



CPNE

China Power New Energy Development Company Limited

中國電力新能源發展有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 735)

ANNOUNCEMENT

The Group has been approved by 甘肅省發展和改革委員會 (the National Development and Reform Commission of Gansu Province*) to commence preliminary works in relation to the development of Phase II of the Gansu Power Project.

Reference is made to the announcements dated 23 October 2007 and 25 January 2008 and circular of 7 December 2007 of China Power New Energy Development Company Limited (the “Company”) relating to the acquisitions of, inter alia, the entire issued share capital of Tianhong Holdings Limited (天泓控股有限公司*) (“Tianhong”) by the Company and its subsidiaries (the “Group”).

The principal asset of Tianhong is its 90% shareholding in 甘肅中電酒泉風力發電有限公司 (Gansu China Power Jiuquan Wind Electric Power Company Limited*) (“Gansu China Power”), which has a special franchise to build, own, operate and run a wind power generating business operation with a capacity of up to 100 MW in Jiuquan City, Guazhou County, Gansu Province, the PRC (“Phase I of the Gansu Power Project”).

Phase I of the Gansu Power Project

The board of directors of the Company (the “Board”) would like to inform shareholders of the Company (“Shareholders”) that construction of Phase 1 of the Gansu Power Project, which comprises 134 wind turbines, has been completed and commenced full operation generating electricity since November 2007.

The electricity generated by Phase I of the Gansu Power Project is transmitted to a central grid of the local government and the tariff is fixed at RMB0.4616 kilowatt/hour for the initial 30,000 hours and thereafter at a tariff rate of not less than the average tariff rate then prevailing at the time in Gansu Province, the PRC.

Phase II of the Gansu Power Project

On 26 November 2007, 甘肅省發展和改革委員會 (the National Development and Reform Commission of Gansu Province*) gave its agreement to 中電國際新能源 (上海) 控股有限公司 (China Power International New Energy (Shanghai) Holding Company Limited*), a wholly-owned subsidiary of the Company, to commence preliminary works in relation to the development of Phase II of the wind power generating project at Jiuquan City, Guazhou County, Gansu Province, the PRC (“Phase II of the Gansu Power Project”).

Phase II of the Gansu Power Project will be located to the west of Phase I of the Gansu Power Project and east of the National Highway no. 312. It is planned that 66 wind turbines of 750 kilowatt each, with a total capacity of about 50 MW, will be installed. The total construction cost of the said project is estimated to be around RMB350 million, which, if it is to be proceeded with, will be financed partly by the internal resources of the Group and partly by bank financing.

It is planned that the electricity to be generated by Phase II of the Gansu Power Project will be transmitted to a central grid of the local government. The Company and independent professional parties are conducting preliminary works, which include various feasibility and analytical studies, on the said project and the Company plans to submit the necessary applications to the relevant government authorities for the necessary consents and approvals with respect to Phase II of the Gansu Power Project shortly.

Phase III of the Gansu Power Project

The Board would also like to inform Shareholders that on 2 November 2007, 酒泉市發展和改革委員會 (the National Development and Reform Commission of Jiuquan City*) had referred the Group's application to 甘肅省發展和改革委員會 (the National Development and Reform Commission of Gansu Province*) for approving the construction of Phase III of the Gansu Power Project in Jiuquan City, Guazhou County, Gansu Province, the PRC, which will have a capacity of about 50 MW.

The Company will issue further announcement(s) with respect to any significant development and/or progress of the above projects as and when necessary, in compliance with the requirements of the Listing Rules.

By order of the Board
China Power New Energy Development Company Limited
Stephen Chiang
Company Secretary

Hong Kong, 7 May 2008

As at the date hereof, Ms. Li Xiaolin, Mr. Lai Leong, Mr. Zhao Xinyan, Mr. Wang Hao, Mr. Clive William Oxley, Mr. Liu Genyu and Mr. Cheng Chi are the executive directors of the Company; and Dr. Chow King Wai, Mr. Chu Kar Wing and Mr. Wong Kwok Tai are the independent non-executive directors of the Company.

* *For identification purpose only*