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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)

**INSIDE INFORMATION ANNOUNCEMENT
TRANSFER OF EQUITY INTERESTS IN LIANCHENG POWER
GENERATION COMPANY**

This announcement is made by Datang International Power Generation Co., Ltd. (the “**Company**”) pursuant to Part XIVA of the Securities and Futures Ordinance (Cap. 571 of Laws of Hong Kong) and Rules 13.09(2)(a) and 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”).

I. GENERAL INFORMATION

On 29 June 2020, the eleventh meeting of the tenth session of the board of directors of the Company considered and approved the Resolution on the Transfer of Equity Interest in Gansu Liancheng Power Generation Company. It was approved that 55% equity interest in Gansu Datang International Liancheng Power Generation Company Limited (“**Liancheng Power Generation Company**”) held by the Company will be transferred to China Datang Corporation Ltd. (“**CDC**”) at nil consideration. Considering the changes in market condition and external environment, and for the purpose of optimising the asset and liability structure of Liancheng Power Generation Company, enabling the Company to conduct equity interest disposal of it, the Company has revised and perfected the transfer plan. On 30 October 2020, the fifteenth meeting of the tenth session of the board of directors of the Company considered and approved the Resolution on the Capital Increase in Liancheng Power Generation Company by Way of Debt-to-Equity Swap. It was approved that the Company will convert its partial of debts in Liancheng Power Generation Company of approximately RMB1,356.99 million into its capital, thereby it's gearing ratio would reduce to less than 100%, and the Company's equity interests in Liancheng Power Generation Company would increase to 92.53%. Then the Company will transfer all equity interests in Liancheng Power Generation Company held by the Company on basis of appraisal value to CDC or its wholly-owned subsidiaries, thereafter the Company maintained holding debts of Liancheng Power Generation Company of approximately RMB92.67 million. Since Liancheng Power Generation Company has not withdrawn from the bankruptcy and liquidation procedure by then, the above-mentioned matters has great uncertainty. According to the relevant provisions of the Business Guidelines for Suspension and Exemption of Listed Companies' Information Disclosure of the Shanghai Stock Exchange, the Company suspended

the disclosure of the above-mentioned matter after prudential judgment. As the reasons for suspension of disclosure have been eliminated, the Company is now making disclosure of the above-mentioned matter.

On 25 December 2020, the Company entered into the Equity Transfer Agreement of Gansu Datang International Liancheng Power Generation Company Limited (the “**Equity Transfer Agreement**”) with Datang Gansu Power Generation Co., Ltd. (“**Datang Gansu**”), to transfer 92.53% of equity interests in Liancheng Power Generation Company held by the Company to Datang Gansu at the price of RMB1 on basis of the appraisal value.

Implications Under the Hong Kong Listing Rules

Pursuant to the Hong Kong Listing Rules, as the highest applicable percentage ratio (as defined under the Rule 14.07 of the Hong Kong Listing Rules) regarding the transaction contemplated under the Equity Transfer Agreement is less than 5%, the transaction contemplated under the Equity Transfer Agreement is exempted from reporting, announcement and shareholders’ approval requirements under Chapter 14 of the Hong Kong Listing Rules;

As of the date of this announcement, CDC and its subsidiaries hold approximately 53.09% of issued capital of the Company in aggregate, and Datang Gansu is a wholly-owned subsidiary of CDC. Therefore, Datang Gansu Company is a connected person of the Company. The transaction contemplated under the Equity Transfer Agreement constitutes connected transaction of the Company. As the highest applicable percentage ratio for the transaction contemplated under the Equity Transfer Agreement is less than 5%, and the total consideration under the Equity Transfer Agreement is less than HK\$3 million, pursuant to the Rule 14A.76(1)(c) of the Hong Kong Listing Rules, the transaction contemplated under the Equity Transfer Agreement is exempted from reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Hong Kong Listing Rules.

II. INFORMATION ON SUBJECT OF TRANSFER

(I) Subject of transfer

The subject of transfer is 92.53% equity interests in Liancheng Power Generation Company held by the Company.

(II) General information on subject of transfer

Liancheng Power Generation Company was established in August 2001, and located in Nanguan Village, Heqiao Town, Yongdeng County, Lanzhou City, Gansu Province. Its business scope includes construction and operation of power plant, sales of electricity, power technology consultation, service and comprehensive utilisation. There are two 300MW coal-fired units put into operation in December 2004 and February 2005, respectively.

The registered capital of Liancheng Power Generation Company is RMB275.50 million, of which RMB151.53 million was contributed by the Company, accounting for 55%, and RMB68.87 million was contributed by GD Power Development Co., Ltd. (國電電力發展股份有限公司) (“**GD Power**”), accounting for 25%, and RMB55.10 million was contributed by Gansu Province Electric Power Investment Group Co., Ltd. (“**Gansu Power Investment**”), accounting for 20%. Due to the transfer of “Three Supplies and One Property” in 2018 which has written down the paid-in capital of approximately RMB5.49 million, and upon the proportional dilution, the actual contributions by the Company, GD Power and Gansu Power Investment were adjusted to approximately RMB148.51 million, approximately RMB67.50 million and approximately RMB54.00 million, respectively, and the shareholding ratio of each party maintained unchanged. The paid-in capital of Liancheng Power Generation Company was adjusted to approximately RMB270.01 million.

Liancheng Power Generation Company has entered into the bankruptcy and liquidation procedures in June 2019 and the bankruptcy procedures terminated in December 2020, please refer to relevant announcements published by the Company 28 June 2019 and 25 December 2020, respectively, for details.

In order to optimise the asset and liability structure of Liancheng Power Generation Company, enabling the Company to conduct equity interest disposal, after discussion and on basis of the audited assets and liabilities of Liancheng Power Generation Company on 31 December 2019, the Company made capital increase in Liancheng Power Generation Company by way of debt-to-equity swap of debts of RMB1,356.99 million in Liancheng Power Generation Company held by it. ShineWing Certified Public Accountants (Special General Partnership), who has the qualification of engaging security and future businesses, issued an audit report (No. XYZH/2020ZZAA30010) on the financial statements of Liancheng Power Company as at 31 December 2019. Upon audit, the total assets of Liancheng Power Generation Company was approximately RMB528.6867 million, total liabilities was approximately RMB1,879.9785 million, owner’s equity was approximately RMB-1,351.2918 million, paid-in capital was approximately RMB270.0079 million, and asset-liability ratio was 355.59%.

The paid-in capital of Liancheng Power Generation Company after capital increase was adjusted to approximately RMB1,627.00 million from RMB275.50 million. The capital contribution amounts made by the Company, GD Power and Gansu Power Investment were approximately RMB1,505.50 million, RMB67.50 million and RMB54.00 million, respectively, accounting for 92.53%, 4.15% and 3.32%, respectively.

All other shareholders have had but waived the pre-emptive rights for the subject of the transaction.

(III) Audit and appraisal on the subject of transfer

ShineWing Certified Public Accountants (Special General Partnership), who has the qualification of engaging security and future businesses, issued the special audit report regarding the pro forma financial statements of Liancheng Power Generation Company as at 31 December 2019 (No. XYZH/2020ZZAA30012) on the assumption that Liancheng Power Generation Company completed the debt-to-equity swap plan on 31 December 2019. Upon audit, the total assets of Liancheng Power Generation Company would be approximately RMB528.6867 million, the total liabilities would be approximately RMB522.9863 million, the audited owner's equity would be approximately RMB5.7003 million and the gearing ratio would be 98.92%.

With 31 December 2019 as the valuation benchmark date, Beijing China Enterprise Appraisal Co., Ltd., who has the appraisal qualification of security and future related businesses, appraised the value of total shareholders' equity of Liancheng Power Generation Company (Zhong Qi Hua Ping Bao Zi (2020) No. 1633-03), adopting asset base method as the valuation approach. As at the valuation benchmark date, the book value of net assets of Liancheng Power Generation Company was RMB5.7003 million, the appraisal value was RMB-11.8618 million. The impairment amount was RMB17.5621 million and the impairment rate was 308.09%. The impairment was mainly due to the retirement and obsolete of inventories and fixed assets arising from long term of storage, and the drop of price of equipment. The actual contribution proportion made by the Company to Liancheng Power Generation Company was 92.53%, the corresponding appraisal value of which was approximately RMB-10.9757 million.

III. MAIN CONTENTS AND ARRANGEMENT UNDER THE EQUITY TRANSFER AGREEMENT

1. Transfer method

According to relevant requirements, non-public agreement transfer was adopted for the asset transfer.

2. Transfer price

Both parties agreed to use the results of the appraisal report as basis of reference for the equity interest pricing, and determined that the consideration of the equity transfer was RMB1.

3. Payment method

The transferee remit the transfer consideration into designated settlement account within 10 working days after the effective of the agreement by one-lump sum payment.

4. Delivery or transfer arrangement

The transferor and target company shall assist the transferee complete the change of business registration within 30 days after the effective of the agreement.

5. Condition precedent of the agreement

The agreement shall come to effect from the day on which it is sealed and signed by the legal representatives or authorized representatives of both parties.

IV. PROCEDURES OF CONSIDERING AND APPROVAL

On 30 October 2020, the fifteenth meeting of the tenth session of the board of directors of the Company considered and approved the Resolution on the Capital Increase in Liancheng Power Generation Company by Way of Debt-to-Equity Swap. It was approved that the Company will convert its partial of debts in Liancheng Power Generation Company of approximately RMB1,356.99 million into its capital, and then transfer the 92.53% of equity interests in Liancheng Power Generation Company held by the Company on basis of appraisal value to CDC or its wholly-owned subsidiaries. The management of the Company is authorised to implement subsequent debt-to-equity swap, equity transfer and other matters, and sign relevant agreements and documents.

At the board meeting, the resolution of ordinary related party transaction was unanimously considered and approved by all 12 unrelated directors (including 5 independent non-executive directors), and the related directors, namely Mr. Chen Feihu and Mr. Qu Bo, have abstained from voting in respect of the resolution.

The board of directors of the Company (including independent non-executive directors) are of the view that, compared to bankruptcy and liquidation, the capital increase in Liancheng Power Generation Company by way of debt-to-equity swap and transfer its equity interests allow the Company to implement the “six stabilities” and “six guarantees”, overcome the adverse impact of COVID-19, guarantee the market entities and stabilising employment, as well as maximize the protection of the interests of the Company and shareholders as a whole. The entering into of relevant agreement is a transaction conducted on normal business terms, and relevant transaction is fair, just and reasonable.

V. EFFECTS ON THE COMPANY

The book value of equity interests in Liancheng Power Generation Company held by the Company was written down to zero, the loss recognised by the Company for debts receivables from Liancheng Power Generation Company in previous years was approximately RMB867 million (please refer to relevant announcement published by the Company on 30 August 2019 of the Company for details). Affected by the debt-to-equity swap and the transfer in equity

interests of Liancheng Power Generation Company, the net profit and the net profit attributable to the shareholders of parent company in consolidated statements for the current period of the Company decreased by approximately RMB490 million.

By order of the Board
Jiang Jinming
Company Secretary

Beijing, the PRC, 28 December 2020

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

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

* *Independent non-executive Directors*