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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

CONTINUING CONNECTED TRANSACTIONS

FRAMEWORK AGREEMENT FOR CENTRALISED MATERIALS PURCHASE AND PACKAGE SERVICE

On 29 June 2017, the Company entered into the Framework Agreement for Centralised Materials Purchase and Package Service with China Water Resources and Power, pursuant to which the Company agreed to centralise the purchase of general equipment and materials required for enterprise infrastructure, technological renovation and production checking and maintenance projects of the Company and its enterprises and to carry out package service management for purchase of major equipment materials for large infrastructure project, on-site materials management of infrastructure project, etc. through China Water Resources and Power.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CDC and its subsidiaries hold a total of approximately 34.77% of the issued share capital of the Company. As China Water Resources and Power is a wholly-owned subsidiary of CDC, China Water Resources and Power is therefore a connected person of the Company under Chapter 14A of the Listing Rules. As such, the transactions under the Framework Agreement for Centralised Materials Purchase and Package Service 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) of the Framework Agreement for Centralised Materials Purchase and Package Service is more than 0.1% but all the applicable percentage ratios are less than 5%, the relevant continuing connected transactions are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but not subject to the approval by the independent shareholders of the Company.

BACKGROUND

On 29 June 2017, the Company entered into the Framework Agreement for Centralised Materials Purchase and Package Service with China Water Resources and Power, pursuant to which the Company agreed to centralise the purchase of general equipment and materials required for enterprise infrastructure, technological renovation and production checking and maintenance projects of the Company and its enterprises and to carry out package service management for purchase of major equipment materials for large infrastructure project, on-site materials management of infrastructure project, etc. through China Water Resources and Power, so as to enhance the efficiency of purchase, lower purchase costs, enhance management level and further improve the profitability of the Company.

FRAMEWORK AGREEMENT FOR CENTRALISED MATERIALS PURCHASE AND PACKAGE SERVICE

Date

29 June 2017

Parties

1. The Company; and
2. China Water Resources and Power

Subject Matter in the Framework Agreement

(I) Centralised Materials Purchase

1. China Water Resources and Power agreed to conduct centralised purchase in accordance with the demand of infrastructure and production materials of the Company and its subsidiaries.
2. According to the actual demands of the Company and its subsidiaries, China Water Resources and Power will conduct tender of materials purchase in accordance with relevant law and regulations of the State. The process of purchase tender conducted by China Water Resources and Power will be under the supervision of the Company. The selling prices of such infrastructure and production materials shall not be higher than the prevailing average market prices of such infrastructure and production materials.
3. Pursuant to the tender results, the Company and its subsidiaries will enter into specific purchase contracts with China Water Resources and Power, and such purchase contracts shall be bound by the terms and principles of the Framework Agreement for Centralised Materials Purchase and Package Service .

(II) Package Service

China Water Resources and Power was appointed by the Company to provide certain package services of infrastructure materials for some of the enterprises of the Company. Such package service of infrastructure materials includes provision of procurement service of major equipment materials for construction, contract signing and performance service and on-site materials management of infrastructure projects.

Term

The effective term of the Framework Agreement for Centralised Materials Purchase and Package Service is from the effective date of the agreement to 31 December 2017.

The agreement becomes effective when it is duly signed by the legal representatives or authorized representative of the parties and affixed with their respective company chop.

Fee Standard and Settlement

1. The prices of equipment and materials required for infrastructure, technological renovation and production checking and maintenance projects under the Framework Agreement for Materials Purchase were all determined by way of public tender carried out by China Water Resources and Power.
2. During the course of centralised purchase, China Water Resources and Power will be responsible for tendering agency, technical and business negotiations, packaging of goods, supervision of production and delivery of goods, stocking and transportation and check-and-acceptance. As such, China Water Resources and Power will charge a management service fee (which shall be no more than 6% of the purchase amount).
3. For the provision of package service of infrastructure materials, China Water Resources and Power will charge a management service fee in accordance with the scope of actual services provided and the charging standard of relevant package service of materials. The service fee for a single service item for provision of such package service ranges from 0.2% to 3% of the relevant equipment or materials costs.

Price Determination Process

The management service fee (as set out in (2) and (3) above) is determined after arm's length negotiation between the parties taking into account the management service fee to be charged for the provision of similar services by other independent cooperating service providers. The relevant management service fee to be charged by China Water Resources and Power shall not be higher than the fee to be charged by China Water Resources and Power for the provision of identical services to other independent third parties and other companies of CDC.

Before entering into specific purchase or package service contracts, the relevant departments or subsidiaries of the Company will consult China Water Resources and Power and obtain from it the information on the management service fee charged by China Water Resources and Power to other independent third parties for reference. After obtaining such management service fee rate, the relevant departments or subsidiaries of the Company will compare such rate with that charged by China Water Resources and Power to the Company to ensure the relevant management service fee shall not be higher than the fee to be charged by China Water Resources and Power for the provision of identical services to other independent third parties and other companies of CDC.

China Water Resources and Power will issue a value added-tax invoice comprising the purchase amount and the management service fee to the Company and its subsidiaries.

Upon signing these specific purchase or package service contracts, the relevant subsidiaries of the Company will review the management service fee to make sure that the management service fee rate shall not be higher than that specified in the Framework Agreement for Centralised Materials Purchase and Package Service.

Annual Cap and Basis for Determination

According to the requirements of general equipment and materials for infrastructure, technological renovation and production checking and maintenance projects, and package service management for purchase of major equipment materials in large infrastructure project and on-site materials management of infrastructure project of the Company and its subsidiaries for the year ending 31 December 2017, the continuing connected transactions under the Framework Agreement for Centralised Materials Purchase and Package Service are subject to an annual cap of RMB1,000 million (including the material purchase cost and the relevant management service fee payable to China Water Resources and Power) for the year ending 31 December 2017.

The estimated cap was determined with reference to the total planned amount of materials required for infrastructure and production of the Company and its enterprises in 2017 and relevant historical transaction amount of similar transaction in the past.

Historical Transaction Amounts

As of 31 December 2016, the transaction amount of materials purchase by the Company and its subsidiaries from China Water Resources and Power was approximately RMB1,360 million.

As of 31 December 2015, the transaction amount of materials purchase by the Company and its subsidiaries from China Water Resources and Power was approximately RMB1,142 million.

As of 31 December 2014, the transaction amount of materials purchase by the Company and its subsidiaries from China Water Resources and Power was approximately RMB660 million.

INFORMATION IN RELATION TO RELEVANT PARTIES TO THE AGREEMENT

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 major service area is in the PRC.
2. CDC was established on 9 March 2003 with a registered capital of RMB18.009 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. China Water Resources and Power is a wholly-owned subsidiary of CDC which was established on 6 March 1989. Its principal businesses include acting as agent for tenders invitation and import, pipe supplies, project consultation, spare parts, equipment supervision, management of project materials resources, CDM, safety evaluation, and so forth.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FRAMEWORK AGREEMENT FOR CENTRALISED MATERIALS PURCHASE AND PACKAGE SERVICE

After taking into account the necessity for lowering purchase costs and successful completion of various tasks on project construction and production checking and maintenance tasks by the Company during the year, the Company entered into the Framework Agreement for Centralised Materials Purchase and Package Service to leverage on the role of China Water Resources and Power as a professional institution in sourcing equipment and materials, and to leverage on the advantage of bulk purchasing, in order to enhance purchase efficiency, lower purchase costs, enhance management level and further improve the profitability of the Company.

The Directors (including the independent non-executive Directors) are of the view that the continuing connected transactions under the Framework Agreement for Centralised Materials Purchase and Package Service are conducted in the ordinary and usual course of business of the Company, and are fair and reasonable and are in the interest of the Company and the shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CDC and its subsidiaries hold a total of approximately 34.77% of the issued share capital of the Company. As China Water Resources and Power is a wholly-owned subsidiary of CDC, China Water Resources and Power is therefore a connected person of the Company under Chapter 14A of the Listing Rules. As such, the transactions under the Framework Agreement for Centralised Materials Purchase and Package Service 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) of the Framework Agreement for Centralised Materials Purchase and Package Service is more than 0.1%, but all the applicable percentage ratios are less than 5%, the relevant continuing connected transactions are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but not subject to the approval by the independent shareholders of the Company.

APPROVAL OF THE BOARD

None of the Directors has any material interest in the transactions under the Framework Agreement for Centralised Materials Purchase and Package Service. Those connected Directors, including Chen Jinhang, Liu Chuandong and Liang Yongpan, have abstained from voting at the Board meeting for approval of the relevant transaction in accordance with the requirements of the Listing Rules of the Shanghai Stock Exchange.

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, a State-owned enterprise 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
“China Water Resources and Power”	China National Water Resources & Electric Power Materials & Equipment Group Co., Ltd., details of which are set out in the section headed “Information of Relevant Parties Relating to the Framework Agreement for Centralised Materials Purchase and Package Service”
“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
“Director(s)”	the director(s) of the Company
“Framework Agreement for Centralised Materials Purchase and Package Service”	the Framework Agreement for Centralised Purchase of Materials and Package Service entered into between the Company and China Water Resources and Power on 29 June 2017
“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

By Order of the Board

Ying Xuejun

Company Secretary

Beijing, the PRC, 29 June 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*