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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 TRANSACTION  
EPC PROJECT CONTRACTS**

**EPC PROJECT CONTRACTS**

On 18 January 2018, Leizhou Power Generation Company (a subsidiary of the Company) entered into the EPC Project Contracts with Datang Environment Industry Company (a controlled subsidiary of CDC), pursuant to which, Leizhou Power Generation Company engaged Datang Environment Industry Company to undertake EPC general contracting on the coal transportation system with transaction amount of RMB385.98329 million.

**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. As Datang Environment Industry Company (a controlled subsidiary of CDC) is a connected person of the Company, the transaction under the EPC Project Contracts constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the transaction amount under the EPC Project Contracts when aggregated with the Previous Transactions exceeds 5%, the transaction under the EPC Project Contracts is subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company will disclose the relevant details of the EPC Project Contracts 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 the terms of the EPC Project Contracts, a letter from the independent board committee and a letter from the independent financial advisor of the Company, both advising the terms of the EPC Project Contracts, is expected to be dispatched to the Shareholders on or before 8 February 2018.

## **EPC PROJECT CONTRACTS**

### **Date:**

18 January 2018

### **Parties:**

- (1) Owner: Leizhou Power Generation Company
- (2) General contractor: Datang Environment Industry Company

### **Principal terms:**

- (1) Subject matter: Leizhou Power Generation Company agreed to appoint Datang Environment Industry Company to undertake the EPC general contracting on the coal transportation system for Leizhou Power Generation Company.
- (2) Total contract price and breakdown:

*Currency: RMB Unit: 0'000*

<b>Total contract price</b>	<b>Facilities fee</b>	<b>Installation fee</b>	<b>Construction fee</b>	<b>Total technical service fee</b>	<b>Other fees</b>
38,598.329	26,392.276	1,012.7858	10,740.7672	390 <sup>Note</sup>	62.5

*Note:* The total technical service fee comprises design fee of RMB3.35 million and commissioning fee of RMB0.55 million.

(3) Settlement and payment:

**1. Payment of facilities fee**

- 1.1 Within one month from the effective date of the contract and upon the general contractor submitting an irrevocable performance guarantee in favour of the owner in the amount equivalent to 10% of the contract price and a financial receipt with an amount equivalent to 10% of the facilities fee, the owner shall pay 10% of the facilities fee to the general contractor as prepayment within one month upon its verification.
- 1.2 The general contractor shall deliver the facilities (and components thereof) to the construction site according to the arrival order within a specified period and upon on-site inspection by the owner. It shall provide a value-added tax invoice with an amount equivalent to 100% of the facilities fee and the list of inspection and acceptance, bill of lading, certificate for passing quality inspection, declaration of imported facilities and other documents to the owner, who shall subsequently pay 70% of the facilities fee within 45 days upon its verification.
- 1.3 The general contractor shall conduct on-site facilities installation and commissioning according to the requirements of the owner. Upon completion of trial run for 168 hours of the generating units, the contractor shall submit the acceptance certificate countersigned by the commissioning unit, installation unit, supervision unit and the manufacturer and a financial receipt with an amount equivalent to 10% of the facilities fee to the owner, who shall pay 10% of the facilities fee within 1 month upon its verification.
- 1.4 The remaining 10% of the facilities fee shall be reserved as quality assurance fee for the facilities. Upon the expiration of the warranty period of the facilities with no further issues, the general contractor shall submit a financial receipt amounting to 10% of the facilities fee and the final certificate of acceptance of facilities to the owner. The owner shall pay 10% of the facilities fee to the 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 fee***

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. One year after completion of trial run for 168 hours of the generating units and when the trial results satisfy the contractual design requirements, the contractor shall provide 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.

## *2.2 Payment of commissioning fee*

- 2.2.1 Within 30 days upon entering the site by the commissioning professionals, the owner shall make a prepayment in an amount equivalent to 20% of the commissioning fee to the 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 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. One year after completion of trial run for 168 hours of the generating units and upon the expiration of commissioning warranty period with no further issues, the contractor shall provide a value-added tax invoice with an amount equivalent to 10% of the commissioning fee, and the owner shall pay 10% of the 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 enters into the site, the owner shall make a prepayment amounting to 10% of the construction and installation fees to the general contractor, and the general contractor shall provide a financial receipt of such prepayment. When the amount of the progress payment reaches 50% of the construction and installation fees, the amount of prepayment shall be deducted by 4 installments in equal amount.
- 3.2 Upon the commencement of the construction and fulfillment of certain conditions under the contract, the owner shall make progress payment to the general contractor on 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 may be made until the construction is completed and the audit department has audited the amount and, after auditing, the progress payment shall be made up to 95% of the audited construction cost and the remaining 5% shall be reserved as construction quality assurance fee.

3.3 5% of the construction and installation fees shall be reserved as quality assurance fee, which shall be paid by the owner to the general contractor within 1 month upon the expiration of the warranty period of the coal transportation system and the owner being satisfied that no abnormal situation or residual problem arises upon the owner's review and verification (and the corresponding portion of such fees shall be deducted if any issue arises).

**4. *Other fees will be paid simultaneously according to the payment arrangement of the construction and installation fee.***

(4) Effective date of the contract: the contract will become effective upon duly signed by the representatives of the parties to the contract with their respective company chops affixed thereto and upon the owner's receipt of the performance guarantee in the amount equivalent to 10% of the total contract price submitted by the general contractor.

**REASONS FOR AND BENEFITS OF ENTERING INTO THE EPC PROJECT CONTRACTS**

The Company invited public tender for the EPC Project of Leizhou Power Generation Company. After carrying out relevant evaluation procedures and considering various factors, including the technical experience, professional qualification, business reputation, project management abilities, total expenses and other relevant factors of all the tenderers, the Company selected Datang Environment Industry Company as the tender winner.

Datang Environment Industry Company possesses adequate professional qualification and extensive experience in undertaking the EPC Project. The Company considers that Datang Environment Industry Company is capable of ensuring smooth implementation of the EPC Project.

Leizhou Power Generation Company agreed to engage Datang Environment Industry Company to undertake contracting services of the EPC Project mainly to make the most of its professional advantage in ensuring the on-schedule completion of relevant construction.

The Directors (excluding the independent non-executive Directors whose view will be included in the circular after considering the advice from the independent financial advisor) are of the view that, the EPC Project Contracts and the transaction thereunder are determined through open bidding, and the relevant terms are fair and reasonable, and 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**

The sixteenth meeting of the ninth session of the Board considered and approved the “Resolution on the Entrustment of Datang Environment Company to Undertake the EPC Project and the Concession Project of Desulfurization and Denitrification of Certain Enterprises of the Company” (for details, please refer to the overseas regulatory announcement of the Company dated 15 August 2017).

None of the Directors has material interest in the transaction under the EPC Project Contracts. Connected Directors, namely Chen Jinhang, Liu Chuandong and Liang Yongpan, have abstained from voting for the resolution at the relevant Board meeting pursuant to the listing rules of the Shanghai Stock Exchange.

## **INFORMATION ON THE PARTIES TO THE EPC PROJECT CONTRACTS**

1. Datang Environment Industry Company, a controlled subsidiary of CDC, has a registered capital of RMB2.97 billion. Its business scope principally covers development of environmental protection projects, investment and operational management of environmental protection facilities.
2. Leizhou Power Generation Company, a controlled subsidiary of the Company, with a registered capital of RMB441.14 million, planning construction of  $6 \times 1000\text{MW}$  generating units, planning ancillary construction of one 100,000 tonnes coal unloading dock and one 3,000 tonnes heavy cargo dock. Phrase I project adopted the “Replacing Small Capacity Units with Large Capacity Ones” model to construct two 1,000 MW ultra-supercritical secondary reheating coal-fired generating units.

## **LISTING RULES IMPLICATIONS**

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## **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISOR**

An independent board committee comprising independent non-executive Directors will be formed to advise the independent shareholders on the terms of the EPC Project Contracts.

The Company will appoint an independent financial advisor to advise the independent board committee of the Company and the independent Shareholders on the terms of the EPC Project Contracts.

## **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 (formerly China Datang Corporation), a wholly 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
“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
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules

“Datang Environment Industry Company”	Datang Environment Industry Group Co., Ltd. is a controlled subsidiary of CDC. For details, please refer to the section headed “Information on the Parties to the EPC Project Contracts”
“Directors”	the director(s) of the Company
“EPC Project”	EPC contracting, where the contractor, entrusted by the owner, contracts the whole or certain parts of the design, purchasing, construction and trial operation of the engineering construction project according to the EPC Project Contracts
“EPC Project Contracts”	“EPC General Contracting on Coal Transportation System of the ‘Replacing Small Capacity Units with Large Capacity Ones’ Newly-built Project of Guangdong Datang International Leizhou Power Plant Contract” entered into between Leizhou Power Generation Company and Datang Environment Industry Company on 18 January 2018, as amended by a supplemental agreement entered into between Leizhou Power Generation Company and Datang Environment Industry Company on the same date in relation to the adjustment of the total contract price of the EPC Project
“Leizhou Power Generation Company”	Guangzhou Datang International Leizhou Power Generation Co., Ltd., a controlled subsidiary of the Company, details of which are set out in the section headed “Information on the Parties to the EPC Project Contracts”
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China

“Previous Transactions”	the transactions contemplated under certain EPC project contracts entered into by Huludao Thermal Power Company, Leizhou Power Generation Company, Tangshan Beijiao Thermal Power Generation Company and Qingtongxia Wind Power Company Limited, being subsidiaries of the Company, Datang Environment Industry Company, a controlled subsidiary of CDC, and its subsidiary, Datang Technologies and Engineering Company. For details, please refer to the announcements of the Company dated 30 October 2017 and 22 December 2017
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) 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, 18 January 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, Liu Haixia, Guan Tiangang, Liu Jizhen\*, Feng Genfu\*, Luo Zhongwei\*, Liu Huangsong\*, Jiang Fuxiu\**

\* *Independent non-executive Directors*