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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
2021 LEASING AND
FACTORING BUSINESS COOPERATION AGREEMENT**

2021 LEASING AND FACTORING BUSINESS COOPERATION AGREEMENT

Reference is made to the announcement of the Company dated 4 July 2018, in relation to, among others, the 2018 Leasing and Factoring Business Cooperation Agreement.

The 2018 Leasing and Factoring Business Cooperation Agreement will expire on 20 December 2021. In order to expand the financing channels, enrich financing resources and reduce financing costs, the Company proposed to continue to conduct transactions with similar nature with Shanghai Datang Financial Lease Company from time to time subsequent to 20 December 2021.

The Board hereby announces that, on 16 December 2021, the Company entered into the 2021 Leasing and Factoring Business Cooperation Agreement with Shanghai Datang Financial Lease Company for a term of three years, i.e. 36 months commencing from the effective date of the 2021 Leasing and Factoring Business Cooperation Agreement.

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 Shanghai Datang Financial Lease Company is an indirectly owned subsidiary of CDC, Shanghai Datang Financial Lease Company is therefore a connected person of the Company. The 2021 Leasing and 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 under the category of direct lease and sale and lease back under the 2021 Leasing and Factoring Business Cooperation Agreement and the transactions contemplated thereunder are above 5%, are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Since the highest of the applicable percentage ratios in respect of the transactions under the category of direct lease and sale and lease back under the 2021 Leasing and Factoring Business Cooperation Agreement are above 5% and are 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 of the applicable percentage ratios in respect of the transactions under the category of factoring business under the 2021 Leasing and Factoring Business Cooperation Agreement is above 0.1% but below 5%, such transactions are only subject to the reporting and announcement requirements but are exempt from Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules; and such transactions did not constitute notifiable transaction under Chapter 14 of the Listing Rules.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

According to the Listing Rules, the Independent Board Committee (comprising the independent non-executive Directors) has been formed to advise the Independent Shareholders on the terms of the 2021 Leasing and 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 terms of the 2021 Leasing and Factoring Business Cooperation Agreement and the transactions contemplated thereunder.

DESPATCH OF CIRCULAR

A circular, containing details of the 2021 Leasing and 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 2021 Leasing and Factoring Business Cooperation Agreement and the transactions contemplated thereunder, will be despatched to the Shareholders pursuant to the Listing Rules. As additional time is required for the Company to prepare the information for inclusion into the circular, the Company expects that the circular will be despatched to the Shareholders on or before 7 January 2022. In the event of expected delay in despatch of the circular, a further announcement will be made by the Company pursuant to the Listing Rules for explaining the reasons for delay and the new expected date of despatch of the circular.

2021 LEASING AND FACTORING BUSINESS COOPERATION AGREEMENT

Date

16 December 2021

Parties

The Company; and

Shanghai Datang Financial Lease Company.

Subject Matter

Pursuant to the 2021 Leasing and Factoring Business Cooperation Agreement, Shanghai Datang Financial Lease Company shall provide support on financial leasing¹ and factoring business to the Company and its subsidiaries with a principal of not exceeding RMB7 billion for every 12 months from the effective date of the agreement.

Both parties may, during the term of the agreement, enter into specific financial leasing and factoring contracts in accordance with the terms of the 2021 Leasing and Factoring Business Cooperation Agreement, and such specific financial leasing and factoring contracts shall be subject to the terms of the 2021 Leasing and Factoring Business Cooperation Agreement.

Term of the Agreement

The term of the agreement shall be 36 months commencing from the effective date of the 2021 Leasing and Factoring Business Cooperation Agreement.

Major Terms

1. In accordance with the business principles of a financial leasing company, Shanghai Datang Financial Lease Company shall provide the Company and its subsidiaries with support on financial leasing and factoring business with the principal amount not exceeding RMB7 billion for every 12 months (from the effective date of the agreement) for the project construction in the fields of thermal power, hydropower, wind power and recycling economy.

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 and lease them back to the lessees based on the lessees' choice; 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.

2. By making use of its professional advantages in the financial area, Shanghai Datang Financial Lease 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 transaction arrangements.
3. Within the scope of the business development and planning of the Company and its subsidiaries, Shanghai Datang Financial Lease Company shall assist the Company to choose suitable lessees and projects, and design and provide customized leasing and factoring business proposals.
4. While ensuring the construction fund demands of the Company and its subsidiaries, Shanghai Datang Financial Lease Company shall proactively help the Company and its subsidiaries to reduce financial expenses and optimize financial structure. Shanghai Datang Financial Lease Company shall provide the Company with the most favourable rates for lease fees pursuant to the relevant policies and regulations of the PRC and in line with the supply and demand of capitals in the market as well as the structural features of different lease and factoring products. The general rates for lease fees shall be equivalent to or more favourable than those offered by other domestic financial leasing companies in the PRC that provide relevant services.
5. The agreement shall become effective when it is duly signed by both parties and affixed with their respective company seals and upon obtaining approval from the Independent Shareholders at the general meeting.

Pricing Policy and Control Measures

1. After taking future development and financing plans into consideration, the Company has confirmed the financial leasing and factoring business with a principal of not exceeding RMB7 billion for every 12 months from the effective date of the agreement.
2. Prior to the business cooperation with Shanghai Datang Financial Lease Company, the Company shall collect the terms and conditions of the relevant transactions and their respective interest rates from major domestic leasing companies in the PRC who 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 shall receive the most favourable terms, the general rates for lease fees of relevant transactions shall be equivalent to or more favourable than those offered by other domestic financial leasing companies in the PRC that provide relevant services, and the Company's overall interests shall be maximised.

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 re-measurement 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

Transaction period	1 January 2022 to 31 December 2022	1 January 2023 to 31 December 2023	1 January 2024 to 31 December 2024
Direct lease	RMB4.0 billion	RMB4.0 billion	RMB4.0 billion
Sale and lease-back	RMB2.5 billion	RMB2.5 billion	RMB2.5 billion
Factoring business	RMB0.5 billion	RMB0.5 billion	RMB0.5 billion

The above proposed annual caps are determined with reference to the financing plan of the Company which is derived from the expected capital demand of the Company for the coming 36 months, and 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 the financial leasing will be used to replace part of the existing maturing loans and fulfill 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 particularly, the fact that Shanghai Datang Financial Lease Company has been established on 31 March 2015 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 Transaction Amounts

Before the adoption of IFRS 16 (Leases), the transaction amounts of financial leasing between the Company and Shanghai Datang Financial Lease Company for the period from 20 December 2018 to 31 December 2018, the year ended 31 December 2019, the year ended 31 December 2020 and the six months ended 30 June 2021 amounted to RMB0.292 billion (then annual cap: RMB5 billion), RMB1.018 billion (then annual cap: RMB10 billion), RMB2.189 billion (then annual cap: RMB10 billion) and RMB0.197 billion (then annual cap: RMB5 billion), respectively.

Assuming calculations were made in accordance with IFRS 16 (Leases), the transaction amounts of financial leasing and factoring businesses between the Company and Shanghai Datang Financial Lease Company for the period from 20 December 2018 to 31 December 2018, the year ended 31 December 2019, the year ended 31 December 2020 and the six months ended 30 June 2021 are set out as follows:

Transaction period	Period from 20 December 2018 to 31 December 2018	Year ended 31 December 2019	Year ended 31 December 2020	Six months ended 30 June 2021
Direct lease	RMB2 million	RMB12 million	RMB1,290 million	RMB187 million
Sale and lease-back	RMB290 million	RMB1,006 million	RMB899 million	RMB10 million
Factoring business	RMB0 million	RMB0 million	RMB0 million	RMB0 million

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2021 LEASING AND FACTORING BUSINESS COOPERATION AGREEMENT

The relevant arrangements under the 2021 Leasing and Factoring Business Cooperation Agreement are beneficial for the Company to obtain financing support and relevant financing services at an interest rate that is equivalent to or lower than the market interest rate, so as to further lower its capital costs; and to further strengthen the negotiation power of the Company and its subsidiaries when deploying the financial leasing business with other leasing companies which is due to the fact that the financial leasing operations between Shanghai Datang Financial Lease Company and the Company and its subsidiaries have been deployed and expanded. Meanwhile, Shanghai Datang Financial Lease Company would develop a deeper understanding in the operation of the Company and its subsidiaries, which in turn would provide more convenient, effective and efficient financial leasing and factoring products design services to the Company when compared to other financial leasing companies.

Since Shanghai Datang Financial Lease Company was incorporated on 31 March 2015, it has established a sound management structure with experienced financial professionals who possess expertise and experience in financial leasing and factoring businesses. In term of professional ability, Shanghai Datang Financial Lease Company specializes in power generation related projects and therefore will be able to accumulate abundant experience in the area of businesses which the Company is engaged in. Further, both of the Company and Shanghai Datang Financial Lease Company are subsidiaries of CDC, which therefore facilitates the communication and cooperation between the two parties. In view of the above factors, as Shanghai Datang Financial Lease Company possesses strong and experienced professional management and personnel, strong ability in developing projects, prompt decision making and strategic planning abilities, the Company believes that Shanghai Datang Financial Lease Company will be able to provide customized financial leasing and factoring business proposals for the Company.

The Directors (including the independent non-executive Directors) are of the view that the relevant terms of the 2021 Leasing and Factoring Business Cooperation Agreement are fair and reasonable, have been entered into after arm's length negotiation between all parties thereto and on normal commercial terms, and are in the interests of the Company and its 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 2021 Leasing and 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.

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 2021 Leasing and Factoring Business Cooperation Agreement will be exceeded during the term of the 2021 Leasing and Factoring 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 2021 Leasing and Factoring 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 2021 Leasing and Factoring 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 twenty-third meeting of the tenth session of the Board of the Company has considered and approved the "Resolution on Entering into the Leasing and Factoring Business Cooperation Agreement with Shanghai Datang Financial Lease Company" (Please refer to the overseas regulatory announcement of the Company dated 28 October 2021 for details).

None of the Directors has any material interest in the 2021 Leasing and Factoring Business Cooperation Agreement. Mr. Qu Bo, the connected Director, has 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. Shanghai Datang Financial Lease Company is a subsidiary of CDC with registered capital of RMB1.5 billion, of which legal representative is Chi Rundong and registered address is No. 530, Zhengding Road, Shanghai Pilot Free-Trade Zone, the PRC. Shanghai Datang Financial Lease Company is principally engaged in the financial leasing business, leasing business, purchase and leasing of properties in the PRC and from overseas countries, treatment of residual value of and maintenance of leased properties, consultation and guarantee for leasing transactions, and commercial factoring business related to its principal businesses.

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 Shanghai Datang Financial Lease Company is an indirectly owned subsidiary of CDC, Shanghai Datang Financial Lease Company is therefore a connected person of the Company. The 2021 Leasing and 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 under the category of direct lease and sale and lease back under the 2021 Leasing and Factoring Business Cooperation Agreement are above 5%, such transactions are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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Since the highest of the applicable percentage ratios in respect of the transactions under the category of factoring business under the 2021 Leasing and Factoring Business Cooperation Agreement is above 0.1% but below 5%, such transactions are only subject to the reporting and announcement requirements but are exempt from Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules; and such transactions did not constitute notifiable transaction under Chapter 14 of the Listing Rules.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

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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 2021 Leasing and Factoring Business Cooperation Agreement and the transactions contemplated thereunder.

DESPATCH OF CIRCULAR

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DEFINITIONS

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

“2018 Leasing and Factoring Business Cooperation Agreement”	the leasing and factoring business cooperation agreement entered into between the Company and Shanghai Datang Financial Lease Company on 4 July 2018
“2021 Leasing and Factoring Business Cooperation Agreement”	the leasing and factoring business cooperation agreement renewed between the Company and Shanghai Datang Financial Lease Company on 16 December 2021
“associate(s)”	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, 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. Please refer to the section headed “INFORMATION OF THE PARTIES TO THE AGREEMENT” of this announcement for details
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Independent Board Committee”	the independent board committee of the Company, comprising all independent non-executive Directors, namely Mr. Liu Jizhen, Mr. Niu Dongxiao, Mr. Kou Baoquan, Mr. Zong Wenlong and Mr. Si Fengqi, which has been formed to advise the Independent Shareholders on the terms of the 2021 Leasing and Factoring Business Cooperation Agreement and the transactions contemplated thereunder
“Independent Financial Adviser” or “Trinity Corporate Finance Limited”	Trinity Corporate Finance Limited, a licensed corporation under the SFO permitted to conduct type 6 (advising on corporate finance) regulated activities for the purposes of the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the terms of the 2021 Leasing and Factoring Business Cooperation Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders, other than CDC and its associates, who are not materially interested in the 2021 Leasing and 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

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shanghai Datang Financial Lease Company”	Shanghai Datang Financial Lease Co., Ltd.. Please refer to the section headed “INFORMATION OF THE PARTIES TO THE AGREEMENT” of this announcement for details
“Shareholders”	shareholders 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 December 2021

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

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

** Independent non-executive Directors*