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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 THE REMAINING EQUITY INTEREST
IN HOHHOT THERMAL POWER GENERATION COMPANY**

EQUITY TRANSFER AGREEMENT

The Board is pleased to announce that on 16 December 2019, the Company entered into the Equity Transfer Agreement with CDC, pursuant to which the Company (as the purchaser) conditionally agreed to acquire the Target Interest from CDC (as the vendor) at a total consideration of approximately RMB17.8203 million.

As at the date of this announcement, Hohhot Thermal Power Generation Company is a non-wholly owned subsidiary of the Company, which is held by the Company and the CDC as to 51% and 49%, respectively. Upon completion of the Acquisition, Hohhot Thermal Power Generation Company will become a wholly-owned subsidiary of the Company.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CDC is the controlling shareholder of the Company, which together with its subsidiaries hold approximately 53.09% of the issued share capital of the Company, and is therefore a connected person of the Company. Accordingly, the Acquisition under the Equity Transfer Agreement constitutes a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

As the highest 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%, 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 16 December 2019, the Company entered into the Equity Transfer Agreement with CDC in respect of the Acquisition. Pursuant to the Equity Transfer Agreement, the Company (as the purchaser) conditionally agreed to acquire the Target Interest from CDC (as the vendor) at a total consideration of approximately RMB17.8203 million.

EQUITY TRANSFER AGREEMENT

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

Date

16 December 2019

Parties

Purchaser: the Company; and

Vendor: CDC.

Subject Matter

The Company conditionally agreed to acquire, and CDC conditionally agreed to sell, the 49% equity interest directly held by CDC in Hohhot Thermal Power Generation Company, subject to the terms and conditions of the Equity Transfer Agreement.

As at the date of this announcement, Hohhot Thermal Power Generation Company is a non-wholly owned subsidiary of the Company, which is held by the Company and the CDC as to 51% and 49%, respectively. Upon completion of the Acquisition, Hohhot Thermal Power Generation Company will become a wholly-owned subsidiary of the Company.

Consideration

The total consideration for the Acquisition payable by the Company to CDC is approximately RMB17.8203 million.

The consideration for the Acquisition was determined after arm's length negotiations between the Company and CDC with reference to (i) the appraised net asset value of Hohhot Thermal Power Generation Company as at the Benchmark Date, which amounted to approximately RMB130 million, as set out in the Valuation Report prepared by China Alliance Appraisal Co., Ltd, an independent asset valuer; and (ii) the proportion of actual capital contribution made by the Company and CDC to Hohhot Thermal Power Generation Company.

Payment Terms

The total consideration shall be paid in full and in cash by the Company to CDC within 10 Working Days from the Effective Date.

Conditions Precedent

The Equity Transfer Agreement shall become effective upon the fulfilment of all of the following conditions precedent:

- (i) the completion of internal decision-making procedures by both Parties in relation to the approval of the Equity Transfer Agreement and the transactions contemplated thereunder;
- (ii) the completion of the filing of the Valuation Report; and
- (iii) the Equity Transfer Agreement having been signed and affixed with company chops by the legal representatives (or their authorised representatives) of the Parties.

Completion

Completion shall take place on the date on which all the conditions precedent in the Equity Transfer Agreement have been fulfilled. Thereafter, the Parties shall:

- (a) cooperate with Hohhot Thermal Power Generation Company to complete the change in industrial and commercial registration procedures in respect of the transfer of the equity interest in Hohhot Thermal Power Generation Company; and
- (b) sign a completion confirmation as a matter of confirmation of the result of completion.

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. 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, repair 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 export and import of various commodities and technologies for itself or as an agent.

3. Hohhot Thermal Power Generation Company is a company established in the PRC with limited liability. As at the date of this announcement, Hohhot Thermal Power Generation Company has a registered capital of RMB60 million and its equity interest is held as to 51% by the Company and as to 49% by CDC. Hohhot Thermal Power Generation Company is principally engaged in power generation and heat supply, with two installed units of 300MW.

The summary of the financial information of Hohhot Thermal Power Generation Company for the years ended 31 December 2017 and 2018 and for the six months ended 30 June 2019 is set out below:

	For the year ended 31 December 2017	For the year ended 31 December 2018	For the six months ended 30 June 2019
	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>
	(audited)	(audited)	(unaudited)
Loss before taxation	80	92	5
Loss after taxation	64	78	4

The audited net assets value of Hohhot Thermal Power Generation Company was approximately RMB108 million as at 31 December 2018. The unaudited net assets value of Hohhot Thermal Power Generation Company was approximately RMB113 million as at 30 June 2019.

According to the Valuation Report adopting the asset-based approach, the audited net assets value of Hohhot Thermal Power Generation Company was approximately RMB130 million as at the Benchmark Date, i.e. 31 March 2019.

The original acquisition cost of the Target Interest in Hohhot Thermal Power Generation Company by CDC is approximately RMB49.827 million.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Acquisition will adjust and optimize the shareholding structure of the Group, improve the Company's management and operational efficiency, reduce taxes on transactions and help reduce the scale of connected transactions of the Company. Upon completion of the Acquisition, Hohhot Thermal Power Generation Company will become a wholly-owned subsidiary of the Company.

The Directors (including the independent non-executive Directors) consider that the terms of the Equity Transfer Agreement and the transactions contemplated thereunder are fair and reasonable and that the Equity Transfer Agreement is on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

APPROVAL OF THE BOARD

The fourth meeting of the tenth session of the Board (including the independent non-executive Directors) has considered and approved the “Resolution on the Acquisition of the Entire Equity Interest of Hohhot Thermal Power Generation Company held by Datang Corporation”, details of which were set out in the overseas regulatory announcement of the Company dated 30 October 2019 in relation to resolutions of the Board.

As at the date of this announcement, none of the Directors has any material interest in the transactions contemplated under the Equity Transfer Agreement. Those connected Directors, including Mr. Chen Feihu and Mr. Wang Sen, have abstained from voting on the relevant resolution in accordance with the requirements of the listing rules of the Shanghai Stock Exchange.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CDC is the controlling shareholder of the Company, which together with its subsidiaries hold approximately 53.09% of the issued share capital of the Company, and is therefore a connected person of the Company. Accordingly, the Acquisition under the Equity Transfer Agreement constitutes a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

As the highest 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%, 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 Target Interest by the Company from CDC pursuant to the terms and conditions of the Equity Transfer Agreement
“Benchmark Date”	31 March 2019, being the benchmark date for the valuation of the equity interest in Hohhot Thermal Power Generation Company as set out in the Valuation Report
“Board”	the board of Directors

“CDC”	China Datang Corporation Limited, a state-owned enterprise 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(s)”	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
“Effective Date”	the date on which all of the conditions precedent as set out in the section headed “Conditions Precedent” in this announcement have been fulfilled
“Equity Transfer Agreement”	the equity interest transfer agreement entered into between the Company and CDC on 16 December 2019 in relation to the Acquisition
“Group”	the Company and its subsidiaries
“Hohhot Thermal Power Generation Company”	Inner Mongolia Datang International Hohhot Thermal Power Generation Company Limited (內蒙古大唐國際呼和浩特熱電有限責任公司), a company established in the PRC, which is a non-wholly owned subsidiary of the Company as at the date of this announcement and is principally engaged in power generation and heat supply, with two installed units of 300MW
“Independent Shareholder(s)”	Shareholder(s) other than CDC, its associates and any other Shareholder who has a material interest in the transaction contemplated under the Equity Transfer Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Parties”	the parties to the Equity Transfer Agreement
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the holder(s) of share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Interest”	the 49% equity interest held by CDC in Hohhot Thermal Power Generation Company
“Valuation Report”	the asset valuation report (Zhong Tong Hua Ping Bao Zi [2019] No. 060673) prepared by China Alliance Appraisal Co., Ltd (北京中同華資產評估有限公司), an independent PRC asset valuer, on 18 June 2019 in respect of the equity interest in Hohhot Thermal Power Generation Company
“Working Day(s)”	the statutory working day(s) in the PRC, except Saturdays, Sundays and public holidays of the PRC
“%”	per cent

By Order of the Board
Jiang Jinming
Company Secretary

Beijing, the PRC, 16 December 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 Directors*