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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
DISCLOSEABLE TRANSACTIONS
AND
CONTINUING CONNECTED TRANSACTIONS
2020 FACTORING BUSINESS COOPERATION AGREEMENT**

2020 FACTORING BUSINESS COOPERATION AGREEMENT

Reference is made to the announcement dated 27 May 2019 published by the Company in respect of, among other things, the 2019 Factoring Business Cooperation Agreement.

The 2019 Factoring Business Cooperation Agreement will expire on 26 May 2020. To further strengthen the cooperation and diversify financing sources, the parties intend to continue to enter into transactions of a similar nature from time to time after 26 May 2020. The Board hereby announces that on 21 May 2020, the Company entered into the 2020 Factoring Business Cooperation Agreement with Datang Factoring Company, pursuant to which, Datang Factoring Company shall provide factoring business support to the Company and its subsidiaries for an aggregate value of not exceeding RMB2 billion every 12 months for 36 months from the effective date of the 2020 Factoring Business Cooperation Agreement.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CDC, the controlling shareholder of the Company, together with its subsidiaries hold approximately 53.09% of the issued share capital of the Company. Since Datang Factoring Company is a subsidiary of CDC, Datang Factoring Company is a connected person of the Company. Accordingly, the 2020 Factoring Business Cooperation Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company.

Since the highest of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the 2020 Factoring Business Cooperation Agreement is more than 5%, the 2020 Factoring Business Cooperation Agreement and the transactions contemplated thereunder are subject to the requirements of reporting, announcement, annual review and Independent Shareholders' approval under Chapter 14A of the Listing Rules.

Since the highest of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the 2020 Factoring Business Cooperation Agreement is more than 5% but less than 25%, the 2020 Factoring Business Cooperation Agreement and the transactions contemplated thereunder constitute discloseable transactions under Chapter 14 of the Listing Rules and are subject to the reporting and announcement requirements, but are exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

According to the Listing Rules, the Independent Board Committee (comprising all the independent non-executive Directors) has been formed to advise the Independent Shareholders on the 2020 Factoring 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 2020 Factoring Business Cooperation Agreement and the transactions contemplated thereunder.

DESPATCH OF CIRCULAR

A circular containing details of the 2020 Factoring 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 2020 Factoring 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 9 June 2020. If it is expected that there will be a delay to the despatch of the circular, a further announcement will be published in accordance with the Listing Rules stating the reason for the delay and the new expected date of despatch of the circular.

2020 FACTORING BUSINESS COOPERATION AGREEMENT

Date

21 May 2020

Parties

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

SUBJECT MATTER

Pursuant to the 2020 Factoring Business Cooperation Agreement, Datang Factoring Company shall provide factoring business support to the Company and its subsidiaries for an aggregate value of not exceeding RMB2 billion every 12 months for 36 months from the effective date of the 2020 Factoring Business Cooperation Agreement.

The parties may, during the term of the agreement, enter into specific factoring contracts in accordance with the terms of the 2020 Factoring Business Cooperation Agreement, and such specific factoring contracts shall be subject to the terms of the 2020 Factoring Business Cooperation Agreement.

TERM OF THE AGREEMENT

A term of 36 months, commencing from the effective date of the 2020 Factoring Business Cooperation Agreement.

MAJOR TERMS OF THE AGREEMENT

- (1) Subject to compliance with the policies and relevant laws and regulations of the PRC, Datang Factoring Company shall, in accordance with the business requirements of the Company, the supply of and demand for capital in the market as well as the structural features of factoring products, provide factoring business support (including but not limited to businesses such as account receivables factoring and reverse factoring) to the Company and its subsidiaries in respect of the key investment and construction projects in sectors such as thermal power, hydropower, wind power and recycling economy for an aggregate value of not exceeding RMB2 billion every 12 months.
- (2) Leveraging on its professional advantage in finance, Datang Factoring Company shall provide the Company with various consulting services in respect of the design of account receivables factoring products and the transactional arrangements, etc.
- (3) Datang Factoring Company shall, in accordance with the requirements of the Company and after comprehensively considering the factors such as relevant policies and laws and regulations of the PRC, the supply of and demand for capital in the market as well as the structural features of factoring products, provide the Company with the most favourable rates. The general rates shall be equivalent to or more favourable than those offered by other domestic commercial factoring companies.

- (4) Upon being duly signed by the parties and affixed with their respective company seals, the agreement shall become effective on the date of approval by the Independent Shareholders at the general meeting of the Company.

PRICING POLICY AND INTERNAL CONTROL MEASURES

Datang Factoring Company shall provide the Company with the most favourable rates according to the requirements of the Company and comprehensively considering the relevant policies and regulations of the PRC, the supply of and demand for capital in the market as well as the structural features of factoring products. The general rates shall be equivalent to or more favourable than those offered by other domestic commercial factoring companies. Datang Factoring Company shall help the Company to reduce the finance costs and optimise the financial structure while ensuring that the capital needs of the Company are met.

Prior to cooperation with Datang Factoring Company, the Company shall collect information about the terms and conditions of the relevant transactions and their respective interest rates from other domestic commercial factoring companies that are independent of the Company and its connected persons, and compare them with the benchmark interest rates on term loans issued by the People's Bank of China to ensure that the Company is offered with the most favourable terms, the general rates of the relevant transactions shall be equivalent to or more favourable than those offered by the other domestic commercial factoring companies, and strive for the maximization of the Company's overall interests.

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 2020 Factoring 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.

HISTORICAL AMOUNT

From 27 May 2019 to the date of this announcement, Datang Factoring Company provided RMB526 million (current annual cap: RMB2 billion) to the Company and its subsidiaries in aggregate for factoring business.

ANNUAL CAPS

The Company expects that the annual caps of the proposed transactions under the 2020 Factoring Business Cooperation Agreement are as follows:

	From the effective date of the agreement to 31 December 2020	From 1 January 2021 to 31 December 2021	From 1 January 2022 to 31 December 2022	From 1 January 2023 to the date of expiration of the agreement
Annual caps under the 2020 Factoring Business Cooperation Agreement	RMB1.2 billion	RMB2 billion	RMB2 billion	RMB0.8 billion

The above proposed annual caps are determined with reference to the following factors: (i) it is anticipated that the total account receivables and account payables of the Company will exceed RMB30 billion every year for the period between 2020 to 2023; (ii) the term of factoring business is relatively short, and if a single business is rolled over for many times, the volume of business during the year will be multiplied; and (iii) the growth of the scale of the Company's business.

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2020 FACTORING BUSINESS COOPERATION AGREEMENT

The relevant arrangements under the 2020 Factoring Business Cooperation Agreement are beneficial to the Company and its subsidiaries to further expand financing channels, increase funding sources, and improve the overall level and efficiency of corporate capital operation; the Company will obtain factoring financial support and related factoring financing services at or below the market rates, which will help further reduce the Company's overall financing costs. Meanwhile, as the internal financial institution of CDC, Datang Factoring Company has a deeper understanding on the operation of the Company, which helps to provide more convenient, efficient and personalized factoring business services than other financial institutions.

The Directors (including the independent non-executive Directors) are of the view that the relevant terms of the 2020 Factoring Business Cooperation Agreement are fair and reasonable, such agreement has been entered into after arm's length negotiations and determined on normal commercial terms and in the ordinary and usual course of business of the Company, and such agreement is in the interests of the Company and the Shareholders as a whole.

APPROVAL OF THE BOARD

The eighth meeting of the tenth session of the Board has considered and approved the "Resolution on Entering into the Factoring Business Cooperation Agreement with Datang Commercial Factoring Company Limited", details of which were set out in the overseas regulatory announcement of the Company dated 30 March 2020.

None of the Directors has any material interest in the 2020 Factoring Business Cooperation Agreement. Those connected Directors, including Chen Feihu and Wang Sen, 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 RELEVANT PARTIES

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 main service areas of the Company are in the PRC.
2. CDC was established on 9 March 2003 with registered capital of RMB37.0 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 the export and import of various commodities and technologies for itself or as agent.
3. Datang Factoring Company is an indirect wholly-owned subsidiary of CDC and has a registered capital of approximately RMB200 million. Datang Factoring Company was established in April 2018 and is principally engaged in the provision of trade financing by way of acquisition of accounts receivable, the settlement, management and collection of account receivables, the management of sales ledgers, the investigation and evaluation of customers' credit standing and the related consulting services.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CDC, the controlling shareholder of the Company, together with its subsidiaries hold approximately 53.09% of the issued share capital of the Company. Since Datang Factoring Company is a subsidiary of CDC, Datang Factoring Company is a connected person of the Company. Accordingly, the 2020 Factoring Business Cooperation Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company.

Since the highest of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the 2020 Factoring Business Cooperation Agreement is more than 5%, the 2020 Factoring Business Cooperation Agreement and the transactions contemplated thereunder are subject to the requirements of reporting, announcement, annual review and Independent Shareholders' approval under Chapter 14A of the Listing Rules.

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transactions contemplated thereunder constitute discloseable transactions under Chapter 14 of the Listing Rules and are subject to the reporting and announcement requirements, but are exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

CONNECTED PERSONS WHO ARE REQUIRED TO ABSTAIN FROM VOTING ON THE RESOLUTIONS

Pursuant to Rule 14A.36 of the Listing Rules, any Shareholder with a material interest in the transaction and its associates will abstain from voting at the general meeting to be held by the Company to, including but not limited to, consider and approve the 2020 Factoring Business Cooperation Agreement and the transactions contemplated thereunder. Therefore, CDC and its associates shall abstain from voting at the general meeting to consider and approve the 2020 Factoring Business Cooperation Agreement and the transactions contemplated thereunder.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

According to the Listing Rules, the Independent Board Committee (comprising all the independent non-executive Directors) has been formed to advise the Independent Shareholders on the 2020 Factoring Business Cooperation Agreement and the transactions contemplated thereunder.

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DEFINITIONS

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

“2019 Factoring Business Cooperation Agreement”	the factoring business cooperation agreement entered into between the Company and Datang Factoring Company on 27 May 2019
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“2020 Factoring Business Cooperation Agreement”	the factoring business cooperation agreement entered into between the Company and Datang Factoring Company on 21 May 2020
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CDC”	China Datang Corporation Ltd., a wholly state-owned company established under the laws of the PRC and is the controlling shareholder of the Company. For details, please refer to the section headed “Information of the 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 the 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 Factoring Company”	Datang Commercial Factoring Company Limited (大唐商業保理有限公司), 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 Relevant Parties” of this announcement
“Director(s)”	the director(s) of the Company
“Independent Board Committee”	an independent board committee comprising all independent non-executive Directors, namely Mr. Liu Jizhen, Mr. Luo Zhongwei, Mr. Liu Huangsong, Mr. Jiang Fuxiu and Mr. Niu Dongxiao, established to advise the Independent Shareholders in respect of the 2020 Factoring Business Cooperation Agreement and the transactions contemplated thereunder

“Independent Financial Adviser”	Trinity Corporate Finance Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the 2020 Factoring Business Cooperation Agreement and the transactions contemplated thereunder
“Independent Shareholder(s)”	Shareholder(s) other than CDC and its associates, and who are not involved in or interested in the transactions contemplated under the 2020 Factoring Business Cooperation Agreement
“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 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, 21 May 2020

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

Chen Feihu, Wang Sen, Qu Bo, Liang Yongpan, Ying Xuejun, Zhu Shaowen, Cao Xin, Zhao Xianguo, Zhang Ping, Jin Shengxiang, Liu Jizhen, Luo Zhongwei*, Liu Huangsong*, Jiang Fuxiu*, Niu Dongxiao**

* *Independent non-executive Directors*