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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)

CONNECTED TRANSACTION COMPOSITE SUPPORT SERVICES AGREEMENT

SUMMARY

On 28 February 2017, the Parties entered into the Composite Support Services Agreement (the “**Agreement**”) pursuant to which SCPNEPD has agreed to provide composite support services to CPIH in respect of the Building for a term commencing on 1 March 2017 and ending on 30 June 2018 at a consideration of RMB22,320,000 .

SCPNEPD is a wholly-owned subsidiary of the Company. CPIH is a substantial shareholder of the Company and therefore a connected person of the Company for the purpose of the Listing Rules. As such, the transaction contemplated under the Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable Percentage Ratio (other than the profits ratio) calculated with reference to the consideration under the Agreement is more than 0.1% but less than 5%, the Agreement is subject to the reporting and announcement requirements but exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

The Company is pleased to announce that on 28 February 2017, the Parties entered into the Agreement pursuant to which SCPNEPD, a subsidiary of the Company, has agreed to provide composite support services to CPIH, a substantial shareholder of the Company, in respect of the Building for a term commencing on 1 March 2017 and ending on 30 June 2018.

PRINCIPAL TERMS OF THE AGREEMENT

1) Date

The Agreement was entered into on 28 February 2017.

2) Parties

- (1) CPIH; and
- (2) SCPNEPD.

3) Scope of service

SCPNEPD will provide the following services to CPIH in respect of the Building:

- (1) Event planning and related support services
- (2) Cleaning of office area and ancillary facilities
- (3) Reception services
- (4) Management, maintenance and repair of electronic devices
- (5) Management, maintenance and annual evaluation of lifts
- (6) Inspection and maintenance of engineering facilities
- (7) Security services
- (8) Operation, maintenance and repair of equipment and facilities
- (9) Maintenance of public order and regular inspection of fire prevention facilities
- (10) Business centre services
- (11) Chauffeur services
- (12) Catering services and management of canteens
- (13) Record-keeping relating to the provision of support services

4) Consideration and payment terms

The consideration for the provision by SCPNEPD of composite support services pursuant to the Agreement is RMB22,320,000, 95% of which will be payable by CPIH to SCPNEPD in quarterly instalments over the term of the Agreement, and 5% of which (after deducting the fee of the annual assessment) will be payable by CPIH to SCPNEPD after the annual assessment of SCPNEPD in accordance with the assessment results.

REASONS FOR AND BENEFITS OF THE AGREEMENT

The Agreement has been awarded to SCPNEPD after tender. The selection criteria of the tender are the expertise, equipment, facilities, manpower and practical experience of the tendering parties. The terms of the Agreement are negotiated on an arm's length basis, taking into account the costs involved and the prices charged by other tendering parties in comparable

projects. The Directors consider that the terms of the Agreement are no less favorable to the Company than those available from independent third parties.

The Directors (including the independent non-executive Directors) are of the view that the transaction contemplated under the Agreement is on normal commercial terms or better (which are fair and reasonable), in the ordinary and usual course of business of the Group and in the interests of the Company and its shareholders as a whole, and will generate additional stable income for the Company. Mr. Wang Binghua (as a director of CPIH) had abstained from voting in the resolution of the Board approving the above transaction.

INFORMATION ON THE COMPANY, SCPNEPD and CPIH

1) Information on the Company and SCPNEPD

The Company, whose shares are listed on the Stock Exchange, has its head office in Hong Kong. The principal business activity of the Company is investment holding. The subsidiaries of the Company are principally engaged in the development, construction, ownership, operation and management of clean energy power plants in the PRC, and also engaged in investment holding in the clean energy power industry and property investments. SCPNEPD is a wholly-owned subsidiary of the Company and its principal activities include property management, development and operation of real estate in the PRC.

2) Information on CPIH

CPIH is a substantial shareholder of the Company. The principal activities of CPIH include the investment, development, operation and management of electricity generation and sales of clean energy such as thermal, hydro and wind power plants in the PRC.

LISTING RULES IMPLICATIONS

SCPNEPD is a wholly-owned subsidiary of the Company. CPIH is a substantial shareholder of the Company and therefore a connected person of the Company for the purpose of the Listing Rules. As such, the transaction contemplated under the Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable Percentage Ratio (other than the profits ratio) calculated with reference to the consideration under the Agreement is more than 0.1% but less than 5%, the Agreement is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Board”	the board of Directors
“Building”	an office building of CPIH situated in the Haidian District, Beijing, PRC

“Company”	China Power New Energy Development Company Limited, a company incorporated in Bermuda whose shares are listed on the Stock Exchange
“connected person”	has the same meaning as ascribed to it under the Listing Rules
“CPIH”	China Power International Holding Limited, a substantial shareholder of the Company
“Directors”	the directors of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Parties”	SCPNEPD and CPIH
“Percentage Ratios”	the percentage ratios described under Rule 14.07 of the Listing Rules and “Percentage Ratio” means any one of them
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purpose of this announcement
“RMB”	the Renminbi, the lawful currency of the PRC
“SCPNEPD”	Shanghai China Power New Energy Property Development Company Limited, a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, 28 February 2017

As at the date of this announcement, the Board comprises four executive directors, namely Mr. Wang Fengxue, 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.

** For identification purposes only*