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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 CONNECTED TRANSACTION**

### **TECHNOLOGICAL TRANSFORMATION PROJECTS CONTRACT**

On 28 July 2016, Ningde Power Company, a controlled subsidiary of the Company, entered into the Technological Transformation Projects Contract with Datang Environment Company with a contract amount of RMB57.56 million.

### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, CDC is the controlling shareholder of the Company, which together with its subsidiaries hold 34.77% of the issued share capital of the Company. Pursuant to Chapter 14A of the Listing Rules, since Datang Environment Company, a controlled subsidiary of CDC, is a connected person of the Company, the transaction under the Technological Transformation Projects Contract constitutes a connected transaction of the Company.

Since one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the transaction amount under the Technological Transformation Projects Contract, when aggregated with the Previous Transactions, is above 0.1% but less than 5%, the Technological Transformation Projects Contract and the transaction thereunder are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but do not require the approval by the independent shareholders of the Company.

# TECHNOLOGICAL TRANSFORMATION PROJECTS CONTRACT

## Date of the Contract:

28 July 2016

## Parties to the Contract:

- (1) Owner: Ningde Power Company
- (2) General Contractor: Datang Environment Company

## Principal Terms of the Contract:

- (1) Subject matter: Ningde Power Company shall appoint Datang Environment Company to undertake the synergised EPC transformation project for the desulfurization and dust removal of the No. 3 and No. 4 generating units of Ningde Power Company.
- (2) Aggregate contract price and breakdown:

*Currency: RMB Unit: 0'000*

Total contract price	Facilities procurement fees	Construction fees	Installation fees	Design fees	Commissioning fees
5,756	3,238.66	1,964.54	294.8	208	50

- (3) Settlement and payment:

- a. Payment for the prepayment of the contract:

Within one month from the effective date of the contract, the general contractor shall provide a performance bond in an amount equal to 10% of the aggregate contract price and a financial receipt with an amount equal to 10% of the aggregate contract price, and the owner shall pay 10% of the aggregate contract price to the general contractor as prepayment upon its verification of the financial receipt.

- b. Payment for the facilities procurement fees:
- i) The general contractor shall deliver the facilities to the construction site within the prescribed time and the facilities shall be examined by the owner. Within 45 days upon submission of documents including acceptance lists and quality inspection certificates by the general contractor and upon verification thereof by the owner, the owner shall pay the general contractor 60% of the price of the facilities;
  - ii) Following the passing of the on-site commissioning and its acceptance, the owner shall pay the general contractor 20% of the price of the facilities within one month upon verification of the acceptance certificate submitted by the general contractor and upon verification thereof by the owner;
  - iii) The remaining 10% of the price of the facilities shall be reserved as the quality assurance fees. After the general contractor has provided a financial receipt with an amount equal to 10% of the aggregate contract price and the final acceptance certificate, the owner shall pay 10% of the price of the facilities to the general contractor upon its verification of the financial receipt and the certificate.
- c. Payment for construction and installation fees:
- i) Upon the commencement of construction, the owner shall pay the progress payment to the general contractor on a monthly basis. The payment of such progress payment (including the prepayment) shall be ceased when it reaches 90% of the construction and installation fees, and upon the completion of the construction the owner shall pay up to 95% of the construction and installation fee;
  - ii) The remaining 5% of the construction and installation fees shall be reserved as quality assurance fees. Upon expiration of the warranty period, if no quality issues arise, the owner shall pay 5% of the construction and installation fees to the general contractor within one month upon its verification of the final acceptance certificate submitted by the general contractor.
- d. Payment for design fees:
- i) Within one month upon completion of completion drawing, the general contractor shall provide a value-added tax (the “VAT”) invoice for technical services with an amount equal to 100% of the design fees and the owner shall pay the general contractor 80% of the design fees within one month upon its verification of the invoice;

ii) The remaining 10% of the design fees shall be reserved as quality assurance fees for the design services. After one year following the completion of the trial run of the generating units, if the trial results satisfy the contractual design requirements, the general contractor shall provide a financial receipt with an amount equal to 10% of the design fees and the owner shall pay 10% of the design fees to the general contractor within one month upon its verification of the financial receipt.

e. Payment of commissioning fees:

i) Within one month after the completion of the 168-hour trial run of the system, the general contractor shall provide a VAT invoice for technical services with an amount equal to 100% of the commissioning fees and the owner shall pay the general contractor 80% of the commissioning fees within one month upon its verification of the invoice;

ii) The remaining 10% of the commissioning fees shall be reserved as quality assurance fees for the commissioning services. After one year following the completion of the 168-hour trial run of the system, if no quality issues has arisen upon the expiry of the contracted commissioning assurance period, the general contractor shall provide a financial receipt with an amount equal to 10% of the commissioning fees and the owner shall pay 10% of the commissioning fees to the general contractor within one month upon its verification of the invoice.

(4) Effective date of contract: the contract becomes effective when it is signed by the legal representative or authorized proxy of the parties with their respective company seals affixed thereto.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE TECHNOLOGICAL TRANSFORMATION PROJECTS CONTRACT**

According to the annual technological transformation projects plan of the Company, the Company invited public tenders for the Technological Transformation Projects for the generating units of Ningde Power Company. After carrying out relevant evaluation procedures and considering various factors, including the technical experiences, professional qualifications, business reputation, project management skills, aggregate expenses and other relevant factors of all the tenderers, Datang Environment Company was selected as the bid winner for the Technological Transformation Projects for the generating units of Ningde Power Company.

Datang Environment Company possesses sufficient professional qualification with extensive experience in carrying out the Technological Transformation Projects. The Company considers that Datang Environment Company will be capable of ensuring the Technological Transformation Projects to be carried out smoothly.

The Company and Ningde Power Company agreed to appoint Datang Environment Company to carry out the Technological Transformation Projects, mainly for the purposes of ensuring the on-schedule completion of the Technological Transformation Projects of Ningde Power Company, to fully leverage their professional advantages, as well as to control cost to a certain extent through large scale purchasing of facilities.

The Directors (including independent non-executive Directors) are of the view that the Technological Transformation Projects Contract and the transaction thereunder were determined by way of public tender; the relevant terms are fair and reasonable and conducted on normal commercial terms and are in the interests of the Company and its shareholders as a whole.

## **BOARD'S APPROVAL**

Pursuant to the "Resolution on the Involvement of Datang International and its Subsidiaries in Connected Transactions" considered and approved at the twenty-ninth meeting of the eighth session of the Board (details of which were set out in the overseas regulatory announcement of the Company dated 22 December 2015), the Company and its subsidiaries have invited public tenders for their Technological Transformation Projects in 2016.

None of the Directors has material interest in the transaction under the Technological Transformation Projects Contract. The then connected Directors, namely Chen Jinhang, Hu Shengmu and Liang Yongpan, have abstained from voting on this resolution at the relevant Board meeting pursuant to the listing rules of the Shanghai Stock Exchange.

## **INFORMATION OF THE PARTIES**

1. The Company is principally engaged in the construction and operation of power plants, the sale of electricity and thermal power, the repair, maintenance and commissioning of power equipment and power related technical services, with its main service areas being in the PRC.
2. Datang Environment Company is a subsidiary of CDC with a registered capital of RMB2.4 billion. Its business scope mainly includes the development of environmental protection projects and the investment, operation and management of environmental protection facilities.
3. Ningde Power Company is a controlled subsidiary of the Company with an installed capacity of 2,520MW.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, CDC is the controlling shareholder of the Company, which together with its subsidiaries hold 34.77% of the issued share capital of the Company. Pursuant to Chapter 14A of the Listing Rules, since Datang Environment Company, a subsidiary of CDC, is a connected person of the Company, the transaction under the Technological Transformation Projects Contract constitutes a connected transaction of the Company.

Since one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the transaction amount under the Technological Transformation Projects Contract, when aggregated with the Previous Transactions, is above 0.1% but less than 5%, the Technological Transformation Projects Contract and the transaction thereunder are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but do not require the approval by the independent shareholders of the Company.

## **DEFINITIONS**

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

“Board”	the board of directors
“CDC”	China Datang Corporation, a state-owned enterprise established under the laws of the PRC, is a controlling shareholder of the Company. CDC together with its subsidiaries holds approximately 34.77% of the issued share capital of the Company as at the date of this announcement
“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
“connected person”	has the meaning ascribed to it under the Listing Rules
“connected transaction”	has the meaning ascribed to it under the Listing Rules
“Datang Environment Company”	Datang Environment Industry Group Co., Ltd. is a subsidiary of CDC, details of which are set out in the section headed “Information of the Parties”

“Director(s)”	the director(s) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Ningde Power Company”	Fujian Datang International Ningde Power Generation Company Limited, details of which are set out in the section headed “Information of the Parties”
“PRC”	the People’s Republic of China
“Previous Transactions”	<p>several technological transformation projects contracts entered into between the subsidiaries of the Company and Datang Environment Company and its subsidiaries, for details of which, please refer to the technological transformation projects contracts as mentioned in the relevant announcements of the Company dated 8 March 2016 and 30 June 2016 (including the technological transformation projects contracts as set out in the section headed “Previous Transactions” in such announcements) and the technological transformation projects contract set out below:</p> <p>The Contract on Modification Project for Flue Gas Residual Heat Utilisation of No. 2 Generating Units (660MW) of Fujian Datang International Ningde Power Generation Company Limited entered into between Ningde Power Company and China Datang Technologies and Engineering Co., Ltd., a controlled subsidiary of Datang Environment Company, on 1 July 2016 with a contractual amount of RMB16.7868 million.</p>
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Technological Transformation Projects”	the technological transformation projects that transform obsolete technologies into advanced technologies and replace outdated technique and equipment with advanced ones by upholding the principle of technological advancement, thereby achieving the goal to expand production capacities through organic growth, diversify product portfolio and enhance product quality, while saving energy, reducing raw materials consumption, enhancing labour productivity and increasing economic benefits

“Technological Transformation Projects Contract”

the Contract on Synergised EPC Transformation Project for the Desulfurization and Dust Removal of the No.3 and No.4 600MW Generating Units of Fujian Datang International Ningde Power Generation Company Limited entered into between Ningde Power Company and Datang Environment Company on 28 July 2016 with a contractual amount of RMB57.56 million.

“%”

percentage

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

Beijing, the PRC, 28 July 2016

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

*Chen Jinhang, Liu Chuandong, Wang Xin, Liang Yongpan, Ying Xuejun, Zhu Shaowen, Cao Xin, Zhao Xianguo, Liu Haixia, Guan Tiangang, Feng Genfu\*, Luo Zhongwei\*, Liu Huangsong\*, Jiang Fuxiu\**

\* *Independent non-executive Directors*