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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  
DISCLOSEABLE TRANSACTION  
AND  
CONTINUING CONNECTED TRANSACTIONS  
FINANCIAL COOPERATION AGREEMENT**

**FINANCIAL COOPERATION AGREEMENT**

On 1 September 2016, the Company entered into the Financial Cooperation Agreement with Datang Lease Company pursuant to which, the Company shall conduct financial leasing and other businesses with an aggregate amount of not more than RMB5 billion for every 12 months from 1 September 2016 with Datang Lease Company for a term of 36 months commencing from 1 September 2016 to 31 August 2019.

**LISTING RULES IMPLICATIONS**

As at the date of this announcement, CDC together with its subsidiaries held approximately 34.77% of the issued share capital of the Company. Since Datang Lease Company is a subsidiary of CDC, Datang Lease Company is a connected person of the Company and the Financial Cooperation Agreement and the transactions thereunder constitute continuing connected transactions 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 transactions under the Financial Cooperation Agreement, when aggregated with the Previous Transaction, are above 5%, the Financial Cooperation Agreement and the transactions thereunder are subject to the requirements of reporting, announcement and approval by independent Shareholders of the Company under Chapter 14A of the Listing Rules.

Since one or more of the applicable percentage ratios in respect of the transaction under the Financial Cooperation Agreement are more than 5% and all the applicable percentage ratios are less than 25% and when aggregated with the Previous Transaction will not result in a higher transaction classification than the Previous Transaction, such transaction therefore constitutes a discloseable transaction of the Company, and is subject to the requirements of reporting and announcement under Chapter 14 of the Listing Rules.

The Company will disclose the details of the relevant transaction in the next annual report and accounts of the Company in accordance with the relevant requirements as set out in Chapter 14A of the Listing Rules. A circular, containing details of the Financial Cooperation Agreement, a letter from the independent Board committee and a letter from the independent financial advisor of the Company, both advising on the terms of the Financial Cooperation Agreement, is expected to be dispatched to the Shareholders on or before 23 September 2016.

## **FINANCIAL COOPERATION AGREEMENT**

### **Date:**

1 September 2016

### **Parties:**

The Company; and

Datang Lease Company.

### **Subject Matter:**

According to the Financial Cooperation Agreement, the Company shall conduct financial leasing and other businesses with an aggregate amount of not more than RMB5 billion for every 12 months from 1 September 2016 with Datang Lease Company.

The parties may, during the term of the Financial Cooperation Agreement, enter into specific financial leasing contracts in accordance with the terms of the Financial Cooperation Agreement, and such specific financial leasing contracts shall be subject to the terms of the Financial Cooperation Agreement.

### **Term:**

The term of the agreement shall be 36 months commencing from 1 September 2016 to 31 August 2019.

## Major Terms:

1. According to the Financial Cooperation Agreement, the Company will become a substantial client and a long-term business partner of Datang Lease Company and Datang Lease Company shall provide premium financial support for the Company such as financial leasing services, entrusted loan services and factoring services in compliance with the law.

Under the same conditions, the Company will have priority in choosing Datang Lease Company as the service provider for provision of financial leasing services, entrusted loan services and factoring services.

2. In accordance with the business principles of a financial leasing company, Datang Lease Company shall provide financial support including financial lease for the Company with an aggregate amount of not more than RMB5 billion for every 12 months from 1 September 2016 for the investment and construction of key projects of the Company in areas including thermal power, hydropower, wind power and cyclic economy.
3. By making use of its professional advantages in the financial area, Datang Lease Company shall provide the Company with various financial consulting services such as investment and financing consulting, financial advisory, financial leasing consulting, factoring products design and transaction arrangements.
4. Datang Lease Company shall provide the Company with the most favourable rates for lease fees pursuant to the relevant policies and regulations of the PRC and in line with the supply and demand of capitals in the market as well as the structural features of different lease and factoring products. The general rates for lease fees shall be equivalent to or more favourable than those offered by other domestic financial leasing companies in China.
5. The Financial Cooperation Agreement shall become effective when it is duly signed by the parties and affixed with their respective company seals and upon the approval by the internal authority of each of the parties, including obtaining approval of the agreement by the independent Shareholders at the general meeting.

## **Pricing policy:**

Prior to cooperation with Datang Lease Company, the Company shall collect information about the terms of the relevant transaction and their respective interest rates from approximately 7 major domestic leasing companies in China who are independent of the Company and its connected persons, and compare them with the benchmark interest rate on term loans issued by the People's Bank of China to ensure that the Company receives the most favourable terms, the general rates for lease fees of the relevant transactions shall be equivalent to or more favourable than those offered by other domestic financial leasing companies in China, and the Company's overall interests will be maximised.

## **Annual Cap:**

Transaction period	11 September 2016 to 31 December 2016	1 January 2017 to 31 December 2017	1 January 2018 to 31 December 2018	1 January 2019 to 31 August 2019
Principal	RMB1.0 billion	RMB5.0 billion	RMB5.0 billion	RMB4.0 billion

The abovementioned annual caps are determined with reference to the financial plan of the Company. Such financial plan mainly considered the expected capital needs of the Group in the coming 36 months, i.e. it is expected that debt ranging from RMB40.0 billion to RMB60.0 billion of the Company will expire during 2017 to 2019, and thus, approximately two-thirds of the finance leasing principal is expected to be used to replace part of the existing expired loans; and approximately one-third of the finance lease principal is expected to be used to satisfy future capital needs of certain existing and new projects. These projects have been approved by the Board.

## **Historical transactions:**

The transaction amount of financial lease between the Company and Datang Lease Company for the year 2013, 2014 and 2015 amounted to RMB4.216 billion, RMB1.397 billion and RMB3.760 billion, respectively.

Since 1 January 2016 and up to the date of this announcement, no transactions were conducted between the Company and Datang Lease Company in relation to financial leasing and other businesses.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE CAPITAL COOPERATION AGREEMENT**

Through entering into the Financial Cooperation Agreement, the Company is able to obtain financial support and relevant financing services at an interest rate lower than the market rate, which allows the Company to further reduce its overall capital costs; with the gradual expansion of financial leasing and other businesses among Datang Lease Company, the Company and the relevant units can relieve the passive situation of the businesses, including financial leasing, of the Company and the relevant units

in the past and further enhance the bargaining power of the Company and the relevant units when conducting financial leasing and other businesses with other leasing companies. Meanwhile, Datang Lease Company would be able to develop a deeper understanding in the operation of the Company and relevant units, which in turn would be able to provide more convenient, effective and efficient financial leasing and other services for the Company when compared to those services provided by other leasing companies.

The Directors (excluding the independent non-executive Directors whose views will be contained in the circular after considering the advice from the independent financial advisor) are of the view that the relevant terms of the Financial Cooperation Agreement are fair and reasonable and have been entered into after arm's length negotiation between all parties thereto and determined on normal commercial terms, which is in the interests of the Company and its Shareholders as a whole.

## **INFORMATION ON RELEVANT PARTIES**

1. The Company was established on 13 December 1994 with registered capital of RMB13.310 billion and 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. The Company mainly provides services in the PRC.
2. CDC was established on 9 March 2003 with registered capital of RMB18.009 billion. Its operation scope includes the development, investment, construction, operation and management of power energy, organisation of power (thermal) production and sales; manufacturing, repair and commissioning 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. Datang Lease Company, a subsidiary of CDC, was established on 28 November 2012 with registered capital of RMB2 billion. Its operation scope includes financial leasing business, overseas acquisition of leased properties, treatment of residual value of and maintenance of leased properties, and other financial businesses.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, CDC together with its subsidiaries held 34.77% of the issued share capital of the Company. Since Datang Lease Company is a subsidiary of CDC, Datang Lease Company is a connected person of the Company and the Financial Cooperation Agreement and the transactions thereunder constitute continuing connected transactions 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 transactions under the Financial Cooperation Agreement are above 5%, the Financial Cooperation Agreement and the transactions thereunder, when aggregated with the Previous Transaction, are subject to the requirements of reporting, announcement and approval by independent Shareholders of the Company under Chapter 14A of the Listing Rules.

Since one or more of the applicable percentage ratios in respect of the transaction under the Financial Cooperation Agreement are more than 5% and all the applicable percentage ratios are less than 25% and when aggregated with the Previous Transaction will not result in a higher transaction classification than the Previous Transaction, such transaction therefore constitutes a discloseable transaction of the Company, and is subject to the requirements of reporting and announcement under Chapter 14 of the Listing Rules.

The Company will disclose the details of the relevant transaction in the next annual report and accounts of the Company in accordance with the relevant requirements as set out in Chapter 14A of the Listing Rules. A circular, containing details of the Financial Cooperation Agreement, a letter from the independent Board committee and a letter from the independent financial advisor of the Company, both advising on the terms of the Financial Cooperation Agreement, is expected to be dispatched to the Shareholders on or before 23 September 2016.

Any Shareholder with a material interest in the transaction and its associates will abstain from voting at the general meeting to be held by the Company to, including but not limited to, consider and approve the Financial Cooperation Agreement and the transactions thereunder. Therefore, CDC and its associates shall abstain from voting at the general meeting to approve the Financial Cooperation Agreement and the transactions thereunder.

#### **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISOR**

An independent Board committee comprising independent non-executive Directors will be formed to advise the independent Shareholders on the terms of the Financial Cooperation Agreement.

The Company will appoint an independent financial advisor to advise the independent Board committee of the Company and the independent Shareholders on the terms of the Financial Cooperation Agreement.

## 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, is a controlling shareholder of the Company. CDC together with its subsidiaries of the Company, 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, details of which are set out in the section headed “Information on Relevant Parties”
“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 Lease Company”	Datang Financial Lease Co., Ltd., details of which are set out in the section headed “Information on Relevant Parties”
“Director(s)”	the director(s) of the Company
“Financial Cooperation Agreement”	the financial cooperation agreement entered into by and between the Company and Datang Lease Company on 1 September 2016
“independent Shareholders”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Previous Transaction”	the transaction under the leasing and factoring business cooperation agreement dated 11 September 2015 entered into between the Company and Shanghai Datang Financial Lease Co., Ltd., details of which please refer to the circular of the Company dated 13 October 2015

“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	percent

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

Beijing, the PRC, 1 September 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*