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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: 735)

POSITIVE PROFIT ALERT

The Board is pleased to announce that, based on a preliminary review of the unaudited consolidated management accounts of the Group, the Group is expected to record a significant increase in net profit for the six months ended 30 June 2016, as compared to the corresponding period in 2015.

Shareholders and potential investors should note that the above Statement has not been reported on in accordance with the Takeovers Code and it does not meet the standard required under Rule 10 of the Takeovers Code. Accordingly, they are advised to exercise caution in placing reliance on the Statement in assessing the merits and demerits of any possible offer and/or dealing in the securities of the Company.

This announcement is made by the Company pursuant to Part XIVA of the SFO and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

This announcement is made by China Power New Energy Development Company Limited (the “**Company**” and, together with its subsidiaries, the “**Group**”) pursuant to Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the “**SFO**”) and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Positive profit alert

The board of directors of the Company (the “**Board**”) is pleased to announce that, based on a preliminary review of the unaudited consolidated management accounts of the Group, the Group is expected to record a significant increase in net profit for the six months ended 30 June 2016, as compared to the corresponding period in 2015 (the “**Statement**”).

Based on the information currently available, the Board considers that, as compared with the corresponding period in 2015, the expected increase of the net profit of the Group for the six months ended 30 June 2016 is mainly attributable to the fact that (i) new projects in relation to natural gas power, waste-to-energy power and photovoltaic power have commenced operation in the first half of this year. In particular, the power generating units in relation to natural gas power which have commenced operations have large capacities and generated high volume of power, leading to a significant increase in income; (ii) the significant decrease in the cost of natural gas compared to the corresponding period of last year contributed to a higher growth in profit; and (iii) hydro power generation had been favourably affected by the relatively abundant rainfall during the period and recorded a notable increase in the volume of power generation, contributing to a growth in the profit from hydro power generation as compared to the corresponding period last year.

As the Company is still compiling its results for the six months ended 30 June 2016, the information contained in this announcement is only based on a preliminary assessment of the information currently available to the management of the Company, and is not based on any data or information audited or reviewed by the auditors of the Company. It is expected that the results of the Group for the six months ended 30 June 2016 will be announced in August 2016.

Takeovers Code implications

Reference is made to the announcements of the Company dated 30 December 2015 and 8 January 2016 in relation to a memorandum of understanding entered into between the Company and State Power Investment Group Corporation* (國家電力投資集團公司). As disclosed in the announcement dated 8 January 2016, the Company is currently in an offer period for the purpose of the Code on Takeovers and Mergers (the “**Takeovers Code**”). Pursuant to the Takeovers Code, the Statement constitutes a profit forecast. The Statement does not meet the standard required under Rule 10 of the Takeovers Code and is required to be reported on by financial advisers and auditors and repeated in full, together with the above reports, in the next document in connection with the possible offer to be addressed to the shareholders of the Company (the “**Shareholders**”) (the “**Shareholders’ Document**”). However, after consultation with the Securities and Futures Commission, the Statement is permitted to be published without full compliance with the Takeovers Code because the only reason for publication of the Statement is that this is required by applicable laws and regulations (and the Statement is not otherwise proposed to be published by the Company) and, having regard to the legal obligations to publish the Statement as soon as practicable, the Company has encountered genuine practical difficulties in meeting the reporting requirements set out in Rule 10.4 of the Takeovers Code.

The Statement will be reported on in compliance with the Takeovers Code as soon as practicable and such reports will be contained in the next Shareholders’ Document. However, if the results announcement of the Group for the six months ended 30 June 2016 is published (expected to be published in August 2016) prior to the issue of the next Shareholders’ Document and the relevant results together with the notes to the financial statements are included in the next Shareholders’ Document, such reports are no longer required.

Shareholders and potential investors should note that the Statement has not been reported on in accordance with the Takeovers Code and it does not meet the standard required under Rule 10 of the Takeovers Code. Accordingly, they are advised to exercise caution in placing reliance on the Statement in assessing the merits and demerits of any possible offer and/or dealing in the securities of the Company.

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

Hong Kong, 29 July 2016

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. Wu Hanming; 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*