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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**

### **CONNECTED TRANSACTION**

#### **ENTRUSTED LOAN AGREEMENT**

On 25 October 2012, the 30<sup>th</sup> meeting of the seventh session of the Board considered and approved the provision of the Entrusted Loan of not exceeding RMB3 billion to Duolun Coal Chemical Company. On 31 October 2012, the Company entered into the Entrusted Loan Agreement with Datang Finance Company and Duolun Coal Chemical Company in relation to the provision of the Entrusted Loan by the Company to Duolun Coal Chemical Company through the Entrusted Loan Arrangement, in which Datang Finance Company acts as the lending agent.

#### **CONNECTED TRANSACTION**

As at the date of this announcement, Duolun Coal Chemical Company is owned as to 60% and 40% by Energy and Chemical Company, a wholly-owned subsidiary of the Company, and CDC, respectively. Datang Finance Company is a subsidiary of CDC which is the controlling Shareholder of the Company. CDC together with its subsidiaries hold approximately 34.71% of the issued share capital of the Company. Both Duolun Coal Chemical Company and Datang Finance Company are therefore connected persons of the Company and the transaction under the Entrusted Loan Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) for the principal amount of the Entrusted Loan under the Entrusted Loan Agreement is more than 5%, the Entrusted Loan Arrangement and the Entrusted Loan Agreement are subject to the requirements of reporting, announcement and approval by the independent Shareholders of the Company under Chapter 14A of the Listing Rules.

The Company will disclose the relevant details in the next annual report and accounts of the Company in accordance with the relevant requirements as set out in Chapter 14A of the Listing Rules. A circular containing details of the Entrusted Loan Arrangement and the Entrusted Loan Agreement, a letter from the independent board committee and a letter from the independent financial advisor both advising the entrusted loan matters and the terms of the Entrusted Loan Agreement will be dispatched to the Shareholders on or before 22 November 2011.

## **ENTRUSTED LOAN AGREEMENT**

### **Date and Subject Matter**

On 25 October 2012, the 30<sup>th</sup> meeting of the seventh session of the Board considered and approved the provision of the Entrusted Loan of not more than RMB3 billion to Duolun Coal Chemical Company. On 31 October 2012, the Company entered into the Entrusted Loan Agreement with Datang Finance Company and Duolun Coal Chemical Company in relation to the provision of the Entrusted Loan by the Company to Duolun Coal Chemical Company pursuant to the Entrusted Loan Arrangement, in which Datang Finance Company acts as a lending agent.

### **Parties to the Agreement**

1. The Company, as the lender;
2. Datang Finance Company, as the lending agent; and
3. Duolun Coal Chemical Company, as the borrower.

### **Major Terms of the Entrusted Loan Agreement**

1. Entrusted Loan Arrangement  
Pursuant to the Entrusted Loan Agreement, Datang Finance Company is entrusted by the Company to act as a lending agent to, inter alia, release the Entrusted Loan to Duolun Coal Chemical Company, and supervise Duolun Coal Chemical Company to use and repay the Entrusted Loan.

2. Principal amount of the Entrusted Loan  
Not exceeding RMB3 billion.
3. Term  
The term for the Entrusted Loan Agreement is 36 months commencing from 31 October 2012 and ending on 30 October 2015.
4. Interest rate  
At a floating interest rate, being the benchmark interest rate to be charged for the same level of loans in RMB by the People's Bank of China for the same period as announced by the People's Bank of China on the date when the Entrusted Loan is withdrawn and such interest rate is to be adjusted annually. The adjustment date is 21st December of each year. The adjusted interest rate will be the benchmark interest rate for the same level of loans in RMB for the same period announced by the People's Bank of China on the adjustment date.  
  
As at the date of this announcement, the current benchmark interest rate of the People's Bank of China for the same level of loans in RMB for the same period is 6.15% per year.  
  
Such interest rate is arrived at after arm's length negotiation between the Company and Duolun Coal Chemical Company in consideration of the overall reduction in capital costs to the Group after the accounts of Duolun Coal Chemical Company (being the subsidiary of the Company) are consolidated into the accounts of the Company.
5. Repayment schedule of the principal of the Entrusted Loan  
One-off repayment of principal by Duolun Coal Chemical Company upon maturity under the Entrusted Loan Agreement.
6. Payment schedule of interests of the Entrusted Loan  
Interests shall be settled by Duolun Coal Chemical Company on a quarterly basis. The settlement date falls on the twentieth (20th) day of the last month of each quarter.
7. Handling Fee  
The handling fee shall be charged by Datang Finance Company on the date of grant of the Entrusted Loan and on the day corresponding to the date of grant of the Entrusted Loan in each following year. The rate of the handling fee per annum shall be 0.025% of the outstanding amount of the Entrusted Loan.

8. Effective date

The Entrusted Loan Agreement shall become effective when it is duly signed by the parties and upon the approval of the internal authority of each of the parties (or the internal approval procedures of each of the parties have been implemented).

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE ENTRUSTED LOAN AGREEMENT**

In view of the cooperation history between Datang Finance Company and the Company and given that the provision of entrusted loan services by Datang Finance Company is covered under the Financial Services Agreement, Datang Finance Company has better understanding of the operations of the Company which will allow more expedient and efficient services than those rendered by other PRC commercial banks. Further, the handling fees charged by Datang Finance Company will not be higher than those charged by other PRC commercial banks. In view of the above considerations, the Company appointed Datang Finance Company, rather than other PRC commercial banks, as the lending agent.

Further, considering the capital risks control measures under the Financial Services Agreement as set out in the circular of the Company dated 16 November 2010 and the terms under the Entrusted Loan Agreement are normal commercial terms which confer no additional obligations nor risks on the Company when comparing with other entrusted loan agreement in the market, the Company considers that no additional risks will be involved by appointing Datang Finance Company as the lending agent under the Entrusted Loan Agreement.

In order to ensure the day-to-day cash flow of Duolun Coal Chemical Company, the Company intends to provide the Entrusted Loan of not exceeding RMB3 billion to Duolun Coal Chemical Company. The Company is of the view that the Entrusted Loan is beneficial for the smooth progress of the Duolun Coal Chemical Project. The Entrusted Loan will be primarily utilized by Duolun Coal Chemical Company to repay its existing bank and other borrowings.

Considering the possible higher financial costs for Duolun Coal Chemical Company to obtain the current loan from other commercial banks when comparing with the financial costs incurred by the Company to obtain the funding of the Entrusted Loan, the Company considers that the overall capital costs to the Group will be reduced after the accounts of Duolun Coal Chemical Company (being the subsidiary of the Company) are consolidated into the accounts of the Company.

The Directors (excluding the independent non-executive Directors whose views will be contained in the circular after considering the advice from the independent financial advisor) are of the view that the terms of the Entrusted Loan Agreement are fair and reasonable, have been entered into after arm's length negotiation between all parties thereto and determined on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

## **INFORMATION ON THE PARTIES**

### **1. Information relating to the Company**

The Company is principally engaged in the development and operation of power plants, the sale of electricity and thermal power, and the repair, testing and maintenance of power equipment as well as the provision of power-related technical services. The main service areas of the Company are in the PRC.

### **2. Information relating to Duolun Coal Chemical Company**

Duolun Coal Chemical Company was duly incorporated on 19 August 2009 with a registered capital of RMB4,050 million. Duolun Coal Chemical Company is principally responsible for the construction and operation of the coal-based olefin project with an annual output of 460,000 tonnes. The equity structure of Duolun Coal Chemical Company is as follows: Energy and Chemical Company, the Company's wholly-owned subsidiary, holds 60% equity interests, and CDC, the controlling Shareholder of the Company, holds 40% equity interests. As at the date of this announcement, the aforementioned project is under trial-run production.

### **3. Information relating to Datang Finance Company**

Datang Finance Company is a non-banking financial institution duly incorporated in the PRC on 10 May 2005 with a registered capital of RMB3 billion. Its principal business includes, among others, the provision of deposit services, loan services, entrusted loan services and entrusted investment services.

### **4. Information relating to CDC**

CDC was established on 9 March 2003 with registered capital of RMB15.394 billion. It is principally engaged in the development, investment, construction, operation and management of power energy, organization 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.

## **CONNECTED TRANSACTION**

As at the date of this announcement, Duolun Coal Chemical Company is owned as to 60% and 40% by Energy and Chemical Company, a wholly-owned subsidiary of the Company, and CDC, respectively. Datang Finance Company is a subsidiary of CDC which is the controlling Shareholder. CDC together with its subsidiaries hold approximately 34.71% of the issued share capital of the Company as at the date of this announcement. Both Duolun Coal Chemical Company and Datang Finance Company are therefore connected persons of the Company and the transaction under the Entrusted Loan Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) for the principal amount of the Entrusted Loan under the Entrusted Loan Agreement is more than 5%, the Entrusted Loan Arrangement and the Entrusted Loan Agreement are subject to the requirements of reporting, announcement and approval by the independent Shareholders of the Company under Chapter 14A of the Listing Rules.

The Company will disclose the relevant details in the next annual report and accounts of the Company in accordance with the relevant requirements as set out in Chapter 14A of the Listing Rules. A circular containing details of the Entrusted Loan Arrangement, the Entrusted Loan Agreement, a letter from the independent board committee and a letter from the independent financial advisor, both advising the Entrusted Loan Arrangement and the terms of the Entrusted Loan Agreement, will be dispatched to the Shareholders on or before 22 November 2012.

Any Shareholder with a material interest in the transaction and its associates will abstain from voting at the extraordinary general meeting to be held by the Company, to, among others, consider and approve the Entrusted Loan Agreement. Therefore, CDC and its associates shall abstain from voting at the extraordinary general meeting to approve the Entrusted Loan Agreement.

## **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISOR**

An independent board committee comprising the independent non-executive Directors will be formed to advise the independent Shareholders on the terms of the Entrusted Loan Agreement.

The Company will appoint an independent financial advisor to advise the independent board committee of the Company and the independent Shareholders on the terms of the Entrusted Loan Agreement.

## **DEFINITIONS**

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

“A Share(s)”	the domestic ordinary share(s) of the Company with a nominal value of RMB1.00 each and are listed on the Shanghai Stock Exchange
“Board”	the board of Directors of the Company
“CDC”	China Datang Corporation, a State-owned enterprise established under the laws of the PRC and is the controlling Shareholder of the Company pursuant to the Listing Rules which, together with its subsidiaries, own approximately 34.71% 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
“connected person”	has the meaning ascribed to it under the Listing Rules
“connected transaction”	has the meaning ascribed to it under the Listing Rules

“Datang Finance Company”	Datang Corporation Finance Limited Company, a subsidiary of CDC
“Directors”	the director(s) of the Company
“Duolun Coal Chemical Company”	Datang Inner Mongolia Duolun Coal Chemical Company Limited, which constructs and operates the Duolun Coal Chemical Project
“Duolun Coal Chemical Project”	the project located in Duolun County in the Inner Mongolia Autonomous Region which uses the brown coal from the East Unit 2 coal mine of Shengli Coal Mine as raw materials for the production of polypropylene chemical products by employing the pulverised coal gasification technology, the synthetic gas purification technology, large-scale methanol synthesis technology, the methanol-to-propylene technology and the propylene polymerisation technology
“Entrusted Loan”	the entrusted loan of a total principal amount of not exceeding RMB3 billion
“Entrusted Loan Agreement”	the entrusted loan agreement entered into on 31 October 2012 between the Company, Energy and Chemical Company, Datang Finance Company and Duolun Coal Chemical Company in respect of the Entrusted Loan Arrangement
“Entrusted Loan Arrangement”	the arrangement where Datang Finance Company is entrusted by the Company to act as a lending agent to, inter alia, release the Entrusted Loan to Duolun Coal Chemical Company pursuant to the Entrusted Loan Agreement
“Financial Services Agreement”	the financial services agreement dated 26 October 2010 entered into between the Company and Datang Finance Company, details of which please refer to the circular of the Company dated 16 November 2010
“Group”	the Company and its subsidiaries



“H Share(s)”	the overseas listed foreign shares of the Company with a nominal value of RMB1.00 each, which are listed on the Stock Exchange and the London Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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 holder(s) of the Share(s)
“Shares”	the ordinary shares of the Company with a nominal value of RMB1.00 each, comprising domestic Shares and H Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	percent

By Order of the Board

**Zhou Gang**

*Secretary to the Board*

Beijing, the PRC, 1 November 2012

*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, Mi Dabin, Ye Yonghui, Li Gengsheng, Li Yanmeng\*, Zhao Zunlian\*, Li Hengyuan\*, Zhao Jie\*, Jiang Guohua\**

*\* Independent non-executive directors*