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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 TRANSACTIONS**

### **TECHNOLOGICAL TRANSFORMATION PROJECTS CONTRACTS**

#### **TECHNOLOGICAL TRANSFORMATION PROJECTS CONTRACTS**

On 22 December 2017, each of Tuoketuo No. 2 Power Generation Company and Qian'an Thermal Power Company, the controlled subsidiaries of the Company, entered into the Technological Transformation Projects Contracts with Datang Technologies and Engineering Company, with the contract amounts of RMB77.420859 million and RMB40.985309 million, respectively.

#### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, CDC is the controlling shareholder of the Company, which together with its subsidiaries holds 34.77% of the issued share capital of the Company. Pursuant to Chapter 14A of the Listing Rules, since Datang Technologies and Engineering Company is a subsidiary of Datang Environment Company, a controlled subsidiary of CDC, and hence a connected person of the Company, the transactions under the Technological Transformation Projects Contracts constitute 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 transaction amounts under the Technological Transformation Projects Contracts, when aggregated with the Previous Transactions, is above 0.1% but less than 5% and all the other applicable percentage ratios are less than 5%, the transactions contemplated under the Technological Transformation Projects Contracts are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but do not require the approval by the independent shareholders of the Company.

# TECHNOLOGICAL TRANSFORMATION PROJECTS CONTRACT (I)

## Date of the Contract:

22 December 2017

## Parties of the Contract:

- (1) Owner: Tuoketuo No. 2 Power Generation Company
- (2) General Contractor: Datang Technologies and Engineering Company

## Major Terms of the Contract:

- (1) Subject matter: Tuoketuo No. 2 Power Generation Company agreed to appoint Datang Technologies and Engineering Company to undertake the general contracting for the closure of the 5th phase of the coalfield of Tuoketuo No. 2 Power Generation Company.
- (2) Aggregate contract price and breakdown:

*Currency: RMB Unit: 0'000*

| Total contract price | Equipment fees | Installation fees | Construction and installation fees | Technical service fees | Others  |
|----------------------|----------------|-------------------|------------------------------------|------------------------|---------|
| 7,742.0859           | 641.6604       | 120.9490          | 6,834.8254                         | 111                    | 33.6511 |

- (3) Settlement and payment:

### **1. Payment of equipment fees**

- 1.1 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.

- 1.2 After the general contractor has delivered the equipment (and components thereof) to the construction site according to the arrival order within a specified period of time and upon on-site inspection by the owner, and after it has provided a value-added tax invoice with an amount equivalent to 100% of the equipment fee and the list of inspection and acceptance and other receipts to the owner, and the owner shall pay 70% of the equipment fee within 45 days upon its verification.
- 1.3 The general contractor shall conduct on-site equipment installation and commissioning according to the requirements of the owner. Upon acceptance and passing of on-site commissioning, the general contractor shall submit the acceptance certificate countersigned by the commissioning unit, installation unit, supervision unit and the manufacturer to the owner, who shall pay 10% of the equipment price within 1 month upon its verification.
- 1.4 The remaining 10% of the contract equipment price shall be reserved as quality assurance fee for the equipment. Upon the expiration of the warranty period of the contract equipment, the general contractor shall submit a financial receipt amounting to 10% of the contract equipment fee and the final certificate of acceptance of the contract equipment to the owner. The owner shall pay 10% of the contract equipment fee to the general contractor within 1 month upon its verification (and the corresponding portion of such fee shall be deducted if any issue arises).

## **2. *Payment of the total technical service fees***

Total technical service fees include design fee and commissioning fee.

### **2.1 *Payment of design fee***

- 2.1.1 Within one month from the effective date of the contract, the general contractor shall provide the owner with a financial receipt with an amount equivalent to 10% of the design fee, and the owner shall pay 10% of the total design fee to the general contractor within one month upon its verification.
- 2.1.2 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 total design fee, and the owner shall pay 60% of the total design fee to the general contractor within one month upon its verification.
- 2.1.3 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 total design fee, and the owner shall pay 20% of the total design fee to the general contractor within one month upon its verification.

2.1.4 The remaining 10% of the design fee shall be reserved as quality assurance fee for the design fee. Upon one year after completion of trial run for 168 hours of the generating units and completion of performance acceptance test, 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 contract design fee, and the owner shall pay 10% of the total contract design fee to the general contractor within one month upon its verification.

## *2.2 Payment of commissioning fee*

2.2.1 Within 30 days upon entering the site by the commissioning professionals, the owner shall make a prepayment with 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.

2.2.2 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 total commissioning fee, and the owner shall pay 70% of the total commissioning fee to the general contractor within one month upon its verification.

2.2.3 The remaining 10% of the commissioning fee shall be reserved as quality assurance fee for the commissioning fee. Upon one year after completion of trial run for 168 hours of the generating units and upon the expiry of contract commissioning warranty period, the general contractor shall provide a value-added tax invoice with an amount equivalent to 10% of the contract commissioning fee, and the owner shall pay 10% of the contract commissioning fee to the general contractor within one month upon its verification.

## **3. *Payment of construction and installation fees***

3.1 Within 30 days after the construction and installation team have entered into the site, the owner will make a prepayment with an amount of 10% of the construction and installation fee to the general contractor, and the general contractor shall provide a financial receipt of such prepayment.

3.2 Upon commencement of the construction and fulfillment of certain conditions under the contract, the owner shall make progress payment to the general contractor on a monthly basis. When the amount of the progress payment reaches 50% of the construction and installation fees, the amount of prepayment will be deducted by 4 installments in equal amount. When the amount of the progress payment (including the prepayment) reaches 90% of the total amount of the construction and installation fees, no further payment will be made until auditing has been carried out by the audit department. After auditing, the progress payment will be made up to 95% of the audited construction cost and the remaining 5% will be reserved as construction quality assurance fee.

3.3 5% of the construction and installation fees will be reserved as quality assurance fee, which will be released by the owner to the general contractor within 1 month upon the expiry of the warranty period for the closure of coalfield and coal transportation system and upon the owner being satisfied that there is no abnormal situation or remaining problems upon the owner's review and verification.

**4. Other fees will be paid at the same time as construction and installation fees according to the payment schedule of the construction and installation fee.**

(4) Effective date of the contract: The contract will become effective when it is duly signed by legal representatives or authorized representatives of the parties with their respective company seals affixed thereto.

**TECHNOLOGICAL TRANSFORMATION PROJECTS CONTRACT (II)**

**Date of the Contract:**

22 December 2017

**Parties of the Contract:**

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

**Major Terms of the Contract:**

- (1) Subject matter: Qian'an Thermal Power Company agreed to appoint Datang Technologies and Engineering Company to undertake the general contracting of the coalfield closure project of Qian'an Thermal Power Company.
- (2) Aggregate contract price and breakdown:

*Currency unit: RMB Unit: 0'000*

| Total contract price | Equipment fees | Installation fees | Construction and installation fees | Design fees | Others |
|----------------------|----------------|-------------------|------------------------------------|-------------|--------|
| 4,098.5309           | 292            | 147.4988          | 3,529.9021                         | 100         | 29.13  |

(3) Settlement and payment:

**1. *Payment of prepayment***

Within one month from the effective date of the contract and upon the general contractor submitting an irrevocable performance bond guarantee in favour of the owner with an amount equivalent to 10% of the total contract price and a financial receipt equivalent to 10% of the total contract costs, the owner shall pay 10% of the contract equipment fees to the general contractor as prepayment.

**2. *Payment of equipment fees, design fees and other fees***

The general contractor shall provide a value-added tax invoice of the following equipment fees, design fees and other fees after the owner has completed the payment of equipment fees, design fees and other fees of the contract. The payment of equipment fees, design fees and other fees will be deducted as a lump-sum. When the prepayment is not sufficient for deduction, the difference shall be paid in the next installment.

**3. *Payment of construction and installation fees***

3.1 Within 30 days after the construction and installation team have entered into the site, the general contractor shall provide an official receipt amounting to 10% of the construction and installation fees of the contract to the owner after the owner makes the payment of 10% of the construction and installation fees to the general contractor.

3.2 Upon commencement of the construction and fulfillment of certain conditions under the contract, the owner shall make progress payment to the general contractor on a monthly basis. When the amount of the progress payment (including the prepayment) reaches 90% of the total amount of the construction and installation fees, no further payment will be made until auditing has been carried out by the audit department, or, after audit, up to 95% of the audited construction cost.

3.3 The remaining 5% of the construction and installation fees will be reserved as quality assurance fee, which will be released by the owner to the general contractor within 1 month upon the expiry of the warranty period for the coalfield closure and coal transportation system and upon the owner being satisfied that there is no abnormal situation or remaining problems upon the owner's review and verification (and the corresponding portion of such fee shall be deducted if any issue arises).

(4) Effective date of the contract: The contract will become effective when it is duly signed by legal representatives or authorized representatives of the parties with their respective company seals affixed thereto.



## **REASONS FOR AND BENEFITS OF ENTERING IN TO THE TECHNOLOGICAL TRANSFORMATION PROJECTS CONTRACTS**

According to the annual technological transformation plan of the Company, the Company invited public tenders for the Technological Transformation Projects of Tuoketuo No. 2 Power Generation Company and Qian'an Thermal Power Company. After carrying out the relevant evaluation procedures and considering various factors, including the technical experiences, professional qualifications, business reputation, project management skills, consideration amount and other relevant factors of all the tenderers, Datang Technologies and Engineering Company was selected as the tender winner for the Technological Transformation Projects of Tuoketuo Power Generation Company and Qian'an 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 Datang Technologies and Engineering Company will be capable of ensuring that the Technological Transformation Projects are carried out smoothly.

The Company, Tuoketuo Power Generation Company and Qian'an 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 Technical Transformation Projects of Tuoketuo Power Generation Company and Qian'an Thermal Power Company, to fully utilise its professional advantage, as well as to control cost to a certain extent through large-scale purchase of facilities.

The Directors (including the independent non-executive Directors) are of the view that the transactions under the Technological Transformation Projects Contracts were duly 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 of the eleventh meeting of the ninth session of the Board of the Company in respect of the consideration and approval of the "Resolution on the Tendering for the Technological Transformation Projects of Datang International and its Subsidiaries" (details of which were set out in the overseas regulatory announcement of the Company dated 15 March 2017), the Company and its subsidiaries have invited public tenders for their Technological Transformation Projects in 2017.

None of the Directors has material interest in the transactions under the Technological Transformation Projects Contracts. Connected Directors, including 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.

## **INFORMATION OF THE PARTIES**

1. Datang Technologies and Engineering Company is a subsidiary of Datang Environment Company, which is a controlled subsidiary of the Company. It 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 engineering of thermal power and wind power generation system; general contracting for design and construction engineering of environmental protection projects such as flue gas desulfurization and denitrification in various areas, including energy, metallurgy and chemistry.
2. Tuoketuo No. 2 Power Generation Company is a controlled subsidiary of the Company with an installed capacity of 3,600MW.
3. Qian'an Thermal Power Company is a controlled subsidiary of the Company with an installed capacity of 220MW.

## **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. Pursuant to Chapter 14A of the Listing Rules, since Datang Technologies and Engineering Company is a subsidiary of Datang Environment Company, a controlled subsidiary of CDC, and hence a connected person of the Company, the transactions under the Technological Transformation Projects Contracts constitute 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 transaction amounts under the Technological Transformation Projects Contracts, when aggregated with the Previous Transactions, is above 0.1% but less than 5% and all the other applicable percentage ratios are less than 5%, the transactions contemplated under Technological Transformation Projects Contracts are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but do not require the approval by the independent shareholders of the Company.



## 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 Ltd. (formerly known as China Datang Corporation), a wholly state-owned Company established under the laws of the PRC and is a controlling shareholder of the Company. CDC and its subsidiaries own approximately 34.77% of the issued share capital of the Company in aggregate 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 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(s)”                    | has the meaning ascribed to it under the Listing Rules  |
| “controlling shareholders”                    | has the meaning ascribed to it under the Listing Rules  |
| “Datang Environment Company”                  | Datang Environment Industry Group Co., Ltd., a controlled subsidiary of CDC   |
| “Datang Technologies and Engineering Company” | China Datang Technologies and Engineering Co., Ltd., a controlled subsidiary of Datang Environment Company, which is 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”                              | collectively, a number of technological transformation projects contracts entered into between the subsidiaries of the Company and Datang Technologies and Engineering Company, namely such contracts as disclosed in the relevant announcements of the Company dated 29 December 2016 and 10 May 2017 and the technological transformation project contract entered into between Shanxi Datang International Linfen Thermal Power Company Limited and Datang Technologies and Engineering Company on 4 August 2017 with the contract amount of RMB9,868,159.9 in relation to the modification project of High Back Pressure Heat Supply of #1 Generating Unit of Shanxi Datang International Linfen Thermal Power Company (which is fully exempt from disclosure under Rule 14A.76 of the Listing Rules) |
| “Qian’an Thermal Power Company”                      | Hebei Datang International Qian’an Thermal Power Generation Company Limited, details of which are set out in the section headed “Information of the Parties”  |
| “RMB”  | Renminbi, the lawful currency of the PRC  |
| “Stock Exchange”                                     | The Stock Exchange of Hong Kong Limited   |
| “Technological Transformation Project Contract (I)”  | the contract entered into between Tuoketuo No. 2 Power Generation Company and Datang Technologies and Engineering Company on 22 December 2017 with the contract amount of RMB77,420,859 in relation to the closure of the 5th phase of the coalfield of Tuoketuo No. 2 Power Generation Company   |
| “Technological Transformation Project Contract (II)” | the contract entered into by Qian’an Thermal Power Company and Datang Technologies and Engineering Company on 22 December 2017 with the contract amount of RMB40,985,309 in relation to the general contracting contract of the coalfield closure project by Qian’an Thermal Power Company  |

|   |  |
|---|--|
| “Technological Transformation Projects”           | the technological transformation projects that transform obsolete technologies into advanced technologies and replace outdated technology 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, at the same time saving energy, reducing raw materials consumption, enhancing labour productivity and increasing economic benefits |
| “Technological Transformation Projects Contracts” | collectively, the Technological Transformation Projects Contract (I) and the Technological Transformation Projects Contract (II)   |
| “Tuoketuo No. 2 Power Generation Company”         | Inner Mongolia Datang International Tuoketuo No. 2 Power Generation Company Limited, details of which are set out in the section headed “Information of the Parties”   |
| “%”   | per cent   |

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

Beijing, the PRC, 22 December 2017

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, Liu Jizhen\*, Feng Genfu\*, Luo Zhongwei\*, Liu Huangsong\*, Jiang Fuxiu\**

\* *Independent non-executive Directors*