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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

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

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

**DISCLOSEABLE TRANSACTION**  
**AND**  
**CONTINUING CONNECTED TRANSACTION**  
**2023 FACTORING BUSINESS COOPERATION AGREEMENT**

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

**TRINITY**  
**Trinity Corporate Finance Limited**

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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 4 to 11 of this circular. A letter from the Independent Board Committee is set out on pages 12 to 13 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 14 to 24 of this circular.

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## DEFINITIONS

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

“2020 Factoring Business Cooperation Agreement”	the factoring business cooperation agreement entered into between the Company and Datang Factoring Company on 21 May 2020
“2023 Factoring Business Cooperation Agreement”	the factoring business cooperation agreement entered into between the Company and Datang Factoring Company on 21 February 2023
“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“CDC”	China Datang Corporation Ltd., a wholly state-owned company established under the laws of the PRC, whose ultimate beneficial owner is the State-owned Assets Supervision and Administration Commission of the State Council of the PRC, and is a controlling shareholder of the Company. Please refer to the section headed “INFORMATION OF THE RELEVANT PARTIES” of this circular for details
“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. Please refer to the section headed “INFORMATION OF THE RELEVANT PARTIES” of this circular for details
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“continuing connected transaction(s)”	has the same meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the same 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
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held to consider and, if thought fit, to approve, among others, the 2023 Factoring Business Cooperation Agreement

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## DEFINITIONS

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“Independent Board Committee”	the independent board committee of the Company, comprising all independent non-executive Directors, namely Mr. Niu Dongxiao, Mr. Zong Wenlong, Mr. Si Fengqi, Mr. Zhao Yi and Mr. Zhu Dahong, which has been formed to advise the Independent Shareholders on the terms of the 2023 Factoring Business Cooperation Agreement and the transactions to be contemplated thereunder
“Independent Financial Adviser” or “Trinity Corporate Finance Limited”	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, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the terms of the 2023 Factoring Business Cooperation Agreement and the transactions to be contemplated thereunder
“Independent Shareholders”	Shareholder(s) other than CDC and its associates as well as any other Shareholder who has a material interest in the transactions to be contemplated under the 2023 Factoring Business Cooperation Agreement
“Latest Practicable Date”	12 April 2023, 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
“Previous Transactions”	(i) the factoring business contemplated under the leasing and factoring business cooperation agreement entered into between the Company and Shanghai Datang Financial Lease Co., Ltd. on 16 December 2021, details of which were disclosed in the announcement of the Company dated 16 December 2021 and the circular dated 10 January 2022; and (ii) the factoring business contemplated under the financial business cooperation agreement entered into between the Company and Datang Finance Leasing Company Limited on 16 June 2022, details of which were disclosed in the announcement dated 16 June 2022 and the circular of the Company dated 28 July 2022
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

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## DEFINITIONS

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“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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LETTER FROM THE BOARD

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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)

*Executive Director:*

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

*Non-executive Directors:*

Mr. Ying Xuejun

Mr. Xiao Zheng

Mr. Li Jingfeng

Mr. Tian Dan

Mr. Zhu Shaowen

Mr. Cao Xin

Mr. Zhao Xianguo

Mr. Jin Shengxiang

Mr. Sun Yongxing

*Office address:*

No. 9 Guangningbo Street

Xicheng District

Beijing, 100033

the PRC

*Principal place of business in Hong Kong:*

40/F, Dah Sing Financial Centre

248 Queen's Road East

Wanchai

Hong Kong

*Independent non-executive Directors:*

Mr. Niu Dongxiao

Mr. Zong Wenlong

Mr. Si Fengqi

Mr. Zhao Yi

Mr. Zhu Dahong

19 April 2023

*To the Shareholders*

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION  
AND  
CONTINUING CONNECTED TRANSACTION  
2023 FACTORING BUSINESS COOPERATION AGREEMENT**

Reference is made to the announcement of the Company dated 21 February 2023 in relation to the 2023 Factoring Business Cooperation Agreement.

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## LETTER FROM THE BOARD

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The purposes of this circular are to, among others, (i) provide you with details of the 2023 Factoring Business Cooperation Agreement and the transactions to be contemplated thereunder; (ii) set out the recommendation of the Independent Board Committee in respect of the 2023 Factoring Business Cooperation Agreement and the transactions to be contemplated thereunder and (iii) set out the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the 2023 Factoring Business Cooperation Agreement and the transactions to be contemplated thereunder.

### **2023 FACTORING BUSINESS COOPERATION AGREEMENT**

#### **Date**

21 February 2023

#### **Parties**

The Company; and

Datang Factoring Company, a subsidiary of CDC

#### **Subject Matter**

Pursuant to the 2023 Factoring Business Cooperation Agreement, Datang Factoring Company shall provide factoring business support to the Company and its subsidiaries for an aggregate amount of not exceeding RMB2 billion every 12 months, for a term of 36 months from the effective date of the 2023 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 2023 Factoring Business Cooperation Agreement, and such specific factoring contracts shall be subject to the terms of the 2023 Factoring Business Cooperation Agreement.

#### **Term of the Agreement**

A term of 36 months, commencing from the effective date of the 2023 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, and based on the business principles of Datang Factoring Company, 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 amount of not exceeding RMB2 billion every 12 months.

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## LETTER FROM THE BOARD

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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.
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.
4. The agreement shall only become effective when it is duly signed by the parties and affixed with their respective company seals and upon the approval by the Independent Shareholders at the general meeting of the Company. The effective date shall be the date of approval at the general meeting of the Company or 29 June 2023, whichever is later.

### **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 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. 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 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 to ensure that the Company is offered with the most favourable terms and 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.

### **Historical Transactions**

The historical transactions of factoring business between the Company and Datang Factoring Company under the 2020 Factoring Business Cooperation Agreement for the periods indicated below are as below:



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## LETTER FROM THE BOARD

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	From 29 June 2020 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 Latest Practicable Date
Historical transaction amount	RMB0.460 billion	RMB0.554 billion	RMB1.265 billion	RMB0.742 billion <i>(Note)</i>
Annual cap for such year	RMB1.2 billion	RMB2.0 billion	RMB2.0 billion	RMB0.8 billion <i>(Note)</i>

*Note:* The cap for transaction amount of factoring business between the Company and Datang Factoring Company under the 2020 Factoring Business Cooperation Agreement for the period from 1 January 2023 to 28 June 2023 is RMB0.8 billion. As at the Latest Practicable Date, the actual transaction amount was RMB0.742 billion, which is close to the cap. However, the Company confirms that, prior to the 2023 Factoring Business Cooperation Agreement coming into force, the amount of factoring business provided by Datang Factoring Company to the Company and its subsidiaries in aggregate would not exceed the cap.

### Annual Caps

The Company expects that the annual caps of the proposed transactions under the 2023 Factoring Business Cooperation Agreement are as follows:

	From the effective date of the agreement to 31 December 2023	From 1 January 2024 to 31 December 2024	From 1 January 2025 to 31 December 2025	From 1 January 2026 to the date of expiration of the agreement
Factoring business	RMB1 billion	RMB2 billion	RMB2 billion	RMB1 billion

The above proposed annual caps are mainly determined with reference to the following factors: after comprehensively considering existing business and future business growth scale of the Company and other factors, (i) it is anticipated that the total amount of account receivables and account payables of the Company every year for the period between 2023 to 2026 will be approximately RMB50 billion; (ii) the financing term of factoring business is relatively short, which can meet the short-term working capital demand.

The Directors (including the independent non-executive Directors) consider that the above proposed annual caps are fair and reasonable so far as the Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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### **REASONS FOR AND BENEFITS OF ENTERING INTO THE 2023 FACTORING BUSINESS COOPERATION AGREEMENT**

The relevant arrangements under the 2023 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, as well as efficiently and conveniently obtain low-cost financing by making good use of the resources and business advantages of Datang Factoring Company, so as to promote the Company's business development.

The Directors (including the independent non-executive Directors) are of the view that the relevant terms of the 2023 Factoring Business Cooperation Agreement are fair and reasonable, such agreement has been entered into on normal commercial terms and in the ordinary and usual course of business of the Company after arm's length negotiations, and such agreement is in the interests of the Company and the Shareholders as a whole.

### **INTERNAL CONTROL**

#### **Internal Control Policy to Monitor Annual Caps**

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 2023 Factoring Business Cooperation Agreement by building up management accounts for continuing connected transactions and designating personnel 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.

#### **Re-complying with the Listing Rules in respect of Revision of Annual Caps**

If it is anticipated that any of the annual caps under the 2023 Factoring Business Cooperation Agreement will be exceeded during the term of the 2023 Factoring Business Cooperation Agreement, the Company will re-comply with the applicable compliance obligations at applicable percentage ratios under Chapter 14A of the Listing Rules based on revised annual caps under the 2023 Factoring Business Cooperation Agreement.

#### **Annual Review of Continuing Connected Transactions by External Auditors**

The external auditors of the Company will issue a letter to the Board regarding the continuing connected transactions of the Company annually pursuant to the Listing Rules, reporting the Company's pricing policies and annual caps of continuing connected transactions conducted during the previous financial year (including the transactions to be contemplated under the 2023 Factoring Business Cooperation Agreement).

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## LETTER FROM THE BOARD

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### **Annual Review of Continuing Connected Transactions by Independent Non-executive Directors**

The independent non-executive Directors of the Company will conduct an annual review on the continuing connected transactions conducted by the Company during the entire previous financial year in accordance with the requirements of the Listing Rules, and confirm the transaction amount and terms of the continuing connected transactions in the Company's annual report, and make sure that these transactions are entered into on normal commercial terms, are fair and reasonable, and are conducted in accordance with the relevant terms of the agreement governing continuing connected transactions.

### **APPROVAL OF THE BOARD**

The ninth meeting of the eleventh 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 21 February 2023.

None of the Directors has any material interest in the 2023 Factoring Business Cooperation Agreement. Mr. Ying Xuejun, Mr. Li Jingfeng and Mr. Tian Dan, the connected Directors, have abstained from voting on the relevant resolution in accordance with the requirements of the listing rules of the Shanghai Stock Exchange.

### **INFORMATION OF THE RELEVANT PARTIES**

1. The Company was established in December 1994 and is principally engaged in the construction and operation of power plants, the sale of electricity and thermal power, the repair and maintenance of power equipment 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 billion. It is principally engaged in the development, investment, construction, operation and management of power energy, organisation of power (thermal) production and sales; manufacturing, repair and maintenance of power equipment; power technology development and consultation; power engineering, contracting and consultation of environmental power engineering; development of new energy as well as the export and import of various commodities and technologies for itself or as agent.
3. Datang Factoring Company is an indirect wholly-owned subsidiary of CDC and has a registered capital of approximately RMB1 billion. 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 clients' credit standing and the related consulting services.

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## LETTER FROM THE BOARD

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### LISTING RULES IMPLICATIONS

As at the date of 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 2023 Factoring Business Cooperation Agreement and the transactions to be contemplated thereunder constitute continuing connected transactions of the Company.

Pursuant to Rules 14.22 and 14A.81 of the Listing Rules, the transactions to be contemplated under the 2023 Factoring Business Cooperation Agreement should be aggregated with the Previous Transactions and treated as if they were one transaction.

Since the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the transactions to be contemplated under the 2023 Factoring Business Cooperation Agreement, when aggregated with the Previous Transactions, is more than 5%, the 2023 Factoring Business Cooperation Agreement and the transactions to be 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 applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the transactions to be contemplated under the 2023 Factoring Business Cooperation Agreement, when aggregated with the Previous Transactions, is more than 5% but less than 25%, the 2023 Factoring Business Cooperation Agreement and the transactions to be 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.

### EGM

The Company will convene the EGM to consider and approve, among others, the 2023 Factoring Business Cooperation Agreement and the transactions to be contemplated thereunder.

Pursuant to Rule 14A.36 of the Listing Rules, any Shareholder with a material interest in the transactions and its associates will abstain from voting at the EGM to be held by the Company for (among others) considering and approving the 2023 Factoring Business Cooperation Agreement and the transactions to be contemplated thereunder. Therefore, CDC and its associates, which hold 9,825,068,940 shares of the Company as at the Latest Practicable Date, representing approximately 53.09% of the issued share capital of the Company, shall abstain from voting at the EGM for approving the 2023 Factoring Business Cooperation Agreement and the transactions to be contemplated thereunder.

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 2023 Factoring Business Cooperation Agreement and the transactions to be contemplated thereunder and shall abstain from voting at the resolution(s) in relation to the approval of the 2023 Factoring Business Cooperation Agreement and the transactions to be contemplated thereunder at the EGM.

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## LETTER FROM THE BOARD

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### RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee as set out on pages 12 to 13 of this circular which contains its recommendation to the Independent Shareholders on the terms of the 2023 Factoring Business Cooperation Agreement and the transactions to be contemplated thereunder. Your attention is also drawn to the letter of advice received from Trinity Corporate Finance Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders as set out on pages 14 to 24 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 2023 Factoring Business Cooperation Agreement and the transactions to be contemplated thereunder, the casting of votes for or against the resolution(s) approving the 2023 Factoring Business Cooperation Agreement and the transactions to be contemplated thereunder 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 relevant terms of the 2023 Factoring Business Cooperation Agreement are fair and reasonable, have been entered into after arm's length negotiation between all parties thereto, are on normal commercial terms and in the ordinary and usual course of business of the Company, and are in the interests of the Company and its Shareholders as a whole, and they recommend the Shareholders to vote in favour of the resolution(s) at the EGM.

### ADDITIONAL INFORMATION

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

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

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**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

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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)**

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

19 April 2023

*To the Independent Shareholders*

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION**  
**AND**  
**CONTINUING CONNECTED TRANSACTION**  
**2023 FACTORING BUSINESS COOPERATION AGREEMENT**

We refer to the circular issued by the Company to the Shareholders dated 19 April 2023 (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 2023 Factoring Business Cooperation Agreement and the transactions to be contemplated thereunder constitute continuing connected transactions of the Company.

We have been appointed as the Independent Board Committee to consider the terms of the transactions to be contemplated under the 2023 Factoring Business Cooperation Agreement and its proposed annual caps and to advise the Independent Shareholders based on our opinion regarding the transactions to be contemplated under the 2023 Factoring Business Cooperation Agreement and its proposed annual caps on whether the transactions to be contemplated under the 2023 Factoring Business Cooperation Agreement and its proposed annual caps are conducted on normal commercial terms and in the ordinary and usual course of business of the Company, and are fair and reasonable and 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 are of the view that the transactions to be contemplated under the 2023 Factoring Business Cooperation Agreement and its proposed

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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annual caps are conducted on normal commercial terms and in the ordinary and usual course of business of the Company, and are fair and reasonable and 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 2023 Factoring Business Cooperation Agreement and the transactions to be contemplated thereunder at the EGM.

Yours faithfully,

For and on behalf of the Independent Board Committee

**Niu Dongxiao, Zong Wenlong,**

**Si Fengqi, Zhao Yi and Zhu Dahong**

*Independent non-executive Directors*

**Datang International Power Generation Co., Ltd.**

TRINITY

Trinity Corporate Finance Limited

Unit 102B, 1<sup>st</sup> Floor, Building 5W,  
Hong Kong Science Park,  
New Territories,  
Hong Kong.

19 April 2023

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

Dear Sirs,

**DISCLOSEABLE TRANSACTION  
AND  
CONTINUING CONNECTED TRANSACTION  
2023 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 2023 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 19 April 2023 (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 2020 Factoring Business Cooperation Agreement will expire on 28 June 2023. 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 28 June 2023. Accordingly, on 21 February 2023, the Company entered into the 2023 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 amount of not exceeding RMB2 billion every 12 months for 36 months from the effective date of the 2023 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 2023 Factoring Business Cooperation Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company.

Pursuant to Rules 14.22 and 14A.81 of the Listing Rules, the transactions contemplated under the 2023 Factoring Business Cooperation Agreement should be aggregated with the Previous Transactions and treated as if they were one transaction.



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## LETTER FROM TRINITY CORPORATE FINANCE LIMITED

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Since the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the 2023 Factoring Business Cooperation Agreement, when aggregated with the Previous Transactions, is more than 5%, the 2023 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 applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the 2023 Factoring Business Cooperation Agreement, when aggregated with the Previous Transactions, is more than 5% but less than 25%, the 2023 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.

The Company will convene the EGM to consider and approve, among others, the 2023 Factoring Business Cooperation Agreement and the transactions contemplated thereunder. Pursuant to Rule 14A.36 of the Listing Rules, any Shareholder with a material interest in the transactions and its associates will abstain from voting at the EGM to be held by the Company for (among others) considering and approving the 2023 Factoring Business Cooperation Agreement and the transactions contemplated thereunder. Therefore, CDC and its associates, which hold 9,825,068,940 shares of the Company as at the Latest Practicable Date, representing approximately 53.09% of the issued share capital of the Company, shall abstain from voting at the EGM for approving the 2023 Factoring Business Cooperation Agreement and the transactions contemplated thereunder. 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 2023 Factoring Business Cooperation Agreement and the transactions contemplated thereunder and shall abstain from voting at the resolution(s) in relation to the approval of the 2023 Factoring Business Cooperation Agreement and the transactions contemplated thereunder at the EGM.

The ninth meeting of the eleventh 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 21 February 2023. None of the Directors has any material interest in the 2023 Factoring Business Cooperation Agreement. Mr. Ying Xuejun, Mr. Li Jingfeng and Mr. Tian Dan, the connected Directors, have abstained from voting on the relevant resolution in accordance with the requirements of the listing rules of the Shanghai Stock Exchange.

An Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the 2023 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 regarding the continuing connected transactions in relation to 2021 comprehensive product and service framework agreement (details of which were set out in the circular of the

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## LETTER FROM TRINITY CORPORATE FINANCE LIMITED

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Company dated 3 December 2021), the discloseable transactions and the continuing connected transactions in relation to the 2021 leasing and factoring business cooperation agreement (details of which were set out in the circular of the Company dated 10 January 2022), the discloseable transactions and the continuing connected transactions in relation to the 2022 financial business cooperation agreement (details of which were set out in the circular of the Company dated 28 July 2022), and the continuing connected transactions in relation to the 2022 financial services agreement (details of which were set out in the circular of the Company dated 28 October 2022). Apart from normal professional fees paid or payable to us in connection with such appointments, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other party to the transactions, therefore we consider such relationship would not affect our independence.

### **BASIS OF OUR OPINION**

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

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

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 2023 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 2023 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 2023 Factoring Business Cooperation Agreement, we have taken into account the following principal factors and reasons:

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## LETTER FROM TRINITY CORPORATE FINANCE LIMITED

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### 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.

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

Datang Factoring Company is an indirect wholly-owned subsidiary of CDC and has a registered capital of approximately RMB1 billion. 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 clients' credit standing and the related consulting services.

### B. Financial Performance of the Company

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

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

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

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## LETTER FROM TRINITY CORPORATE FINANCE LIMITED

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the year of 2020 amounted to approximately RMB2,989 million. Power generation segment of the Company realized a total loss before tax from continuing operations of approximately RMB12,719 million, representing a year-on-year decrease of approximately RMB20,078 million.

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

As at 31 December 2021, the debt ratio of the Group was approximately 74.24%. The net debt-to-equity ratio (i.e. (loans + short-term financing bonds + long-term bonds – cash and cash equivalents)/ owner's equity) was approximately 207.30%. As at 31 December 2021, cash and cash equivalents of the Group amounted to approximately RMB11,258 million, among which deposits that were equivalent to approximately RMB108 million were foreign currency deposits. The Group had no entrusted deposits and overdue fixed deposits during the year. As at 31 December 2021, short-term loans of the Group amounted to approximately RMB39,277 million, bearing annual interest rates ranging from 1.38% to 5.20%. Long-term loans (excluding those repayable within one year) amounted to approximately RMB102,616 million and long-term loans repayable within one year amounted to approximately RMB11,770 million. Long-term loans (including those repayable within one year) were at annual interest rates ranging from 1.20% to 5.39%.

### **C. Principal Terms of the 2023 Factoring Business Cooperation Agreement**

As mentioned in the Letter from the Board, on 21 February 2023, the Company entered into the 2023 Factoring Business Cooperation Agreement with Datang Factoring Company.

#### **(1) Subject matter:**

Pursuant to the 2023 Factoring Business Cooperation Agreement, Datang Factoring Company shall provide factoring business support to the Company and its subsidiaries for an aggregate amount of not exceeding RMB2 billion every 12 months, for a term of 36 months from the effective date of the 2023 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 2023 Factoring Business Cooperation Agreement, and such specific factoring contracts shall be subject to the terms of the 2023 Factoring Business Cooperation Agreement.

#### **(2) Term of the agreement:**

A term of 36 months, commencing from the effective date of the 2023 Factoring Business Cooperation Agreement.

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## LETTER FROM TRINITY CORPORATE FINANCE LIMITED

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(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, and based on the business principles of Datang Factoring Company, 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 amount 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:*

The agreement shall only become effective when it is duly signed by the parties and affixed with their respective company seals and upon the approval by the Independent Shareholders at the general meeting of the Company. The effective date shall be the date of approval at the general meeting of the Company or 29 June 2023, whichever is later.

(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 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. 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 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 to ensure that the Company is offered with the most

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## LETTER FROM TRINITY CORPORATE FINANCE LIMITED

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favourable terms and 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 2023 Factoring Business Cooperation Agreement by building up management accounts for continuing connected transactions and designating personnel 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.

If it is anticipated that any of the annual caps under the 2023 Factoring Business Cooperation Agreement will be exceeded during the term of the 2023 Factoring Business Cooperation Agreement, the Company will re-comply with the applicable compliance obligations at applicable percentage ratios under Chapter 14A of the Listing Rules based on revised annual caps under the 2023 Factoring Business Cooperation Agreement.

The independent non-executive Directors of the Company will conduct an annual review on the continuing connected transactions conducted by the Company during the entire previous financial year in accordance with the requirements of the Listing Rules, and confirm the transaction amount and terms of the continuing connected transactions in the Company's annual report, and make sure that these transactions are entered into on normal commercial terms, are fair and reasonable, and are conducted in accordance with the relevant terms of the agreement governing the continuing connected transactions.

The external auditors of the Company will issue a letter to the Board regarding the continuing connected transactions of the Company annually pursuant to the Listing Rules, reporting the Company's pricing policies and annual caps of the continuing connected transactions conducted during the previous financial year (including the transactions contemplated under the 2023 Factoring Business Cooperation Agreement).

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. 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 commercial terms or better. Also,

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## LETTER FROM TRINITY CORPORATE FINANCE LIMITED

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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 2020 Factoring Business Cooperation Agreement for the year ended 31 December 2022, 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

The historical transactions of factoring business between the Company and Datang Factoring Company under the 2020 Factoring Business Cooperation Agreement for the periods indicated below are as follows:

(In RMB)	From 29 June 2020 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 Latest Practicable Date
Historical transaction amounts	0.460 billion	0.554 billion	1.265 billion	0.742 billion <i>(Note)</i>
Annual cap for such year/period	1.2 billion	2.0 billion	2.0 billion	0.8 billion <i>(Note)</i>
Approximate utilisation rate (%)	38.3%	27.7%	63.3%	92.8%

*Note:* The cap for transaction amount of factoring business between the Company and Datang Factoring Company under the 2020 Factoring Business Cooperation Agreement for the period from 1 January 2023 to 28 June 2023 is RMB0.8 billion. As at the Latest Practicable Date, the actual transaction amount was RMB0.742 billion, which is close to the cap. The Company confirms that, prior to the 2023 Factoring Business Cooperation Agreement coming into force, the amount of factoring business provided by Datang Factoring Company to the Company and its subsidiaries in aggregate would not exceed the cap.

From 1 January 2023 to the Latest Practicable Date, Datang Factoring Company provided approximately RMB0.742 billion to the Company and its subsidiaries in aggregate for factoring business. As the annual cap for the period from 1 January 2023 to 28 June 2023 (being the date of expiry of the 2020 Factoring Business Cooperation Agreement) was RMB0.8 billion, the relevant cap was almost fully utilised, with the utilisation rate being approximately 92.8% for the period from 1 January 2023 up to the Latest Practicable Date.

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## LETTER FROM TRINITY CORPORATE FINANCE LIMITED

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Also, we note that the utilisation rate for the year ended 31 December 2022 was relatively high at approximately 63.3%, which is an increase of more than approximately 128.5% from a utilisation rate of approximately 27.7% for the year ended 31 December 2021.

The Company expects that the annual caps of the proposed transactions under the 2023 Factoring Business Cooperation Agreement are as follows:

(In RMB)	From the effective date of the agreement to 31 December 2023	From 1 January 2024 to 31 December 2024	From 1 January 2025 to 31 December 2025	From 1 January 2026 to the date of expiration of the agreement
Proposed annual caps under the 2023 Factoring Business Cooperation Agreement	1 billion	2 billion	2 billion	1 billion

According to the Letter from the Board, the above proposed annual caps are mainly determined with reference to the following factors: after comprehensively considering existing business and future business growth scale of the Company and other factors, (i) it is anticipated that the total amount of account receivables and account payables of the Company every year for the period between 2023 to 2026 will be approximately RMB50 billion; and (ii) the financing term of factoring business is relatively short, which can meet the short-term working capital demand.

In addition to the analysis relating to the historical transaction amounts above, we have reviewed the announcement of 2022 annual results of the Company and the annual report of the Company for the year ended 31 December 2021, and note that the Group had net current liabilities of approximately RMB59.3 billion, RMB50.5 billion and RMB45.5 billion as at 31 December 2022, 2021 and 2020 respectively. Accordingly, the Group relied on borrowings as a significant source of liquidity. Also as at 31 December 2021, the Group has available undrawn borrowing facilities of not less than RMB150 billion (2020: RMB150 billion). The opportunity to obtain additional financing through factoring services under the 2023 Factoring Business Cooperation Agreement is therefore beneficial to the Company and Independent Shareholders as a whole.

In view of the high utilisation rate of approximately 92.8% of the cap for the period from 1 January 2023 up to the Latest Practicable Date and 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 2023 Factoring Business Cooperation Agreement similar to the annual cap of RMB2 billion under the 2020 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 2023 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.



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## LETTER FROM TRINITY CORPORATE FINANCE LIMITED

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### **E. Reasons for and benefits of entering into the 2023 Factoring Business Cooperation Agreement**

According to the Letter from the Board, the relevant arrangements under the 2023 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, as well as efficiently and conveniently obtain low-cost financing by making good use of the resources and business advantages of Datang Factoring Company, so as to promote the Company's business development.

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 2023 Factoring Business Cooperation Agreement, which has been entered into after arm's length negotiations, will be on normal commercial terms or better, entered in the ordinary and usual course of business of the Company and hence will be in the interests of the Company and its Shareholders, including the Independent Shareholders, as a whole.

### **RECOMMENDATION**

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

- (1) the principal businesses of the Company 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 2023 Factoring Business Cooperation Agreement; and
- (4) the reasons for and benefits to the Company by entering into the 2023 Factoring Business Cooperation Agreement;

we are of the opinion that the terms and the proposed annual caps of the 2023 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 2023 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 2023 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

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**LETTER FROM TRINITY CORPORATE FINANCE LIMITED**

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Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolution to approve the 2023 Factoring Business Cooperation Agreement and the transactions contemplated thereunder at the EGM.

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

**1. 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, 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.

**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	Number of shares held	Approximate percentage to total issued share capital of the Company (%)	Approximate percentage to total issued A Shares of the Company (%)	Approximate percentage to total issued H Shares of the Company (%)
CDC (Note 1)	A shares	6,540,706,520	35.34	52.76	/
	A shares	8,738,600	0.05	0.07	/
	H shares	3,275,623,820 (L)	17.70 (L)	/	53.61 (L)
Tianjin Jinneng Investment Co., Ltd. (Note 2)	A shares	1,285,748,600	6.95	10.37	/
Hebei Construction & Investment Group Co., Ltd. (Note 3)	A shares	1,281,872,927	6.93	10.34	/

(L) = Long position

Notes:

- (1) Mr. Ying Xuejun, Mr. Li Jingfeng and Mr. Tian Dan, all non-executive Directors, are employees of CDC.
- (2) Mr. Zhu Shaowen, a non-executive Director, is currently an employee of Tianjin Energy Investment Group Limited, the de facto controller of Tianjin Jinneng Investment Co., Ltd.
- (3) Mr. Cao Xin and Mr. Zhao Xianguo, both non-executive Directors, are employees of Hebei Construction & Investment Group Co., Ltd.

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 held 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 CONTRACTS

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

**4. INTEREST IN ASSETS OR CONTRACTS**

- (a) As at the Latest Practicable Date, none of the Directors, proposed Directors, supervisors or proposed supervisors of the Company had any direct or indirect interest in any assets which had been, since 31 December 2022 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by, or leased to, any member of the Group, or were proposed to be acquired or disposed of by, or leased to, any member of the Group.
- (b) As at the Latest Practicable Date, none of the Directors or supervisors of the Company was materially interested in any contracts or arrangements entered into by any member of the Group, which were subsisting as at the Latest Practicable Date and which were significant in relation to the business of the Group.

**5. MATERIAL CHANGES**

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2022, 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 was a controlling shareholder).

**7. EXPERT AND CONSENT**

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

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

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

As at the Latest Practicable Date, the above expert:

- (a) did not have any shareholding, direct or indirect, in any members of the Group or any rights (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any members of the Group;
- (b) did not have any interest, directly or indirectly, 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 2022, being the date to which the latest published audited financial statements of the Company were made up; and
- (c) 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**

As at the Latest Practicable Date, the Group is not 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, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong.
- (c) The Hong Kong share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at 46/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (d) The joint company secretaries of the Company are Mr. Sun Yanwen and Ms. Mak Po Man Cherie. Ms. Mak is an associate member of The Hong Kong Chartered Governance Institute, an associate member of The Chartered Governance Institute in the United Kingdom, a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.

## **10. DOCUMENT ON DISPLAY**

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

- (a) the 2023 Factoring Business Cooperation Agreement.
- (b) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out in this circular.
- (c) the written consent referred to in the section headed “EXPERT AND CONSENT” in this appendix.