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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)

## **ANNOUNCEMENT**

### **MANDATE FOR THE MAJOR DISPOSAL RESULTS OF THE NINGXIA GROUP TENDER**

The Company is pleased to announce that on 31 December 2012, the Company entered into the Transfer Agreement in relation to the disposal of the Ningxia Group Interest with Chalco, the successful bidder of the Ningxia Group Tender.

As the highest size test percentage ratio in relation to the Major Disposal exceeds 25% but is less than 75%, the Major Disposal constitutes a major transaction for the Company and is, therefore, subject to the announcement and the Shareholders' approval requirements under the Listing Rules. In this regard, the Company has sought, and the Shareholders have granted, an advance approval for the grant of the Mandate at the EGM held on 28 December 2012.

#### **I. INTRODUCTION**

Reference is made to the announcement of the Company dated 30 November 2012 and the circular of the Company dated 12 December 2012 regarding the Major Disposal.

The Company is pleased to announce the results of the Ningxia Group Tender, and that on 31 December 2012, the Company entered into the Transfer Agreement in relation to the disposal of the Ningxia Group Interest with Chalco, the successful bidder of the Ningxia Group Tender.

#### **II. THE TRANSFER AGREEMENT**

##### **1. Date**

The Transfer Agreement was signed on 31 December 2012 between the Company and Chalco. The Transfer Agreement became effective upon execution by both parties.

## **2. Parties**

- (i) the Company; and
- (ii) Chalco

Chalco is qualified to participate in the Ningxia Group Tender and is the successful bidder upon expiry of the Publication Period. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Chalco and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

## **3. Equity interest to be disposed**

The Company has agreed to dispose of the Ningxia Group Interest. Upon completion of the Major Disposal, the Company will cease to hold any equity interest in Ningxia Group.

## **4. Consideration**

The consideration for the Major Disposal, i.e. the final bid price offered by Chalco as the successful bidder, is approximately RMB1,362 million (equivalent to approximately HK\$1,681 million), which is same as the Minimum Consideration.

The Minimum Consideration was determined after having taken into account a number of factors, including the valuation results of Ningxia Group prepared by a qualified independent valuer, CEA, and the status of production and operation of Ningxia Group. The Directors consider that the Minimum Consideration is fair and reasonable.

The consideration shall be paid in cash. The first payment (including a deposit which forms part of the first payment), being 40% of the consideration for the Major Disposal, shall be paid on the same date of entering into the Transfer Agreement and the remaining 60% of the consideration shall be paid within two months from the date of entering into the Transfer Agreement.

## **5. Completion of the transfer**

Pursuant to the relevant regulations of SUAEE, Chalco may proceed with the registration of transfer of the Ningxia Group Interest with the competent business registration authority after the first payment of the consideration is made. Pursuant to the relevant regulations of SUAEE, in order to secure the second payment of the consideration, Chalco shall pledge the Ningxia Group Interest to the Company after the registration of transfer is completed and until the second payment of the consideration is settled in full. Chalco shall also pay interest to the Company with respect to the amount of the second payment of the consideration for the period starting from the first payment date and ending on the second payment date according to the bank loans interest rates for the same period.

The principal terms of the Transfer Agreement disclosed above are substantially the same as

the relevant details as disclosed in the Company's circular dated 12 December 2012.

### **III. Reason for and benefits of the Major Disposal**

The Major Disposal is expected to be conducive to optimize the Group's assets structure and liquidize the Group's existing assets. The consideration for the Major Disposal also represents a reasonable gain over the costs of the Group's investment in Ningxia Group.

The Directors (including the independent non-executive Directors) are of the view that the Transfer Agreement and the Major Disposal are on normal commercial terms, which are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

### **IV. Financial effects of the Major Disposal**

The Company intends to use the net proceeds from the Major Disposal as working capital. The gain expected to accrue to the Company from the Major Disposal (before deducting taxes and other expenses payable by the Company in respect of the Major Disposal), being the difference between the consideration for the Major Disposal and the carrying amount of the Group's investment in Ningxia Group as at 31 December 2011, is approximately RMB280 million (equivalent to approximately HK\$346 million). The excess amount of the consideration for the Major Disposal over the net book value in respect of the Ningxia Group Interest as at 31 December 2011 is approximately RMB366 million (equivalent to approximately HK\$452 million). The Directors are of the view that the Major Disposal will not have any material effect on the assets and liabilities of the Company.

### **V. LISTING RULES IMPLICATIONS**

As the highest size test percentage ratio in relation to the Major Disposal exceeds 25% but is less than 75%, the Major Disposal constitutes a major transaction for the Company and is, therefore, subject to the announcement and the Shareholders' approval requirements under the Listing Rules.

In this regard, the Company has sought, and the Shareholders have granted, an advance approval for the grant of the Mandate at the EGM held on 28 December 2012. Please refer to the circular of the Company dated 12 December 2012 and the EGM poll results announcement of the Company dated 28 December 2012 for more details.

### **VI. INFORMATION ON NINGXIA GROUP, THE COMPANY AND CHALCO**

#### **1. Information on Ningxia Group**

Ningxia Group is a limited liability company established in the PRC on 26 June 2003. It is an integrated power generation company with conventional coal-fire power generation and new energy generation, each with its own industry chain and supporting assets/facilities. The new energy generation business of Ningxia Group comprises mainly wind power and solar power generation businesses, with its own wind/solar power manufacturing facilities. Prior to the

Major Disposal, the registered capital of Ningxia Group was approximately RMB3,573 million.

As at 31 December 2011, the audited book value of the net assets of Ningxia Group was approximately RMB4,210 million (equivalent to approximately HK\$5,198 million). The valuation of the net assets of Ningxia Group as at 31 December 2011, as prepared by CEA by adopting cost method, amounted to approximately RMB4,919 million (equivalent to approximately HK\$6,073 million). Further audited consolidated financial information of Ningxia Group is set out in the table below (prepared under the PRC accounting standards):

	<b>For the year ended 31 December 2011</b>	Unit: RMB '0000 <b>For the year ended 31 December 2010</b>
<b>Net profit (before taxation and extraordinary items)</b>	34,012	41,131
<b>Net profit (after taxation and extraordinary items)</b>	28,615	35,333

## **2. Information on 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.

## **3. Information on Chalco**

To the Directors' knowledge, Chalco is principally engaged in mining of bauxite; the production and sales of alumina, primary aluminum and aluminum fabrication products; operation of coal and iron ore businesses as well as trading of other non-ferrous metal products.

## **VII. 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;
"CEA"	means 中企華資產評估有限責任公司 China Enterprise Appraisals Co., Ltd.*, a PRC qualified independent valuer;
"Chalco"	means 中國鋁業股份有限公司 Aluminum Corporation of China Limited*, a joint stock limited company established in the PRC

with limited liability, whose A shares, H shares and American depositary receipts are listed on the Shanghai Stock Exchange, the Stock Exchange and the New York Stock Exchange, respectively;

"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 incorporated in the PRC, whose H shares and A shares are listed on the Stock Exchange and the Shanghai Stock Exchange, respectively;
"connected person(s)"	has the meaning ascribed to it under the Listing Rules;
"Directors"	means the directors of the Company at the material time;
"EGM"	means the extraordinary general meeting of the Company held on 28 December 2012;
"Group"	means the Company and its subsidiaries as at the Latest Practicable Date
"HK\$"	means Hong Kong dollar(s), the lawful currency of Hong Kong;
"Hong Kong"	means the Hong Kong Special Administrative Region of the PRC;
"Listing Rules"	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
"Mandate"	means a general mandate granted in advance by the Shareholders at the EGM to the Directors to enter into and complete the Major Disposal;
"Major Disposal"	means the Company's disposal of the Ningxia Group Interest to Chalco pursuant to the Transfer Agreement entered into on 31 December 2012;
"Minimum Consideration"	means the initial bidding price of approximately RMB1,362 million, for the Company's disposal of the Ningxia Group Interest;
"Ningxia Group"	means 寧夏發電集團有限責任公司 Ningxia Electric Power Group Co., Ltd.*, a company established in the PRC with limited liability;
"Ningxia Group Interest"	means the Company's entire 23.66% equity interest in Ningxia Group immediately before the Major Disposal;
"Ningxia Group Tender"	means the public tender (掛牌出讓) for the Company's disposal of

the Ningxia Group Interest through SUAEE;

"PRC"	means the People's Republic of China;
"Publication Period"	means the publication period for the Ningxia Group Tender (ended on 28 December 2012) during which period qualified bidder indicated interest in purchasing the Ningxia Group Interest and registered as interested bidders;
"RMB"	means Renminbi, the lawful currency of the PRC;
"Shareholder(s)"	means the shareholders of the Company;
"Stock Exchange"	means The Stock Exchange of Hong Kong Limited;
"SUAEE"	means Shanghai United Assets And Equity Exchange, an approved equity exchange for the transfer of PRC State-owned asset;
"Transfer Agreement"	means the agreement on disposal of the Ningxia Group Interest entered into between the Company and Chalco on 31 December 2012; and
"%"	means per cent.

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

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), Gou Wei (Executive Director), Chu Yu (Non-executive Director), Wang Yuesheng (Independent Non-executive Director), Wang Jixin (Independent Non-executive Director), Ning Jiming (Independent Non-executive Director) and Yang Jinguan (Independent Non-executive Director).

Beijing, the PRC  
31 December 2012

\* For identification purposes only