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

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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

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 TRANSACTIONS  
FINANCIAL COOPERATION AGREEMENT**

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



**Lego Corporate  
Finance Limited**  
力高企業融資有限公司

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A letter from the Board is set out on pages 3 to 11 of this circular. A letter from the Independent Board Committee is set out on page 12 to page 13 of this circular. A letter from Lego Corporate Finance Limited containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 14 to 26 of this circular.

The Company will convene the EGM at 1608 Conference Room, Datang International Power Generation Co., Ltd., 9 Guangningbo Street, Xicheng District, Beijing, the PRC on 27 October 2016 (Thursday) at 9:30 a.m. The notice convening the EGM has been despatched to the shareholders on 12 September 2016.

Completion and return of the proxy form shall not preclude you from attending and voting in person at the EGM or at any adjourned meetings should you so wish.

30 September 2016

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## DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“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 Latest Practicable Date
“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 of the Parties”
“connected person”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	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
“EGM”	the extraordinary general meeting of the Company to be held at 1608 Conference Room, Datang International Power Generation Co., Ltd., 9 Guangningbo Street, Xicheng District Beijing, the PRC on 27 October 2016 (Thursday) at 9:30 a.m. to consider and approve, among others, the Financial Cooperation Agreement
“Financial Cooperation Agreement”	the financial cooperation agreement entered into between the Company and Datang Lease Company on 1 September 2016
“Group”	The Company and its subsidiaries

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## DEFINITIONS

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“Independent Board Committee”	the independent board committee of the Company, comprising four independent non-executive Directors, and each of them does not have any material interest in the Financial Corporation Agreement
“Independent Shareholders”	has the meaning ascribed to it under the Listing Rules
“Latest Practicable Date”	29 September 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Lego Corporate Finance”	Lego Corporate Finance Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Financial Cooperation Agreement
“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
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	percent

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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 Directors:*

Mr. Wang Xin  
Mr. Ying Xuejun

*Office address:*

No. 9 Guangningbo Street  
Xicheng District  
Beijing, 100033  
the PRC

*Non-executive Directors:*

Mr. Chen Jinhang (Chairman)  
Mr. Liu Chuandong  
Mr. Liang Yongpan  
Mr. Zhu Shaowen  
Mr. Cao Xin  
Mr. Zhao Xianguo  
Mr. Liu Haixia  
Ms. Guan Tiangang

*Principal place of business*

*in Hong Kong:*  
c/o Eversheds  
21/F, Gloucester Tower  
The Landmark  
15 Queen's Road Central  
Hong Kong

*Independent non-executive Directors:*

Mr. Feng Genfu  
Mr. Luo Zhongwei  
Mr. Liu Huangsong  
Mr. Jiang Fuxiu

30 September 2016

*To the Shareholders*

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION  
AND  
CONTINUING CONNECTED TRANSACTIONS  
FINANCIAL COOPERATION AGREEMENT**

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## LETTER FROM THE BOARD

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### BACKGROUND

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, including entrusted loans services and factoring services, 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.

The purpose of this circular is:

- (1) to provide you with further details of the Financial Cooperation Agreement;
- (2) to set out the recommendation of the Independent Board Committee in respect of the Financial Cooperation Agreement; and
- (3) to set out the letter of advice from Lego Corporate Finance to the Independent Board Committee and the Independent Shareholders in respect of the Financial Cooperation Agreement.

### 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, including entrusted loans services and factoring services, with an aggregate amount of not more than RMB5 billion for every 12 months from 1 September 2016 with Datang Lease Company. During the term of the agreement, Datang Lease Company shall provide the following services to the Company:

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## LETTER FROM THE BOARD

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- (i) Financial leasing services: Datang Lease Company will provide financial leasing services to the Group mainly by sale and leaseback arrangement with Datang Lease Company as the leaser and the Company as the lessee.
- (ii) Entrusted loans services: Datang Lease Company will provide entrusted loans services to the Company, i.e. Datang Lease Company will provide entrusted loans to the Company through a lending agent.
- (iii) Factoring services: Datang Lease Company will provide factoring services to the Company, i.e. Datang Lease Company will act as the factor and will provide loan to the Group with the accounts receivables of the Group as pledge for such loan.

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 relevant laws and regulations of the PRC.

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.

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## LETTER FROM THE BOARD

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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 when providing the relevant services (i.e., financial leasing services, entrusted loans services and factoring services) to the Company under the Financial Cooperation Agreement.
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, including Cornerstone International Financial Leasing Co., Ltd. (基石國際融資租賃有限公司), ICBC Financial Leasing Co., Ltd. (工銀金融租賃有限公司), CMB Financial Leasing Co., Ltd. (招銀金融租賃有限公司), Bank of Communications Finance Leasing Co., Ltd. (交銀金融租賃有限責任公司) and CCB Financial Leasing Co., Ltd. (建信金融租賃有限公司), which expressed their cooperation intention with the Company 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.

Each leasing company is to provide a preliminary quotation on the terms of the relevant transaction and their respective interest rates within two days. The finance department of the Company shall compare the quotations received and select the leasing company with the lowest quote from the quotations received within two days. Under the condition that the quotations of such leasing companies fall below the benchmark interest rate on term loans issued by the People's Bank of China: (i) if there are two or more leasing companies quote the same price, the Company shall further enquire whether the price can be lowered and select the leasing company with the lowest fee; (ii) if there remains leasing companies with final quotes being the same, the Company shall select the one with the quickest internal approval procedure; and (iii) if all the conditions remain equal, Datang Lease Company shall be selected on the basis convenience.



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## LETTER FROM THE BOARD

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If the quotations of the leasing companies are above the benchmark interest rate on term loans issued by the People's Bank of China, the Company shall seek other financing means.

The abovementioned pricing policy applies to the financial leasing services, entrusted loans services and factoring services under the Financial Cooperation Agreement.

### Annual Caps:

Transaction period	1 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 historical transaction amount between the Company and Datang Lease Company for the three years ended 31 December 2015 and the financial plan of the Company including the financial leasing services, entrusted loans services and factoring services under the Financial Cooperation Agreement. Such financial plan mainly considered the expected capital needs of the Group in the coming 36 months, e.g. the Company has RMB14.0 billion super short-term commercial papers and RMB3.0 billion corporate bonds that will expire in 2019 and part of the long-term loans, the bonds may be realised upon expiration pursuant to the actual conditions of the Company and the finance market, 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 include the Guangdong Datang International Leizhou Power Generation Plant with installed capacity of 2x1,000MW project and the Liaoning Datang International Huludao thermal power plant with installed capacity of 2x350MW project, with total investment value of RMB9.116 billion and RMB3.514 billion respectively. These projects have been approved by the Board. As the Company's financing means are not limited to those under the Financial Cooperation Agreement, the annual caps are determined to be RMB5.0 billion after considering the historical transaction amount between the Company and Datang Lease Company for the three years ended 31 December 2015, the Company's financial plans, conditions of the financing market and other relevant factors.

### 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 Latest Practicable Date, no transactions were conducted between the Company and Datang Lease Company in relation to financial leasing and other businesses, including entrusted loans services and factoring services.

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## LETTER FROM THE BOARD

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### REASONS FOR AND BENEFITS OF ENTERING INTO THE FINANCIAL 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, it allows the Company to be familiar with the quotation mechanism and operation mode of the businesses, the Company and the relevant units can avoid conditions of unreasonable quotations from other leasing companies and therefore 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.

Datang Lease Company and the Company entered into leasing business cooperation agreement and conducted similar financial leasing transactions from 1 January 2013 to 31 December 2015. During the three years, Datang Lease Company treated the Company as an important client and a long-term business partner by providing quality financial leasing services and support for the Company. Both parties are familiar with each other and have developed a sound working relationship, which allow for foreseeable and smooth transactions in the future.

Since the Company may enter into agreements with other service providers for the provision of financial leasing services, entrusted loans and factoring services, the Directors therefore consider that the Company will not solely rely on Datang Lease Company's financial leasing and other services in the future.

The Directors (including the independent non-executive Directors) 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.

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## LETTER FROM THE BOARD

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### 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. The Company holds approximately 20.0% of the issued share capital of Datang Lease Company as at the Latest Practical Date. 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 Latest Practicable Date, 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 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.

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## LETTER FROM THE BOARD

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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.

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.

### **BOARD'S APPROVAL**

None of the Directors has any material interest in the Financial Cooperation Agreement. Those connected Directors, including Chen Jinhang, Liu Chuangdong and Liang Yongpan, who are, or have been, the principal management staff of CDC, have abstained from voting at the Board's meeting for approval of the relevant transactions in accordance with the requirements of the listing rules of the Shanghai Stock Exchange.

### **ADDITIONAL INFORMATION**

Your attention is drawn to the additional information set out in the appendices to this circular.

### **EGM**

The Company will convene the EGM to, among other things, consider and approve the Financial Cooperation Agreement.

Any Shareholder with a material interest in the transactions and its associates shall abstain from voting at the relevant resolution to approve the Financial Cooperation Agreement and its annual caps at the EGM. Therefore, CDC and its associates, which hold approximately 34.77% of the issued share capital of the Company as at the Latest Practicable Date, shall abstain from voting at the EGM in approving the Financial Cooperation Agreement and its annual caps.

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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 Financial Cooperation Agreement. Your attention is also drawn to the letter of advice received from Lego Corporate Finance, the independent financial adviser to the Independent Board Committee and the Independent Shareholders as set out on pages 14 to 26 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 Financial Cooperation Agreement, the casting of votes for or against the resolution approving the Financial Cooperation Agreement by poll at the EGM as well as the principal factors and reasons considered by it in concluding its advice.

The Directors (including the independent non-executive Directors) consider that the terms of the Financial Cooperation Agreement are entered into in the ordinary and usual course of business of the Company, and are fair and reasonable and in the interest of the Shareholders and the Company as a whole and they recommend the Shareholders to vote in favour of the relevant resolution at the EGM.

Yours faithfully,

By Order of the Board of

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

**Ying Xuejun**

*Company Secretary*



**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

30 September 2016

*To the Independent Shareholders*

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION  
AND  
CONTINUING CONNECTED TRANSACTIONS  
FINANCIAL COOPERATION AGREEMENT**

We refer to the circular issued by the Company to the shareholders dated 30 September 2016 (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 Financial Cooperation Agreement constitutes continuing connected transactions of the Company, and is subject to the approval of the Independent Shareholders at the EGM.

We have been appointed as the Independent Board Committee to consider the terms of the Financial Cooperation Agreement and to advise the Independent Shareholders in connection with the Financial Cooperation Agreement as to whether, in our opinion, their terms are fair and reasonable and whether the Financial Cooperation Agreement are in the interests of the Company and the shareholders as a whole. Lego Corporate Finance has been appointed as the independent financial adviser to advise us in this respect.

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## LETTER FROM INDEPENDENT BOARD COMMITTEE

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We wish to draw your attention to the letter from the Board and the letter from Lego Corporate Finance as set out in the Circular. Having considered the principal factors and reasons considered by, and the advice of, Lego Corporate Finance as set out in its letter of advice, we consider that the Financial Cooperation Agreement are on normal commercial terms, and that the Financial Cooperation Agreement are in the best interests of the Company and the Shareholders as a whole.

We also consider that the terms of the Financial Cooperation Agreement (including its annual caps contemplated thereunder) are entered into in the ordinary and usual course of business of the Company, and are fair and reasonable. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to approve the Financial Cooperation Agreement (including its annual caps contemplated thereunder) at the EGM.

Yours faithfully,

For and on behalf of the Independent Board Committee

**Feng Genfu, Luo Zhongwei,**

**Liu Huangsong and Jiang Fuxiu**

Independent non-executive Directors

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

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## LETTER FROM LEGO CORPORATE FINANCE

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*The following is the full text of the letter of advice from Lego Corporate Finance, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, in respect of the terms of the Financial Cooperation Agreement which have been prepared for the purpose of inclusion in this circular.*



30 September 2016

*To the Independent Board Committee and the Independent Shareholders*

Dear Sirs/Madams,

### **DISCLOSEABLE TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS FINANCIAL COOPERATION AGREEMENT**

#### **INTRODUCTION**

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Financial Cooperation Agreement, details of which are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular issued by the Company to the Shareholders dated 30 September 2016 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

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, including entrusted loans services and factoring services, 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.

As at the Latest Practicable Date, 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.



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## LETTER FROM LEGO CORPORATE FINANCE

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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.

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.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Feng Genfu, Luo Zhongwei, Liu Huangsong and Jiang Fuxiu, has been established to advise the Independent Shareholders as to whether the terms of the Financial Cooperation Agreement are fair and reasonable so far as the Company and Independent Shareholders are concerned and whether the terms of the Financial Cooperation Agreement are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders as to whether to vote in favour of the relevant resolution to be proposed at the EGM to approve the Financial Cooperation Agreement. As the independent financial adviser, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders in such regard.

As at the Latest Practicable Date, Lego Corporate Finance 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 Lego Corporate Finance. In the last two years, Lego Corporate Finance has acted as an independent financial adviser to the then independent board committee and independent shareholders of the Company in relation to a major and connected transaction (details of which were set out in the circular of the Company dated 12 August 2016). Apart from normal professional fees paid or payable to us in connection with such appointment, no arrangement 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.

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## LETTER FROM LEGO CORPORATE FINANCE

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### **BASIS OF OUR OPINION**

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have assumed that all information referred to in the Circular continued to be true, accurate and complete as at the date of the EGM, and the Shareholders will be informed of any material change of information. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the date of the Circular and all such statements of belief, opinions and intention of the Directors and the management of the Group and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and/or the management of the Group. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and the management of the Group are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of the Circular.

We consider that we have reviewed the relevant information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Company and Datang Lease Company or any of their respective subsidiaries or associates.

# LETTER FROM LEGO CORPORATE FINANCE

## PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation, we have taken into consideration the following principal factors and reasons:

### 1. Background of the 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, including entrusted loans services and factoring services, 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.

### 2. Information on the Group

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.

The following table is a summary of the audited financial information of the Group for the financial years ended 31 December 2014 and 2015, as extracted from the annual report of the Company for the year ended 31 December 2015 (the “**2015 Annual Report**”) and the unaudited financial information of the Group for the six months ended 30 June 2016, as extracted from the interim report of the Company for the six months ended 30 June 2016 (the “**2016 Interim Report**”).

	2014		For the year ended 31 December 2015		For the six months ended 30 June 2016	
	RMB'000 (audited)	%	RMB'000 (audited)	%	RMB'000 (unaudited)	%
Revenue	70,194,327	100%	61,890,285	100%	29,198,539	100%
– Sales of electricity	62,589,174	89.2%	55,556,321	89.8%	25,062,406	85.8%
– Heat supply	1,306,685	1.9%	1,434,570	2.3%	988,158	3.4%
– Sales of coal	1,757,130	2.5%	267,649	0.4%	77,583	0.3%
– Sales of chemical products	1,916,735	2.7%	1,839,983	3.0%	1,498,604	5.1%
– Other segments	2,624,603	3.7%	2,791,762	4.5%	1,571,788	5.4%
Profit for the period	1,888,494		3,260,372		2,051,679	

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## LETTER FROM LEGO CORPORATE FINANCE

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	As at 31 December 2014	As at 31 December 2015	As at 30 June 2016
	<i>RMB'000</i> (audited)	<i>RMB'000</i> (audited)	<i>RMB'000</i> (unaudited)
Cash and cash equivalents	5,013,275	5,199,317	3,465,000
Bank and other borrowings	151,444,773	144,846,969	146,626,698
Total assets	307,528,433	308,495,439	306,345,313
Total liabilities	244,070,240	244,911,100	244,672,359
Total equity	63,458,193	63,584,339	61,672,954

As illustrated in the table above, revenue of the Group amounted to approximately RMB61,890 million for the year ended 31 December 2015, representing a decrease of approximately 12% as compared to that of approximately RMB70,194 million for the prior year. According to the 2015 Annual Report, such decrease in revenue was primarily attributable to the decrease in revenue from sales of electricity, which decreased by approximately RMB7,033 million or 11% over the previous year. Driven by the decline in standard coal unit price, the total operating costs of the Group decreased by approximately RMB8,570 million or 15% over the year as a result of the lower fuel cost for power generation. In addition, the finance costs of the Group recorded a decrease of approximately RMB729 million or 8% during the period, which was mainly due to the downward adjustment of the interest rate for loan by the central bank in 2015. In light of the above, the Group reported net profit of approximately RMB3,260 million for the year ended 31 December 2015, representing an increase of approximately 73% as compared to the year ended 31 December 2014.

As at 30 June 2016, total assets of the Group amounted to approximately RMB306,345 million, representing a decrease of approximately RMB2,150 million as compared to that of 31 December 2015 which was primarily attributable to the decrease in cash and cash equivalents during the corresponding period. Total liabilities of the Group amounted to approximately RMB244,672 million, representing a decrease of approximately RMB239 million as compared to the end of 2015. We note that a significant portion of the funding requirements of the Group for capital expenditures was satisfied by short-term borrowings, as the aggregate of short-term loans, short-term bonds and current portion of the non-current liabilities amounted to approximately RMB44,591 million and represented approximately 58.6% of total current liabilities as at 30 June 2016. With reference to the 2016 Interim Report, we note that the Group had significant undrawn borrowing facilities, subject to certain conditions, amounting to approximately RMB263 billion and may refinance and/or restructure certain short-term borrowings into long-term borrowings and will also consider alternative sources of financing, where applicable.

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## LETTER FROM LEGO CORPORATE FINANCE

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As set out in the 2016 Interim Report, the Company has completed the issuance of “The Fifth Tranche of Datang International Power Generation Co., Ltd’s Super Short-term Debentures on 22 August 2016 with an issuance amount of RMB4 billion with a maturity of 270 days. In addition, the resolution for the transfer agreement in relation to coal-to-chemical and the related project entered into with Zhongxin Energy and Chemical Technology Company Limited was considered and approved during the 2016 second extraordinary general meeting of the Company. In light of the overall effects of the aforementioned events and the benefits of entering into the Financial Cooperation Agreement as detailed under the paragraph headed “Reasons for and benefits of entering into the Financial Cooperation Agreement” in this letter, we concur with the Directors’ view that the financial performance of the Group may further improve following the cooperation with Datang Lease Company for premium financial support services.

### **3. Information of Datang Lease Company**

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 financial businesses.

### **4. Major terms of the Financial Cooperation Agreement**

As set out in the Letter from the Board, the major terms of the Financial Cooperation Agreement are as follows:

***Subject matter:***

According to the Financial Cooperation Agreement, the Company shall conduct financial leasing and other businesses, including entrusted loans services and factoring services, with an aggregate amount of not more than RMB5 billion for every 12 months from 1 September 2016 with Datang Lease Company. During the term of the agreement, Datang Lease Company shall provide the following services to the Company:

- (i) Financial leasing services: Datang Lease Company will provide financial leasing services to the Group mainly by sale and leaseback arrangement with Datang Lease Company as the leaser and the Company as the lessee.
- (ii) Entrusted loans services: Datang Lease Company will provide entrusted loans services to the Company, i.e. Datang Lease Company will provide entrusted loans to the Company through a lending agent.

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## LETTER FROM LEGO CORPORATE FINANCE

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- (iii) Factoring services: Datang Lease Company will provide factoring services to the Company, i.e. Datang Lease Company will act as the factor and will provide loan to the Group with the accounts receivables of the Group as pledge for such loan.

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.

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## LETTER FROM LEGO CORPORATE FINANCE

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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.

### *Discussion of the major terms:*

For the purpose of our due diligence, we have obtained and reviewed the Financial Cooperation Agreement and we have discussed with the management of the Company regarding the major terms therein. We were given to understand that 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 which 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. Upon our enquiry to the management of the Group, we have further reviewed the list of major domestic leasing companies in China (the "**Domestic Leasing Companies**") and understand that the majority of the companies are the financial leasing arm of well-known Chinese multinational banks within the industry. In this regard, we consider that the Domestic Leasing Companies are representative and hence their respective interest rates would provide a meaningful benchmark for comparison purpose. Furthermore, in the course of reviewing the Financial Cooperation Agreement, we note that there is no lower limit on the aggregate transaction amount of financial leasing and other business services between the Company and Datang Lease Company under Financial Cooperation Agreement and we are not aware of any clause therein which might bound the Company from conducting businesses with other financial leasing companies. In this regard, we concur with the Directors' view that if the interest rates offered by other leasing companies were more favourable than the rates offered by Datang Lease Company, the Company has the flexibility to choose the most favourable terms to conduct financial leasing and other business services and therefore maximise the overall interest of the Company.

As mentioned under the sub-section headed "Information on the Group" in this letter, we note that a significant portion of the funding requirements of the Group for capital expenditures was satisfied by short-term borrowings. As at 30 June 2016, the short-term loans of the Group amounted to approximately RMB16,525 million, bearing annual interest rates ranging from 3.83% to 6.15%. Given that 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 for the provision of similar services, we concur with the Directors' view that financial leasing through Datang Lease Company, as a form of debt financing alternative, would enable the Company to lower its overall cost of capital and hence increase the financing flexibility of the Group.

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## LETTER FROM LEGO CORPORATE FINANCE

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Having considered that (i) the Company is able to obtain financial support and relevant financial leasing services from Datang Lease Company at a rate equivalent to or more favourable than those offered by other domestic financial leasing companies in the market; (ii) such interest rate is arrived at after arm's length negotiations between the Company and Datang Lease Company; and (iii) the Company is not restricted from conducting business with other financial leasing services providers, we concur with the Directors' view that the relevant terms of the Financial Cooperation Agreement are fair and reasonable, have been entered into after arm's length negotiation between all parties thereto, determined on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

### 5. Annual Caps

The proposed annual caps for the transactions under the Financial Cooperation Agreement with a principal of not exceeding 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 as follow:

<b>Transaction Period</b>	<b>1 September 2016 to 31 December 2016</b>	<b>1 January 2017 to 31 December 2017</b>	<b>1 January 2018 to 31 December 2018</b>	<b>1 January 2019 to 31 August 2019</b>
Principal	RMB1.0 billion	RMB5.0 billion	RMB5.0 billion	RMB4.0 billion

#### *Historical transactions amount:*

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. Pursuant to leasing business cooperation agreement entered into between the Company and Datang Lease Company on 25 April 2013, the Company should conduct certain financial leasing agreements with transaction amounts not exceeding RMB10 billion in aggregate per year for a term of three years commencing from 1 January 2013 to 31 December 2015. We note that the actual transaction amounts of financial lease were substantially lower than the then annual caps and only approximately 42%, 14% and 38% of the annual caps for the year ended 31 December 2013, 2014 and 2015 were utilized, respectively. As advised by the management of the Group, the operating environment of the financial leasing industry was closely linked to economic policies adopted by the central government. Given that the central bank has begun to cut benchmark interest rates since 2014 which resulted in lower lease interest rates offered by other domestic leasing companies, the Company therefore had chosen to conduct certain financial leasing services with other companies instead of Datang Lease Company in order to obtain the most favourable rate and to maximise the overall interest of the Company. In this connection, the proportion of the historical annual caps of financial lease between the Company and Datang Lease Company for each of the year 2013, 2014 and 2015 were not fully utilized.



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## LETTER FROM LEGO CORPORATE FINANCE

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Since 1 January 2016 and up to the Latest Practicable Date, no transactions were conducted between the Company and Datang Lease Company in relation to financial leasing and other businesses.

*Assessment of the proposed annual caps:*

As advised by the management of the Group, the abovementioned annual caps are determined with reference to the financial plan of the Company and such financial plan has mainly taken into account the expected capital needs of the Group in the coming 36 months. In order to assess the fairness and reasonableness of the proposed annual caps, we have obtained and reviewed certain loan arrangements of the Company that will be expired during 2017 to 2019. The majority of those debts are short-term commercial papers which the Company intends to refinance upon expiry and we note that those terms may not be as favourable as that offered by Datang Lease Company. In view of the benefits of lease financing as a financing alternative under the general debt financing condition in China, we concur with the Directors that it is beneficial to the Company to apply approximately two-third of the principal of the financial leases to replace part of the existing loans upon expiration. In addition, we were advised that the remaining portion of the finance leases, approximately one-third of the principal, will be used for fulfilling part of the future capital needs for construction of the existing and new projects which have been approved by the Board. Upon our enquiry to the management of the Group, we note that the investment amount of Guangdong Leizhou Thermal Power Project (with installed capacity of 2,000MW) and Liaoning Huludao Thermal Power Generation Project (with installed capacity of 700MW) will be approximately RMB12.6 billion in aggregate. Having taken into account the fact that Datang Lease Company could provide a more convenient, effective and efficient financial leasing as well as factoring products design services to the Company, we are of the view that the proposed annual caps set by the Directors are made after due and careful consideration and the basis of the determination of the proposed annual caps are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

**6. Reasons for and benefits of entering into the Financial Cooperation Agreement**

As stated in the Letter from the Board, relevant arrangements under the Financial Cooperation Agreement are beneficial to the Company to obtain financing support and relevant financing services at an interest rate lower than the market rate, which in turn further lower the overall capital costs of the Group. In addition, with the option to obtain premium financial support from Datang Lease Company at favourable rates, it is believed that the Company and the relevant units would strengthen their bargaining power in negotiating various services on financial leases and factoring products and therefore enhance the overall competitiveness of the Group.

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## LETTER FROM LEGO CORPORATE FINANCE

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In addition, we understand from the Directors that Datang Lease Company has established a sound management structure with experienced financial professionals who possess expertise in financial leasing and factoring businesses. In the course of our assessment with respect to the qualifications of the management of Datang Lease Company, we were given to understand that the team members possess extensive knowledge specializing in power related projects and in particular, Mr. Chi Rundong (“**Mr. Chi**”), the chairman of the board of Datang Lease Company, possess over 30 years of in-depth experience within the industry. In this regard, we consider that the management team led by Mr. Chi would be able to apply their professional advantages in the financial area to formulate strategic leasing and factoring business for the Company. Moreover, in view of the fact that (i) both the Company and Datang Lease Company are subsidiaries of CDC which would facilitate communication and cooperation between the two companies; and (ii) the Company and Datang Lease Company have accumulated three years of collaboration experience under the leasing business cooperation agreement being entered into since April 2013, we concur with the Directors’ view that 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 as well as factoring products design services to the Company as compared to those services provided by other financial leasing companies.

As advised by the Directors, the Group has been pursuing opportunities to enter into agreements to conduct financial leasing services from other companies within the Datang Group. In particular, the Company entered into (i) the leasing and factoring business cooperation agreement with Shanghai Datang Financial Lease Company in September 2015, and (ii) the leasing business cooperation agreement with Datang Lease Company in April 2013. In this regard, we are of the view that the entering into of the Financial Cooperation Agreement is in the ordinary and usual course of business of the Company.

Having considered that, among others, (i) the relevant major terms of the Financial Cooperation Agreement are fair and reasonable and have been entered into after arm’s length negotiation between all parties thereto; (ii) the proposed annual caps for the transactions are reasonably determined after due and careful consideration; and (iii) the foregoing reasons and benefits mentioned in this letter, the Directors consider, and we concur that the entering into of the Financial Cooperation Agreement are in the interests of the Company and its Shareholders as a whole.

**7. Pricing policy and internal control measures**

Pursuant to the Financial Cooperation Agreement, 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. We have discussed with the management of the Company and note that an internal control procedure has been established for the purpose of ensuring that the financial leasing services, entrusted loan services and factoring services to be provided by Datang Lease Company shall be at terms no less favourable than that offered by other financing lease companies. In particular, we have obtained and reviewed the financial management manual of the Company and note that personnel has been provided with clear guidance and instructions as to (i) the terms of reference of different levels of finance department; (ii) evaluation of potential leasing and financing opportunities; and (iii) procedures and internal controls of conducting financing and leasing services. In the course of our assessment with respect to internal control procedures, we were given to understand that transactions of financial leasing services will be subject to the approval of different departments of the Group, namely finance department, department of securities and capital operation and department of legal affairs. In addition, we have requested for three samples of transactions under the leasing business cooperation agreement being entered into between the Company and Datang Lease Company in April 2013 (the "**Previous Cooperation Agreement**"), and we note that their agreements have clearly set out the comparison of lease fees and the benchmark interest rate on term loans issued by the People's Bank of China to ensure that the Company received the most favourable rates. For the purpose of our due diligence, we have also performed three sample checks on the approval process of the transactions contemplated under the Previous Cooperation Agreement and note that the approval forms were countersigned by the respective units. We were advised by the Company that the number of samples we obtained represents a significant number of transactions under the Previous Cooperation Agreement and therefore we consider that our work done is sufficient for the purpose of forming our opinion. In light of the above, we consider that the procedures and internal control measures to determine the interest rates of the transactions between the Company and Datang Lease Company were in place and are fair and reasonable so far as the Company and Independent Shareholders are concerned.

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## LETTER FROM LEGO CORPORATE FINANCE

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### RECOMMENDATIONS

Having considered the principal factors and reasons described above, we are of the opinion that the terms of the Financial Cooperation Agreement are on normal commercial terms, fair and reasonable so far as the Company and the Independent Shareholders are concerned, and are in the ordinary and usual course of business of the Company 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 relevant resolution to approve the Financial Cooperation Agreement.

Yours faithfully,  
For and on behalf of  
**Lego Corporate Finance Limited**  
**Gary Mui**  
*Chief Executive Officer*

*Mr. Gary Mui is a licensed person registered with the Securities and Futures Commission and a responsible officer of Lego Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong). He has over 18 years of experience in the finance and investment banking industry.*

**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 OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE OF THE COMPANY**

- (i) As at the Latest Practicable Date, none of the Directors, supervisors and chief executive of the Company have any interests and short positions 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 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, chief executive or supervisor is taken or deemed to have under such provisions of the SFO) or which was required to be entered into the register required to be kept by the Company under section 352 of the SFO or which was otherwise required 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.
- (ii) As at the Latest Practicable Date, each of CDC, Tianjin Jinneng Investment Company, Hebei Construction Investment Group Co., Ltd. and Beijing Energy Investment Group Company Limited (known as Beijing Energy Investment (Group) Company Limited prior to June 2016) is a company with interests which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO. As at the Latest Practicable Date, (i) Mr. Chen Jinhang, Mr. Liu Chuandong and Mr. Liang Yongpan, both non-executive Directors, are employees of CDC; (ii) Mr. Zhu Shaowen, a non-executive Director, is an employee of Tianjin Energy Investment Group Limited, which is the de facto controller of Tianjin Jinneng Investment Company; (iii) Mr. Cao Xin and Mr. Zhao Xianguo, both non-executive Directors, are employees of Hebei Construction Investment Group Co., Ltd.; and (iv) Mr. Liu Haixia and Ms. Guan Tiangang, both non-executive Directors, are employees of Beijing Energy Investment Group Company Limited.

- (iii) As at the Latest Practicable Date, none of the Directors, proposed Directors, supervisors or proposed supervisors of the Company has any direct or indirect interest in any assets which have since 31 December 2015 (being the date to which the latest published audited financial statements of the Company were made up) been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

### **3. SERVICE AGREEMENTS**

As at the Latest Practicable Date, none of the Directors, proposed directors, supervisors or proposed 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 CONTRACT**

As at the Latest Practicable Date, none of the Directors or supervisors of the Company was materially interested in any contract or arrangement entered into by any member of the Group, and which was significant in relation to the business of the Group.

### **5. MATERIAL CHANGES**

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2015, being the date to which the latest published audited financial statements of the Group were made up.

### **6. COMPETING INTEREST**

As at the Latest Practicable Date, none of the Directors of the Company and its Subsidiaries, or their respective Associates has interests in the businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Company and its subsidiaries.

**7. EXPERT**

- (a) The following sets out the qualifications of the expert which has given its opinion or advice as contained in this circular:

<b>Name</b>	<b>Qualifications</b>
Lego Corporate Finance	a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO

- (b) Lego Corporate Finance 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 as at the Latest Practicable Date.
- (c) Lego Corporate Finance does not have any interest, direct or indirect, 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 2015, the date to which the latest published audited financial statements of the Company were made up.
- (d) Lego Corporate Finance 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**

No member of the Company and its subsidiaries is at present engaged in any litigation or arbitration of material importance to the Company and its subsidiaries and no litigation or claim of material importance to the Company and its subsidiaries is known to the Directors or the Company to be pending or threatened by or against any member of the Company and its subsidiaries.

**9. MISCELLANEOUS**

- (a) The registered office of the Company is No. 482, Guanganmennei Avenue, Xuanwu District, Beijing, the PRC and the office address of the Company is No. 9 Guangningbo Street, Xicheng District, Beijing, the PRC.
- (b) The place of business of the Company in Hong Kong is at c/o Eversheds, 21/F, Gloucester Tower, The Landmark, 15 Queen's Road Central, 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.

**10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the principal place of business in Hong Kong of the Company at 21/F, Gloucester Tower, The Landmark, 15 Queen's Road Central, Hong Kong during normal business hours from the date of this circular up to and including 15 October 2016:

- (a) the memorandum and articles of association of the Company;
- (b) Financial Cooperation Agreement; and
- (c) the consent letter and letter of advice from Lego Corporate Finance dated 30 September 2016.