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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 PURSUANT TO RULE 3.7 OF THE TAKEOVERS CODE UPDATE ON THE POSSIBLE TRANSACTION

Reference is made to the announcements (the “**Announcements**”) of China Power New Energy Development Company Limited (the “**Company**”) dated 30 December 2015 and 8 January 2016 regarding the MOU entered into between the Company and SPIC. Unless otherwise specified, capitalised terms used in the Announcements have the same respective meanings when used herein.

This announcement is made by the Company pursuant to Rule 3.7 of the Takeovers Code.

The board of directors of the Company wishes to update the Company’s shareholders and potential investors that, as at the date of this announcement, (i) the discussion and negotiation between the Company and the SPIC Group in respect of the Possible Transaction remain ongoing; and (ii) save for the MOU (which contains certain legally binding provisions as disclosed in the Announcement dated 30 December 2015), no formal or legally binding agreement has been entered into between the Company and the SPIC Group in respect of the Possible Transaction.

In compliance with Rule 3.7 of the Takeovers Code, monthly announcements setting out the progress of the Possible Transaction will be made until announcement of firm intention to make an offer under Rule 3.5 of the Takeovers Code or of a decision not to proceed with an offer is

made. Further announcement(s) will be made by the Company as and when appropriate or required in accordance with the Listing Rules and the Takeovers Code (as the case may be).

There is no assurance that any offer will be made for the shares of the Company or any whitewash waiver will be sought or if sought will be obtained. Further, there is no assurance that the Possible Transaction will materialise or eventually be consummated. Shareholders and potential investors of the Company are reminded that the terms of the Possible Transaction 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, 5 February 2016

As at the date of this announcement, the board of directors of the Company 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.

All directors of the Company jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

** For identification purposes only*