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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

TECHNOLOGICAL TRANSFORMATION PROJECT CONTRACTS

On 29 December 2016, Tuoketuo Power Generation Company, a controlling subsidiary of the Company, entered into the Technological Transformation Project Contract (Tuoketuo) with Datang Technologies and Engineering Company with a contract amount of RMB90.957124 million. Zhangjiakou Thermal Power Company, a wholly-owned subsidiary of the Company, entered into the Technological Transformation Project Contract (Zhangjiakou Thermal) with Datang Technologies and Engineering Company with a contract amount of RMB72.869952 million.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CDC is the controlling shareholder of the Company, which together with its subsidiaries hold a total of 34.77% of the issued share capital of the Company. Pursuant to Chapter 14A of the Listing Rules, since Datang Technologies and Engineering Company, a wholly-owned subsidiary of Datang Environment Company, a controlling subsidiary of CDC, is a connected person of the Company, the transaction under the Technological Transformation Project Contracts constitutes a connected transaction of the Company.

Since one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) of the aggregated transaction amount in respect of the transaction amount under the Technological Transformation Project Contracts, when aggregated with the Previous Transactions, is above 0.1% but less than 5%, the Technological Transformation Project Contracts and the transaction thereunder are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but are not subject to the approval by the independent shareholders of the Company.

TECHNOLOGICAL TRANSFORMATION PROJECT CONTRACT (TUOKETUO)

Date of the Contract:

29 December 2016

Parties to the Contract:

- (1) Owner: Tuoketuo Power Generation Company
- (2) General Contractor: Datang Technologies and Engineering Company

Principal Terms of the Contract:

- (1) Subject matter: Tuoketuo Power Generation Company shall appoint Datang Technologies and Engineering Company to undertake the EPC construction project for closure and reconstruction of coal storage area (Phase I) of Tuoketuo Power Generation Company.
- (2) Aggregate contract price and breakdown:

Currency: RMB Unit: 0'000

Total contract price	Equipment and raw materials expenses	Construction and installation fees	Total technical services fees	Other fees
9,095.7124	681.9404	8,203.7875	170	39.9845

- (3) Settlement and payment:
 - a. Payment for equipment purchase expenses:
 - i) Within one month from the effective date of the contract, the general contractor shall provide an irrevocable performance bond guarantee in favour of the owner with an amount equivalent to 10% of the aggregate contract price and a financial receipt with an amount equivalent to 10% of the contract equipment price, and the owner shall pay 10% of the contract equipment price to the general contractor as prepayment within one month upon its verification;

- ii) After the contractor has delivered the equipment to the construction site within a specified period of time and upon site inspection by the owner, the owner shall pay 70% of the equipment price to the general contractor within 45 days upon its verification of the documents including acceptance list and quality inspection certificate provided by the contractor;
 - iii) Upon acceptance and passing of on-site commissioning, the owner shall pay 10% of the equipment price to the general contractor within one month upon its verification;
 - iv) The remaining 10% of the equipment price shall be reserved as quality assurance fee. The owner shall pay 10% of the equipment price to the general contractor within one month upon its verification of the final acceptance certificate provided by the general contractor.
- b. Payment for total technical services fees:
- (1) Payment for design fee:
 - i) Within one month from the effective date of the contract, the general contractor shall provide a financial receipt with an amount equivalent to 10% of the design fee, and the owner shall pay 10% of the design fee to the general contractor as prepayment within one month upon its verification;
 - ii) Within one month upon completion of the construction drawing, the general contractor shall provide a value-added tax invoice with an amount equivalent to 70% of the design fee, and the owner shall pay 60% of the design fee to the general contractor within one month upon its verification;
 - iii) Within one month upon completion of the completion drawing, the general contractor shall provide a value-added tax invoice with an amount equivalent to 30% of the design fee, and the owner shall pay 20% of the design fee to the general contractor within one month upon its verification;
 - iv) The remaining 10% of the design fee shall be reserved as quality assurance fee for the design fee. One year after completion of trial run for 168 hours of the generating units and when the trial results satisfy the contractual design requirements, the general contractor shall provide a financial receipt with an amount equivalent to 10% of the design fee, and the owner shall pay 10% of the design fee to the general contractor within one month upon its verification.

(2) Payment for commissioning fee:

- i) Within 30 days upon entering the site by the commissioning professionals, the owner shall pay a prepayment in an amount equivalent to 20% of the commissioning fee to the general contractor, while the general contractor shall provide a financial receipt for such prepayment;
- ii) Within one month upon completion of trial run for 168 hours of the generating units, the general contractor shall provide a value-added tax invoice with an amount equivalent to 100% of the commissioning fee, and the owner shall pay 70% of the total commissioning fee to the general contractor within one month upon its verification;
- iii) The remaining 10% of the commissioning fee shall be reserved as quality assurance fee for the commissioning fee. One year after completion of trial run of the generating units and when the trial results satisfy the contractual design requirements, the general contractor shall provide a financial receipt with an amount equivalent to 10% of the commissioning fee, and the owner shall pay 10% of the commissioning fee to the general contractor within one month upon its verification.

(3) Payment for other fees:

- i) Upon delivery of the first batch of equipment, the general contractor shall provide a value-added tax invoice with an amount equivalent to 30% of technical services fees and a report on the details of the technical services implemented, and the owner shall pay 30% of technical services fees to the general contractor within one month upon its verification;
- ii) Upon signing the preliminary acceptance certificate for the contract equipment passing the performance acceptance test, the general contractor shall provide a value-added tax invoice with an amount equivalent to 70% of technical services fees, and the owner shall pay 70% of technical services fees to the general contractor within one month upon its verification.

- c. Payment for construction and installation fees:
 - i) Within 30 days upon entering the site by the construction and installation team, the owner shall pay a prepayment in an amount equivalent to 10% of the construction and installation fees to the general contractor, and the general contractor shall provide a financial receipt to the owner for such prepayment;
 - ii) Upon commencement of construction, the owner shall pay the progress payment to the contractor on a monthly basis. The owner shall cease to pay when the progress payment paid (including prepayments) represents 90% of the construction and installation fees, or, after audit, 95% of the construction and installation fees;
 - iii) The remaining 5% of the construction and installation fees shall be reserved as quality assurance fee. The owner shall pay 5% of the construction and installation fees to the contractor within one month upon expiration of the warranty period and if no quality issues arises upon its verification.

- d. Other fees

The payment method and schedule of other fees are same as those of the construction and installation fees.

- (4) Effective date of contract: the contract becomes effective when it is signed by the legal representative or authorized representative of the parties with their respective company seals affixed thereto.

TECHNOLOGICAL TRANSFORMATION PROJECT CONTRACT (ZHANGJIAKOU THERMAL)

Date of the Contract:

29 December 2016

Parties to the Contract:

- (1) Owner: Zhangjiakou Thermal Power Company
- (2) General Contractor: Datang Technologies and Engineering Company

Principal Terms of the Contract:

(1) Subject matter: Zhangjiakou Thermal Power Company shall appoint Datang Technologies and Engineering Company to undertake the EPC construction project for full closure and reconstruction of coal storage area of Zhangjiakou Thermal Power Company.

(2) Aggregate contract price and breakdown:

Currency: RMB Unit: 0'000

Total contract price	Equipment expenses	Construction and installation fees	Total technical services fees
7,286.9952	395.411	6,676.5842	215

(3) Settlement and payment:

a. Payment for equipment purchase expenses:

- i) Within one month from the effective date of the contract, the general contractor shall provide an irrevocable performance bond guarantee in favour of the owner with an amount equivalent to 10% of the aggregate contract price;
- ii) After the contractor has delivered the equipment to the construction site within a specified period of time and upon site inspection by the owner, the owner shall pay 70% of the equipment price to the general contractor within 45 days upon its verification of the documents including acceptance list and quality inspection certificate provided by the contractor;
- iii) Upon acceptance and passing of on-site commissioning, the owner shall pay 20% of the equipment price to the general contractor within one month upon its verification;
- iv) The remaining 10% of the equipment price shall be reserved as quality assurance fee. The owner shall pay 10% of the equipment price to the general contractor within one month upon its verification of the final acceptance certificate provided by the general contractor.

b. Payment for total technical services fees:

(1) Payment for design fee:

- i) From the effective date of the contract, the general contractor shall issue a commercial invoice at the routine request of the owner and according to the progress of the project, and the owner shall pay 10% of the design fee to the general contractor within one month upon its verification;
- ii) Within one month upon completion of the construction drawing, the owner shall pay 60% of the design fee to the general contractor within one month upon its verification;
- iii) Within one month upon completion of the completion drawing, the owner shall pay 20% of the design fee to the general contractor within one month upon its verification;
- iv) The remaining 10% of the design fee shall be reserved as quality assurance fee for the design fee. One year after completion of trial run for 168 hours of the generating units and when the trial results satisfy the contractual design requirements, the owner shall pay 10% of the design fee to the general contractor within one month upon its verification.

(2) Payment for commissioning fee:

- i) From the effective date of the contract, the general contractor shall issue a commercial invoice at the routine request of the owner and according to the progress of the project, and the owner shall pay 90% of the total commissioning fee to the general contractor within one month upon completion of the trial run for 168 hours;
- ii) The remaining 10% of the commissioning fee shall be reserved as quality assurance fee for the commissioning fee. One year after completion of trial run of the generating units and when the trial results satisfy the contractual design requirements, the owner shall pay 10% of the commissioning fee to the general contractor.

- c. Payment for construction and installation fees:
- i) From the effective date of the contract, the general contractor shall issue a commercial invoice at the routine request of the owner and according to the progress of the project, and the owner shall pay 10% of the progress payment to the general contractor after 30 days upon entering the site by the construction and installation team;
 - ii) Upon commencement of construction, the owner shall pay the progress payment to the contractor for each construction stage. The owner shall cease to pay when the progress payment paid (including prepayments) represents 90% of the construction and installation fees, or, after audit, 95% of the construction and installation fees;
 - iii) The remaining 5% of the construction and installation fees shall be reserved as quality assurance fee. The owner shall pay 5% of the construction and installation fees to the contractor within one month upon expiration of the warranty period and if no quality issues arises upon its verification.
- (4) Effective date of contract: the contract becomes effective when it is signed by the legal representative or authorized representative of the parties with their respective company seals affixed thereto.

REASONS FOR AND BENEFITS OF ENTERING INTO THE TECHNOLOGICAL TRANSFORMATION PROJECT CONTRACTS

According to the annual technological transformation plan of the Company, the Company invited public tenders for the Technological Transformation Projects for the generating units of Tuoketuo Power Generation Company and Zhangjiakou Thermal Power Company. After carrying out relevant evaluation procedures and considering various factors, including the technical experience, professional qualifications, business reputation, project management skills, aggregate expense and other relevant factors of all the tenderers, Datang Technologies and Engineering Company was selected as the tender winner for the Technological Transformation Projects for the generating units of Tuoketuo Power Generation Company and Zhangjiakou Thermal Power Company.

Datang Technologies and Engineering Company possesses sufficient professional qualification with extensive experience in carrying out the Technological Transformation Projects. The Company considers that such company will be capable of ensuring the Technological Transformation Projects to be carried out smoothly.

The Company, Tuoketuo Power Generation Company and Zhangjiakou Thermal Power Company agreed to appoint Datang Technologies and Engineering Company to carry out the Technological Transformation Projects, mainly for the purposes of ensuring the on-schedule completion of Technological Transformation Projects of Tuoketuo Power Generation Company and Zhangjiakou Thermal Power Company, to fully leverage on its professional advantages, as well as to control cost to a certain extent through large scale purchasing of equipment.

The Directors (including independent non-executive Directors) are of the view that the Technological Transformation Project Contracts and the transaction thereunder were determined by way of public tender; the relevant terms are fair and reasonable and conducted on normal commercial terms and are in the interests of the Company and its shareholders as a whole.

BOARD'S APPROVAL

Pursuant to the “Resolution on the Involvement of Datang International and its Subsidiaries in Connected Transactions” considered and approved at the twenty-ninth meeting of the eighth session of the Board of the Company (for details, please refer to the overseas regulatory announcement of the Company dated 22 December 2015), the Company and its subsidiaries have invited public tenders for their Technological Transformation Projects in 2016.

None of the Directors of the Company has material interest in the transaction under the Technological Transformation Project Contracts. The then connected Directors, namely Chen Jinhang, Hu Shengmu 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.

INFORMATION OF THE PARTIES

1. The Company 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, with its main service areas in the PRC.

2. Datang Technologies and Engineering Company, a controlling subsidiary of Datang Environment Company, was established on 10 May 2004 with a registered capital of RMB180 million. Its scope of business mainly includes: general contracting for design and construction of thermal power and wind power generation system; general contracting for design and construction of environmental projects such as flue gas desulfurisation and denitrification in various areas, including energy, metallurgy and chemistry, etc.
3. Tuoketuo Power Generation Company, a controlling subsidiary of the Company, has an installed capacity of 3,600MW.
4. Zhangjiakou Thermal Power Company, a wholly-owned subsidiary of the Company, has an installed capacity of 600MW.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CDC is the controlling shareholder of the Company, which together with its subsidiaries hold a total of 34.77% of the issued share capital of the Company. Pursuant to Chapter 14A of the Listing Rules, since Datang Technologies and Engineering Company, a wholly-owned subsidiary of Datang Environment Company, a controlling subsidiary of CDC, is a connected person of the Company, the transaction under the Technological Transformation Project Contracts constitutes a connected transaction of the Company.

Since one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) of the aggregated transaction amount in respect of the transaction amount under the Technological Transformation Project Contracts, when aggregated with the Previous Transactions, is above 0.1% but less than 5%, the Technological Transformation Project Contracts and the transaction thereunder are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but are not subject to the approval by the independent shareholders of the Company.

DEFINITIONS

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

“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 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
“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 Environment Company”	Datang Environment Industry Group Co., Ltd., a subsidiary of CDC
“Datang Technologies and Engineering Company”	China Datang Technologies and Engineering Co., Ltd., a subsidiary of Datang Environment Company, a subsidiary of CDC, details of which are set out in the section headed “Information of the Parties”
“Director(s)”	the director(s) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China

“Previous Transactions”	several technological transformation project contracts entered into between the subsidiaries of the Company and Datang Environment Company and its subsidiaries. For details, please refer to the relevant announcements issued by the Company on 8 March, 30 June and 28 July in 2016
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Technological Transformation Projects”	the technological transformation projects that transform obsolete technologies into advanced technologies and replace outdated technologies and equipment with advanced ones by upholding the principle of technological advancement, thereby achieving the goal to expand production capacities through organic growth, diversify product portfolio and enhance product quality, while saving energy, reducing raw materials consumption, enhancing labour productivity and increasing economic benefits
“Technological Transformation Project Contract(s)”	Technological Transformation Project Contract (Tuoketuo) and Technological Transformation Project Contract (Zhangjiakou Thermal)
“Technological Transformation Project Contract (Tuoketuo)”	The General Contracting Contract on Closure and Reconstruction of Coal Storage Area (Phase I) of Tuoketuo Power Generation Company entered into between Tuoketuo Power Generation Company and Datang Technologies and Engineering Company on 29 December 2016 with a contract amount of RMB90.957124 million
“Technological Transformation Project Contract (Zhangjiakou Thermal)”	The EPC General Contracting Contract on Full Closure and Reconstruction of Coal Storage Area of Zhangjiakou Thermal Power Company entered into between Zhangjiakou Thermal Power Company and Datang Technologies and Engineering Company on 29 December 2016 with a contract amount of RMB72.869952 million

“Tuoketuo Power Generation Company”	Inner Mongolia Datang International Tuoketuo Power Generation Company Limited, details of which are set out in the section headed “Information of the Parties”
“Zhangjiakou Thermal Power Company”	Hebei Datang International Zhangjiakou Thermal Power Generation Company Limited, details of which are set out in the section headed “Information of the Parties”
“%”	percentage

By Order of the Board
Ying Xuejun
Company Secretary

Beijing, the PRC, 29 December 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*, Liu Jizhen**

* *Independent non-executive Directors*