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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  
MAJOR TRANSACTION  
AND  
CONTINUING CONNECTED TRANSACTIONS  
FINANCIAL SERVICES AGREEMENT**

**FINANCIAL SERVICES AGREEMENT**

On 11 November 2016, the Company and Datang Finance Company entered into the Financial Services Agreement, pursuant to which Datang Finance Company provided the Group with deposit services, loan services and other financial services. The term of the agreement shall be three years, commencing from 1 January 2017 and ending on 31 December 2019.

**LISTING RULES IMPLICATIONS**

As at the date of this announcement, CDC, together with its subsidiaries, hold a total of approximately 34.77% of the issued share capital of the Company, and Datang Finance Company is a subsidiary of CDC. Accordingly, Datang Finance Company is a connected person of the Company and the Financial Services Agreement and the transactions thereunder constitute continuing connected transactions of the Company.

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) for the provision of deposit services under the Financial Services Agreement is more than 5%, the provision of deposit services under the Financial Services Agreement is subject to the requirements of reporting, announcement and approval by Independent Shareholders of the Company under Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios in relation to the provision of deposit services under the Financial Services Agreement is more than 25% but less than 75%, such transaction constitutes a major transaction of the Company and is subject to the reporting, announcement and the shareholders' approval requirements under Chapter 14 of the Listing Rules.

The loan services to be provided by Datang Finance Company to the Group will constitute financial assistance to be provided by a connected person for the benefit of the Group. As such loan services are on normal commercial terms which are similar to or even more favourable than those offered by other commercial banks for similar services in the PRC, and no security over the assets of the Group will be granted in respect of the loan services, the relevant loan services are exempt from all reporting, announcement and Independent Shareholders' approval requirements under Rule 14A.90 of the Listing Rules.

The Company expects that each of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) of the total fees payable by the Company to Datang Finance Company in respect of the provision of other financial services under the Financial Services Agreement will fall within the de minimis threshold as stipulated under Rule 14A.76(1) of the Listing Rules. The Company will comply with the reporting, announcement and Independent Shareholders' approval requirements of the Listing Rules if the transaction amount of other financial services to be provided by Datang Finance Company to the Group under the Financial Services Agreement exceed the relevant threshold.

The Company will disclose the details of relevant transactions in the next annual report and accounts of the Company pursuant to the relevant provisions under Chapter 14A of the Listing Rules. A circular containing details of the Financial Services Agreement, a letter from the independent board committee of the Company and a letter from the independent financial advisor, both advising the terms of the Financial Cooperation Agreement, will be dispatched to the shareholders on or before 2 December 2016.

On 28 August 2008, the Company and Datang Finance Company entered into a financial services agreement with a term commencing from 1 January 2008 to 31 December 2010. On 26 October 2010, the Company and Datang Finance Company entered into a financial services agreement, with a term of three years commencing from 1 January 2011 and ending on 31 December 2013. On 15 October 2013, the Company and Datang Finance Company entered into a financial services agreement, with a term commencing from 1 January 2014 and ending on 31 December 2016. In order to further enhance the effects of scale of the capital, accelerate capital turnover, save financing costs and ensure that the stability of the partnership between both parties is maintained and the relevant financial services agreement is renewed. On 11 November 2016, the Company and Datang Finance company entered into the Financial Services Agreement, with a term commencing from 1 January 2017 to 31 December 2019.

## **FINANCIAL SERVICES AGREEMENT**

### **Date**

11 November 2016

### **Parties**

1. the Company; and
2. Datang Finance Company

### **Major Terms**

1. Datang Finance Company shall mainly provide the Group with the following services subject to the terms and conditions provided therein:
  - i. basic services, such as deposit, loans, financial leasing, entrusted loans, bill acceptance and discounting, payment and settlement, financial guarantees, financial and financing consultation, and bonds underwriting;
  - ii. conducting unified settlement services for funds according to the instructions of the Group, and the relevant settlement expenses shall be borne by Datang Finance Company;
  - iii. conducting comprehensive credit services, including but not limited to loans, discount, guarantees and other forms of financing, with a comprehensive credit limit of RMB24 billion at an interest rate not higher than those charged by other domestic financial institutions;
  - iv. consultation and training services in relation to monetary policies, financial conditions, financing products and cash management;
  - v. the handling fee of the entrusted loans services shall not exceed 0.0006% of the actual principal amount;
  - vi. the current savings interest of the deposit services are settled according to the negotiated savings interest rates of the PBOC (as at the date of this announcement, the prevailing negotiated deposit interest rate is 1.15% per annum, while the prevailing current savings interest rate is 0.35% per annum), with a daily maximum balance of deposits of not more than RMB15 billion;
  - vii. provision of other financial services at the request or according to the instructions of the Company subject to obtaining the relevant approvals from the CBRC.

2. Deposit caps: the daily maximum deposit balance caps of the Group at Datang Finance Company for each of the three years ending 31 December 2017, 31 December 2018 and 31 December 2019 is RMB15 billion.
3. The effective date and the term of the Financial Services Agreement: the Financial Services Agreement shall become effective when it is signed by the respective representatives of the parties and sealed and upon the approval of the internal authority of each of the parties (including obtaining the approval by the Independent Shareholders at the general meeting of the Company). The term of the Financial Services Agreement shall be from 1 January 2017 to 31 December 2019.

### **Capital Risk Control Measures**

1. Datang Finance Company will ensure the safe and stable operation of the funds management information system, all of which has passed the security test in respect of the interface of online banking of commercial banks and has reached the security standards for domestic commercial banks. The system has adopted the mode awarded with CA safety certificate verification to ensure the security of the funds of the Group.
2. Datang Finance Company will ensure that it is operated in strict compliance with the risk monitoring indicators for financial institutions issued by the CBRC and that its major regulatory indicators such as capital adequacy ratio, interbank borrowing ratio and liquidity ratio will also comply with the requirements of the CBRC.
3. Any balance in the Group's funds (after deducting the amount used for making entrusted loans and the loans made to the Group by Datang Finance Company) will be deposited into one or more commercial banks in the PRC as interbank deposits.

### **Pricing Policy and Annual Caps**

#### ***Deposit Services:***

Pursuant to the financial services agreement entered into between the Company and Datang Finance Company on 15 October 2013, the daily maximum deposit balance of the Group at Datang Finance Company amounted to approximately RMB8,660 million, RMB9,780 million and RMB8,850 million for the two years ended 31 December 2014 and 31 December 2015 and for the nine months ended 30 September 2016, respectively.

In view of the Company's business growth and increase in demand for financial services, the Company plans to set the daily maximum deposit balance at Datang Finance Company as RMB15 billion for each of the three years ending 31 December 2017, 31 December 2018 and 31 December 2019 after taking into account of the following:

1. As the number of newly established companies and newly operated companies of the Group continues to increase, the amount of deposits will also increase.
2. In order to strengthen the centralised management of funds and monitor the use of funds, the Group will continuously roll out a "funding pool" platform through Datang Finance Company. Such platform amasses the funds of the Group and enables loans to be granted within the Group by utilizing the position arising from the difference in the time for receipt and payment of funds of the members of the Group in order to support the development of the Group.
3. In respect of the Group's funds settlement business at Datang Finance Company, settlement expenses will be undertaken by Datang Finance Company.
4. During the term of the agreement, the issuance of short-term debentures, super short-term debentures and non-public debt financing instruments will also enhance the Company's daily maximum deposit balance at Datang Finance Company.
5. CDC undertakes the following to the CBRC: in the event that Datang Finance Company is in urgent difficulty in making payment, CDC will increase Datang Finance Company's capital accordingly based on the actual need.

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) consider that the above proposed deposit caps in respect of the deposit services are fair and reasonable.

#### ***Loan Services:***

In view of the fact that the loan services to be provided by Datang Finance Company to the Group are on normal commercial terms which are similar to or even more favourable than those offered by other commercial banks for similar services in the PRC, and that no collateral against the assets of the Group will be required in respect of the loan services, the loan services are exempt from all reporting, announcement and Independent Shareholders' approval requirements under Rule 14A.90 of the Listing Rules. No cap has been set for such services. The Directors (including the independent non-executive Directors) consider that the loan services to be provided under the Financial Services Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

### ***Other Services:***

Apart from the deposit services and the loan services, other financial services which may be provided by Datang Finance Company to the Company mainly include entrusted loans services, finance leasing services, bill acceptance and discount services, and so forth.

The other services to be provided under the Financial Services Agreement will be on normal commercial terms and on terms similar to or even more favourable than those offered by other commercial banks for similar services in the PRC. The Directors (including the independent non-executive Directors) consider that the other services provided under the Financial Services Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

The Company expects that each of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) of the total fees payable by the Company to Datang Finance Company will fall within the de minimis threshold as stipulated under Rule 14A.76(1) of the Listing Rules. The Company will comply with the reporting, announcement and Independent Shareholders' approval requirements of the Listing Rules if the transaction amounts of the other services to be provided by Datang Finance Company to the Group under the Financial Services Agreement exceed the relevant threshold.

### **REASONS FOR AND BENEFITS OF ENTERING INTO THE FINANCIAL SERVICES AGREEMENT**

By entering into the Financial Services Agreement, the Company is able to better expand its financing channels as well as to obtain loans and other financing services at interest rates lower than those in the market, which assists in improving the overall standard of fund operation of the Company and enhancing the Group's bargaining power of external financing. The entering into of the Financial Services Agreement can also enable the Company to obtain higher interest rates for deposits than those in the market and enjoy payment and settlement services at zero rate, thereby increasing interest income on deposits and saving settlement costs. Meanwhile, pursuant to the Financial Services Agreement, the Group can strengthen its funds control and accounts management through the funds management platform of Datang Finance Company, thereby further improving the efficiency of fund applications, and mitigating and avoiding financial risks.



In view of the reasons above, 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) consider that the fund risk control measures under the Financial Services Agreement are adequate enough to prevent the risks involved in deposits of the Group at Datang Finance Company and the provision of financial services under the Financial Services Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **INFORMATION RELATING TO THE RELEVANT PARTIES**

1. The Company was established on 13 December 1994 with registered capital of RMB13.310 billion and is 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 Finance Company is a non-banking financial institution duly established on 10 May 2005 in the PRC with registered capital of RMB4,869,871,590.23. Its principal businesses include the provision of deposit services, loan services, entrusted loan services and entrusted investment services.

## **LISTING RULES IMPLICATIONS**

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As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) for the provision of deposit services under the Financial Services Agreement is more than 5%, the provision of deposit services under the Financial Services Agreement is subject to the requirements of reporting, announcement and approval by Independent Shareholders of the Company under Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios in relation to the provision of deposit services under the Financial Services Agreement is more than 25% but less than 75%, such transaction constitutes a major transaction of the Company and is subject to the reporting, announcement and the shareholders' approval requirements under Chapter 14 of the Listing Rules.

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The Company expects that each of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) of the total fees payable by the Company to Datang Finance Company in respect of the provision of other financial services under the Financial Services Agreement will fall within the de minimis threshold as stipulated under Rule 14A.76(1) of the Listing Rules. The Company will comply with the reporting, announcement and Independent Shareholders' approval requirements of the Listing Rules if the transaction amount of other financial services to be provided by Datang Finance Company to the Group under the Financial Services Agreement exceed the relevant threshold.

The Company will disclose the details of relevant transactions in the annual report and accounts of the Company pursuant to the relevant provisions under Chapter 14A of the Listing Rules. A circular containing details of the Financial Services Agreement, a letter from the independent board committee of the Company and a letter from the independent financial advisor, both advising the terms of the Financial Cooperation Agreement, will be dispatched to the shareholders on or before 2 December 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 provision of deposit services under the Financial Services Agreement. Therefore, CDC and its associates shall abstain from voting at the general meeting to consider and approve the provision of deposit services under the Financial Cooperation Agreement.



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

An independent board committee comprising the independent Directors will be formed to advise the Independent Shareholders on the terms of the provision of deposit services under the Financial Services Agreement.

The Company will appoint an independent financial advisor to advise the independent board committee and the Independent Shareholders on the terms of the provision of deposit services under the Financial Services Agreement.

## **DEFINITIONS**

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

“Board”	the board of Directors
“CBRC”	China Banking Regulatory Commission (中國銀行業監督管理委員會)
“CDC”	China Datang Corporation, a State-owned enterprise established under the laws of the PRC and is a controlling shareholder of the Company. CDC, together with its subsidiaries, hold a total of 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. For details, please refer to “Information relating to the 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 Finance Company”	China Datang Finance Co., Ltd. (中國大唐集團財務有限公司), a controlled subsidiary of CDC. For details, please refer to “Information relating to the relevant parties”

“Director(s)”	the director(s) of the Company
“Financial Services Agreement”	the financial services agreement entered into between the Company and Datang Finance Company on 11 November 2016
“Group”	the Company and its subsidiaries
“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
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	percent

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

Beijing, the PRC, 11 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*