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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
MAJOR TRANSACTION
AND
CONTINUING CONNECTED TRANSACTION
2022 FINANCIAL SERVICES AGREEMENT**

2022 FINANCIAL SERVICES AGREEMENT

References are made to the announcement dated 16 October 2019, the circular dated 20 November 2019 and the announcement dated 20 December 2019 of the Company in respect of, among other things, the 2019 Financial Services Agreement.

The 2019 Financial Services Agreement will expire on 31 December 2022. To enhance the efficiency of the scale of capital, accelerate capital turnover and ensure the security of capital, the parties intend to continue to enter into transactions of similar nature from time to time after 31 December 2022.

The Board announces that, on 30 August 2022, the Company and Datang Finance Company entered into the 2022 Financial Services Agreement, pursuant to which Datang Finance Company provided the Group with deposit services, loan services and other financial services. The term of the agreement shall be three years, commencing from 1 January 2023 and ending on 31 December 2025.

LISTING RULES IMPLICATIONS

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

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the provision of deposit services under the 2022 Financial Services Agreement is more than 5%, the provision of deposit services under the 2022 Financial Services Agreement is subject to the requirements of reporting, announcement, annual review and the Independent Shareholders' approval under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the provision of deposit services under the 2022 Financial Services Agreement is more than 25%, such deposit services constitute major transactions of the Company and are subject to the requirements of reporting, announcement and Shareholders' approval under Chapter 14 of the Listing Rules.

The loan services to be provided by Datang Finance Company to the Group under the 2022 Financial Services Agreement constitute financial assistance to be provided by a connected person for the benefit of the Group. As such loan services are on normal commercial terms which are similar to or even more favourable than those offered by other national commercial banks in the PRC for similar services, and no security over the assets of the Group will be granted in respect of the loan services. Thus, pursuant to Rule 14A.90 of the Listing Rules, the loan services are fully exempt from the requirements of reporting, announcement, annual review and the Independent Shareholders' approval under Chapter 14A of the Listing Rules.

The Company expects that the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) of the total fees payable by the Company to Datang Finance Company in respect of the provision of other financial services under the 2022 Financial Services Agreement is below the de minimis threshold as stipulated under Rule 14A.76(1) of the Listing Rules and, therefore, is fully exempt from the requirements of reporting, announcement, annual review and the Independent Shareholders' approval under Chapter 14A of the Listing Rules. The Company will comply with the requirements of reporting, announcement, annual review and the Independent Shareholders' approval under Chapter 14A of the Listing Rules if the transaction amount of other financial services to be provided by Datang Finance Company to the Group under the 2022 Financial Services Agreement exceeds the relevant threshold.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The independent board committee (comprising all the independent non-executive Directors) will be formed to advise the Independent Shareholders on the terms of the provision of deposit services under the 2022 Financial Services Agreement.

An independent financial adviser will be appointed by the Company to advise the independent board committee and the Independent Shareholders on the terms of the provision of deposit services under the 2022 Financial Services Agreement.

DESPATCH OF CIRCULAR

A circular containing details of the 2022 Financial Services Agreement, a letter from the independent board committee and a letter from the independent financial adviser, both advising on the terms of the provision of deposit services under the 2022 Financial Services Agreement, will be despatched to the Shareholders in compliance with the Listing Rules. As additional time is required by the Company to select and engage an independent financial adviser as well as to prepare the information to be included in the circular, the circular is expected to be despatched to the Shareholders on or before 28 October 2022. 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.

References are made to the announcement dated 16 October 2019, the circular dated 20 November 2019 and the announcement dated 20 December 2019 of the Company in respect of, among other things, the 2019 Financial Services Agreement.

The 2019 Financial Services Agreement will expire on 31 December 2022. To enhance the efficiency of the scale of capital, accelerate capital turnover and ensure the security of capital, the parties intend to continue to enter into transactions of similar nature from time to time after 31 December 2022.

The Board announces that, on 30 August 2022, the Company and Datang Finance Company entered into the 2022 Financial Services Agreement, pursuant to which Datang Finance Company provided the Group with deposit services, loan services and other financial services. The term of the agreement shall be three years, commencing from 1 January 2023 and ending on 31 December 2025.

2022 FINANCIAL SERVICES AGREEMENT

Date

30 August 2022

Parties

1. the Company; and
2. Datang Finance Company

Term of the Agreement

A term of 36 months, from 1 January 2023 to 31 December 2025

Major Terms of the Agreement

Datang Finance Company shall mainly provide the Group with deposit services, loan services (excluding entrusted loans), and other financial services including payment and settlement, financial leasing, entrusted loans, bill acceptance and discounting, financing guarantees, financial and financing consultation, and bonds underwriting, etc., pursuant to the following terms and conditions of the 2022 Financial Services Agreement:

- i. as to the deposit business, the deposit interest rate provided by Datang Finance Company to the Group shall be not lower than the interest rate of the same type of deposits placed by the Group with the national commercial banks in the PRC under the same conditions. The daily maximum balance of deposits placed by the Group with Datang Finance Company shall be not more than RMB18 billion each year;
- ii. the comprehensive credit services include but are not limited to loans, discounting, guarantees and other forms of financing, with a comprehensive credit limit of RMB27 billion. Under the same conditions, the loan interest rate shall be not higher than those charged by the national commercial banks in the PRC to the Group for same type of loan services;
- iii. the unified settlement services for funds shall be conducted according to the instructions of the Group, with the relevant settlement expenses being borne by Datang Finance Company;
- iv. the entrusted loan services, which are to increase the efficiency for use of idle funds and realise the optimum allocation of resources, shall be provided at the handling fee of not exceeding 0.06% of the actual principal amount occurred; and
- v. relevant consultation and training services shall be provided in relation to monetary policies, financial conditions, financing products and cash management.

Effective Date of the Agreement

The agreement shall become effective upon being duly signed by authorised representatives of the parties and affixed with their respective company seals, and after obtaining the approval by the Independent Shareholders at the general meeting of the Company.

Capital Risk Control Measures

1. Datang Finance Company will provide the Company with the reviewed financial report, compliance risk report and fund security and other statements regularly.
2. Datang Finance Company will ensure the safe operation of the fund management information systems. All fund management information systems of Datang Finance Company have passed the security test in respect of the interface of online banking of commercial banks and have

reached the security standards for domestic commercial banks. The systems have adopted the mode awarded with CA safety certificate verification to ensure the security of the funds of the Group.

3. Datang Finance Company will ensure that it is operated in strict compliance with the risk monitoring indicators for financial institutions issued by the CBIRC and that its major regulatory indicators such as capital adequacy ratio, interbank borrowing ratio and liquidity ratio will also comply with the requirements of the CBIRC.
4. Any balance in the Group's funds (after deducting the amount used for making entrusted loans and the loans made to the Group by Datang Finance Company) will be deposited into one or more commercial banks in the PRC as interbank deposits. Datang Finance Company shall settle the interests of the Company's current deposit in accordance with the negotiated deposit interest rate set by the People's Bank of China, which is higher than the existing level of current deposit interest rate offered by the commercial banks in the PRC to the Company.
5. CDC undertakes to increase relevant capital according to the actual needs to solve payment difficulties in case of any emergency of payment problem exposed by Datang Finance Company.

Pricing Policy and Annual Caps

Deposit Services:

As to the deposit business, the deposit interest rate provided by Datang Finance Company to the Group shall be not lower than the interest rate of the same type of deposits placed by the Group with the national commercial banks in the PRC under the same conditions.

In view of the Group's current business growth and the demand for financial services, the Company intends to set the annual cap for the daily maximum deposit balance placed by the Group with Datang Finance Company at RMB18 billion for each of the three years ending 31 December 2025 after taking into account of the following:

1. Pursuant to the 2019 Financial Services Agreement, the annual cap for the daily maximum deposit balance placed by the Group with Datang Finance Company was RMB18 billion for each of the three years ended/ending 31 December 2022. The historical amount of daily maximum deposit balance placed by the Group with Datang Finance Company amounted to approximately RMB12.618 billion, RMB14.473 billion and RMB15.443 billion for the two years ended 31 December 2021 and for approximately eight months ended 30 August 2022 (i.e. the date of this announcement) in the current year, respectively.

2. In order to strengthen the centralised management of funds and monitor the use of funds, through the “funding pool” platform of Datang Finance Company, the Group will amass the funds of the Group and grant loans within the Group by utilizing the position arising from the difference in the time for receipt and payment of funds of the members of the Group in order to support the development of the Group.
3. During the term of the agreement, the issuance of short-term debentures, super short-term debentures and non-public debt financing instruments will also enhance the Company’s daily maximum deposit balance at Datang Finance Company.

The Directors (including the independent non-executive Directors) consider that the above proposed annual caps in respect of the provision of deposit services are fair and reasonable and in the interests of the Shareholders as a whole.

Loan Services:

Under the same conditions, the loan interest rate shall be not higher than those charged by the national commercial banks in the PRC to the Group for same type of loan services.

In view of the fact that the loan services to be provided by Datang Finance Company to the Group are on normal commercial terms which are similar to or even more favourable than those offered by other national commercial banks in the PRC for similar services, and no security over the assets of the Group will be granted in respect of the loan services. Thus, pursuant to Rule 14A.90 of the Listing Rules, the loan services are fully exempt from the requirements of reporting, announcement, annual review and the Independent Shareholders’ approval under Chapter 14A of the Listing Rules, and no cap has been set for such loan services pursuant to Chapter 14A of the Listing Rules. The Directors (including the independent non-executive Directors) consider that the loan services to be provided under the 2022 Financial Services Agreement are fair and reasonable, on normal commercial terms and in the interests of the Shareholders as a whole.

Other Financial Services:

Apart from the deposit services and the loan services, the other financial services which may be provided by Datang Finance Company to the Group mainly include payment and settlement services, entrusted loan services, finance leasing services, bill acceptance and discounting services, and so forth.

The other financial services to be provided under the 2022 Financial Services Agreement will be on normal commercial terms and on terms similar to or even more favourable than those offered by other national commercial banks in the PRC for similar services. Particularly, as to payment and settlement services, the settlement expenses shall be borne by Datang Finance Company; and as to entrusted loan services, the handling fees of entrusted loan services shall not exceed 0.06% of the actual

principle amount occurred. The Directors (including the independent non-executive Directors) consider that the other financial services to be provided under the 2022 Financial Services Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

The Company expects that the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) of the total fees payable by the Company to Datang Finance Company for other financial services is below the de minimis threshold as stipulated under Rule 14A.76(1) of the Listing Rules and, therefore, is fully exempt from the requirements of reporting, announcement, annual review and the Independent Shareholders' approval under Chapter 14A of the Listing Rules. The Company will comply with the requirements of reporting, announcement, annual review and the Independent Shareholders' approval under Chapter 14A of the Listing Rules if the transaction amount of the other financial services to be provided by Datang Finance Company to the Group under the 2022 Financial Services Agreement exceeds the relevant threshold.

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2022 FINANCIAL SERVICES AGREEMENT

The Group's financing needs will be effectively supplemented by entering into the 2022 Financial Services Agreement. Through Datang Finance Company, the financing channels of the Group would be further expanded, the sources of funds would be broadened, thereby improving the overall operation level and efficiency of the Group's funds as well as enhancing the bargaining power of the Group's external financing.

Also, by entering into the 2022 Financial Services Agreement, the Company could obtain deposit interest rate more favorable than market interest rate, and could enjoy the payment and settlement services of nil fee rate, which will be conducive to increase the deposit interest income and save the settlement cost.

Furthermore, by entering into the 2022 Financial Services Agreement, the Group could strengthen the capital control and account management through the capital management platform of Datang Finance Company, which is conducive to further improve the efficiency of capital use and reduce and avoid financial risks.

In view of the reasons above, the Directors (including the independent non-executive Directors) consider that the 2022 Financial Services Agreement and the transactions contemplated thereunder are fair and reasonable, have been entered into on normal commercial terms and in the ordinary and usual course of business of the Company, and are in the interests of the Company and the Shareholders as a whole; and the capital risk control measures under the 2022 Financial Services Agreement are adequate to prevent the risks involved in placing the funds of the Group with Datang Finance Company.

INTERNAL CONTROL

Deposit Services

The internal control procedures in respect of the determination of deposit interest rate for the provision of deposit services are as follows:

1. Before entering into any deposit arrangements with Datang Finance Company, the Company will obtain and review quotes (i.e. current deposit interest rate) from at least four other independent financial institutions and the then current deposit interest rate and negotiated deposit interest rate published by the PBOC.
2. In the event that the Company notes that the then negotiated deposit interest rate announced by the PBOC is lower than the then current deposit interest rate published by the PBOC or the then current deposit interest rate offered by other independent financial institutions, the Company will enter into supplemental agreement(s) with Datang Finance Company to ensure that the deposit interest rate of the deposit services under the 2022 Financial Service Agreement will be no less favourable than the then current deposit interest rate published by the PBOC.
3. In the event that, upon receiving deposit certificate which shows the actual deposit interest rate offered by Datang Finance Company, the Company notes that the deposit interest rate offered by Datang Finance Company is lower than the then negotiated deposit interest rate as published by the PBOC, the Company will require Datang Finance Company to make up for the differences in interest to the Company.

The internal control measures in respect of the monitoring of annual caps for the provision of deposit services are as follows:

1. The finance department of the Company will monitor the provision of deposit services on a daily basis to ensure that the proposed annual caps will not be exceeded.
2. The finance department of the Company will report to the management of the Company giving an update of the deposit arrangements with Datang Finance Company on a monthly basis.
3. The independent non-executive Directors and auditors of the Company will conduct an annual review with respect to the continuing connected transactions conducted by the Group throughout the preceding financial year (including the provision of deposit services by Datang Finance Company to the Group) and will provide annual confirmations pursuant to the requirements under the Listing Rules to ensure that the continuing connected transactions are in accordance with the terms of the relevant agreements governing such transactions, on normal commercial terms, fair and reasonable, and in accordance with the pricing policies and annual caps.

Loan Services

The internal control procedures adopted by the Company in relation to the loan services include, among other things, that during a certain period of time before the financing, the Company will take the initiative to locate financing institutions, make enquiries about the financing costs and undergo comprehensive comparison of the preferential conditions, interest rates and financing procedures offered by each financial institution during the negotiation process, to determine the most desirable choice, thereby ensuring that the financing is the most cost-effective to the Company.

APPROVAL OF THE BOARD

The Resolution on the Entering into of Financial Services Agreement with China Datang Group Finance Co., Ltd. has been considered and approved at the third meeting of the eleventh session of the Board. For details, please refer to the overseas regulatory announcement of the Company dated 30 August 2022 in relation to the resolutions of the Board.

None of the Directors has any material interest in the 2022 Financial Services Agreement. Mr. Ying Xuejun, Mr. Su Min and Mr. Liu Jianlong who are 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 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; 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 the export and import of various commodities and technologies for itself or as an agent.
3. Datang Finance Company is a non-banking financial institution established on 10 May 2005 in the PRC with registered capital of RMB6.5 billion. Its principal businesses include the provision of deposit services, loan services, entrusted loan services, entrusted investment services, etc. Datang Finance Company is owned by CDC as to 73.51% and by the Company as to 16.95%. The remaining equity interest of Datang Finance Company is held by the other subsidiaries of CDC.

LISTING RULES IMPLICATIONS

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

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the provision of deposit services under the 2022 Financial Services Agreement is more than 5%, the provision of deposit services under the 2022 Financial Services Agreement is subject to the requirements of reporting, announcement, annual review and the Independent Shareholders' approval under Chapter 14A of the Listing Rules.

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The Company expects that the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) of the total fees payable by the Company to Datang Finance Company in respect of the provision of other financial services under the 2022 Financial Services Agreement is below the de minimis threshold as stipulated under Rule 14A.76(1) of the Listing Rules and, therefore, is fully exempt from the requirements of reporting, announcement, annual review and the Independent Shareholders' approval under Chapter 14A of the Listing Rules. The Company will comply with the requirements of reporting, announcement, annual review and the Independent Shareholders' approval under Chapter 14A of the Listing Rules if the transaction amount of other financial services to be provided by Datang Finance Company to the Group under the 2022 Financial Services Agreement exceeds the relevant threshold.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The independent board committee (comprising all the independent non-executive Directors) will be formed to advise the Independent Shareholders on the terms of the provision of deposit services under the 2022 Financial Services Agreement.

An independent financial adviser will be appointed by the Company to advise the independent board committee and the Independent Shareholders on the terms of the provision of deposit services under the 2022 Financial Services Agreement.

DESPATCH OF CIRCULAR

A circular containing details of the 2022 Financial Services Agreement, a letter from the independent board committee and a letter from the independent financial adviser, both advising on the terms of the provision of deposit services under the 2022 Financial Services Agreement, will be despatched to the Shareholders in compliance with the Listing Rules. As additional time is required by the Company to select and engage an independent financial adviser as well as to prepare the information to be included in the circular, the circular is expected to be despatched to the Shareholders on or before 28 October 2022. 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.

DEFINITIONS

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

“2019 Financial Services Agreement”	the financial services agreement entered into between the Company and Datang Finance Company on 16 October 2019
“2022 Financial Services Agreement”	the financial services agreement entered into between the Company and Datang Finance Company on 30 August 2022
“Board”	the board of Directors of the Board
“CBIRC”	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會)
“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 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 Finance Company”	China Datang Finance Co., Ltd. (中國大唐集團財務有限公司), 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
“Group”	the Company and its subsidiaries
“Independent Shareholder(s)”	Shareholder(s) other than CDC, its associates and any other Shareholder with a material interest in the deposit services contemplated under the 2022 Financial Services Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PBOC”	the People’s Bank of China
“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)
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By order of the Board
Mak Po Man Cherie
Company Secretary

Beijing, the PRC, 30 August 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*, Zong Wenlong*, Si Fengqi*, Zhao Yi**

** Independent non-executive Directors*