
UNDERWRITING

HONG KONG UNDERWRITERS

Joint Lead Managers

Morgan Stanley Asia Limited

China International Capital Corporation Hong Kong Securities Limited

Goldman Sachs (Asia) L.L.C.

Macquarie Capital Securities Limited

Co-Manager

Haitong International Securities Company Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, we are offering the Hong Kong Offer Shares for subscription by the public in Hong Kong on, and subject to, the terms and conditions of this prospectus and the Application Forms at the Offer Price. Subject to the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the H Shares to be offered pursuant to the Global Offering as mentioned herein and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally but not jointly to subscribe or procure subscribers for the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering on, and subject to, the terms and conditions of this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional upon and subject to the International Underwriting Agreement having been signed and becoming unconditional.

Grounds for termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination, if, at any time prior to 8:00 a.m. on the day that trading in the H Shares commences on the Stock Exchange:

- (a) there develops, occurs, exists or comes into force:
 - (i) any new law or regulation or any change or development involving a prospective change in existing law or regulation, or any change in the interpretation or application thereof by any court or other competent authority in or affecting Hong Kong, the PRC, the United States, Canada, the United Kingdom, any member of the European Union, Japan or Singapore (each a “Relevant Jurisdiction”); or
 - (ii) any change or development involving a prospective change or development, or any event or series of events resulting in or representing a change or development, or prospective change or

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development, in local, national, regional or international financial, political, military, industrial, economic, currency market, fiscal or regulatory or market conditions (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets and inter-bank markets, a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a devaluation of the Hong Kong dollars or an appreciation of the Renminbi against any foreign currencies) in or affecting any Relevant Jurisdiction; or

- (iii) any event or series of events in the nature of force majeure (such as acts of government, strikes, lock-outs, riots, public disorder, economic sanction, fire, explosion, flooding, civil commotion, acts of war, acts of terrorism (whether or not responsibility has been claimed), acts of God, large scale outbreak of diseases or epidemics, including, but not limited to, Severe Acute Respiratory Syndrome (“SARS”) and H1N1 or swine or avian influenza or such related/ mutated forms of accident or interruption or delay in transportation) in or affecting any Relevant Jurisdiction; or
- (iv) (A) any suspension or limitation on trading in shares or securities generally on the Stock Exchange, the New York Stock Exchange, the Nasdaq National Market, the London Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange or the Tokyo Stock Exchange or (B) a general moratorium on commercial banking activities in any Relevant Jurisdiction declared by the relevant authorities, or a material disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services in or affecting any Relevant Jurisdiction; or
- (v) any change or prospective change, or a materialization of, any of the risks set out in the section headed “Risk Factors” in this prospectus; or
- (vi) any resolution of the Company or its subsidiaries that is passed for the petition to wind-up or liquidate the Company or any of its subsidiaries or the Company or any of its subsidiaries makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of the Company or any of its subsidiaries or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of the Company or any of its subsidiaries or anything analogous thereto occurs in respect of the Company or any of its subsidiaries; or
- (vii) any material litigation or claim being threatened or instigated against the Company or any of its subsidiaries,

and which, in any such case and in the sole opinion of the Joint Bookrunners (for themselves and on behalf of the Hong Kong Underwriters):

- (A) is or will be or is likely to be materially adverse to, or materially and prejudicially affect, the business or financial or trading position or prospects of the Company or its subsidiaries; or
- (B) has or will have or is likely to have a material adverse effect on the success of the Global Offering or the level of Offer Shares being applied for or accepted or the distribution of Offer Shares and/or make it impracticable, inexpedient or inadvisable for any part of the Hong Kong Underwriting Agreement, the Hong Kong Public Offering or the Global Offering to be performed or implemented as envisaged; or

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- (C) makes or will or is likely to make it impracticable, inexpedient or inadvisable to proceed with the Hong Kong Public Offering and/or the Global Offering or the delivery of the Offer Shares on the terms and in the manner contemplated by this prospectus; or
- (b) there has come to the notice of the Joint Bookrunners or any of the Hong Kong Underwriters:
- (i) that any statement contained in this prospectus, the Application Forms, the formal notice and any announcements in the agreed form issued by the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto, if any) was, has or is likely to become untrue, inaccurate, incorrect or misleading in any material respect; or
 - (ii) any matter has arisen or has been discovered which would or might, had it arisen or been discovered immediately before the date of this prospectus, not having been disclosed in this prospectus, constitutes a material omission therefrom; or
 - (iii) any of the representations, warranties and undertakings given by the Company in the Hong Kong Underwriting Agreement is (or might when repeated be) untrue, inaccurate, incorrect or misleading in any respect; or
 - (iv) any event, act or omission which gives or may give rise to any material liability of the Company or any other indemnifying party pursuant to the indemnities given by the Company or them under the Hong Kong Underwriting Agreement; or
 - (v) any breach of any of the obligations of the Company or any other indemnifying party under the Hong Kong Underwriting Agreement; or
 - (vi) any material adverse change or prospective material adverse change in the business, properties, results of operations, in the financial or trading position, conditions or prospects of the Company and its subsidiaries as a whole,

then the Joint Bookrunners (for themselves and on behalf of the Hong Kong Underwriters) may, in their sole discretion and upon giving notice to the Company, terminate the Hong Kong Underwriting Agreement with immediate effect.

Undertakings by our Company

Pursuant to Rule 10.08 of the Listing Rules, no further Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) may be issued by us or form the subject of any agreement to such an issue by us within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the commencement of dealing), except:

- (a) in certain circumstances prescribed by Rule 10.08 of the Listing Rules; or
- (b) pursuant to the Global Offering.

Undertakings by our Controlling Shareholder

Our Controlling Shareholder, Huaneng Group, has undertaken to the Stock Exchange, the Joint Bookrunners and us that it will not, save as permitted under the Listing Rules:

- (a) in the period commencing on the date of this prospectus and ending on the date which is six months from the date on which dealings in our H Shares commence on the Stock Exchange (the “First

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Six-month Period”), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of our Company’s Shares or securities directly or indirectly beneficially owned by it (except for the transfer of the Domestic Shares to NSSF pursuant to the relevant PRC law); and

- (b) during the period of six months commencing on the date on which the First Six-month Period expires (the “Second Six-month Period”), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares or securities referred to in the immediately preceding paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be a controlling shareholder of our Company.

Huaneng Group has further undertaken to the Stock Exchange, the Joint Bookrunners and us that, within the First Six-month Period and the Second Six-month Period, it will:

- (a) when it pledges or charges any Shares or other securities of our Company in respect of which it is the beneficial owner in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan, immediately inform our Company of any such pledge or charge and the number of Shares or other securities of our Company so pledged or charged; and
- (b) when it receives any indication, either verbal or written, from any such pledgee or chargee of Shares or other securities of our Company that such Shares or other securities of our Company will be disposed of, immediately inform us of any such indication.

We will also, as soon as we have been informed of the above matters (if any) by Huaneng Group, inform the Stock Exchange and disclose such matters as soon as possible by way of an announcement to be published as required under the Listing Rules.

Undertakings to the Hong Kong Underwriters

By our Company

We have, pursuant to the Hong Kong Underwriting Agreement, undertaken to each of the Joint Bookrunners and the Hong Kong Underwriters that except pursuant to the Global Offering (including pursuant to the Over-allotment Option), at any time after the date of the Hong Kong Underwriting Agreement up to and including the date falling six months from the date on which dealings in the H Shares commence on the Stock Exchange, we will not without the Joint Bookrunners’ prior written consent (subject to the requirements set out in the Listing Rules):

- (a) offer, accept subscription for, pledge, charge, allot, issue, sell, lend, mortgage, assign, contract to allot, issue or sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, make any short sale, lend, mortgage, assign or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally or repurchase, any of our share capital or any securities or any interest therein (including but not limited to any interest convertible into or exercisable or exchangeable for or that represent the right to receive such share capital or securities or an interest therein);
- (b) enter into any swap, derivative, lending, repurchase and mortgage or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of our share capital or securities;

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- (c) enter into any transaction with the same economic effect as any transaction described in (a) and (b) above; or
- (d) agree or contract to, or publicly announce any intention to enter into, any transaction described in (a), (b) or (c) above,

whether any of the foregoing transactions described in sub-paragraphs (a) to (d) above is to be settled by delivery of share capital or such other securities, in cash or otherwise or publicly disclose that our Company will or may enter into any transaction described above, provided that the foregoing restrictions shall not apply to the issue of H Shares by our Company pursuant to the Global Offering (including pursuant to the Over-allotment Option) or the issue of warrants of our Company by the Joint Bookrunners or Joint Sponsors.

Indemnity

We have agreed to indemnify the Joint Bookrunners and the Hong Kong Underwriters for certain losses which they may suffer, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement.

Commission and Expenses

The Hong Kong Underwriters will receive an underwriting commission of up to 2.5% of the aggregate Offer Price payable for the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering, out of which they will pay any sub-underwriting commissions. For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, we will pay an underwriting commission at the rate applicable to the International Offering and such commission will be paid to the Joint Bookrunners and the relevant underwriters (but not the other Hong Kong Underwriters). We may also in our sole discretion pay the Hong Kong Underwriters an additional incentive fee of up to 0.5% of the aggregate Offer Price payable for the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

Assuming an Offer Price of HK\$2.63 per Offer Share (being the mid-point of the indicative Offer Price range), the aggregate commissions and fees, together with Stock Exchange listing fees, SFC transaction levy, Stock Exchange trading fees, legal and other professional fees and printing and other expenses relating to the Global Offering, are estimated to amount in aggregate to approximately HK\$298.4 million in total (assuming the Over-allotment Option is not exercised). Such commissions, fees and expenses are payable by our Company.

Hong Kong Underwriters' interest in our Company

Save as disclosed in this prospectus and save for its obligations under the Hong Kong Underwriting Agreement, none of the Hong Kong Underwriters has any shareholding interest in our Company or any other member of our Company or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any member of our Company.

International Offering

In connection with the International Offering, it is expected that we will enter into the International Underwriting Agreement with the Joint Bookrunners and the International Underwriters on or about June 3, 2011, shortly after the determination of the Offer Price. Under the International Underwriting Agreement, the International Underwriters would, subject to certain conditions, severally but not jointly, agree to procure subscribers to subscribe for or purchasers to purchase, or failing which to subscribe for or purchase themselves, their respective applicable proportions of the International Offer Shares being offered pursuant to the International Offering which are not taken up under the International Offering.

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Restrictions on the Offer Shares

No action has been taken to permit a public offering of the Offer Shares, other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make an offer or invitation. In particular, the Offer Shares have not been offered or sold, and will not be offered or sold, directly or indirectly, in the PRC.

Stabilization and Over-allotment

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the securities in the secondary market, during a specified period of time, to retard and, if possible, prevent, any decline in the market price of the securities below the offer price. In Hong Kong and certain other jurisdictions, the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilizing Manager, or any person or affiliates acting for it, on behalf of the Underwriters, may over-allocate or effect short sales or any other stabilizing transactions with a view to stabilizing or maintaining the market price of our H Shares at a level higher than that which might otherwise prevail in the open market. Short sales involve the sale by the Stabilizing Manager of a greater number of H Shares than the Underwriters are required to purchase in the Global Offering. “Covered” short sales are sales made in an amount not greater than the Over-allotment Option. The Stabilizing Manager may close out any covered short position by either exercising the Over-allotment Option to purchase additional H Shares or purchasing H Shares in the open market. In determining the source of the H Shares to close out the covered short position, the Stabilizing Manager will consider, among other things, the price of H Shares in the open market as compared to the price at which they may purchase additional H Shares pursuant to the Over-allotment Option. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the H Shares while the Global Offering is in progress. Any market purchases of our H Shares may be effected on any stock exchange, including the Stock Exchange, any over-the-counter market or otherwise, provided that they are made in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilizing Manager or any person acting for it to conduct any such stabilizing activity, which if commenced, will be done at the absolute discretion of the Stabilizing Manager and may be discontinued at any time. Any such stabilizing activity is required to be brought to an end within 30 days of the last day for the lodging of applications under the Hong Kong Public Offering. The number of our H Shares that may be over-allocated will not exceed the number of our H Shares that may be sold under the Over-allotment Option, namely, 372,856,000 H Shares, which is approximately 15% of the number of Offer Shares initially available under the Global Offering, in the event that the whole or part of the Over-allotment Option is exercised.

In Hong Kong, stabilizing activities must be carried out in accordance with the Securities and Futures (Price Stabilizing) Rules. Stabilizing actions permitted pursuant to the Securities and Futures (Price Stabilizing) Rules include:

- (a) over-allocation for the purpose of preventing or minimizing any reduction in the market price;
- (b) selling or agreeing to sell our H Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price;
- (c) subscribing, or agreeing to subscribe, for our H Shares pursuant to the Over-allotment Option in order to close out any position established under (a) or (b) above;

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- (d) purchasing, or agreeing to purchase, our H Shares for the sole purpose of preventing or minimizing any reduction in the market price;
- (e) selling our H Shares to liquidate a long position held as a result of those purchases; and
- (f) offering or attempting to do anything described in (b), (c), (d) and (e) above.

Stabilizing actions by the Stabilizing Manager, or any person acting for it, will be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilization.

As a result of effecting transactions to stabilize or maintain the market price of our H Shares, the Stabilizing Manager, or any person acting for it, may maintain a long position in our H Shares. The size of the long position, and the period for which the Stabilizing Manager, or any person acting for it, will maintain the long position is at the discretion of the Stabilizing Manager and is uncertain. In the event that the Stabilizing Manager liquidates this long position by making sales in the open market, this may lead to a decline in the market price of our H Shares.

Stabilizing action by the Stabilizing Manager, or any person acting for it, is not permitted to support the price of our H Shares for longer than the stabilizing period, which begins on the day on which trading of our H Shares commences on the Stock Exchange and end on the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering. The stabilizing period is expected to end on July 2, 2011. As a result, demand for our H Shares, and their market price, may fall after the end of the stabilizing period. These activities by the Stabilizing Manager may stabilize, maintain or otherwise affect the market price of the H Shares. As a result, the price of the H Shares may be higher than the price that otherwise might exist in the open market. Any stabilizing action taken by the Stabilizing Manager, or any person acting for it, may not necessarily result in the market price of our H Shares staying at or above the Offer Price either during or after the stabilizing period. Bids for or market purchases of our H Shares by the Stabilizing Manager, or any person acting for it, may be made at a price at or below the Offer Price and therefore at or below the price paid for our H Shares by purchasers. A public announcement in compliance with the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilizing period.