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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 TRANSACTIONS**

Reference is made to the major and connected transaction announcement of the Company dated 30 June 2016 and the circular of the Company dated 12 August 2016. On 30 June 2016, the Company entered into the Transfer Agreement with Zhongxin Energy and Chemical, pursuant to which the Company conditionally agreed to sell and Zhongxin Energy and Chemical conditionally agreed to acquire the Transaction Target at a consideration of RMB1; meanwhile, the Company agreed to waive the Target Companies from repayment of certain entrusted loans provided by the Company, and the maximum principal amount of such exempted entrusted loans shall be RMB10 billion.

Prior to completion of the Transfer Agreement, (1) the Company entered into four guarantees in favour of Energy and Chemical Company and Hulunbeier Chemical Fertiliser Company; (2) the Company entered into six entrusted loan agreements with Energy and Chemical Company, Xilinhaote Power Generation Company, Xilinhaote Brown Coal Integrated Development Company, ICBC Xuanwu Sub-Branch and Datang Finance Company; and (3) Tuoketuo Power Generation Company, a subsidiary of the Company, entered into five entrusted loan agreements with Xilinhaote Brown Coal Integrated Development Company and Datang Finance Company, pursuant to which, the Company and Tuoketuo Power Generation Company entrusted ICBC Xuanwu Sub-Branch and Datang Finance Company to act as the lending agents to provide entrusted loans to Energy and Chemical Company, Xilinhaote Power Generation Company and Xilinhaote Brown Coal Integrated Development Company during the term of the agreements.

As at the date of this announcement, CDC is the controlling shareholder of the Company which together with its subsidiaries held a total of 34.77% of the issued share capital of the Company. Upon completion of the Transfer Agreement, Energy and Chemical Company, Hulunbeier Chemical Fertiliser Company, Xilinhaote Power Generation Company and Xilinhaote Brown Coal Integrated Development Company will cease to be subsidiaries of the Company and will become subsidiaries of Zhongxin Energy and Chemical, a wholly-owned subsidiary of CDC. Therefore they will become connected persons of the Company. As such, the Board expects that the transactions between the Company, Tuoketuo Power Generation Company, Energy and Chemical Company, Hulunbeier Chemical Fertiliser Company, Xilinhaote Power Generation Company and Xilinhaote Brown Coal Integrated Development will become connected transactions of the Company upon completion of the Transfer Agreement and will be subject to the announcement and annual reporting requirement under Rule 14.60A of the Listing Rules. The Company will comply in full with all reporting, disclosure and, if applicable, independent shareholders' approval requirements under Chapter 14A of the Listing Rules upon any variation or renewal of such agreements by the Company and its subsidiaries.

## **BACKGROUND**

Reference is made to the major and connected announcement of the Company dated 30 June 2016 and the circular of the Company dated 12 August 2016. On 30 June 2016, the Company entered into the Transfer Agreement with Energy and Chemical Company and Zhongxin Energy and Chemical, pursuant to which the Company conditionally agreed to sell and Zhongxin Energy and Chemical conditionally agreed to acquire the Transaction Target at a consideration of RMB1; meanwhile, the Company agreed to waive the Target Companies from repayment of certain entrusted loans provided by the Company, and the maximum principal amount of such exempted entrusted loans shall be RMB10 billion.

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As at the date of this announcement, CDC is the controlling shareholder of the Company which together with its subsidiaries held a total of 34.77% of the issued share capital of the Company. Upon completion of the Transfer Agreement, Energy and Chemical Company, Hulunbeier Chemical Fertiliser Company, Xilinhaote Power Generation Company and Xilinhaote Brown Coal Integrated Development Company will cease to be subsidiaries of the Company and will become subsidiaries of Zhongxin Energy and Chemical, a wholly-owned subsidiary of CDC. Therefore they will become connected persons of the Company. As such, the Board expects that the transactions between the Company, Tuoketuo Power Generation Company, Energy and Chemical Company, Hulunbeier Chemical Fertiliser Company, Xilinhaote Power Generation Company and Xilinhaote Brown Coal Integrated Development will become connected transactions of the Company upon completion of the Transfer Agreement and will be subject to the announcement and annual reporting requirement under Rule 14.60A of the Listing Rules. The Company will comply in full with all reporting, disclosure and, if applicable, independent shareholders' approval requirements under Chapter 14A of the Listing Rules upon any variation or renewal of such agreements by the Company and its subsidiaries.

## The Guarantees

### Date:

29 May 2014, 24 November 2015, 22 December 2015 and 29 January 2016

### Major terms of the guarantees:

The Board announces that on 29 May 2014, 24 November 2015, 22 December 2015 and 29 January 2016, four guarantees were entered into by the Company with similar terms. The major terms are summarized as follows:

*Currency: RMB Unit: 0'000*

No.	Borrower	Lender and the beneficiary of the Guarantee	Commencing date of guarantee	Guarantor	Ending date of guarantee	Balance of guarantee	Major terms of guarantee obligations
1	Energy and Chemical Company	China CITIC Bank	22 December 2015	The Company	20 December 2016	400,000	The Company agreed to provide a joint liability guarantee for the loan arrangements between Energy and Chemical Company and the relevant lender. The scope of guarantee shall cover the principal amount, interest, compound interest, penalty interest, default penalty, indemnities and all expenses for the execution of the creditor's rights under the main contract. The term of the guarantee shall be two years from the due date of the loan under the main contract.
2	Energy and Chemical Company	Huarong Securities	24 November 2015	The Company	23 November 2018	400,000	
3	Energy and Chemical Company	Huarong Securities	29 January 2016	The Company	29 January 2019	200,000	
4	Hulunbeier Chemical Fertiliser Company	Jilin Branch of Agricultural Bank of China	29 May 2014	The Company	18 December 2021	97,500	The Company shall provide a joint liability guarantee for the loan arrangement between Hulunbeier Chemical Fertiliser Company and the relevant lender. The scope of guarantee shall cover the principal amount, interest, compound interest, penalty interest, default penalty, indemnities and all expenses for the execution of the creditor's rights under the main contract. The term of the guarantee shall be two years from the due date of the loan under the main contract.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of China CITIC Bank, Huarong Securities and Jilin Branch of Agricultural Bank of China and their respective ultimate beneficial owner are third parties independent of the Company and its connected persons.

Upon completion of the transaction under the Transfer Agreement, Energy and Chemical Company and Hulunbeier Chemical Fertiliser Company will cease to be wholly-owned subsidiaries of the Company and will become subsidiaries of Zhongxin Energy and Chemical, a wholly-owned subsidiary of CDC. The above guarantees will constitute connected transactions of the Company.

### Entrusted Loan Agreements

#### Date:

17 March 2014, 20 June 2014, 15 September 2014, 16 September 2015, 14 December 2015, 16 March 2016, 23 May 2016, 17 June 2016, 29 June 2016, 21 July 2016

#### Major terms of the entrusted loan agreements:

The Board announces that on 17 March 2014, 20 June 2014, 15 September 2014, 16 September 2015, 14 December 2015, 16 March 2016, 23 May 2016, 17 June 2016, 29 June 2016 and 21 July 2016, 11 entrusted loan agreements were entered into by the Company and Tuoketuo Power Generation Company with similar terms. The major terms are summarized as follows:

*Currency: RMB Unit: 0'000*

No.	Borrower	Lending agent	Entrusted lender	Commencing date of entrusted loan	Ending date of entrusted loan	Balance of entrusted loan (as of the date of this announcement)	Interest rate of entrusted loan	Handling fee rate
1	Energy and Chemical Company	Datang Finance Company	The Company	16 March 2016	15 March 2017	27,000	4.35%	0.025%
2	Energy and Chemical Company	Datang Finance Company	The Company	23 May 2016	22 May 2017	26,500	4.35%	0.025%
3	Xilinhaote Power Generation Company	ICBC Xuanwu Sub-Branch	The Company	29 June 2016	28 November 2016	31,000	4.35%	0.025%
4	Xilinhaote Brown Coal Integrated Development Company	Datang Finance Company	Tuoketuo Power Generation Company	16 September 2015	15 September 2016	4,800	4.6%	0.1%

No.	Borrower	Lending agent	Entrusted lender	Commencing date of entrusted loan	Ending date of entrusted loan	Balance of entrusted loan (as of the date of this announcement)	Interest rate of entrusted loan	Handling fee rate
5	Xilinhaote Brown Coal Integrated Development Company	Datang Finance Company	Tuoketuo Power Generation Company	14 December 2015	13 December 2016	4,500	4.35%	0.1%
6	Xilinhaote Brown Coal Integrated Development Company	Datang Finance Company	Tuoketuo Power Generation Company	16 March 2016	15 March 2017	9,300	4.35%	0.1%
7	Xilinhaote Brown Coal Integrated Development Company	Datang Finance Company	Tuoketuo Power Generation Company	17 June 2016	16 June 2017	3,300	4.35%	0.1%
8	Xilinhaote Brown Coal Integrated Development Company	Datang Finance Company	Tuoketuo Power Generation Company	21 July 2016	20 July 2017	800	4.35%	0.1%
9	Xilinhaote Brown Coal Integrated Development Company	Datang Finance Company	The Company	17 March 2014	16 March 2017	5,500	4.75%	0.06%
10	Xilinhaote Brown Coal Integrated Development Company	Datang Finance Company	The Company	20 June 2014	19 June 2017	950	4.75%	0.06%
11	Xilinhaote Brown Coal Integrated Development Company	Datang Finance Company	The Company	15 September 2014	14 September 2017	5,800	4.75%	0.05%

### **Entrusted loan arrangement**

Pursuant to the said entrusted loan agreements, the Company and Tuoketuo Power Generation Company agree to entrust the relevant lending agent to provide entrusted loan to the relevant borrower by payment of handling fee by the Company and Tuoketuo Power Generation Company to the relevant lending agent.

## **Calculation of interests**

Interests under the entrusted loan shall be accrued on a daily basis and shall be settled on a quarterly basis. The settlement date falls on the twentieth (20th) day of the last month of each quarter. If the final repayment date of the principal of the borrowings does not fall on the interest settlement date, then the outstanding interest shall be settled together with the principal.

## **Interest rate**

No. 1 to 8 in the table above shall bear a fixed interest rate which shall remain unchanged during the term of the loan.

No. 9 to 11 above shall bear a variable interest rate which shall be the benchmark interest rate to be charged for the same level of loans in RMB as announced for implementation by the People's Bank of China on the actual date when the loan is granted. In the event that the People's Bank of China adjusts the benchmark interest rate during the term of the contract, the adjustment date of the interest rate of the contract shall be on every 21 December. Starting from the adjustment date of the interest rate of the contract, the adjusted interest rate shall be executed in accordance with the corresponding level of interest rate as at the date of the adjustment date of the interest rate of the contract and the upward (downward) floating range shall remain unchanged.

The prevailing RMB benchmark interest rate for 1-year term loans announced by the People's Bank of China from 26 August 2015 to 23 October 2015 is 4.6% per annum.

The prevailing RMB benchmark interest rate for 1-year term loans announced by the People's Bank of China from 24 October 2015 to the date of this announcement is 4.35% per annum.

The prevailing RMB benchmark interest rate for 3-year term loans announced by the People's Bank of China from 24 October 2015 to the date of this announcement is 4.75% per annum.

Such interest rate is arrived at after arm's length negotiation between the Company or Tuoketuo Power Generation Company and Energy and Chemical Company, Xilinhaote Power Generation Company and Xilinhaote Brown Coal Integrated Development Company with reference to the benchmark interest rate for one-year and three-year loans in RMB as announced by the People's Bank of China.

## **Handling fee**

The handling fee is arrived at with reference to the standard handling fee charged by financial institutions for the provision of same level of entrusted loan, and shall be paid by the Company or its subsidiaries to the relevant financial institution or Datang Finance Company.

## **Effective date**

The entrusted loan agreement became effective when it is duly signed by the legal representatives or authorised agents of the parties and with their respective seals affixed therein.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE ENTRUSTED LOAN AGREEMENTS AND PROVISION OF GUARANTEE**

In order to ensure the smooth progress of the production and operation activities of Energy and Chemical Company and Hulunbeier Chemical Fertiliser Company, the Company provided guarantee for financing of both companies. The Company is of the view that the provision of guarantee for financing can effectively relieve their capital shortage, which is beneficial for the normal production and operation.

In order to ensure the on-schedule replacement of due borrowings as well as the smooth progress of the production and operation activities, the Company and Tuoketuo Power Generation Company provided entrusted loans to Energy and Chemical Company, Xilinhaote Power Generation Company and Xilinhaote Brown Coal Integrated Development Company, respectively. The Company is of the view that the entrusted loans, which will be primarily utilised by those three companies for, among others, turnover of current capital and replacement of due borrowings, are thus beneficial for the smooth progress of their production and operation activities.

The Directors (including the independent non-executive Directors) are of the view that the provision of guarantee and the terms of the entrusted loan agreement are fair and reasonable, have been entered into after arm's length negotiation between all parties thereto and determined on normal commercial terms in ordinary and usual course of business and are in the interests of the Company and its Shareholders as a whole.

## **INFORMATION OF RELATED PARTIES**

### **1. The Company**

The Company is principally engaged in the development and operation of power plants, the sale of electricity and thermal power, and the repair, testing and maintenance of power equipment as well as the provision of power-related technical services. The main service areas of the Company are in the PRC.

## **2. Energy and Chemical Company**

Energy and Chemical Company is a wholly-owned subsidiary of the Company with a registered capital of RMB9,733.25 million; it is principally engaged in technology development in energy and chemical, technology transfer, technology consultation, technology service; investment management; engineering design; repair, installation and debugging of chemical and power equipment; import or export of goods, import and export agency, import and export of technology.

## **3. Hulunbeier Chemical Fertiliser Company**

Hulunbeier Chemical Fertiliser Company is a wholly-owned subsidiary of the Company with a registered capital of RMB548.2 million; it is principally engaged in the construction and operation of the ammonia synthesis project with an annual production of 180,000 tons/urea project with an annual production of 300,000 tons of Datong Inner Mongolia Hulunbeier Project.

## **4. Xilinhaote Brown Coal Integrated Development Company**

Xilinhaote Brown Coal Integrated Development Company is a wholly-owned subsidiary of the Company with a registered capital of approximately RMB212.7 million; it is principally engaged in the preparation of the lignite drying project.

## **5. Xilinhaote Power Generation Company**

Xilinhaote Power Generation Company is a wholly-owned subsidiary of the Company with a registered capital of approximately RMB10 million; it is principally engaged in the preliminary works of 4 × 660MW project of Datang Xilinhaote Power Generation Plant.

## **6. Datang Finance Company**

Datang Finance Company is a non-banking financial institution duly incorporated in the PRC on 10 May 2005. Its registered capital is RMB4,869,871,590.23. Its principal business includes, among others, the provision of deposit services, loan services, entrusted loan services and entrusted investment services.

## **7. Huarong Securities**

Huarong Securities was established on 7 September 2007 with registered capital of RMB4.674 billion. Its business scope includes stock brokerage, securities investment advisory, financial advisory related to securities trading and securities investment activities, securities underwriting and sponsorship, securities proprietary trading, securities asset management, margin financing and securities lending, agency sales of financial products and so on.



## **8. China CITIC Bank**

The registered capital of China CITIC Bank amounted to RMB46.787327034 billion and its business scope covers: public deposits services; granting of short, medium and long-term loans; domestic and overseas settlement; bill acceptance and discount; issuance of financial bonds; agency issuance business, agency payment, underwriting of government bonds; trading in government bonds and financial bonds and so on.

## **9. Jilin Branch of Agricultural Bank of China**

Jilin Branch of Agricultural Bank of China was established on 28 July 1986. Its operation scope covers public deposits services; granting of short, medium and long-term loans; domestic and overseas settlement; bill acceptance and discount; issuance of financial bonds; agency issuance business, agency payment, and underwriting of government bonds; trading in government bonds and financial bonds; placements with and from banks and other non-bank financial institutions; foreign exchange trading and agency foreign exchange trading; foreign exchange settlement and sales; bank card business; L/C services and guarantee and so on.

## **10. ICBC Xuanwu Sub-Branch**

ICBC Xuanwu Sub-Branch was established on 6 January 1988. Its operation scope covers RMB deposits, loans and settlement business; bill acceptance and discount; agency issuance of financial bonds; agency issuance business, agency payment and sales of government bonds and agency receipt of payment and so on.

## **11. Tuoketuo Power Generation Company**

Tuoketuo Power Generation Company is a subsidiary of the Company with a registered capital of approximately RMB1.71 billion. The shareholding structure of the company is as follows: 60% of its equity interest is held by the Company and 40% of its equity interest is held by other shareholders. Its current installation capacity is 3,600MW.

## **LISTING RULES IMPLICATIONS**

Prior to completion of the Transfer Agreement, (1) the Company entered into four guarantees in favour of Energy and Chemical Company and Hulunbeier Chemical Fertiliser Company; (2) the Company entered into six entrusted loan agreements with Energy and Chemical Company, Xilinhaote Power Generation Company, Xilinhaote Brown Coal Integrated Development Company, ICBC Xuanwu Sub-Branch and Datang Finance Company; and (3) Tuoketuo Power Generation Company, a subsidiary of the Company, entered into five entrusted loan agreements with Xilinhaote Brown Coal Integrated Development Company and Datang Finance Company, pursuant to which, the Company and Tuoketuo Power Generation Company entrusted ICBC Xuanwu Sub-Branch and Datang Finance Company to act as the lending agents to provide entrusted loans to Energy and Chemical Company, Xilinhaote Power Generation Company and Xilinhaote Brown Coal Integrated Development Company during the term of the agreements.

As at the date of this announcement, CDC is the controlling shareholder of the Company which together with its subsidiaries held a total of 34.77% of the issued share capital of the Company. Upon completion of the Transfer Agreement, Energy and Chemical Company, Hulunbeier Chemical Fertiliser Company, Xilinhaote Power Generation Company and Xilinhaote Brown Coal Integrated Development Company will cease to be subsidiaries of the Company and will become subsidiaries of Zhongxin Energy and Chemical, a wholly-owned subsidiary of CDC. Therefore they will become connected persons of the Company. As such, the Board expects that the transactions between the Company, Tuoketuo Power Generation Company, Energy and Chemical Company, Hulunbeier Chemical Fertiliser Company, Xilinhaote Power Generation Company and Xilinhaote Brown Coal Integrated Development will become connected transactions of the Company upon completion of the Transfer Agreement and will be subject to the announcement and annual reporting requirement under Rule 14.60A of the Listing Rules. The Company will comply in full with all reporting, disclosure and, if applicable, independent shareholders' approval requirements under Chapter 14A of the Listing Rules upon any variation or renewal of such agreements.

## **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 CITIC Bank”	China CITIC Bank Corporation Limited, details of which are set out in the section headed “Information of related parties”
“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 Hong Kong 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 Finance Company”	Datang Corporation Finance Limited Company, a subsidiary of CDC, details of which are set out in the section headed “Information of related parties”
“Director(s)”	the director(s) of the Company
“Energy and Chemical Company”	Datang Energy and Chemical Company Limited (大唐能源化工有限責任公司), details of which are set out in the section headed “Information of related parties”
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huarong Securities”	Huarong Securities Co., Ltd., details of which are set out in the section headed “Information of related parties”
“Hulunbeier Chemical Fertiliser Company”	Datang Hulunbeier Chemical Fertiliser Co., Ltd. (大唐呼倫貝爾化肥有限公司), details of which are set out in the section headed “Information of related parties”
“ICBC Xuanwu Sub-Branch”	Xuanwu Sub-Branch of Industrial and Commercial Bank of China, details of which are set out in the section headed “Information of related parties”
“Jilin Branch of Agricultural Bank of China”	Jilin Branch of Agricultural Bank of China Limited, details of which are set out in the section headed “Information of related parties”
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Power Source Assets”	the assets of Inner Mongolia Keshiketeng Power Source Preliminary Project (內蒙古克什克騰電源前期項目)
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the holder(s) of share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Companies”	Energy and Chemical Company, Xilinhaote Brown Coal Integrated Development Company, Xilinhaote Power Generation Company and Xilinhaote Mining Company
“Transaction Target”	a collective term for the equity interests of the Target Companies held by the Company and the Power Source Assets
“Transfer Agreement”	the transfer agreement in relation to coal-to-chemical business segment and the related project entered into between the Company and Zhongxin Energy and Chemical on 30 June 2016
“Tuoketuo Power Generation Company”	Inner Mongolia Datang International Tuoketuo Power Generation Company Limited (內蒙古大唐國際托克托發電有限責任公司), a subsidiary of the Company, details of which are set out in the section headed “Information of related parties”
“Xilinhaote Brown Coal Integrated Development Company”	Inner Mongolia Datang International Xilinhaote Brown Coal Integrated Development Company Limited (內蒙古大唐國際錫林浩特褐煤綜合開發有限責任公司), details of which are set out in the section headed “Information of related parties”
“Xilinhaote Mining Company”	Inner Mongolia Datang International Xilinhaote Mining Co., Ltd. (內蒙古大唐國際錫林浩特礦業有限公司)
“Xilinhaote Power Generation Company”	Inner Mongolia Datang International Xilinhaote Power Generation Company Limited (內蒙古大唐國際錫林浩特發電有限責任公司), details of which are set out in the section headed “Information of related parties”

“Zhongxin Energy  
and Chemical”

Zhongxin Energy and Chemical Technology Company  
Limited (中新能化科技有限公司), a wholly-owned  
subsidiary of CDC

“%”

percent

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

Beijing, the PRC, 29 August 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*