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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: 991)

ANNOUNCEMENT

CONNECTED TRANSACTION

FINANCE LEASE AGREEMENT

The Board is pleased to announce that on 10 September 2010, Datang Shipping, a controlling subsidiary of the Company, entered into the Finance Lease Agreement with Datang Finance Company, pursuant to which Datang Finance Company shall provide a financial lease at a principal of RMB280 million to Datang Shipping for the building of the new Vessel and the commencement of business operation as soon as possible in order to effectively strengthen its shipping capacity.

CONNECTED TRANSACTION

As at the date of this announcement, Datang Shipping is a controlling subsidiary of the Company which owns 97.54% of its issued share capital. CDC and its subsidiaries hold approximately 36.07% of the issued share capital of the Company. Since CDC holds 52.5% of the issued share capital of Datang Finance Company, Datang Finance Company is a connected person of the Company under the Listing Rules and the transaction under the Finance Lease Agreement constitutes a connected transaction of the Company.

As each of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) is more than 0.1% but less than 5%, the transaction under the Finance Lease Agreement is subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules and does not require the approval by the independent shareholders of the Company under Chapter 14A of the Listing Rules.

BACKGROUND

As at the date of this announcement, Datang Shipping is a controlling subsidiary of the Company, and is responsible for the transportation of thermal coal from Qinhuangdao (or other northern ports) to the coastal power plants of the Company at areas including Chaozhou of Guangdong (or Ningde of Fujian). As at the date of this announcement, Datang Shipping owns two 70,000-tonne bulk carriers, namely “Datang No. 1” and “Datang No. 2”. In order to ease the pressure upon fuel coal transportation capacity of the Company’s coastal power plants, maintain stability on thermal coal transportation costs and enhance transportation assurance, Datang Shipping captures the favourable opportunity in the shipbuilding market for expanding shipping capacity at low costs and has signed the relevant shipbuilding agreements for the building of four new 45,000-tonne cargo carriers and two 76,000-tonne cargo carriers.

Datang Shipping entered into the Finance Lease Agreement with Datang Finance Company on 10 September 2010, pursuant to which Datang Shipping agreed to secure finance lease from Datang Finance Company for a principal of RMB280 million for a term of 15 years; i.e., Datang Finance Company shall purchase the Vessel as designated by Datang Shipping from the shipbuilder as designated by Datang Shipping, and lease the Vessel to Datang Shipping for use. Pursuant to the Finance Lease Agreement, Datang Shipping shall pay rent to Datang Finance Company during the term of the Finance Lease Agreement. Through the finance lease, Datang Shipping will be able to build the new Vessel and commence the business operation as soon as possible in order to effectively strengthen its shipping capacity.

FINANCE LEASE AGREEMENT

Date

10 September 2010

Parties

Datang Shipping; and

Datang Finance Company.

Major terms and pricing standard

1. Leased property: the Vessel (one newly built 76,000-tonne cargo carrier).
2. Leasing principal: RMB280 million (such principal is arrived at after arm's length negotiation between Datang Shipping and the shipbuilder of the Vessel with reference to the price of building a similar cargo carrier in the market).
3. Leasing interest rate: at a floating rate and which is 10% below the benchmark interest rate for loans for the same period as published by the People's Bank of China.
4. Leasing method: based on the shipbuilder and the Vessel (including but not limited to the design, tonnage, specifications, materials, construction equipment, etc. of the Vessel) designated by Datang Shipping, Datang Finance Company shall purchase the Vessel from the shipbuilder, and lease the Vessel back to Datang Shipping for use.
5. Leasing term:
 - (i) Leasing term: the leasing term shall be divided into construction period and operation period for a total term of 15 years;
 - (ii) Construction period: the construction period shall commence from the lease commencement date, i.e., the date Datang Finance Company pays the first installment for the leasing of the Vessel to the shipbuilder or to the material supplier, and end on the date on which the "Agreement on the Handover of Vessel" is entered into by Datang Finance Company, Datang Shipping and the shipbuilder and which shall not be later than 31 October 2012; and
 - (iii) Operation period: the operation period shall commence from the day following the end of the construction period and which shall not be later than 1 November 2012.
6. Rent and payment method:
 - (i) Rent: rent under the Finance Lease Agreement includes (i) the leasing interest payable by Datang Shipping to Datang Finance Company during the construction period; and (ii) the rent (including principal and leasing interest) payable by Datang Shipping to Datang Finance Company during the operation period;

- (ii) Leasing interest during the construction period: the leasing interest shall be calculated basing on the amount of payment for the Vessel and the time of making the payment. Such leasing interest is payable by Datang Shipping on the 21st day of the last month of each quarter during the construction period. The annual leasing interest rate shall be a floating interest rate and which is 10% below the benchmark interest rate for loans for the same period as stipulated by the People's Bank of China. The annual leasing interest rate is 5.346% as at the date of the Finance Lease Agreement. The total leasing interest payable by Datang Shipping during the construction period is approximately RMB11.6673 million based on this annual leasing interest rate; and
- (iii) Rent during the operation period: the rent is payable by Datang Shipping on a quarterly basis. The first installment of rent for the Vessel shall be payable on the 21st day of the second month from the month in which the operation period commences, and the subsequent installment of rent shall be payable on the corresponding day of every three months thereafter. The annual leasing interest rate shall be a floating interest rate and which is 10% below the benchmark interest rate for loans for the same period as stipulated by the People's Bank of China. The annual leasing interest rate shall be 5.346% as at the date of the Finance Lease Agreement. The total leasing interest payable by Datang Shipping during the operation period is approximately RMB108.6499 million based on this annual leasing interest rate, and the total of the leasing interest and the leasing principal during the operation period amounts to approximately RMB388.6499 million.

7. Ownership of the Vessel:

- (i) the Vessel is owned by the shipbuilder during the construction period of the term of the Finance Lease Agreement;
 - (ii) the Vessel is owned by Datang Finance Company during the operation period of the term of the Finance Lease Agreement; and
 - (iii) upon expiry of the term of the Finance Lease Agreement, the Company shall have the right to purchase the Vessel at a nominal price of RMB1.00.
8. Condition for effecting the Finance Lease Agreement: the Finance Lease Agreement shall become effective from the date of execution of the Finance Lease Agreement.

INFORMATION RELATING TO DATANG SHIPPING

Datang Shipping was incorporated on 6 September 2007, with a registered capital of RMB264.90 million. Its scope of business includes general cargo freighter transportation, chartering of vessels, freight forwarding and cargo warehousing along the coast of China and in the mid-stream and downstream of Yangtze River and the Pearl River Delta. The Company owns 97.54% of its equity interest.

As at 31 December 2009, Datang Shipping's total assets amounted to RMB624.2061 million. In 2009, accumulated sales revenue amounted to RMB73.1575 million and accumulated net profit was RMB-36.9804 million (audited).

INFORMATION RELATING TO THE COMPANY

The Company, with its main service areas in the PRC, is principally engaged in the construction and operation of power plants, the sale of electricity and thermal power, and the repair, testing and maintenance of power equipment and power-related technical services.

INFORMATION RELATING TO DATANG FINANCE COMPANY

Datang Finance Company is established in the PRC as a non-banking financial institution. The registered capital of Datang Finance Company is RMB1,600 million. The principal business of Datang Finance Company includes the provision of, among others, deposit services, loan services, entrusted loan services and entrusted investment services.

Net profits before and after taxation and extraordinary items for the year ended 31 December 2009 were RMB233,854,235.90 and RMB176,880,227.22, respectively (audited).

REASONS FOR AND BENEFITS OF ENTERING INTO THE FINANCE LEASE AGREEMENT

The Company considers that the entering into of the Finance Lease Agreement enables Datang Shipping to grow and expand further, which is conducive to easing the pressure of transportation capacity of fuel coal for the Company's coastal power plants, thereby maintaining stability on thermal coal transportation costs and enhancing transportation assurance of the Company.

Since the finance lease provided by Datang Finance Company under the Finance Lease Agreement is secured at a leasing interest rate 10% below the benchmark interest rate for loans for the same period as published by the People's Bank of China and no security deposit or handling fee is to be charged by Datang Finance Company, the financing costs of Datang

Shipping will therefore be reduced. Moreover, the relatively long finance lease term can ease the financial pressure caused by the repayment of the principal and interests thereon during the initial operation period of the Vessel, thereby effectively preventing the risks associated with corporate debt.

The Finance Lease Agreement is entered into under normal business terms. The Directors and independent Directors are of the view that the relevant terms of the Finance Lease Agreement are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

CONNECTED TRANSACTION

As at the date of this announcement, Datang Shipping is a controlling subsidiary of the Company which owns 97.54% of its issued share capital. CDC and its subsidiaries hold approximately 36.07% of the issued share capital of the Company. Since CDC holds 52.5% of the issued share capital of Datang Finance Company, Datang Finance Company is a connected person of the Company under the Listing Rules and the transaction under the Finance Lease Agreement constitutes a connected transaction of the Company.

As each of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) is more than 0.1% but less than 5%, the transaction under the Finance Lease Agreement is subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules and does not require the approval by the independent shareholders of the Company under Chapter 14A of the Listing Rules.

BOARD'S APPROVAL

The Board has approved the Finance Lease Agreement on 19 August 2010. Since Mr Zhai Ruoyu, the then director of the Company, Mr Hu Shengmu and Mr Fang Qinghai, the directors of the Company, are the management personnel of CDC, they have abstained from voting at the relevant Board meeting to approve the Finance Lease Agreement.

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, a State-owned enterprise established under the laws of the PRC and is a controlling shareholder of the Company pursuant to the Listing Rules. CDC and its subsidiaries own approximately 36.07% of the issued share capital of the Company 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
“Datang Finance Company”	China Datang Finance Co., Ltd. is a controlling subsidiary of CDC. CDC holds 52.5% of the shares of Datang Finance Company as at the date of this announcement
“Datang Shipping”	Jiangsu Datang Shipping Co., Ltd., a controlling subsidiary of the Company
“Director(s)”	the director(s) of the Company
“Finance Lease Agreement”	the finance lease agreement dated 10 September 2010 entered into between Datang Shipping and Datang Finance Company in relation to the provision of a financial lease by Datang Finance Company to Datang Shipping at a principal of RMB280 million for a term of 15 years, the details of which are set out in this announcement
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Vessel” a 76,000-tonne bulk carrier as designated by Datang Shipping and is the subject matter of the Finance Lease Agreement

“%” per cent

By Order of the Board
Zhou Gang
Secretary to the Board

Beijing, the PRC, 10 September 2010

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

Liu Shunda, Hu Shengmu, Cao Jingshan, Fang Qinghai, Zhou Gang, Liu Haixia, Guan Tiangang, Su Tiegang, Ye Yonghui, Li Gengsheng, Li Yanmeng, Zhao Zunlian*, Li Hengyuan*, Zhao Jie* and Jiang Guohua*.*

** Independent non-executive directors*