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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  
DISCLOSEABLE TRANSACTION  
AND  
CONTINUING CONNECTED TRANSACTIONS**

**LEASING AND FACTORING BUSINESS COOPERATION AGREEMENT**

On 4 July 2018, the Company entered into the Leasing and Factoring Business Cooperation Agreement with Shanghai Datang Financial Lease Company, pursuant to which, Shanghai Datang Financial Lease Company shall provide support on financial leasing and factoring business to the Company and its subsidiaries for a term of 36 months commencing from the effective date of the Leasing and Factoring Business Cooperation Agreement.

**LISTING RULES IMPLICATIONS**

As at the date of this announcement, CDC together with its subsidiaries hold approximately 53.09% of the issued share capital of the Company. Since Shanghai Datang Financial Lease Company is an indirectly owned subsidiary of CDC, Shanghai Datang Financial Lease Company is a connected person of the Company, the Leasing and Factoring Business Cooperation Agreement and the transactions thereunder therefore 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 Leasing and Factoring Business Cooperation Agreement are above 5%, the Leasing and Factoring Business 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.

Since one or more of the applicable percentage ratios in respect of the transaction under the Leasing and Factoring Business Cooperation Agreement are above 5% and all other applicable percentage ratios are less than 25%, such transaction constitutes a discloseable transaction of the Company, and is subject to the requirements of reporting and announcement under Chapter 14 of the Listing Rules.

The Company will disclose the relevant 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. A circular, containing details of the Leasing and Factoring Business Cooperation Agreement, a letter from the independent board committee and a letter from Trinity Corporate Finance Limited, the independent financial adviser of the Company, both advising on the terms of the Leasing and Factoring Business Cooperation Agreement, is expected to be dispatched to the Shareholders on or before 25 July 2018.

## **LEASING AND FACTORING BUSINESS COOPERATION AGREEMENT**

### **Date:**

4 July 2018

### **Parties:**

The Company; and  
Shanghai Datang Financial Lease Company.

### **Subject Matter:**

Pursuant to the Leasing and Factoring Business Cooperation Agreement, Shanghai Datang Financial Lease Company shall provide support on financial leasing and factoring business to the Company and its subsidiaries with a principal of not exceeding RMB10.0 billion for every 12 months from the effective date of the agreement.

The parties may, during the term of the agreement, enter into specific financial leasing and factoring contracts in accordance with the terms of the Leasing and Factoring Business Cooperation Agreement, and such specific financial leasing and factoring contracts shall be subject to the terms of the Leasing and Factoring Business Cooperation Agreement.

### **Lease Term:**

A term of 36 months, commencing from the effective date of the Leasing and Factoring Business Cooperation Agreement.

## **Major Terms:**

1. In accordance with the business principles of a financial leasing company, Shanghai Datang Financial Lease Company shall provide the Company and its subsidiaries with support on leasing and factoring business with a principal of not exceeding RMB10.0 billion for every 12 months (from the effective date of the agreement) for the investment and construction of key projects of the Company in areas including thermal power, hydropower, wind power and recycling economy.
2. By making use of its professional advantages in the financial area, Shanghai Datang Financial Lease Company shall provide the Company with various financial consulting services such as investment and financing consulting, financial advisory, financial leasing consulting, receivables factoring products design and transaction arrangements.
3. Within the scope of the business development and planning of the Company, Shanghai Datang Financial Lease Company shall assist the Company to choose suitable lessees and projects, and design and provide customized leasing and factoring business proposals.
4. Shanghai Datang Financial 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 different 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 for providing similar services.
5. The agreement shall become effective when it is duly signed by the parties and affixed with their respective company seals and upon obtaining approval of the agreement by the Independent Shareholders at the general meeting.

## **Pricing policy and control measures:**

1. After taking future development and financing plans into consideration, the Company has confirmed the financial leasing and factoring business with a principal of not exceeding RMB10.0 billion for every 12 months from the effective date of the agreement.
2. Prior to cooperation with Shanghai Datang Financial Lease Company, the Company shall collect information about the terms and conditions of the relevant transactions and their respective interest rates from 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 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.

## Historical transaction amounts:

The transaction amounts of financial lease between the Company and Shanghai Datang Financial Lease Company for the period from 11 September 2015 to 31 December 2015, the year ended 31 December ended 2016, the year ended 31 December 2017 and the four months ended 30 April 2018 amounted to RMB0.521 billion (then annual cap: RMB3 billion), RMB2.113 billion (then annual cap: RMB10 billion), RMB0.167 billion (then annual cap: RMB10 billion) and RMB0 (then annual cap: RMB7 billion), respectively.

## Annual caps:

Transaction period	From the effective date of the agreement to 31 December 2018	1 January 2019 to 31 December 2019	1 January 2020 to 31 December 2020	1 January 2021 to the expiry date of the agreement
Principal	RMB5 billion	RMB10 billion	RMB10 billion	RMB5 billion

The above proposed annual caps are determined with reference to the financing plan of the Company which is derived from the expected demand of capital of the Company for the coming 36 months, after principally considering that (i) approximately two third (2/3) of the principal of the financial leases will be used for the replacement of part of the existing loans upon expiration as the Company anticipates that an aggregate amount of approximately RMB40 billion to RMB60 billion of the loans of the Company will be expired during the period from 2019 to 2021; and (ii) approximately one third (1/3) of the principal of the financial leases will be used for fulfilling part of the future capital needs for construction of existing projects which were approved by the Board, including but not limited to Guangdong Datang International Leizhou Thermal Power Project (a project involving generating units with a total installed capacity of 2,000MW and with a total investment amount of approximately RMB8.661 billion) and Hebei Datang International Tangshan Beijiao Thermal Power Generation Project (a project involving generating units with a total installed capacity of 700MW and with a total investment amount of approximately RMB3.18 billion).

After considering the fact that lease financing is one of the important financing alternatives under the general debt financing condition and taxation arrangements in PRC, and particularly, the fact that Shanghai Datang Financial Lease Company has been established on 31 March 2015 for providing more convenient, effective and efficient financial leasing as well as factoring products design services to the Company when compared to other financial leasing companies, the Board considers that such annual caps and the determination basis are fair and reasonable so far as the Shareholders are concerned and in the interest of both the Company and the Shareholders as a whole.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE LEASING AND FACTORING BUSINESS COOPERATION AGREEMENT**

The relevant arrangements under the Leasing and Factoring Business Cooperation Agreement are beneficial to the Company to obtain financing support and relevant financing services at an interest rate that is equivalent to or lower than the market interest rate, so as to further lower its capital costs; and to further strengthen the Company's and relevant unit's negotiation power when deploying the financial leasing business with other leasing companies as the financial leasing operations of Shanghai Datang Financial Lease Company and the Company and the relevant units have been deployed and expanded. Meanwhile, Shanghai Datang Financial Lease Company would be able to develop a deeper understanding in the operation of the Company and the 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 when compared to those services provided by other financial leasing companies.

Since Shanghai Datang Financial Lease Company was incorporated on 31 March 2015, it has established a sound management structure with sufficient experienced financial professionals who possess expertise and experience in financial leasing and factoring businesses. In term of professional ability, Shanghai Datang Financial Lease Company specializes in developing power-related projects and therefore be able to accumulate abundant experience in the area of businesses which the Company is engaging in. Further, since both of the Company and Shanghai Datang Financial Lease Company are subsidiaries of CDC, this therefore facilitates the communication and cooperation between the two parties. In view of the above, Shanghai Datang Financial Lease Company possesses strong and experienced professional management and personnel, strong ability in developing projects, prompt decision making and strategic planning abilities and therefore the Company believes that Shanghai Datang Financial Lease Company will be able to provide customized leasing and factoring business proposals for the Company.

The Directors (excluding the independent non-executive Directors whose views will be contained in the circular after considering the advice from the independent financial adviser) are of the view that the relevant terms of the Leasing and Factoring Business Cooperation Agreement are fair and reasonable, have been entered into after arm's length negotiation between all parties thereto and determined on normal commercial terms and are in the interests of the Company and its Shareholders as a whole.

## **APPROVAL OF THE BOARD**

The twenty-third meeting of the ninth session of the Board of the Company has considered and approved the "Resolution on Entering into the Leasing and Factoring Business Cooperation Agreement with Shanghai Datang Financial Lease Co., Ltd." (Please refer to the overseas regulatory announcement of the Company dated 29 March 2018 for details).

None of the Directors has any material interest in the Leasing and Factoring Business Cooperation Agreement. Those connected Directors, including Chen Jinhang, Liu Chuandong and Liang Yongpan, have abstained from voting on the relevant resolution in accordance with the requirements of the listing rules of the Shanghai Stock Exchange.

## **INFORMATION OF THE PARTIES**

1. The Company was established in December 1994 and is principally engaged in the construction and operation of power plants, the sale of electricity and thermal power, the repair and maintenance of power equipment and power related technical services. The Group's main service areas are in the PRC.
2. CDC was established on 9 March 2003 with registered capital of RMB37 billion. It is principally engaged in the development, investment, construction, operation and management of power energy, organisation of power (thermal) production and sales; manufacturing, repair and maintenance 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. Shanghai Datang Financial Lease Company is a subsidiary of CDC with registered capital of approximately RMB1.0 billion, of which legal representative is Chi Rundong and registered address is No. 530, Zhengding Road, China (Shanghai) Pilot Free-Trade Zone. Shanghai Datang Financial Lease Company is principally engaged in the financial leasing business, leasing business, purchase and leasing of properties in the PRC and from overseas countries, treatment of residual value of and maintenance of leased properties, consultation and guarantee for leasing transactions, and commercial factoring business related to its principal businesses.

## **LISTING RULES IMPLICATIONS**

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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 Leasing and Factoring Business Cooperation Agreement and the transactions thereunder. Therefore, CDC and its associates shall abstain from voting at the general meeting to approve the Leasing and Factoring Business Cooperation Agreement and the transactions thereunder.

## **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

An independent board committee comprising the independent non-executive Directors will be formed to advise the Independent Shareholders on the terms of the Leasing and Factoring Business Cooperation Agreement.

The Company has appointed Trinity Corporate Finance Limited as the independent financial adviser to advise the independent board committee of the Company and the Independent Shareholders on the terms of the Leasing and Factoring Business Cooperation Agreement.

## **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. (previously 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 53.09% 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, 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
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“connected transaction”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company



“Independent Shareholders”	Shareholders, other than CDC and its associates, who are not materially interested in the Leasing and Factoring Business Cooperation Agreement
“Leasing and Factoring Business Cooperation Agreement”	the leasing and factoring business cooperation agreement entered into between the Company and Shanghai Datang Financial Lease Company on 4 July 2018
“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
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shanghai Datang Financial Lease Company”	Shanghai Datang Financial Lease Co., Ltd., details of which are set out in the section headed “Information of the Parties”
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trinity Corporate Finance Limited”	a licensed corporation under the SFO permitted to conduct type 6 (advising on corporate finance) regulated activities for the purposes of the SFO
“%”	per cent

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

Beijing, the PRC, 4 July 2018

*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, Zhang Ping, Jin Shengxiang, Liu Jizhen\*, Feng Genfu\*, Luo Zhongwei\*, Liu Huangsong\*, Jiang Fuxiu\**

\* *Independent non-executive Directors*