- (i) as at the Latest Practicable Date, the Board confirms that, after making all reasonable enquires and to the best of their knowledge, information and belief, there are no voting trust or other agreement or arrangement or understanding (other than an outright sale) entered into by or binding upon any Shareholders, or any obligation or entitlement of any Shareholders, whereby such Shareholders have or may have temporarily or permanently passed control over the exercise of the voting right in respect of his Shares, either generally or on a case-by-case basis.

3. INTERESTS OF DIRECTORS IN COMPETING BUSINESS

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

Name of Directors	Position in the Company	Other Interests
Ms. Rong Xiaojie	Non-executive Director	Deputy director of the strategic development department of CDC
Mr. Wang Shaoping	Non-executive Director	General manager, deputy secretary of the Party Committee and director of China Datang Group Capital Holding Co., Ltd.* (中國大唐集團資本控股有限公司)
Mr. Shi Feng	Non-executive Director	Chief accountant and a member of the Party Committee of China National Water Resources & Electric Power Materials & Equipment Group Co., Ltd.* (中國水利電力物資集團有限公司); the chief accountant and a member of the Party Committee of China Datang International Trading Corporation* (中國大唐集團國際貿易有限公司)

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

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

Name of Shareholder	Class of Shares	Capacity	Number of Shares Held	Percentage in the Relevant Class of Share	Percentage in the Total Share Capital
CDC ^(Note 1)	Domestic Shares	Beneficial owner and interests in a controlled corporation	4,772,629,900 (Long position)	100%	65.61%
China National Water Resources & Electric Power Materials & Equipment Group Co., Ltd.* (中國水利電力物資集團有限公司) ^(Note 1)	Domestic Shares	Beneficial owner	599,374,505 (Long position)	12.56%	8.24%
Baoshan Iron & Steel Co., Ltd.* (寶山鋼鐵股份有限公司) ^(Note 2)	H Shares	Interests in a controlled corporation	164,648,000 (Long position)	6.58%	2.26%
Bao-Trans Enterprises Limited ^(Note 2)	H Shares	Beneficial owner	164,648,000 (Long position)	6.58%	2.26%
Shanghai Wealspring Asset Management Co., Ltd.* (上海寧泉資產管理有限公司)	H Shares	Investment manager	200,477,000 (Long position)	8.02%	2.76%
Great Wall Life Insurance Co., Ltd.* (長城人壽保險股份有限公司)	H Shares	Beneficial owner	225,500,000 (Long position)	9.02%	4.72%

* For identification purpose only

Notes:

- (1) CDC directly holds 4,173,255,395 Domestic Shares and is deemed to be interested in 599,374,505 Domestic Shares held by China National Water Resources & Electric Power Materials & Equipment Group Co., Ltd.*, by virtue of the fact that China National Water Resources & Electric Power Materials & Equipment Group Co., Ltd.* is a wholly-owned subsidiary of CDC, therefore, CDC, directly and indirectly, holds 4,772,629,900 Domestic Shares of the Company in total.
- (2) Baoshan Iron & Steel Co., Ltd.* indirectly holds 164,648,000 H Shares through its wholly-owned subsidiary, Bao-Trans Enterprises Limited.

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

5. MATERIAL CONTRACTS

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

6. LITIGATION

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

7. QUALIFICATION OF EXPERT AND CONSENT

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

Name	Qualification
Trinity Corporate Finance Limited	A licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

- (a) As of the Latest Practicable Date, Trinity has given and has not withdrawn its written consents to the issue of this circular with inclusion of its letter (as the case may be) and the reference to its name included herein in the form and context in which they currently appear.
- (b) As of the Latest Practicable Date, Trinity did not hold any beneficial interest in the share capital of any member of the Group, nor did it have the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (c) As of the Latest Practicable Date, Trinity did not have any interest in any assets which have been, since 31 December 2023 (being the date to which the latest published audited annual financial statements of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

8. OTHER INFORMATION

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

9. DOCUMENTS ON DISPLAY

Copies of the following documents will be published for display on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.cdt-re.com>) from the date of this circular up to and including 27 December 2024:

- (a) the letter from the Independent Board Committee, full text of which is set out on pages 30 to 31 of this circular;
- (b) the letter from Trinity, full text of which is set out on pages 32 to 61 of this circular;
- (c) the written consent of the experts referred to in paragraph 7 of this appendix;
- (d) the Datang Master Agreement; and
- (e) the Factoring Business Cooperation Agreement.

NOTICE OF THE FOURTH EXTRAORDINARY GENERAL MEETING IN 2024



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)

NOTICE OF THE FOURTH EXTRAORDINARY GENERAL MEETING IN 2024

NOTICE IS HEREBY GIVEN that the fourth extraordinary general meeting in 2024 (the “**EGM**”) of China Datang Corporation Renewable Power Co., Limited* (the “**Company**”) will be held at 10:00 a.m. on Friday, 27 December 2024 at Building 1, No.1 Caishikou Street, Xicheng District, Beijing, the PRC to consider the following matters:

ORDINARY RESOLUTIONS

1. To consider and approve the resolution in relation to the transactions of procurement of products and services contemplated under the Datang Master Agreement and the proposed annual caps for the three years ending 31 December 2027
2. To consider and approve the resolution in relation to the transactions contemplated under the Factoring Business Cooperation Agreement and the proposed annual caps for the two years ending 31 December 2026
3. To consider and approve the resolution in relation to the adjustments to the financial budget plan for 2024
4. To consider and approve the resolution in relation to the adjustments to the operation and investment plan for 2024

SPECIAL RESOLUTION

5. To consider and approve the resolution in relation to the adjustments to the financing budget plan for 2024

By order of the Board

China Datang Corporation Renewable Power Co., Limited*

Zou Min

Joint Company Secretary

Beijing, the PRC, 12 December 2024

NOTICE OF THE FOURTH EXTRAORDINARY GENERAL MEETING IN 2024

Notes:

1. The register of members will be closed by the Company from Thursday, 19 December 2024 to Friday, 27 December 2024 (both days inclusive). To be eligible to attend the EGM, all instruments of transfer accompanied by relevant share certificates must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H shares of the Company); or the Company's head office in the PRC at 8/F, Building 1, No. 1 Caishikou Street, Xicheng District, Beijing 100053, the PRC (for holders of domestic shares of the Company) not later than 4:30 p.m. on Wednesday, 18 December 2024.
2. A shareholder entitled to attend and vote at the EGM may appoint one or more proxies (whether he/she is a shareholder) to attend and vote at the EGM on his or her behalf.
3. The instrument to appoint a proxy shall be signed by the appointer or his attorney duly authorised in writing or, in the case of a legal person, must be either executed under its common seal or under the hand of its directors or attorney duly authorised.
4. To be valid, the form of proxy must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H shares of the Company); or the Company's head office in the PRC at 8/F, Building 1, No. 1 Caishikou Street, Xicheng District, Beijing 100053, the PRC (for holders of domestic shares of the Company) in person or by post not less than 24 hours before the time fixed for holding the EGM or any adjourned meeting thereof. If such instrument is signed by another person under a power of attorney or other authorisation documents given by the appointer, such power of attorney or other authorisation documents shall be notarised. The notarised power of attorney or other authorisation documents shall, together with the instrument appointing the proxy, be deposited at the specified place at the time set out in such instrument.
5. If the appointer is a legal person, its legal representative or any person authorised by resolutions of the board or other governing bodies may attend the EGM on behalf of the appointer.
6. The Company has the rights to request a proxy who attends the EGM on behalf of a Shareholder to provide proof of identity.
7. The EGM is expected to take less than half a day. Shareholders who attend the EGM shall be responsible for their own travel and accommodation expenses.
8. The address of the Company's head office in the PRC is as follows:

8/F, Building 1
No. 1 Caishikou Street
Xicheng District
Beijing 100053
the PRC

As at the date of this notice, the executive directors of the Company are Mr. Ying Xuejun and Mr. Wang Fanghong; the non-executive directors are Ms. Rong Xiaojie, Mr. Wang Shaoping and Mr. Shi Feng; and the independent non-executive directors are Mr. Lo Mun Lam, Raymond, Mr. Yu Shunkun and Mr. Qin Haiyan.

* *For identification purpose only*