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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **DATANG INTERNATIONAL POWER GENERATION CO., LTD.**, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

CONNECTED TRANSACTION
AND
CONTINUING CONNECTED TRANSACTIONS

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



Mizuho Securities Asia Limited

A letter from the Board is set out on pages 5 to 14 of this circular. A letter from the Independent Board Committee is set out on pages 15 to 16 of this circular. A letter from Mizuho Securities Asia Limited containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 17 to 28 of this circular.

The Company will convene the AGM at meeting room of 5/F, InterContinental Hotel, No. 11 Financial Street, Xicheng District, Beijing, the PRC on 6 June 2012 (Wednesday) at 9:00 a.m.. The notice convening the AGM has been despatched to the Shareholders on 19 April 2012.

Completion and return of the proxy form shall not preclude you from attending and voting in person at the AGM or at any adjourned meetings should you so wish.

9 May 2012

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DEFINITIONS

In this circular, 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
“AGM”	the 2011 annual general meeting of the Company to be held at the meeting room of 5/F, InterContinental Hotel, No. 11 Financial Street, Xicheng District, Beijing, the PRC on 6 June 2012 (Wednesday) at 9:00 a.m. to consider and approve, among others, the Framework Agreement for the Purchase and Sale of Coal, the Inner Mongolia Purchase of Coal Contracts and the Entrusted Loan Agreement
“associate”	has the meaning ascribed to it under the Listing Rules
“Beijing Datang Fuel Co.”	Beijing Datang Fuel Co., Ltd., details of which are set out in the section entitled “Information on the Parties”
“Board”	the board of Directors of the Company
“Capital Contribution Agreement”	the capital contribution agreement entered into between the Company, Beijing Datang Fuel Co. and Datang Electric Power Fuel Co. on 12 October 2011 in respect of the capital contribution and share enlargement for Beijing Datang Fuel Co., the details of which please refer to the announcement of the Company dated 12 October 2011
“CCB Beijing Chaoyang Branch”	the Beijing Chaoyang Branch of China Construction Bank Corporation, a bank incorporated in the PRC and is principally engaged in banking, financial and other finance-related services
“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, together with its subsidiaries, hold approximately 34.71% of the issued share capital of the Company as at the Latest Practicable Date
“Changheba Hydropower Project”	the Sichuan Dadu River Changheba Hydropower Station Project, a project involving the design of 4x650MW mixed-flow generating units with a total installed capacity of 2,600MW; currently under the construction stage

DEFINITIONS

“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
“connected transaction”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Entrusted Loan”	the entrusted loan of a principal amount of RMB3,000 million
“Entrusted Loan Agreement”	the entrusted loan agreement entered into on 17 April 2012 between the Company, CCB Beijing Chaoyang Branch and Ganzi Hydropower Company in respect of the Entrusted Loan Arrangement
“Entrusted Loan Arrangement”	the arrangement where CCB Beijing Chaoyang Branch is designated by the Company to act as the lending agent to, inter alia, release the Entrusted Loan, which is funded by the Company, to Ganzi Hydropower Company and to monitor the use and repayment of the Entrusted Loan by Ganzi Hydropower Company pursuant to the Entrusted Loan Agreement
“Framework Agreement for the Purchase and Sale of Coal”	the framework agreement for the purchase and sale of coal dated 18 April 2012 entered into between the Company and Beijing Datang Fuel Co.
“Gantou Hydropower”	Ganzi County Gantou Hydropower Development Company Limited, established on 30 March 2006 with a registered capital of RMB100 million, principally engaged in the business of hydropower investments
“Ganzi Hydropower Company”	Sichuan Datang International Ganzi Hydropower Development Co., Ltd., a controlled subsidiary of the Company
“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

DEFINITIONS

“Huangjinping Hydropower Project”	the Sichuan Dadu River Huangjinping Hydropower Station Project, a project involving the design of 4x200MW vertical-axle mixed-flow generating units and 2x25MW generating units with a total installed capacity of 850MW; currently under the construction stage
“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 Framework Agreement for the Purchase and Sale of Coal, the Inner Mongolia Purchase of Coal Contracts and the Entrusted Loan Agreement
“Independent Shareholders”	has the meaning ascribed to it under the Listing Rules
“Inner Mongolia Fuel Co.”	Inner Mongolia Datang Fuel Co., Ltd., a wholly-owned subsidiary of Beijing Datang Fuel Co., details of which are set out in the section of “Information on the Parties”
“Inner Mongolia Purchase of Coal Contracts”	four Inner Mongolia Purchase of Coal Contracts all dated 18 April 2012 entered into between Inner Mongolia Fuel Co. with each of (i) Tuoketuo Power Generation Co.; (ii) Tuoketuo II Power Co.; (iii) Hohhot Thermal Power Co.; and (iv) Renewable Energy Resources Co.
“Latest Practicable Date”	4 May 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mizuho Securities”	Mizuho Securities Asia Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Framework Agreement for the Purchase and Sale of Coal, the Inner Mongolia Purchase of Coal Contracts and the Entrusted Loan Agreement, and a licensed corporation for types 1 (dealing in securities), 2 (dealing in futures contracts), 4 (advising on securities), 5 (advising on futures contracts), 6 (advising on corporate finance) and 9 (asset management) regulated activities under the SFO
“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)

DEFINITIONS

“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
“%”	percent

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Cao Jingshan

Mr. Zhou Gang

Non-executive Directors:

Mr. Liu Shunda (Chairman)

Mr. Hu Shengmu

Mr. Fang Qinghai

Mr. Liu Haixia

Ms. Guan Tiangang

Mr. Su Tiegang

Mr. Ye Yonghui

Mr. Li Gengsheng

Office address:

No.9 Guangningbo Street

Xicheng District

Beijing, 100033

the PRC

Principal place of business

in Hong Kong:

c/o Stephen Mok & Co.

21/F, Gloucester Tower

The Landmark

15 Queen's Road Central

Hong Kong

Independent non-executive Directors:

Mr. Li Yanmeng

Mr. Zhao Zunlian

Mr. Li Hengyuan

Ms. Zhao Jie

Mr. Jiang Guohua

9 May 2012

To the Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION

AND

CONTINUING CONNECTED TRANSACTIONS

BACKGROUND

On 17 April 2012, the Company entered into the Entrusted Loan Agreement with CCB Beijing Chaoyang Branch and Ganzi Hydropower Company in relation to the provision of the Entrusted Loan by the Company to Ganzi Hydropower Company through the Entrusted Loan Arrangement, in which CCB Beijing Chaoyang Branch acts as a lending agent. The Entrusted Loan will be used for day-to-day capital turnover at Ganzi Hydropower Company.

LETTER FROM THE BOARD

On 18 April 2012, the Company and its subsidiaries entered into the Framework Agreement for the Purchase and Sale of Coal and the Inner Mongolia Purchase of Coal Contracts with the relevant connected persons to carry out the following day-to-day continuing connected transactions:

- (a) the Company entered into the Framework Agreement for the Purchase and Sale of Coal with Beijing Datang Fuel Co., pursuant to which Beijing Datang Fuel Co. agreed to supply different varieties of coal to the Company and its subsidiaries for a term of one year commencing from 1 January 2012 to 31 December 2012; and
- (b) certain subsidiaries of the Company located at Inner Mongolia entered into the Inner Mongolia Purchase of Coal Contracts with Inner Mongolia Fuel Co., pursuant to which Inner Mongolia Fuel Co. agreed to supply coal for production purposes to certain subsidiaries of the Company located at Inner Mongolia for a term of one year commencing from 1 January 2012 to 31 December 2012.

The purpose of this circular is:

- (1) to provide you with further details of the Framework Agreement for the Purchase and Sale of Coal, the Inner Mongolia Purchase of Coal Contracts and the Entrusted Loan Agreement;
- (2) to set out the recommendation of the Independent Board Committee in respect of the Framework Agreement for the Purchase and Sale of Coal, the Inner Mongolia Purchase of Coal Contracts and the Entrusted Loan Agreement; and
- (3) to set out the letter of advice from Mizuho Securities to the Independent Board Committee and the Independent Shareholders in respect of the Framework Agreement for the Purchase and Sale of Coal, the Inner Mongolia Purchase of Coal Contracts and the Entrusted Loan Agreement.

(1) ENTRUSTED LOAN AGREEMENT

Date and Subject Matter

On 17 April 2012, the Company entered into the Entrusted Loan Agreement with CCB Beijing Chaoyang Branch and Ganzi Hydropower Company in relation to the provision of the Entrusted Loan by the Company to Ganzi Hydropower Company through the Entrusted Loan Arrangement, in which CCB Beijing Chaoyang Branch acts as a lending agent.

Parties

- 1. the Company, as the lender;
- 2. CCB Beijing Chaoyang Branch, as the lending agent; and
- 3. Ganzi Hydropower Company, as the borrower.

LETTER FROM THE BOARD

Major Terms of the Entrusted Loan Agreement

Entrusted Loan Arrangement

Pursuant to the Entrusted Loan Agreement, CCB Beijing Chaoyang Branch is designated by the Company to act as a lending agent to, release the Entrusted Loan, which is funded by the Company, to Ganzi Hydropower Company and to monitor the use and repayment of the Entrusted Loan by Ganzi Hydropower Company.

Principal amount of the Entrusted Loan

RMB3,000 million

The Entrusted Loan amount is determined taking into account (i) the fund requirements for the project construction of the Ganzi Hydropower Company in view of its construction progress; and (ii) according to the debt investment plan proposed to be entered into by the Company and China Life Insurance Assets Management Co., Ltd (as at the Latest Practicable Date, such debt investment plan is undergoing the relevant approval procedures), it is proposed that the loan amount from China Life Insurance Assets Management Co., Ltd under the debt investment plan is RMB3,000 million and shall be used by Ganzi Hydropower Company. Please refer to the announcement of the Company dated 23 March 2012 for further details of the debt investment plan.

Term

The term for the Entrusted Loan Agreement is 7 years commencing from 17 April 2012 to 16 April 2019.

Interest rate

At a fixed interest rate, being the benchmark interest rate to be charged for the same level of loans of financial institutions in RMB for the same period as announced by the People's Bank of China on the date when each batch of borrowing is withdrawn. The fixed interest rate will remain unchanged during the borrowing period. As at the date of the Entrusted Loan Agreement, the benchmark lending rate announced by the People's Bank of China for loans with repayment period of 7 years is 7.05%.

Such interest rate is payable by Ganzi Hydropower Company to the Company through CCB Beijing Chaoyang Branch and is arrived at after arm's length negotiation between the Company and Ganzi Hydropower Company in consideration of the overall reduction in capital costs to the Group after the accounts of Ganzi Hydropower Company (being the controlled subsidiary of the Company) are consolidated into the accounts of the Company.

Repayment schedule of the principal of the Entrusted Loan

One-off repayment of the principal by Ganzi Hydropower Company upon maturity of the Entrusted Loan Agreement.

LETTER FROM THE BOARD

Payment schedule of interests of the Entrusted Loan

Interests shall be settled by Ganzi Hydropower Company on a quarterly basis. The settlement date falls on the twentieth (20th) day of the last month of each quarter.

Handling charge

The annual handling charge charged by CCB Beijing Chaoyang Branch for the Entrusted Loan under the Entrusted Loan Agreement is calculated at 0.025% of the principal amount of the Entrusted Loan. Ganzi Hydropower Company shall pay such handling charge when the Entrusted Loan is released and on every year's corresponding date for the release of the loan.

Effective Date

The Entrusted Loan Agreement was formed when it was duly signed by the parties and its implementation shall be subject to the approval by the independent Shareholders of the Company at the general meeting.

REASONS FOR AND BENEFITS OF ENTERING INTO THE ENTRUSTED LOAN AGREEMENT

In order to assure the day-to-day capital turnover at Ganzi Hydropower Company, the Company intends to provide the Entrusted Loan to Ganzi Hydropower Company. The Company is of the view that the Entrusted Loan is beneficial for ensuring a normal progression on the project construction of Ganzi Hydropower Company as well as the repayment of due borrowings.

Further, given that (i) the interest rate of the loan in the sum of RMB3,000 million to be provided by China Life Insurance Assets Management Co., Ltd under the debt investment plan will be less than the benchmark interest rate for the same level of loan for the same period to be announced by the People's Bank of China; (ii) the interest rate to be charged by the Company on Ganzi Hydropower Company under the Entrusted Loan Agreement is the benchmark interest rate for the same level of loan for the same period to be announced by the People's Bank of China; and (iii) considering the possible higher financial costs for Ganzi Hydropower Company to obtain the current loan from other commercial banks, the Company therefore considered that the Entrusted Loan Arrangement will be beneficial to the Company.

The Directors are of the view that the terms of the Entrusted Loan Agreement are fair and reasonable, have been entered into after arm's length negotiation between all parties thereto and determined on normal commercial terms, and are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS FOR THE ENTRUSTED LOAN AGREEMENT

CDC is the controlling Shareholder of the Company, which together with its subsidiaries hold approximately 34.71% of the issued capital of the Company as at the Latest Practicable Date. CDC holds 27.5% of the equity interest of Ganzi Hydropower Company. Ganzi Hydropower Company is therefore a connected party of the Company pursuant to Chapter 14A of the Listing Rules and the Entrusted Loan Agreement constitutes a connected transaction of the Company.

LETTER FROM THE BOARD

Since one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Entrusted Loan Agreement is more than 5%, the Entrusted Loan Agreement is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company will disclose the relevant details in the next annual report and accounts of the Company in accordance with the relevant requirements as set out in Rule 14A.45 of the Listing Rules.

No Director has a material interest in the Entrusted Loan Agreement. Connected Directors, including Liu Shunda, Hu Shengmu and Fang Qinghai, who are the principal management staff of CDC have abstained from voting on the approval of the Entrusted Loan Agreement at the Board meeting in accordance with the requirements of the listing rules of the Shanghai Stock Exchange.

(2) FRAMEWORK AGREEMENT FOR THE PURCHASE AND SALE OF COAL

Date: 18 April 2012

Parties: the Company and Beijing Datang Fuel Co.

Major terms:

1. Subject Matter: Beijing Datang Fuel Co. agreed to supply coal by batches throughout the term of the agreement primarily to the Company's power plants located in coastal areas and other power plants owned by the Company or its subsidiaries.

The parties may, from time to time during the term of the agreement, enter into specific purchase and sales contracts in respect of the supply of coal by Beijing Datang Fuel Co. provided that such specific purchase and sales contracts shall be subject to the terms of the Framework Agreement for the Purchase and Sale of Coal.

2. Consideration: The prices with respect to the supply of coal in specific batches by Beijing Datang Fuel Co. to the Group shall be determined in the ordinary course of business on normal commercial terms, on the basis of arm's length negotiation according to the prevailing market conditions and at market prices and will be on terms no less favourable to the Group than terms available from independent third parties. The estimated annual transaction amount is approximately RMB21,700 million.
3. Settlement and payment: settlement shall be made by the Company within seven days upon the issue of invoice by Beijing Datang Fuel Co. or on such other terms to be agreed by the parties.
4. Term: One year, commencing from 1 January 2012 to 31 December 2012.
5. The Framework Agreement for the Purchase and Sale of Coal will become effective when it is duly signed by both parties and their respective company seals are affixed thereto, and is subject to Independent Shareholders' approval at the general meeting of the Company.

LETTER FROM THE BOARD

Annual cap

It is expected that the maximum transaction amount in respect of the Framework Agreement for the Purchase and Sale of Coal for the year ending 31 December 2012 will not exceed RMB21,700 million, which is determined with reference to (i) the anticipated quantity of coal to be purchased by the Group from Beijing Datang Fuel Co. for the year ending 31 December 2012 taking into account (a) the plan of certain subsidiaries of the Group to increase the power generation of its power plants in 2012; (b) the plan of certain subsidiaries of the Company to increase the quantity of coal to be purchased from Beijing Datang Fuel Co.; and (ii) the estimated rising market price of coal in 2012.

Historical transaction amounts

The total fees paid by the Group to Beijing Datang Fuel Co. for the three years ended 31 December 2009, 31 December 2010 and 31 December 2011 amounted to approximately RMB568 million, RMB13,882 million and RMB15,809 million, respectively.

(3) INNER MONGOLIA PURCHASE OF COAL CONTRACTS

Date & Parties: On 18 April 2012, Inner Mongolia Fuel Co. entered into four Inner Mongolia Purchase of Coal Contracts with each of (i) Tuoketuo Power Generation Co.; (ii) Tuoketuo II Power Co.; (iii) Hohhot Thermal Power Co.; and (iv) Renewable Energy Resources Co.

Major terms:

The terms of the four Inner Mongolia Purchase of Coal Contracts are materially the same, the material terms of which are summarized as follows:

1. Subject Matter: Inner Mongolia Fuel Co. agreed to supply coal by batches to certain subsidiaries of the Company located at Inner Mongolia, namely Tuoketuo Power Generation Co., Tuoketuo II Power Co., Hohhot Thermal Power Co. and Renewable Energy Resources Co. during the term of the agreement.

The parties may, from time to time during the term of the agreement, enter into specific purchase and sales contracts in respect of the supply of coal by Inner Mongolia Fuel Co. provided that such specific purchase and sales contracts shall be subject to the terms of the Inner Mongolia Purchase of Coal Contracts.

2. Consideration: The prices with respect to the supply of coal in specific batches by Inner Mongolia Fuel Co. to certain subsidiaries of the Company located at Inner Mongolia shall be determined in the ordinary course of business on normal commercial terms on the basis of arm's length negotiation according to the prevailing market conditions and at market prices and will be on terms no less favourable to Tuoketuo Power Generation Co., Tuoketuo II Power Co., Hohhot Thermal Power Co. and Renewable Energy Resources Co. than terms available from independent third parties. The estimated annual transaction amount is approximately RMB5,200 million.

LETTER FROM THE BOARD

3. Settlement and payment: settlement shall be made by cash on a monthly basis or on such other terms to be agreed by the parties.
4. Term: One year, commencing from 1 January 2012 to 31 December 2012.
5. The Inner Mongolia Purchase of Coal Contracts will become effective when it is duly signed by both parties and their respective company seals are affixed thereto, and is subject to Independent Shareholders' approval at the general meeting of the Company

Annual cap

It is expected that the maximum aggregate transaction amount in respect of the Inner Mongolia Purchase of Coal Contracts for the year ending 31 December 2012 will not exceed RMB5,200 million, which is determined with reference to (i) the anticipated quantity of coal to be purchased by the relevant subsidiaries of the Company located at Inner Mongolia from Inner Mongolia Fuel Co. for the year ending 31 December 2012; and (ii) the estimated rising market price of coal in 2012.

Historical transaction amounts

The total fees paid by the relevant subsidiaries of the Company located at Inner Mongolia to Inner Mongolia Fuel Co. for the period from 1 March 2011 to 31 December 2011 amounted to approximately RMB3,800 million (excluding tax of 17%) and RMB4,400 million (including tax of 17%).

The relevant subsidiaries of the Company located at Inner Mongolia did not conduct any transactions relating to the supply of coal with Inner Mongolia Fuel Co. prior to 1 March 2011.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FRAMEWORK AGREEMENT FOR THE PURCHASE AND SALE OF COAL AND THE INNER MONGOLIA PURCHASE OF COAL CONTRACTS

Beijing Datang Fuel Co. is a specialised company mainly engaged in the business of coal sales. It has advantages in coal resources, supplier relationships and transportation arrangements in the principal coal-producing areas of China such as Shanxi Province and the Inner Mongolia Autonomous Region and target countries for coal export such as Indonesia. It has accumulated extensive experience in the practical processes for coal business operations over many years. Coal consumption for power generation has been increasing every year as a result of the rapid development of the coastal power generation companies of the Company. Meanwhile, the coal market is very challenging because it is difficult to secure coal supply and to control coal prices. The centralised supply of coal for power generation by Beijing Datang Fuel Co. to the Company's power generation companies in coastal areas and other power generation companies owned by the Company can fully leverage the advantages of the specialised company, secure stable coal supply, expand their supply channels, adjust the composition of their coal portfolios, and stabilise the market prices of coal to a certain extent, with a view to cutting overall procurement costs and mitigating the adverse impacts of the coal market on power generation companies.

LETTER FROM THE BOARD

Inner Mongolia Fuel Co. is a wholly-owned subsidiary of Beijing Datang Fuel Co. and is primarily responsible for the supply of coal for the power generation for the Company in the Inner Mongolia region as well as the coordination and support in the procurement of coal in the Inner Mongolia region for other power generation enterprises of the Company outside the Inner Mongolia region. The centralised arrangement for and coordination of coal procurement by Inner Mongolia Fuel Co. is conducive to the maximization of the economies of scale to enhance the bargaining power of the Company; to the sharing of social, human and information resources for increasing procurement efficiency and cutting the costs of procurement; to enhancing the importance of Inner Mongolia Fuel Co. as a participant in the regional coal market that plays a key role in stabilising the relationship between supply and demand; to the facilitation of the application for the allocation of coal and transportation resources to secure the supply of coal for the Company's power generation and to other enterprises for production purposes; and to the control of purchase prices and costs for maintaining and enhancing the profitability of power generation enterprises.

The Directors are of the view that the relevant terms of the Framework Agreement for the Purchase and Sale of Coal and the Inner Mongolia Purchase of Coal Contracts are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS FOR THE FRAMEWORK AGREEMENT FOR THE PURCHASE AND SALE OF COAL AND THE INNER MONGOLIA PURCHASE OF COAL CONTRACTS

On 12 October 2011, the Company, Datang Electric Power Fuel Co. and Beijing Datang Fuel Co. entered into the Capital Contribution Agreement, pursuant to which Datang Electric Power Fuel Co., a wholly-owned subsidiary of CDC, agreed to make capital contribution to Beijing Datang Fuel Co.. Upon completion of the capital contribution, Datang Electric Power Fuel Co. will hold 49% equity interest in Beijing Datang Fuel Co., a former wholly-owned subsidiary of the Company, and the Company will hold a 51% equity interest in Beijing Datang Fuel Co.. As at the Latest Practicable Date, the procedures for making changes to the business and commercial registration of Beijing Datang Fuel Co. are still in progress.

Upon completion of the relevant procedures for changing the business and commercial registration of Beijing Datang Fuel Co., Beijing Datang Fuel Co. and Inner Mongolia Fuel Co. will become connected persons of the Company and the transactions contemplated under the Framework Agreement for the Purchase and Sale of Coal and the Inner Mongolia Purchase of Coal Contracts will become continuing connected transactions of the Company.

Since one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the aggregated transaction amount under the Framework Agreement for the Purchase and Sale of Coal and the Inner Mongolia Purchase of Coal Contracts is more than 5%, the Framework Agreement for the Purchase and Sale of Coal and the Inner Mongolia Purchase of Coal Contracts and the transactions contemplated thereunder are subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

No Director has a material interest in the transactions contemplated under the Framework Agreement for the Purchase and Sale of Coal and the Inner Mongolia Purchase of Coal Contracts. Connected Directors, including Liu Shunda, Hu Shengmu and Fang Qinghai, who are the principal management staff of CDC, have abstained from voting on the approval of the relevant transactions at the Board meeting in accordance with the requirements of the listing rules of the Shanghai Stock Exchange.

INFORMATION OF THE PARTIES

1. The Company 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, with its main service areas located in the PRC.
2. CDC was established on 9 March 2003 with registered capital of RMB15.394 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 development and production of power related coal resources.
3. Beijing Datang Fuel Co. is a controlled subsidiary of the Company incorporated in December 2006. It is principally engaged in the sale of coal, investment management and technical services, and is responsible for supplying coal to power generation enterprises owned by the Company in coastal areas and other power generation enterprises of the Company. Upon completion of the relevant procedures for changing the business and commercial registration of Beijing Datang Fuel Co., the Company will hold a 51% equity interest in Beijing Datang Fuel Co., while Datang Electric Power Fuel Co., Ltd., a wholly-owned subsidiary of CDC, will hold a 49% equity interest in Beijing Datang Fuel Co.
4. Inner Mongolia Fuel Co. is a wholly-owned subsidiary of Beijing Datang Fuel Co., incorporated in Ordos City, Inner Mongolia, in July 2007. It is principally engaged in the wholesaling of coal and coal products, investment management and technical services, and is responsible for the supply and sale of coal to, as well as the settlement of payment for coal for, the power plants and coal mine operators in the Inner Mongolia Autonomous Region managed by the Company's Inner Mongolia branch.
5. Ganzi Hydropower Company was incorporated on 3 July 2006 with a registered capital of RMB50 million. Ganzi Hydropower Company is responsible for the development and construction of two hydropower projects, namely the Changheba Hydropower Project (with an installed capacity of 2,600MW) and the Huangjinping Hydropower Project (with an installed capacity of 850MW). The Changheba Hydropower Project and the Huangjinping Hydropower Project were approved by the National Development and Reform Commission in November 2010 and February 2011, respectively, and are currently under construction. As at the Latest Practicable Date, the Company holds 52.5% equity interests, CDC holds 27.5% equity interests, while Gantou Hydropower holds 20% equity interests, of Ganzi Hydropower Company.

LETTER FROM THE BOARD

AGM

The Company will convene the AGM to, among other things, consider and approve the Framework Agreement for the Purchase and Sale of Coal, the Inner Mongolia Purchase of Coal Contracts and the Entrusted Loan Agreement. The notice convening the AGM and the relevant notice of attendance were despatched to the Shareholders on 19 April 2012.

Any Shareholder with a material interest in the transactions and its associates shall abstain from voting at the relevant transaction AGM. Therefore, CDC and its associates, which hold approximately 34.71% of the issued share capital of the Company as at the Latest Practicable Date, shall abstain from voting at the AGM in approving the Framework Agreement for the Purchase and Sale of Coal, the Inner Mongolia Purchase of Coal Contracts and the Entrusted Loan Agreement.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee as set out on pages 15 to 16 of this circular which contains its recommendation to the Independent Shareholders on the terms of the Framework Agreement for the Purchase and Sale of Coal, the Inner Mongolia Purchase of Coal Contracts and the Entrusted Loan Agreement. Your attention is also drawn to the letter of advice received from Mizuho Securities, the independent financial adviser to the Independent Board Committee and the Independent Shareholders as set out on pages 17 to 28 of this circular which contains, among others, its advice to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Framework Agreement for the Purchase and Sale of Coal, the Inner Mongolia Purchase of Coal Contracts and the Entrusted Loan Agreement, the casting of votes for or against the resolutions approving the Framework Agreement for the Purchase and Sale of Coal, the Inner Mongolia Purchase of Coal Contracts and the Entrusted Loan Agreement by poll at the AGM as well as the principal factors and reasons considered by it in concluding its advice.

The Directors consider that the terms of the Framework Agreement for the Purchase and Sale of Coal, the Inner Mongolia Purchase of Coal Contracts and the Entrusted Loan Agreement are fair and reasonable and in the interest of the Shareholders and the Company as a whole and they recommend the Shareholders to vote in favour of the resolutions at the AGM.

Yours faithfully,
By Order of the Board of
Datang International Power Generation Co., Ltd.
Zhou Gang
Secretary to the Board

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

office address

No.9 Guangningbo Street

Xicheng District

Beijing, 100033

The PRC

9 May 2012

To the Independent Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS

We refer to the circular issued by the Company to the shareholders dated 9 May 2012 (the “Circular”) of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context otherwise requires.

Under the Listing Rules, the Entrusted Loan Agreement constitutes a connected transaction of the Company and the Framework Agreement for the Purchase and Sale of Coal and the Inner Mongolia Purchase of Coal Contracts constitute continuing connected transactions of the Company, and are subject to the approval of the Independent Shareholders at the AGM.

We have been appointed as the Independent Board Committee to consider the terms of the Framework Agreement for the Purchase and Sale of Coal, the Inner Mongolia Purchase of Coal Contracts and the Entrusted Loan Agreement and to advise the Independent Shareholders in connection with the Framework Agreement for the Purchase and Sale of Coal, the Inner Mongolia Purchase of Coal Contracts and the Entrusted Loan Agreement as to whether, in our opinion, their terms are fair and reasonable and whether the Framework Agreement for the Purchase and Sale of Coal, the Inner Mongolia Purchase of Coal Contracts and the Entrusted Loan Agreement are in the interests of the Company and the shareholders as a whole. Mizuho Securities has been appointed as the independent financial adviser to advise us in this respect.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We wish to draw your attention to the letter from the Board and the letter from Mizuho Securities as set out in the Circular. Having considered the principal factors and reasons considered by, and the advice of, Mizuho Securities as set out in its letter of advice, we consider that the Framework Agreement for the Purchase and Sale of Coal, the Inner Mongolia Purchase of Coal Contracts and the Entrusted Loan Agreement are on normal commercial terms, and that the Framework Agreement for the Purchase and Sale of Coal, the Inner Mongolia Purchase of Coal Contracts and the Entrusted Loan Agreement are in the best interests of the Company and the Shareholders as a whole.

We also consider that the terms of the Framework Agreement for the Purchase and Sale of Coal, the Inner Mongolia Purchase of Coal Contracts (including their respective annual caps contemplated thereunder) and the Entrusted Loan Agreement are fair and reasonable. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to approve the Framework Agreement for the Purchase and Sale of Coal, the Inner Mongolia Purchase of Coal Contracts (including their respective annual caps contemplated thereunder) and the Entrusted Loan Agreement at the AGM.

Yours faithfully,

For and on behalf of the Independent Board Committee
Li Yanmeng, Zhao Zunlian, Li Hengyuan, Zhao Jie, Jiang Guohua
Independent non-executive Directors
Datang International Power Generation Co., Ltd.

LETTER FROM MIZUHO SECURITIES

The following is the text of the letter of advice from Mizuho Securities Asia Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, in respect of the Entrusted Loan Agreement, and the Framework Agreement for the Purchase and Sale of Coal and the Inner Mongolia Purchase of Coal Contracts which has been prepared for the purpose of inclusion in this circular.

The Mizuho logo, consisting of the word "MIZUHO" in a bold, sans-serif font, with a stylized wave graphic underneath.

Mizuho Securities Asia Limited

12th Floor, Chater House,
8 Connaught Road Central, Hong Kong
Tel: 2685-2000 Fax: 2685-2410

9 May 2012

*To the Independent Board Committee
and the Independent Shareholders*

Datang International Power Generation Co., Ltd.

Dear Sirs,

CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our engagement as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Entrusted Loan Agreement, and the Framework Agreement for the Purchase and Sale of Coal and the Inner Mongolia Purchase of Coal Contracts. Further details of the Entrusted Loan Agreement, and the Framework Agreement for the Purchase and Sale of Coal and the Inner Mongolia Purchase of Coal Contracts are set out in the letter from the Board (the “**Letter from the Board**”) in the circular of the Company to its Shareholders dated 9 May 2012 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 17 April 2012, the Company entered into the Entrusted Loan Agreement with CCB Beijing Chaoyang Branch and Ganzi Hydropower Company in relation to the provision of the entrusted loan of a principal amount of RMB3,000 million by the Company to Ganzi Hydropower Company through the Entrusted Loan Arrangement, in which CCB Beijing Chaoyang Branch acts as the lending agent. The Entrusted Loan will be used for day-to-day capital turnover at Ganzi Hydropower Company.

On 18 April 2012, (a) the Company entered into the Framework Agreement for the Purchase and Sale of Coal with Beijing Datang Fuel Co., pursuant to which Beijing Datang Fuel Co. agreed to supply different varieties of coal to the Company and its subsidiaries for a term of one year commencing from 1 January 2012 to 31 December 2012; (b) certain subsidiaries of the Company located at Inner Mongolia

LETTER FROM MIZUHO SECURITIES

entered into the Inner Mongolia Purchase of Coal Contracts with Inner Mongolia Fuel Co., pursuant to which Inner Mongolia Fuel Co. agreed to supply coal for production purposes to certain subsidiaries of the Company located at Inner Mongolia for a term of one year commencing from 1 January 2012 to 31 December 2012.

As at the Latest Practicable Date, CDC is the controlling Shareholder of the Company, which together with its associates hold approximately 34.71% of the issued capital of the Company. CDC holds 27.5% of the equity interest of Ganzi Hydropower Company. Ganzi Hydropower Company is therefore a connected party of the Company pursuant to Chapter 14A of the Listing Rules and the Entrusted Loan Agreement constitutes a connected transaction of the Company.

On 12 October 2011, the Company, Datang Electric Power Fuel Co. and Beijing Datang Fuel Co. entered into the Capital Contribution Agreement, pursuant to which Datang Electric Power Fuel Co., a wholly-owned subsidiary of CDC, agreed to make capital contribution to Beijing Datang Fuel Co.. Upon completion of the capital contribution, Datang Electric Power Fuel Co. will hold 49% equity interest in Beijing Datang Fuel Co., a former wholly-owned subsidiary of the Company, and the Company will hold 51% equity interest in Beijing Datang Fuel Co.. As at the Latest Practicable Date, the procedures for making changes to the business and commercial registration of Beijing Datang Fuel Co. are still in progress.

Upon completion of the relevant procedures for changing the business and commercial registration of Beijing Datang Fuel Co., Beijing Datang Fuel Co. and Inner Mongolia Fuel Co. will become connected persons of the Company and the transactions contemplated under the Framework Agreement for the Purchase and Sale of Coal and the Inner Mongolia Purchase of Coal Contracts will become continuing connected transactions of the Company.

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of each of (i) the Entrusted Loan Agreement and (ii) the aggregated transaction amount under the Framework Agreement for the Purchase and Sale of Coal and the Inner Mongolia Purchase of Coal Contracts is more than 5%, the Entrusted Loan Agreement and Framework Agreement for the Purchase and Sale of Coal and the Inner Mongolia Purchase of Coal Contracts are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Our scope of work under this engagement is to assess whether the terms of the Entrusted Loan Agreement, and the Framework Agreement for the Purchase and Sale of Coal and the Inner Mongolia Purchase of Coal Contracts and their respective annual cap are fair and reasonable so far as the Shareholders are concerned, and, from that perspective, whether the Entrusted Loan Agreement, and the Framework Agreement for the Purchase and Sale of Coal and the Inner Mongolia Purchase of Coal Contracts are in the interests of the Company and the Shareholders as a whole. It is not within our scope of work to opine on any other aspects of the Entrusted Loan Agreement, the Framework Agreement for the Purchase and Sale of Coal and the Inner Mongolia Purchase of Coal Contracts. In addition, it is not within our terms of reference to comment on the commercial merits of the Entrusted Loan Agreement and the Framework Agreement for the Purchase and Sale of Coal and the Inner Mongolia Purchase of Coal Contracts which is the responsibility of the Directors.

LETTER FROM MIZUHO SECURITIES

BASIS OF OUR OPINION

In arriving at our opinion, we have relied on the information, opinions and facts supplied, and representations made to us, by the Directors, advisers and representatives of the Company (including those contained or referred to in the Circular). We have also assumed that the information and representations contained or referred to in the Circular were true and accurate in all respects at the time they were made and continue to be so at the date of dispatch of the Circular. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and senior management of the Company. We have also relied on certain information available to the public and have assumed such information to be accurate and reliable, and we have not independently verified the accuracy of such information. We have been advised by the Directors and believe that no material facts have been omitted from the Circular.

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our opinion. We have not, however, conducted an independent verification of the information nor have we conducted any form of in-depth investigation into the businesses and affairs or other prospects of the Company, CCB Beijing Chaoyang Branch and any of their respective subsidiaries or associates, and other companies or entities being the subject parties of the transactions.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In forming our opinion, we have considered the following principal factors and reasons:

A. ENTRUSTED LOAN AGREEMENT

1. BACKGROUND AND REASONS FOR ENTERING INTO THE ENTRUSTED LOAN AGREEMENT

Ganzi Hydropower Company was incorporated on 3 July 2006 with a registered capital of RMB50 million. Ganzi Hydropower Company is responsible for the development and construction of two hydropower projects, namely the Changheba Hydropower Project (with an installed capacity of 2,600MW) and the Huangjinping Hydropower Project (with an installed capacity of 850MW). The Changheba Hydropower Project and the Huangjinping Hydropower Project were approved by the National Development and Reform Commission in November 2010 and February 2011, respectively, and are currently under construction. We note that from the announcements of the Company dated 16 November 2010 and 17 March 2011 that the total investment of the Changheba Hydropower Project and Huangjinping Hydropower Project is RMB21,905 million and RMB11,768 million respectively. As at the Latest Practicable Date, the Company holds 52.5% equity interest, CDC holds 27.5% equity interest, while Gantou Hydropower holds 20% equity interest, of Ganzi Hydropower Company.

As mentioned in the Letter from the Board, in order to improve the turnover of day-to-day capital at Ganzi Hydropower Company, the Company intends to provide the Entrusted Loan to Ganzi Hydropower Company. The Company is of the view that the provision of the Entrusted Loan to Ganzi Hydropower Company through CCB Beijing Chaoyang Branch is beneficial for ensuring Ganzi Hydropower Company's repayment of due borrowings and the normal turnaround of day-to-day capital.

LETTER FROM MIZUHO SECURITIES

In view of such background and the fact that Ganzi Hydropower Company is a subsidiary of the Company, we consider that the Entrusted Loan Arrangement is in the ordinary and usual course of business of the Company and is in the interest of the Company and its Shareholders as a whole.

2. MAJOR TERMS OF THE ENTRUSTED LOAN AGREEMENT

Entrusted Loan Arrangement

Pursuant to the Entrusted Loan Agreement, CCB Beijing Chaoyang Branch is designated by the Company to act as a lending agent to release the Entrusted Loan, which is funded by the Company, to Ganzi Hydropower Company and to monitor the use and repayment of the Entrusted Loans by Ganzi Hydropower Company.

Principal amount of the Entrusted Loan

The principal amount of the Entrusted Loan is RMB3,000 million. We note that the aggregate of the total investment of the Changheba Hydropower Project and the Huangjinping Hydropower Project is RMB33,673 million. The principal amount of the Entrusted Loan is lower than the aggregate of total investment of the Changheba Hydropower Project and the Huangjinping Hydropower Project. Furthermore, as mentioned in the Letter from the Board, the Entrusted Loan amount is determined taking into account (i) the fund requirements for the project construction of Ganzi Hydropower Company in view of its construction progress; and (ii) according to the debt investment plan proposed to be entered into by the Company and China Life Insurance Assets Management Co., Ltd (as at the Latest Practicable Date, such debt investment plan is undergoing the relevant approval procedures), it is proposed that the loan amount from China Life Insurance Assets Management Co., Ltd under the debt investment plan is RMB3,000 million and shall be used by Ganzi Hydropower Company.

On the basis of the above, we consider that the principal amount of the Entrusted Loan of RMB3,000 million is fair and reasonable, and on normal commercial terms.

Term

The term of borrowing stipulated in the Entrusted Loan Agreement is 7 years commencing from 17 April 2012 to 16 April 2019.

We have discussed with the management of the Company and note that the tenor of the Entrusted Loan Agreement is determined after considering the construction progress of the projects of Ganzi Hydropower Company and the period of the debt investment plan to be entered into by the Company and China Life Insurance Assets Management Co., Ltd is proposed to be 7 years. On the basis of the above, we consider that the tenor of 7 years for the Entrusted Loan is reasonable and is determined based on normal business practice.

LETTER FROM MIZUHO SECURITIES

Interest rate

Interest rate of the Entrusted Loan is at a fixed interest rate, being the benchmark interest rate to be charged for the same level of loans of financial institutions in RMB for the same period as announced by the People's Bank of China on the date when each batch of borrowing is withdrawn. The fixed interest rate will remain unchanged during the borrowing period. As at the date of the Entrusted Loan Agreement, the benchmark lending rate announced by the People's Bank of China for loans with repayment period of 7 years is 7.05%.

As mentioned in the Letter from the Board, such interest rate is arrived at after arm's length negotiation between the Company and Ganzi Hydropower Company. Having considered that the interest rate of the Entrusted Loan will be set at a rate which is equal to the benchmark interest rate to be charged for the same level of loans of financial institutions in RMB for the same period as announced by the People's Bank of China, we consider that the interest rate of the Entrusted Loan is on normal commercial terms.

As mentioned in the Letter from the Board, the interest rate of the loan in the sum of RMB3,000 million to be provided by China Life Insurance Assets Management Co., Ltd. under the debt investment plan proposed to be entered into by the Company and China Life Insurance Assets Management Co., Ltd. will be less than the benchmark interest rate for the same level of loan for the same period to be announced by the People's Bank of China. Having considered that (i) the Company is able to secure loan at a rate lower than the benchmark interest rate to be announced by the People's Bank of China, (ii) the interest rate of the Entrusted Loan will be set at the benchmark interest rate for the same level of loan for the same period to be announced by the People's Bank of China, and (iii) the possible higher financial costs for Ganzi Hydropower Company to obtain the current loan from other commercial banks, we concur with the Directors' view that the Entrusted Loan Arrangement will be beneficial to the Company. In this connection, we consider that the interest rate under the Entrusted Loan Agreement is reasonably determined.

Handling charge

The handling charge for the Entrusted Loan under the Entrusted Loan Agreement is calculated at 0.025% of the principal amount of the Entrusted Loan. Ganzi Hydropower Company shall pay such handling charge to CCB Beijing Chaoyang Branch when the Entrusted Loan is released and on every year's corresponding date for the release of the loan.

3. OPINION

Having considered the principal factors and reasons described above, we are of the opinion that the terms of the Entrusted Loan Agreement are on normal commercial terms and are fair and reasonable as far as the interests of the Independent Shareholders are concerned, and, from this perspective, the Entrusted Loan Agreement is in the interests of the Company and its shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to approve the Entrusted Loan Agreement at the AGM.

LETTER FROM MIZUHO SECURITIES

B. THE FRAMEWORK AGREEMENT FOR THE PURCHASE AND SALE OF COAL AND THE INNER MONGOLIA PURCHASE OF COAL CONTRACTS

1. BACKGROUND AND REASONS FOR ENTERING INTO THE FRAMEWORK AGREEMENT FOR THE PURCHASE AND SALE OF COAL AND THE INNER MONGOLIA PURCHASE OF COAL CONTRACTS

Information relating to the Company

As mentioned in the annual report of the Company for the year ended 31 December 2011 (“Annual Report”), the Company is one of the largest independent power generation companies in the PRC. As at the end of 2011, the Group managed a total installed capacity of electricity of approximately 38,484.2MW. During year 2011, total power generation of the Group amounted to 203.7156 billion kWh, representing an increase of approximately 14.14% over year 2010. The cumulative on-grid power generation of the Group amounted to 192.1434 billion kWh, representing an increase of 14.22% over year 2010. The increases in power generation and on-grid power generation were mainly attributable to an increase in the capacity of operational generating units of the Group, safe and stable operation of the generating units and a steadily increasing power demand in the service territories. During the year 2011, the Group added new installed capacity of electricity of 2,183.9MW.

Information relating to Beijing Datang Fuel Co.

On 12 October 2011, the Company, Datang Electric Power Fuel Co. and Beijing Datang Fuel Co. entered into the Capital Contribution Agreement, pursuant to which Datang Electric Power Fuel Co., a wholly-owned subsidiary of CDC, agreed to make capital contribution to Beijing Datang Fuel Co.. Upon completion of the capital contribution, Datang Electric Power Fuel Co. will hold 49% equity interest in Beijing Datang Fuel Co., a former wholly-owned subsidiary of the Company, and the Company will hold 51% equity interest in Beijing Datang Fuel Co.. As at the Latest Practicable Date, the procedures for making changes to the business and commercial registration of Beijing Datang Fuel Co. are still in progress.

According to the Company, Beijing Datang Fuel Co. is a company specialising in the business of coal sales. It commenced operation in December 2006. We have discussed with the management of the Company and noted that Beijing Datang Fuel Co. has accumulated extensive experience in the practical processes for coal business operations over many years, and it has long term business relationships with certain coal mines, has established coal supplier network and gained experience in transportation arrangements, which give it competitive advantages in securing coal resources and transportation arrangements in the principal coal-producing areas of China such as Shanxi Province and the Inner Mongolia Autonomous Region and target countries for coal export such as Indonesia.

Information relating to Inner Mongolia Fuel Co.

Inner Mongolia Fuel Co. is a wholly-owned subsidiary of Beijing Datang Fuel Co. and is primarily responsible for the supply of coal for the power generation for the Company in the Inner Mongolia region as well as the coordination and support in the procurement of coal in the Inner Mongolia region for other power generation enterprises of the Company outside the Inner Mongolia region.

LETTER FROM MIZUHO SECURITIES

Reasons and benefits

As mentioned in the Letter from the Board, coal consumption for power generation has been increasing every year as a result of the rapid development of the coastal power generation companies of the Company. Meanwhile, there is no guarantee that coal supply can be secured at favourable prices if each power generation company of the Group purchases its own coal. The centralised supply of coal for power generation by Beijing Datang Fuel Co. and Inner Mongolia Fuel Co to the power generation companies of the Group may help the Group to leverage on the experience and expertise of these coal-procurement specialised companies and the advantage of bulk purchase, including enhancement in bargaining power to secure stable coal supply and stabilise purchase prices of coal to a certain extent, enhancement in flexibility to adjust the composition of coal portfolios, and reduction in overall procurement and administration costs.

We understand from the Company that coal is a major raw material for coal-fired power generation company. Having considered the importance of coal supply and the substantial amount of coal needed for power generation, in selecting coal suppliers, the power plants of the Group will take into account a number of factors, including the quantity and quality of coal supplied, prices of coal, and transportation costs. It is important for coal-fired power plants to secure smooth supply of quality coal so as to ensure continuous power generation. Even though the Group is able to purchase coal of similar quality and prices from third party suppliers in some cases, the Framework Agreement for the Purchase of Coal and the Inner Mongolia Purchase of Coal Contracts provide the Group a channel to secure the quality and quantity of coal purchased efficiently throughout the year so as to ensure smooth operations of the coal-fired power plants of the Group. Also, such arrangements help to stabilise average purchase prices of coal for the Group, and might serve to save procurement costs through bulk purchase via such specialised coal procurement companies.

It is expected that Inner Mongolia Fuel Co. will also facilitate the application for the allocation of coal and transportation resources, so as to secure the supply of coal for the Company's power generation and other enterprises for production purposes. We understand from the Company that the Group may be able to arrange transportation at reasonable costs and in efficient manner through the facilitation by Inner Mongolia Fuel Co. when procuring coal supply in the Inner Mongolia region. As such, we concur with the Directors' view that it is beneficial to the Group to leverage on Inner Mongolia Fuel Co. to procure coal supply and transportation resources in an efficient manner and to control purchase prices, as well as to save procurement and administration costs when purchasing coal and arranging transportation in the Inner Mongolia region.

LETTER FROM MIZUHO SECURITIES

2. MAJOR TERMS AND ANNUAL CAP OF THE FRAMEWORK AGREEMENT FOR THE PURCHASE AND SALE OF COAL

Date: 18 April 2012

Parties: the Company and Beijing Datang Fuel Co.

Major terms:

1. Subject Matter: Beijing Datang Fuel Co. agreed to supply coal by batches throughout the term of the agreement primarily to the Company's power plants located in coastal areas and other power plants owned by the Company or its subsidiaries.

The parties may, from time to time during the term of the agreement, enter into specific purchase and sales contracts in respect of the supply of coal by Beijing Datang Fuel Co. provided that such specific purchase and sales contracts shall be subject to the terms of the Framework Agreement for the Purchase and Sale of Coal.

2. Consideration: The prices with respect to the supply of coal in specific batches by Beijing Datang Fuel Co. to the Group shall be determined in the ordinary course of business on normal commercial terms, on the basis of arm's length negotiation according to the prevailing market conditions and at market prices and will be on terms no less favourable to the Group than terms available from independent third parties. The estimated annual transaction amount is approximately RMB21,700 million.
3. Settlement and payment: settlement shall be made by the Company within seven days upon the issue of invoice by Beijing Datang Fuel Co. or on such other terms to be agreed by the parties.
4. Term: One year, commencing from 1 January 2012 to 31 December 2012.

On the basis that the prices with respect to the supply of coal by Beijing Datang Fuel Co. to the Group shall be determined in the ordinary course of business on normal commercial terms, and on the basis of arm's length negotiation according to the prevailing market conditions and at market prices and will be on terms no less favourable to the Group than terms available from independent third parties, we consider that the terms of the Framework Agreement for the Purchase and Sale of Coal are fair and reasonable.

Historical transaction amounts

The total fees paid by the Group to Beijing Datang Fuel Co. for the three years ended 31 December 2009, 31 December 2010 and 31 December 2011 amounted to approximately RMB568 million, RMB13,882 million and RMB15,809 million, respectively.

LETTER FROM MIZUHO SECURITIES

Annual cap

The maximum transaction amount in respect of the Framework Agreement for the Purchase and Sale of Coal for the year ending 31 December 2012 is estimated by the Company to be not exceeding RMB21,700 million, which is determined with reference to (i) the anticipated quantity of coal to be purchased by the Group from Beijing Datang Fuel Co. for the year ending 31 December 2012 taking into account (a) the plan of certain subsidiaries of the Group to increase the power generation of its power plants in 2012; (b) the plan of certain subsidiaries of the Company to increase the quantity of coal to be purchased from Beijing Datang Fuel Co.; and (ii) the estimated rising market price of coal in 2012.

We understand that not all the coal needed by the Group was purchased from Beijing Datang Fuel Co. in the past. Some power plants of the Group expect to increase the quantity of coal to be purchased through Beijing Datang Fuel Co. in 2012. Some power plants within the Group which did not purchase coal from Beijing Datang Fuel Co. in 2011 expect to purchase coal from Beijing Datang Fuel Co. in 2012, so as to enjoy the benefits of bulk purchase and centralisation of coal procurement through this specialised subsidiary of the Company so as to ensure the smooth supply of coal throughout the year. The anticipated increase in the quantity of coal to be purchased from Beijing Datang Fuel Co. was estimated after considering the expected increase in power generation of the relevant coal-fired power plants of the Group, the expected increase in purchase of coal from Beijing Datang Fuel Co., and the expected coal consumption of the power generating units. The annual cap for 2012 is significantly higher than the historical amounts of coal purchased from Beijing Datang Fuel Co.. The substantial increase in anticipated annual cap is because certain power plants of the Group expect to purchase more coal from Beijing Datang Fuel Co., instead of purchasing coal from third party suppliers, and the plan of certain subsidiaries of the Group to increase the power generation of its power plants in 2012.

We note that the market prices of coal are generally in an increasing trend since year 2010. In this connection, it is reasonable for the Group to determine the annual cap at rising market price of coal in 2012.

On the basis of the above, we consider that the annual cap for the Framework Agreement for the Purchase and Sale of Coal is reasonably determined.

3. MAJOR TERMS AND ANNUAL CAP OF INNER MONGOLIA PURCHASE OF COAL CONTRACTS

Date & Parties: On 18 April 2012, Inner Mongolia Fuel Co. entered into four Inner Mongolia Purchase of Coal Contracts with each of (i) Tuoketuo Power Generation Co.; (ii) Tuoketuo II Power Co.; (iii) Hohhot Thermal Power Co.; and (iv) Renewable Energy Resources Co.

LETTER FROM MIZUHO SECURITIES

Major terms:

The terms of the four Inner Mongolia Purchase of Coal Contracts are materially the same. Such terms are summarized as follows:

1. Subject Matter: Inner Mongolia Fuel Co. agreed to supply coal by batches to certain subsidiaries of the Company located at Inner Mongolia, namely Tuoketuo Power Generation Co., Tuoketuo II Power Co., Hohhot Thermal Power Co. and Renewable Energy Resources Co. during the term of the agreement.

The parties may, from time to time during the term of the agreement, enter into specific purchase and sales contracts in respect of the supply of coal by Inner Mongolia Fuel Co. provided that such specific purchase and sales contracts shall be subject to the terms of the Inner Mongolia Purchase of Coal Contracts.

2. Consideration: The prices with respect to the supply of coal in specific batches by Inner Mongolia Fuel Co. to certain subsidiaries of the Company located at Inner Mongolia shall be determined in the ordinary course of business on normal commercial terms on the basis of arm's length negotiation according to the prevailing market conditions and at market prices and will be on terms no less favourable to Tuoketuo Power Generation Co., Tuoketuo II Power Co., Hohhot Thermal Power Co. and Renewable Energy Resources Co. than terms available from independent third parties. The estimated annual transaction amount is approximately RMB5,200 million.
3. Settlement and payment: settlement shall be made by cash on a monthly basis or on such other terms to be agreed by the parties.
4. Term: One year, commencing from 1 January 2012 to 31 December 2012.

Having considered that the prices with respect to the supply of coal by Inner Mongolia Fuel Co. to the Group shall be determined in the ordinary course of business on normal commercial terms, and on the basis of arm's length negotiation according to the prevailing market conditions, and at market prices and will be on terms no less favourable than terms available from independent third parties, we consider that the terms of the Inner Mongolia Purchase of Coal Contracts are fair and reasonable.

Historical transaction amounts

The total fees paid by the relevant subsidiaries of the Company located at Inner Mongolia to Inner Mongolia Fuel Co. for the period from 1 March 2011 to 31 December 2011 amounted to approximately RMB3,800 million (excluding tax of 17%) and RMB4,400 million (including tax of 17%).

LETTER FROM MIZUHO SECURITIES

Annual cap

The maximum aggregate transaction amount in respect of the Inner Mongolia Purchase of Coal Contracts for the year ending 31 December 2012 is estimated by the Company to be not exceeding RMB5,200 million, which is determined with reference to (i) the anticipated quantity of coal to be purchased by the relevant subsidiaries of the Company located at Inner Mongolia from Inner Mongolia Fuel Co. for the year ending 31 December 2012; and (ii) the estimated market price of coal. We have discussed with the management of the Group and understand that not all the coal needed by the companies of the Group in Inner Mongolia was purchased through Inner Mongolia Fuel Co. in the past but the Group expect to increase the quantity of coal to be purchased through Inner Mongolia Fuel Co. in 2012, so as to enjoy the benefits of bulk purchase and centralisation of coal procurement through this specialised subsidiary of the Company so as to ensure the smooth supply of coal throughout the year. The anticipated quantity of coal to be purchased was estimated after considering the expected power generated by the relevant coal-fired power plants of the Group and the expected coal consumption of the power generating units. Furthermore, we note that the market prices of coal are generally in an increasing trend since year 2010. In this connection, it is reasonable for the Group to determine the annual cap at rising market price of coal in 2012.

We note that the Group only purchased coal from Inner Mongolia Fuel Co. for around 10 months in 2011. Based on the total fees of approximately RMB3,800 million for the period from 1 March 2011 to 31 December 2011, the annualised fees (“Annualised Fees”) would be approximately RMB4,560 million. The annual cap for 2012 is approximately 14% higher than the Annualised Fees. We also note from the Annual Report that for the year ended 31 December 2011, total power generation and cumulative on-grid power generation of the Group increased by approximately 14.14% and 14.22% respectively when compared to that for the year ended 31 December 2010. On such basis, we consider that the increase in annual cap for 2012 when compared to the historical transaction amount of coal purchased from Inner Mongolia Fuel Co. is reasonable.

On the basis of the above, we consider that the annual cap for the Inner Mongolia Purchase of Coal Contracts is reasonably determined.

LETTER FROM MIZUHO SECURITIES

4. OPINION

Having considered the principal factors and reasons described above, we are of the opinion that the terms of the Framework Agreement for the Purchase and Sale of Coal and the Inner Mongolia Purchase of Coal Contracts are on normal commercial terms, and their terms and respective annual cap are fair and reasonable as far as the interests of the Independent Shareholders are concerned, and, from this perspective, the Framework Agreement for the Purchase and Sale of Coal and the Inner Mongolia Purchase of Coal Contracts are in the interests of the Company and its shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to approve the Framework Agreement for the Purchase and Sale of Coal and the Inner Mongolia Purchase of Coal Contracts as well as their respective annual cap at the AGM.

Yours faithfully,
For and on behalf of
MIZUHO SECURITIES ASIA LIMITED
Kelvin S. K. Lau
Managing Director
Equity Capital Markets & Corporate Finance

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE OF THE COMPANY

- (i) As at the Latest Practicable Date, save and except Mr. Fang Qinghai, being a Director, who held 24,000 A shares of the Company, none of the Directors, supervisors and chief executive of the Company have any interests and short positions in the shares, underlying shares and/or debentures (as the case may be) of the Company or any of its associated corporations (within the meaning of the SFO) which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Director, chief executive or supervisor is taken or deemed to have under such provisions of the SFO) or which was required to be entered into the register required to be kept by the Company under section 352 of the SFO or which was otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules.
- (ii) As at the Latest Practicable Date, none of the Directors, proposed Directors, supervisors or proposed supervisors of the Company has any direct or indirect interest in any assets which have since 31 December 2011 (being the date to which the latest published audited financial statements of the Company were made up) been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

3. SERVICE AGREEMENTS

As at the Latest Practicable Date, none of the Directors, proposed directors, supervisors or proposed supervisors of the Company had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the Company within one year without payment of compensation (other than statutory compensation)).

4. INTEREST IN CONTRACT

As at the Latest Practicable Date, none of the Directors or supervisors of the Company was materially interested in any contract or arrangement entered into by any member of the Group, and which was significant in relation to the business of the Group.

5. MATERIAL CHANGES

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2011, being the date to which the latest published audited financial statements of the Group were made up.

6. COMPETING INTEREST

As at the Latest Practicable Date, none of the directors of the Company and its Subsidiaries, or their respective Associates has interests in the businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Company and its subsidiaries.

7. EXPERT

- (a) The following sets out the qualifications of the expert which has given its opinion or advice as contained in this circular:

Name	Qualifications
Mizuho Securities	A licensed corporation to engage in types 1 (dealing in securities), 2 (dealing in futures contracts) 4 (advising on securities), 5 (advising on futures contracts), 6 (advising on corporate finance) and 9 (asset management) regulated activities under the SFO

- (b) Mizuho Securities did not have any shareholding, direct or indirect, in any members of the Group or any rights (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any members of the Group as at the Latest Practicable Date.
- (c) Mizuho Securities does not have any interest, direct or indirect, in any assets which have been acquired or disposed of by or leased to any members of the Group, or which are proposed to be acquired or disposed of by or leased to any members of the Group since 31 December 2011, the date to which the latest published audited financial statements of the Company were made up.
- (d) Mizuho Securities has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they are included.

8. LITIGATION

No member of the Company and its subsidiaries is at present engaged in any litigation or arbitration of material importance to the Company and its subsidiaries and no litigation or claim of material importance to the Company and its subsidiaries is known to the Directors or the Company to be pending or threatened by or against any member of the Company and its subsidiaries.

9. MISCELLANEOUS

- (a) The registered office of the Company is No. 482, Guanganmennei Avenue, Xuanwu District, Beijing, the PRC and the office address of the Company is No. 9 Guangningbo Street, Xicheng District, Beijing, the PRC.
- (b) The place of business of the Company in Hong Kong is at c/o Stephen Mok & Co., 21/F, Gloucester Tower, The Landmark, 15 Queen's Road Central, Hong Kong.
- (c) The Hong Kong share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at 46/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (d) The secretary to the Board of the Company is Mr. Zhou Gang. Mr. Zhou graduated from East China Institute of Water Conservancy (currently known as Hehai University), and is a senior engineer.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Framework Agreement for the Purchase and Sale of Coal, the Inner Mongolia Purchase of Coal Contracts and the Entrusted Loan Agreement, the consent letter and the letter of advice from Mizuho Securities are available for inspection at the principal place of business in Hong Kong of the Company at 21/F, Gloucester Tower, The Landmark, 15 Queen's Road Central, Hong Kong during normal business hours from the date of this circular up to and including 23 May 2012.