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華電國際電力股份有限公司

HUADIAN POWER INTERNATIONAL CORPORATION LIMITED*

(A Sino-foreign investment joint stock company limited by shares incorporated in the PRC)

(Stock code: 1071)

**DISCLOSEABLE AND CONNECTED TRANSACTION -
DISPOSALS OF EQUITY INTERESTS IN
HUADIAN COAL
AND
CONNECTED TRANSACTION-
DISPOSAL OF EQUITY INTEREST IN FUXIN ENERGY**

On 29 November 2010 and in compliance with the relevant laws and regulations on transfer of state-owned equity interests in the PRC, the Company listed the Huadian Coal Equity Interests (being an aggregate of 3.3% equity interests in Huadian Coal) on SUAEE for open bidding by public bidders. China Huadian successfully bid the Huadian Coal Equity Interests through SUAEE and on 29 December 2010, the Company entered into the two separate Huadian Coal Equity Transfer Agreements with China Huadian for the Huadian Coal Disposals for the disposal of (i) 1.8% equity interest in Huadian Coal at a consideration of RMB252 million (equivalent to approximately HK\$293 million); and (ii) 1.5% equity interest in Huadian Coal at a consideration of RMB210 million (equivalent to approximately HK\$244 million). Upon completion of the Huadian Coal Disposals, the Company will remain interested in 16.89% equity interests in Huadian Coal.

On 29 November 2010 and in compliance with the relevant laws and regulations on transfer of state-owned equity interests in the PRC, the Company listed the Fuxin Energy Equity Interests (being 2.46% equity interest in Fuxin Energy) on SUAEE for open bidding by public bidders. China Huadian successfully bid the Fuxin Energy Equity Interests through SUAEE and on 29 December 2010, the Company entered into the Fuxin Energy Equity Transfer Agreement with China Huadian for the Fuxin Energy Disposal at a consideration of RMB254.61 million (equivalent to approximately HK\$296.06 million). Upon completion of the Fuxin Energy Disposal, the Company will cease to have any interest in Fuxin Energy.

China Huadian, being the controlling Shareholder of the Company, is a connected person of the Company for the purpose of the Hong Kong Listing Rules. Hence, the Huadian Coal Disposals and the Fuxin Energy Disposal constitute connected transactions of the Company as defined under Rule 14A.13(1)(a) of the Hong Kong Listing Rules. In respect of the Huadian Coal Disposals, as one of the applicable percentage ratios (as defined in Rule 14.07 of the Hong Kong Listing Rules) exceeds 5% but is less than 25%, the Huadian Coal Disposals in aggregation are subject to the reporting and announcement requirements and Independent Shareholders' approval under Chapter 14A of the Hong Kong Listing Rules. As a relevant percentage ratio exceeds 5%, the Huadian Coal Disposals also constitute a discloseable transaction for the Company under the Hong Kong Listing Rules. In respect of the Fuxin Energy Disposal, as one of the applicable percentage ratios (as defined in Rule 14.07 of the Hong Kong Listing Rules) is more than 0.1% but less than 5%, the Fuxin Energy Disposal is only subject to the reporting and announcement requirements and is exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

A circular containing, among other things, details of the Huadian Coal Disposals, a letter from the independent financial adviser containing its advice to the Independent Board Committee on the Huadian Coal Disposals, the recommendation of the Independent Board Committee regarding the Huadian Coal Disposals to the Independent Shareholders and the notice of the extraordinary general meeting is expected to be despatched to the Shareholders in accordance with the Hong Kong Listing Rules. As additional time is required for the Company to prepare and finalise certain information relating to the transaction between the Company and China Huadian Corporation Finance Company Limited, which would also be included in the circular, the circular is expected to be despatched on or before 1 February 2011.

I. INTRODUCTION

On 29 November 2010 and in compliance with the relevant laws and regulations on transfer of state-owned equity interests in the PRC, the Company listed the Huadian Coal Equity Interests (being an aggregate of 3.3% equity interests in Huadian Coal) on SUAEE for open bidding by public bidders. China Huadian successfully bid the Huadian Coal Equity Interests through SUAEE and on 29 December 2010, the Company entered into two separate Huadian Coal Equity Transfer Agreements with China Huadian for the Huadian Coal Disposals for the disposal of (i) 1.8% equity interest in Huadian Coal at a consideration of RMB252 million (equivalent to approximately HK\$293 million); and (ii) 1.5% equity interest in Huadian Coal at a consideration of RMB210 million (equivalent to approximately HK\$244 million). Upon completion of the Huadian Coal Disposals, the Company will remain interested in 16.89% equity interests in Huadian Coal.

On 29 November 2010 and in compliance with the relevant laws and regulations on transfer of state-owned equity interests in the PRC, the Company listed the Fuxin Energy Equity Interests (being 2.46% equity interest in Fuxin Energy) on SUAEE for open bidding by public bidders. China Huadian successfully bid the Fuxin Energy Equity Interests through SUAEE and on 29 December 2010, the Company entered into the Fuxin Energy Equity Transfer Agreement with China Huadian for the Fuxin Energy Disposal at a consideration of RMB254.61 million (equivalent to

approximately HK\$296.06 million). Upon completion of the Fuxin Energy Disposal, the Company shall cease to have any interest in Fuxin Energy.

II. THE HUADIAN COAL EQUITY TRANSFER AGREEMENTS

The Company entered into two separate Huadian Coal Equity Transfer Agreements with China Huadian for the Huadian Coal Disposals for the disposal of (i) 1.8% equity interest in Huadian Coal at a consideration of RMB252 million (equivalent to approximately HK\$293 million); and (ii) 1.5% equity interest in Huadian Coal at a consideration of RMB210 million (equivalent to approximately HK\$244 million). The two Huadian Coal Equity Transfer Agreements are in identical terms. The principal terms and conditions of the two Huadian Coal Transfer Agreements are summarized as follows:

A. Date

Both dated 29 December 2010

B. Parties

- (i) the Company, as vendor; and
- (ii) China Huadian, as purchaser

C. Consideration

An aggregate of RMB462 million (equivalent to approximately HK\$ 537.21 million), of which:

- (i) RMB138.6 million (equivalent to approximately HK\$ 161.16 million), which has been paid by China Huadian to the bank account designated by SUAEE as earnest money when China Huadian submitted its bid for the Huadian Coal Equity Interests, shall be converted as part payment of the total consideration for the Huadian Coal Equity Interests and will be transferred by SUAEE to the account designed by the Company within three business days from the issuance of transfer certificate of the Huadian Coal Equity Interests by SUAEE; and
- (ii) The remaining consideration of RMB323.4 million (equivalent to approximately HK\$ 375.8million) shall be paid by China Huadian in cash within five business days from the date of the Huadian Coal Equity Transfer Agreements.

The aggregate consideration for the Huadian Coal Equity Interests was determined by the bidding prices submitted by China Huadian to SUAEE when it bid for the Huadian Coal Equity Interests. As part of the listing requirements of SUAEE, the Company instructed Zhong Tong Hua Assets Evaluation Limited to prepare a valuation report based on cost replacement method on Huadian Coal, which was made available to the public bidders for

assessment of the value of the Huadian Coal Equity Interests.

D. Other Material Terms

The two Huadian Coal Equity Transfer Agreements contain the following material term:

In the event that the Company fails to complete the transfer of the Huadian Coal Equity Interests on schedule, or China Huadian fails to pay the consideration on schedule, the defaulting party shall pay a penalty in an amount equivalent to 0.1% of the total consideration for each day overdue to the other party.

III. THE FUXIN ENERGY EQUITY TRANSFER AGREEMENT

A. Date

29 December 2010

B. Parties

- (i) the Company, as vendor; and
- (ii) China Huadian, as purchaser

C. Consideration

RMB254.61 million (equivalent to approximately HK\$ 296.06 million), of which:

- (i) RMB76.383 million (equivalent to approximately HK\$ 88.82 million, which has been paid by China Huadian to the bank account designated by SUAEE as earnest money when China Huadian submitted its bid for the Fuxin Energy Equity Interests, shall be converted as part payment of the total consideration for the Fuxin Energy Equity Interests and will be transferred by SUAEE to the account designed by the Company within three business days from the issuance of transfer certificate of the Fuxin Energy Equity Interests by SUAEE; and
- (ii) The remaining consideration of RMB178.227million (equivalent to approximately HK\$ 207.1million) shall be paid by China Huadian in cash within five business days from the date of the Fuxin Energy Equity Transfer Agreement; and

The consideration for the Fuxin Energy Equity Interests was determined by the bidding price submitted by China Huadian to SUAEE when it bid for the Fuxin Energy Equity Interests. As part of the listing requirements of SUAEE, the Company instructed Zhong Qi Hua Assets Evaluation Limited to prepare a valuation report based on gains method on Fuxin Energy, which was made available to the public bidders for assessment of the value of the Fuxin

Energy Equity Interests.

The original acquisition cost of the Fuxin Energy Equity Interests by the Company on 29 October 2010 was RMB113,034,257.

D. Other Material Terms

The Fuxin Energy Equity Transfer Agreement contains the following material term:

In the event that the Company fails to complete the transfer of the Fuxin Energy Equity Interests on schedule, or China Huadian fails to pay the consideration on schedule, the defaulting party shall pay a penalty in an amount equivalent to 0.1% of the consideration for each day overdue to the other party.

IV. REASONS FOR AND BENEFITS EXPECTED TO ACCRUE TO THE COMPANY FROM THE HUADIAN COAL DISPOSALS AND THE FUXIN ENERGY DISPOSAL

The Huadian Coal Disposals and the Fuxin Energy Disposal will further optimize the Group's structure and improve the Group's financial results.

The Company intends to use the net proceeds arising from the Huadian Coal Disposals and the Fuxin Energy Disposal for working capital. The profit expected to arise from the Huadian Coal Disposals (before deducting taxes and other expenses payable by the Company in respect of the Huadian Coal Disposals), being the difference between the total consideration of the Huadian Coal Equity Interests and the net book value of the Huadian Coal Equity Interests at the date of 31 March 2010, is approximately RMB 357.88 million (equivalent to approximately HK\$ 416.14 million). The profit expected to arise from the Fuxin Energy Disposal (before deducting taxes and other expenses payable by the Company in respect of the Fuxin Energy Disposal), being the difference between the total consideration of the Fuxin Energy Equity Interests and the net book value of the Fuxin Energy Equity Interests at the date of 31 October 2010, is approximately RMB 105.08 million (equivalent to approximately HK\$ 122.19 million).

At the Board meeting held on 29 November 2010, the Directors reviewed and agreed the Huadian Coal Disposals and the Fuxin Energy Disposal through open bidding process. As the identity of the winning party was not known at the Board meeting and until after the bidding process, no Directors therefore abstained from voting at the relevant Board resolutions.

At another Board meeting held on 28 December 2010 after China Huadian successfully bid the Huadian Coal Equity Interests through SUAEE, the Directors reviewed and agreed the Huadian Coal Disposals and the Fuxin Energy Disposal through open bidding process. Four Directors, named Yun Gongmin, Chen Feihu, Chu Yu and Chen Bin who hold positions in China Huadian, had material interests in the Huadian Coal Disposals and the Fuxin Energy Disposal and they abstained from voting on the board resolutions in respect of the Huadian Coal Disposals and the

Fuxin Energy Disposal. It was also duly noted at the Board meeting held on 28 December 2010 that, after reviewing the proposed disposals which would be conducted through SUAEE, the Directors, including the independent non-executive Directors, are of the view that the terms of the Huadian Coal Disposals and the Fuxin Energy Disposal are on normal commercial terms, which are fair and reasonable and in the interests of the Company and its Shareholders as a whole, notwithstanding that they both constitute connected transactions of the Company as defined under Rule14A.13(1)(a).

V. INFORMATION ON HUADIAN COAL AND FUXIN ENERGY

A. Huadian Coal

Huadian Coal was established on 8 September 2005 as a limited liability company in the PRC with a registered capital of RMB1,560 million. It is principally engaged in the processing, sale, storage and transportation of coal products, electricity generation and related businesses.

In accordance with the PRC Generally Accepted Accounting Principles, the audited profits (before and after taxation and extraordinary items) of Huadian Coal for the financial years ended 31 December 2008 and 31 December 2009 are set out as follows:

	Year ended 31 December 2009 (RMB)	Year ended 31 December 2008 (RMB)
Profit before taxation and extraordinary items	229,64 million (equivalent to approximately HK\$ 267,02 million)	314,03 million (equivalent to approximately HK\$ 365,15 million)
Profit after taxation and extraordinary items	215,45 million (equivalent to approximately HK\$ 250,52 million)	282,67 million (equivalent to approximately HK\$ 328,69 million)

The book value of total assets and net assets of Huadian Coal as at 31 March 2010 were recorded as approximately RMB5,458.72 million (equivalent to approximately HK\$ 6,347.35 million) and RMB3,093.65 million (equivalent to approximately HK\$ 3,597.27 million) respectively. The appraised total assets value of Huadian Coal for the purposes of the open bidding at SUAEE as at 31 March 2010 was RMB16,240.58 million (equivalent to approximately HK\$ 18,884.40 million).

B. Fuxin Energy

Fuxin Energy was established in 2004 as a limited liability company in the PRC with a registered capital of RMB4,600 million. It is principally engaged in the power generation, the sales and construction of power, the installation, maintenance, commissioning and supervision of electrical equipments, consultancy of electrical technology and management, the comprehensive utilization of power resources,

environmental protection and other high-tech development.

In accordance with the PRC Generally Accepted Accounting Principles, the audited profits (before and after taxation and extraordinary items) of Fuxin Energy for the financial years ended 31 December 2008 and 31 December 2009 are set out as follows:

	Year ended 31 December 2009 (RMB)	Year ended 31 December 2008 (RMB)
Profit before taxation and extraordinary items	-45.37 million (equivalent to approximately HK\$-52.76 million)	65.38 million(equivalent to approximately HK\$76.02 million)
Profit after taxation and extraordinary items	-42.60 (equivalent to approximately HK\$-49.53 million)	64.48 (equivalent to approximately HK\$74.98 million)

The book value of total assets and net assets of Fuxin Energy as at 31 October 2010 were recorded as approximately RMB 8,767.10 million (equivalent to approximately HK\$ 10,194.30) and RMB5,306.08 million (equivalent to approximately HK\$ 6,169.86 million) respectively. The appraised total assets value of Fuxin Energy as at 31 October 2010 for the purposes of the open bidding at SUAEE was RMB 8,908.32 million (equivalent to approximately HK\$ 10,358.51 million).

VI. INFORMATION ON THE COMPANY AND CHINA HUADIAN

A. The Company

The Company and its subsidiaries are principally engaged in the construction and operation of power plants and other businesses related to power generation. China Huadian currently holds approximately 47.21% equity interest in the Company.

B. China Huadian

China Huadian, the controlling Shareholder of the Company, holds approximately 47.21% equity interests in the Company. China Huadian is primarily engaged in power generation, heat production and supply, energy development of coal and other resources related to the power generation and relevant professional technical services.

VI. THE HONG KONG LISTING RULES IMPLICATIONS

China Huadian, being the controlling Shareholder of the Company, is a connected person of the Company for the purpose of the Hong Kong Listing Rules. Hence, the Huadian Coal Disposals and the Fuxin Energy Disposal constitute connected transactions of the Company as defined under Rule 14A.13(1)(a) of the Hong Kong Listing Rules. In respect of the Huadian Coal Disposals, as one of the applicable percentage ratios (as defined in Rule 14.07 of the Hong Kong Listing Rules) exceeds 5% but is less than 25%, the Huadian Coal Disposals in aggregation are subject to the

reporting and announcement requirements and Independent Shareholders' approval under Chapter 14A of the Hong Kong Listing Rules. As a relevant percentage ratio exceeds 5%, the Huadian Coal Disposals also constitute a discloseable transaction for the Company under the Hong Kong Listing Rules. In respect of the Fuxin Energy Disposal, as one of the applicable percentage ratios (as defined in Rule 14.07 of the Hong Kong Listing Rules) is more than 0.1% but less than 5%, the Fuxin Energy Disposal is only subject to the reporting and announcement requirements and is exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Directors have appointed the Independent Board Committee, comprising the four independent non-executive Directors, to advise the Independent Shareholders as to the fairness and reasonableness of the Huadian Coal Disposals. An independent financial adviser will also be appointed to advise the Independent Board Committee and Independent Shareholders in relation to the Huadian Coal Disposals. As the Fuxin Energy Disposal is not subject to Independent Shareholders' approval, the Independent Board Committee does not have to advise the Independent Shareholders on the Fuxin Energy Disposal.

A circular containing, among other things, details of the Huadian Coal Disposals, a letter from the independent financial adviser containing its advice to the Independent Board Committee on the Huadian Coal Disposals, the recommendation of the Independent Board Committee regarding the Huadian Coal Disposals to the Independent Shareholders and the notice of the extraordinary general meeting is expected to be despatched to the Shareholders in accordance with the Hong Kong Listing Rules. As additional time is required for the Company to prepare and finalise certain information relating to the transaction between the Company and China Huadian Corporation Finance Company Limited, which would also be included in the circular, the circular is expected to be despatched on or before 1 February 2011.

DEFINITIONS

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

- “Board”** means the board of directors of the Company;
- “China Huadian”** mean 中國華電集團公司 China Huadian Corporation*, a wholly State-owned enterprise and the controlling Shareholder of the Company;
- “Company”** means 華電國際電力股份有限公司 Huadian Power International Corporation Limited*, a Sino-foreign investment joint stock company limited by shares established in the PRC, whose H shares and A shares are listed on The Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange, respectively;
- “Directors”** means the directors of the Company;

“Fuxin Energy Disposal”	means the disposal of 2.46% equity interest in Fuxin Energy by the Company to China Huadian under the Fuxin Energy Equity Transfer Agreement upon the successful bidding of the Fuxin Energy Equity Interests by China Huadian on SUAEE;
“Fuxin Energy Equity Interests”	means the 2.46% equity interest in Fuxin Energy held by the Company, being all of the Company’s equity interest in Fuxin Energy;
“Fuxin Energy Equity Transfer Agreement”	means the Equity Transfer Agreement dated 29 December 2010 entered into between the Company as vendor and China Huadian as purchaser in relation to the Fuxin Energy Disposal;
“Fuxin Energy”	means 华电福新能源有限公司 Huadian Fuxin Energy Company Limited*, formerly known as Huadian Fujian Power Generation Company Limited*, a limited liability company established in Fujian Province, the PRC on 30 November 2004 and renamed on 20 October 2010;
“Group”	means the Company and its subsidiaries;
“Hong Kong Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC;
“Huadian Coal Disposals”	means the disposals of 1.5% and 1.8% (3.3% in aggregate) equity interests in Huadian Coal by the Company to China Huadian, under the two Huadian Coal Equity Transfer Agreements upon the successful biddings of the Huadian Coal Equity Interests by China Huadian on SUAEE;
“Huadian Coal Equity Interests”	means the aggregate 3.3% equity interests in Huadian Coal held by the Company, being part of the Company’s equity interests in Huadian Coal;
“Huadian Coal Equity Transfer Agreements”	means the two Equity Transfer Agreements both dated 29 December 2010 entered into between the Company as vendor and China Huadian as purchaser in relation to the disposals of 1.5% and 1.8% (3.3% in aggregate) equity interests in Huadian Coal;
“Huadian Coal”	means 華電煤業集團有限公司 Huadian Coal Industry Group Co., Ltd.*, a limited liability company established in the PRC, which is an associate company of the Company;

“Independent Board Committee”	means an independent committee of Directors appointed to advise the Independent Shareholders in respect of the Huadian Coal Disposals;
“Independent Shareholders”	means the Shareholders of the Company who are not required to abstain from voting on the resolution to consider and approve the Huadian Coal Disposals under the Hong Kong Listing Rules;
“PRC”	means the People’s Republic of China excluding, for the purpose of this announcement only, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“RMB”	means Renminbi, the lawful currency of the PRC;
“Shareholders”	means the Shareholders of the Company;
“SUAEE”	means 上海聯合產權交易所, Shanghai United Assets and Equity Exchange, an equity exchange services institution authorised by the Shanghai Municipal Government of the PRC; and
“%”	means per cent.

For the purpose of this announcement, translations of RMB into Hong Kong dollars are made for illustration purposes only at the exchange rate of HK\$ 1 to RMB 0.86.

By order of the Board
Huadian Power International Corporation Limited*
Zhou Lianqing
Company Secretary

As at the date of this announcement, the Board comprises:

Yun Gongmin (Chairman, Non-executive Director), Chen Feihu (Vice Chairman, Non-executive Director), Chen Dianlu (Vice Chairman, Non-executive Director), Chen Jianhua (Executive Director), Wang Yingli (Non-executive Director), Chen Bin (Non-executive Director), Zhong Tonglin (Executive Director), Chu Yu (Non-executive Director), Wang Yuesheng (Independent Non-executive Director), Hao Shuchen (Independent Non-executive Director), Ning Jiming (Independent Non-executive Director) and Yang Jinguan (Independent Non-executive Director).

Beijing, the PRC
29 December 2010

** For identification purposes only*