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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
COAL AND MATERIALS PURCHASE AND
SALE FRAMEWORK AGREEMENT**

COAL AND MATERIALS PURCHASE AND SALE FRAMEWORK AGREEMENT

On 18 January 2019, the Company entered into the Coal and Materials Purchase and Sale Framework Agreement with CDC. The term of the agreement shall commence from the Effective Date and shall continue up to and including 31 March 2019.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CDC, the controlling shareholder of the Company, and its subsidiaries hold a total of approximately 53.09% of the issued share capital of the Company. CDC is therefore a connected person of the Company. As such, transactions under the Coal and Materials Purchase and Sale Framework Agreement constitute continuing connected transactions of the Company.

As the highest of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) of the transactions under each of the categories of (i) Procurement of Production and Infrastructure Materials and Relevant Auxiliary Services; (ii) Coal Supply; and (iii) Coal Supply and Coal Transportation under the Coal and Materials Purchase and Sale Framework Agreement is more than 0.1% but less than 5%, such transactions are subject to reporting and announcement requirements but exempt from approval of Independent Shareholders under Chapter 14A of the Listing Rules.

COAL AND MATERIALS PURCHASE AND SALE FRAMEWORK AGREEMENT

Date

18 January 2019

Parties

The Company and CDC

Principal Terms

(1) *Subject matter:*

CDC Group agreed to provide products and services relating to (i) Procurement of Production and Infrastructure Materials and Relevant Auxiliary Services; and (ii) Coal Supply to the Group during the term of the Coal and Materials Purchase and Sale Framework Agreement.

The Group agreed to provide products and services relating to Coal Supply and Coal Transportation to CDC Group during the term of the Coal and Materials Purchase and Sale Framework Agreement.

CDC and its controlled subsidiaries and subordinate enterprises may enter into specific contracts in respect of the above matters with the Company and its controlled subsidiaries and subordinate enterprises as required from time to time during the term of the Coal and Materials Purchase and Sale Framework Agreement, and such specific contracts shall be subject to terms of the Coal and Materials Purchase and Sale Framework Agreement.

(2) *Term:*

The Coal and Materials Purchase and Sale Framework Agreement shall commence from the Effective Date and shall continue up to and including 31 March 2019.

(3) *Consideration:*

(a) In respect of the Procurement of Production and Infrastructure Materials and Relevant Auxiliary Services, the Group agreed to entrust CDC Group to carry out centralised purchase of production and infrastructure materials, the prices of which are to be determined through public tender. CDC Group will charge a certain management service fee in respect of its services which shall not exceed 6% of the purchase amount. The price for the entire package of service and equipment shall be calculated on the basis of the scope of actual services provided and the pricing standard of the entire package of relevant services and materials. Such service fee shall be determined through arm's length negotiations between both parties taking into account the amount of management service fees charged by other independent cooperative service providers when providing similar services. The relevant management service fee to be charged by CDC Group shall not be higher than the fee which would have been charged if the same type of services were to be provided to Independent Third Parties or the other companies of the CDC Group.

The said management service fee of not more than 6% of the purchase amount is arrived at after considering the management service fee charged by Independent Third Parties providing similar services and it is ascertained that the service management fee charged by Independent Third Party is not more than 6% of the purchase amount of the production and infrastructure materials. Upon entering into specific procurement contract, the material management department of the Company will approve the management service fee to ensure that the rate of the management service fee is not higher than that stipulated by the Coal and Materials Purchase and Sale Framework Agreement.

- (b) On the prerequisite that the market price of coal has been taken into account, the price of Coal Supply and Coal Transportation is to be determined on the basis of arm's length negotiations and such transactions shall be based on normal commercial terms and prevailing market conditions. Relevant factors such as purchase costs of coal, transportation costs of coal, trend of market change, changes in policies, historical transaction price, potential price fluctuations, etc. shall also be taken into account.

The fuel management department of the Company is responsible for collecting the market prices of coal and coal transportation with reference to the trend of market change in the last three years as the basis of determining the consideration. The sales prices of fuel companies are to be determined according to the purchase costs of fuel companies, the coal consumption demands of subordinate power generation companies and the trend of price change in the Bohai Rim and the trend of international price change, upon negotiation with power generation enterprises, taking into account factors such as the transportation costs of coal of shipping companies, the transportation demands of coal of relevant enterprises, historical transaction price and potential price fluctuations. The price of market coal is to be formed upon determination of the price of electricity purchase and coal sale in mid-to-long term agreements and coal transportation prices through negotiation with power generation enterprises, coal mining enterprises, shipping companies and fuel companies respectively or through the bidding platform for coal procurement in the market.

Annual Caps

The annual caps for the transaction amounts of the Coal and Materials Purchase and Sale Framework Agreement for the term ending 31 March 2019 are set out as follows:

1. Products and services to be provided by CDC Group to the Group

No.	Transactions	For the term ending 31 March 2019 (RMB'000)
1.	Procurement of Production and Infrastructure Materials and Relevant Auxiliary Services	2,000,000

No.	Transactions	For the term ending 31 March 2019 (RMB'000)
2.	Coal Supply	2,300,000

2. Products and services to be provided by the Group to the CDC Group

No.	Transaction	For the term ending 31 March 2019 (RMB'000)
1.	Coal Supply and Coal Transportation	2,300,000

Each of the above-mentioned annual caps has been determined with reference to: (1) the acquisition by the Company of the power generation enterprises in Heilongjiang, Hebei and Anhui provinces from CDC in 2018; (2) possible changes in the fuel market, the fuel price remaining at a high level and the increase in the number of trading partners as compared with the previous years; and (3) the historical transaction amounts in respect of the above-mentioned products and services provided by CDC to the Company (and vice versa) for the three years ended 31 December 2018.

Historical Transaction Amounts

The historical transaction amounts from 1 January 2016 to 31 December 2018 are set out as follows:

1. Products and services provided by CDC Group to the Group

No.	Transactions	For the year ended 31 December 2016 (RMB'000)	For the year ended 31 December 2017 (RMB'000)	For the year ended 31 December 2018 (RMB'000)
1.	Procurement of Production and Infrastructure Materials and Relevant Auxiliary Services	1,360,000	986,000	2,158,000
2.	Coal Supply	15,244,000	24,423,000	24,233,000

2. *Products and services provided by the Group to CDC Group*

No.	Transaction	For the year	For the year	For the year
		ended 31	ended 31	ended 31
		December	December	December
		2016	2017	2018
		(RMB'000)	(RMB'000)	(RMB'000)
1.	Coal Supply and Coal Transportation	346,000	2,957,000	4,514,000

REASONS FOR AND BENEFITS OF ENTERING INTO THE COAL AND MATERIALS PURCHASE AND SALE FRAMEWORK AGREEMENT

The Company is of the view that the entering into of the Coal and Materials Purchase and Sale Framework Agreement with CDC can ensure that the Company is able to obtain reliable and guaranteed supply of coal and materials, give full play to the professional advantages of both parties in the purchase and sale of coal and the advantages of coal resources trade, reduce its operation risks and costs and enhance work efficiency, for the purpose to ensure the normal development of the Company's operations.

The Directors are of the view that the transactions contemplated under the Coal and Materials Purchase and Sale Framework Agreement were entered into on normal commercial terms and in ordinary course of business of the Company and such transactions are fair, just and reasonable and in the interests of the Company and its Shareholders as a whole.

APPROVAL OF THE BOARD

The thirty second meeting of the ninth session of the Board of the Company has considered and approved the "Resolution in relation to the entering into of the Coal and Materials Purchase and Sale Framework Agreement with China Datang Corporation Limited" (Please refer to the overseas regulatory announcement of the Company dated 18 January 2019).

None of the Directors has any material interest in the Coal and Materials Purchase and Sale Framework Agreement. Those connected Directors, including Chen Jinhang, Liu Chuandong and Liang Yongpan, have abstained from voting on the relevant resolution in accordance with the requirements of the listing rules of the Shanghai Stock Exchange.

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 Company's major service area is in the PRC.

2. CDC was established on 9 April 2003 with a registered capital of RMB37.0 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.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CDC, the controlling shareholder of the Company, and its subsidiaries hold a total of approximately 53.09% of the issued share capital of the Company. CDC is therefore a connected person of the Company. As such, transactions under the Coal and Materials Purchase and Sale Framework Agreement constitute continuing connected transactions of the Company.

As the highest of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) of the transactions under each of the categories of (i) Procurement of Production and Infrastructure Materials and Relevant Auxiliary Services; (ii) Coal Supply; and (iii) Coal Supply and Coal Transportation under the Coal and Materials Purchase and Sale Framework Agreement is more than 0.1% but less than 5%, such transactions are subject to reporting and announcement requirements but exempt from approval of Independent Shareholders under Chapter 14A of the Listing Rules.

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 known as 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 53.09% of the issued share capital of the Company in aggregate as at the date of this announcement. Please refer to the section headed “Information in relation to Relevant Parties to the Agreement” of this announcement for details
“CDC Group”	CDC, its controlled subsidiaries, subsidiaries and/or their respective associates (excluding the Company, its controlled subsidiaries and/or its subordinate enterprises but including the connected subsidiaries of the Company)

“Coal Supply”	operating activities in respect of the supply of coal from one party of the agreement to another party
“Coal Transportation”	transportation of coal to designated locations through single or joint methods such as railway, highway and waterways
“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. Please refer to the section headed “Information in relation to Relevant Parties to the Agreement” of this announcement for details
“Coal and Materials Purchase and Sale Framework Agreement”	the agreement entered into between CDC and the Company on 18 January 2019 in relation to the mutual supply of products and services between CDC Group and the Group in relation to Coal Supply, Coal Transportation and Procurement of Production and Infrastructure Materials and Relevant Auxiliary Services
“connected person(s)”	has the same meaning ascribed to it in the Listing Rules
“connected subsidiaries”	has the same meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the same meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Effective Date”	the date on which the Coal and Materials Purchase and Sale Framework Agreement is signed by the respective authorised party of CDC and the Company and their respective company chops be affixed thereto
“Group”	collectively, the Company, its controlled subsidiaries and/or its subsidiaries
“Independent Shareholder(s)”	Shareholder(s) other than CDC and its associates, and who are not involved in or interested in the transactions contemplated under the Coal and Materials Purchase and Sale Framework Agreement

“Independent Third Party”	economic entity (i.e. company, enterprise and business unit) or natural person which, together with the ultimate beneficial owners of such economic entity, is independent of and not connected with CDC and its connected persons, as well as the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Procurement of Production and Infrastructure Materials and Relevant Auxiliary Services”	the centralised procurement of certain general-purpose equipment and materials for construction, technological transformation projects, repair and maintenance of production, and provision of related centralised procurement services; complete services management including procurement services, contract execution and performance services (equipment supervision and inspection, delivery and shipment) related to major equipment and materials for large infrastructure projects, on-site material management for infrastructure projects
“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 2019

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 Directors*