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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**

#### **EQUITY TRANSFER AGREEMENT**

On 5 February 2013, Yuneng Group, Dingtai Power and Tuoyuan Industry, all being wholly-owned subsidiaries of the Company, entered into the Equity Transfer Agreement with China Water Resources. Pursuant to the agreement, China Water Resources agreed to acquire 100% of the equity interests of Yuneng Industrial from the Transferors at an aggregate consideration of approximately RMB538.5893 million.

#### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, CDC is the controlling Shareholder of the Company, which together with its subsidiaries held approximately 34.71% of the issued share capital of the Company. China Water Resources is a wholly-owned subsidiary of CDC. Accordingly, China Water Resources is a connected person of the Company and the Equity Transfer contemplated under the Equity Transfer 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) in respect of the Equity Transfer is higher than 0.1% but lower than 5%, the Equity Transfer is only subject to the reporting and announcement requirements under Rules 14A 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**

The Equity Transfer is for the purpose of complying with the relevant requirements made by the regulatory authorities on the Company's implementation of refinancing, which is conducive to the implementation of refinancing plans of the Company.

On 20 August 2012, the twenty-eighth meeting of the seventh session of the Board considered and approved the sale of the equity interest of Yuneng Resources to be made by way of public tender and the relevant matters in relation to the tender and transfer.

On 5 February 2013, Yuneng Group, Dingtai Power and Tuoyuan Industry, all being wholly-owned subsidiaries of the Company, entered into the Equity Transfer Agreement with China Water Resources. Pursuant to the agreement, China Water Resources agreed to acquire 100% of the equity interests of Yuneng Industrial from the Transferors at an aggregate consideration of approximately RMB538.5893 million.

## **EQUITY TRANSFER AGREEMENT**

### **Date**

5 February 2013

### **Parties**

Transferors: Yuneng Group, Dingtai Power and Tuoyuan Industry

Transferee: China Water Resources

Target of transfer: 100% of the equity interest of Yuneng Industrial

## **MAJOR DETAILS OF THE EQUITY TRANSFER AGREEMENT**

1. According to the unqualified audit report of Yuneng Industrial (RSM China Huachuan Specialized Audit (2012) No. 161) issued by the Sichuan branch of RSM China Certified Public Accountants (A special general partnership), as at 31 December 2011, the base day of audit, total assets of Yuneng Industrial amounted to approximately RMB1,187.6828 million; owners' equity amounted to approximately RMB332.8787 million; operational revenue amounted to approximately RMB17.8413 million; net profit amounted to approximately RMB11.2689 million.
2. According to the asset valuation report issued by Beijing China Alliance Appraisal Co., Ltd., an independent valuer of the Company, (China Alliance Valuation Report (2012) No. 251) adopting cost method, as at 31 December 2011, the base day of the valuation, the assessed value of the net assets of Yuneng Industrial amounted to RMB538.5892 million, representing an increase in assessed value of RMB205.7105 million when comparing with the book value of net assets of RMB332.8787 million, representing an appreciation of value of approximately 61.8%.

The results of the valuation is the conclusion about the value of the net assets of Yuneng Industrial which was arrived at by the valuation institution adopting cost method after comparing and analyzing the audit report, accounting statements and other financial information of Yuneng Industrial, and the available historical financial information of Yuneng Industrial and considering that the assets of Yuneng Industrial have been or assumed to be in the status of continuous utilisation taking into account the established history of Yuneng Industrial, and in accordance with relevant laws, rules, principles of assets valuation and necessary valuation procedures.

3. Taking into account the assessed value of the net assets of Yuneng Industrial as at 31 December 2011, China Water Resources agreed to acquire 100% of the equity interest of Yuneng Industrial at the listed value at BEE, i.e. RMB538.5893 million.
4. Yuneng Industrial has not engaged in any forms of guarantee, including but not limited to pledging of the relevant assets and equity, or any limitations or obligations that will hinder the Equity Transfer or the exercising of rights by equity owners. Yuneng Industrial has not undergone any seizure or any injunctive measures by authorities.
5. China Water Resources agreed to pay the consideration in one lump sum after deducting the Deposit by transferring the relevant amount into the designated account of BEE within five working days after entering into the Equity Transfer Agreement.
6. China Water Resources agreed to assist Yuneng Industrial to repay the remaining amount of an entrusted loan of RMB412 million to Yuneng Group within 30 days after the issue of the Transaction Voucher by BEE. In the event that Yuneng Industrial failed to repay such entrusted loan to Yuneng Group within the said period, China Water Resources agrees to raise fund to repay the entrusted loan on behalf of Yuneng Industrial.
7. China Water Resources agreed to assist Yuneng Industrial to pay the dividend payable in the sum of RMB174.9546 million within 30 days after the issuance of Transaction Voucher by BEE.

### **Conditions Precedent**

The Equity Transfer under the Equity Transfer Agreement is subject to the following conditions:

- 1) The Transferors have completed the public tender procedures in BEE for the Equity Transfer contemplated under the Equity Transfer Agreement in accordance with the requirements under relevant laws, rules and policies;
- 2) China Water Resources has obtained the relevant approvals in respect of the Equity Transfer in accordance with laws and its articles of association; and

- 3) The parties have signed and affixed their respective company seals to the Equity Transfer Agreement.

## **INFORMATION OF YUNENG INDUSTRIAL**

Yuneng Industrial was incorporated on 19 September 1992 with a registered capital of RMB300 million and its legal representative is Wang Daoyi. The scope of its principal businesses covers integrated urban construction and development (Grade B), hi-tech development for chemical and electronic products, development of electric power resources as well as sales of electrical machinery and equipment, building and decoration materials (excluding hazardous chemicals). The equity holding structure of Yuneng Industrial is as follows: 40.83% of the equity interest was held by Yuneng Group, 30% of the equity interest was held by Dingtai Power and 29.17% of the equity interest was held by Tuoyuan Industry.

As at 30 November 2012, the total amount of entrusted loan of Yuneng Industrial which Yuneng Group provided guarantee amounted to RMB427 million. As at the date of this announcement, Yuneng Industrial had repaid RMB15 million of the entrusted loan.

As at 30 November 2012, total dividend payable by Yuneng Industrial amounted to RMB174.9546 million, in which dividend payable to Yuneng Group amounted to RMB71.3084 million, dividend payable to Dingtai Power amounted to RMB 52.1958 million and dividend payable to Tuoyuan Industry amounted to RMB50.5717 million.

The 100% of the equity interest in Yuneng Industry was publicly listed on BEE for tender on 29 December 2012. As only China Water Resources submitted tender during the listing period, China Water Resources won the tender for the 100% of the equity interest of Yuneng Industrial.

For the year ended 31 December 2011, net profits before and after taxation of Yuneng Industrial amounted to approximately RMB203.1900 million and RMB185.6179 million, respectively (the above-said figures have been audited).

For the year ended 31 December 2012, net profits before and after taxation of Yuneng Industrial amounted to approximately RMB212.6399 million and RMB166.6418 million, respectively (the above-said figures have not been audited).

After completion of the Equity Transfer, Yuneng Industrial will cease to be a subsidiary of the Company.

## **PROCEEDS FROM THE EQUITY TRANSFER**

Comparing with the fair value of the owners' equity of the parent company attributable to Yuneng Industrial as at the base day of valuation, 31 December 2011, the Company expects that it will record a gain of approximately RMB33.7644 million resulting from the Equity Transfer under the Equity Transfer Agreement.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUITY TRANSFER AGREEMENT**

The Equity Transfer is for the purpose of complying with the relevant requirements made by the regulatory authorities on the Company's implementation of refinancing, which is conducive to the implementation of refinancing plans of the Company. Considering that Yuneng Industrial is principally engaged in real estate development, which is not the major scope of business of the Company, the Equity Transfer will not constitute substantial harm to the major business and financial condition of the Company. The sales proceeds of the Equity Transfer is intended to be used as replenishment of general working capital of the original equity holders of Yuneng Industrial.

None of the Directors has any material interest in the transaction. The Directors (including independent non-executive directors) are of the view that the terms of the Equity Transfer Agreement were negotiated by the parties on arm's length basis and determined on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **INFORMATION OF THE PARTIES**

1. The Company 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 being in the PRC.
2. Yuneng Group, a wholly-owned subsidiary of the Company, is principally engaged in, with its own capital, the investment and management of projects in relation to electricity, mineral resources, telecom, communication and tourism; real estate development; management services of construction engineering; corporate management consultation services; production, development and sale of electrical machinery; construction-related businesses; sale of sports equipment, ordinary machinery and equipment for mineral products, hardware, electric apparatus, electronic products, lubricants, household electrical appliances, furniture, computer and parts, communication apparatus, metallic materials, cement products, chemical products, construction materials, decoration materials, and maintenance of computer systems.
3. Dingtai Power, a wholly-owned subsidiary of the Company, is principally engaged in the production, development and sale of electricity, electrical appliances and machinery and structural ceramics; sale of hardware and electrical apparatus, non-ferrous metal, auto parts, motorcycle parts, decoration materials and general groceries; import and export of various merchandise and technology, excluding those restricted operation operated by companies or banned from import or export by the State; electrical technology consultation, commercial information consultation.
4. Tuoyuan Industry, a wholly-owned subsidiary of the Company, is principally engaged in hospitality, catering (limited to qualified branches only); electricity development and generation; sale of electricity, electrical appliances, machinery and equipment, computer and parts.

5. China Water Resources is principally engaged in domestic and international freight forwarding; import and export business; investment in water conservancy and electricity projects and other enterprises; sale of ferrous metals, non-ferrous metals, furnace charging materials, building materials, chemical materials (excluding hazardous chemicals), rubber, non-metallic materials, mechanical and electrical equipment, apparatus and metres, electronic products, electrical products, complete sets of electrical equipment, complete sets of water conservancy equipment and spare parts, mechanical equipment and auto sale; technology consulting, technology services and information services in relation to the foregoing; project supervision; technology development for pipeline projects; and acting as agent for invitation of tenders for equipment for technological transformation and construction projects.

## **LISTING RULES IMPLICATIONS**

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As each of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Equity Transfer under the Equity Transfer Agreement is higher than 0.1% but lower than 5%, the Equity Transfer contemplated under the Equity Transfer Agreement is only subject to the reporting and announcement requirements under Rules 14A of the Listing Rules and do not require the approval by the independent Shareholders of the Company under Chapter 14A of the Listing Rules.

## **DEFINITIONS**

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

“BEE”	China Beijing Equity 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 a controlling shareholder of the Company pursuant to the Listing Rules
“China Water Resources”	China National Water Resources & Electric Power Materials & Equipment Co., Ltd., the details of which is set out in the section headed “INFORMATION OF THE PARTIES”

“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
“Deposit”	an amount of RMB100 million, which is the deposit paid by China Water Resources to the designated account of BEE before entering into the Equity Transfer Agreement under the request of the Transferors and BEE for the purpose of guaranteeing the acceptance of transfer and demonstrating its assets and credit position and ability to fulfill the obligations under the Equity Transfer Agreement
“Dingtai Power”	Chongqing Dingtai Power (Group) Company Limited, a wholly-owned subsidiary of the Company, “INFORMATION OF THE PARTIES”
“Director(s)”	the director(s) of the Company
“Equity Transfer”	the transfer of the 100% of the equity interest of Yuneng Industrial from Yuneng Group, Dingtai Power and Tuoyuan Industry to China Water Resources as contemplated under the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement dated 5 February 2013 entered into between Yuneng Group, Dingtai Power, Tuoyuan Industry and China Water Resources in relation to the Equity Transfer
“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) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transferors”	Yuneng Group, Dingtai Power and Tuoyuan Industry

“Transaction Voucher”	the transaction voucher issued by the BEE evidencing that it has completed the transaction in accordance with the relevant transaction rules
“Tuoyuan Industry”	Chongqing Tuoyuan Industry Co., Ltd., a wholly-owned subsidiary of the Company, the details of which is set out in the section headed “INFORMATION OF THE PARTIES”
“Yuneng Group”	Yuneng (Group) Co. Ltd., a wholly-owned subsidiary of the Company, the details of which is set out in the section headed “INFORMATION OF THE PARTIES”
“Yuneng Industrial”	Chongqing Yuneng Industrial Group Co., Ltd., a wholly-owned subsidiary of the Company, the details of which is set out in the section headed “INFORMATION OF YUNENG INDUSTRIAL”
“%”	per cent

By Order of the Board

**Zhou Gang**

*Secretary to the Board*

Beijing, the PRC, 6 February 2013

*As at the date of this announcement, the Directors 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*