
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in **China Datang Corporation Renewable Power Co., Limited***, you should at once hand this circular and the accompanying form of proxy and reply slip 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)

**MAJOR TRANSACTION
AND CONTINUING CONNECTED TRANSACTION –
FACTORING BUSINESS COOPERATION AGREEMENT
AND
NOTICE OF THE SECOND EXTRAORDINARY GENERAL MEETING
IN 2019**

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



Gram Capital Limited
嘉林資本有限公司

A letter from the Board is set out on pages 1 to 11 of this circular. A letter from the Independent Board Committee, containing its advice to the Independent Shareholders, is set out on pages 12 of this circular. A letter from Gram Capital, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 13 to 23 of this circular.

The Company will convene the EGM at 10:00 a.m. on Tuesday, 12 November 2019 at Conference Room 809, Block B, Building 1, Court 6, Yinhe Street, Shijingshan District, Beijing, the PRC. Notice of the EGM is set out on pages 34 to 35 of this circular.

If you intend to appoint a proxy to attend the EGM, you are required to complete and return the accompanying form of proxy 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 by 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.

A reply slip and a form of proxy for use in relation to the EGM are enclosed herewith. If you intend to attend the EGM in person or by proxy, you are required to complete and return the reply slip to (for holders of H Shares) the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited or (for holders of Domestic Shares) to the Company's head office in the PRC on or before Wednesday, 23 October 2019.

27 September 2019

* 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:

“Articles of Association”	the articles of association of the Company (as amended, modified or otherwise supplemented from time to time)
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“CDC”	China Datang Corporation Ltd.* (中國大唐集團有限公司), a state-owned enterprise established in the PRC and a controlling shareholder of the Company
“CDC Group”	CDC and its subsidiaries, excluding the Group
“China” or “PRC”	the People’s Republic of China, excluding Hong Kong, the Macao Special Administrative Region and Taiwan for the purpose of this circular
“Company”	China Datang Corporation Renewable Power Co., Limited* (中國大唐集團新能源股份有限公司), a joint stock limited company incorporated in the PRC and its H Shares are listed on the Stock Exchange (stock code: 01798)
“connected director(s)”	any director who is considered to have a material interest in the 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

DEFINITIONS

“Datang Jilin”	Datang Jilin Power Generation Company Limited* (大唐吉林發電有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of CDC and just like CDC, also our controlling shareholder and one of the promoters of the Company
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	the ordinary share(s) with a nominal value of RMB1.00 each in the share capital of the Company which are subscribed for and credited as fully paid in RMB by PRC citizens and/or PRC incorporated entities
“EGM”	the second extraordinary general meeting in 2019 to be held by the Company at Conference Room 809, Block B, Building 1, Court 6, Yinhe Street, Shijingshan District, Beijing, the PRC at 10:00 a.m. on Tuesday, 12 November 2019
“Factoring Business Cooperation Agreement”	the factoring business cooperation agreement entered into between the Company and Datang Factoring Company on 20 September 2019
“Group”	the Company and its subsidiaries
“H Share(s)”	the overseas listed foreign share(s) in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, listed on the Stock Exchange (stock code: 01798)
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company, comprising Mr. Liu Chaoan, Mr. Lo Mun Lam, Raymond and Mr. Yu Shunkun, all being independent non-executive Directors, which has been formed to advise the Independent Shareholders in respect of the transactions contemplated under the Factoring Business Cooperation Agreement and its proposed annual caps
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, and being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the Factoring Business Cooperation Agreement and its proposed annual caps

DEFINITIONS

“Independent Shareholders”	the Shareholders who are not required to abstain from voting at the EGM or any adjourned meeting thereof for the relevant resolution in respect of the transactions contemplated under the Factoring Business Cooperation Agreement and its proposed annual caps
“Latest Practicable Date”	23 September 2019, 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
“major transaction(s)”	has the meaning ascribed to it under the Listing Rules
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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

* *For identification purpose only*

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)

Non-executive Directors:

Mr. Chen Feihu (*Chairman*)
Mr. Hu Shengmu (*Vice Chairman*)
Mr. Wu Zhiqian
Mr. Liu Baojun

Registered office in the PRC:

Room 6197, 6/F, Building 4
Courtyard 49, Badachu Road
Shijingshan District
Beijing
PRC

Executive Directors:

Mr. Liu Guangming
Mr. Meng Lingbin

Head office in the PRC:

Block B, Building 1
Court 6, Yinhe Street
Shijingshan District
Beijing
PRC

Independent Non-executive Directors:

Mr. Liu Chaoan
Mr. Lo Mun Lam, Raymond
Mr. Yu Shunkun

Principal place of business in Hong Kong:

40/F, Sunlight Tower
No. 248 Queen's Road East
Wanchai
Hong Kong

27 September 2019

To the Shareholders:

**MAJOR TRANSACTION
AND CONTINUING CONNECTED TRANSACTION –
FACTORING BUSINESS COOPERATION AGREEMENT
AND
NOTICE OF THE SECOND EXTRAORDINARY GENERAL MEETING
IN 2019**

INTRODUCTION

The purpose of this circular is to provide you with further information on the Factoring Business Cooperation Agreement, so as to enable you to make informed decisions on whether to vote for or against the resolution in relation to the transactions contemplated under the Factoring Business Cooperation Agreement and its proposed annual caps to be proposed at the EGM.

* *For identification purpose only*

LETTER FROM THE BOARD

MAJOR TRANSACTION AND CONTINUING CONNECTED TRANSACTION – FACTORING BUSINESS COOPERATION AGREEMENT

Reference is made to the announcement dated 20 September 2019 of the Company in respect of the Factoring Business Cooperation Agreement entered into between the Company and Datang Factoring Company. The below set out the information for your perusal when considering the resolution in relation to the transactions contemplated under the Factoring Business Cooperation Agreement and its proposed annual caps.

(1) Factoring Business Cooperation Agreement

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

Date	20 September 2019
Parties	(i) the Company (ii) Datang Factoring Company
Subject matter	Datang Factoring Company shall provide factoring business support to the Group, mainly including the factoring business on account receivables. The Company and/or its subsidiaries may, during the term of the agreement, enter into specific factoring contracts in accordance with the terms of the Factoring Business Cooperation Agreement, and such specific factoring contracts shall be subject to the terms of the Factoring Business Cooperation Agreement.
Term of the agreement	From 20 September 2019 to 31 December 2021
Type of factoring	Recourse and non-recourse
Major terms of the agreement	1. Datang Factoring Company shall provide factoring business support (mainly including the factoring business on account receivables) to the Group in respect of the tariff premium for key programs invested and constructed by the Group with no more than RMB2,000 million (including factoring handling fees and factoring facilities interest) for each calendar year.

LETTER FROM THE BOARD

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

Guarantee

Nil

Conditions precedent

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

(2) Pricing Policy

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

Datang Factoring Company shall provide the Group with the most favourable comprehensive rate ^{Note 2} according to the needs of the Group, taking into account the relevant policies and regulations

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

LETTER FROM THE BOARD

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 Amount*

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

(4) *Proposed Annual Caps and the Basis of Determination*

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

Unit: RMB in millions

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

LETTER FROM THE BOARD

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

- (i) Based on the Group's current installed capacity in operation and tariff structure, it is expected that the tariff premium receivable by the Group for each year during 2019 to 2021 will amount to approximately RMB3,500 million to RMB4,000 million;
- (ii) with reference to the previous conditions of the recovery of the account receivables of the tariff premium, it is expected that the Group will receive tariff premium of approximately RMB2,000 million for each year during 2019 to 2021;
- (iii) calculated based on the above conditions, the Group's account receivables of tariff premium will increase by approximately RMB1,500 million to RMB2,000 million in each year during 2019 to 2021;
- (iv) the Group intends to carry out factoring business for the increase in account receivables of tariff premium for each year during 2019 to 2021, so as to timely reduce the balance of the account receivables of tariff premium;
- (v) given that the balance of the account receivables of tariff premium as at 31 December 2018 is approximately RMB6,171 million, even if the increase in the account receivable of tariff premium for each year during 2019 to 2021 was less than RMB2,000 million, the Group still could carry out factoring business for the balance of the account receivables of tariff premium as at 31 December 2018; and
- (vi) the business scale of Datang Factoring Company can meet the factoring demands of the Group.

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

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

LETTER FROM THE BOARD

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

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

(6) *Listing Rules Implications*

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

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

In addition, as the highest applicable percentage ratio in respect of the transactions contemplated under the Factoring Business Cooperation Agreement and its proposed annual caps is more than 25% but less than 75%, such transactions constitute major transactions of the Company and is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

LETTER FROM THE BOARD

(7) Internal Control Procedures and Corporate Governance Measures

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

- (i) According to the requirements of management system of the connected transactions of the Company, the finance management department of the Company is responsible for monitoring the transaction amounts relating to the proposed annual caps under the Factoring Business Cooperation Agreement by developing management accounts for continuing connected transactions and designating specialists for management and maintenance, and consolidating and preparing statistics for the transaction amounts incurred in the continuing connected transactions on a monthly basis. The Company will re-comply with the necessary approval procedures in accordance with the Listing Rules in respect of continuing connected transactions that are expected to exceed their annual caps;
- (ii) Prior to the business cooperation with Datang Factoring Company, the Group will make enquires to no less than three commercial factoring companies (no less than two of which are third parties independent from the Company and its connected persons) to collect information about the terms and conditions of the relevant transactions and in relation to their comprehensive rates. If the Group finds that the comprehensive rates provided by Datang Factoring Company are higher than any other independent third parties, Datang Factoring Company shall agree to adjust the comprehensive rates correspondingly after arm's length negotiation with the Group to ensure that the Group is offered with the most favourable terms, and the comprehensive rates of the relevant transactions shall be equivalent to or more favourable than those offered by other independent commercial factoring companies in the PRC. Meanwhile, the Group has the right to choose the most favourable comprehensive 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;
- (iv) The Directors (including independent non-executive Directors) will review the transactions contemplated under the Factoring Business Cooperation Agreement and its proposed annual caps each year to ensure that the transactions contemplated under the Factoring Business Cooperation Agreement are conducted in the ordinary course of business of the Company on normal commercial terms and in the interests of the Company and its Shareholders as a whole; and
- (v) The auditors of the Company will also conduct annual audits on the pricing and annual caps of such transactions.

LETTER FROM THE BOARD

(8) *Opinion of the Board*

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

Directors Mr. Chen Feihu, Mr. Hu Shengmu, Mr. Wu Zhiqian, Mr. Liu Baojun and Mr. Liu Guangming, being the connected directors, have abstained from voting on the resolution in relation to considering and approving the transactions contemplated under the Factoring Business Cooperation Agreement and its proposed annual caps at the Board meeting. Save as disclosed above, none of the Directors has any material interest in the transactions contemplated under the Factoring Business Cooperation Agreement and its proposed annual caps.

(9) *Approval by Independent Shareholders*

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

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

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

LETTER FROM THE BOARD

(10) General Information

Information on the Company

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

Information on CDC

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

Information on Datang Factoring Company

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

EGM

The EGM will be held at 10:00 a.m. on Tuesday, 12 November 2019 at Conference Room 809, Block B, Building 1, Court 6, Yinhe Street, Shijingshan District, Beijing, the PRC to approve the resolution 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 34 to 35 of this circular.

LETTER FROM THE BOARD

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

In order to ascertain the entitlements of the Shareholders to attend the EGM, the register of members of the Company will be closed from Sunday, 13 October 2019 to Tuesday, 12 November 2019 (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 Block B, Building 1, Court 6, Yinhe Street, Shijingshan District, Beijing 100040, the PRC (for holders of Domestic Shares) not later than 4:30 p.m. on Friday, 11 October 2019.

VOTING BY POLL AT EGM

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

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

RECOMMENDATION

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

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

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

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

27 September 2019

To the Independent Shareholders

MAJOR TRANSACTION AND CONTINUING CONNECTED TRANSACTION

Dear Sir or Madam,

We refer to the circular despatched to all Shareholders (the “**Circular**”) dated 27 September 2019 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 transactions contemplated under the Factoring Business Cooperation Agreement and its proposed annual caps (details set out in the letter from the Board in the Circular) are conducted in the ordinary and usual course of business of the Company on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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

Having considered the information set out in the letter from the Board as well as the letter from Gram Capital in the Circular, we are of the view that the 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.

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

Yours faithfully,
Independent Board Committee

Mr. Liu Chaoan
*Independent non-executive
Director*

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

Mr. Yu Shunkun
*Independent non-executive
Director*

* *For identification purpose only*

LETTER FROM GRAM CAPITAL

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



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

27 September 2019

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

Dear Sir/Madam,

MAJOR TRANSACTION AND CONTINUING CONNECTED TRANSACTION

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 Factoring Business Cooperation Agreement entered into between the Company and Datang Factoring Company (the “**Factoring Services**”) on 20 September 2019, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 27 September 2019 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 20 September 2019, the Company entered into the Factoring Business Cooperation Agreement with Datang Factoring Company, pursuant to which, Datang Factoring Company shall provide factoring business support to the Company, mainly including the factoring business on account receivables (i.e. Factoring Services).

With reference to the Board Letter, the Factoring Services constitute major and continuing connected transaction of the Company, and are subject to the reporting, announcement, annual review and the Independent Shareholders’ approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

LETTER FROM GRAM CAPITAL

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

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate in all material respects at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there are no undisclosed private agreements/arrangements or implied understanding with anyone concerning the Factoring Business Cooperation Agreement. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

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

LETTER FROM GRAM CAPITAL

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, Datang Factoring Company and each of their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Factoring Services. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. If there are any material changes before EGM, Shareholders will be notified as soon as possible. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

Information on the Group

With reference to the Board Letter, the Company is a leading renewable energy generation company in PRC in terms of wind power installed capacity. The Group is primarily engaged in the development, investment, construction and management of wind power and other renewable energy resources; research and development, application and promotion of low carbon technology; research, sale, testing and maintenance of renewable energy-related equipment; power generation; design, construction and installation, repair and maintenance of domestic and overseas power projects; import and export services of renewable energy equipment and technology; foreign investment; renewable energy-related consulting services; as well as leasing of property.

Set out below are the consolidated financial information of the Group for the two years ended 31 December 2018 and six months ended 30 June 2019 as extracted from the annual report of the Company for the year ended 31 December 2018 (the “**2018 Annual Report**”) and interim report of the Company for the six months ended 30 June 2019 (the “**2019 Interim Report**”):

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	For the six months ended 30 June 2019 RMB'000	For the year ended 31 December 2018 RMB'000	For the year ended 31 December 2017 RMB'000	Change from 2017 to 2018 %
Revenue	4,492,095	8,319,406	7,104,089	17.11
Profit for the period/year attributable to owners of the parent	883,289	1,209,279	727,678	66.18

	As at 30 June 2019 RMB'000	As at 31 December 2018 RMB'000	As at 31 December 2017 RMB'000	Change from 2017 to 2018 %
Trade and bills receivables	9,690,251	7,472,540	5,042,390	48.19
Cash and cash equivalents	2,939,327	3,632,830	1,223,920	196.82

As illustrated in the above table, the Group's revenue for the year ended 31 December 2018 ("FY2018") represented an increase of approximately 17.11% (or approximately RMB1.2 billion) as compared to that for the year ended 31 December 2017 ("FY2017"). As advised by the Directors, the increase in the Group's revenue for FY2018 was mainly due to the increase in the Group's electricity generation of 17.49% as compared to that for FY2017. Such increase also led to a substantial increase in the Group's profit attributable to owners of the parent for FY2018.

As at 30 June 2019, the Group recorded (i) trade and bills receivables of approximately RMB9.7 billion; and (ii) cash and cash equivalent of approximately RMB2.9 billion.

Information on Datang Factoring Company

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

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Reasons for and benefits of the Factoring Services

With reference to the Board Letter, the relevant arrangements under the Factoring Business Cooperation Agreement are (i) beneficial to the Group to revitalise assets, replenish cash flow in a timely manner and accelerate the capital turnover to continuously support the capital expenditure of the Group; (ii) efficiently and conveniently obtaining financing support and financing services with the comprehensive rate 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 Company's bargaining power in carrying out factoring business of the same type with other commercial factoring companies.

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

With reference to the 2019 Interim Report, the Group's trade and bills receivables amounted to RMB9,690 million as at 30 June 2019, representing an increase of RMB2,218 million as compared with that as at 31 December 2018, which was mainly attributable to the outstanding subsidy funds for tariff premium of renewable energy (the "**Outstanding Subsidies**") to be received for the wind power business. As advised by the Company and as confirmed by the auditor of the Company, the Outstanding Subsidies were recorded as the Group's receivables.

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

With reference to the 2019 Interim Report, the Group will actively grasp the current favorable opportunity for financing, make full use of multiple channels and measures to reduce financing costs, including direct financing and indirect financing and promote the issuance of corporate bonds in full force. At the same time, the Group will constantly increase efforts in the tariff premium recovery and strive to lower finance costs.

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

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Principal terms of the Factoring Services

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

Date:	20 September 2019
Parties:	(i) the Company (ii) Datang Factoring Company
Subject matter:	Datang Factoring Company shall provide factoring business support to the Group, mainly including the factoring business on account receivables.

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

Term of agreement:	From 20 September 2019 to 31 December 2021
Type of factoring:	Recourse and non-recourse
Major terms of the agreement:	(i) Datang Factoring Company shall provide factoring business support (mainly including the factoring business on account receivables) to the Group in respect of the tariff premium for key programs invested and constructed by the Group with no more than RMB2,000 million (including factoring handling fees and factoring facilities interest) for each calendar year. (ii) Leveraging on its professional advantage in the financial business, Datang Factoring Company shall provide the Group with various economic consulting services including the design of account receivables factoring products and the transaction arrangements.

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- (iii) Datang Factoring Company shall, in accordance with the requirements of the Group and after considering the relevant policies of the state, the supply of and demand for capital in the market as well as the structural features of factoring products, offer comprehensive rates which are the equivalent to or more favourable than those provided by other independent commercial factoring companies in the PRC so as to help the Group to reduce its financial costs and optimise its financial structure.
- (iv) Datang Factoring Company shall, upon thorough negotiations with the Group, select appropriate projects and shall design and offer customised factoring business proposals within the scope of the Group's business development and plan.

Pricing policy:

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

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

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

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We understood from the Directors, to safeguard the interests of the Shareholders, the Company will apply certain internal control procedures and corporate governance measures (the “**IC Measures**”) for utilizing the Factoring Services provided by Datang Factoring Company. Details of the IC Measures are set out under the section headed “Internal Control Procedures and Corporate Governance Measures” of the Board Letter. Having considered the IC Measures, in particular, there would be quotations collection and comparison procedures under the IC Measures, we are of the view that the effective implementation of the IC Measures would help to ensure fair pricing of the Factoring Services according to the pricing policies.

In light of the above, we are of the view that the terms of the Factoring Services are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

The proposed annual caps

Set out below are the proposed annual caps for Factoring Services for the three years ending 31 December 2021:

	For the year ending 31 December 2019 <i>(RMB'million)</i>	For the year ending 31 December 2020 <i>(RMB'million)</i>	For the year ending 31 December 2021 <i>(RMB'million)</i>
The annual caps			
Proposed annual caps for Factoring Services	2,000	2,000	2,000

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

As mentioned above, the Group’s trade and bills receivables amounted to RMB9,690 million as at 30 June 2019, representing an increase of RMB2,218 million as compared with that as at 31 December 2018, which was mainly attributable to the Outstanding Subsidies. In order to mitigate the impacts of the prolonged process of receiving the tariff and reduce the receivables of the Group, the Company may utilize the Factoring Services to deal with the Outstanding Subsidies.

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

	For the year ended 31 December 2018	For the year ended 31 December 2017
Power generation amounts (<i>MWh</i>)	17,975,163	15,298,687
On-grid power generation amounts (<i>MWh</i>)	17,439,297	14,543,975
Subsidies entitlements (<i>RMB'billion</i>)	4.59	3.27
Subsidies collection (<i>RMB'billion</i>)	2.31	2.12

Based on the above table, the subsidies entitlements for FY2017 and FY2018 were larger than the proposed annual caps of RMB2,000 million. The Group's trade and bills receivables amounted to RMB9,690 million as at 30 June 2019, which was mainly comprised of the Outstanding Subsidies. As further advised by the Directors, (i) based on historical experience, the subsidies were collected within approximately one to three years; and (ii) the outstanding subsidies (as at end of period) were calculated by outstanding subsidies (as at the beginning of period) plus subsidies entitlements during the period minus the subsidies collection during the period. The smaller subsidies were collected, the larger outstanding subsidies would be recorded.

As also mentioned in the Board Letter, the Group intends to carry out factoring business for the increase in account receivables of tariff premium in each year during 2019 to 2021 (i.e. RMB1,500 million to RMB2,000 million each year), so as to timely reduce the balance of the account receivables of tariff premium. Based on the above table, we also noted that the proposed annual caps of Factoring Services were also in line with net of subsidies entitlements and subsidies collection of RMB2.28 billion during FY2018.

With reference to the Board Letter, given that the balance of the account receivables of tariff premium as at 31 December 2018 was approximately RMB6,171 million, even if the increase in the account receivable of tariff premium for each year during 2019 to 2021 was less than RMB2,000 million, the Group still can carry out factoring business for the balance of the account receivables of the tariff premium as at 31 December 2018.

In light of that (i) the Outstanding Subsidies as at 31 December 2018 were substantially above the proposed annual caps for each of the three years ending 31 December 2021; and (ii) the proposed annual caps were also in line with net of subsidies entitlements and subsidies collection of RMB2.28 billion during FY2018, we consider that the proposed annual cap for the year ending 31 December 2019 is fair and reasonable.

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

Based on the above, we consider that the proposed annual caps for the two years ending 31 December 2021, which are the same as the proposed annual cap for the year ending 31 December 2019, are fair and reasonable.

Shareholders should note that as the proposed annual caps of the Factoring Services are relating to future events and was estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2021, and they do not represent forecasts of revenue/cost to be recorded/incurred from the Factoring Services. Consequently, we express no opinion as to how closely the actual revenue/cost to be recorded/incurred from the Factoring Services will correspond with the proposed annual caps.

Listing Rules implication

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

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

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

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

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RECOMMENDATION

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

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

* *For identification purposes only*

1. FINANCIAL INFORMATION OF THE GROUP

The details of the financial information of the Group for the six months ended 30 June 2019 were disclosed in pages 39-105 of the Company's 2019 Interim Report published on the website of the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0830/ltn201908301118.pdf>) and the website of the Company (http://www.cdt-re.com/en/UploadFiles_9185/201908/2019083022030242.pdf);

The details of the financial information of the Group for the year ended 31 December 2018 were disclosed in pages 128-269 of the Company's 2018 Annual Report published on the website of the Stock Exchange (<https://www.hkexnews.hk/listedco/listconews/SEHK/2019/0429/LTN201904293438.pdf>) and the website of the Company (http://www.cdt-re.com/en/UploadFiles_9185/201904/2019043010145587.pdf);

The details of the financial information of the Group for the year ended 31 December 2017 were disclosed in pages 115-245 of the Company's 2017 Annual Report published on the website of the Stock Exchange (<http://www.hkexnews.hk/listedco/listconews/SEHK/2018/0425/LTN201804251296.pdf>) and the website of the Company (<http://www.cdt-re.com/Article/UploadFiles/201804/2018042615261414.pdf>);

The details of the financial information of the Group for the year ended 31 December 2016 were disclosed in pages 104-251 of the Company's 2016 Annual Report published on the website of the Stock Exchange (<http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0428/LTN201704281104.pdf>) and the website of the Company (http://www.cdt-re.com/en/UploadFiles_9185/201709/2017091110532129.pdf).

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 August 2019, the Group's unaudited outstanding interest-bearing debts amounted to approximately RMB52,402,214 thousand, including RMB46,096,208 thousand of borrowings from financial institutions, RMB6,053,610 thousand of bills payable and RMB252,396 thousand of finance lease costs payable. In particular, (1) in respect of borrowings from financial institutions, the guaranteed borrowings amounted to RMB3,634,044 thousand, the secured borrowings amounted to RMB9,823,666 thousand, and unsecured and unguaranteed borrowings amounted to RMB38,944,504 thousand; (2) bills payable were all neither secured nor guaranteed; (3) finance lease costs payable were all incurred from secured finance lease.

Save as aforesaid and apart from intra-group liabilities, the Group did not have any mortgages, charges, debentures, loan capital, bank loans and overdrafts, debt securities or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptances credits, or any guarantees, or any other contingent liabilities outstanding at the close of business on 31 August 2019.

As at the Latest Practicable Date, the Directors are not aware of any material adverse changes in the Group's indebtedness position and contingent liabilities since the close of business on 31 August 2019.

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 Factoring Business Cooperation Agreement and the transactions contemplated thereunder, the Directors are of the opinion that the Group will have sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this circular.

4. FINANCIAL AND TRADING PROSPECTS

(1) To firmly establish the “general safety” concept and focus on stable safety production

The Group will speed up in the establishment of the production management system and enhance the management and control over safety production. Meanwhile, adhering to the principle of prevention of major accidents and implementation of details of safety production and prevention of troubles in advance, the Group will identify hidden hazards in key areas, places and facilities and implement responsibilities on governance, leading and supervision to ensure the fundamental treatment of hazards and effective control of risks.

(2) To consolidate the outstanding operation and complete the targets and tasks for the whole year with high quality

The Group will further innovate the management model, strengthen the supervision of key factors and improve lean management. Based on the production and operation characteristics of new energy companies, the Group will seek benefits in power generation and strive to improve the efficiency of existing generation units. New generation units will put into production on time to generate more power leveraging on such favourable opportunities as wind seasons. It will take various measures to reduce cost and improve efficiency, enhance benchmarking management on cost, profit, fees and other key indicators and actively strive for policies on tax and fee reduction. It will focus on the improvement of the net profit and the net profit attributable to the parent company and facilitate the achievement of the operation targets for the whole year.

(3) To continuously enhance project management and strictly control the progress of project construction

The Group will fully promote project development and construction and guarantee the construction progress of key projects. It will strengthen coordination and dynamic management and control of investment plans and rapidly promote the construction of projects under construction to guarantee that the projects can be put into production as scheduled and consistently enhance the sustainable development of the Company.

(4) To reinforce planned development and facilitate the high-quality development of the Company

The Group will further speed up in resources development and reserve and strive to reserve, construct and put a number of high-quality projects into production by 2021. Meanwhile, it will intensify external cooperation, continue to expand the circle of friends and stably advance the acquisition and merger of high-quality projects to boost the high-quality development of the Company.

(5) To augment trading coordination and actively respond to market changes

The Group will place emphasis on direct and inter-province transaction of clean energy power and strengthen marketing and planning to strategically participate in inter-province transaction of clean energy. It will improve the coordination and communication mechanism with all parties and enhance the cooperation and communication with other market participants in the industry to create a favourable external marketing environment.

(6) To fully expand financing channels and guarantee capital supply

The Group will actively seize the currently favorable financing windows and fully leverage on direct and indirect financing to reduce financing cost through various channels and means. It will vigorously improve the issuance of corporate bonds, strengthen the recovery of tariff premium and strive to reduce financial costs.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS AND CONFIRMATIONS

- (a) as at the Latest Practicable Date, none of the Directors, supervisors or senior management of the Company had any interest or short positions in the Shares, underlying Shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO), which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provision of the SFO); or are required pursuant to section 352 of the SFO to be entered in the register referred to therein, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers;
- (b) as at the Latest Practicable Date, the Company has not granted its Directors, supervisors, senior management or their respective spouses or children below 18 any rights to subscribe for its equity securities or debt securities;
- (c) apart from Mr. Chen Feihu, Mr. Hu Shengmu, Mr. Wu Zhiquan, Mr. Liu Baojun and Mr. Liu Guangming who are directors and/or employees of CDC Group, as at the Latest Practicable Date, none of the Directors is a director or employee of a company having an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO;
- (d) as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting and significant in relation to the business of the Group;
- (e) as at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been since 31 December 2018, being the date to which the latest published audited annual financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;

- (f) save as disclosed in the section “Interests of Directors in Competing Business” of the third paragraph of this Appendix, as at the Latest Practicable Date, none of the Directors or, to the best of their knowledge, any of their respective associates was interested in any business (apart from the Group’s business) which competes or is likely to compete either directly or indirectly with the Group’s business (as would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them were a controlling shareholder);
- (g) as at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading positions of the Group since 31 December 2018, the date to which the latest published audited annual financial statements of the Company were made up;
- (h) as at the Latest Practicable Date, none of the Directors, proposed director(s), supervisors or proposed supervisor(s) of the Company entered or will enter into any service contract with any member of the Group (excluding contracts expiring or terminable by the employer within one year without payment of compensation (other than statutory compensation)); and
- (i) as at the Latest Practicable Date, the Board confirms that, after making all reasonable enquires and to the best of their knowledge, information and belief, there are no voting trust or other agreement or arrangement or understanding (other than an outright sale) entered into by or binding upon any Shareholders, or any obligation or entitlement of any Shareholders, whereby such Shareholders have or may have temporarily or permanently passed control over the exercise of the voting right in respect of his Shares, either generally or on a case-by-case basis.

3. INTERESTS OF DIRECTORS IN COMPETING BUSINESS

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

Name of Directors	Position in the Company	Other Interests
Mr. Chen Feihu	Chairman and Non-executive Director	Chairman of CDC
Mr. Hu Shengmu	Vice chairman and Non-executive Director	Vice president, chief accountant and chief legal adviser of CDC
Mr. Liu Guangming	Executive Director	Economic analyst of CDC; director of Guangxi Guiguan Electric Power Co., Ltd. (廣西桂冠電力股份有限公司), Datang Environment Industry Group Co., Ltd. (大唐環境產業集團股份有限公司) and Datang Huayin Electric Power Co., Ltd. (大唐華銀電力股份有限公司)
Mr. Wu Zhiquan	Non-executive Director	President of CDC Tibet branch
Mr. Liu Baojun	Non-executive Director	Vice general manager of Datang Jilin

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

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

Name of Shareholder	Class of Shares	Capacity	Number of Shares Held	Percentage	Percentage
				in the Relevant Class of Share	in the Total Share Capital
CDC (Note 1)	Domestic Shares	Beneficial owner and interests in a controlled corporation	4,772,629,900 (Long position)	100%	65.61%
Datang Jilin (Note 1)	Domestic Shares	Beneficial owner	599,374,505 (Long position)	12.56%	8.24%
The National Council for Social Security Fund	H Shares	Beneficial owner	227,370,100 (Long position)	9.09%	3.13%
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%

Notes:

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

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

5. MATERIAL CONTRACT

Within the two years immediately preceding the date of this circular and up to the Latest Practicable Date, the following contract (not being contract entered into in the ordinary course of business) were entered into by the Group which are or may be material:

On 29 June 2018, the Company entered into an account overdraft agreement with China Zheshang Bank Co., Ltd., pursuant to which China Zheshang Bank Co., Ltd. provides financing facility of RMB1 billion to the Company for a term commencing from 29 June 2018 to 15 April 2019.

6. LITIGATION

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

7. QUALIFICATION OF EXPERT AND CONSENT

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

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

- (a) As at the Latest Practicable Date, Gram Capital has given and has not withdrawn its written consent to the issue of this circular with inclusion of its letter (as the case may be) and the reference to its name included herein in the form and context in which they currently appear.

- (b) As at the Latest Practicable Date, Gram Capital did not hold any beneficial interest in the share capital of any member of the Group, nor did it have the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (c) As at the Latest Practicable Date, Gram Capital did not have any interest in any assets which have been, since 31 December 2018 (being the date to which the latest published audited annual financial statements of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

8. OTHER INFORMATION

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

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the principal place of business of the Company in Hong Kong (40/F, Sunlight Tower, No. 248 Queen's Road East, Wanchai, Hong Kong) from the date of this circular up to and including 12 November 2019:

- (a) the letter from the Independent Board Committee, full text of which is set out on pages 12 of this circular;
- (b) the letter from Gram Capital, full text of which is set out on pages 13 to 23 of this circular;
- (c) the material contract referred to in paragraph 5 of this appendix;
- (d) the written consent of the experts referred to paragraph 7 of this appendix;
- (e) the Factoring Business Cooperation Agreement; and
- (f) this circular.

* *For identification purpose only*

NOTICE OF THE SECOND EXTRAORDINARY GENERAL MEETING IN 2019



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 SECOND EXTRAORDINARY GENERAL MEETING IN 2019

NOTICE IS HEREBY GIVEN that the second extraordinary general meeting of China Datang Corporation Renewable Power Co., Limited* (the “**Company**”) for the year 2019 (the “**EGM**”) will be held at 10:00 a.m. on Tuesday, 12 November 2019 at Conference Room 809, Block B, Building 1, Court 6, Yinhe Street, Shijingshan District, Beijing, the PRC to consider the following matter:

ORDINARY RESOLUTION

1. To consider and approve the resolution in relation to the transactions contemplated under the Factoring Business Cooperation Agreement and its proposed annual caps

By order of the Board

China Datang Corporation Renewable Power Co., Limited*

Cui Jian

Joint Company Secretary

Beijing, the PRC, 27 September 2019

Notes:

1. The register of members will be closed by the Company from Sunday, 13 October 2019 to Tuesday, 12 November 2019 (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) or the Company's head office in the PRC at Block B, Building 1, Court 6, Yinhe Street, Shijingshan District, Beijing 100040, the PRC (for holders of Domestic Shares) not later than 4:30 p.m. on Friday, 11 October 2019.
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.

NOTICE OF THE SECOND EXTRAORDINARY GENERAL MEETING IN 2019

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) or the Company's head office in the PRC at Block B, Building 1, Court 6, Yinhe Street, Shijingshan District, Beijing 100040, the PRC (for holders of Domestic Shares) within 24 hours prior to the holding of the EGM. 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. Shareholders intending to attend the EGM must return the EGM reply slip by hand, mail or fax to 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, fax number: (852) 2865 0990 (for holders of H Shares) or the Company's head office in the PRC at Block B, Building 1, Court 6, Yinhe Street, Shijingshan District, Beijing 100040, the PRC, fax number: (010) 8113 0701 (for holders of Domestic Shares), on or before Wednesday, 23 October 2019.
8. 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.
9. The address of the Company's head office in the PRC is as follows:

Block B, Building 1
Court 6, Yinhe Street
Shijingshan District
Beijing 100040
PRC

As at the date of this notice, the executive directors of the Company are Mr. Liu Guangming and Mr. Meng Lingbin; the non-executive directors are Mr. Chen Feihu, Mr. Hu Shengmu, Mr. Wu Zhiquan and Mr. Liu Baojun; and the independent non-executive directors are Mr. Liu Chaoan, Mr. Lo Mun Lam, Raymond and Mr. Yu Shunkun.

* *For identification purpose only*