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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
MAJOR TRANSACTIONS
AND
CONTINUING CONNECTED TRANSACTIONS
2019 FINANCIAL BUSINESS COOPERATION AGREEMENT**

2019 FINANCIAL BUSINESS COOPERATION AGREEMENT

Reference is made to the announcement dated 1 September 2016, the circular dated 30 September 2016 and the announcement dated 27 October 2016 published by the Company in respect of, among other things, the 2016 Financial Business Cooperation Agreement.

The 2016 Financial Business Cooperation Agreement will expire on 31 August 2019. As the parties intend to continue to enter into transactions of a similar nature from time to time after 31 August 2019, the Board hereby announces that on 25 July 2019, the Company entered into the 2019 Financial Business Cooperation Agreement with Datang Lease Company, on terms which are similar to that of the 2016 Financial Business Cooperation Agreement. Pursuant to the 2019 Financial Business Cooperation Agreement, Datang Lease Company shall provide financial services support (including but not limited to financial leasing, factoring and entrustment loan services) and economic consulting services to the Company and its subsidiaries for an aggregate value of not exceeding RMB10 billion for every 12 months from the effective date of the 2019 Financial Business Cooperation Agreement. The 2019 Financial Business Cooperation Agreement is for a term of 36 months from 1 September 2019 to 31 August 2022.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CDC, the controlling shareholder of the Company, together with its subsidiaries hold approximately 53.09% of the issued share capital of the Company. Since Datang Lease Company is a subsidiary of CDC, Datang Lease Company is a connected person of the Company. Accordingly, the 2019 Financial Business Cooperation Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company.

Pursuant to Rules 14.22 and 14A.81 of the Listing Rules, the transactions contemplated under the 2019 Financial Business Cooperation Agreement were aggregated with the Previous Transactions and treated as if they were one transaction.

Since the highest of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the 2019 Financial Business Cooperation Agreement, when aggregated with the Previous Transactions, is more than 5%, the 2019 Financial Business Cooperation Agreement and the transactions contemplated thereunder are subject to the annual review, reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Since the highest of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the 2019 Financial Business Cooperation Agreement, when aggregated with the Previous Transactions, is more than 25% but less than 75%, the 2019 Financial Business Cooperation Agreement and the transactions contemplated thereunder constitute major transactions of the Company, and are subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Pursuant to the Listing Rules, the Independent Board Committee (comprising all the independent non-executive Directors) has been formed to advise the Independent Shareholders on the 2019 Financial Business Cooperation Agreement and the transactions contemplated thereunder.

The Company has appointed Trinity Corporate Finance Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the 2019 Financial Business Cooperation Agreement and the transactions contemplated thereunder.

DESPATCH OF CIRCULAR

A circular, containing details of the 2019 Financial Business Cooperation Agreement, a letter from the Independent Board Committee and a letter from the Independent Financial Adviser, both advising on the terms of the 2019 Financial Business Cooperation Agreement, will be despatched to the Shareholders in compliance with the Listing Rules. As additional time is required by the Company to prepare the information to be included in the circular, the circular is expected to be dispatched to the Shareholders on or before 23 August 2019. If it is expected that there will be a delay to the despatch of the circular, a further announcement will be published in accordance with the Listing Rules stating the reason for the delay and the new expected date of despatch of the circular.

2019 FINANCIAL BUSINESS COOPERATION AGREEMENT

Date

25 July 2019

Parties

- (i) The Company; and
- (ii) Datang Lease Company, a subsidiary of CDC

Subject matter

Pursuant to the 2019 Financial Business Cooperation Agreement, Datang Lease Company shall provide financial business support (including but not limited to financial leasing, factoring and entrustment loan services) and economic consulting services to the Company and its subsidiaries for an aggregate value of not exceeding RMB10 billion for every 12 months from the effective date of the 2019 Financial Business Cooperation Agreement.

The parties may, during the term of the agreement, enter into specific contracts in accordance with the terms of the 2019 Financial Business Cooperation Agreement, and such specific contracts shall be subject to the terms of the 2019 Financial Business Cooperation Agreement.

Term of the agreement

A term of 36 months, from 1 September 2019 to 31 August 2022.

Major terms of the agreement:

- (1) Pursuant to the 2019 Financial Business Cooperation Agreement, the Company will become a substantial client and a long-term business partner of Datang Lease Company and Datang Lease Company shall provide premium financial support for the Company such as financial leasing services, factoring of account receivables and entrusted loan services in compliance with the relevant laws and regulations of the PRC.
- (2) In accordance with the business principles of a financial leasing company and subject to compliance with the state policy and the relevant laws and regulations of the PRC, Datang Lease Company shall provide financial business support, including but not limited to financial leasing, account receivables factoring and entrusted loans, to the Company in respect of the Company's key investment and construction projects in sectors such as thermal power, hydropower, wind power and recycling economy for an aggregate value of not exceeding RMB10 billion for every 12 months from the effective date of the 2019 Financial Business Cooperation Agreement.

- (3) Leveraging on its professional advantage in the financial business, Datang Lease Company shall provide the Company with various economic consulting services, such as investment and fund raising consultation, financial advisory, financial leasing consulting, factoring products design and transaction arrangements.
- (4) Datang Lease Company shall, upon thorough negotiations with the Company, select appropriate lessees and projects and shall design and offer customised leasing and factoring business proposals within the scope of the Company's business development and plan.

Effective date of the agreement

The agreement shall become effective when it is duly signed by the parties and affixed with their respective company seals and upon the approval by the Independent Shareholders at the general meeting of the Company.

Pricing policy and internal control measures

Datang Lease Company shall provide the Company with the most favourable rates for leasing fees according to the needs of the Company, taking into account the relevant policies and regulations of the PRC, the supply of and demand for capital in the market as well as the structural features of different leasing and factoring products. The general rates for leasing fees shall be equivalent to or more favourable than those offered by other domestic financial leasing companies in the PRC. Datang Lease Company shall help the Company to reduce the finance costs and optimise the financial structure while ensuring that the capital needs of the Company are met.

Prior to cooperation with Datang Lease Company, the Company shall collect information about the terms of the relevant transactions and their respective interest rates from other major domestic leasing company that are independent of the Company and its connected persons, and compare them with the benchmark interest rate on term loans issued by the People's Bank of China to ensure that the Company receives the most favourable terms, the general rates for leasing fees of the relevant transactions shall be equivalent to or more favourable than those offered by other domestic financial leasing companies in the PRC, and strive for the maximisation of the Company's overall interests.

According to the requirements of management system of the connected transactions of the Company, the finance management department of the Company is responsible for monitoring the transaction amounts relating to the proposed annual caps under the 2019 Financial Business Cooperation Agreement by developing management accounts for continuing connected transactions and designating specialists for management and maintenance, and consolidating and preparing statistics for the transaction amounts incurred in the continuing connected transactions on a monthly basis. The Company will re-comply with the necessary approval procedures in accordance with the Listing Rules in respect of continuing connected transactions that are expected to exceed their annual caps.

Historical transactions

The historical transaction amounts under the 2016 Financial Business Cooperation Agreement for the four months ended 31 December 2016, the two years ended 31 December 2018 and the eight months ending 31 August 2019 are as below:

	From 1 September 2016 to 31 December 2016	From 1 January 2017 to 31 December 2017	From 1 January 2018 to 31 December 2018	From 1 January 2019 to 31 August 2019 <i>(Note)</i>
Historical transaction amounts	RMB0	RMB35 million	RMB513 million	RMB1 billion <i>(Note)</i>
Annual caps	RMB1 billion	RMB5 billion	RMB5 billion	RMB4 billion

Note: As the figures in respect of the transaction amount for the eight months ending 31 August 2019 are not yet available, the above figure is an estimate only. The Company confirms that the relevant transaction amount for the eight months ending 31 August 2019 will not exceed the annual cap.

Annual caps

The Company expects that the annual caps of the proposed transactions under the 2019 Financial Business Cooperation Agreement are as below:

	From 1 September 2019 to 31 December 2019	From 1 January 2020 to 31 December 2020	From 1 January 2021 to 31 December 2021	From 1 January 2022 to 31 August 2022
Annual caps under the 2019 Financial Business Cooperation Agreement	RMB3 billion	RMB10 billion	RMB10 billion	RMB7 billion

The above proposed annual caps are determined with reference to the estimated transaction amount for the eight months ending 31 August 2019 as well as the financial plan of the Company including the financial leasing services, entrusted loans services and factoring services under the 2019 Financial Business Cooperation Agreement. Such financial plan mainly considered the expected capital needs of the Group in the coming 36 months for various projects, such as (i) the “Replacing Small Capacity Units with Large Capacity Ones” 2×1000MW thermal power project of Guangdong Datang International Leizhou Power Plant, with a planned investment of approximately RMB8.661 billion; (ii) the thermal power project of Liaoning Datang International Huludao Power Plant, with a planned

investment of approximately RMB2.905 billion; and (iii) the 700MW thermal power project of Hebei Datang International Tangshan Beijiao Power Plant, with a planned investment of approximately RMB2.801 billion. Overall, the annual caps are determined after considering the Company's financial plans and the conditions of the financing market.

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2019 FINANCIAL BUSINESS COOPERATION AGREEMENT

Through entering into the 2019 Financial Business Cooperation Agreement, the Company is able to obtain financial support and relevant financing services at an interest rate lower than the market rate, which allows the Company to further reduce its overall capital costs; enhance the bargaining power of the Company and the relevant member in its group when conducting financial leasing and other businesses with other leasing companies.

At the same time, Datang Lease Company would be able to develop a deeper understanding in the operation of the Company and relevant units, which in turn would be able to provide more convenient, effective and efficient financial leasing and other services for the Company when compared to those services provided by other leasing companies.

The Directors (excluding the independent non-executive Directors whose views will be contained in the circular after considering the advice from the Independent Financial Adviser) are of the view that the relevant terms of the 2019 Financial Business Cooperation Agreement are fair and reasonable, have been entered into after arm's length negotiations and determined on normal commercial terms and in the ordinary and usual course of business of the Company, and are in the interests of the Company and the Shareholders as a whole.

APPROVAL OF THE BOARD

The thirty fifth meeting of the ninth session of the Board has considered and approved the "Resolution on Entering into the 2019 Financial Business Cooperation Agreement with Datang Financial Lease Co., Ltd.", details of which were set out in the overseas regulatory announcement of the Company dated 29 April 2019.

None of the Directors has any material interest in the 2019 Financial Business Cooperation Agreement. Those connected Directors, including Chen Feihu, Wang Sen 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 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. The main service areas of the Company are in the PRC.

2. CDC was established on 9 March 2003 with 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 the export and import of various commodities and technologies for itself or as agent.
3. Datang Lease Company was established in the PRC on 28 November 2012 and is an indirect subsidiary of CDC with a registered capital of RMB2 billion. Datang Lease Company is held by the Company and the subsidiaries of CDC as to 20% and 80%, respectively. The scope of principal business of Datang Lease Company includes financial leasing business, leasing business, acquisition of leased properties from overseas, treatment and maintenance of residual value of leased properties, consulting of lease transactions, and factoring business relating to its principal business.

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CONNECTED PERSONS WHO ARE REQUIRED TO ABSTAIN FROM VOTING ON THE RESOLUTIONS

Pursuant to Rule 14A.36 of the Listing Rules, any Shareholder with a material interest in the transaction and its associates will abstain from voting at the general meeting to be held by the Company to, including but not limited to, consider and approve the 2019 Financial Business Cooperation Agreement and the transactions thereunder. Therefore, CDC and its associates shall abstain from voting at the general meeting to approve the 2019 Financial Business Cooperation Agreement and the transactions thereunder.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Pursuant to the Listing Rules, the Independent Board Committee (comprising all the independent non-executive Directors) has been formed to advise the Independent Shareholders on the 2019 Financial Business Cooperation Agreement and the transactions contemplated thereunder.

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DEFINITIONS

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

“2016 Financial Business Cooperation Agreement”	the financial business cooperation agreement entered into between the Company and Datang Lease Company on 1 September 2016
“2019 Financial Business Cooperation Agreement”	the financial business cooperation agreement entered into between the Company and Datang Lease Company on 25 July 2019
“Board”	the board of Directors

“CDC”	China Datang Corporation Ltd., 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. For details, please refer to the section headed “Information of the Relevant Parties” of this announcement
“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
“Datang Lease Company”	Datang Financial Lease Co., Ltd., (大唐融資租賃有限公司), a company established under the laws of the PRC and a subsidiary of CDC. For details, please refer to the section headed “Information of the Relevant Parties” of this announcement
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors, namely Mr. Liu Jizhen, Mr. Feng Genfu, Mr. Luo Zhongwei, Mr. Liu Huangsong and Mr. Jiang Fuxiu, established to advise the Independent Shareholders in respect of the 2019 Financial Business Cooperation Agreement and the transactions contemplated thereunder
“Independent Financial Adviser”	Trinity Corporate Finance Limited, a licensed corporation under the SFO permitted to conduct Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the 2019 Financial Business Cooperation Agreement and the transactions contemplated thereunder
“Independent Shareholder(s)”	Shareholder(s) other than CDC, its associates and any other Shareholder who has a material interest in the transactions contemplated under the 2019 Financial Business Cooperation Agreement

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“major transaction”	has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China
“Previous Transactions”	collectively, (i) the transactions contemplated under the factoring business cooperation agreement entered into between the Company and Datang Commercial Factoring Company Limited on 27 May 2019, details of which were disclosed in the announcement of the Company dated 27 May 2019; and (ii) the transactions contemplated under the leasing and factoring business cooperation agreement entered into between the Company and Shanghai Datang Financial Lease Co., Ltd. on 4 July 2018, details of which were disclosed in the announcement of the Company dated 4 July 2018 and the circular of the Company dated 31 July 2018
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	the 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, 25 July 2019

As at the date of this announcement, the directors of the Company are:

Chen Feihu, Wang Sen, 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*