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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 NON-EXERCISE OF THE RIGHT OF FIRST REFUSAL**

### **BACKGROUND**

As at the date of this announcement, the equity interest of Tuoketuo No. 2 Power Company is held as to 40% by the Company, 25% by Beijing Jingneng Power Co., Ltd. (北京京能電力股份有限公司), 20% by CDC and 15% by Inner Mongolia Mengdian Huaneng Thermal Power Corporation Limited (內蒙古蒙電華能熱電股份有限公司), respectively. The equity interest of Lvsigang Power Company is held as to 55% by the Company, 35% by CDC and 10% by Nantong State-owned Assets Investment Holdings Co., Ltd. (南通國有資產投資控股有限公司), respectively. Both Tuoketuo No. 2 Power Company and Lvsigang Power Company are the subsidiaries of the Company. CDC proposed to transfer its 20% equity interest in Tuoketuo No. 2 Power Company and its 35% equity interest in Lvsigang Power Company to Datang Beijing-Tianjin-Hebei Company and Datang Jiangsu Company, both wholly-owned subsidiaries of CDC, respectively.

Pursuant to Article 71 of the Company Law of the PRC, the Company, as a shareholder of Tuoketuo No. 2 Power Company and Lvsigang Power Company, is entitled to the Right of First Refusal with respect to any proposed transfer of equity interest in Tuoketuo No. 2 Power Company or Lvsigang Power Company by CDC to any other persons excluding the existing shareholders, pursuant to which the Company has a pre-emptive right to purchase the Equity Transfer. The Board decided not to exercise the Right of First Refusal.

### **NON-EXERCISE OF THE RIGHT OF FIRST REFUSAL**

Recently, CDC proposed to transfer its 20% equity interest in Tuoketuo No. 2 Power Company to Datang Beijing-Tianjin-Hebei Company at nil consideration, and its 35% equity interest in Lvsigang Power Company to Datang Jiangsu Company at nil consideration.

On 30 March 2020, the Board approved by a resolution, among other things, that the Company would not exercise the Right of First Refusal to acquire the Equity Interest in connection with the Transfer.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, CDC is the controlling shareholder of the Company, which together with its subsidiaries holds approximately 53.09% of the issued share capital of the Company. CDC is therefore a connected person of the Company pursuant to Chapter 14A of the Listing Rules. The non-exercise of the Right of First Refusal constitutes a connected transaction of the Company.

As the highest of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the non-exercise of the Right of First Refusal is less than 25% and the total consideration is less than HK\$10,000,000, the non-exercise of the Right of First Refusal is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules and does not require the approval by the Independent Shareholders of the Company under Rule 14A.76(2)(b) of the Listing Rules.

## **BACKGROUND**

As at the date of this announcement, the equity interest of Tuoketuo No. 2 Power Company is held as to 40% by the Company, 25% by Beijing Jingneng Power Co., Ltd., 20% by CDC and 15% by Inner Mongolia Mengdian Huaneng Thermal Power Corporation Limited, respectively. The equity interest of Lvsigang Power Company is held as to 55% by the Company, 35% by CDC and 10% by Nantong State-owned Assets Investment Holdings Co., Ltd., respectively. Both Tuoketuo No. 2 Power Company and Lvsigang Power Company are the subsidiaries of the Company. CDC proposed to transfer its 20% equity interests in Tuoketuo No. 2 Power Company and its 35% equity interest in Lvsigang Power Company to Datang Beijing-Tianjin-Hebei Company and Datang Jiangsu Company, both wholly-owned subsidiaries of CDC, respectively.

Pursuant to Article 71 of the Company Law of the PRC, the Company, as a shareholder of Tuoketuo No. 2 Power Company and Lvsigang Power Company, is entitled to the Right of First Refusal with respect to any proposed transfer of equity interest in Tuoketuo No. 2 Power Company or Lvsigang Power Company by CDC to any other persons excluding the existing shareholders, pursuant to which the Company has a pre-emptive right to purchase the Equity Transfer. The Board decided not to exercise the Right of First Refusal.

## **NON-EXERCISE OF THE RIGHT OF FIRST REFUSAL**

Recently, CDC proposed to transfer its 20% equity interest in Tuoketuo No. 2 Power Company to Datang Beijing-Tianjin-Hebei Company at nil consideration, and its 35% equity interest in Lvsigang Power Company to Datang Jiangsu Company at nil consideration.

On 30 March 2020, the Board approved by a resolution, among other things, that the Company would not exercise the Right of First Refusal to acquire the Equity Interest in connection with the Transfer.

Upon the completion of the Transfer, both Tuoketuo No. 2 Power Company<sup>note</sup> and Lvsigang Power Company will continue to be the subsidiaries of the Company.

As at the date of this announcement, none of the Directors have any material interest in the non-exercise of the Right of First Refusal. However, the connected Directors, namely Mr. Chen Feihu and Mr. Wang Sen, have abstained from voting at the Board meeting for approval of the non-exercise of the Right of First Refusal in accordance with the requirements of the listing rules of the Shanghai Stock Exchange.

## **REASONS FOR AND BENEFITS OF NON-EXERCISE OF THE RIGHT OF FIRST REFUSAL**

Having taken into account the principal factors and considerations set out below, the Directors (including the independent non-executive Directors) are of the view that the non-exercise of the Right of First Refusal is fair and reasonable, and is in the interest of the Company and the Shareholders as a whole:

Upon the completion of the Transfer, it will be beneficial to further rationalize the shareholding structure, fully exert the operation and management advantages of regional companies, enhance the efficient deployment of regional resources, and fully improve the coordinated development and production and operation level of Tuoketuo No. 2 Power Company and Lvsigang Power Company.

Upon the completion of the Transfer, both Tuoketuo No. 2 Power Company and Lvsigang Power Company will continue to be the subsidiaries of the Company. Non-exercise of the Right of First Refusal will neither have any impact on the control of the Company over Tuoketuo No. 2 Power Company and Lvsigang Power Company nor have any impact on the scope of the consolidated statements of the Company.

*Note:* Prior to the completion of the Transfer, according to the agreement entered into between the Company and CDC on 6 September 2006, shareholder representatives and appointed directors of CDC will act in concert with that of the Company when exercising voting rights at the general meetings and board meetings of Tuoketuo No. 2 Power Company. Therefore, the Company obtained the control over Tuoketuo No. 2 Power Company and accounted for it as a subsidiary.

Upon the completion of the Transfer, the Company will enter into a new agreement with Datang Beijing-Tianjin-Hebei Company stipulating that shareholder representatives and appointed directors of Datang Beijing-Tianjin-Hebei Company will act in concert with that of the Company when exercising voting rights at the general meetings and board meetings of Tuoketuo No. 2 Power Company. Therefore, the Company will continue to maintain the control over Tuoketuo No. 2 Power Company and account for it as a subsidiary.

## **INFORMATION OF RELEVANT PARTIES**

### **The Company**

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.

### **CDC**

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, maintenance 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.

### **Datang Beijing-Tianjin-Hebei Company**

Datang Beijing-Tianjin-Hebei Company is a wholly-owned subsidiary of CDC with a registered capital of RMB1 billion. It is primarily responsible for the development, investment, construction and operation of projects of CDC located in Beijing, Tianjin, Hebei and Inner Mongolia. It is mainly engaged in thermal power, coal-fired power, wind power, photovoltaic power and comprehensive utilization of fly coal ash and other businesses.

### **Datang Jiangsu Company**

Datang Jiangsu Company is a wholly-owned subsidiary of CDC with a registered capital of RMB100 million. It is primarily responsible for the project development and asset operation and management of CDC in Jiangsu. It is mainly engaged in the development, investment, construction, operation and management of power energy and heat supply network, and development and sales of coal, etc.

### **Tuoketuo No. 2 Power Company**

Tuoketuo No. 2 Power Company was established in April 2007 in the PRC with a registered capital of RMB1,174.39 million. It is primarily responsible for the construction, production, operation and management of two 600MW thermal power units of Phase IV and two 660MW thermal power units of Phase V of Tuoketuo power plant.

Set out below is a summary of the audited financial information of Tuoketuo No. 2 Power Company for the years ended 31 December 2018 and 2019:

	<b>For the year ended 31 December 2018</b>	<b>For the year ended 31 December 2019</b>
	<i>RMB0'000</i>	<i>RMB0'000</i>
	(Audited)	(Audited)
Profit before taxation	99,130.78	84,418.24
Profit after taxation	86,957.33	71,071.55

As at 31 December 2019, the total assets and the net assets of Tuoketuo No. 2 Power Company were approximately RMB5,338.5274 million and approximately RMB2,347.8294 million, respectively.

### **Lvsigang Power Company**

Lvsigang Power Company was established in September 2003 in the PRC with a registered capital of RMB1,050.1822 million. It is primarily responsible for the construction, production, operation and management of four 660MW ultra-supercritical coal-fired generation units of Phase I of Lvsigang power plant.

Set out below is a summary of the audited financial information of Lvsigang Power Company for the years ended 31 December 2018 and 2019:

	<b>For the year ended 31 December 2018</b>	<b>For the year ended 31 December 2019</b>
	<i>RMB0'000</i>	<i>RMB0'000</i>
	(Audited)	(Audited)
Profit before taxation	795.59	13,060.57
Profit after taxation	287.23	9,572.16

As at 31 December 2019, the total assets and the net assets of Lvsigang Power Company were approximately RMB6,377.6628 million and approximately RMB1,383.1613 million, respectively.

### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, CDC is the controlling shareholder of the Company, which together with its subsidiaries holds approximately 53.09% of the issued share capital of the Company. CDC is therefore a connected person of the Company pursuant to Chapter 14A of the Listing Rules. The non-exercise of the Right of First Refusal constitutes a connected transaction of the Company.

As the highest of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the non-exercise of the Right of First Refusal is less than 25% and the total consideration is less than HK\$10,000,000, the non-exercise of the Right of First Refusal is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules and does not require the approval by the Independent Shareholders of the Company under Rule 14A.76(2)(b) of the Listing Rules.

## DEFINITIONS

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

“A Share(s)”	ordinary shares of RMB1.00 each in the share capital of the Company, which are listed on the Shanghai Stock Exchange (Stock Code: 601991)
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CDC”	China Datang Corporation Limited, a state-owned enterprise established under the laws of the PRC, whose ultimate beneficial owner is the State-owned Assets Supervision and Administration Commission of the State Council of the PRC, and is the controlling shareholder of the Company. For details, please refer to the section headed “Information of 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 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 Jiangsu Company”	Datang Jiangsu Power Generation Co., Ltd. (大唐江蘇發電有限公司), a company established in December 2006 in the PRC and a wholly-owned subsidiary of CDC. For details, please refer to the section headed “Information of Relevant Parties” of this announcement
“Datang Beijing-Tianjin-Hebei Company”	Datang Beijing-Tianjin-Hebei Energy Development Co., Ltd. (大唐京津冀能源開發有限公司), a company established in December 2017 in the PRC and a wholly-owned subsidiary of CDC. For details, please refer to the section headed “Information of Relevant Parties” of this announcement
“Director(s)”	director(s) of the Company
“Equity Interest”	20% equity interest in Tuoketuo No. 2 Power Company and 35% equity interest in Lvsigang Power Company held by CDC
“H Shares”	overseas listed foreign shares of RMB1.00 each in the share capital of the Company, which are listed on (i) the Hong Kong Stock Exchange and traded in Hong Kong dollars and (ii) the London Stock Exchange and traded in pounds sterling
“Independent Shareholder(s)”	Shareholder(s) other than CDC, its associates and any other Shareholder who has a material interest in non-exercise of the Right of First Refusal
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Lvsigang Power Company”	Jiangsu Datang International Lvsigang Power Generation Company Limited (江蘇大唐國際呂四港發電有限責任公司), a company established in September 2003 in the PRC. For details, please refer to the section headed “Information of Relevant Parties” of this announcement
“PRC”	the People’s Republic of China
“Right of First Refusal”	the right of first refusal which the Company is entitled to for purchasing the Equity Interest pursuant to Article 71 of the Company Law of the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transfer”	the proposed transfer of CDC’s 20% equity interest in Tuoketuo No. 2 Power Company to Datang Beijing-Tianjin-Hebei Company at nil consideration, and the proposed transfer of CDC’s 35% equity interest in Lvsigang Power Company to Datang Jiangsu Company at nil consideration by CDC
“Tuoketuo No. 2 Power Company”	Inner Mongolia Datang International Tuoketuo No. 2 Power Generation Company Limited (內蒙古大唐國際托克托第二發電有限責任公司), a company established in April 2007 in the PRC. For details, please refer to the section headed “Information of Relevant Parties” of this announcement
“%”	per cent.

By order of the Board  
**Jiang Jinming**  
*Company Secretary*

Beijing, the PRC, 30 March 2020

*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*