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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  
ACQUISITION OF EQUITY INTEREST IN THE TARGET COMPANY**

**EQUITY TRANSFER AGREEMENT**

The Board is pleased to announce that on 28 December 2018, Anhui Electric Power Co., Ltd and the Company entered into the Equity Transfer Agreement in respect of the Acquisition. Pursuant to the Equity Transfer Agreement, the Company agreed to purchase, and Anhui Electric Power Co., Ltd (a subsidiary of the Company) agreed to sell the 1.0595% equity interest in the Target Company, subject to the terms and conditions of the Equity Transfer Agreement, for a total consideration of approximately RMB79,981,900. Upon completion of the Acquisition, the Company will directly hold approximately 16.95% equity interest in the Target 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, and is therefore a controller (as defined in Rule 14A.28(1) of the Listing Rules) of the Company. CDC also holds 73.51% of the equity interest of the Target Company and is therefore a substantial shareholder of the Target Company. Accordingly, the Acquisition under the Equity Transfer Agreement constitutes a connected transaction of the Company pursuant to Rule 14A.28 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 Acquisition exceeds 0.1% but is less than 5%, and all the other applicable percentage ratios are less than 5%, the Acquisition is only subject to the reporting and announcement requirements, and is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **BACKGROUND**

The Board is pleased to announce that on 28 December 2018, Anhui Electric Power Co., Ltd and the Company entered into the Equity Transfer Agreement in respect of the Acquisition. Pursuant to the Equity Transfer Agreement, the Company agreed to purchase, and Anhui Electric Power Co., Ltd (a subsidiary of the Company) agreed to sell the 1.0595% equity interest in the Target Company, subject to the terms and conditions of the Equity Transfer Agreement, for a total consideration of approximately RMB79,981,900. Upon completion of the Acquisition, the Company will directly hold approximately 16.95% equity interest in the Target Company.

## **EQUITY TRANSFER AGREEMENT**

The principal terms of the Equity Transfer Agreement are set out as follows:

### **Date**

28 December 2018

### **Parties**

Purchaser: the Company

Vendor: Anhui Electric Power Co., Ltd.

### **Subject matter**

The Company agreed to acquire, and the Vendor agreed to sell, the 1.0595% equity interest directly held by the Vendor in the Target Company, subject to the terms and conditions of the Equity Transfer Agreement.

### **Consideration**

The total consideration for the Acquisition payable by the Company to the Vendor is RMB79,981,900.

The consideration for the Acquisition was determined after arm's length negotiations between the Company and the Vendor with reference to the appraised net asset value of the Target Company as at 30 September 2018 in the amount of approximately RMB7.549 billion based on the valuation report prepared by Beijing Zhongqihua Assets Appraisal Company Limited (北京中企華資產評估有限責任公司), an independent PRC valuer.

## **Payment terms**

The consideration is payable in cash by the Company to the Vendor in the following manner:

- (i) Within 5 Working Days from the effective date of the Equity Transfer Agreement, the Company shall pay 90% of the total amount of consideration, equivalent to a sum of RMB71,983,700; and
- (ii) Within 5 Working Days from the completion of all the change of industrial and commercial registration procedures for the equity transfer, the Company shall pay 10% of the total amount of consideration, equivalent to a sum of RMB7,998,200.

The consideration shall be settled by cash.

## **Conditions precedent**

The Equity Transfer Agreement will become effective upon satisfaction of all of the following conditions precedent:

- (1) The Vendor completes its internal approval procedures for the Equity Transfer Agreement and the transfer of equity interests contemplated thereunder;
- (2) The Company completes its internal approval procedures for the Equity Transfer Agreement and the transfer of equity interests contemplated thereunder;
- (3) CDC approves the transfer of equity interests under the Equity Transfer Agreement by way of non-public agreement; and
- (4) the Equity Transfer Agreement is signed and affixed with seals by the Company and the Vendor.

## **Completion**

The Company and the Vendor jointly confirmed that the Company shall bear and be entitled to the losses and profits of the Target Company, respectively, that were incurred after 30 September 2018, i.e. the benchmark date of valuation, in proportion to its shareholding after the completion of the Acquisition.

Further, the Company and the Vendor jointly confirmed that, from the effective date of the Equity Transfer Agreement, the Company shall become entitled to the operation rights and management rights, etc. of the Target Company whereas the Vendor shall no longer be entitled to the operation rights and management rights, etc. of the Target Company.

After the Equity Transfer Agreement becomes effective, the Company and the Vendor agreed to commence completion as follows:

- (1) The completion date is the date on which all the conditions precedent to which the Equity Transfer Agreement is subject have been satisfied;
- (2) Within seven Working Days after the effective date of the Equity Transfer Agreement, the Company and the Vendor shall assist the Target Company to handle the change in industrial and commercial registration procedures with the registration authorities and shall cooperate with signing of any other equity transfer agreements as required by the registration authorities;
- (3) The Vendor shall procure the director(s) representing the Vendor to resign from the Target Company, and shall cooperate with the Company in completing the handover work of director(s) of the Target Company; and
- (4) Upon completion, the Vendor and the Company shall sign a completion confirmation to confirm the results of completion.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUITY TRANSFER AGREEMENT**

The Target Company is the premium financial asset invested by the Company. Currently, the Company holds 50% equity interest in Anhui Electric Power Co., Ltd. and only enjoys part of the return from the 1.0595% equity interest in the Target Company that is directly held by Anhui Electric Power Co., Ltd. After entering into the Equity Transfer Agreement, the Company could enjoy better investment return in the Target Company, which helps increase the investment return of the Company and the profit of the Company attributable to its parent company.

Taking into account the above reasons and the terms of the Equity Transfer Agreement, all Directors (including the independent non-executive Directors) are of the view that the terms of the Equity Transfer Agreement are fair and reasonable and the Acquisition is in the interests of the Company and the shareholders of the Company as a whole.

None of the Directors (including the independent non-executive Directors) has a material interest in the Equity Transfer Agreement, 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 relevant transaction in accordance with the requirements of the listing rules of the Shanghai Stock Exchange.

## **INFORMATION OF THE RELEVANT 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, with its main service areas located in the PRC.

2. The Vendor is a limited liability company established in the PRC and a controlled subsidiary of the Company. Its principal business is development and production of electric power, thermal power and relevant materials and equipment; power technology consultation and development; electrical and mechanical installation, inspection and maintenance; labor dispatch. The Vendor is currently held as to 50% by Anhui Company, a wholly owned subsidiary of the Company, and 50% by Huainan Mining, an independent third party.
3. The Target Company is a company established in the PRC and is directly owned by the Vendor, the Company and CDC as to 1.0595%, 15.89%, and 73.51% respectively. The Target Company is principally engaged in providing consultancy and agency service in relation to financial advisory, credit, visa and related services; assisting intra-group members in realizing receipt and payment of transaction amount; providing approved insurance agency services; serving as guarantees for loans of intra-group members; handling entrusted loan and entrusted investment between intra-group members; handling bill acceptances and discounting for intra-group members; conducting internal transfer settlement between intra-group member and designing of corresponding settlement and liquidation plan; absorbing deposits from intra-group members; dealing with loan and financial leasing for intra-group members; dealing with inter-bank offered credit; issuing finance company bonds upon approval, underwrite corporate bonds of intra-group members, equity investments in financial institutions; and investment in negotiable securities, etc.
4. 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.

## **FINANCIAL INFORMATION OF THE TARGET COMPANY**

The summary of the financial information of the Target Company for the years ended 31 December 2016 and 2017 and for the nine months ended 30 September 2018 is set out below:

	<b>For the year ended 31 December 2016</b>	<b>For the year ended 31 December 2017</b>	<b>For the nine months ended 30 September 2018</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit before taxation	1,003,493.90	841,765.50	667,710.57
Profit after taxation	815,441.20	681,391.14	541,161.21

As at 30 September 2018, the book value of the net assets of the Target Company is approximately RMB7.19 billion. According to the valuation report prepared by Beijing Zhongqihua Assets Appraisal Company Limited (北京中企華資產評估有限責任公司), an independent PRC valuer, the valuation of the net assets value of the Target Company was RMB7.549 billion as at 30 September 2018.

## **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, and is therefore a controller (as defined in Rule 14A.28(1) of the Listing Rules) of the Company. CDC also holds 73.51% of the equity interest of the Target Company and is therefore a substantial shareholder of the Target Company. Accordingly, the Acquisition under the Equity Transfer Agreement constitutes a connected transaction of the Company pursuant to Rule 14A.28 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 Acquisition exceeds 0.1% but is less than 5%, and all the other applicable percentage ratios are less than 5%, the Acquisition is only subject to the reporting and announcement requirements, and is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Acquisition”	the acquisition of the 1.0595% equity interest in the Target Company by the Company from Anhui Electric Power Co., Ltd pursuant to the Equity Transfer Agreement
“Anhui Company”	Datang Anhui Power Generation Co., Ltd (大唐安徽發電有限公司), a company established in the PRC and a wholly-owned subsidiary of the Company
“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 the 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
“Director(s)”	the director(s) of the Company
“Equity Transfer Agreement”	the equity transfer agreement entered into on 28 December 2018 between the Company and Anhui Electric Power Co., Ltd in respect of the Acquisition
“Huainan Mining”	Huainan Mining Industry (Group) Limited (淮南礦產(集團)有限公司), a company established in the PRC and is an independent third party
“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
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	China Datang Finance Co., Ltd.* (中國大唐集團財務有限公司), details of which please refer to the section headed “Information of the Relevant Parties” of this announcement”
“Working Day(s)”	the statutory working day(s) in the PRC, except Saturdays, Sundays and public holidays of the PRC
“Vendor” or “Anhui Electric Power Co., Ltd.”	安徽電力股份有限公司 (Anhui Electric Power Co., Ltd), a company established in the PRC and held by Huainan Mining and Anhui Company as to 50% and 50%

“%”

per cent.

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

Beijing, the PRC, 28 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*