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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
ENERGY CONSERVATION SERVICE CONTRACTS**

ENERGY CONSERVATION SERVICE CONTRACTS

On 19 December 2017, each of Fengrun Thermal Power Company and Lvsigang Power Generation Company (both being controlled subsidiaries of the Company) respectively entered into the Energy Conservation Service Contracts with Datang Energy Management Company, pursuant to which Fengrun Thermal Power Company and Lvsigang Power Generation Company shall instruct Datang Energy Management Company to construct energy conservation facilities for the use by Fengrun Thermal Power Company and Lvsigang Power Generation Company for the purpose of implementing the Energy Conservation Projects via Energy Contract Management in accordance with the terms of such contracts. Upon expiration of the term of the Energy Conservation Service Contracts and the full settlement of energy saving service fees payable by Fengrun Thermal Power Company and Lvsigang Power Generation Company, Datang Energy Management Company will transfer the titles of the energy conservation equipment, facilities and apparatus to Fengrun Thermal Power Company and Lvsigang Power Generation Company at nil consideration.

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. As Datang Energy Management Company, a subsidiary of Datang Environment Company (a controlled subsidiary of the CDC), is a connected person of the Company, the transactions under the Energy Conservation Service Contracts constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the aggregated transaction amount under the Energy Conservation Service Contracts is more than 0.1% but all of the applicable percentage ratios are less than 5%, the transactions under each of the Energy Conservation Service Contracts 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.

ENERGY CONSERVATION SERVICE CONTRACTS

The terms of the Energy Conservation Service Contracts entered into by Fengrun Thermal Power Company and Lvsigang Power Generation Company respectively with Datang Energy Management Company are substantially the same, details of which are set out as below:

Contract date:

19 December 2017

Parties to contracts:

Fengrun Thermal Power Company, Lvsigang Power Generation Company, Datang Energy Management Company

Major contract terms:

1. Subject matter of the contracts: In consideration of carrying out the Energy Conservation Projects, Fengrun Thermal Power Company and Lvsigang Power Generation Company shall instruct Datang Energy Management Company to construct energy conservation facilities for the use by Fengrun Thermal Power Company and Lvsigang Power Generation Company for the purpose of implementing the Energy Conservation Projects via Energy Contract Management in accordance with the terms of such contracts.

2. The estimated project investments payable by Datang Energy Management Company, the expected net annual energy saving revenues and the maximum energy saving service fees expected to be paid to Datang Energy Management Company:

Currency unit: RMB0'000

No.	Project name	Estimated project investment	Expected net annual energy saving revenue	Benefit sharing period	Energy saving service fees expected to be paid to Datang Energy Management Company annually	Accumulated energy saving service fees expected to be paid to Datang Energy Management Company
1	Optical Axis Heat Supply Improvement Project for Generator Unit 1 of Fengrun Thermal Power Company	3,879	1,338.4	5 years	1,078	5,390
2	Heat Supply Improvement Project of Lvsigang Power Generation Company	<u>16,592</u>	<u>7,585</u>	10 years	3,158.4	<u>31,584</u>
	Total	<u><u>20,471</u></u>	<u><u>8,923.4</u></u>	/	/	<u><u>36,974</u></u>

3. Project term and the titles subsequent to project term:

- (1) The benefit sharing period for each of Fengrun Thermal Power Company and Lvsigang Power Generation Company is five years and 10 years, respectively, from the date on which the trial runs of the energy conservation facilities are completed and the energy saving targets are reached.

The benefit sharing periods are mainly determined by considering that Fengrun Thermal Power Company and Lvsigang Power Generation Company are respectively entitled to share the energy saving revenues with Datang Energy Management Company every year during the respective benefit sharing periods, after taking into account the additional heat supply and actual demands for gas supply.

- (2) Before the expiration of the term of the Energy Conservation Service Contracts and the full settlement of energy saving service fees, the titles of the energy conservation equipment, facilities and apparatus constructed by Datang Energy Management Company will be vested in Datang Energy Management Company.
- (3) Upon expiration of the term of the Energy Conservation Service Contracts and the full settlement of energy saving service fees by Fengrun Thermal Power Company and Lvsigang Power Generation Company, Datang Energy Management Company will transfer the titles of the energy conservation equipment, facilities and apparatus to Fengrun Thermal Power Company and Lvsigang Power Generation Company at nil consideration.

4. Consideration:

- (1) During the benefit sharing periods, based on the principle of shared benefits and risks, the parties agreed to share the benefits of energy conservation on the basis of the increased amount of the annual gas supply and energy saving revenue. The determination of service fee takes into account the total renovation costs to be paid by Datang Energy Management Company, the internal rate of return of project capital, the operation costs and expenses incurred by Fengrun Thermal Power Company and Lvsigang Power Generation Company during the benefit sharing period, the duration of benefit sharing period, etc.

The total renovation costs include project preparation expenses, design fees, equipment expenditures, construction and installation expenses, commissioning fees, loan interests incurred during the construction period and management costs and expenses incurred by Datang Energy Management Company during the construction period.

- (2) Datang Energy Management Company charges annual energy saving service fees which shall not exceed 28% of the internal rate of return of project capital. Such rate is determined by arm's length negotiations between the parties, with reference to the rates at which Datang Energy Management Company charges to other member companies of CDC regarding the provision of similar services. The relevant rates at which Datang Energy Management Company determined will not be higher than the rates charged to other member companies of CDC regarding the provision of similar services. The amounts of project capital of Optical Axis Heat Supply Improvement Project for Generator Unit 1 of Fengrun Thermal Power Company and Heat Supply Improvement Project of Lvsigang Power Generation Company are approximately RMB7,758,000 and RMB33,184,000 respectively, which are equivalent to 20% of the respective amounts of estimated project investments of such projects.

- (3) Upon the completion of Optical Axis Heat Supply Improvement Project for Generator Unit 1 of Fengrun Thermal Power Company, the increase in heat supply capacity is expected to be 119MW (429GJ/h), and the increase in heat supply capacity will be approximately 860,000GJ each year. The annual revenue generated from the project is expected to reach a maximum of approximately RMB23,842,000, which is based on the tax-inclusive heat supply price of RMB29.67/GJ. After deducting operation and maintenance costs, the estimated net annual energy saving revenue amounts to approximately RMB13,384,000. The ratio for the estimated energy saving service fee charged by Datang Energy Management Company and the estimated energy saving revenue obtained by Fengrun Thermal Power Company stands approximately at 80%/20%.

In respect of the Heat Supply Improvement Project of Lvsigang Power Generation Company, after the completion of the recent renovation construction, the net annual energy saving revenue is expected to reach a maximum of approximately RMB10,920,000. Such revenue is based on 68.82t/h of external steam supply and discounted price of steam at RMB113/ton (tax exclusive) and excludes operation and maintenance costs, taking account of factors such as reduction in coal consumption after the completion of such improvement project. After the long-term renovation project is completed, the net annual energy saving revenue is expected to amount to approximately RMB66,450,000. Such revenue is based on 209.75t/h of external steam supply and discounted steam price of RMB112.7/ton (tax exclusive) and excludes operation and maintenance costs, taking account of factors such as reduction in coal consumption after the completion of such improvement project. The ratio for the estimated energy saving service fee charged by Datang Energy Management Company and the estimated energy saving revenue obtained by Lvsigang Power Generation Company stands approximately at 40%/60%.

During the benefit sharing periods, each of Fengrun Thermal Power Company and Lvsigang Power Generation Company is responsible for the operation and maintenance of the projects, with the cooperation of Datang Energy Management Company.

- (4) The actual shared amounts for each party will be calculated after the projects have been completed and accepted and their accounts have been settled based on marginal factors, such as the actual amount of investments, amount of heat supplied or energy saving revenues.

5. Terms of settlement:

- (1) After the heat supply project has been completed and accepted and its final account has been settled, Fengrun Thermal Power Company shall make payment to Datang Energy Management Company upon the end of each heat supply cycle;
- (2) As from the date when the heat supply project has commenced operation after passing inspection and being accepted, Lvsigang Power Generation Company shall start to make payment to Datang Energy Management Company on a quarterly basis;
- (3) The energy saving service fees are to be paid by installments as follows:
 - (a) Datang Energy Management Company will send written payment requests to each of Fengrun Thermal Power Company and Lvsigang Power Generation Company, based on the confirmed amount of energy saving revenues; and
 - (b) Upon receiving the said payment requests and formal invoices, Fengrun Thermal Power Company shall pay the relevant amounts within 30 days and Lvsigang Power Generation Company shall pay the relevant amounts within 60 days to Datang Energy Management Company.

6. Effective date: The Energy Conservation Service Contracts will take effect on the date when they have been executed by authorized representatives of both parties.

REASONS FOR AND BENEFITS OF ENTERING INTO THE ENERGY CONSERVATION SERVICE CONTRACTS

By carrying out Energy Contract Management via Datang Energy Management Company, the Company can fully utilize its professional technology advantage. Meanwhile, the Company will be able to improve the loading rate of its generator units, reduce the consumption of coal related to power supply and boost the energy saving revenue, which will further improve the profitability of the Company.

The Directors (including the independent non-executive Directors) are of the view that, the terms of the Energy Conservation Service Contracts are fair and reasonable, have been entered into on normal commercial terms and are in the interests of the Company and its shareholders as a whole.

APPROVAL FROM THE BOARD

None of the Directors has any material interest in the transactions under the Energy Conservation Service Contracts. The connected Directors, namely Chen Jinhang, Liu Chuandong and Liang Yongpan, have abstained from voting on the relevant resolution(s) at the relevant Board meeting pursuant to the listing rules of the Shanghai Stock Exchange.

INFORMATION ON THE PARTIES TO THE CONTRACTS

1. Datang Energy Management Company, a wholly-owned subsidiary of Datang Environment Company, was founded in January 2013 with a registered capital of RMB50,000,000. Its business scope includes technology testing, project survey and design, construction project management, general contracting, energy contract management, project investment, research and experimental development of project and technology, technology promotion, consultation, transfer and related services in the field of energy conservation.
2. Lvsigang Power Generation Company is a controlled subsidiary of the Company, with an installed capacity of 2,640MW.
3. Fengrun Thermal Power Company is a controlled subsidiary of the Company, with an installed capacity of 600 MW.

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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 Limited (previously known as China Datang Corporation), a wholly state-owned company established under the laws of the PRC and 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 the London Stock Exchange and whose A Shares are listed on the Shanghai Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Datang Energy Management Company”	Datang (Beijing) Energy Management Co., Ltd. (大唐(北京)能源管理有限公司), a subsidiary of Datang Environment Company (a controlled subsidiary of CDC), details of which are contained in the section headed “Information on the Parties to the Contracts”
“Datang Environment Company”	Datang Environment Industry Group Co., Ltd. (大唐環境產業集團股份有限公司), a controlled subsidiary of CDC
“Directors”	the director(s) of the Company
“Energy Conservation Projects”	energy conservation projects to be implemented by Fengrun Thermal Power Company and Lvsigang Power Generation Company via Energy Contract Management in accordance with the terms of the Energy Conservation Service Contracts, namely Optical Axis Heat Supply Improvement Project for Generator Unit 1 of Fengrun Thermal Power Company and Heat Supply Improvement Project of Lvsigang Power Generation Company

“Energy Conservation Service Contracts”	collectively, the “Energy Conservation Service Contract Concerning Optical Axis Heat Supply Improvement Project for Generator Unit 1 of Fengrun Thermal Power Company (《豐潤熱電公司1號機組光軸供熱改造項目節能服務合同》)” entered into by Fengrun Thermal Power Company and Datang Energy Management Company, and the “Energy Conservation Service Contract Concerning Heat Supply Improvement Project of Lvsigang Power Generation Company (《呂四港發電公司供熱改造項目節能服務合同》)” entered into by Lvsigang Power Generation Company and Datang Energy Management Company, both of which are dated 19 December 2017
“Energy Contract Management”	the energy conservation service mechanism in which Datang Energy Management Company and each of Fengrun Thermal Power Company and Lvsigang Power Generation Company agree on the energy conservation targets by way of contract, pursuant to which Datang Energy Management Company shall provide necessary services to each of Fengrun Thermal Power Company and Lvsigang Power Generation Company for the purpose of achieving the energy conservation targets, and each of Fengrun Thermal Power Company and Lvsigang Power Generation Company shall pay for the investments by and reasonable profits of Datang Energy Management Company by energy conservation benefits
“Fengrun Thermal Power Company”	Hebei Datang International Fengrun Thermal Power Co., Ltd. (河北大唐國際豐潤熱電有限責任公司), details of which are contained in the section headed “Information on the Parties to the Contracts”
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Lvsigang Power Generation Company”	Jiangsu Datang International Lvsigang Power Generation Co., Ltd. (江蘇大唐國際呂四港發電有限責任公司), details of which are contained in the section headed “Information on the Parties to the Contracts”
“PRC”	the People’s Republic of China

“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	percent

By Order of the Board
Ying Xuejun
Company Secretary

Beijing, the PRC, 19 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*