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中国大唐集团新能源股份有限公司

China Datang Corporation Renewable Power Co., Limited*

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

(Stock Code: 01798)

ANNOUNCEMENT
CONTINUING CONNECTED TRANSACTION – RENEWAL OF
DATANG MASTER AGREEMENT
AND
DISCLOSEABLE TRANSACTION AND CONTINUING
CONNECTED TRANSACTION – RENEWAL OF FACTORING
BUSINESS COOPERATION AGREEMENT

RENEWAL OF DATANG MASTER AGREEMENT

Main Content

References are made to the announcement dated 23 August 2018 and the circular dated 21 September 2018 of the Company in relation to, among other things, the entering into of the 2018 Framework Agreement of Comprehensive Products and Services (“**2018 Datang Master Agreement**”) between the Company and CDC. As the agreement and annual caps of such continuing connected transactions will expire on 31 December 2021, the Company and CDC renewed the 2018 Datang Master Agreement on 7 December 2021, with a term effective from 1 January 2022 to 31 December 2024, pursuant to which, the Group and CDC Group agreed to mutually provide the counterparty with the Agreed Products and Agreed Services.

Listing Rules Implications

As CDC directly and indirectly holds approximately 65.61% of the issued share capital of the Company as at the date of this announcement, it is a controlling shareholder as defined under the Listing Rules and thus a connected person of the Company. 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 one or more of the applicable percentage ratio(s) (as defined under Rule 14.07 of the Listing Rules) in respect of the Provision Transactions are more than 0.1% but all the applicable percentage ratios are less than 5%, the Provision Transactions constitute continuing connected transactions of the Company that are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but are exempt from the circular (including independent financial advice) and Independent Shareholders' approval requirements.

As one or more of the applicable percentage ratio(s) (as defined under Rule 14.07 of the Listing Rules) in respect of the Procurement Transactions are more than 5%, the Procurement Transactions constitute non-exempt continuing connected transactions of the Company. Accordingly, the Procurement Transactions are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

RENEWAL OF FACTORING BUSINESS COOPERATION AGREEMENT

Main Content

References are made to the announcement dated 20 September 2019 and the circular dated 27 September 2019 of the Company in relation to, among other things, the entering into of the 2019 Factoring Business Cooperation Agreement (“**2019 Factoring Business Cooperation Agreement**”) between the Company and Datang Factoring Company. As the agreement and annual caps of such continuing connected transactions will expire on 31 December 2021, the Company and Datang Factoring Company renewed the 2019 Factoring Business Cooperation Agreement on 7 December 2021, with a term effective from 1 January 2022 to 31 December 2024, pursuant to which, Datang Factoring Company agreed to provide factoring business support to the Group, mainly including the factoring business on account receivables.

Listing Rules Implications

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

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

In addition, as the highest applicable percentage ratio in respect of the transactions contemplated under the Factoring Business Cooperation Agreement and its proposed annual caps is more than 5% but is less than 25%, such transactions constitute discloseable transactions of the Company and are subject to the announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

APPROVAL BY THE BOARD AND INDEPENDENT SHAREHOLDERS

Having considered relevant pricing policies and basis of determination for the proposed annual caps as well as the reasons for and benefits of entering into the Datang Master Agreement and Factoring Business Cooperation Agreement, 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 and Factoring Business Cooperation Agreement are fair and reasonable and the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group as well as in the interests of the Company and the Shareholders as a whole.

Mr. Liu Jianlong, Mr. Li Yi and Mr. Kuang Lelin of the Company being the connected directors, have abstained from voting on the resolutions in respect of considering and approving the 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 at the Board meeting. Save as disclosed above, none of the Directors has any material interest in the Datang Master Agreement and the Factoring Business Cooperation Agreement and the transactions contemplated thereunder.

As the Procurement Transactions 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 connection with the Procurement Transactions 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. The Company has also appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the same matter.

EGM

The EGM will be held by the Company to consider and approve the Procurement Transactions 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. A circular containing, among other things, a letter from the Independent Board Committee, a letter from the Independent Financial Adviser and a notice convening the EGM is expected to be dispatched to the Shareholders according the Listing Rules within 15 business days from the date of the publication of this announcement.

I. CONTINUING CONNECTED TRANSACTIONS – RENEWAL OF DATANG MASTER AGREEMENT

References are made to the announcement dated 23 August 2018 and the circular dated 21 September 2018 of the Company in relation to, among other things, the entering into of the 2018 Datang Master Agreement between the Company and CDC. As the agreement and annual caps of such continuing connected transactions will expire on 31 December 2021, the Company and CDC renewed the 2018 Datang Master Agreement on 7 December 2021, with a term effective from 1 January 2022 to 31 December 2024, pursuant to which, the Group and CDC Group agreed to mutually provide the counterparty with the Agreed Products and Agreed Services.

(1) The Major Terms of the Datang Master Agreement

Date 7 December 2021

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 2022 to 31 December 2024 Either party may terminate the agreement upon giving the other party not less than three-month written notice.
Nature of transaction	The Group and CDC Group mutually provide the counterparty with the Agreed Products and Agreed Services. In particular: 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 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 similar products and services offered by one of the parties are no less favourable than those offered by an independent third party, 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.

(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 the public tendering procedures will be adopted. The public tendering procedures 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;
 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 issues 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.
- (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.

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, but, if applicable, 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.

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.

The pricing of the Agreed Products (if any) 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

- (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).

(3) Historical Amounts

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

Unit: RMB in millions

	Annual cap for the year ended/ending		
	31 December		
	2019	2020	2021
Provision Transactions	60	60	60
Procurement Transactions	3,600	3,600	3,600

The table below sets out the historical amounts for the two years ended 31 December 2020 and the nine months ended 30 September 2021:

Unit: RMB in millions

	Actual transaction amounts for the year ended 31 December		Actual transaction amounts for the nine months ended 30 September
	2019	2020	2021*
Provision Transactions	6	3	10
Procurement Transactions	811	2,943	2,169

**Note:* The actual transaction amounts for the nine months ended 30 September 2021 are only based on internal statistical standard. The actual transaction amounts for 2021 are subject to the section of connected transactions under the chapter of the report of the Board published in 2021 annual report of the Company.

(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 2024:

Unit: RMB in millions

	Proposed annual caps for the year ending 31 December		
	2022	2023	2024
Provision Transactions	60	60	60
Procurement Transactions	4,500	4,500	4,500

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) The Notice of National Energy Administration on Establishing a Monitoring and Early Warning Mechanism to Promote the Sustainable and Healthy Development of the Wind Power Industry (《國家能源局關於建立監測預警機制促進風電產業持續健康發展的通知》) issued by National Energy Administration in July 2016 imposes restrictions on wind power development and construction in red alert areas as categorized. Therefore, the progress of operation of the Company from 2017 to 2019 slowed down under the impact of relevant policies. As there was no relevant restriction before the issuance of the policy in 2016, and according to the monitoring and early warning results of investment in wind power of China for the past years released by National Energy Administration, the restriction of wind power project development and construction was gradually released in recent years, therefore, in order to reasonably assess the annual cap amounts of the procurement of products and services by the Group from 2022 to 2024, the actual transaction amounts of Procurement Transactions for 2016, 2020 and the nine months ended 30 September 2021 have been taken as the main references;
- (2) The Group incurred a total actual amount of RMB2,169 million on Procurement Transactions for the nine months ended 30 September 2021, based on which, the estimated amount of Procurement Transactions to be incurred for the year of 2021 is approximately RMB2,900 million (the final actual amount of Procurement Transactions for 2021 shall be subject to the section of connected transactions under the chapter of the report of the Board published in the 2021 annual report of the Company); in 2020, the Group incurred a total actual amount of RMB2,943 million on Procurement Transactions; in 2016, the Group incurred a total actual amount of RMB3,329 million on Procurement Transactions. The average actual amount for the above-mentioned three years was approximately RMB3,057 million, which mainly represented transactions such as the procurement of wind turbine equipment, modules and related services;

- (3) The Chinese government has put forward the goals of striving to peak carbon dioxide emissions before 2030 and achieve carbon neutrality before 2060. On 12 December 2020, President Xi Jinping announced at the Climate Ambition Summit that the total installed capacity of wind power and solar power will reach more than 1.2 billion kW by 2030, achieving which will require vigorous development of renewable energy. Therefore, during the “14th Five-Year Plan” period, the Company will, on top of maintaining the construction progress of wind power projects, accelerate the construction of photovoltaic projects and procure a certain percentage of photovoltaic modules as well as spare parts and technical services related to the modules through CDC Group. The Company has been awarded the construction target of nearly 6 million kW of photovoltaic projects and the relevant projects will be successively commenced construction and put into operation from 2022 to 2024, which is expected to incur an annual amount of approximately RMB1.2 billion to RMB1.4 billion in relation to the procurement of photovoltaic equipment, modules and relevant services; and
- (4) The warranty period of the installed capacity of the Company in previous years will gradually mature. The materials for equipment maintenance and the repairing and maintenance cost will increase correspondingly.

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, mainly incurred from the procurement of wind turbine equipment, modules and related services, for 2016, 2020 and the nine months ended 30 September 2021; and (2) the estimated new transactions in relation to the procurement of photovoltaic equipment, modules and relevant services during the period from 2022 to 2024 (estimated annual transaction amount in each year being approximately RMB1.2 billion to RMB1.4 billion); the proposed annual caps for Provision Transactions are determined based on (1) historical amounts of Agreed Products and Agreed Services; (2) the business development of the Group and CDC Group; and (3) 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 usual 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.

(6) Listing Rules Implications

As CDC directly and indirectly holds approximately 65.61% of the issued share capital of the Company as at the date of this announcement, it is a controlling shareholder as defined under the Listing Rules and thus a connected person of the Company. 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 one or more of the applicable percentage ratio(s) (as defined under Rule 14.07 of the Listing Rules) in respect of the Provision Transactions are more than 0.1% but all the applicable percentage ratios are less than 5%, the Provision Transactions constitute continuing connected transactions of the Company that are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but are exempt from the circular (including independent financial advice) and Independent Shareholders' approval requirements.

As one or more of the applicable percentage ratio(s) (as defined under Rule 14.07 of the Listing Rules) in respect of the Procurement Transactions are more than 5%, the Procurement Transactions constitute non-exempt continuing connected transactions of the Company. Accordingly, the Procurement Transactions are subject to the reporting, annual review, announcement 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 said 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 said 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.

(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 entering into 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 on normal commercial terms and in the ordinary and usual course of business of the Group as well as in the interest of the Company and the Shareholders as a whole.

Directors Mr. Liu Jianlong, Mr. Li Yi and Mr. Kuang Lelin, all being connected directors, have abstained from voting on the resolutions 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.

(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 connection with the Procurement Transactions and its proposed annual caps. Gram Capital 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 interest of CDC in the Procurement Transactions, CDC Group (holding an aggregate of approximately 65.61% of the total issued share capital of the Company as at the date of this announcement) and the associates thereof are required to abstain from voting on the 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.

As at the date of this announcement, 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).

II. DISCLOSEABLE TRANSACTION AND CONTINUING CONNECTED TRANSACTION – RENEWAL OF FACTORING BUSINESS COOPERATION AGREEMENT

References are made to the announcement dated 20 September 2019 and the circular dated 27 September 2019 of the Company in relation to, among other things, the entering into of the 2019 Factoring Business Cooperation Agreement between the Company and Datang Factoring Company. As the agreement and annual caps of such continuing connected transactions will expire on 31 December 2021, the Company and Datang Factoring Company renewed the 2019 Factoring Business Cooperation Agreement on 7 December 2021, with a term effective from 1 January 2022 to 31 December 2024, pursuant to which, Datang Factoring Company has agreed to provide factoring business support to the Group, mainly including the factoring business on account receivables.

(1) The Major Terms of the Factoring Business Cooperation Agreement

Date	7 December 2021
Parties	(i) the Company (ii) Datang Factoring Company
Term of the agreement	From 1 January 2022 to 31 December 2024
Nature of transaction	Datang Factoring Company shall provide factoring business support to the Group, mainly including the factoring business ^{Note 1} 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.
Type of factoring	Recourse ^{Note 2}
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.

- Notes:*
1. In this announcement, the factoring business refers to a transaction in which the tariff subsidies receivable from the State, as the transaction subject, will be transferred by the Group to Datang Factoring Company in order to obtain liquidity support and solve liquidity squeeze and other issues facing the existing new energy enterprises.
 2. In this announcement, 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 tariff subsidies receivable from the State is uncollectible.

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 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. Since 2019, the rate for factoring handling fees of each specific factoring contracts under Factoring Business Cooperation Agreement has ranged from 0.3% to 1%, and the factoring facilities interest rate has ranged from 3.3% to 4.0%.

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 national policies and regulations, 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 domestic independent commercial factoring companies.

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.

- 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.

(3) Historical Amounts

The Group had not entered into any factoring business transactions with Datang Factoring Company before the 2019 Factoring Business Cooperation Agreement was entered into between the Company and Datang Factoring Company on 20 September 2019. The table below sets out the annual caps for the three years ending 31 December 2021:

Unit: RMB in millions

	Annual caps for the year ended 31 December		
	2019	2020	2021
Factoring business	2,000	2,000	2,000

The table below sets out the historical amounts for the two years ended 31 December 2020 and the nine months ended 30 September 2021:

Unit: RMB in millions

	Actual transaction amounts for the year ended 31 December	Actual transaction amounts for the nine months ended 30 September	2021*
	2019	2020	
Factoring business	141	526	505

**Note:* The actual transaction amounts for the nine months ended 30 September 2021 are only based on internal statistical standard. The actual transaction amounts for 2021 are subject to the section of connected transactions under the chapter of the report of the Board published in 2021 annual report of the Company.

(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 2024:

Unit: RMB in millions

	For the year ending 31 December		
	2022	2023	2024
Factoring business	2,000	2,000	2,000

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 2022 to 2024 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 2022 to 2024;
- (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 2022 to 2024;
- (iv) the Group intends to carry out factoring business for the increase in account receivables of tariff premium for each year during 2022 to 2024, 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 2021 was RMB15,020 million, even if the increase in the account receivables of tariff premium for the period from 2022 to 2024 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 2021; 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 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) efficiently and conveniently obtaining financing support and financing services with the comprehensive rates equal to or lower than that in the market by making good use of the resources and business advantages of Datang Factoring Company, so as to lower the Group's overall funding costs and promote the Group's business development; and (iii) conducive to enhancing the Group's bargaining power in carrying out factoring business of the same type with other commercial factoring companies.

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

(6) Listing Rules Implications

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

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

In addition, as the highest applicable percentage ratio in respect of the transactions contemplated under the Factoring Business Cooperation Agreement and its proposed annual caps is more than 5% but is less than 25%, such transactions constitute discloseable transactions of the Company and are subject to the announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

(7) Internal Control Procedures and Corporate Governance Measures

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

- (i) According to the requirements of management system of the connected transactions of the Company, the finance 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;
- (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 its Shareholders as a whole; and
- (v) The auditors of the Company will also conduct annual audits on the pricing and annual caps of such transactions.

(8) Opinion of the Board

Having considered the abovementioned pricing policies, basis for determination of proposed annual caps and reasons for and benefits of the entering into 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 and usual 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. Liu Jianlong, Mr. Li Yi and Mr. Kuang Lelin, all being 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.

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

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

(10) General Information

Information on the Company

Please refer to page 18 of this announcement for details of the information on the Company.

Information on CDC

Please refer to page 18 of this announcement for details of the information on the CDC.

“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 its ultimate beneficial owner is the State-owned Assets Supervision and Administration Commission of the State Council of China, and a controlling shareholder of the Company
“CDC Group”	CDC and its associates, excluding the Group
“China” or “PRC”	the People’s Republic of China, excluding Hong Kong, the Macao Special Administrative Region and Taiwan for the purpose of this announcement
“Company”	China Datang Corporation Renewable Power Co., Limited* (中國大唐集團新能源股份有限公司), a joint stock limited company incorporated in the PRC and its H Shares are listed on the Stock Exchange (stock code: 01798)
“connected 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 7 December 2021
“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 2021 of the Company to be held at Building 1, No. 1 Caishikou Street, Xicheng District, Beijing, the PRC at 10:00 a.m. on Wednesday, 29 December 2021
“Factoring Business Cooperation Agreement”	the factoring business cooperation agreement entered into between the Company and Datang Factoring Company on 7 December 2021
“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 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 “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 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 relevant resolution 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
“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
“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

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

Beijing, the PRC, 7 December 2021

As at the date of this announcement, the executive directors of the Company are Mr. Liu Guangming and Mr. Meng Lingbin; the non-executive directors are Mr. Liu Jianlong, Mr. Li Yi and Mr. Kuang Lelin; and the independent non-executive directors are Mr. Liu Chaoan, Mr. Lo Mun Lam, Raymond and Mr. Yu Shunkun.

* *For identification purpose only*