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大唐国际发电股份有限公司
DATANG INTERNATIONAL POWER GENERATION CO., LTD.

(a sino-foreign joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 00991)

ANNOUNCEMENT

CONNECTED TRANSACTION

SUBSTITUTIVE POWER GENERATION VOLUME AGREEMENT

On 31 October 2016, Gaojing Thermal Power Plant of the Company and Tuoketuo No. 2 Power Generation Company entered into the Substitutive Power Generation Volume Agreement with Beijing Electric Power Corporation of State Grid Corporation of China and North China Division of State Grid Corporation of China, pursuant to which the parties agreed to conduct substitutive power generation transactions.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CDC is the controlling shareholder of the Company, which together with its subsidiaries hold 34.77% of the issued share capital of the Company. Since Tuoketuo No. 2 Power Generation Company is a controlled subsidiary of the Company and 20% of its equity interest is held by CDC, Tuoketuo No. 2 Power Generation Company is a connected person of the Company, and the transaction under the Substitutive Power Generation Volume Agreement constitutes a connected transaction of the Company.

Since one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the transaction under the Substitutive Power Generation Volume Agreement, when aggregated with Previous Transaction, is or are higher than 0.1% but lower than 5%, the connected transaction is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but is exempt from the independent shareholders' approval requirement.

SUBSTITUTIVE POWER GENERATION VOLUME AGREEMENT

Date

31 October 2016

Parties to the Agreement

Gaojing Thermal Power Plant (“**Party A**”), Tuoketuo No. 2 Power Generation Company (“**Party B**”), Beijing Electric Power Corporation of State Grid Corporation of China (“**Party C**”) and North China Division of State Grid Corporation of China (“**Party D**”).

To the best of the Directors’ knowledge, information and belief, each of Beijing Electric Power Corporation of State Grid Corporation of China and North China Division of State Grid Corporation of China and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Major Terms

1. Tuoketuo No. 2 Power Generation Company will substitute Gaojing Thermal Power Plant for providing part of the planned power generation volume during the term of the agreement;
2. Gaojing Thermal Power Plant will pay a compensation fee to Tuoketuo No. 2 Power Generation Company for the substitutive power generation;
3. Both Party A and Party B agreed that their planned monthly power generation volumes will be arranged by Party C and Party D based on the monthly power generation plan, as well as the balance between safety conditions and power generation volume of the power grids.

Term of the Agreement

The Substitutive Power Generation Volume Agreement is valid for the period commencing from the date of the agreement and ending on 31 December 2016.

Transaction Amount

The transaction amount under the Substitutive Power Generation Volume Agreement is estimated to be RMB150 million which is determined according to the confirmed plan of substitutive power generation volumes and settlement of electricity fee.

During the term of the agreement, Party A and Party B will settle the compensation fee for the substitutive power generation of the previous month during each month. Party A will pay the compensation fee to Party B for the substitutive power generation within 10 working days upon receipt of the VAT invoice issued by Party B. During the term of the agreement, Party A and Party B may negotiate an adjustment to the compensation fee for the substitutive power generation in the event that there is any adjustment to the on-grid tariff by the competent price administration department of the government.

In the event that the adjusted transaction amount is more than RMB150 million, the Company will comply with the applicable requirements of the Listing Rules as and when appropriate.

INFORMATION RELATING TO THE PARTIES OF THE SUBSTITUTIVE POWER GENERATION VOLUME AGREEMENT

1. The Company was established in December 1994 with a registered capital of RMB 13.31 billion. It is principally engaged in the construction and operation of power plants, the sale of electricity and thermal power, the overhaul and debugging of power equipment and power related technical services. The Company's main service areas are in the PRC.
2. Gaojing Thermal Power Plant: Gaojing Thermal Power Plant of the Company has a gas-fired power generation unit with a total installed capacity of 1,380 MW in operation. In response to the nation's policies of energy conservation and emissions reduction, Gaojing Thermal Power Plant closed six coal-fired 100MW units in July 2014.
3. Tuoketuo No. 2 Power Generation Company: a controlled subsidiary of the Company established in April 2007 with a registered capital of RMB749.9 million. Its shareholding structure is as follows: 40% of its equity interest is held by the Company, 25% of its equity interest is held by Beijing Jingneng Power Co., Ltd., 20% of its equity interest is held by CDC and 15% of its equity interest is held by Inner Mongolia Mengdian Huaneng Thermal Power Corporation Ltd. Its operation scope includes power production and sales, urban heating supply and other business.
4. Beijing Electric Power Corporation of State Grid Corporation of China was established in September 1991 with a registered capital of RMB2.415 billion. Its operation scope includes being responsible for the construction and operation of the Beijing Power Grid, and the supply and sale of electricity to all customers in Beijing.

5. North China Division of the State Grid Corporation of China is responsible for the operation and management of the North China Power Grid; participates in the investment, construction and operation of the projects for power transmission and transformation as well as peak-shaving and frequency modulation of power sources within the North China Power Grid; management of the North China Power Dispatching and Trading Center; participates in the trading of power generation volume between the North China Power Grid and other grids; and carries out dispatch management for the North China Power Grid according to the law.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SUBSTITUTIVE POWER GENERATION VOLUME AGREEMENT

Pursuant to the relevant national energy conservation and emission reduction and closure of coal-fired power plants policies as well as the relevant regulations on substitutive power generation volume agreement, provided that safe operation is assured, substitutive power generation by means of the internal generating units of the Company is able to fully leverage on the advantages of large generating units with high efficiency, low energy consumption and low emissions to improve the Company's profit margins and maximize its overall benefits, which are in the interest of the Company's shareholders and the interest of the parties to the transaction as a whole.

The Directors (including the independent non-executive Directors) are of the view that the connected transaction under the Substitutive Power Generation Volume Agreement is conducted in the ordinary and usual course of business of the Company, and is fair and reasonable and are in the interest of the Company and the shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CDC, together with its subsidiaries, hold approximately 34.77% of the issued share capital of the Company. Since Tuoketuo No. 2 Power Generation Company is a controlled subsidiary of the Company and 20% of its shares is held by CDC, Tuoketuo No. 2 Power Generation Company is a connected person of the Company, and the transaction under the Substitutive Power Generation Volume Agreement constitutes a connected transaction of the Company.

Since one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the transaction under the Substitutive Power Generation Volume Agreement, when aggregated with Previous Transaction, is or are higher than 0.1% but lower than 5%, the connected transaction is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but does not require the independent shareholders' approval.

BOARD’S APPROVAL

None of the Directors has a material interest in the transaction under the Substitutive Power Generation Volume Agreement. Connected Directors, namely Chen Jinhang, Liu Chuandong and Liang Yongpan, have abstained from voting on this resolution at the relevant Board meeting pursuant to the listing rules of the Shanghai Stock Exchange.

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 the controlling shareholder of the Company which, together with its subsidiaries, own 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
“Directors”	the director(s) of the Company
“Gaojing Thermal Power Plant”	Beijing Gaojing Thermal Power Plant of Datang International Power Generation Co., Ltd., a power plant under the direct management of the Company, details of which are set out in the section headed “Information relating to the Parties of the Substitutive Power Generation Volume Agreement”.
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange
“PRC”	the People’s Republic of China

“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substitutive power generation”	<p>contracted power generation quota to be purchased or sold between two or more power producers by way of trading of power generating rights under the principles of equality and voluntariness and the premise that the balance between safety conditions and power generation volume of the grids will not be violated, in order to accomplish the power generation quota plan by the purchaser (the party who offers substitution) instead of the disposer (the party who accepts substitution). The traded power generation volume is equivalent to the substituted power generation volume. By trading of substantive power generation generating units with high costs of power generation will be encouraged and driven to dispose of its contracted power generation quota in part or in whole and enable the generating units with low costs of power generation to replace the disposer to generate power, in order to achieve the objectives of optimizing power supply structure as well as reducing energy consumption and emissions</p>
“Previous Transaction”	<p>the transaction under the substitutive power generation volume agreement involving power generation in the Beijing-Tianjin-Tangshan power grid for year 2015 dated 27 November 2015 entered into between Gaojing Thermal Power Plant of the Company and Tuoketuo No. 2 Power Generation Company, Beijing Electric Power Corporation and North China Division of State Grid Corporation of China. For details, please refer to the announcement on connected transaction published by the Company on the website of the Stock Exchange of Hong Kong Limited on 27 November 2015</p>

“Substitutive Power Generation Volume Agreement”	the Substitutive Power Generation Volume Agreement involving power generation in the Beijing-Tianjin-Tangshan power grid for year 2016 dated 31 October 2016 entered into between Gaojing Thermal Power Plant and Tuoketuo No. 2 Power Generation Company, Beijing Electric Power Corporation and North China Division of State Grid Corporation of China
“Tuoketuo No. 2 Power Generation Company”	Inner Mongolia Datang International Tuoketuo No. 2 Power Generation Company Limited, a controlled subsidiary of the Company, details of which are set out in the section headed “Information relating to the Parties of the Substitutive Power Generation Volume Agreement”

By Order of the Board
Ying Xuejun
Acting Company Secretary

Beijing, the PRC, 1 November 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*