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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)

DISCLOSEABLE AND CONNECTED TRANSACTIONS

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



A letter from the Board is set out on pages 4 to 13 of this circular. A letter from the Independent Board Committee is set out on pages 14 to 15 of this circular. A letter from Quam Capital containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 16 to 25 of this circular.

The Company will convene the EGM at Summer Room of 2/F, The Westin Beijing Financial Street, No. 9B Financial Street, Xicheng District, Beijing, the PRC on 14 August 2015 (Friday) at 9:30 a.m. The notice convening the EGM has been despatched to the shareholders on 29 June 2015.

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

21 July 2015

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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
“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 the controlling Shareholder of the Company which, together with its subsidiaries, owns approximately 34.77% of the issued share capital of the Company as at the Latest Practicable Date
“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 Hong Kong Stock Exchange and the London Stock Exchange and whose A Shares are listed on the Shanghai Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“connected transaction”	has the meaning ascribed to it under the Listing Rules
“Construction Bank Railway Sub-branch”	Beijing Railway Sub-branch of China Construction Bank Corporation, details of which are set out in the section headed “Information Relating to the Parties of the Agreement”
“Directors”	the director(s) of the Company
“Duolun Coal Chemical Company”	Datang Inner Mongolia Duolun Coal Chemical Company Limited (大唐內蒙古多倫煤化工有限責任公司), a subsidiary of the Company, the details of which are set out in the section headed “Information Relating to the Parties of the Agreement”
“EGM”	the extraordinary general meeting of the Company to be held at Summer Room of 2/F, The Westin Beijing Financial Street, No. 9B Financial Street, Xicheng District Beijing, the PRC on 14 August 2015 (Friday) at 9:30 a.m. to consider and approve, among others, the Entrusted Loan Agreement and the Entrusted Loan Framework Agreement

DEFINITIONS

“Entrusted Loan Agreement”	the entrusted loan agreement entered into on 29 June 2015 between the Company, Construction Bank Railway Sub-branch and Xilinhaote Mining Company in respect of the entrusted loan arrangement between the Company, Construction Bank Railway Sub-branch
“Entrusted Loan Framework Agreement”	the general entrusted loan entrustment agreement entered into on 29 June 2015 between the Company and ICBC Xuanwu Branch in respect of the entrusted loan arrangement, and the general entrusted loan business entrustment letter signed by 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 Hong Kong Stock Exchange and the London Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“ICBC Xuanwu Branch”	Xuanwu Branch of Industrial and Commercial Bank of China Limited, details of which are set out in the section entitled “Information Relating to the Parties of the Agreement”
“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 and the Entrusted Loan Framework Agreement
“Independent Shareholders”	has the meaning ascribed to it under the Listing Rules
“Latest Practicable Date”	17 July 2015, 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
“PRC”	the People’s Republic of China

DEFINITIONS

“Previous Transactions”	the entrusted loan agreement entered into on 12 February 2015 between the Company, Datang Finance Company and Duolun Coal Chemical Company, the details of which are set out in the announcement issued by the Company on 13 February 2015; the entrusted loan agreement entered into on 21 May 2015 between the Company, Duolun Coal Chemical Company and Construction Bank Railway Sub-branch, the details of which are set out in the announcement issued by the Company on 21 May 2015; the entrusted loan agreement entered into on 19 June 2015 between the Company, Xilinhaote Mining Company and Construction Bank Railway Sub-branch, the details of which are set out in the announcement issued by the Company on 19 June 2015
“Quam Capital”	Quam Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Entrusted Loan Agreement and the Entrusted Loan Framework Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	the holder(s) of the Share(s) of the Company
“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
“Xilinhaote Mining Company”	Inner Mongolia Datang International Xilinhaote Mining Company Limited(內蒙古大唐國際錫林浩特礦業有限公司), a subsidiary of the Company, the details of which are set out in the section headed “Information Relating to the Parties of the Agreement”
“%”	percent

LETTER FORM 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. Wu Jing

Mr. Zhou Gang

Non-executive Directors:

Mr. Chen Jinhang (*Chairman*)

Mr. Hu Shengmu

Mr. Liang Yongpan

Mr. Cao Xin

Mr. Cai Shuwen

Mr. Liu Haixia

Ms. Guan Tiangang

Mr. Yang Wenchun

Office address:

No.9 Guangningbo Street

Xicheng District

Beijing, 100033

the PRC

Principal place of business

in Hong Kong:

c/o Eversheds

21/F, Gloucester Tower

The Landmark

15 Queen's Road Central

Hong Kong

Independent non-executive Directors:

Mr. Dong Heyi

Mr. Ye Yansheng

Ms. Zhao Jie

Mr. Jiang Guohua

Mr. Feng Genfu

21 July 2015

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTIONS

On 29 June 2015, the Company and ICBC Xuanwu Branch entered into the Entrusted Loan Framework Agreement, pursuant to which, the Company entrusted ICBC Xuanwu Branch to act as the lending agent to provide entrusted loan of an aggregate amount of RMB4.0 billion to Duolun Coal Chemical Company during the term of the agreement.

LETTER FORM THE BOARD

On 29 June 2015, the Company and Xilinhaote Mining Company entered into the Entrusted Loan Agreement with Construction Bank Railway Sub-branch, pursuant to which, the Company agreed to entrust Construction Bank Railway Sub-branch to act as the lending agent to provide entrusted loan of an aggregate amount of RMB2.0 billion to Xilinhaote Mining Company during the term of the agreement.

The purpose of this circular is:

- (1) to provide you with further details of the Entrusted Loan Agreement and the Entrusted Loan Framework Agreement;
- (2) to set out the recommendation of the independent Board Committee in respect of the Entrusted Loan Agreement and the Entrusted Loan Framework Agreement; and
- (3) to set out the letter of advice from Quam Capital to the Independent Board Committee and the Independent Shareholders in respect of the Entrusted Loan Agreement and the Entrusted Loan Framework Agreement.

I. ENTRUSTED LOAN FRAMEWORK AGREEMENT

Date and Subject Matter

On 29 June 2015, the Company and ICBC Xuanwu Branch entered into the Entrusted Loan Framework Agreement, pursuant to which, the Company entrusted ICBC Xuanwu Branch to act as the lending agent to provide entrusted loan of an aggregate amount of RMB4.0 billion to Duolun Coal Chemical Company during the term of the agreement.

Parties

1. The Company, as the entrusted lender;
2. ICBC Xuanwu Branch, as the lending agent.

To the best of the Company's knowledge, information and belief having made all reasonable enquiries, ICBC Xuanwu Branch and its ultimate beneficial owners (if any) is a third party independent of the Company and its connected persons.

LETTER FORM THE BOARD

Major Terms

1. Entrusted Loan Arrangement

Pursuant to the Entrusted Loan Framework Agreement, the Company agreed to entrust ICBC Xuanwu Branch to act as the lending agent to provide entrusted loan to Duolun Coal Chemical Company. Matters in relation to the entrusted loan, such as borrower, usage of the proceeds, amount, term and interest rate of the borrowings, shall be determined by the Company; the Company shall then enter into general entrusted loan and borrowing contracts with ICBC Xuanwu Branch and Duolun Coal Chemical Company. These specific borrowing contracts shall be subject to the terms of the Entrusted Loan Framework Agreement.

2. Amount of the entrusted loan

The loan amount for Duolun Coal Chemical Company under the Entrusted Loan Framework Agreement shall be RMB4 billion.

3. Term

The term is 12 months commencing from 29 June 2015 to 28 June 2016.

4. Interest rate

Pursuant to the Entrusted Loan Framework Agreement, the interest rate of entrusted loan shall be determined by the Company. As per the resolution of the Board, the loan interest rate shall be a floating rate, being the benchmark interest rate to be charged for the same level of loans in RMB as announced for implementation by the People's Bank of China on the actual date when the loan is granted plus 10%. In the event that the People's Bank of China adjusts the benchmark interest rate during the term of the agreement, 21st December of each year shall be the adjustment date for the interest rate under the agreement. The adjusted borrowing interest rate will be the benchmark interest rate for the same level of loans in RMB announced for implementation by the People's Bank of China on the adjustment date plus 10%.

As at the Latest Practicable Date, the prevailing benchmark interest rate for one-year loans in RMB as announced by the People's Bank of China is 4.85% per annum.

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

LETTER FORM THE BOARD

5. Handling fee

The handling fee of the entrusted loan per month shall be 0.02083‰ of the contract amount of the entrusted loan, which is arrived at with reference to the standard handling fee charged by commercial banks for the provision of same level of entrusted loan, and the handling fee is at certain discount on that basis. The handling fee of the entrusted loan shall be settled by the Company to ICBC Xuanwu Branch annually by way of remittance.

6. Use of proceeds of the entrusted loan

According to the Entrusted Loan Framework Agreement, the use of proceeds is determined by the Company. As per resolution of the Board, the loan will be utilised for the replenishment of its liquidity loan and replacement of due borrowings of Duolun Coal Chemical Company.

7. Effective date

The Entrusted Loan Framework Agreement shall become effective when it is duly signed by the legal representatives or authorised agents of the parties and with their respective seals affixed therein.

II. ENTRUSTED LOAN AGREEMENT

Date and Subject Matter

On 29 June 2015, the Company and Xilinhaote Mining Company entered into the Entrusted Loan Agreement with Construction Bank Railway Sub-branch, pursuant to which, the Company agreed to entrust Construction Bank Railway Sub-branch to act as the lending agent to provide entrusted loan of an aggregate amount of RMB2.0 billion to Xilinhaote Mining Company during the term of the agreement.

Parties

1. The Company, as the entrusted lender;
2. Construction Bank Railway Sub-branch, as the lending agent; and
3. Xilinhaote Mining Company, as the borrower.

To the best of the Company's knowledge, information and belief having made all reasonable enquiries, Construction Bank Railway Sub-branch and its ultimate beneficial owners (if any) is a third party independent of the Company and its connected persons.

LETTER FORM THE BOARD

Major Terms

1. Entrusted Loan Arrangement

Pursuant to the Entrusted Loan Agreement, the Company agreed to entrust Construction Bank Railway Sub-branch to act as the lending agent to provide entrusted loan to Xilinhaote Mining Company.

2. Amount of the entrusted loan

The loan amount for Xilinhaote Mining Company under the Entrusted Loan Agreement shall be RMB2 billion.

3. Term

The term is 12 months commencing from 29 June 2015 to 28 June 2016.

4. Interest rate

The loan interest rate shall be a floating rate, being the benchmark interest rate to be charged for the same level of loans in RMB as announced for implementation by the People's Bank of China on the actual date when the loan is granted plus 10%. In the event that the People's Bank of China adjusts the benchmark interest rate during the term of the agreement, 21st December of each year shall be the adjustment date for the interest rate under the agreement. The adjusted borrowing interest rate will be the benchmark interest rate for the same level of loans in RMB announced for implementation by the People's Bank of China on the adjustment date plus 10%.

As at the Latest Practicable Date, the prevailing benchmark interest rate for one-year loans in RMB as announced by the People's Bank of China is 4.85% per annum.

Such interest rate is arrived at after arm's length negotiation between the Company and Xilinhaote Mining Company in consideration of the overall reduction in capital costs to the Group after the accounts of Xilinhaote Mining Company (being a subsidiary of the Company) are consolidated into the accounts of the Company.

5. Calculation of interests

Interests under the entrusted loan shall be accrued on a daily basis and shall be settled on a quarterly basis. The settlement date falls on the twentieth (20th) day of the last month of each quarter.

LETTER FORM THE BOARD

6. Handling fee

The handling fee of the entrusted loan shall be 0.02% of the contract amount of the entrusted loan, which is arrived at with reference to the standard handling fee charged by commercial banks for the provision of same level of entrusted loan, and the handling fee is at certain discount on that basis. The handling fee of the entrusted loan shall be settled by the Company to Construction Bank Railway Sub-branch in one lump sum on the date of granting of the entrusted loan.

7. Use of proceeds of the entrusted loan

The loan will be utilised for the replenishment of its liquidity loan and replacement of due borrowings of Xilinhaote Mining Company.

8. Repayment schedule of the entrusted loan

The specific withdrawal amount, withdrawal date, as well as repayment date under the Entrusted Loan Agreement are subject to the actual amount and dates as stipulated in the loan certificate of Xilinhaote Mining Company.

9. Effective date

The Entrusted Loan Agreement shall become effective when it is duly signed by the legal representatives or authorised agents of the parties and with their respective seals affixed therein.

REASONS FOR AND BENEFITS OF ENTERING INTO THE ENTRUSTED LOAN FRAMEWORK AGREEMENT AND THE ENTRUSTED LOAN AGREEMENT

In order to ensure the replacement of due borrowings on schedule as well as to replenish liquid capital in a timely manner, the Company provides entrusted loans of an aggregate amount of not exceeding RMB4.0 billion and RMB2.0 billion to Duolun Coal Chemical Company and Xilinhaote Mining Company, respectively. The Company is of the view that the entrusted loans, which will be primarily utilised by Duolun Coal Chemical Company and Xilinhaote Mining Company to replenish their liquidity loans and replace due borrowings, are thus beneficial for the smooth progress of the production and operation activities of Duolun Coal Chemical Company and Xilinhaote Mining Company.

Considering the possible higher financial costs for Duolun Coal Chemical Company and Xilinhaote Mining Company to obtain the same loans from other commercial banks when compared with the financial costs incurred by the Company to obtain the funding of the entrusted loans, the Company considers that the overall capital costs to the Group will be relatively reduced after the accounts of Duolun Coal Chemical Company and Xilinhaote Mining Company (being the subsidiaries of the Company) are consolidated into the accounts of the Company.

LETTER FROM THE BOARD

The Directors are of the view that the terms of the Entrusted Loan Framework Agreement and 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 in ordinary and usual course of business and are in the interests of the Company and its Shareholders as a whole.

INFORMATION RELATING TO THE PARTIES OF THE AGREEMENT

1. 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 as well as the provision of power-related technical services. The main service areas of the Company are in the PRC.

2. Xilinhaote Mining Company

Xilinhaote Mining Company is a subsidiary of the Company. It was duly incorporated on 23 August 2007 with a registered capital of RMB376 million. It is primarily responsible for the development, construction and operation of Shengli Open-cut Coal Mine East Unit 2 project. The equity-holding structure of Xilinhaote Mining Company is as follows: 60% of its equity interest is held by the Company and 40% of its equity interest is held by China Datang Coal Industry Co., Ltd., a subsidiary of CDC.

3. Construction Bank Railway Sub-branch

Construction Bank Railway Sub-branch is a commercial bank incorporated by China Construction Bank Corporation in Fengtai District, Beijing on 28 March 1997. It is principally engaged in the provision of RMB deposits, loans and settlement services, import bill discounting, agency issue of financial bonds, agency issue, agency acceptance and underwriting of government bonds, trading of government bonds, agency collection and payment, and insurance agency.

4. CDC

CDC was established on 9 March 2003 and has a registered capital of RMB18.009 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.

LETTER FROM THE BOARD

5. ICBC Xuanwu Branch

ICBC Xuanwu Branch is a commercial bank established by Industrial and Commercial Bank of China Limited within the PRC. It is principally engaged in the provision of six types of services, namely treasury management, fee collection and payment, marketing services, financial wealth management, agency sales and e-commerce.

6. Duolun Coal Chemical Company

Duolun Coal Chemical Company, a subsidiary of the Company, was duly established on 19 August 2009 with a paid-in capital of RMB4,050 million. Duolun Coal Chemical Company is principally responsible for the construction and operation of the coal-based olefin project with an annual output of 460,000 tonnes. The equity-holding structure of Duolun Coal Chemical Company is as follows: 60% of its equity interest is held by Energy and Chemical Company, a wholly-owned subsidiary of the Company and 40% of its equity interest is held by CDC.

LISTING RULES IMPLICATIONS

Discloseable Transactions

Since one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) of each of the Entrusted Loan Framework Agreement and Entrusted Loan Agreement when aggregated with the Previous Transactions is more than 5% but all the applicable percentage ratios are less than 25%, each of the Entrusted Loan Framework Agreement and Entrusted Loan Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Connected Transactions

As at the date of this announcement, CDC together with its subsidiaries holds approximately 34.77% of the issued share capital of the Company. Duolun Coal Chemical Company and Xilinhaote Mining Company are both subsidiaries of the Company, and Duolun Coal Chemical Company and Xilinhaote Mining Company are owned as to 40% by CDC and China Datang Coal Industry Co. Ltd, a subsidiary of CDC, respectively. Duolun Coal Chemical Company and Xilinhaote Mining Company are therefore the connected persons of the Company, and entering into the Entrusted Loan Framework Agreement and the transactions under the Entrusted Loan Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

Since one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the amount of entrusted loans under the Entrusted Loan Framework Agreement and the Entrusted Loan Agreement when aggregated with the Previous Transactions is more than 5%, each of the Duolun Coal Chemical Company Entrusted Loan Framework Agreement and Xilinhaote Mining Company Entrusted Loan Agreement as well as the transactions thereunder is subject to the requirements of reporting, announcement and approval by the independent Shareholders of the Company under Chapter 14A of the Listing Rules.

BOARD'S APPROVAL

The twenty-third meeting of the eighth session of the Board of the Company has approved the transactions under the Entrusted Loan Framework Agreement and the Entrusted Loan Agreement. None of the Directors has any material interests in the Entrusted Loan Framework Agreement and the Entrusted Loan Agreement. Those connected Directors, namely Chen Jinhang, Hu Shengmu and Liang Yongpan (all of whom are the key management personnel of CDC), have abstained from voting for approval of such resolution in accordance with the listing rules of the Shanghai Stock Exchange.

EGM

The Company will convene the EGM to, among other things, ratify, consider and approve the Entrusted Loan Agreement and the Entrusted Loan Framework Agreement. The notice convening the EGM has been despatched to the shareholders on 29 June 2015.

Any Shareholder with a material interest in the transactions and its associates will abstain from voting at the EGM to be held by the Company, to, among others, consider and approve the Entrusted Loan Agreement and the Entrusted Loan Framework Agreement.

As at the Latest Practicable Date, CDC together with its subsidiaries holds approximately 34.77% of the issued share capital of the Company. CDC and its associates shall abstain from voting at the EGM to approve the Entrusted Loan Agreement and the Entrusted Loan Framework Agreement.

To the best of the Directors' knowledge, apart from CDC and its associates, no other shareholders have material interest in the transactions under the Entrusted Loan Agreement and the Entrusted Loan Framework Agreement and shall abstain from voting at the relevant resolutions at the EGM.

LETTER FROM THE BOARD

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee as set out on pages 14 to 15 of this circular which contains its recommendation to the Independent Shareholders on the terms of the Entrusted Loan Agreement and the Entrusted Loan Framework Agreement. Your attention is also drawn to the letter of advice received from Quam Capital, the independent financial adviser to the Independent Board Committee and the Independent Shareholders as set out on pages 16 to 25 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 Entrusted Loan Agreement and the Entrusted Loan Framework Agreement, the casting of votes for or against the resolutions approving the Entrusted Loan Agreement and the Entrusted Loan Framework Agreement as well as the principal factors and reasons considered by it in concluding its advice.

The Directors consider that the terms of the Entrusted Loan Agreement and the Entrusted Loan Framework 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 EGM.

Yours faithfully,

By Order of the Board of

Datang International Power Generation Co., Ltd.

Zhou Gang

Secretary to the Board

LETTER FROM 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

21 July 2015

To the Independent Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTIONS

We refer to the circular issued by the Company to the shareholders dated 21 July 2015 (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 and the Entrusted Loan Framework Agreement constitute connected transactions of the Company, and are subject to the approval of the Independent Shareholders at the EGM.

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

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

LETTER FROM INDEPENDENT BOARD COMMITTEE

We also consider that the terms of the Entrusted Loan Agreement and the Entrusted Loan Framework Agreement are fair and reasonable. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to approve the Entrusted Loan Agreement and the Entrusted Loan Framework Agreement at the EGM.

Yours faithfully,

For and on behalf of the Independent Board Committee

Dong Heyi, Ye Yansheng, Zhao Jie, Jiang Guohua, Feng Gengfu

Independent non-executive Directors

Datang International Power Generation Co., Ltd.

LETTER FROM QUAM CAPITAL

The following is the full text of the letter of advice from Quam Capital, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, in respect of the Entrusted Loan Framework Agreement and Entrusted Loan Agreement which have been prepared for the purpose of inclusion in this circular.



Quam Capital Limited

A Member of The Quam Group

21 July 2015

To the Independent Board Committee and the Independent Shareholders

Dear Sirs/Madam,

DISCLOSABLE AND CONNECTED TRANSACTION

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Entrusted Loan Framework Agreement and Entrusted Loan Agreement, details of which are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular issued by the Company to the Shareholders dated 21 July 2015 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

On 29 June 2015, the Company and ICBC Xuanwu Branch entered into the Entrusted Loan Framework Agreement, pursuant to which, the Company entrusted ICBC Xuanwu Branch to act as the lending agent to provide entrusted loan of an aggregate amount of RMB4.0 billion to Duolun Coal Chemical Company during the term of the agreement.

On 29 June 2015, the Company and Xilinhaote Mining Company entered into the Entrusted Loan Agreement with Construction Bank Railway Sub-branch, pursuant to which, the Company agreed to entrust Construction Bank Railway Sub-branch, pursuant to which, the Company agreed to entrust Construction Bank Railway Sub-branch to act as the lending agent to provide entrusted loan of an aggregate amount of RMB2.0 billion to Xilinhaote Mining Company during the term of the agreement.

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) of each of the Entrusted Loan Framework Agreement and the Entrusted Loan Agreement are more than 5% but less than 25%, each of the Entrusted Loan Framework Agreement and the Entrusted Loan Agreement constitutes a discloseable transaction of the Company.

LETTER FROM QUAM CAPITAL

As at the Latest Practicable Date, CDC together with its subsidiaries holds approximately 34.77% of the issued share capital of the Company. Duolun Coal Chemical Company and Xilinhaote Mining Company are both subsidiaries of the Company, and Duolun Coal Chemical Company and Xilinhaote Mining Company are owned as to 40% by CDC and China Datang Coal Industry Co. Ltd, a subsidiary of CDC, respectively. Duolun Coal Chemical Company and Xilinhaote Mining Company are therefore the connected persons of the Company, and entering into the Entrusted Loan Framework Agreement and the Entrusted Loan Agreement and the transactions thereunder constitute connected transactions of the Company, subject to the requirements of reporting, announcement and approval by the Independent Shareholders under Chapter 14A of the Listing Rules.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Dong Heyi, Mr. Ye Yansheng, Ms. Zhao Jie, Mr. Jiang Guohua and Mr. Feng Genfu, has been established to advise the Independent Shareholders as to whether the terms of the Entrusted Loan Framework Agreement and the Entrusted Loan Agreement are fair and reasonable so far as the Company and Independent Shareholders are concerned and whether the entering of the Entrusted Loan Framework Agreement and the Entrusted Loan Agreement are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders as to whether to vote in favour of the relevant resolution to be proposed at the EGM to approve the Entrusted Loan Framework Agreement and the Entrusted Loan Agreement. As the independent financial adviser, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders in such regard.

Since one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the amount of entrusted loans under the Entrusted Loan Framework Agreement and the Entrusted Loan Agreement when aggregated with the Previous Transactions is more than 5%, each of the Entrusted Loan Framework Agreement and Entrusted Loan Agreement as well as the transactions thereunder is subject to the requirements of reporting, announcement and approval by the independent Shareholders of the Company under Chapter 14A of the Listing Rules.

As at the Latest Practicable Date, Quam Capital did not have any relationships or interests with the Company or any other parties that could reasonably be regarded as relevant to the independence of Quam Capital. In the last two years, Quam Capital has acted as an independent financial adviser to the then independent board committee and independent shareholders of the Company in relation to certain continuing connected transactions and connected transaction (details of which were set out in the announcement or circular of the Company dated 20 May 2014, 16 July 2014, 17 September 2014, 1 December 2014, 22 January 2015 and 29 January 2015). Apart from normal professional fees paid or payable to us in connection with such appointment, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other party to the transactions, therefore we consider such relationship would not affect our independence.

LETTER FROM QUAM CAPITAL

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true up to the date of this letter and all such statements of belief, opinions and intention of the Directors and the management of the Group and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. The Directors have confirmed that, after having made all reasonable enquiries and to the best of their knowledge and belief, all relevant information has been supplied to us and that no material facts have been omitted from the information supplied and representations expressed to us. We have also relied on certain information available to the public and have assumed such information to be accurate and reliable. We have no reason to doubt the completeness, truth or accuracy of the information and facts provided and we are not aware of any facts or circumstances which would render such information provided and representations made to us untrue, inaccurate or misleading.

We consider that we have reviewed the relevant information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Company, Duolun Coal Chemical Company and Xilinhaote Mining Company or any of their respective subsidiaries or associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation, we have taken into consideration the following principal factors and reasons:

1. Information of the Group

The Group 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 as well as the provision of power-related technical services, with its main service areas being in the PRC.

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Set out below is a summary of the consolidated financial statements of the Group for the three years ended 31 December 2012, 2013 and 2014.

	As at 31 December		
	2012	2013	2014
	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
		<i>(restated)</i>	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current assets	29,927,395	32,037,536	28,578,169
Current liabilities	65,492,802	70,373,725	76,481,106
Total Assets	275,245,533	299,939,829	307,528,433
Total liabilities	218,672,835	236,109,973	244,070,240
Equity attributable to owners of the Company	41,589,940	43,764,584	44,164,881

	For the year ended 31 December		
	2012	2013	2014
	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
		<i>(restated)</i>	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	77,598,103	75,227,458	70,194,327
Power generation segment	68,491,810	65,629,209	64,406,294
Coal segment	5,982,644	4,210,348	1,768,329
Chemical segment	2,580,135	4,937,628	3,619,255
Other segments	543,514	450,273	400,449
Profit for the year after tax	6,180,829	5,591,255	1,888,494

As illustrated in the table above, the Group had recorded net current liabilities as at 31 December 2012, 2013 and 2014. As at 31 December 2014, the Group recorded the net current liabilities of approximately RMB47.9 billion. According to the annual report of the Company for the year ended 31 December 2014 (the “**2014 Annual Report**”), the net current liabilities position of the Group was mainly attributable to the fact that significant portion of the funding requirements of the Group for capital expenditures was satisfied by short-term borrowings. As at 31 December 2014, the Group had short-term loans, short-term bonds and current portion of the non-current liabilities in aggregate of approximately RMB46.0 billion representing approximately 60.2% of total current liabilities. According to the 2014 Annual Report, the Group had significant undrawn borrowing facilities, subject to certain conditions, amounting to approximately RMB250.3 billion and may refinance and/or restructure certain short-term borrowings into long-term borrowings and will also consider alternative sources of financing, where applicable, and the Directors are of the opinion that the Group will be able to meet its liabilities as and when they fall due within the next twelve months and have prepared the financial statements for the year ended 31 December 2014 on a going concern.

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As set out in the announcement of the Company dated 15 June 2015, the Company has completed the issuance of the “The Third Tranche of Datang International Power Generation Co. Ltd’s Super Short-term Debentures in 2015” with the issuance amount of RMB3 billion at the issuance interest rate of 3.10% and a maturity of 270 days.

As at 31 December 2014, the Group had cash and cash equivalents of approximately RMB5.3 billion and the net assets of approximately RMB63.5 billion.

The revenue of the Group was mainly generated by the power generation, representing approximately 88.3%, 87.2% and 91.8% of the total revenue of the Group for the year ended 31 December 2012, 2013 and 2014 respectively. The decrease in revenue of the Group throughout the past three financial years was mainly due to decrease in revenue contributed by coal segment from RMB6.0 billion for the year ended 31 December 2012 to RMB4.2 billion for the year ended 31 December 2013 and further decreased to RMB1.8 billion for the year ended 31 December 2014. The net profits after tax of the Group decreased by approximately 9.5% for the year ended 31 December 2013 as compared to the year ended 31 December 2012. Such decrease was mainly due to, among other things, (i) investment returns recorded a year-on-year decrease, leading to a decrease in profit of RMB1.8 billion; (ii) on-grid electricity recorded a year-on-year decrease of 7.994 billion kWh, leading to a decrease in profit of RMB 1.1 billion; (iii) fixed cost recorded a year-on-year increase, leading to a decrease in profit of RMB799 million; and (iv) provision for fixed asset depreciation led to a year-on-year decrease in profit of RMB 718 million, which was partly offset by (a) a decrease of unit price of standard coal-into-furnace and coal equivalent of RMB111.7 per tonne, leading to an increase of profit of RMB6.1 billion; (b) a decrease in financial expenditure which led to an increase in profit of RMB1.1 billion; and (c) an increase of profit of other businesses of RMB315 million. For the year ended 31 December 2014, the net profit after tax was decreased by approximately RMB3.7 billion or approximately 66.2% from approximately RMB5.6 billion for the year ended 31 December 2013 to approximately RMB1.9 billion for the year ended 31 December 2014. Such decrease was mainly due to impairment of certain assets which was approved by the 2015 first extraordinary general meeting on 10 February 2015 and the write-off of bad debt which was approved by the nineteenth meeting of the eighth session of the Board on 18 March 2015, which together decreased the profit by approximately RMB3.2 billion.

2. Information of Duolun Coal Chemical Company and Xilinhaote Mining Company

Duolun Coal Chemical Company, a subsidiary of the Company, was duly incorporated on 19 August 2009 with a paid-in capital of RMB4,050 million. Duolun Coal Chemical Company is principally responsible for the construction and operation of the coal-based olefin project with an annual output of 460,000 tonnes. The equity structure of Duolun Coal Chemical Company is as follows: Energy and Chemical Company, a wholly-owned subsidiary of the Company, holds 60% equity interests, and CDC holds 40% equity interests.

Xilinhaote Mining Company is a subsidiary of the Company. It was duly incorporated on 23 August 2007 with a registered capital of RMB376 million. It is primarily responsible for the development, construction and operation of Shengli Open-cut Coal Mine East Unit 2 project. The equity-holding structure of Xilinhaote Mining Company is as follows: 60% of its equity interest is held by the Company and 40% of its equity interest is held by China Datang Coal Industry Co., Ltd., a subsidiary of CDC.

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3. Reasons for entering into of the Entrusted Loan Framework Agreement and Entrusted Loan Agreement

As stated in the Letter from the Board, in order to ensure the replacement of due borrowings on schedule as well as to replenish liquid capital in a timely manner, the Company provides entrusted loans of an aggregate amount of not exceeding RMB4.0 billion and RMB2.0 billion to Duolun Coal Chemical Company and Xilinhaote Mining Company, respectively. The Company is of the view that the entrusted loans, which will be primarily utilised by Duolun Coal Chemical Company and Xilinhaote Mining Company to replenish their liquidity loans and replace due borrowings, are thus beneficial for the smooth progress of the production and operation activities of Duolun Coal Chemical Company and Xilinhaote Mining Company.

Considering the possible higher financial costs for Duolun Coal Chemical Company and Xilinhaote Mining Company to obtain the same loans from other commercial banks when compared with the financial costs incurred by the Company to obtain the funding of the entrusted loans, the Company considers that the overall capital costs to the Group will be relatively reduced after the accounts of Duolun Coal Chemical Company and Xilinhaote Mining Company (being the subsidiaries of the Company) are consolidated into the accounts of the Company.

The Directors are of the view that the terms of the Entrusted Loan Framework Agreement and 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 in ordinary and usual course of business and are in the interests of the Company and its Shareholders as a whole.

We have discussed with the management of the Company and understand that both Duolun Coal Chemical Company and Xilinhaote Mining Company have been loss-making since it commenced operations and had high total debt to asset ratio and thus, they may be difficult for both Duolun Coal Chemical Company and Xilinhaote Mining Company to obtain financial facilities from commercial banks or other financing alternatives, if any, at favourable rates and conditions. Considering the possible higher financial costs for Duolun Coal Chemical Company and Xilinhaote Mining Company to obtain the same loans from other commercial banks when compared with the financial costs incurred by the Company to obtain the funding of the entrusted loans, the Company considers that the overall capital costs to the Group will be relatively reduced after the accounts of Duolun Coal Chemical Company and Xilinhaote Mining Company (being the subsidiaries of the Company) are consolidated into the accounts of the Company.

Having considered (i) that the overall capital costs to the Group will be relatively reduced through the provision of the Entrusted Loans to both Duolun Coal Chemical Company and Xilinhaote Mining Company as discussed above; (ii) the cash and cash equivalents of Group of approximately RMB5.3 billion as at 31 December 2014; and (iii) the fairness and reasonableness of the major terms of the Entrusted Loan Framework Agreement (with detailed analysis set out in the paragraph headed "4. Major terms of the Entrusted Loan Framework Agreement and the Entrusted Loan Agreement" below), we are of the view that the entering into of the Entrusted Loan Framework Agreement and the Entrusted Loan Agreement is in the interest of the Company and the Shareholders as a whole.

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4. Major terms of the Entrusted Loan Framework Agreement and the Entrusted Loan Agreement

Entrusted Loan Framework Agreement

Pursuant to the Entrusted Loan Framework Agreement, the Company entrusted ICBC Xuanwu Branch to act as the lending agent to provide entrusted loan of an aggregate amount of RMB4.0 billion to Duolun Coal Chemical Company during the term of the agreement. The loan will be utilised for the replenishment of its liquidity loan and replacement of due borrowings. The term is 12 months commencing from 29 June 2015 to 28 June 2016.

Entrusted Loan Agreement

Pursuant to the Entrusted Loan Agreement, the Company entrusted Construction Bank Railway Sub-branch to act as the lending agent to provide entrusted loan of an aggregate amount of RMB2.0 billion to Xilinhaote Mining Company during the term of the agreement. The loan will be utilised for the replenishment of its liquidity loan and replacement of due borrowings. The term is 12 months commencing from 29 June 2015 to 28 June 2016.

Interest rate

Entrusted Loan Framework Agreement and Entrusted Loan Agreement

The loan interest rate shall be a floating interest rate, being the benchmark interest rate to be charged for the same level of loans in RMB for the same term as announced by the People's Bank of China on the date when each tranche of loan is granted plus 10%. In the event that the People's Bank of China adjust the benchmark interest rate during the term of the agreement, the adjustment date is 21st December of each year. The adjusted borrowing interest rate will be the benchmark interest rate for the same level of loans in RMB for the same term announced by the People's Bank of China on the adjustment date plus 10%.

The loan interest rate is arrived at after arm's length negotiation between the Company and Duolun Coal Chemical Company and between the Company and Xilinhaote Mining Company in consideration of the overall reduction in capital costs to the Group after taking into account of Duolun Coal Chemical Company and Xilinhaote Mining Company (each being a subsidiary of the Company) being consolidated into the accounts of the Company.

As at the Latest Practicable Date, the prevailing benchmark interest rate for one-year loans in RMB as announced by the People's Bank of China is 4.85% per annum.

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We noted that on 10 June 2015, the Company entered into an entrusted loan agreement with ICBC Xuanwu Branch to act as the lending agent to provide entrusted loan with an aggregate amount of RMB200 million to Inner Mongolia Datang International Renewable Energy Resources Development Company Limited, a subsidiary of the Company for a maturity of 3 years commencing from 10 June 2015 to 8 June 2018 at an interest rate of 5.5%, with the then lending rate as announced by the People's Bank of China of 5.5% per annum.

We also noted that on 21 May 2015, the Company has entered into an entrusted loan contract with Construction Bank Railway Sub-branch to act as the lending agent to provide an entrusted loan with an aggregate amount of RMB1 billion to Duolun Coal Chemical Company for a maturity of 12 months commencing from 21 May 2015 to 20 May 2016 at an interest rate of 5.61%, with the then lending rate as announced by the People's Bank of China of 5.1% per annum.

As such, the loan interest rate under the Entrusted Loan Framework Agreement and Entrusted Loan Agreement is within the range of historical loan agreements.

Repayment

Entrusted Loan Framework Agreement

The specific withdrawal amount, withdrawal date, as well as repayment date under the Entrusted Loan Agreement are subject to the actual amount and dates as stipulated in the loan certificate of Duolun Coal Chemical Company.

Entrusted Loan Agreement

The specific withdrawal amount, withdrawal date, as well as repayment date under the Entrusted Loan Agreement are subject to the actual amount and dates as stipulated in the loan certificate of Xilinhaote Mining Company.

Handling fee

Entrusted Loan Framework Agreement

The handling fee of the entrusted loan per month shall be 0.02083‰ of the contract amount of the entrusted loan, which is arrived at with reference to the standard handling fee charged by commercial banks for the provision of same level of entrusted loan, and the handling fee is at certain discount on that basis. The handling fee of the entrusted loan shall be settled by the Company to ICBC Xuanwu Branch annually by way of remittance.

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Entrusted Loan Agreement

The handling fee of the entrusted loan shall be 0.02% of the contract amount of the entrusted loan, which is arrived at with reference to the standard handling fee charged by commercial banks for the provision of same level of entrusted loan, and the handling fee is at certain discount on that basis. The handling fee of the entrusted loan shall be settled by the Company to Construction Bank Railway Sub-branch in one lump on the date of granting of the entrusted loan.

In order to assess the fairness and reasonableness of the amount of the handling fee, we have identified the entrusted loan transactions (the “**Comparables**”) of the companies listed on the Stock Exchange which announced in the past 12 months from the date of the Entrusted Loan Framework Agreement and the Entrusted Loan Agreement. The list of the Comparables, which we consider exhaustive, and details of our findings are summarised in the table below:

Date of announcement	Stock Code	Name	Lending agent	Handling fee
2-Jul-14	1312	Allied Cement Holdings Limited	a commercial bank in the PRC	0.02%
23-Jul-14	217	China Chengtong Development Group Limited	Bank of Nanjing Co., Ltd., Beijing branch	0.20%
24-Jul-14	85	China Electronics Corporation Holdings Company Limited	China Electronics Financial Co., Ltd	0.20%
8-Aug-14	165	China Everbright Limited	China Merchants Bank Co., Ltd, Beijing Chang An Street Sub-Branch	0.10%
17-Sep-14	535	Gemdale Properties and Investment Corporation Limited	a bank designated by the parties	0.01%
25-Sep-14	989	Ground Properties Company Limited	China Merchants Bank Co., Ltd., Changchun branch	0.03%
21-Nov-14	285	BYD Electornic (International) Company Limited	licensed bank in the PRC	0.02%
31-Dec-14	357	Hainan Meilan International Airport Company Limited*	HNA Group Finance	0.80%
10-Mar-15	535	Gemdale Properties and Investment Corporation Limited	a bank designated by the parties	0.00125%
20-Mar-15	951	Chaowei Power Holdings Limited	Citic Trust Co. Ltd.	0.89%
25-Mar-15	989	Ground Properties Company Limited	China Merchants Bank Co., Ltd., Changchun branch	0.03%
26-Mar-15	535	Gemdale Properties and Investment Corporation Limited	a bank designated by the parties	0.01%
22-May-15	1312	Allied Cement Holdings Limited	a commercial bank in the PRC	0.02%
		Maximum	0.89%	
		Minimum	0.00125%	
		Average	0.179%	
		The Company	0.02-0.025%	

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Note: The basis of charging handling fee is either on a per annum basis or one off basis per the principal amount of the entrusted loan.

As shown in the above table, the handling fee of the Entrusted Loan of approximately 0.02% is within the range and below the average of the Comparables.

Having considered that (i) the interest expense/income in respect of the Entrusted Loan is not expected to have a material impact on the consolidated accounts of the Group as the accounts of Duolun Coal Chemical Company and the Xilinhaote Mining Company (being the subsidiaries of the Company) are consolidated into the accounts of the Company; (ii) the Company has ability to obtain funds at borrowing cost lower than the expected interest rate under the Entrusted Loan Framework Agreement and the Entrusted Loan Agreement; and (iii) the handling fee of the Entrusted Loan of approximately 0.02% is within the range and below the average of the Comparables, we are of the view that the terms of the Entrusted Loan Framework Agreement and the Entrusted Loan Agreement are on normal commercial terms and fair and reasonable so far as the Company and Independent Shareholders are concerned.

RECOMMENDATIONS

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

Yours faithfully,
For and on behalf of
Quam Capital Limited
Gary Mui
Deputy Chief Executive Officer

Note: Mr. Gary Mui is a licensed person registered with the Securities and Futures Commission and a responsible officer of Quam Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 15 years of experience in the finance and investment banking industry.

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, 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 2014 (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 or 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 2014, 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
Quam Capital	a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO

- (b) Quam Capital 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) Quam Capital 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 2014, the date to which the latest published audited financial statements of the Company were made up.
- (d) Quam Capital 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. MISCELLANEOUS

- (a) The registered office and 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 Eversheds, 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.

9. MATERIAL CONTRACTS

Copies of the Entrusted Loan Agreement and the Entrusted Loan Framework Agreement, the consent letter and the letter of advice from Quam Capital 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 4 August 2015.