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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)

CONNECTED TRANSACTION NON-EXERCISE OF THE RIGHT OF FIRST REFUSAL

BACKGROUND

As at the date of this announcement, the equity interest of Ganzi Hydropower Company is held as to 53.12% by the Company (in which 0.62% equity interest was originally held by Shanghai Duomai and the change of such equity interest is still in progress) and 46.88% by CDC. Ganzi Hydropower Company is a subsidiary of the Company. CDC proposed to transfer its 46.88% equity interest in Ganzi Hydropower Company to Datang Sichuan Company, a wholly-owned subsidiary of CDC.

Pursuant to Article 71 of the Company Law of the PRC, the Company, as a shareholder of the remaining 53.12% equity interest in Ganzi Hydropower Company, is entitled to the Right of First Refusal with respect to any transfer of equity interest in Ganzi Hydropower Company by CDC to any other persons, pursuant to which the Company has a pre-emptive right to purchase the equity interest. The Board decided not to exercise the Right of First Refusal.

NON-EXERCISE OF THE RIGHT OF FIRST REFUSAL

Recently, Ganzi Hydropower Company notified the Company that CDC proposed to transfer its 46.88% equity interest in Ganzi Hydropower Company to Datang Sichuan Company.

By a resolution dated 21 December 2018, the Board approved, among other things, that the Company would not exercise the Right of First Refusal to acquire the 46.88% equity interest in Ganzi Hydropower Company in connection with the proposed equity transfer from CDC to Datang Sichuan Company.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CDC is the controlling Shareholder of the Company, which together with its subsidiaries holds approximately 53.09% of the issued share capital of the Company. CDC is therefore a connected person of the Company pursuant to Chapter 14A of the Listing Rules. The non-exercise of the Right of First Refusal constitutes a connected transaction of the Company.

As the highest of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the non-exercise of the Right of First Refusal is less than 25% and the total consideration is less than HK\$10,000,000, the non-exercise of the Right of First Refusal is subject to the reporting and announcement requirements under Rule 14A.76(2)(b) of the Listing Rules and does not require the approval by the independent Shareholders of the Company.

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Pursuant to Article 71 of the Company Law of the PRC, the Company, as a shareholder of the remaining 53.12% equity interest in Ganzi Hydropower Company, is entitled to the Right of First Refusal with respect to any transfer of equity interest in Ganzi Hydropower Company by CDC to any other persons, pursuant to which the Company has a pre-emptive right to purchase the equity interest. The Board decided not to exercise the Right of First Refusal.

NON-EXERCISE OF THE RIGHT OF FIRST REFUSAL

Recently, Ganzi Hydropower Company notified the Company that CDC proposed to transfer its 46.88% equity interest in Ganzi Hydropower Company to Datang Sichuan Company at nil consideration.

By a resolution dated 21 December 2018, the Board approved, among other things, that the Company would not exercise the Right of First Refusal to acquire the 46.88% equity interest in Ganzi Hydropower Company in connection with the proposed equity transfer from CDC to Datang Sichuan Company.

After completion of the proposed equity transfer from CDC to Datang Sichuan Company, Ganzi Hydropower Company will continue to be a subsidiary of the Company.

None of the Directors have any material interest in the non-exercise of the Right of First Refusal. Those connected Directors, namely Mr. Chen Jinhang, Mr. Liu Chuandong and Mr. Liang Yongpan have abstained from voting at the Board meeting for approval of the non-exercise of the Right of First Refusal in accordance with the requirements of the listing rules of the Shanghai Stock Exchange.

REASONS FOR AND BENEFITS OF NON-EXERCISE OF THE RIGHT OF FIRST REFUSAL

Having taken into account the principal factors and considerations set out below, the Directors (including the independent non-executive Directors) are of the view that the non-exercise of the Right of First Refusal is fair and reasonable, and is in the interest of the Company and the Shareholders as a whole:

1. The transfer of CDC's 46.88% equity interest in Ganzi Hydropower Company by CDC to Datang Sichuan Power Generation Company Limited can facilitate the coordination of regional companies, enhance effective allocation of regional resources, develop the ability of "abandon less and develop more" and maximize the economic benefits of Ganzi Hydropower Company.
2. Upon the non-exercise of the Right of First Refusal, Ganzi Hydropower Company will continue to remain as the controlled subsidiary of the Company, and such non-exercise of the Right of First Refusal will not have any adverse effect on the ordinary course of business and the financial condition of the Company.

INFORMATION OF THE RELEVANT PARTIES

The Company

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, with its main service areas located in the PRC.

CDC

CDC was established on 9 April 2003 with a registered capital of RMB37 billion and is principally engaged in the development, investment, construction, operation and management of power energy; organization of power (thermal) productions and sales; manufacturing, maintenance and debugging of power equipment; power technology development and consultation; power engineering, contracting and consultation of environmental power engineering contracting projects; development of new energy as well as development and production of power related coal resources.

Datang Sichuan Company

Datang Sichuan Company is a wholly-owned subsidiary of CDC with a registered capital of RMB5.583 billion. It is principally engaged in the construction and operation of the hydropower and wind power projects of CDC located in Sichuan Province and Tibetan areas.

Ganzi Hydropower Company

Ganzi Hydropower Company was established in July 2006 in the PRC with a registered capital of approximately RMB1.625 billion. It is principally engaged in the construction and operation of three hydropower stations which have been put into operation by 1 December 2017 with a total installed capacity of 3.466 million kilowatts.

Set out below is a summary of the audited/unaudited financial information of Ganzi Hydropower Company for the years ended 31 December 2016 and 2017 and for the eleven months ended 30 November 2018:

	<i>Unit: RMB</i>
	For the eleven months ended
	30 November
	2018
	For the year ended
	31 December
	2017
	For the year ended
	31 December 2016
Profit before taxation	7,302,379.84
Profit after taxation	5,099,949.71
	513,623,527.92
	513,070,393.34
	170,461,689.49
	156,909,989.58

As at 30 November 2018, the total assets and the net assets of Ganzi Hydropower Company were approximately RMB32.06 billion and approximately RMB6.39 billion, 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 approximately 53.09% of the issued share capital of the Company. CDC is therefore a connected person of the Company pursuant to Chapter 14A of the Listing Rules. The non-exercise of the Right of First Refusal constitutes a connected transaction of the Company.

As the highest of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the non-exercise of the Right of First Refusal is less than 25% and the total consideration is less than HK\$10,000,000, the non-exercise of the Right of First Refusal is subject to the reporting and announcement requirements under Rule 14A.76(2)(b) of the Listing Rules and does 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:

“A Shares”	ordinary shares of RMB1.00 each in the share capital of the Company, which are listed on the Shanghai Stock Exchange (Stock Code: 601991)
“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 the controlling shareholder of the Company. For details, please refer to the section headed “Information of Relevant Parties” 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
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Datang Sichuan Company”	Datang Sichuan Power Generation Company Limited (大唐四川發電有限公司), a company established in the PRC and a wholly-owned subsidiary of CDC. For details, please refer to the section headed “Information of Relevant Parties” of this announcement
“Director(s)”	the director(s) of the Company
“Ganzi Hydropower Company”	Sichuan Datang International Ganzi Hydropower Development Company Limited (四川大唐國際甘孜水電開發有限公司), a company established in July 2006 in the PRC. For details, please refer to the section headed “Information of Relevant Parties” of this announcement

“H Shares”	overseas listed foreign shares of RMB1.00 each in the share capital of the Company, which are listed on (i) the Hong Kong Stock Exchange and traded in Hong Kong dollars and (ii) the London Stock Exchange and traded in pounds sterling
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Right of First Refusal”	the right of first refusal of the Company to acquire the equity interest in Ganzi Hydropower Company held by CDC pursuant to Article 71 of the Company Law of the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By Order of the Board
Ying Xuejun
Company Secretary

Beijing, the PRC, 21 December 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 director*