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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: 0735)

ANNOUNCEMENT

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MEMORANDUM OF UNDERSTANDING

This announcement is made by the Company pursuant to Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) (“**Listing Rules**”).

On 30 December 2015, the Company entered into a Memorandum of Understanding (“**MOU**”) with State Power Investment Group Corporation* (國家電力投資集團公司) (“**SPIC**”), the key terms of which are as follows:

State Nuclear Power Technology Company* (國家核電技術有限公司) (“**SNPT**”), a subsidiary of SPIC, will seek to transfer all its nuclear power assets and businesses to the Company. As consideration for the transfer, the Company will issue new shares and/or pay cash to SNPT and/or China Power New Energy Limited (中國電力新能源有限公司*) (“**New Energy Limited**”), an indirect wholly-owned subsidiary of SPIC. The cash portion of the consideration may be raised by the Company through equity financing, debt financing or other means.

The reorganisation may only be implemented after approvals and/or consents by the relevant governmental departments and/or regulatory authorities within and outside the People's Republic of China ("PRC").

The parties agree to actively progress the reorganisation according to the above and to negotiate based on the principles of trust and good faith.

Subject to the approvals and consents by the relevant governmental departments and/or regulatory authorities and other reasonable factors, the Company intends to issue shares to SNPT and/or New Energy Limited at not less than HK\$0.57 per share. Such issue price has been set by reference to the arithmetic mean of the weighted average price of each day for the last 30 trading days immediately before the suspension of trading of the Company's shares on 21 December 2015, and will be appropriately adjusted for any future changes in its share capital structure.

The MOU is governed by PRC law and does not have legally binding effect, except for the agreement on the price per share to be issued as consideration by the Company as described in the preceding paragraph which is agreed by the parties to be legally binding.

RELATIONSHIP BETWEEN THE PARTIES

SNPT is currently an approximately 76% subsidiary of SPIC. SPIC is the largest shareholder of the Company, holding indirectly through its wholly-owned subsidiaries an aggregate of approximately 28.07% of the issued share capital of the Company.

RESUMPTION OF TRADING

At the request of the Company, trading in its shares was suspended with effect from 9:00 a.m. on 21 December 2015, pending the publication of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading with effect from 9:00 a.m. on 31 December 2015.

There is no assurance that the reorganisation will materialise or eventually be consummated. Shareholders and potential investors of the Company are reminded that the terms of the reorganisation are subject to further discussions between the parties, and the relevant transactions are subject to regulatory and governmental approvals. Shareholders and potential investors of the Company are urged to exercise extreme caution when dealing in the shares and other securities of the Company, and should seek professional advice if there is any doubt about their position.

By Order of the Board
China Power New Energy Development Company Limited
Wang Binghua
Chairman

Hong Kong, 30 December 2015

At the date of this announcement, the Board comprises four executive directors, namely Mr. Wang Zhongtang, Mr. Zhao Xinyan, Mr. He Hongxin and Mr. Qi Tengyun; three non-executive

directors, namely Mr. Wang Binghua, Mr. Bi Yaxiong and Mr. An Luming; and four independent non-executive directors, namely Mr. Chu Kar Wing, Dr. Li Fang, Mr. Wong Kwok Tai, and Ms. Ng Yi Kum.

** For identification purposes only*