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

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

DISCLOSEABLE TRANSACTIONS
AND
CONTINUING CONNECTED TRANSACTIONS
2020 FACTORING BUSINESS COOPERATION AGREEMENT

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

TRINITY
Trinity Corporate Finance Limited

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular. A letter from the Board is set out on pages 3 to 9 of this circular. A letter from the Independent Board Committee is set out on pages 10 to 11 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 12 to 22 of this circular.

The Company will convene the AGM at 1616 Conference Room of Datang International Power Generation Co., Ltd., 9 Guangningbo Street, Xicheng District, Beijing, the People's Republic of China on 29 June 2020 (Monday) at 9:30 a.m.

The Supplemental notice convening the AGM has been despatched to the Shareholders on the date of this circular. Completion and return of the proxy form shall not preclude you from attending and voting in person at the AGM or at any adjourned meetings should you so wish.

5 June 2020

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DEFINITIONS

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

“2019 Factoring Business Cooperation Agreement”	the factoring business cooperation agreement entered into between the Company and Datang Factoring Company on 27 May 2019
“2020 Factoring Business Cooperation Agreement”	the factoring business cooperation agreement entered into between the Company and Datang Factoring Company on 21 May 2020
“AGM”	the 2019 annual general meeting of the Company to be held at 1616 Conference Room of the Company, 9 Guangningbo Street, Xicheng District, Beijing, the PRC on 29 June 2020 (Monday) at 9:30 a.m. for the Independent Shareholders to consider and, if thought fit, to approve, among others, the 2020 Factoring Business Cooperation Agreement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CDC”	China Datang Corporation Ltd., a wholly state-owned company established under the laws of the PRC and is the controlling shareholder of the Company. For details, please refer to the section headed “Information of the Relevant Parties” of this circular
“Company”	Datang International Power Generation Co., Ltd., a sino-foreign joint stock limited company incorporated in the PRC on 13 December 1994, whose H Shares are listed on the Stock Exchange and the London Stock Exchange and whose A Shares are listed on the Shanghai Stock Exchange. For details, please refer to the section headed “Information of the Relevant Parties” of this circular
“connected person”	has the meaning ascribed to it under the Listing Rules
“connected transaction”	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 established under the laws of the PRC and a subsidiary of CDC. For details, please refer to the section headed “Information of the Relevant Parties” of this circular

DEFINITIONS

“Director(s)”	the director(s) of the Company
"Group"	the Company and its subsidiaries
“Independent Board Committee”	an independent board committee comprising all independent non-executive Directors, namely Mr. Liu Jizhen, Mr. Luo Zhongwei, Mr. Liu Huangsong, Mr. Jiang Fuxiu and Mr. Niu Dongxiao, established to advise the Independent Shareholders in respect of the 2020 Factoring Business Cooperation Agreement and the transactions contemplated thereunder
“Independent Financial Adviser” or "Trinity Corporate Finance Limited"	Trinity Corporate Finance Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the 2020 Factoring Business Cooperation Agreement and the transactions contemplated thereunder
“Independent Shareholder(s)”	Shareholder(s) other than CDC and its associates, and who are not involved in or interested in the transactions contemplated under the 2020 Factoring Business Cooperation Agreement
“Latest Practicable Date”	4 June 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

LETTER FROM THE BOARD



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

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

(Stock Code: 00991)

Executive Directors:

Mr. Liang Yongpan

Non-executive Directors:

Mr. Chen Feihu (*Chairman*)

Mr. Wang Sen (*Vice Chairman*)

Mr. Qu Bo

Mr. Ying Xuejun

Mr. Zhu Shaowen

Mr. Cao Xin

Mr. Zhao Xianguo

Mr. Zhang Ping

Mr. Jin Shengxiang

Office address:

No.9 Guangningbo Street

Xicheng District

Beijing, 100033

the PRC

Principal place of business in

Hong Kong:

40/F, Sunlight Tower

248 Queen's Road East

Wanchai

Hong Kong

Independent non-executive Directors:

Mr. Liu Jizhen

Mr. Luo Zhongwei

Mr. Liu Huangsong

Mr. Jiang Fuxiu

Mr. Niu Dongxiao

5 June 2020

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTIONS
AND
CONTINUING CONNECTED TRANSACTIONS
2020 FACTORING BUSINESS COOPERATION AGREEMENT**

Reference is made to the announcement of the Company dated 21 May 2020 in relation to the 2020 Factoring Business Cooperation Agreement.

The purposes of this circular are to, among others, (i) provide you with details of the 2020 Factoring Business Cooperation Agreement; (ii) set out the recommendation of the Independent Board Committee in respect of the transactions under the 2020 Factoring Business Cooperation Agreement; and (iii) set out the

LETTER FROM THE BOARD

letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the transactions under the 2020 Factoring Business Cooperation Agreement.

2020 FACTORING BUSINESS COOPERATION AGREEMENT

Date

21 May 2020

Parties

- (i) The Company; and
- (ii) Datang Factoring Company, a subsidiary of CDC

Subject matter

Pursuant to the 2020 Factoring Business Cooperation Agreement, Datang Factoring Company shall provide factoring business support to the Company and its subsidiaries for an aggregate value of not exceeding RMB2 billion every 12 months for 36 months from the effective date of the 2020 Factoring Business Cooperation Agreement.

The parties may, during the term of the agreement, enter into specific factoring contracts in accordance with the terms of the 2020 Factoring Business Cooperation Agreement, and such specific factoring contracts shall be subject to the terms of the 2020 Factoring Business Cooperation Agreement.

Term of the agreement

A term of 36 months, commencing from the effective date of the 2020 Factoring Business Cooperation Agreement.

Major terms of the agreement

- (1) Subject to compliance with the policies and relevant laws and regulations of the PRC, Datang Factoring Company shall, in accordance with the business requirements of the Company, the supply of and demand for capital in the market as well as the structural features of factoring products, provide factoring business support (including but not limited to businesses such as account receivables factoring and reverse factoring) to the Company and its subsidiaries in respect of the key investment and construction projects in sectors such as thermal power, hydropower, wind power and recycling economy for an aggregate value of not exceeding RMB2 billion every 12 months.
- (2) Leveraging on its professional advantage in finance, Datang Factoring Company shall provide the Company with various consulting services in respect of the design of account receivables factoring products and the transactional arrangements, etc.

LETTER FROM THE BOARD

- (3) Datang Factoring Company shall, in accordance with the requirements of the Company and after comprehensively considering the factors such as relevant policies and laws and regulations of the PRC, the supply of and demand for capital in the market as well as the structural features of factoring products, provide the Company with the most favourable rates. The general rates shall be equivalent to or more favourable than those offered by other domestic commercial factoring companies.

Effective date of the agreement

Upon being duly signed by the parties and affixed with their respective company seals, the agreement shall become effective on the date of approval by the Independent Shareholders at the general meeting of the Company.

Pricing policy and internal control measures

Datang Factoring Company shall provide the Company with the most favourable rates according to the requirements of the Company and comprehensively considering 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. The general rates shall be equivalent to or more favourable than those offered by other domestic commercial factoring companies. 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 Company are met.

Prior to cooperation with Datang Factoring Company, the Company shall collect information about the terms and conditions of the relevant transactions and their respective interest rates from at least 2 other domestic commercial factoring companies that are independent of the Company and its connected persons, and compare them with the benchmark interest rates on term loans issued by the People's Bank of China. Provided that the Company is aware of that the general rates to be offered by Datang Factoring Company are higher than those offered by any other commercial factoring companies, Datang Factoring Company shall agree to adjust the general rates accordingly after arm's length negotiation with the Company, to ensure that the Company is offered with the most favourable terms, the general rates of the relevant transactions shall be equivalent to or more favourable than those offered by the other domestic commercial factoring companies, and strive for the maximization of the Company's overall interests.

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 2020 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.

The independent non-executive Directors of the Company will conduct an annual review with respect to the continuing connected transactions of the Company throughout the preceding financial year and confirm on the transactional amounts and terms of the continuing connected transactions in the annual report

LETTER FROM THE BOARD

of the Company pursuant to the requirements under the Listing Rules, and to ensure that those transactions have been entered into on normal commercial terms, are fair and reasonable, and are carried out pursuant to the terms of the relevant agreements governing the continuing connected transactions.

The external auditors of the Company will report by issuing a letter to the Board every year on the continuing connected transactions of the Company in relation to the pricing policies and annual caps of the continuing connected transactions (including the transactions contemplated under the 2020 Factoring Business Cooperation Agreement) of the Company conducted during the preceding financial year pursuant to the Listing Rules.

Historical amount

From 27 May 2019 to the Latest Practicable Date, Datang Factoring Company provided RMB526 million (current annual cap: RMB2 billion) to the Company and its subsidiaries in aggregate for factoring business. Prior to the 2020 Factoring Business Cooperation Agreement coming into force, the amount of the factoring business to be provided by Datang Factoring Company to the Company and its subsidiaries in aggregate would not exceed the current annual cap (e.g. RMB2 billion).

Annual caps

The Company expects that the annual caps of the proposed transactions under the 2020 Factoring Business Cooperation Agreement are as follows:

	From the effective date of the agreement to 31 December 2020	From 1 January 2021 to 31 December 2021	From 1 January 2022 to 31 December 2022	From 1 January 2023 to the date of expiration of the agreement
Annual caps under the 2020 Factoring Business Cooperation Agreement	RMB1.2 billion	RMB2 billion	RMB2 billion	RMB0.8 billion

The above proposed annual caps are determined with reference to the following factors: (i) it is anticipated that the total account receivables and account payables of the Company will exceed RMB30 billion every year for the period between 2020 to 2023; (ii) the term of factoring business is relatively short, and if a single business is rolled over for many times, the volume of business during the year will be multiplied; (iii) by virtue of the cooperative experience under the 2019 Factoring Business Cooperation Agreement, Datang Factoring Company further understands the relevant operation and needs of the Company, and will offer more suitable factoring products for the Company at the most favourable rates to the Company during the future cooperation, leading to a further increased utilisation rate of annual caps of the transactions; and (iv) the growth of the scale of the Company's business.

LETTER FROM THE BOARD

In view of the foregoing factors and considering that the amount of account receivables and account payables of the Company for every financial year may be rising, the Board is of the opinion that, the proposed annual caps to be maintained at the previous annual caps level and reserved a certain space as compared to the historical amount are fair and reasonable.

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2020 FACTORING BUSINESS COOPERATION AGREEMENT

The relevant arrangements under the 2020 Factoring Business Cooperation Agreement are beneficial to the Company and its subsidiaries to further expand financing channels, increase funding sources, and improve the overall level and efficiency of corporate capital operation; the Company will obtain factoring financial support and related factoring financing services at or below the market rates, which will help further reduce the Company's overall financing costs. Meanwhile, as the internal financial institution of CDC, Datang Factoring Company has a deeper understanding on the operation of the Company, which helps to provide more convenient, efficient and personalized factoring business services than other financial institutions.

The Directors (including the independent non-executive Directors) are of the view that the relevant terms of the 2020 Factoring Business Cooperation Agreement are fair and reasonable, such agreement has been entered into after arm's length negotiations and determined on normal commercial terms and in the ordinary and usual course of business of the Company, and such agreement is in the interests of the Company and the Shareholders as a whole.

APPROVAL OF THE BOARD

The eighth meeting of the tenth session of the Board has considered and approved the "Resolution on Entering into the Factoring Business Cooperation Agreement with Datang Commercial Factoring Company Limited", details of which were set out in the overseas regulatory announcement of the Company dated 30 March 2020.

None of the Directors has any material interest in the 2020 Factoring Business Cooperation Agreement. Those connected Directors, including Chen Feihu and Wang Sen, have abstained from voting on the relevant resolution in accordance with the requirements of the listing rules of the Shanghai Stock Exchange.

INFORMATION OF THE RELEVANT PARTIES

1. The Company was established in December 1994 and is principally engaged in the construction and operation of power plants, the sale of electricity and thermal power, the repair and maintenance of power equipment and power related technical services. The main service areas of the Company are in the PRC.
2. CDC was established on 9 March 2003 with registered capital of RMB37.0 billion. It is principally engaged in the development, investment, construction, operation and management of power energy, organisation of power (thermal) production and sales; manufacturing, repair and maintenance of power equipment; power technology development and consultation; power

LETTER FROM THE BOARD

engineering, contracting and consultation of environmental power engineering; development of new energy as well as the export and import of various commodities and technologies for itself or as agent.

3. Datang Factoring Company is an indirect wholly-owned subsidiary of CDC and has a registered capital of approximately RMB200 million. Datang Factoring Company was established in April 2018 and is principally engaged in the provision of trade financing by way of acquisition of accounts receivable, the settlement, management and collection of account receivables, the management of sales ledgers, the investigation and evaluation of customers' credit standing and the related consulting services.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, CDC, the controlling shareholder of the Company, together with its subsidiaries hold approximately 53.09% of the issued share capital of the Company. Since Datang Factoring Company is a subsidiary of CDC, Datang Factoring Company is a connected person of the Company. Accordingly, the 2020 Factoring Business Cooperation Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company.

Since the highest of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the 2020 Factoring Business Cooperation Agreement is more than 5%, the 2020 Factoring Business Cooperation Agreement and the transactions contemplated thereunder are subject to the requirements of reporting, announcement, annual review and Independent Shareholders' approval under Chapter 14A of the Listing Rules.

Since the highest of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the 2020 Factoring Business Cooperation Agreement is more than 5% but less than 25%, the 2020 Factoring Business Cooperation Agreement and the transactions contemplated thereunder constitute discloseable transactions under Chapter 14 of the Listing Rules and are subject to the reporting and announcement requirements, but are exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

AGM AND CONNECTED PERSONS WHO ARE REQUIRED TO ABSTAIN FROM VOTING ON THE RESOLUTION

The Company will convene the AGM to consider and approve, among others, transactions under the 2020 Factoring Business Cooperation Agreement. The supplemental notice convening the AGM has been despatched to the Shareholders on the date of this circular.

Pursuant to Rule 14A.36 of the Listing Rules, any Shareholder with a material interest in the transaction and its associates will abstain from voting at the AGM to be held by the Company to, including but not limited to, consider and approve the 2020 Factoring Business Cooperation Agreement and the transactions contemplated thereunder. Therefore, CDC and its associates, which hold 9,825,068,940 Shares of the Company (accounting for approximately 53.09% of the issued share capital of the Company) as at the Latest Practicable Date, shall abstain from voting at the AGM to consider and approve the 2020 Factoring Business Cooperation Agreement and the transactions contemplated thereunder.

LETTER FROM THE BOARD

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, apart from CDC and its associates, no other Shareholders have material interest in the transactions under the 2020 Factoring Business Cooperation Agreement and shall abstain from voting at the resolution in relation to the approval of the transactions under the 2020 Factoring Business Cooperation Agreement at the AGM.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee as set out on pages 10 to 11 of this circular which contains its recommendation to the Independent Shareholders on the terms of the transactions under the 2020 Factoring Business Cooperation Agreement. Your attention is also drawn to the letter of advice received from Trinity Corporate Finance Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders as set out on pages 12 to 22 of this circular which contains, among others, its advice to the Independent Board Committee and the Independent Shareholders in relation to the terms of the transactions under the 2020 Factoring Business Cooperation Agreement, the casting of votes for or against the resolution approving the transactions under the 2020 Factoring Business Cooperation Agreement as well as the principal factors and reasons considered by it in concluding its advice.

The Directors (including the independent non-executive Directors) are of the view that the terms of the transactions under the 2020 Factoring Business Cooperation Agreement are fair and reasonable, such agreement has been entered into after arm's-length negotiation between all parties thereto and determined on normal commercial terms and in the ordinary course of business, and such agreement is in the interests of the Company and its Shareholders as a whole. And the Directors recommend the Shareholders to vote in favour of the resolution at the AGM.

ADDITIONAL INFORMATION

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

Yours faithfully,
By order of the Board of
Datang International Power Generation Co., Ltd.
Jiang Jinming
Company Secretary

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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

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

(Stock Code: 00991)

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

5 June 2020

To the Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTIONS
AND
CONTINUING CONNECTED TRANSACTIONS**

We refer to the circular issued by the Company to the Shareholders dated 5 June 2020 (the “Circular”) of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context otherwise requires.

Under the Listing Rules, the transactions under the 2020 Factoring Business Cooperation Agreement constitute continuing connected transactions of the Company.

We have been appointed as the Independent Board Committee to consider the terms of the transactions under the 2020 Factoring Business Cooperation Agreement and to advise the Independent Shareholders in connection with transactions under the 2020 Factoring Business Cooperation Agreement as to whether, in our opinion, the terms of the transactions under the 2020 Factoring Business Cooperation Agreement are fair and reasonable and whether the entering into of the transactions under the 2020 Factoring Business Cooperation Agreement is in the interests of the Company and the Shareholders as a whole. Trinity Corporate Finance Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

We wish to draw your attention to the letter from the Board and the letter from Trinity Corporate Finance Limited as set out in this circular. Having considered the principal factors and reasons considered by, and the advice of Trinity Corporate Finance Limited as set out in its letter of advice, we consider that the entering into of the transactions under the 2020 Factoring Business Cooperation Agreement is on normal commercial terms. We also consider that the terms of the transactions under the 2020 Factoring Business

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Cooperation Agreement are fair and reasonable so far as the Shareholders are concerned and that the entering into of the transactions under the 2020 Factoring Business Cooperation Agreement is in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to approve the transactions under the 2020 Factoring Business Cooperation Agreement at the AGM.

Yours faithfully,

For and on behalf of the Independent Board Committee

Datang International Power Generation Co., Ltd.

Liu Jizhen, Luo Zhongwei, Liu Huangsong,

Jiang Fuxiu and Niu Dongxiao

Independent non-executive Directors

LETTER FROM TRINITY CORPORATE FINANCE LIMITED

The following is the full text of letter from Trinity Corporate Finance Limited, the independent financial adviser, to the Independent Board Committee and Independent Shareholders in respect of the transactions under the 2020 Factoring Business Cooperation Agreement, which has been prepared for the purpose of inclusion in this circular.

TRINITY

Trinity Corporate Finance Limited

Suite 7B, 7th Floor,
Two Chinachem Plaza,
68 Connaught Road Central,
Hong Kong.

5 June 2020

*To the Independent Board Committee and the Independent Shareholders of
Datang International Power Generation Co., Ltd.*

Dear Sirs,

DISCLOSEABLE TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS 2020 FACTORING BUSINESS COOPERATION AGREEMENT

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the 2020 Factoring Business Cooperation Agreement, details of which are set out in the Letter from the Board (the “**Letter from the Board**”) in the Company’s circular dated 5 June 2020 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

The 2019 Factoring Business Cooperation Agreement has expired on 26 May 2020. To further strengthen the cooperation and diversify financing sources, the parties intend to continue to enter into transactions of a similar nature from time to time after 26 May 2020. Accordingly, on 21 May 2020, the Company entered into the 2020 Factoring Business Cooperation Agreement with Datang Factoring Company, pursuant to which, Datang Factoring Company shall provide factoring business support to the Company and its subsidiaries for an aggregate value of not exceeding RMB2 billion every 12 months for 36 months from the effective date of the 2020 Factoring Business Cooperation Agreement.

As at the Latest Practicable Date, CDC is the controlling shareholder of the Company, which together with its subsidiaries, holds approximately 53.09% of the issued share capital of the Company. Since Datang Factoring Company is a subsidiary of CDC, Datang Factoring Company is a connected person of the Company and the 2020 Factoring Business Cooperation Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company.

LETTER FROM TRINITY CORPORATE FINANCE LIMITED

Since the highest of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the 2020 Factoring Business Cooperation Agreement is more than 5%, the 2020 Factoring Business Cooperation Agreement and the transactions contemplated thereunder are subject to the requirements of reporting, announcement, annual review and Independent Shareholders' approval under Chapter 14A of the Listing Rules.

Since the highest of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the 2020 Factoring Business Cooperation Agreement is more than 5% but less than 25%, the 2020 Factoring Business Cooperation Agreement and the transactions contemplated thereunder constitute discloseable transactions under Chapter 14 of the Listing Rules and are subject to the reporting and announcement requirements, but are exempt from the Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.36 of the Listing Rules, any Shareholder with a material interest in the transaction and its associates will abstain from voting at the general meeting to be held by the Company to, including but not limited to, consider and approve the 2020 Factoring Business Cooperation Agreement and the transactions contemplated thereunder. Therefore, CDC and its associates, which hold 9,825,068,940 Shares of the Company (accounting for approximately 53.09% of the issued share capital of the Company) as at the Latest Practicable Date, shall abstain from voting at the general meeting to consider and approve the 2020 Factoring Business Cooperation Agreement and the transactions contemplated thereunder.

An Independent Board Committee comprising all the independent non-executive Directors (namely, Mr. Liu Jizhen, Mr. Luo Zhongwei, Mr. Liu Huangsong, Mr. Jiang Fuxiu and Mr. Niu Dongxiao) has been formed to advise the Independent Shareholders on the 2020 Factoring Business Cooperation Agreement and the transactions contemplated thereunder. We have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

As at the Latest Practicable Date, Trinity Corporate Finance Limited did not have any relationships or interests with the Company or any other parties that could reasonably be regarded as relevant to the independence of Trinity Corporate Finance Limited. In the last two years, Trinity Corporate Finance Limited has acted as an independent financial adviser to the then independent board committee and independent shareholders of the Company in relation to continuing connected transactions of the Leasing and Factoring Business Cooperation Agreement (details of which were set out in the circular of the Company dated 31 July 2018), the Comprehensive Product and Service Framework Agreement (details of which were set out in the circular of the Company dated 11 March 2019) and the 2019 Financial Business Cooperation Agreement (details of which were set out in the circular of the Company dated 18 October 2019). Apart from normal professional fees paid to us in connection with such appointments, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other party to the transactions, therefore we consider such relationship would not affect our independence.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the accuracy of the statements, information, opinions and representations contained or referred to in the Circular and the information and representations provided to us by the Company, the Directors and the management of the Company. We have no reason to believe that any information and

LETTER FROM TRINITY CORPORATE FINANCE LIMITED

representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have assumed that all information, representations and opinions contained or referred to in the Circular, which have been provided by the Company, the Directors and the management of the Company and for which they are solely and wholly responsible, were true and accurate at the time when they were made and continue to be true as at the Latest Practicable Date and should there be any material changes to our opinion after the despatch of the Circular and up to the date of the AGM, Shareholders would be notified as soon as practicable.

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

We have not conducted any independent in-depth investigation into the business and affairs of the Group or any parties involved in the transactions contemplated under the 2020 Factoring Business Cooperation Agreement.

This letter is issued to the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the 2020 Factoring Business Cooperation Agreement and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes other than our role as the Independent Financial Adviser, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion regarding the 2020 Factoring Business Cooperation Agreement, we have taken into account the following principal factors and reasons:

A. Background of the Company and Relevant Parties

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

Datang Factoring Company is an indirect wholly-owned subsidiary of CDC and has a registered capital of approximately RMB200 million. Datang Factoring Company was established in April 2018 and is principally engaged in the provision of trade financing by way of acquisition of accounts receivable, the settlement, management and collection of account receivables, the management of sales ledgers, the investigation and evaluation of customers' credit standing and the related consulting services.

CDC was established on 9 March 2003 with registered capital of RMB37.0 billion. It is principally engaged in the development, investment, construction, operation and management of power energy, organisation of power (thermal) production and sales; manufacturing, repair and maintenance of power

LETTER FROM TRINITY CORPORATE FINANCE LIMITED

equipment; power technology development and consultation; power engineering, contracting and consultation of environmental power engineering; development of new energy as well as the export and import of various commodities and technologies for itself or as agent.

B. Financial Performance of the Company

The following table is a summary of the consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position of the Group for the three years ended 31 December 2017, 2018 and 2019 respectively, as extracted from the annual reports of the Company.

(In millions of RMB)	For the year ended/as at 31 December 2017 (Audited) (Restated)	For the year ended/as at 31 December 2018 (Audited)	For the year ended/as at 31 December 2019 (Audited)
Operating revenue	84,185	93,390	95,453
Profit before tax	2,858	4,166	4,619
Profit for the year	2,181	2,788	2,897
Profit for the year attributable to owners of the Company	1,495	1,232	391
Total assets	279,123	288,250	282,415
Total liabilities	207,044	217,760	200,386
Equity attributable to owners of the Company	52,247	45,475	42,191
Trade receivables (less provision of impairment)	11,757	12,722	14,785
Trade payables	23,225	20,387	17,672

During the year ended 31 December 2019, the power generation of the Company accumulated to approximately 265.290 billion kWh, representing a year-on-year decrease of approximately 1.64%; the on-grid power generation of the Company accumulated to approximately 250.537 billion kWh, representing a year-on-year decrease of approximately 1.60%.

As of 31 December 2019, the total consolidated assets of the Company amounted to approximately RMB282,415 million, representing a year-on-year decrease of RMB5,835 million; the total consolidated liabilities of the Company amounted to approximately RMB200,386 million, representing a year-on-year decrease of RMB17,374 million.

During the year ended 31 December 2019, finance costs of the Company amounted to approximately RMB7,215 million, representing a decrease of approximately RMB432 million or approximately 5.65% over the previous year. The decrease was primarily due to the narrowing of the scale of financing resulting in the reduced interest expense. During the same year, the Company reported a total profit before tax from continuing operations amounting to approximately RMB4,619 million, representing a year-on-year increase of approximately 10.87% compared with the previous year. Net profit attributable to holders of equity instruments of the Company amounted to approximately RMB986 million, while net profit attributable to

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holders of equity instruments of the Company for the year of 2018 amounted to approximately RMB1,232 million. The power generation segment of the Company realized a total profit before tax from continuing operations of approximately RMB5,262 million, representing a year-on-year increase of approximately RMB803 million.

As at 31 December 2019, the assets-to-liabilities ratio of the Company was approximately 70.95%. The net debt-to-equity ratio (i.e. (loans + short-term bonds + long-term bonds – cash and cash equivalents)/ total equity) was approximately 182.83%.

As at 31 December 2019, cash and cash equivalents of the Company amounted to approximately RMB8,136 million, among which deposits that were equivalent to approximately RMB94 million were foreign currency deposits. The Company had no entrusted deposits and overdue fixed deposits during the year.

As at 31 December 2019, short-term loans of the Company amounted to approximately RMB34,855 million, bearing annual interest rates ranging from 3.05% to 7%. Long-term loans (excluding those repayable within one year) amounted to approximately RMB99,491 million and long-term loans repayable within one year amounted to approximately RMB14,331 million. Long-term loans (including those repayable within one year) were at annual interest rates ranging from 1.20% to 6.8%. The Company paid close attention to foreign exchange market fluctuations and cautiously assessed risks.

In addition, we note from the above table that the aggregate of trade receivables (less provision of impairment) and trade payables amounted to approximately RMB34,982 million, RMB33,109 million and RMB32,457 million as at 31 December 2017, 2018 and 2019 respectively. Historically, such aggregated amounts of trade receivables and trade payables of the Company had all exceeded RMB30 billion for each of the last three financial years.

C. Principal Terms of the 2020 Factoring Business Cooperation Agreement

As mentioned in the Letter from the Board, on 21 May 2020, the Company entered into the 2020 Factoring Business Cooperation Agreement with Datang Factoring Company.

(1) Subject matter:

Pursuant to the 2020 Factoring Business Cooperation Agreement, Datang Factoring Company shall provide factoring business support to the Company and its subsidiaries for an aggregate value of not exceeding RMB2 billion every 12 months for 36 months from the effective date of the 2020 Factoring Business Cooperation Agreement.

The parties may, during the term of the agreement, enter into specific factoring contracts in accordance with the terms of the 2020 Factoring Business Cooperation Agreement, and such specific factoring contracts shall be subject to the terms of the 2020 Factoring Business Cooperation Agreement.

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(2) *Term of the agreement:*

A term of 36 months, commencing from the effective date of the 2020 Factoring Business Cooperation Agreement.

(3) *Major terms of the agreement:*

- (i) Subject to compliance with the policies and relevant laws and regulations of the PRC, Datang Factoring Company shall, in accordance with the business requirements of the Company, the supply of and demand for capital in the market as well as the structural features of factoring products, provide factoring business support (including but not limited to businesses such as account receivables factoring and reverse factoring) to the Company and its subsidiaries in respect of the key investment and construction projects in sectors such as thermal power, hydropower, wind power and recycling economy for an aggregate value of not exceeding RMB2 billion every 12 months.
- (ii) Leveraging on its professional advantage in finance, Datang Factoring Company shall provide the Company with various consulting services in respect of the design of account receivables factoring products and the transactional arrangements, etc.
- (iii) Datang Factoring Company shall, in accordance with the requirements of the Company and after comprehensively considering the factors such as relevant policies and laws and regulations of the PRC, the supply of and demand for capital in the market as well as the structural features of factoring products, provide the Company with the most favourable rates. The general rates shall be equivalent to or more favourable than those offered by other domestic commercial factoring companies.

(4) *Effective date of the agreement:*

Upon being duly signed by the parties and affixed with their respective company seals, the agreement shall become effective on the date of approval by the Independent Shareholders at the general meeting of the Company.

(5) *Pricing policy and internal control measures:*

Datang Factoring Company shall provide the Company with the most favourable rates according to the requirements of the Company and comprehensively considering 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. The general rates shall be equivalent to or more favourable than those offered by other domestic commercial factoring companies. 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 Company are met.

Prior to cooperation with Datang Factoring Company, the Company shall collect information about the terms and conditions of the relevant transactions and their respective interest rates from at least 2 other domestic commercial factoring companies that are independent of the Company and its

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connected persons, and compare them with the benchmark interest rates on term loans issued by the People's Bank of China. Provided that the Company is aware of that the general rates to be offered by Datang Factoring Company are higher than those offered by any other commercial factoring companies, Datang Factoring Company shall agree to adjust the general rates accordingly after arm's length negotiation with the Company, to ensure that the Company is offered with the most favourable terms, the general rates of the relevant transactions shall be equivalent to or more favourable than those offered by the other domestic commercial factoring companies, and strive for the maximization of the Company's overall interests.

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 2020 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.

The independent non-executive Directors of the Company will conduct an annual review with respect to the continuing connected transactions of the Company throughout the preceding financial year and confirm on the transactional amounts and terms of the continuing connected transactions in the annual report of the Company pursuant to the requirements under the Listing Rules, and to ensure that those transactions have been entered into on normal commercial terms, are fair and reasonable, and are carried out pursuant to the terms of the relevant agreements governing the continuing connected transactions.

The external auditors of the Company will report by issuing a letter to the Board every year on the continuing connected transactions of the Company in relation to the pricing policies and annual caps of the continuing connected transactions (including the transactions contemplated under the 2020 Factoring Business Cooperation Agreement) of the Company conducted during the preceding financial year pursuant to the Listing Rules.

We have reviewed two samples of historical transactions entered into between the Group and Datang Factoring Company and conducted sample checks on the approval process of the historical transactions and note that the approved application forms (as appended to the factoring agreements), which contained information including the approved factoring transaction amount and the approved length of term of the factoring transaction, were properly counter-signed to confirm the approval by the respective units on the terms of the transactions and the approval of the terms. For such historical transactions, we are also given to understand from our discussion with the management that the Company has collected information from at least 2 other independent domestic commercial factoring companies to compare the terms and rates prior to cooperation with Datang Factoring Company. We consider that the sample size is sufficient in concluding our view that the above pricing policy was properly followed and that the terms of the transactions between the Company and Datang Factoring Company are fair and reasonable so far as the Company and the Independent Shareholders are concerned and are able to ensure that the Company will achieve terms which are on normal

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commercial terms or better. Also, based on the contents of the approved application forms reviewed by us which include the approvals of the transactions by the respective units, we consider the internal control measures were properly followed.

Also, we have reviewed the monthly list of transactions monitored by the Company under the 2019 Factoring Business Cooperation Agreement, which confirms that the finance management department of the Company has been closely monitoring the annual caps as well as the terms of the continuing connected transactions in accordance with the Company's pricing policy and internal control measures to ensure that they are no less favourable to the Company than terms available from an independent third party and the transaction amounts do not exceed the annual cap.

After considering the above factors, we are of the opinion that the continuing connected transactions are conducted on normal commercial terms or better and not prejudicial to the interests of the Company and the Independent Shareholders as a whole.

D. Historical Transaction Amount and Proposed Annual Caps

From 27 May 2019 to the Latest Practicable Date, Datang Factoring Company provided RMB526 million (current annual cap: RMB2 billion) to the Company and its subsidiaries in aggregate for factoring business. Prior to the 2020 Factoring Business Cooperation Agreement coming into force, the amount of the factoring business to be provided by Datang Factoring Company to the Company and its subsidiaries in aggregate would not exceed the current annual cap (e.g. RMB2 billion).

The Company expects that the annual caps of the proposed transactions under the 2020 Factoring Business Cooperation Agreement are as follows:

(In RMB)	From the effective date of the agreement to 31 December 2020	From 1 January 2021 to 31 December 2021	From 1 January 2022 to 31 December 2022	From 1 January 2023 to the date of expiration of the agreement
Proposed annual caps under the 2020 Factoring Business Cooperation Agreement	1.2 billion	2 billion	2 billion	0.8 billion

According to the Letter from the Board, the above proposed annual caps are determined with reference to the following factors: (i) it is anticipated that the total account receivables and account payables of the Company will exceed RMB30 billion every year for the period between 2020 to 2023; (ii) the term of factoring business is relatively short, and if a single business is rolled over for many times, the volume of business during the year will be multiplied; (iii) by virtue of the cooperative experience under the 2019 Factoring Business Cooperation Agreement, Datang Factoring Company further understands the relevant operation and needs of the Company, and will offer more suitable factoring products for the Company at the most favourable rates to the Company during the future cooperation, leading to a further increased utilisation rate of annual caps of the transactions; and (iv) the growth of the scale of the Company's business.

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In view of the foregoing factors and considering that the amount of account receivables and account payables of the Company for every financial year may be rising, the Board is of the opinion that, the proposed annual caps to be maintained at the previous annual caps level and reserved a certain space as compared to the historical amount are fair and reasonable.

We note that the historical transaction amount during the period from 27 May 2019 to 21 May 2020 has a utilisation rate of approximately 26.3%. Based on our discussion with the Company, we are given to understand that the historical transactions did not reach full utilization of the current annual cap was mainly due to the fact that other financing products available in the PRC market during the second half of 2019 offered more competitive terms than factoring products in general. We also note that the above period pursuant to the 2019 Factoring Business Cooperation Agreement was only the first year of cooperation between the Company and Datang Factoring Company, and the pricing policy only allows the Company to accept terms from Datang Factoring Company that are equivalent to or more favourable than those offered by other domestic commercial factoring companies that are independent of the Company and its connected persons, to ensure that it is fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole. The Company expects that, after the experience of cooperation between the Company and Datang Factoring Company pursuant to the 2019 Factoring Business Cooperation Agreement, the parties have obtained a good understanding of the related operations and requirements, leading to more suitable factoring products being offered by Datang Factoring Company to the Company in future at favourable rates as compared to independent third parties, and therefore it is expected that the Company will require more factoring services to be provided by Datang Factoring Company in future subject to the terms of the 2020 Factoring Business Cooperation Agreement.

As mentioned in the above section headed “B. Financial Performance of the Company”, we note that the aggregated amounts of trade receivables (less provision of impairment) and trade payables of the Company had all exceeded RMB30 billion for each of the last three financial years and accordingly, we consider the Company’s anticipation that the total account receivables and account payables will continue to exceed RMB30 billion every year for the period between 2020 to 2023 as stated above is therefore reasonable. This means that, as mentioned above, since it is expected that Datang Factoring Company can offer more suitable factoring products to the Company at favourable rates in the forthcoming years, there will be a large potential pool of account receivables and account payables which may benefit from the more attractive rates of the factoring products to be provided by Datang Factoring Company. Further, as discussed with the Company, we note that the term of the factoring business is usually 2-4 months, and may occasionally be as short as 1 month, subject to roll-over within a 12-month period, which will result in short-term factoring transactions. As the total factoring transaction amount to be aggregated annually in future may be higher due to the expected rise in the amount of accounts receivables and accounts payables considering the growth of the scale of the Company’s business as further explained below, we consider the proposed annual caps to be maintained at the previous annual caps level which reserved a certain space as compared to the historical amount are therefore fair and reasonable.

In addition, we have reviewed the annual report of the Company for the year ended 31 December 2019 and note that, in 2020, the Company will thoroughly implement its new development concept with determination. Focusing on its goal to promote high-quality development, the Company will accelerate the development of new energy, speed up the process of “Going Global” and expedite quality upgrade of existing assets with an aim to achieve major breakthrough in exploration of new energy and new breakthrough in overseas business, so as to ensure the fulfillment of the “13th Five-Year Plan” and develop

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itself into an outstanding listed company. Also, in 2020, the Company will coordinate and plan overall production and operation, and strengthen and optimise its power marketing system so as to improve its comprehensive competitiveness in the electricity market. The Company will also step up efforts in the development of fuel supply chain and market research and judgement work, so as to timely adjust inventory procurement and fully improve fuel management. The Company will carry out benchmarking for key indicators, explore new equity financing approaches and conduct in-depth study on preferential policies, with an aim to enhance cost control and strive for policy support.

Based on the reasons stated above which support that the Company's demand for factoring services and future transaction amounts may increase, it is therefore reasonable for the Company to set the proposed annual caps under the 2020 Factoring Business Cooperation Agreement similar to the annual cap of RMB2 billion under the 2019 Factoring Business Cooperation Agreement, in order to cater to the expected increase in the Company's demand for factoring services during the 36 months from the effective date of the 2020 Factoring Business Cooperation Agreement. Accordingly, we consider that it is fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole for the proposed annual caps to be set at the respective amounts above in view of the increasing needs for factoring services of the Group driven by the expected future growth in its business.

E. Reasons for and benefits of entering into the 2020 Factoring Business Cooperation Agreement

According to the Letter from the Board, the relevant arrangements under the 2020 Factoring Business Cooperation Agreement are beneficial to the Company and its subsidiaries to further expand financing channels, increase funding sources, and improve the overall level and efficiency of corporate capital operation; the Company will obtain factoring financial support and related factoring financing services at or below the market rates, which will help further reduce the Company's overall financing costs. Meanwhile, as the internal financial institution of CDC, Datang Factoring Company has a deeper understanding on the operation of the Company, which helps to provide more convenient, efficient and personalized factoring business services than other financial institutions.

The Directors (including the independent non-executive Directors) are of the view that the relevant terms of the 2020 Factoring Business Cooperation Agreement are fair and reasonable, such agreement has been entered into after arm's length negotiations and determined on normal commercial terms and in the ordinary and usual course of business of the Company, and such agreement is in the interests of the Company and the Shareholders as a whole.

We agree that the pricing policy and internal control measures as well as principles of transactions set out above will ensure that the terms and conditions for transactions under the 2020 Factoring Business Cooperation Agreement will be on normal commercial terms or better and hence will be in the interests of the Company and its Shareholders, including Independent Shareholders, as a whole.

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RECOMMENDATION

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

- (1) the principal businesses of the Company and Datang Factoring Company;
- (2) the pricing policy and internal control measures as well as the principles of transactions, which ensures that the pricing and other terms and conditions shall be on normal commercial terms or better and will be similar to or more favourable than that with an independent third party;
- (3) the historical transaction amount and underlying reasons for setting the proposed annual caps of the 2020 Factoring Business Cooperation Agreement; and
- (4) the reasons for and benefits to the Company by entering into the 2020 Factoring Business Cooperation Agreement;

we are of the opinion that the terms and the proposed annual caps of the 2020 Factoring Business Cooperation Agreement and the transactions contemplated thereunder are on normal commercial terms or better and are fair and reasonable so far as the Independent Shareholders are concerned, and the 2020 Factoring Business Cooperation Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group, and the entering into of the 2020 Factoring Business Cooperation Agreement and the transactions contemplated thereunder is in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we would advise the Independent Shareholders and the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolution to approve the 2020 Factoring Business Cooperation Agreement and the transactions contemplated thereunder at the AGM.

Yours faithfully,
For and on behalf of
Trinity Corporate Finance Limited
Joanne Pong
Responsible Officer

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

Interest of Directors, supervisors and chief executive of the Company

As at the Latest Practicable Date, save as disclosed below, to the best knowledge of the Directors, supervisors and chief executive of the Company, none of the Directors, supervisors or chief executive of the Company have any interest or short position in the shares, underlying shares and/or debentures (as the case may be) of the Company or any of its associated corporations (within the meaning of the SFO) which was required: (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Director, supervisor or chief executive is taken or deemed to have under such provisions of the SFO); (ii) to be entered into the register required to be kept by the Company under section 352 of the SFO; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules.

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

Note:

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

Interest of substantial shareholders of the Company

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

Name of Shareholder	Class of Shares	No. of Shares Held	Approximate Percentage to Total Issued Share Capital of the Company (%)	Approximate Percentage to Total Issued A Shares of the Company (%)	Approximate Percentage to Total Issued H Shares of the Company (%)
CDC (Note 1)	A shares	6,540,706,520	35.34	52.76	/
	A shares	8,738,600	0.05	0.07	/
	H shares	3,275,623,820 (L)	17.70 (L)	/	53.61 (L)
Tianjin Jinneng Investment Co., Ltd. (Note 2)	A shares	1,295,792,600	7.00	10.45	/
Hebei Construction & Investment Group Co., Ltd. (Note 3)	A shares	1,281,872,927	6.93	10.34	/
Beijing Energy Investment Holding Co., Ltd. (Note 4)	A shares	1,231,730,854	6.66	9.94	/

(L) = Long Position

Notes:

- (1) Mr. Chen Feihu, Mr. Wang Sen and Mr. Qu Bo, who are non-executive Directors, are employees of CDC.
- (2) Mr. Zhu Shaowen, a non-executive Director, is currently an employee of Tianjin Energy Investment Group Limited, the de facto controller of Tianjin Jinneng Investment Co., Ltd.
- (3) Mr. Cao Xin and Mr. Zhao Xiangguo, both non-executive Directors, are employees of Hebei Construction & Investment Group Co., Ltd.
- (4) Mr. Zhang Ping and Mr. Jin Shengxiang, both non-executive Directors, are employees of Beijing Energy Investment Holding Co., Ltd.

As at the Latest Practicable Date, save as disclosed above and to the best knowledge of the Directors, supervisors and chief executive of the Company, (i) no person had any interests or short positions in the shares or underlying shares of the Company which were required, pursuant to Section 336 of the SFO, to be entered into the register referred to therein, or holding 5% or above in the issued share capital of the Company which will be required to be notified to the Company; and (ii) none of the Directors, proposed Directors, supervisors, proposed supervisors, chief executive or proposed chief executive of the Company, being also a director or employee of a company, had any interest or short position in the Shares or underlying Shares, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. SERVICE AGREEMENTS

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

4. INTEREST IN ASSETS OR CONTRACT

- (a) As at the Latest Practicable Date, none of the Directors, proposed Directors, supervisors or proposed supervisors of the Company had any direct or indirect interest in any assets which had been, since 31 December 2019 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by, or leased to, any member of the Group, or were proposed to be acquired or disposed of by, or leased to, any member of the Group.
- (b) As at the Latest Practicable Date, none of the Directors or supervisors of the Company was materially interested in any contracts or arrangements entered into by any member of the Group, which were subsisting as at the Latest Practicable Date and which were significant in relation to the business of the Group.

5. MATERIAL CHANGES

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2019, being the date to which the latest published audited financial statements of the Group were made up, and including the Latest Practicable Date.

6. COMPETING INTEREST

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

7. EXPERT AND CONSENT

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

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

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

As at the Latest Practicable Date, the above expert:–

- (b) did not have any shareholding, direct or indirect, in any members of the Group or any rights (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any members of the Group;
- (c) did not have any interest, direct or indirect, in any assets which have been acquired or disposed of by or leased to any members of the Group, or which are proposed to be acquired or disposed of by or leased to any members of the Group since 31 December 2019, the date to which the latest published audited financial statements of the Company were made up; and
- (d) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they are included.

8. LITIGATION

No member of the Group is at present engaged in any litigation or arbitration of material importance to the Group and no litigation or claim of material importance to the Group is known to the Directors or the Company to be pending or threatened by or against any member of the Group.

9. MISCELLANEOUS

- (a) The registered office and office address of the Company is No. 9 Guangningbo Street, Xicheng District, Beijing, the PRC.
- (b) The principal place of business of the Company in Hong Kong is at 40/F, Sunlight Tower, 248 Queen's Road East, Wanchai, Hong Kong.
- (c) The Hong Kong share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at 46/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (d) The joint company secretaries of the Company are Mr. Jiang Jinming and Ms. Ko Mei Ying. Mr. Jiang is a senior accountant and Ms. Ko is an associate of the Hong Kong Institute of Chartered Secretaries, The Institute of Chartered Secretaries and Administrators (UK) and a Certified Practising Accountant of CPA Australia.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Company in Hong Kong at 40/F, Sunlight Tower, 248 Queen's Road East, Wanchai, Hong Kong during normal business hours for 14 days from the date of this circular:

- (a) the articles of association of the Company;
- (b) the letter of recommendation from the Independent Board Committee to the Independent Shareholders, the text of which is set out in this circular;
- (c) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out in this circular;
- (d) the 2020 Factoring Business Cooperation Agreement; and
- (e) this circular.