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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Beijing Datang Power Generation Company Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

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北京大唐发电股份有限公司 BEIJING DATANG POWER GENERATION CO. LTD

(A Sino-foreign joint stock limited company incorporated in the People's Republic of China)

DISCLOSEABLE TRANSACTION

7 November, 2002

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DEFINITIONS

In this Circular, unless otherwise specified, the following words and expressions shall have the meanings ascribed thereto.

BIC:	北京國際電力開發投資公司 Beijing International Power Development Investment Company, a state-owned enterprise established in the PRC
Directors:	The directors of the Company
HCI:	河北省建設投資公司 Hebei Province Construction Investment Company, a state-owned enterprise established in the PRC
HK\$:	Hong Kong dollars, the lawful currency of Hong Kong
H Shares:	Overseas listed foreign invested shares issued by the Company, with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and for which listing and dealing are permitted on the Stock Exchange of Hong Kong Limited and on the Official List of the London Stock Exchange
Latest Practicable Date:	7 November, 2002, being the latest practicable date prior to the printing of this document for ascertaining certain information referred to herein
Li Xian Jiang Company:	雲南大唐李仙江水電開發有限公司 Yunnan Datang Li Xian Jiang Hydropower Development Company Limited
NCPGC:	中國華北電力集團公司 North China Power Group Company, a state-owned enterprise established in the PRC and holding 35.43% of the Company's registered share capital
PRC:	The People's Republic of China
SDI Ordinance:	Securities (Disclosure of Interests) Ordinance (Chapter 396 of the Laws of Hong Kong)
Shareholders:	Registered holders of the Company's issued shares
Si Mau Asset:	思茅地區國有資產經營有限責任公司 Si Mau Area State-Owned Asset Operation Company Limited
The Company:	北京大唐發電股份有限公司 Beijing Datang Power Generation Company Limited, incorporated as a Sino-foreign joint stock limited company established in the PRC
The Group:	The Company and its subsidiaries

DEFINITIONS

The Li Xian Jiang Hydropower Project:	The planning, construction and operation of the Three Hydropower Stations
The Li Xian Jiang Joint Venture Agreement:	The agreement dated 18 October 2002 between the Company and Si Mau Asset in respect of the establishment of Li Xian Jiang Company
The Listing Rules:	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
The Stock Exchange:	The Stock Exchange of Hong Kong Limited
The Three Power Stations:	崖羊山水電站 Ya Yang Shan Hydropower Station, 龍馬水電站 Long Ma Hydropower Station, 居甫渡水電站 Ju Pu Du Hydropower Station
TJC:	天津市津能投資公司 Tianjin Jinneng Investment Company, a state-owned enterprise established in Tianjin

Note: For the purpose of this circular, all amounts in RMB were translated into HK\$ at an exchange rate of RMB1.06: HK\$1.00.



北京大唐发电股份有限公司
BEIJING DATANG POWER GENERATION CO. LTD

(A Sino-foreign joint stock limited company incorporated in the People's Republic of China)

Executive Directors:

Yu Hongji
Zhang Yi
Yang Hongming
Wang Xianzhou

Independent Non-Executive Directors:

Zhai Ruoyu
Hu Shengmu
Yang Jiayi
Liu Haixia
Su Tiegang
Ye Yonghui
Tong Yunshang
Zhang Wantuo
Xu Daping
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c/o Simmons & Simmons
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2 Queen's Road Central
Hong Kong

7 November, 2002

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

1. INTRODUCTION

On 18 October 2002, the Company entered into the Li Xian Jiang Joint Venture Agreement with Si Mau Asset. Pursuant to the Li Xian Jiang Joint Venture Agreement, the Company and Si Mau Asset agreed to invest 70% and 30% respectively, in the registered capital of Li Xian Jiang Company for the purpose of constructing and operating three hydropower stations of the Li Xian Jiang Hydropower Project.

Si Mau Asset is independent and is not connected with the promoters, directors, supervisors, chief executive or substantial shareholders of the Company or any of its subsidiaries or any of its associates.

LETTER FROM THE BOARD

The Li Xian Jiang Joint Venture Agreement constitutes a discloseable transaction for the company pursuant to Chapter 14 of the Listing Rules as the consideration paid by the Company (by way of contribution towards the registered capital of Li Xian Jiang Company) plus the maximum amount to be guaranteed by the Company in respect of future borrowings of Li Xian Jiang Company equals to 15.2% of the latest consolidated net tangible assets of the Group.

2. THE INVESTMENT

Pursuant to the Li Xian Jiang Joint Venture Agreement, the total investment of the Li Xian Jiang Hydropower Project is RMB3,052,860,000 (equivalent to approximately HK\$2,880,056,604) (subject to the approval of the relevant PRC authorities) and the registered capital of Li Xian Jiang Company is RMB140,000,000 (equivalent to approximately HK\$132,075,472). It is proposed that the difference between the total investment and the registered capital will be funded by Li Xian Jiang Company by means of third party borrowings, in respect of which the Company and Si Mau Asset agreed to guarantee 70% and 30% respectively on a several basis in accordance with the actual financial needs of Li Xian Jiang Company.

3. THE CONSIDERATION

Pursuant to the Li Xian Jiang Joint Venture Agreement, the registered capital of Li Xian Jiang Company will amount to approximately RMB140,000,000 (equivalent to approximately HK\$132,075,472). The registered capital will be contributed in cash by the Company and Si Mau Asset in proportions of 70% and 30% respectively. Accordingly, the Company will contribute approximately RMB98,000,000 (equivalent to approximately HK\$92,452,830) in total to the registered capital of Li Xian Jiang Company. Such amount will be funded from the Company's internal financial resources. The detailed timing and manner of such capital contribution by each of the parties to the agreement will be set out in the Articles of Association of Li Xian Jiang Company.

Apart from its contribution to the registered capital of Li Xian Jiang Company and its obligation to provide guarantees for the funding of the Li Xian Jiang Hydropower Project according to the investment ratio as described above, the Company is not obliged to provide any other funding to Li Xian Jiang Company under the Li Xian Jiang Joint Venture Agreement.

4. INFORMATION RELATING TO THE LI XIAN JIANG HYDROPOWER PROJECT

It is proposed that Li Xian Jiang Company will be established in Si Mau, Yunnan Province and for a term of 30 years (excluding the construction period).

The Li Xian Jiang Hydropower Project consists of the Three Power Stations. The Company and Si Mau Asset have agreed to establish Li Xian Jiang Company as a joint venture company for the purpose of planning, constructing and operating the Three Hydropower Stations, namely:

(A) Ya Yang Shan Hydropower Station

The estimated total investment of this hydropower station amounts to RMB700,860,000. It is proposed to consist of a set of 3x33 MW hydraulic-turbine generating units.

LETTER FROM THE BOARD

(B) Long Ma Hydropower Station

The estimated total investment of this hydropower station amounts to RMB1,330,000,000. It is proposed to consist of a set of 3x80 MW hydraulic-turbine generating units.

(C) Ju Pu Du Hydropower Station

The estimated total investment of this hydropower station amounts to RMB1,022,000,000. It is proposed to consist of a set of 3x80 MW hydraulic-turbine generating units.

The total amount of investment of the Li Xian Jiang Hydropower Project is estimated to be approximately RMB3,052,860,000. The final total investment will, however, be in accordance with the amount approved by the relevant government authorities in the PRC.

Major Terms

The registered capital of Li Xian Jiang Company is proposed to be RMB140,000,000. The Company agreed to contribute towards 70% (RMB98,000,000) while Si Mau Asset agreed to contribute towards 30% (RMB42,000,000) of the registered capital of Li Xian Jiang Company. All contributions shall be paid by the parties in cash. Any profits generated by Li Xian Jiang Company will be shared between the Company and Si Mau Asset in accordance with the percentage of their respective shareholdings in Li Xian Jiang Company. The timing and the amount for the injection of capital will be set out in the Articles of Association of Li Xian Jiang Company.

The total investment required by the Li Xian Jiang Hydropower Project is estimated to be approximately RMB3,052,860,000 (subject to any adjustment made by the relevant PRC government authorities). The Company and Si Mau Asset agreed that the difference between the total investment and the registered capital will be funded by Li Xian Jiang Company by means of third party borrowings, in respect of which the Company and Si Mau Asset agreed to guarantee 70% and 30% respectively on a several basis in accordance with the actual financial needs of Li Xian Jiang Company. The Company will comply with the relevant Listing Rules in relation to such guarantee.

The board of directors of Li Xian Jiang Company shall consist of seven directors in total, 4 of which shall be appointed by the Company, 2 of which shall be appointed by Si Mau Asset and 1 of which shall be appointed by and out of the employees of Li Xian Jiang Company.

The Li Xian Jiang Joint Venture Agreement will become effective when all necessary approvals in the PRC have been obtained.

The Directors expect that Li Xian Jiang Company, once established, will be treated as a subsidiary of the Company.

LETTER FROM THE BOARD

5. REASONS FOR THE INVESTMENT

The resources for hydropower construction are abundant in Yunnan and the investment environment is relatively favourable for newly established power enterprises in the Western region of the PRC. In support of the development of the Western region, the PRC Government has granted certain favourable policies to such newly established power enterprises, including tax concessions, thereby enhancing their profitability and competitiveness and in return, increasing shareholder's return. The Li Xian Jiang Hydropower Project has been included into Yunnan's Power Construction Project Planning of the Tenth Five-Year Plan and the Eleventh Five-Year Plan, as well as the province-wide and Yunnan-to-Guangdong power balancing projects.

The development conditions for the Three Power Stations developed along the Li Xian Jiang River are favourable, and resources for hydropower are abundant. Upon completion, the unit cost of hydropower generation will be much lower than that of thermal power generation.

The Yunnan power market consists of both hydropower and thermal power generation. While focusing on developing thermal power plants, the Company also constructs hydropower plants of large capacity. Hydropower plants and thermal power plants would complement each other during rainy versus dry seasons, thereby enabling the Company to maintain a balanced position in the power market.

The annual capital investment of the construction of Ya Yang Shan Hydropower Station, Long Ma Hydropower Station and Ju Pu Du Hydropower Station only represents a small portion of the Company's capital revenue and, therefore, will not affect the Company's capital operation and profit distribution.

The Directors expect that the Li Xian Jiang Hydropower Project will bring about an increase in the Company's earnings.

The Li Xian Jiang Joint Venture Agreement allows the Company to participate in the development and operation of hydropower projects in Yunnan. This is consistent with the Company's development strategies of "dual emphasis", that is, development within versus outside the region, development of hydro versus thermal power plants, and greenfield development vs. acquisition, and as such will further strengthen the Company's ability in continual development and enhance its shareholder value.

6. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices which form part of this circular.

By Order of the Board
Beijing Datang Power Generation Company Limited
Zhai Ruoyu
Chairman

1. RESPONSIBILITY STATEMENT

This document includes particulars given in compliance with the Listing Rules for the purpose of providing information with regard to the Li Xian Jiang Joint Venture Agreement and the Company.

The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

As of the Latest Practicable Date, none of the Directors had any interests in the share capital of the Company or its associated corporations (within the meaning of the SDI Ordinance) which have been notified to the Company and the Stock Exchange pursuant to section 28 of the SDI Ordinance (including interests which they are deemed or taken to have under section 31 of, or part 1 of the Schedule to, the SDI Ordinance) or which are required, pursuant to section 29 of the SDI Ordinance, to be entered in the register referred to therein or which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

3. SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, there is no other person known to the Directors who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name of shareholder or person so interested	Shares	Number of shares or amount of paid equity held	Percentage shareholding or paid equity holding
NCPGC	Domestic shares	1,828,768,200	35.43%
BIC	Domestic shares	671,792,400	13.01%
HCI	Domestic shares	671,792,400	13.01%
TJC	Domestic shares	559,827,000	10.84%

4. DIRECTORS’ SERVICE CONTRACTS

Director	Employed by	Date of contract, unexpired term and notice period	Remuneration and benefits in kind	Others
			(per annum)	
Yu Hongji	The Company	The contract was signed on 6 December 1999 with an unexpired term of approximately 21 months. Either party may terminate the contract by 6 months prior notice to the other party.	RMB150,000	There are no provisions for commissions, profit-sharing arrangements or compensation in the event of early termination.
Zhang Yi	The Company	The contract was signed on 24 June 1999 with an unexpired term of approximately 21 months. Either party may terminate the contract by 6 months prior notice to the other party.	RMB150,000	There are no provisions for commissions, profit-sharing arrangements or compensation in the event of early termination.
Yang Hongming	The Company	The contract was signed on 29 October 1998 with an unexpired term of approximately 21 months. Either party may terminate the contract by 6 months prior notice to the other party.	RMB150,000	There are no provisions for commission, profit-sharing arrangements or compensation in the event of early termination.
Wang Xianzhou	The Company	The contract was signed on 18 November 2000 with an unexpired term of approximately 21 months. Either party may terminate the contract by 6 months prior notice to the other party.	RMB150,000	There are no provisions for commissions, profit-sharing arrangements or compensation in the event of early termination.

Save as disclosed above, there are no other directors’ service contracts which are in force with any member of the Group.

5. LITIGATION

The Directors are not aware of any litigation or arbitration of material importance pending or threatened against any member of the Group.

6. MISCELLANEOUS

- (i) The Company Secretary is Yang Hongming.
- (ii) Save as disclosed herein, none of the Directors is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of the Group.
- (iii) The Directors are not aware of any adverse material change in the financial or trading position of the Group since the date on which the Company published its latest audited accounts.
- (iv) Save as disclosed herein, none of the Directors has any direct or indirect interest in any assets acquired or disposed of by or leased to any member of the Group or proposed to be acquired or disposed of by or leased to any member of the Group since the date on which the Company published its audited accounts for the year ended 31 December 2001.