

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: 991)

ANNOUNCEMENT DISCLOSABLE TRANSACTION AND CONNECTED TRANSACTION

ENTRUSTED LOAN AGREEMENT

On 29 December 2009 and 12 January 2010, the Company entered into the General Entrusted Loan Agreement and the Revolving Entrusted Loan Agreement, respectively, with Datang Finance Company and Duolun Coal Chemical Company in relation to the provision of a general entrusted loan of a principal amount of RMB300 million and a revolving entrusted loan of a principal amount of RMB3,000 million by the Company to Duolun Coal Chemical Company through the Entrusted Loan Arrangement, in which Datang Finance Company acts as a lending agent.

DISCLOSABLE TRANSACTION AND CONNECTED TRANSACTION

As each of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) for the principal amount of loans under the Revolving Entrusted Loan Agreement is more than 5% but less than 25%, the Revolving Entrusted Loan Agreement constitutes a disclosable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, CDC is the controlling shareholder of Datang Finance Company holding 52.5% of its equity interest. Duolun Coal Chemical Company is owned as to 60% and 40% by the Company's wholly-owned subsidiary – Energy and Chemical Company and CDC, respectively. CDC is the controlling shareholder of the Company as at the date of this announcement, holding approximately 35.61% of the issued share capital of the Company. Duolun Coal Chemical Company and Datang Finance Company are therefore connected persons of the Company under Chapter 14A of the Listing Rules and the Entrusted Loan Arrangement constitutes a connected transaction of the Company under Rule 14A.13(2) of the Listing Rules.

As each of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) for the principal amount of loans under the General Entrusted Loan Agreement is less than 2.5% and the Entrusted Loan Arrangement is entered into on normal commercial terms, the General Entrusted Loan Agreement is only subject to the reporting and announcement requirements but is exempt from the requirement of approval by the Independent Shareholders under Rule 14A.66(2) of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) for the principal amount of loans under the Revolving Entrusted Loan Agreement is more than 2.5%, the Revolving Entrusted Loan Agreement is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company will also disclose the relevant details in the next published annual report and accounts of the Company in accordance with the relevant requirements as set out in Rule 14A.45 of the Listing Rules. A circular containing details of the Revolving Entrusted Loan Agreement, a letter from the Independent Board Committee of the Company and a letter from the independent financial advisor, both advising the terms of the Revolving Entrusted Loan Agreement, together with the notice of the EGM, will be despatched to the Shareholders as soon as possible in accordance with the requirements of the Listing Rules.

BACKGROUND

On 29 December 2009 and 12 January 2010, the Company entered into the General Entrusted Loan Agreement and the Revolving Entrusted Loan Agreement, respectively, with Datang Finance Company and Duolun Coal Chemical Company in relation to the provision of a general entrusted loan of a principal amount of RMB300 million and a revolving entrusted loan of RMB3,000 million by the Company to Duolun Coal Chemical Company, in which Datang Finance Company acts as a lending agent, to replace the advances for the Duolun Coal Chemical Project provided by the Company to Duolun Coal Chemical Company and to be used as working capital for the Duolun Coal Chemical Project to ensure its smooth progress.

ENTRUSTED LOAN AGREEMENT

Date

On 29 December 2009, the Company entered into the General Entrusted Loan Agreement with Datang Finance Company and Duolun Coal Chemical Company in relation to the provision of a general entrusted loan of a principal amount of RMB300 million by the Company to Duolun Coal Chemical Company through the Entrusted Loan Arrangement, in which Datang Finance Company acts as a lending agent.

On 12 January 2010, the Company entered into the Revolving Entrusted Loan Agreement with Datang Finance Company and Duolun Coal Chemical Company in relation to the provision of a revolving entrusted loan of a principal amount of RMB3,000 million by the Company to Duolun Coal Chemical Company through the Entrusted Loan Arrangement, in which Datang Finance Company acts as a lending agent.

Parties

- (1) the Company, as the lender;
- (2) Datang Finance Company, as the lending agent; and
- (3) Duolun Coal Chemical Company, as the borrower.

Major terms of the Entrusted Loan Agreement

Entrusted Loan Arrangement

Pursuant to the Entrusted Loan Agreement, Datang Finance Company is designated by the Company to act as a lending agent to, inter alia, release the Entrusted Loans, which are funded by the Company, to Duolun Coal Chemical Company and to monitor the use and repayment of the Entrusted Loans by Duolun Coal Chemical Company.

Principal amount of the Entrusted Loans

General entrusted loan: RMB300 million;

Revolving entrusted loan: RMB3,000 million. Provided that the sources and uses of the loans being in compliance with the requirements of the financial regulators, Duolun Coal Chemical Company can apply for loans on a continuous basis, regardless of the number of loans and the amount of each of such loans, during the effective period of the Revolving Entrusted Loan Agreement provided that the outstanding balance of the principal amount of the loan under the Revolving Entrusted Loan Agreement does not exceed the loan limit (RMB3,000 million). However, the sum of the amount of loans being applied by Duolun Coal Chemical Company and the outstanding balance of the principal amount of the loan under the Revolving Entrusted Loan Agreement shall not exceed the loan limit, i.e. RMB3,000 million.

Term

The term for the general entrusted loan of RMB300 million is 36 months from the date of entering into the General Entrusted Loan Agreement; while the term for the revolving entrusted loan of RMB3,000 million is not less than 30 days and not more than 36 months for each loan term from the date of entering into the Revolving Entrusted Loan Agreement.

Interest rate

General entrusted loan:

At a floating interest rate, being 10% less than the benchmark interest rate to be charged by other commercial banks, to be adjusted once every three months commencing from the first day of the interest payable period.

Revolving entrusted loan:

At a floating interest rate, being 10% less than the benchmark interest rate to be charged by the People's Bank of China at the time of each of the revolving entrusted loans is made.

Such interest rate is arrived at after arm's length negotiation between the Company and Duolun Coal Chemical Company after considering the overall reduction of capital costs to the Group as the accounts of Duolun Coal Chemical Company (being the controlled subsidiary of Energy and Chemical Company) are consolidated to the accounts of the Company.

Repayment schedule for the principal of the Entrusted Loans

One-off repayment of principal by Duolun Coal Chemical Company upon maturity of the Entrusted Loan Agreement.

Payment schedule for the interests of the Entrusted Loans

Interests for the revolving entrusted loan and the general entrusted loan shall be settled by Duolun Coal Chemical Company on a quarterly basis. The settlement date falls on the twentieth (20th) day of the last month of each quarter.

Handling charge

The handling charge for the Entrusted Loans under the Entrusted Loan Agreement is calculated at 0.025% of the principal amount of the Entrusted Loans under the Entrusted Loan Agreement. The Company shall pay such handling charge on an one-off basis to Datang Finance Company within five working days when the Entrusted Loan Agreement becomes effective.

Effective Date

The Entrusted Loan Agreement shall become effective when it is duly signed by the parties.

The Revolving Entrusted Loan Agreement is also subject to the approval by the Independent Shareholders pursuant to the Articles of Association and the Listing Rules.

The General Entrusted Loan Agreement was executed on 29 December 2009 and the amount of loans granted did not exceed the loan limit of RMB300 million as at the date of this announcement.

The Revolving Entrusted Loan Agreement was executed on 12 January 2010 and the amount of loans granted did not exceed the loan limit of RMB3 billion as at the date of this announcement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE ENTRUSTED LOAN AGREEMENT

In order to improve the turnover of capital at Duolun Coal Chemical Company and to ensure the smooth progress of the Duolun Coal Chemical Project, the Company intends to provide a general entrusted loan of not more than RMB300 million and a revolving entrusted loan of not more than RMB3,000 million to Duolun Coal Chemical Company in separate batches according to the construction progress of the Duolun Coal Chemical Project. Duolun Coal Chemical Company is in the process of preparing formalities for application for banking facilities and it plans to repay the principals and the interests of the loans after the banking facilities are in place. Furthermore, according to the Entrusted Loan Agreement, Datang Finance Company shall collect a handling charge of 0.025% for acting as the lending agent for the Company's Entrusted Loans, which is lower than the handling charge imposed by other commercial banks for providing similar services. Therefore, the Company is of the view that the provision of the Entrusted Loans to Duolun Coal Chemical Company through Datang Finance Company is beneficial for the support of the smooth construction of the Duolun Coal Chemical Project and the reduction of the overall capital costs of the Company.

The Directors (including the independent non-executive Directors) are of the view that the terms of the General Entrusted Loan Agreement are fair and reasonable and have been determined on normal commercial terms as well as in the interests of the Company and the Shareholders as a whole. The terms of the Revolving Entrusted Loan Agreement were also negotiated on an arm's length basis between all parties thereto and were determined on normal commercial terms. The Directors (excluding the independent non-executive Directors whose views will be contained in the circular after considering the advice from the independent financial advisor) believe that the terms of the Entrusted Loan Agreement are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

DISCLOSABLE TRANSACTION AND CONNECTED TRANSACTION

As each of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) for the principal amount of the loans under the Revolving Entrusted Loan Agreement is more than 5% but less than 25%, the Revolving Entrusted Loan Agreement constitutes a disclosable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, CDC is the controlling shareholder of Datang Finance Company holding 52.5% of its equity interest. Duolun Coal Chemical Company is owned as to 60% and 40% by the Company's wholly-owned subsidiary – Energy and Chemical Company and CDC, respectively. CDC is the controlling shareholder of the Company as at the date of this announcement, holding approximately 35.61% of the issued share capital of the Company. Duolun Coal Chemical Company and Datang Finance Company are therefore connected persons of the Company under Chapter 14A of the Listing Rules and the Entrusted Loan Arrangement constitutes a connected transaction of the Company under Rule 14A.13(2) of the Listing Rules.

As each of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) for the principal amount of loans under the General Entrusted Loan Agreement is less than 2.5% and the Entrusted Loan Arrangement is entered into on normal commercial terms, the General Entrusted Loan Agreement is only subject to the reporting and announcement requirements but is exempt from the requirement of approval by the Independent Shareholders under Rule 14A.66(2) of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) for the principal amount of loans under the Revolving Entrusted Loan Agreement is more than 2.5%, the Revolving Entrusted Loan Agreement is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company will also disclose the relevant details in the next published annual report and accounts of the Company in accordance with the relevant requirements as set out in Rule 14A.45 of the Listing Rules. A circular containing details of the Revolving Entrusted Loan Agreement, a letter from the Independent Board Committee of the Company and a letter from the independent financial advisor, both advising the terms of the Revolving Entrusted Loan Agreement, together with the notice of the EGM, will be despatched to the Shareholders as soon as possible in accordance with the requirements of the Listing Rules.

Those Directors who have a material interest in the transaction under the Entrusted Loan Agreement (by virtue of being the principal management staff of CDC) have abstained from voting at the relevant Board meeting for approval of the relevant transaction.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISOR

An Independent Board Committee comprising the independent non-executive Directors will be formed to advise the Independent Shareholders on the terms of the Revolving Entrusted Loan Agreement. Each of the members of the Independent Board Committee does not have any material interest in the Entrusted Loan Agreement.

The Company will appoint an independent financial advisor to advise the Independent Board Committee and the Independent Shareholders on the terms of the Revolving Entrusted Loan Agreement.

DESPATCH OF CIRCULAR

A circular containing details of the Revolving Entrusted Loan Agreement, a letter from the Independent Board Committee of the Company and a letter from the independent financial advisor, both advising the terms of the Revolving Entrusted Loan Agreement, together with the notice of the EGM will be despatched to the Shareholders as soon as possible in accordance with the requirements of the Listing Rules.

INFORMATION RELATING TO THE COMPANY

The Company is principally engaged in the development and operation of power plants, the sale of electricity and thermal power, and the repair, testing and maintenance of power equipment and power-related technical services, with its main service areas being in the PRC.

INFORMATION RELATING TO DUOLUN COAL CHEMICAL COMPANY

Duolun Coal Chemical Company is responsible for constructing and operating the Duolun Coal Chemical Project. The Duolun Coal Chemical Project is located in Duolun County, Xilinguole League of the Inner Mongolia Autonomous Region. The project uses the brown coal as raw materials from the East Unit 2 coal mine of Shengli Coal Mine in Inner Mongolia, which is wholly-owned by the Company. It produces chemical products with advanced technologies, including pulverised coal gasification technology, synthetic gas purification technology, large-scale methanol synthesis technology, methanol-to-propylene technology and propylene polymerisation technology. This project is expected to produce 460,000 tonnes of polypropylene per year and other by-products.

As at 31 December 2009, Duolun Coal Chemical Company's unaudited total assets amounted to RMB18.54151 billion; total liabilities amounted to RMB14.51595 billion; and asset-liability ratio was 78.29%.

INFORMATION RELATING TO DATANG FINANCE COMPANY

Datang Finance Company is duly established in the PRC as a non-banking financial institution on 10 May 2005. The registered capital of Datang Finance Company is RMB1,000 million. The principal business of Datang Finance Company includes the provision of, among others, deposit services, loan services, entrusted loan services and entrusted investment services.

DEFINITIONS

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

“A Share(s)”	the domestic ordinary share(s) of the Company with a nominal value of RMB1.00 each and are listed on the Shanghai Stock Exchange
“Articles of Association”	the articles of association of the Company
“Board”	the board of Directors of the Company
“CDC”	China Datang Corporation, a State-owned enterprise established under the laws of the PRC and is a controlling Shareholder of the Company pursuant to the Listing Rules which owns approximately 35.61% of the issued share capital of the Company as at the date 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

“Datang Finance Company”	China Datang Finance Company Limited
“Directors”	the director(s) of the Company
“Duolun Coal Chemical Company”	Inner Mongolia Datang International Duolun Coal Chemical Company Limited, for the purposes of constructing and operating the Duolun Coal Chemical Project
“Duolun Coal Chemical Project”	the project is located in Duolun County in the Inner Mongolia Autonomous Region. The project uses the brown coal from the East Unit 2 coal mine of Shengli Coal Mine as raw materials. It produces polypropylene chemical products with the pulverised coal gasification technology, the synthetic gas purification technology, large-scale methanol synthesis technology, the methanol-to-propylene technology and the propylene polymerisation technology. It is the most advanced coal chemical project adopting clean, efficient and high value-added utilisation of coal. This project produces 460,000 tonnes of polypropylene per year and other by-products
“EGM”	the extraordinary general meeting of the Company to be held to consider and approve, among others, the Revolving Entrusted Loan Agreement
“Energy and Chemical Company”	Datang Energy and Chemical Company Limited, a wholly-owned subsidiary of the Company
“Entrusted Loans”	the general entrusted loan of a principal amount of RMB300 million and the revolving entrusted loan of a principal amount of RMB3,000 million

“Entrusted Loan Arrangement”	the arrangement where Datang Finance Company is designated by the Company to act as a lending agent to, inter alia, release the Entrusted Loans, which are funded by the Company, to Duolun Coal Chemical Company and to monitor the use and repayment of the Entrusted Loans by Duolun Coal Chemical Company pursuant to the Entrusted Loan Agreement
“Entrusted Loan Agreement”	the General Entrusted Loan Agreement and the Revolving Entrusted Loan Agreement
“General Entrusted Loan Agreement”	the general entrusted loan agreement entered into on 29 December 2009 by the Company, Datang Finance Company and Duolun Coal Chemical Company in respect of the Entrusted Loan Arrangement
“Group”	the Company and its subsidiaries
“H Share(s)”	the overseas listed foreign shares of the Company with a nominal value of RMB1.00 each, which are listed on the Stock Exchange and the London Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	the shareholders other than the connected persons of the Company who have material interest in the transaction contemplated under the Entrusted Loan Agreement. CDC and its associates are required to be abstained from voting in approving the Revolving Entrusted Loan Agreement at the EGM
“Independent Board Committee”	the independent board committee of the Company, comprising five independent non-executive Directors, and each of them does not have any material interest in the Entrusted Loan Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“London Stock Exchange”	The London Stock Exchange Limited
“PRC”	the People’s Republic of China
“Revolving Entrusted Loan Agreement”	the revolving entrusted loan agreement entered into on 12 January 2010 by the Company, Datang Finance Company and Duolun Coal Chemical Company in respect of the Entrusted Loan Arrangement
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the holder(s) of the Share(s)
“Shares”	the ordinary shares of the Company with a nominal value of RMB1.00 each, comprising domestic Shares and H Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“the East Unit 2 coal mine of Shengli Coal Mine”	the East Unit 2 coal mine of Shengli Coal Mine, which is constructed and operated by Xilinguole Mining Company. It produces brown coal. The coal production capacity of the phase I of the project is 30,000,000 tonnes per year
“%”	percent

By Order of the Board

Zhou Gang

Secretary to the Board

Beijing, the PRC, 3 February 2010

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

Zhai Ruoyu, Hu Shengmu, Cao Jingshan, Fang Qinghai, Zhou Gang, Liu Haixia, Guan Tiangang, Su Tiegang, Ye Yonghui, Li Gengsheng, Xie Songlin, Liu Chaoan*, Yu Changchun*, Xia Qing* and Li Hengyuan*.*

* *Independent non-executive Directors*