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HUANENG POWER INTERNATIONAL INC
Form 6-K
June 07, 2005

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

For the month of June, 2005

(Indicate by check mark whether the registrant files or will file annual
reports under cover of Form 20-F or Form 40-F.)

Form 20-F Form 40-F

(Indicate by check mark whether the registrant by furnishing the information
contained in this form is also thereby furnishing the information to the
Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of
1934.)

Yes No

(If "Yes" is marked, indicate below the file number assigned to registrant
in connection with Rule 12g3-2(b):

82-_____.)

N/A

Huaneng Power International, Inc.
West Wing, Building C, Tianyin Mansion
No. 2C Fuxingmennan Street
Xicheng District
Beijing, 100031 PRC

This Form 6-K consists of:

The announcement on entering into transfer agreement with Jiangsu
Yueda by Huaneng Power International, Inc. (the "Registrant") on May 26th 2005
to acquire from Jiangsu Yueda its 26.36% equity interest in Huaiyin Power Plant
Phase I for a consideration of RMB220 million, made by the Registrant in
English on June 3, 2005.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934,
the registrant has duly caused this report to be signed on its behalf by the

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under-signed, thereunto duly authorized.

HUANENG POWER INTERNATIONAL, INC.

By /s/ Huang Long

Name: Huang Long

Title: Company Secretary

Date: June 3, 2005

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[GRAPHIC OMITTED][GRAPHIC OMITTED]
(a Sino-foreign joint stock limited company incorporated in the
People's Republic of China)
(Stock Code: 902)

CONNECTED TRANSACTION

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- o On 26th May 2005, the Company entered into the Transfer Agreement with Jiangsu Yueda, pursuant to which the Company agreed to acquire from Jiangsu Yueda its 26.36% equity interest in Huaiyin Power Plant Phase I for a consideration of RMB220 million. The purchase price will be funded by the Company's internal cash surplus. The purchase price was determined on arm's length terms.
 - o Huaiyin Power Plant Phase I is a non wholly-owned subsidiary of the Company. As a substantial shareholder of Huaiyin Power Plant Phase I holding 26.36% interest thereof, Jiangsu Yueda is a connected person to the Company. The transaction as contemplated by the Acquisition thus constitutes a connected transaction to the Company.
 - o Since the relevant percentage ratios calculated pursuant to Rule 14.07 of the Hong Kong Listing Rules in connection with the Acquisition are all less than 2.5%, the Acquisition is only subject to the reporting and

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announcement requirements set out in Rules 14A.45 and 14A.47 of the Hong Kong Listing Rules and is exempt from the independent shareholders' approval requirements.

Background

The Company develops, constructs, operates and manages large-scale power plants throughout China. It is one of the largest independent power producers in China which owns a total generation capacity of 21,418 MW on an equity basis.

Jiangsu Yueda is a joint stock limited company incorporated in the PRC with its shares listed and traded on the Shanghai Stock Exchange. Jiangsu Yueda is engaged in investing in various industrial sectors, including tractors, textiles, automobile, infrastructure and biological pharmacy. Before the Acquisition, it holds 26.36% interest in Huaiyin Power Plant Phase I. As a substantial shareholder of the Company's subsidiary, Huaiyin Power Plant Phase I, Jiangsu Yueda is a connected person to the Company under the Hong Kong Listing Rules.

Transfer AGREEMENT

Date: 26th May 2005
Parties: Seller: Jiangsu Yueda

Interest to be acquired: Purchaser: the Company
equity interest representing 26.36%
of the registered capital of Huaiyin
Power Plant Phase I.

Consideration: The consideration for the purchase of 26.36% equity interest in Huaiyin Power Plant Phase I is RMB220 million, payable in cash on the third day upon the fulfillment of the conditions. In case that before the date of Closing, Huaiyin Power Plant Phase I declares any dividends or makes any distributions in respect of the earnings in 2004 and for the period from 1st January 2005 to the date of Closing, the purchase price shall adjust downwards by deducting the amount of the dividends declared or the distributions made. The purchase price was determined with reference to, inter alia, the net asset value of Huaiyin Power Plant Phase I as at 31st December 2004 as well as the profitability of Huaiyin Power Plant Phase I.

Conditions: The acquisition is subject to the approval by the shareholders of Jiangsu Yueda.

REASONS FOR THE ACQUISITION

After the completion of the Acquisition, the total generation capacity of the Company on an equity basis will increase by 116MW from 21,418MW to 21,534MW.

The Directors believe that the Acquisition price and terms are fair and

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reasonable to the Company and its shareholders. This transaction will enlarge the Company's operating scale and benefit the Company and its shareholders.

INFORMATION REGARDING HUAIYIN POWER PLANT PHASE I

Huaiyin Power Plant Phase I was constructed in the early 1990's. It is located in the hinterland of the North Jiangsu Power Grid. The plant's 2 X 200MW PRC-built coal-fired generating units commenced operation in November 1993 and August 1994 respectively. In order to reduce energy consumption and increase capacity, one generating unit of Huaiyin Power Plant Phase I was upgraded in October 2001, which increased the maximum generation capacity of that unit to 220MW. The upgrading of the second generation unit was completed in 2002 and by then the actual generation capacity of Jiangsu Huaiyin Power Plant reached 440MW.

The coal supply for Huaiyin Power Plant Phase I is primarily from Anhui Province, Shanxi Province, Henan Province and Shaanxi Province. Electricity generated by Huaiyin Power Plant Phase I is transmitted to the Jiangsu Power Grid through 110kV and 220kV transmission lines.

The following sets out certain unaudited financial information of Huaiyin Power Plant Phase I as at 31st December 2003 and 2004 and for the years then ended, prepared in accordance with International Financial Reporting Standards:

| | (RMB) 31st December 2003 | (RMB) 31st December 2004 |
|---------------------------------|--------------------------------|--------------------------------|
| Revenue from principal business | 660,206,656 | 779,762,944 |
| Operating profit | 166,633,184 | 120,342,722 |
| Net profit before taxation | 118,214,873 | 115,508,072 |
| Net profit after taxation | 82,788,410 | 78,016,002 |
| Total assets | 1,500,376,856 | 913,885,631 |
| Net assets | 640,485,594 | 618,821,596 |

Upon Closing, the Company will hold 90% interest in Huaiyin Power Plant Phase I while the remaining 10% interest is held by Jiangsu Power Development Joint Stock Limited Company.

CONNECTED TRANSACTION Under Hong Kong Listing Rules

The Acquisition constitutes a connected transaction of the Company under the Hong Kong Listing Rules. Since the relevant percentage ratios calculated pursuant to Rule 14.07 of the Hong Kong Listing Rules in connection with the Acquisition are all less than 2.5%, the Acquisition is only subject to the reporting and announcement requirements set out in Rules 14A.45 and 14A.47 of the Hong Kong Listing Rules and is exempt from the independent shareholders' approval requirements.

The Directors (including independent non-executive Directors) are of the opinion that the Transfer Agreement was entered into: (i) in the ordinary and usual course of business of the Company; (ii) on normal commercial terms; and (iii) on terms that are fair and reasonable and the Transfer Agreement is in the interests of the Company and its shareholders as a whole.

Definitions

"Acquisition" the purchase by the Company of the 26.36% interest in Huaiyin Power Plant Phase I from Jiangsu Yueda;

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| | |
|---------------------------|--|
| "Closing" | the closing of the Acquisition; |
| "Company" | Huaneng Power International, Inc.; |
| "Directors" | the directors of the Company; |
| "Hong Kong Listing Rules" | the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange; |
| "Huaiyin | Power Plant Phase I" Jiangsu Huaneng Huaiyin Power Limited Company, a company incorporated in the PRC with limited company; |
| "Jiangsu Yueda" | Jiangsu Yueda Investment Limited Company which is incorporated in the PRC; |
| "PRC" | the People's Republic of China; |
| "RMB" | the lawful currency of the PRC; |
| "Stock Exchange" | The Stock Exchange of Hong Kong Limited; |
| "Transfer | Agreement" the transfer agreement dated 26th May 2005 entered into between the Company and Jiangsu Yueda relating to the purchase of the 26.36% interest in Huaiyin Power Plant Phase I. |

By Order of the Board
Huaneng Power International, Inc.
Huang Long
Director, Company Secretary

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

| | |
|--|---|
| Xiaopeng (Executive director) | Qian Zhongwei (Independent non-executive director) |
| Huang Yongda (Executive director) | Xia Donglin (Independent non-executive director) |
| Wang Xiaosong (Non-executive director) | Liu Jipeng (Independent non-executive director) |
| Na Xizhi (Non-executive director) | Wu Yusheng (Independent non-executive director) |
| Huang Long (Executive director) | Yu Ning (Independent non-executive director) |
| Wu Dawei (Non-executive director) | |
| Shan Qunying (Non-executive director) | |
| Yang Shengming (Non-executive director) | |
| Xu Zujian (Non-executive director) | |

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Liu Shuyuan
(Non-executive director)

Beijing, the PRC
3rd June 2005