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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)**

## **ANNOUNCEMENT**

### **CONTINUING CONNECTED TRANSACTIONS**

#### **FRAMEWORK AGREEMENT FOR PRODUCTION MATERIALS**

On 2 February 2016, the Company entered into the Framework Agreement for Production Materials with China Water Resources and Power in connection with the centralised purchase of machinery, equipment and materials required for maintenance and technical transformation projects through China Water Resources and Power.

#### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, CDC and its subsidiaries hold a total of approximately 34.77% of the issued share capital of the Company. China Water Resources and Power is a wholly-owned subsidiary of CDC and accordingly is a connected person of the Company under Chapter 14A of the Listing Rules. The transactions contemplated under the Framework Agreement for Production Materials constitute continuing connected transactions for the Company.

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) of the Framework Agreement for Production Materials is more than 0.1% but all the applicable percentage ratios are less than 5%, such continuing connected transactions are subject to the reporting and announcement requirements, but do not require the approval by the independent shareholders of the Company under Chapter 14A of the Listing Rules.

## **BACKGROUND**

In order to regulate and enhance the management of purchase of materials for maintenance and technical transformation projects and to leverage bulk purchase advantages, the Company and China Water Resources and Power entered into the Framework Agreement for Production Materials on 2 February 2016 to centralise the purchase of machinery, equipment and materials required for maintenance and technical transformation projects so as to enhance quality of purchase and lower purchase costs, thereby enhancing the profitability of the Company.

## **FRAMEWORK AGREEMENT FOR PRODUCTION MATERIALS**

### **Date**

2 February 2016

### **Parties**

- (i) The Company; and
- (ii) China Water Resources and Power

## **SUBJECT MATTER**

1. China Water Resources and Power agreed to conduct centralised purchase of machinery, equipment and materials required for maintenance and technical transformation projects in accordance with the demands of the Company and its subsidiaries for the machinery, equipment and materials of maintenance and technical transformation projects. The selling prices of such machinery, equipment and materials of maintenance and technical transformation projects shall not be higher than the prevailing average market prices of such machinery, equipment and materials of maintenance and technical transformation projects.
2. According to the actual demands of the Company and its subsidiaries, China Water Resources and Power will conduct tender of materials purchase in accordance with relevant law and regulations of the State. The process of purchase tender conducted by China Water Resources and Power will be under the supervision of the Company.
3. Pursuant to the tender results, the Company and its subsidiaries will enter into specific purchase contracts with China Water Resources and Power and such purchase contracts shall be consistent with the terms and principles of the Framework Agreement for Production Materials.

## **TERM**

The term of the Framework Agreement for Production Materials is from 2 February 2016 to 31 December 2016.

## **FEE STANDARD AND CALCULATION**

During the course of centralised purchase, China Water Resources and Power will be responsible for the coordination of tenders invitation, contract signing and the implementation thereafter, transportation, consulting service, quality control and claims submission, etc. As such, China Water Resources and Power will collect a management service fee (which shall be from 3% to 5% of the amount of the purchase contracts). Such management service fee is determined after arm's length negotiation between the parties taking into account the management service fee to be charged for the provision of similar services by other independent cooperating service providers. The relevant management service fee to be collected by China Water Resources and Power shall not be higher than the fee to be charged by China Water Resources and Power for the provision of similar services to other independent third parties and other companies of CDC.

Before entering into the specific purchase contracts, the production department of the Company and relevant departments responsible for material procurement in the subsidiaries of the Company will consult and seek the management service fee charged by China Water Resources and Power to other independent third parties for reference. After obtaining such management service fee rate, the production department or relevant departments in the subsidiaries of the Company will compare it with the fee charged by China Water Resources and Power to the Company and its subsidiaries and confirm that the relevant management service fee is not higher than the fee charged for the provision of the same services by China Water Resources and Power to other independent third parties and other companies of CDC.

China Water Resources and Power will issue a value added tax invoice comprising the purchase amount and the management service fee to the Company and its subsidiaries.

Upon signing these specific purchase contracts, the relevant subsidiary of the Company will review the management service fee to make sure that the management service fee shall not be high than that specified in the Framework Agreement for Production Materials.

## **ANNUAL CAP**

Taking into account the machinery, equipment and materials of maintenance and technical transformation projects applicable for centralised purchase which are required by the Company and its subsidiaries for the year ending 31 December 2016, the continuing connected transactions contemplated under the Framework Agreement for Production Materials are subject to an annual cap of RMB800 million (including the purchase costs for the machinery, equipment and materials of maintenance and technical transformation projects and the management service fees payable to China Water Resources and Power) for the year ending 31 December 2016.

Since the number of maintenance and technical transformation projects in 2016 is expected to grow as compared to that of 2015, so the purchase costs for materials required for maintenance and technical transformation projects in 2016 are expected to increase when compared to that in 2015, the annual cap in 2016 is expected to be higher when compared to the actual transaction amount in 2015.

## **HISTORICAL TRANSACTION AMOUNTS**

For the year ended 31 December 2015, the transaction amount of materials purchase for technical transformation projects by the Company and its subsidiaries from China Water Resources and Power was approximately RMB500 million.

For the year ended 31 December 2014, the transaction amount of materials purchase for technical transformation projects by the Company and its subsidiaries from China Water Resources and Power was approximately RMB320 million.

For the year ended 31 December 2013, the transaction amount of materials purchase for technical transformation projects by the Company and its subsidiaries from China Water Resources and Power was approximately RMB326 million.

## **INFORMATION OF PARTIES RELATING TO THE FRAMEWORK AGREEMENT FOR PRODUCTION MATERIALS**

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 Group's main service areas are in the PRC.
2. CDC was established on 9 March 2003 with registered capital of RMB18.009 billion. It is principally engaged in the development, investment, construction, operation and management of power energy, organisation of power (thermal) production and sales; manufacture, 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 development and production of power related coal resources.

3. China Water Resources and Power is a wholly-owned subsidiary of CDC which was established on 6 March 1989. Its core business includes acting as agent for tenders invitation and import, pipe supplies, project consultation, spare parts, equipment supervision, management of project materials resources, CDM, safety evaluation, and so forth.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE FRAMEWORK AGREEMENT FOR PRODUCTION MATERIALS**

After taking into account the necessity for lowering purchase costs and successful completion of the Company's technical transformation project materials purchase tasks during the year, the Company entered into the Framework Agreement for Production Materials to leverage on the role of China Water Resources and Power as a professional institution in sourcing the machinery, equipment and materials of maintenance and technical transformation projects to leverage the bulk purchase advantage, enhance purchase quality and lower purchase costs, thereby enhancing the profitability of the Company.

The Directors (including the independent non-executive Directors) are of the view that the continuing connected transaction under the Framework Agreement for Production Materials are conducted in the ordinary and usual course of business of the Company, and are fair and reasonable and are in the interest of the Company and the shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, CDC and its subsidiaries hold a total of approximately 34.77% of the issued share capital of the Company. China Water Resources and Power is a wholly-owned subsidiary of CDC and accordingly is a connected person of the Company under Chapter 14A of the Listing Rules. The transactions contemplated under the Framework Agreement for Production Materials constitute continuing connected transactions for the Company.

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) of the Framework Agreement for Production Materials is more than 0.1% but all the applicable percentage ratios are less than 5%, such continuing connected transactions are subject to the reporting and announcement requirements, but do not require the approval by the independent shareholders of the Company under Chapter 14A of the Listing Rules.

## **BOARD’S APPROVAL**

None of the Directors have any material interest in the transactions contemplated under the Framework Agreement for Production Materials. Those connected Directors, including Chen Jinhang, Hu Shengmu and Liang Yongpan, have abstained from voting at the Board meeting for approval of the relevant transaction in accordance with the requirements of the listing rules of the Shanghai Stock Exchange.

## **DEFINITIONS**

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

“Board”	the board of directors
“CDC”	China Datang Corporation, a State-owned enterprise established under the laws of the PRC and is a controlling shareholder of the Company. CDC and its subsidiaries own approximately 34.77% of the issued share capital of the Company in aggregate as at the date of this announcement
“China Water Resources and Power”	China National Water Resources & Electric Power Materials & Equipment Group Co., Ltd., details of which are set out in the section headed “Information of Parties Relating to the Framework Agreement for Production Materials”
“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
“Director(s)”	the director(s) of the Company
“Framework Agreement for Production Materials”	the framework agreement for centralised purchase of machinery, equipment and materials required for maintenance and technical transformation projects entered into between the Company and China Water Resources and Power on 2 February 2016
“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  
“Stock Exchange” The Stock Exchange of Hong Kong Limited

By Order of the Board  
**Ying Xuejun**  
*Company Secretary*

Beijing, the PRC, 2 February 2016

*As at the date of this announcement, the Directors of the Company are:*

*Chen Jinhang, Hu Shengmu, Wu Jing, Liang Yongpan, Ying Xuejun, Cao Xin, Cai Shuwen, Liu Haixia, Guan Tiangang, Yang Wenchun, Jiang Guohua\*, Feng Genfu\*, Luo Zhongwei\*, Liu Huangsong\*, Jiang Fuxiu\**

*\* Independent non-executive Directors*