

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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
DISCLOSEABLE TRANSACTIONS
AND
CONTINUING CONNECTED TRANSACTIONS
2022 FINANCIAL BUSINESS COOPERATION AGREEMENT**

2022 FINANCIAL BUSINESS COOPERATION AGREEMENT

References are made to the announcement dated 25 July 2019, the circular dated 18 October 2019 and the announcement dated 20 December 2019 published by the Company in respect of, among other things, the 2019 Financial Business Cooperation Agreement.

The 2019 Financial Business Cooperation Agreement will expire on 31 August 2022. As the parties intend to continue to enter into transactions of similar nature from time to time after 31 August 2022, the Board hereby announces that on 16 June 2022, the Company entered into the 2022 Financial Business Cooperation Agreement with Datang Leasing Company, on terms which are similar to that of the 2019 Financial Business Cooperation Agreement. Pursuant to the 2022 Financial Business Cooperation Agreement, Datang Leasing Company shall provide financial business support (including but not limited to financial leasing and account receivable factoring) and others to the Company and its subsidiaries for an aggregate amount of not exceeding RMB7 billion for every 12 months from the effective date of the 2022 Financial Business Cooperation Agreement. The 2022 Financial Business Cooperation Agreement is for a term of 36 months from 1 September 2022 to 31 August 2025.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CDC together with its subsidiaries hold approximately 53.09% of the issued share capital of the Company. Since Datang Leasing Company is a subsidiary of CDC, Datang Leasing Company is a connected person of the Company. Accordingly, the 2022 Financial Business Cooperation Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company.

Pursuant to Rules 14.22 and 14A.81 of the Listing Rules, the transactions contemplated under the 2022 Financial Business Cooperation Agreement should be aggregated with the Previous Transactions and treated as if they were one transaction.

Since the highest applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the transactions under the categories of direct lease and sale and lease-back contemplated under the 2022 Financial Business Cooperation Agreement, when aggregated with the same type of transactions in the Previous Transactions, are more than 5%, such transactions are subject to the reporting, announcement, annual review and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Since the highest applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the transactions under the categories of direct lease and sale and lease-back contemplated under the 2022 Financial Business Cooperation Agreement, when aggregated with the same type of transactions in the Previous Transactions, are more than 5% but less than 25%, such transactions constitute discloseable transactions of the Company, and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Since the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the transactions under the category of factoring business contemplated under the 2022 Financial Business Cooperation Agreement, when aggregated with the same type of transactions in the Previous Transactions, is more than 5%, such transactions are subject to the reporting, announcement, annual review and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Since the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the transactions under the category of factoring business contemplated under the 2022 Financial Business Cooperation Agreement, when aggregated with the same type of transactions in the Previous Transactions, is more than 5% but less than 25%, such transactions constitute discloseable transactions of the Company, and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

An independent board committee (comprising all the independent non-executive Directors) will be formed to advise the Independent Shareholders on the terms of the 2022 Financial Business Cooperation Agreement and the transactions contemplated thereunder.

The Company has appointed Trinity Corporate Finance Limited as the Independent Financial Adviser to advise the independent board committee and the Independent Shareholders on the terms of the 2022 Financial Business Cooperation Agreement and the transactions contemplated thereunder.

DESPATCH OF CIRCULAR

A circular, containing details of the 2022 Financial Business Cooperation Agreement, a letter from the independent board committee and a letter from the Independent Financial Adviser, both advising on the terms of the 2022 Financial Business Cooperation Agreement, will be despatched to the Shareholders in compliance with the Listing Rules. As additional time is required by the Company to prepare the information to be included in the circular, the circular is expected to be despatched to the Shareholders on or before 28 July 2022. If it is expected that there will be a delay to the despatch of the circular, a further announcement will be published by the Company in accordance with the Listing Rules stating the reason for the delay and the new expected date of despatch of the circular.

2022 FINANCIAL BUSINESS COOPERATION AGREEMENT

Date

16 June 2022

Parties

- (i) The Company; and
- (ii) Datang Leasing Company, a subsidiary of CDC

Subject matter

Pursuant to the 2022 Financial Business Cooperation Agreement, Datang Leasing Company shall provide financial business support (including but not limited to financial leasing¹ and account receivable factoring) and others to the Company and its subsidiaries for an aggregate amount of not exceeding RMB7 billion for every 12 months from the effective date of the 2022 Financial Business Cooperation Agreement.

The parties may, during the term of the agreement, enter into specific contracts in accordance with the terms of the 2022 Financial Business Cooperation Agreement, and such specific contracts shall be subject to the terms of the 2022 Financial Business Cooperation Agreement.

1 The financial leasing methods to be provided by the lessors comprise sale and lease-back and the direct lease. In particular: sale and lease-back means that the lessors shall purchase the leased assets from the lessees based on the lessees' choice and lease them back to the lessees; and direct lease refers to the purchase by the lessors and the provision of the leased assets to the lessees as per the specifications and requirements of the lessees.

Term of the agreement

A term of 36 months, from 1 September 2022 to 31 August 2025.

Major terms of the agreement

- (1) In accordance with the business principles of a financial leasing company and subject to compliance with the state policy and the relevant laws and regulations of the PRC, Datang Leasing Company shall provide financial business support, including but not limited to financial leasing and account receivable factoring, to the Company and its subsidiaries in respect of key investment and construction projects of the Company and its subsidiaries in sectors such as thermal power, hydropower, wind power, photovoltaic, recycling economy, power source, grid, load and energy storage and other integrated energy services for an aggregate amount of not exceeding RMB7 billion for every 12 months from the effective date of the 2022 Financial Business Cooperation Agreement.
- (2) Leveraging on its professional advantage in the financial business, Datang Leasing Company shall provide the Company and its subsidiaries with various economic consulting services, such as investment and financing consulting, financial advisory, financial leasing consulting, and product design and transaction arrangements for account receivable factoring.
- (3) Datang Leasing Company shall, upon thorough negotiations with the Company and its subsidiaries, within the scope of the business development and planning of the Company and its subsidiaries, select appropriate lessees and projects and shall design and offer customised leasing and factoring business proposals.

Effective date of the agreement

The agreement shall become effective when it is duly signed by the parties and affixed with their respective company seals and upon the approval by the Independent Shareholders at the general meeting of the Company.

Pricing policy and internal control measures

Datang Leasing Company shall provide the Company with the most favourable rates for leasing fees, taking into account the relevant state policies and regulations, the supply of and demand for capital in the market as well as the structural features of different leasing and factoring products. The general fee rates shall be equivalent to or more favourable than those offered by other domestic financial leasing companies in the PRC. Datang Leasing Company shall help the Company and its subsidiaries to reduce the finance costs and optimise the financial structure while ensuring that the construction capital needs of the Company and its subsidiaries are met.

Prior to business cooperation with Datang Leasing Company, the Company shall collect information about the terms of the relevant transactions and their respective interest rates from other major domestic leasing companies that are independent of the Company and its connected persons, and compare them with the benchmark interest rate on term loans issued by the People’s Bank of China to ensure that the Company receives the most favourable terms, the general rates for leasing fees of the relevant transactions shall be equivalent to or more favourable than those offered by other domestic financial leasing companies in the PRC, and strive for the maximisation of the Company’s overall interests.

Implication of IFRS 16 (Leases) on the finance leasing arrangement of the Company

The Company adopted, among others, the International Financial Reporting Standards (“IFRS”) 16 (Leases) in its consolidated statement of financial position in connection with leases and finance leases with effect from the beginning of its accounting period on 1 January 2019.

Pursuant to the IFRS 16 (Leases), the Company recognises right-of-use assets at the commencement date of the lease (i.e., the date when the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the commencement date of the lease if the implicit interest rate in the lease is not readily determinable.

Accordingly, under the IFRS 16 (Leases), the Company will recognise the leased assets of relevant direct lease(s) which represents the right of the Company to use the leased assets (except short-term leases and low-value leases), subject to the specific lease terms and conditions as set out in each of lease agreements. For the sale and lease-back, the relevant transactions will be accounted for as a finance leasing arrangement between the Company and the lessors.

Annual caps

The Company expects that the annual caps of the proposed transactions under the 2022 Financial Business Cooperation Agreement are as below:

	From 1 September 2022 to 31 December 2022	From 1 January 2023 to 31 December 2023	From 1 January 2024 to 31 December 2024	From 1 January 2025 to 31 August 2025
Direct lease	RMB2 billion	RMB4.5 billion	RMB4.5 billion	RMB2.5 billion
Sale and lease-back	RMB0.8 billion	RMB2 billion	RMB2 billion	RMB1.2 billion
Factoring business	RMB0.2 billion	RMB0.5 billion	RMB0.5 billion	RMB0.3 billion

The above proposed annual caps are determined with reference to the Company's financing plan, which is derived from the expected capital needs of the Company in the next 36 months. After principally considering that the Company's loans with a total amount of approximately RMB80 billion to RMB100 billion are expected to mature between 2022 and 2024, the principal of financial leasing will be used to replace part of the existing maturing loans and for fulfilling part of the future capital needs for construction of existing projects. These projects (including but not limited to the Datang Tuodian New Energy Bundled Delivery Project (大唐托電新能源打捆外送項目) and Baoding Phase IX Heat and Power Project (保定九期熱電項目)) have been approved by the Board.

After considering that lease financing is one of the important financing alternatives under the general debt financing condition and taxation arrangements in the PRC, and the Company is a key customer and long-term business partner of Datang Leasing Company, for providing more convenient, effective and efficient financial leasing as well as factoring products design services to the Company when compared to other financial leasing companies, the Board considers that such annual caps and their determination basis are fair and reasonable so far as the Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

Historical transactions

Before the adoption of IFRS 16 (Leases), the historical transaction amounts of financial leasing and factoring businesses between the Company and Datang Leasing Company under the 2019 Financial Business Cooperation Agreement for the four months ended 31 December 2019, the two years ended 31 December 2021 and the eight months ending 31 August 2022 are as below:

	From 1 September 2019 to 31 December 2019	From 1 January 2020 to 31 December 2020	From 1 January 2021 to 31 December 2021	From 1 January 2022 to 31 August 2022 (Note)
Historical transaction amounts	RMB0.2 billion	RMB1.075 billion	RMB1.794 billion	RMB2 billion (Note)
Annual caps	RMB3 billion	RMB10 billion	RMB10 billion	RMB7 billion

Note: As the figures in respect of the transaction amount for the eight months ending 31 August 2022 are not yet available, the above figure is an estimate only. The historical transaction amount for the three months ended 31 March 2022 was RMB137 million. The Company confirms that the relevant transaction amount for the eight months ending 31 August 2022 will not exceed the annual cap.

Assuming calculations were made in accordance with IFRS 16 (Leases), the historical transaction amounts of financial leasing and factoring businesses between the Company and Datang Leasing Company for the four months ended 31 December 2019, the two years ended 31 December 2020 and the three months ended 31 March 2022 are set out as follows:

	From 1 September 2019 to 31 December 2019	From 1 January 2020 to 31 December 2020	From 1 January 2021 to 31 December 2021	From 1 January 2022 to 31 March 2022
Direct lease	RMB100 million	RMB368 million	RMB439 million	RMB78 million
Sale and lease-back	RMB100 million	RMB707 million	RMB1,355 million	RMB59 million
Factoring business	RMB0 million	RMB0 million	RMB0 million	RMB0 million

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2022 FINANCIAL BUSINESS COOPERATION AGREEMENT

In recent years, the cooperation with Datang Leasing Company has become an important financing method for the Company and its subsidiaries.

Through entering into the 2022 Financial Business Cooperation Agreement, the Company is able to obtain financial support and relevant financing services at an interest rate equivalent to or lower than the market rate of the same industry, which allows the Company to further reduce its overall capital costs; the gradual expansion of the financial leasing businesses between Datang Leasing Company and the Company and its subsidiaries, which will further enhance the bargaining power of the Company and its subsidiaries with other leasing companies when conducting financial leasing businesses.

At the same time, Datang Leasing Company would be able to develop a deeper understanding in the operation of the Company and its subsidiaries, which in turn would be able to provide more convenient, effective and efficient financial leasing as well as factoring products design services for the Company and its subsidiaries when compared to those services provided by other financial leasing companies.

The Directors (including the independent non-executive Directors) are of the view that the relevant terms of the 2022 Financial Business Cooperation Agreement are fair and reasonable, have been entered into after arm's length negotiations and determined on normal commercial terms, and are in the interests of the Company and the Shareholders as a whole.

INTERNAL CONTROL

Internal Control Policy to Monitor Annual Caps

According to the requirements of management system of the connected transactions of the Company, the finance management department of the Company is responsible for monitoring the transaction amounts relating to the proposed annual caps under the 2022 Financial Business Cooperation Agreement by developing management accounts for continuing connected transactions and

designating specialists for management and maintenance, and consolidating and preparing statistics for the transaction amounts incurred in the continuing connected transactions on a monthly basis. The Company will re-comply with the necessary approval procedures in accordance with the Listing Rules in respect of continuing connected transactions that are expected to exceed their annual caps.

Re-complying with the Listing Rules in respect of Revision of Annual Caps

If it is anticipated that any of the annual caps under the 2022 Financial Business Cooperation Agreement will be exceeded during the term of the 2022 Financial Business Cooperation Agreement, the Company will re-comply with the applicable compliance obligations at applicable percentage ratios under Chapter 14A of the Listing Rules based on revised annual caps under the 2022 Financial Business Cooperation Agreement.

Annual Review of Continuing Connected Transactions by External Auditors

The external auditors of the Company will issue a letter to the Board regarding the continuing connected transactions of the Company annually pursuant to the Listing Rules, reporting the Company's pricing policies and annual caps of continuing connected transactions conducted during the previous financial year (including the transactions contemplated under the 2022 Financial Business Cooperation Agreement).

Annual Review of Continuing Connected Transactions by Independent Non-executive Directors

The independent non-executive Directors of the Company will conduct an annual review on the continuing connected transactions conducted by the Company during the entire previous financial year in accordance with the requirements of the Listing Rules, and confirm the transaction amount and terms of the continuing connected transactions in the Company's annual report, and make sure that these transactions are entered into on normal commercial terms, are fair and reasonable, and are conducted in accordance with the relevant terms of the agreement governing continuing connected transactions.

APPROVAL OF THE BOARD

The thirty-first meeting of the tenth session of the Board has considered and approved the "Resolution on the Entering into of Financial Business Cooperation Agreement with Datang Finance Leasing Company Limited", details of which were set out in the overseas regulatory announcement of the Company dated 27 May 2022.

None of the Directors has any material interest in the 2022 Financial Business Cooperation Agreement. Mr. Ying Xuejun, Mr. Su Min and Mr. Liu Jianlong, the connected Directors, have abstained from voting on the relevant resolution in accordance with the requirements of the listing rules of the Shanghai Stock Exchange.

INFORMATION OF THE PARTIES TO THE AGREEMENT

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. The Company's main service areas are in the PRC.
2. CDC was established on 9 March 2003 with registered capital of RMB37 billion. It is principally engaged in the development, investment, construction, operation and management of power energy; organisation 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 self-operated and commissioned import and export business for commodities and technologies.
3. Datang Leasing Company was established in the PRC on 28 November 2012 and is an indirect subsidiary of CDC with a registered capital of RMB2.5 billion. Datang Leasing Company is held by the Company and other subsidiaries of CDC as to 20% and 80%, respectively. The scope of principal business of Datang Leasing Company includes financial leasing business, leasing business, acquisition of leased properties from overseas, treatment and maintenance of residual value of leased properties, consulting of lease transactions, and factoring business relating to its principal business.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CDC together with its subsidiaries hold approximately 53.09% of the issued share capital of the Company. Since Datang Leasing Company is a subsidiary of CDC, Datang Leasing Company is a connected person of the Company. Accordingly, the 2022 Financial Business Cooperation Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company.

Pursuant to Rules 14.22 and 14A.81 of the Listing Rules, the transactions contemplated under the 2022 Financial Business Cooperation Agreement should be aggregated with the Previous Transactions and treated as if they were one transaction.

Since the highest applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the transactions under the categories of direct lease and sale and lease-back contemplated under the 2022 Financial Business Cooperation Agreement, when aggregated with the same type of transactions in the Previous Transactions, are more than 5%, such transactions are subject to the reporting, announcement, annual review and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Since the highest applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the transactions under the categories of direct lease and sale and lease-back contemplated under the 2022 Financial Business Cooperation Agreement, when aggregated with the same type of transactions in the Previous Transactions, are more than 5% but less than 25%, such transactions constitute discloseable transactions of the Company, and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Since the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the transactions under the category of factoring business contemplated under the 2022 Financial Business Cooperation Agreement, when aggregated with the same type of transactions in the Previous Transactions, is more than 5%, such transactions are subject to the reporting, announcement, annual review and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Since the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the transactions under the category of factoring business contemplated under the 2022 Financial Business Cooperation Agreement, when aggregated with the same type of transactions in the Previous Transactions, is more than 5% but less than 25%, such transactions constitute discloseable transactions of the Company, and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

An independent board committee (comprising all the independent non-executive Directors) will be formed to advise the Independent Shareholders on the terms of the 2022 Financial Business Cooperation Agreement and the transactions contemplated thereunder.

The Company has appointed Trinity Corporate Finance Limited as the Independent Financial Adviser to advise the independent board committee and the Independent Shareholders on the terms of the 2022 Financial Business Cooperation Agreement and the transactions contemplated thereunder.

DESPATCH OF CIRCULAR

A circular, containing details of the 2022 Financial Business Cooperation Agreement, a letter from the independent board committee and a letter from the Independent Financial Adviser, both advising on the terms of the 2022 Financial Business Cooperation Agreement, will be despatched to the Shareholders in compliance with the Listing Rules. As additional time is required by the Company to prepare the information to be included in the circular, the circular is expected to be despatched to the Shareholders on or before 28 July 2022. If it is expected that there will be a delay to the despatch of the circular, a further announcement will be published by the Company in accordance with the Listing Rules stating the reason for the delay and the new expected date of despatch of the circular.

DEFINITIONS

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

“2019 Financial Business Cooperation Agreement”	the financial business cooperation agreement entered into between the Company and Datang Leasing Company on 25 July 2019
“2022 Financial Business Cooperation Agreement”	the financial business cooperation agreement entered into between the Company and Datang Leasing Company on 16 June 2022
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CDC”	China Datang Corporation Ltd. (中國大唐集團有限公司), a wholly state-owned company 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 a controlling shareholder of the Company. Please refer to the section headed “INFORMATION OF THE PARTIES TO THE AGREEMENT” of this announcement for details
“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 PARTIES TO THE AGREEMENT” 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 Leasing Company”	Datang Finance Leasing Company Limited (大唐融資租賃有限公司), a company established under the laws of the PRC and a subsidiary of CDC. For details, please refer to the section headed “INFORMATION OF THE PARTIES TO THE AGREEMENT” of this announcement
“Director(s)”	the director(s) of the Company
“Independent Financial Adviser” or “Trinity Corporate Finance Limited”	Trinity Corporate Finance Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, and the independent financial adviser appointed by the Company to advise the independent board committee and the Independent Shareholders on the terms of the 2022 Financial Business Cooperation Agreement and the transactions contemplated thereunder

“Independent Shareholder(s)”	Shareholder(s) other than CDC and its associates as well as any other Shareholder who has a material interest in the transactions contemplated under the 2022 Financial Business Cooperation Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Previous Transactions”	collectively, (i) the transactions contemplated under the factoring business cooperation agreement entered into between the Company and Datang Commercial Factoring Company Limited on 21 May 2020, details of which were disclosed in the announcement of the Company dated 21 May 2020 and the circular dated 5 June 2020; and (ii) the transactions contemplated under the leasing and factoring business cooperation agreement entered into between the Company and Shanghai Datang Financial Lease Co., Ltd. on 16 December 2021, details of which were disclosed in the announcement dated 16 December 2021 and the circular of the Company dated 10 January 2022
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By order of the Board
Jiang Jinming
Company Secretary

Beijing, the PRC, 16 June 2022

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

Liang Yongpan, Ying Xuejun, Xiao Zheng, Su Min, Liu Jianlong, Zhu Shaowen, Cao Xin, Zhao Xianguo, Jin Shengxiang, Sun Yongxing, Liu Jizhen, Niu Dongxiao*, Kou Baoquan*, Zong Wenlong*, Si Fengqi**

* *Independent non-executive Directors*