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CHINA POWER NEW ENERGY LIMITED
(incorporated in Hong Kong with limited liability)

**CHINA POWER CLEAN ENERGY
DEVELOPMENT COMPANY LIMITED**
(incorporated in Hong Kong with limited liability)
(Stock Code: 0735)

JOINT ANNOUNCEMENT

- (1) PROPOSAL FOR THE DELISTING OF
CHINA POWER CLEAN ENERGY DEVELOPMENT COMPANY LIMITED
BY CHINA POWER NEW ENERGY LIMITED
BY WAY OF A SCHEME OF ARRANGEMENT
(UNDER SECTION 673 OF THE COMPANIES ORDINANCE)**
- (2) PROPOSED WITHDRAWAL OF LISTING**
- (3) IRREVOCABLE UNDERTAKING BY THE IU SHAREHOLDER TO
APPROVE THE PROPOSAL
AND**
- (4) APPOINTMENT OF THE INDEPENDENT FINANCIAL ADVISER
TO THE INDEPENDENT BOARD COMMITTEE**
- (5) RESUMPTION OF TRADING IN SHARES**

Financial Adviser to CHINA POWER NEW ENERGY LIMITED



Independent Financial Adviser to the Independent Board Committee of the Company

 **SOMERLEY CAPITAL LIMITED**

INTRODUCTION

The Offeror and the Company jointly announce that on 28 March 2019, the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders regarding the proposed delisting of the Company by way of a scheme of arrangement under Section 673 of the Companies Ordinance. Upon completion of the Scheme, the Company will become a wholly-owned subsidiary of the Offeror and the listing of the Shares will be withdrawn from the Stock Exchange.

TERMS OF THE PROPOSAL

The Proposal will be implemented by way of the Scheme. The Scheme will provide that, if it becomes effective, the Scheme Shares will be cancelled in exchange for either:

- (a) the **Cash Alternative**: cash of HK\$5.45 for every Scheme Share; or
- (b) the **Share Alternative**: 6 New Shares in the Offeror for every Scheme Share held.

The Scheme Shareholders may elect either the Cash Alternative or the Share Alternative as the form of Cancellation Consideration in respect of their entire holdings of Scheme Shares (but not, for the avoidance of doubt, a combination of the two). Scheme Shareholders who do not make any election will receive the Cash Alternative.

As at the Announcement Date, the Offeror does not hold any other asset other than its 26.42% shareholding in the Company and certain accumulated profits or reserves (which may be subject to adjustments prior to the Effective Date), or have any liability other than the Shareholder Loan (which will be discharged in exchange for, by way of capitalisation, the issuance of new Offeror Shares to Parentco before the Effective Date), the Tianhan Loan (which will be discharged by full repayment by the Offeror before the Effective Date) and any Transaction Indebtedness. The value of the Share Alternative will approximately be equivalent to the value of every Share in the Company upon discharge of the Shareholder Loan and the Tianhan Loan, subject to any Transaction Indebtedness.

As at the Announcement Date, the Offeror has 1,666,641,000 shares in issue. The actual number of New Shares to be issued under the Share Alternative will be determined on the Record Date. Assuming 214,376,538 new Offeror Shares are issued by the Offeror to capitalise all of the Shareholder Loan and no Outstanding Share Options are exercised before the Record Date, if all the Scheme Shareholders elect the Share Alternative, 5,238,782,970 New Shares will be issued, representing approximately 73.58% of the enlarged issued share capital of the Offeror post all new Offeror Share issuance upon completion of the Scheme. Fractions of New Shares to be issued to the Scheme Shareholders who have elected the Share Alternative will be rounded to the nearest whole number.

Upon the Scheme becoming effective, 873,130,495 Shares in issue, comprising 19,572,000 Shares held by Parentco, representing approximately 1.65% of the issued share capital of the Company, and 853,558,495 Shares held by other Shareholders, representing approximately 71.93% of the issued share capital of the Company, will be cancelled, and the same number of new Shares as cancelled will be issued, credited as fully paid, to the Offeror.

The cash consideration of HK\$5.45 per Scheme Share under the Cash Alternative represents:

- a premium of approximately 41.9% over the closing price of HK\$3.84 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 60.8% over the average closing price of approximately HK\$3.39 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- a premium of approximately 78.1% over the average closing price of approximately HK\$3.06 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- a premium of approximately 94.0% over the average closing price of approximately HK\$2.81 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- a premium of approximately 101.9% over the average closing price of approximately HK\$2.70 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- a premium of approximately 105.7% over the average closing price of approximately HK\$2.65 per Share based on the daily closing prices as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Day; and
- a discount of approximately 35.1% over the audited net asset value per Share attributable to the Shareholders (after deducting minority interests) in the Company of approximately RMB7.15 as at 31 December 2018, based on RMB to HK\$ exchange rate of RMB0.85169 to HK\$1 (being the exchange rate as quoted by the People's Bank of China on the Last Trading Day).

The implementation of the Proposal is, and the Scheme will become effective and binding on the Company and all Shareholders, subject to the fulfilment or waiver, as applicable, of all the Conditions as described in the section headed "Conditions of the Proposal and the Scheme" below. All of the Conditions must be fulfilled or waived, as applicable, on or before the Long Stop Date (or such later date as the Offeror and the Company may agree or, to the extent applicable, as the High Court may direct and in all cases, as permitted by the Executive), failing which the Proposal will not proceed and the Scheme will lapse.

IRREVOCABLE UNDERTAKING

On 28 March 2019, the Offeror received the Irrevocable Undertaking from the IU Shareholder (i.e. China Three Gorges), pursuant to which the IU Shareholder has undertaken to, amongst other things, (i) exercise (or procure the exercise of) all voting rights attached to the Shares held or owned by it at the Court Meeting and the extraordinary general meeting to be convened by the Company in connection with the Proposal in favour of all the resolutions to approve the Proposal and any matters in connection with the Proposal (where applicable) and (ii) to elect for the Share Alternative only as the form of Cancellation Consideration for the cancellation of the 321,626,923 Shares held by it. The 321,626,923 Shares held by the IU Shareholder which are the subject of the Irrevocable Undertaking represents approximately 27.10% of the total issued share capital of the Company as at the Announcement Date.

Pursuant to the Irrevocable Undertaking and assuming each of the Parentco and the IU Shareholder elects the Share Alternative and all the other Shareholders elect the Cash Alternative, the Offeror will be owned by the Parentco and the IU Shareholder as to 72.90% and 27.10%, respectively, upon completion of the Scheme.

The Irrevocable Undertaking, being a binding irrevocable undertaking, will terminate and the above obligations of the IU Shareholder under the Irrevocable Undertaking will cease to be binding if the Scheme does not become effective, lapses or is withdrawn in accordance with its terms and no new, revised or replacement Scheme is announced by the Offeror and/or the Company at the same time.

SHAREHOLDING STRUCTURE OF THE COMPANY AND SCHEME SHARES

As at the date of this Announcement, the Company has 1,186,633,418 Shares in issue. As at the date of this Announcement, the Scheme Shares, comprising 873,130,495 Shares, represent approximately 73.58% of the issued share capital of the Company.

As at the date of this Announcement, the Offeror holds 313,502,923 Shares (representing approximately 26.42% of the issued share capital of the Company). Such Shares will not form part of the Scheme Shares and the Offeror will not vote on the Scheme at the Court Meeting.

As at the date of this Announcement, an Offeror Concert Party holds in aggregate 19,572,000 Shares (representing approximately 1.65% of the issued share capital of the Company). Such Shares will form part of the Scheme Shares but the relevant Offeror Concert Party will not vote on the Scheme at the Court Meeting.

OPTION OFFER

As at the date of this Announcement, there are 7,400,000 Outstanding Share Options granted under the Share Option Scheme, each relating to one Share, of which 4,950,000 Share Options have an exercise price of HK\$5.14 and 2,450,000 Share Options have an exercise price of HK\$7.80. All such Share Options have vested. The Company does not intend to grant any further Share Options between the date of this Announcement and the Effective Date.

The exercise of all the said Share Options in full would result in the issue of 7,400,000 new Shares (representing approximately 0.62% of the issued share capital of the Company as at the date of this Announcement) and approximately 0.62% of the issued share capital of the Company as enlarged by the issue of such new Shares.

The Offeror will make (or procure to be made on their behalf) an appropriate offer to the Optionholders to cancel every vested Share Option in accordance with Rule 13 of the Takeovers Code. Such Option Offer will be conditional upon the Scheme becoming effective.

FINANCIAL RESOURCES

On the assumption that (a) the Parentco and the IU Shareholder (i.e. China Three Gorges) elect the Share Alternative, (b) all other Scheme Shareholders elect the Cash Alternative, (c) no Outstanding Share Options are exercised and no after Shares are issued before the Record Date, the amount of cash required for the Proposal (before taking into account the Option Offer to be made) is approximately HK\$2,900.6 million.

On the assumption that (a) the Parentco and the IU Shareholder (i.e. China Three Gorges)) elect the Share Alternative, (b) all other Scheme Shareholders elect the Cash Alternative, (c) (i) all outstanding vested Share Options as at the Record Date are exercised (and no further Share Options are granted prior to the Record Date) and all the Optionholders of such Options become Scheme Shareholders before the Record Date and elect the Cash Alternative, and (ii) no further Shares are issued before the Record Date, the amount of cash required for the Proposal would be approximately HK\$2,939.4 million.

Consequently, the maximum amount of cash required for the Proposal on the basis described above would be approximately HK\$2,939.4 million.

As at the date of this Announcement, the Offeror is financing the entire cash amount required for the Proposal and the Option Offer from internal cash resources and/or other financing for the Certain Funds Period.

UBS, the financial adviser to the Offeror in connection with the Proposal, is satisfied that sufficient financial resources are available to the Offeror for satisfying its obligations in respect of the full implementation of the Proposal in accordance with their respective terms.

INDEPENDENT BOARD COMMITTEE

An Independent Board Committee, which comprises the following non-executive Directors, Mr. Zhou Jiong, Mr. Chu Kar Wing, Dr. Li Fang, Mr. Wong Kwok Tai and Ms. Ng Yi Kum, who are not interested in the Proposal, has been established by the Board to make a recommendation: (a) to the Independent Shareholders as to whether the terms of the Proposal and the Scheme are, or are not, fair and reasonable and whether to vote in favour of the Scheme at the Court Meeting and the extraordinary general meeting of the Company and (b) to the Optionholders as to its views on acceptance of the Option Offer.

Pursuant to Rule 2.8 of the Takeovers Code, the Independent Board Committee comprises all non-executive Directors who have no direct or indirect interest in the Proposal and the Option Offer. Mr. TIAN Jun, a non-executive Director, is also a director of each of the Offeror and the Parentco, which is the holding company of the Offeror. Accordingly, he is regarded as being interested in the Proposal and the Option Offer for the purpose of Rule 2.8 of the Takeovers Code and is not a member of the Independent Board Committee. All of the other non-executive Directors (including independent non-executive Directors) are members of the Independent Board Committee.

FINANCIAL ADVISER TO THE OFFEROR AND THE INDEPENDENT FINANCIAL ADVISER

The Offeror has appointed UBS as its financial adviser in connection with the Proposal.

Somerley Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Proposal, the Scheme and the Option Offer. The appointment of Somerley Capital Limited as the Independent Financial Adviser has been approved by the Independent Board Committee.

DESPATCH OF SCHEME DOCUMENT

The Scheme Document containing, among others, further details of the Proposal, the Scheme, the Option Offer, the expected timetable, an explanatory statement as required under the Companies Ordinance, information regarding the Company, recommendations from the Independent Board Committee with respect to the Proposal, the Scheme and the Option Offer, the letter of advice from the Independent Financial Adviser, a notice of the Court Meeting and a notice of an extraordinary general meeting of the Company, together with forms of proxy in relation thereto, will be despatched to the Shareholders and Optionholders as soon as practicable and in compliance with the requirements of the Takeovers Code, the Companies Ordinance, the High Court and other applicable laws and regulations.

WITHDRAWAL OF LISTING OF SHARES

Upon the Scheme becoming effective, the Company will make an application for listing of the Shares to be withdrawn from the Stock Exchange in accordance with Rule 6.15 of the Listing Rules, with effect from the Effective Date.

IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES

The listing of the Shares on the Stock Exchange will not be withdrawn if the Scheme does not become effective or the Proposal otherwise lapses.

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with it) may within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses announce an offer or possible offer for the Company, except with the consent of the Executive.

RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:00 a.m. on 22 March 2019 pending issuance of this Announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 29 March 2019.

WARNINGS

Shareholders and potential investors should be aware that the implementation of the Proposal, the Scheme and the Option Offer are subject to conditions being fulfilled or waived, as applicable, and thus the Proposal may or may not be implemented, the Scheme may or may not become effective and the Option Offer may or may not be implemented. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

This Announcement is not intended to and does not constitute, or form part of, any offer to sell or subscribe for or an invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Proposal or otherwise, nor shall there be any sale, issuance or transfer of securities of the Company in any jurisdiction in contravention of applicable law. The Proposal will be made solely through the Scheme Document, which will contain the full terms and conditions of the Proposal, including details of how to vote on the Proposal. Any acceptance, rejection or other response to the Proposal should be made only on the basis of information in the Scheme Document or any other document by which the Proposal is made.

The availability of the Proposal to persons who are not resident in Hong Kong may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Persons who are not so resident in Hong Kong should inform themselves about, and observe, any applicable legal or regulatory requirements of their jurisdictions. Further details in relation to overseas shareholders will be contained in the Scheme Document.

NOTICE TO US INVESTORS

The Proposal is being made to cancel the securities of a Hong Kong company by means of a scheme of arrangement provided for under the Companies Ordinance. The financial information included in the relevant documentation has been prepared in accordance with accounting standards applicable in Hong Kong and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules of the US Securities and Exchange Act of 1934, as amended. Accordingly, the Proposal is subject to the disclosure requirements and practices applicable in the Hong Kong to schemes of arrangement which differ from the disclosure requirements of the US tender offer rules.

The receipt of cash pursuant to the Proposal by a US holder of Scheme Shares as consideration for the cancellation of its Scheme Shares pursuant to the Scheme or by an Optionholder as consideration for the cancellation of its Options may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other tax laws. Each holder of Scheme Shares or Share Options is urged to consult his independent professional adviser immediately regarding the tax consequences of the Proposal applicable to him.

It may be difficult for US holders of Scheme Shares and Share Options to enforce their rights and claims arising out of the US federal securities laws, since the Offeror and the Company are located in a country other than the United States, and some or all of their officers and directors may be residents of a country other than the United States. US holders of Scheme Shares or Share Options may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.

1. INTRODUCTION

On 28 March 2019, the Offeror requested the Board to put forward a proposal to the Scheme Shareholders for the delisting of the Company by way of a scheme of arrangement under Section 673 of the Companies Ordinance. Upon completion of the Scheme, the Company will become a wholly-owned subsidiary of the Offeror and the listing of the Shares will be withdrawn from the Stock Exchange.

If the Proposal is approved and implemented, under the Scheme, the share capital of the Company will, on the Effective Date of the Scheme, be reduced by cancelling and extinguishing the Scheme Shares. Upon such reduction, the share capital of the Company will be increased to its former amount by the issuance to the Offeror, credited as fully paid, of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled. The reserve created in the Company's books of account as a result of the capital reduction will be applied in paying up in full the new Shares so issued, credited as fully paid, to the Offeror.

2. TERMS OF THE PROPOSAL

Cancellation Consideration

The Proposal will be implemented by way of the Scheme. The Scheme will provide that, if it becomes effective, the Scheme Shares will be cancelled in exchange for either:

- (a) the **Cash Alternative**: cash of HK\$5.45 for every Scheme Share; or
- (b) the **Share Alternative**: 6 New Shares in the Offeror for every Scheme Share held.

The Scheme Shareholders may elect either the Cash Alternative or the Shares Alternative as the form of Cancellation Consideration in respect of their entire holdings of Scheme Shares (but not, for the avoidance of doubt, a combination of the two) held as at the Effective Date. Scheme Shareholders who do not make any election will receive the Cash Alternative.

As at the Announcement Date, the Offeror does not hold any other asset other than its 26.42% shareholding in the Company and certain accumulated profits or reserves (which may be subject to adjustments prior to the Effective Date), or have any liability other than the Shareholder Loan (which will be discharged in exchange for, by way of capitalisation, the issuance of new Offeror Shares to Parentco before the Effective Date), the Tianhan Loan (which will be discharged by full repayment by the Offeror before the Effective Date) and any Transaction Indebtedness. The value of the Share Alternative will approximately be equivalent to the value of every Share in the Company upon discharge of the Shareholder Loan and the Tianhan Loan, subject to any Transaction Indebtedness.

As at the Announcement Date, the Offeror has 1,666,641,000 shares in issue. The actual number of New Shares to be issued under the Share Alternative will be determined on the Record Date. Assuming 214,376,538 new Offeror Shares are issued by the Offeror to capitalise all of the Shareholder Loan and no Outstanding Share Options are exercised before the Record Date, if all the Scheme Shareholders elect the Share Alternative, 5,238,782,970 New Shares will be issued, representing approximately 73.58% of the enlarged issued share capital of the Offeror post all new Offeror Share issuance upon completion of the Scheme. Fractions of New Shares to be issued to the Scheme Shareholders who have elected the Share Alternative will be rounded to the nearest whole number.

As at the Announcement Date, a total of 333,074,923 Shares, representing approximately 28.07% of the issued share capital of the Company, are held directly by Parentco and the Offeror as to 19,572,000 and 313,502,923 Shares, respectively, representing approximately 1.65% and 26.42% of the issued share capital of the Company, respectively.

Save as disclosed above, none of the Parentco, the Offeror and the Offeror Concert Parties holds any Shares nor has dealt in the Shares in the six months immediately preceding the date of this announcement.

The Cash Alternative

The cash consideration of HK\$5.45 per Scheme Share under the Cash Alternative represents:

- a premium of approximately 41.9% over the closing price of HK\$3.84 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 60.8% over the average closing price of approximately HK\$3.39 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- a premium of approximately 78.1% over the average closing price of approximately HK\$3.06 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- a premium of approximately 94.0% over the average closing price of approximately HK\$2.81 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- a premium of approximately 101.9% over the average closing price of approximately HK\$2.70 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- a premium of approximately 105.7% over the average closing price of approximately HK\$2.65 per Share based on the daily closing prices as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Day; and
- a discount of approximately 35.1% over the audited net asset value per Share attributable to the Shareholders (after deducting minority interests) in the Company of approximately RMB7.15 as at 31 December 2018, based on RMB to HK\$ exchange rate of RMB0.85169 to HK\$1 (being the exchange rate as quoted by the People's Bank of China on the Last Trading Day).

The Cancellation Consideration has been determined on a commercial basis after taking into account, among others, the prices of the Shares traded on the Stock Exchange, the trading multiples of comparable companies listed on the Stock Exchange and with reference to other delisting transactions in Hong Kong in recent years.

The Share Alternative

The Offeror Shares are shares of an unlisted company in Hong Kong and an investment holding company. The Offeror (i.e. China Power New Energy Limited) is a limited liability company incorporated in Hong Kong on 16 August 2006, whose registered office is at Suite 6301, 63/F., Central Plaza, 18 Harbour Road, Wanchai, Hong Kong and a wholly-owned subsidiary of the Parentco (i.e. China Power International Holding Limited). The current total number of issued shares of the Offeror is 1,666,641,000 shares (being 100% of the issued share capital) issued to the Parentco. As at the date of this announcement, the directors of the Offeror are Mr. TIAN Jun and Ms. XU Wei. Mr. TIAN Jun is also a director of the Company.

The actual number of New Shares to be made available for issuance under the Share Alternative will be determined at the Record Date. Fractions of Offeror Shares to be issued to the Scheme Shareholders who have elected the Share Alternative are to be rounded to the nearest whole number.

Following the Effective Date, the Company will be a wholly-owned subsidiary of the Offeror, and the value of the Offeror Shares will primarily be determined by the value of the Company. The Company had a net asset value of RMB8,483.0 million (being approximately RMB7.15 per Share) attributable to Shareholders as at 31 December 2018 as disclosed in the audited consolidated financial results of the Group for the year ended 31 December 2018. Details of the valuation of the Offeror Shares will be set out in the Scheme Document.

The New Shares to be issued pursuant to the Proposal will be issued free from all encumbrances, credited as fully paid up and will rank pari passu with the existing Offeror Shares at the date of issue.

Shareholders of the Offeror are entitled to receive notice of general meetings of the Offeror and shall have the right to one vote per each Offeror Share at such meetings. There is no dividend policy and no guarantee that any dividends will be paid nor is there any dividend payment schedule in respect of the Offeror Shares. Payment of dividends (if any) is dependent solely on whether such payment is recommended or declared by the board of the Offeror.

Shareholders of the Offeror would have their rights and obligations in relation to the Offeror governed by the provisions of the Companies Ordinance (as amended from time to time) and other applicable laws in Hong Kong. The Offeror shall, on receipt of an instrument of transfer, enter the name of the transferee of the Offeror Shares in the register of shareholders in accordance with and subject to the provisions of its articles of association.

Further details of the rights of the shareholders of the Offeror will be set out in the Scheme Document if required. A copy of the articles of the Offeror will be available for inspection at the time of despatch of the Scheme Document.

Investors should be aware of, among other things but not limited to, the following risk factors of holding Offeror Shares:

- transfers of Offeror Shares are subject to restrictions stipulated in articles of the Offeror (which will be further detailed in the Scheme Document);
- Offeror Shares are not listed on any stock exchange and do not benefit from the protections afforded by the Listing Rules;
- Offeror Shares are illiquid, hence the Shareholders of the Offeror may find it more difficult to find a purchaser for the Offeror Shares if they intend to sell their shares, as there is less likely a ready market for Offeror Shares;
- there is no guarantee that any dividend payments will be paid in respect of Offeror Shares;
- changes in the business and economic environment could adversely affect the operating profits of Offeror or the value of Offeror’s assets. For example, financial factors such as currency controls, devaluation or regulatory changes, or stability factors such as mass riots, civil war and other potential events could contribute to Offeror’s operational risks; and
- general business risks associated with the energy industry.

The Option Offer

As at the Announcement Date, there are 7,400,000 Outstanding Share Options granted under the Share Option Scheme, of which 4,950,000 Share Options have an exercise price of HK\$5.14 and 2,450,000 Share Options have an exercise price of HK\$7.80. All such Share Options have vested. The Company does not intend to grant any further Share Options between the date of this Announcement and the Effective Date. As at the date of this Announcement, the Offeror and the Offeror Concert Parties do not hold any Share Options.

The Offeror will make (or procure to be made on its behalf) an appropriate offer to all the holders of the Outstanding Share Options in accordance with Rule 13 of the Takeovers Code. The Option Offer will be conditional upon the Scheme becoming effective. Under the Option Offer, the Offeror will offer holders of Outstanding Share Options the “see-through” price (being the Cancellation Consideration minus the relevant exercise price in the case of the Outstanding Share Options) for each Outstanding Share Option they hold for the cancellation of every vested and unvested Share Option in accordance with Rule 13 of the Takeovers Code.

Share Option exercise price (HK\$)	“See-through” price (HK\$) (Note)	Total outstanding options (vested)	Exercise period (MM/DD/YYYY)
5.14	0.31	4,950,000	07/18/2017-01/15/2023
7.80	0	2,450,000	07/18/2017-10/31/2020

Note: If the exercise price of the relevant Share Option under the Option Offer exceeds HK\$5.45, the “see-through” price is zero and a cash offer of a nominal amount of HK\$1 for every 10,000 Share Options (or part thereof) will be made.

Further information on the Option Offer will be set out in a letter to the holders of the Outstanding Share Options, which will be dispatched at or around the same time as the dispatch of the Scheme Document.

If any of the Outstanding Share Options is exercised in accordance with the terms of the Share Option Scheme, as applicable, on or before the Record Date, any Shares so issued will be subject to and eligible to participate in the Scheme.

The Option Offer will be extended to all Share Options in issue on the date on which the Option Offer is made.

Conditions of the Proposal and the Scheme

The implementation of the Proposal is, and the Scheme will become effective and binding on the Company and all Shareholders subject to the fulfilment or waiver (as applicable) of the following:

- (1) the approval of the Scheme at the Court Meeting (by way of a poll) by holders of the Scheme Shares representing at least 75% of the voting rights of such holders present and voting, in person or by proxy, at the Court Meeting, and the votes cast (by way of poll) against the Scheme at the Court Meeting not exceeding 10% of the total voting rights attached to all CO Disinterested Shares, provided that:
 - (a) the Scheme is approved (by way of poll) by at least 75% of the votes attaching to the TC Disinterested Shares held by the Shareholders of the TC Disinterested Shares that are cast either in person or by proxy at the Court Meeting; and
 - (b) the number of votes cast (by way of poll) against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all the TC Disinterested Shares held by the Shareholders of the TC Disinterested Shares;
- (2) the passing of a special resolution by a majority of at least 75% of the votes cast by the Shareholders present and voting in person or by proxy at the extraordinary general meeting of the Company (and otherwise in accordance with the procedural requirements of section 564 of the Companies Ordinance) to approve and give effect to the Scheme, including the approval of the reduction of the issued share capital of the Company by cancelling and extinguishing the Scheme Shares and the issue to the Offeror of such number of new Shares as is equal to the number of Scheme Shares cancelled;
- (3) the sanction of the Scheme (with or without modification) and the confirmation of the reduction of the issued share capital of the Company involved in the Scheme by the High Court in Hong Kong and the registration of a copy of the order of the High Court by the Registrar of Companies under Part 2 of the Companies Ordinance;
- (4) the compliance with the procedural requirements of sections 230 and 231 and sections 673 and 674 of the Companies Ordinance in so far as they relate to the effectiveness of the reduction of the issued share capital of the Company and the Scheme, respectively;

- (5) all authorisations, approvals, permissions, waivers and consents and all registrations and filings (including without limitation any which are required or desirable under or in connection with any applicable laws or regulations or any licences, permits or contractual obligations of the Company) in connection with the Proposal or its implementation and the withdrawal of Listing of the Shares from the Stock Exchange in accordance with its terms having been obtained (or, as the case may be, completed) and remaining in full force and effect without modification;
- (6) no government, governmental, quasi-governmental, statutory or regulatory body, court or agency in any jurisdiction having taken or instituted any action, proceeding or suit (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) that would make the Proposal or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Proposal or its implementation in accordance with its terms), other than such actions, proceedings or suits as would not have a material adverse effect on the legal ability of the Offeror to proceed with the Proposal or the Scheme;
- (7) since the Announcement Date, there having been no adverse change in the business, assets, financial or trading positions, profits or prospects of any member of the Group (to an extent which is material in the context of the Group taken as a whole or in the context of the Proposal);
- (8) since the Announcement Date, there not having been any instituted or remaining outstanding litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Group is a party (whether as plaintiff, defendant or otherwise) and no such proceedings will be threatened in writing against any such member (and no investigation by any government or quasi-governmental, supranational, regulatory or investigative body or court against or in respect of any such member or the business carried on by any such member will be threatened in writing, announced, instituted or remain outstanding by, against or in respect of any such member), in each case which is material and adverse in the context of the Group taken as a whole or in the context of the Proposal; and
- (9) no dividend or other distribution (whether in cash or in kind) having been declared, made or paid by the Company to the Shareholders between the date of this announcement and the Effective Date (other than the dividend as declared by the Company to the Shareholders on 27 March 2019), any further dividend or distribution shall be subject to the consent of the Offeror.

With reference to the condition referred to in paragraph (5) above, as at the Announcement Date, the Company is not aware of any necessary authorisations, approvals, permissions, waivers, consents or registrations in connection with the Proposal, save that the Company and/or the Parentco may need to seek prior consent from lenders in connection with its loan agreements. The Offeror reserves the right to waive conditions (5) to (9) either in whole or in part, either generally or in respect of any particular matter. Conditions (1), (2), (3) and (4) cannot be waived in any event. Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions as a basis for not proceeding with the Scheme if the circumstances which give rise to a right to invoke any such Condition are of material significance to the Offeror in the context of the Proposal. All of the Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date (or such later date as the Offeror and the Company may agree or, to the extent applicable, as the High Court may direct and in all cases, as permitted by the Executive), failing which the Proposal and the Scheme will lapse. The Company has no right to waive any of the Conditions.

If approved, the Scheme will be binding on all of the Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the extraordinary general meeting of the Company.

Warnings:

Shareholders and potential investors should be aware that the implementation of the Proposal, the Scheme and the Option Offer are subject to conditions being fulfilled or waived, as applicable, and thus the Proposal may or may not be implemented, the Scheme may or may not become effective and the Option Offer may or may not be implemented. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

3. IRREVOCABLE UNDERTAKING

On 28 March 2019, the Offeror received the Irrevocable Undertaking from the IU Shareholder (i.e. China Three Gorges), pursuant to which the IU Shareholder has undertaken to, amongst other things, (i) exercise (or procure the exercise of) all voting rights attached to the Shares held or owned by it at the Court Meeting and the extraordinary general meeting to be convened by the Company in connection with the Proposal in favour of all the resolutions to approve the Proposal and any matters in connection with the Proposal (where applicable) and (ii) elect the Share Alternative only as the form of Cancellation Consideration for the cancellation of 321,626,923 Shares held by it. The 321,626,923 Shares held by the IU Shareholder which are the subject of the Irrevocable Undertaking represents approximately 27.10% of the total issued share capital of the Company as at the Announcement Date.

Pursuant to the Irrevocable Undertaking and assuming each of the ParentCo and the IU Shareholder elects the Share Alternative and all the other Shareholders elect the Cash Alternative, the Offeror will be owned by the Parentco and the IU Shareholder as to 72.90% and 27.10%, respectively, upon completion of the Scheme.

The Irrevocable Undertaking, being a binding irrevocable undertaking, will terminate and the above obligations of the IU Shareholder under the Irrevocable Undertaking will cease to be binding if the Scheme does not become effective, lapses or is withdrawn in accordance with its terms and no new, revised or replacement Scheme is announced by the Offeror and/or the Company at the same time. As at the Announcement Date, the IU Shareholder, being China Three Gorges Corporation* (中國長江三峽集團有限公司), is a wholly-owned subsidiary of State-owned Assets Supervision and Administration Commission of The State Council, the PRC.

4. SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this Announcement, the Company had 1,186,633,418 Shares in issue. As at the date of this Announcement, the Scheme Shares, comprising 873,130,495 Shares, represent approximately 73.58% of the issued share capital of the Company.

As at the date of this Announcement, the Offeror holds 313,502,923 Shares (representing approximately 26.42% of the issued share capital of the Company), and an Offeror Concert Party hold in aggregate 19,572,000 Shares (representing approximately 1.65% of the issued share capital of the Company).

On the assumption that no Outstanding Share Options are exercised before the Record Date and there is no other change in shareholding of the Company before completion of the Proposal, the table below sets out the shareholding structure of the Company as at the Announcement Date and immediately upon completion of the Proposal:

Shareholders	As at the Announcement Date		Immediately upon completion of the Proposal	
	Number of Shares	Approximate % (Note 3)	Number of Shares (Note 4)	Approximate % (Note 3)
Offeror (Note 1)	313,502,923	26.42	1,186,633,418	100
Offeror Concert Parties subject to the Scheme				
Parentco (Note 2)	19,572,000	1.65	–	–
Aggregate number of Shares held by the Offeror and Offeror Concert Parties	333,074,923	28.07	1,186,633,418	100
China Three Gorges (Note 5)	321,626,923	27.10		
Other Independent Shareholders	531,931,572	44.83	–	–
Total number of Shares	1,186,633,418	100.00	1,186,633,418	100.00
Total number of Scheme Shares	873,130,495	73.58	–	–

Notes:

- Shares in which the Offeror is interested will not form part of the Scheme Shares and will not be cancelled.
- Parentco is a party acting in concert with the Offeror for the purposes of the Takeovers Code as a result of Offeror being wholly-owned by Parentco. The Shares held by Parentco were acquired prior to the period beginning on the date that is six months prior to the Announcement Date.
- All percentages in the above table are approximations.
- Under the Scheme, part of the issued share capital of the Company will, on the Effective Date, be reduced by cancelling the Scheme Shares. On the assumption that no Share Options are exercised before the Effective Date and the assumption that there is no other change in shareholding of the Company before completion of the Proposal, forthwith upon such reduction, the issued share capital of the Company will be increased to its former amount prior to the cancellation of the Scheme Shares by the issue to the Offeror, credited as fully paid, of the same number of new Shares as the number of the Scheme Shares cancelled. The reserve created in the Company's books of account as a result of the capital reduction will be applied in paying up in full the new Shares so issued to the Offeror.
- China Three Gorges is currently presumed to be acting in concert with the Offeror under class (1) of the definition of the acting in concert in the Takeovers Code as a result of their respective shareholdings in the Company.

Following the Effective Date and the withdrawal of listing of the Shares on the Stock Exchange, the Offeror will hold 100% of the issued share capital of the Company, on the assumption that there is no other change in shareholding in the Company before completion of the Proposal.

Share Options

As at the Announcement Date, there are 7,400,000 Outstanding Share Options granted under the Share Option Scheme, of which 4,950,000 Share Options have an exercise price of HK\$5.14 and 2,450,000 Share Options have an exercise price of HK\$7.80. All such Share Options have vested.

The exercise of all the said Share Options in full would result in the issue of 7,400,000 new Shares (representing approximately 0.62% of the issued share capital of the Company as at the date of this Announcement) and approximately 0.62% of the issued share capital of the Company as enlarged by the issue of such new Shares.

Accordingly, the Offeror will make (or procure to be made on their behalf) the Option Offer for the 7,400,000 Outstanding Share Options assuming no exercise or lapse of such Share Options by them before the Record Date. Such Option Offer is conditional upon the Scheme becoming effective.

Further information on the Option Offer will be set out in a letter to the holders of Share Options which will be dispatched at or around the same time as the dispatch of the Scheme Document.

On the assumption that all the Share Options are exercised before the Record Date and that there is no other change in shareholding of the Company before completion of the Proposal, the table below sets out the shareholding structure of the Company as at the Announcement Date and immediately upon completion of the Proposal:

Shareholders	As at the Announcement Date		Immediately upon completion of the Proposal	
	Number of Shares	Approximate % (Note 3)	Number of Shares (Note 4)	Approximate % (Note 3)
Offeror (Note 1)	313,502,923	26.26	1,194,033,418	100
Offeror Concert Parties subject to the Scheme				
Parentco (Note 2)	19,572,000	1.64	–	–
Aggregate number of Shares held by the Offeror and Offeror Concert Parties	333,074,923	27.89	1,194,033,418	100
China Three Gorges (Note 5)	321,626,923	26.94		
Other Independent Shareholders	531,931,572	44.55	–	–
Optionholders (assuming all Share Options exercised)	7,400,000	0.62	–	–
Total number of Shares	1,194,033,418	100.00	1,194,033,418	100
Total number of Scheme Shares	880,530,495	73.74	–	–

Notes:

1. Shares in which the Offeror is 1. interested will not form part of the Scheme Shares and will not be cancelled.
2. Parentco is a party acting in concert with the Offeror for the purposes of the Takeovers Code as a result of Offeror being wholly-owned by Parentco. The Shares held by Parentco were acquired prior to the period beginning on the date that is six months prior to the Announcement Date.
3. All percentages in the above table are approximations.
4. Under the Scheme, the issued share capital of the Company will, on the Effective Date, be reduced by cancelling the Scheme Shares. On the assumption that all the Share Options are exercised before the Record Date and the assumption that there is no other change in shareholding of the Company before completion of the Proposal, forthwith upon such reduction, the issued share capital of the Company will be increased to its former amount prior to the cancellation of the Scheme Shares by the issue to the Offeror, credited as fully paid, of the same number of new Shares as the number of the Scheme Shares cancelled. The reserve created in the Company's books of account as a result of the capital reduction will be applied in paying up in full the new Shares so issued to the Offeror.
5. China Three Gorges is currently presumed to be acting in concert with the Offeror under class (1) of the definition of the acting in concert in the Takeovers Code as a result of their respective shareholdings in the Company.

On the assumption that all the Share Options with the exercise price of HK\$5.14 are exercised before the Record Date, that no Share Options with the exercise price of HK\$7.80 are exercised before the Record Date and that there is no other change in shareholding of the Company before completion of the Proposal, the table below sets out the shareholding structure of the Company as at the Announcement Date and immediately upon completion of the Proposal:

Shareholders	As at the Announcement Date		Immediately upon completion of the Proposal	
	Number of Shares	Approximate % (Note 3)	Number of Shares (Note 4)	Approximate % (Note 3)
Offeror (Note 1)	313,502,923	26.31	1,191,583,418	100
Offeror Concert Parties subject to the Scheme				
Parentco (Note 2)	19,572,000	1.64	–	–
Aggregate number of Shares held by the Offeror and Offeror Concert Parties	333,074,923	27.95	1,191,583,418	100
China Three Gorges (Note 5)	321,626,923	26.99		
Other Independent Shareholders	531,931,572	44.64	–	–
Optionholders (assuming options with exercise price of HK\$5.14 exercised)	4,950,000	0.42		
Total number of Shares	1,191,583,418	100.00	1,191,583,418	100.00
Total number of Scheme Shares	878,080,495	73.69	–	–

Notes:

1. Shares in which the Offeror is interested will not form part of the Scheme Shares and will not be cancelled.
2. Parentco is a party acting in concert with the Offeror for the purposes of the Takeovers Code as a result of Offeror being wholly-owned by Parentco. The Shares held by Parentco were acquired prior to the period beginning on the date that is six months prior to the Announcement Date.
3. All percentages in the above table are approximations.
4. Under the Scheme, part of the issued share capital of the Company will, on the Effective Date, be reduced by cancelling the Scheme Shares. On the assumption that all the Share Options with the exercise price of HK\$5.14 are exercised before the Record Date, that no Share Options with the exercise price of HK\$7.80 are exercised before the Record Date and that there is no other change in shareholding of the Company before completion of the Proposal, forthwith upon such reduction, the issued share capital of the Company will be increased to its former amount prior to the cancellation of the Scheme Shares by the issue to the Offeror, credited as fully paid, of the same number of new Shares as the number of the Scheme Shares cancelled. The reserve created in the Company's books of account as a result of the capital reduction will be applied in paying up in full the new Shares so issued to the Offeror.
5. China Three Gorges is currently presumed to be acting in concert with the Offeror under class (1) of the definition of the acting in concert in the Takeovers Code as a result of their respective shareholdings in the Company.

On the Announcement Date:

- (a) the issued share capital of the Company comprises 1,186,633,418 Shares and 7,400,000 Outstanding Share Options;
- (b) the Offeror owns, controls or has direction over 313,502,923 Shares, representing approximately 26.42% of the issued share capital of the Company. An Offeror Concert Party holds in aggregate 19,572,000 Shares representing approximately 1.65% of the issued share capital of the Company;
- (c) save as disclosed in paragraph (b) above and in the above shareholding tables, the Offeror Concert Parties do not legally and beneficially own, control or have direction over any Shares;
- (d) there are no convertible securities, warrants or options in respect of the Shares held, controlled or directed by the Offeror or the Offeror Concert Parties;
- (e) neither the Offeror nor the Offeror Concert Parties has entered into any outstanding derivative in respect of the securities in the Company; and
- (f) neither the Offeror nor the Offeror Concert Parties have borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

As at the date of this Announcement, the Scheme Shares, comprising 873,130,495 Shares, represent approximately 73.58% of the issued Shares.

As at the date of this Announcement, the Company has no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) other than its issued share capital of 1,186,633,418 Shares and the Share Options.

5. FINANCIAL RESOURCES

On the assumption that (a) Parentco and the IU Shareholder (i.e. China Three Gorges) elect the Share Alternative, (b) all other Scheme Shareholders elect the Cash Alternative, (c) no Outstanding Share Options are exercised and no further Shares are issued before the Record Date, the amount of cash required for the Proposal (after taking into account the Option Offer to be made) is approximately HK\$2,900.6 million.

On the assumption that (a) Parentco and the IU Shareholder (i.e. China Three Gorges) elect the Share Alternative, (b) all other Scheme Shareholders elect the Cash Alternative, (c) (i) all outstanding vested Share Options as at the Record Date are exercised (and no further Share Options are granted prior to the Record Date) and all the Optionholders of such Options become Scheme Shareholders before the Record Date and elect the Cash Alternative, and (ii) no further Shares are issued before the Record Date, the amount of cash required for the Proposal would be approximately HK\$2,939.4 million.

Consequently, the maximum amount of cash required for the Proposal on the basis described above would be approximately HK\$2,939.4 million.

As at the date of this Announcement, the Offeror is financing the entire cash amount required for the Proposal and the Option Offer from internal cash resources and/or other financing for the Certain Funds Period.

UBS, the financial adviser to the Offeror in connection with the Proposal, is satisfied that sufficient financial resources are available to the Offeror for satisfying its obligations in respect of the full implementation of the Proposal in accordance with their respective terms.

6. REASONS FOR, AND BENEFITS OF, THE PROPOSAL

For the Scheme Shareholders: an opportunity to realise their investment at a compelling premium

- The trading liquidity of the Shares has been at a low level over a period of time. The average daily trading volume of the Shares for the 3 months up to and including the Last Trading Day was approximately 1,000,696 shares per day, representing only approximately 0.08% of the issued shares as at the Last Trading Day, which are also caused in part by the lack of analyst coverage in respect of the Company. The low trading liquidity of the Shares could make it difficult for Scheme Shareholders to execute on-market disposals without adversely affecting the share price;
- The Offeror accordingly considers that the Proposal provides the Scheme Shareholders with an opportunity to realise their investment in the Company at a compelling premium over the prevailing share price. The cash consideration of HK\$5.45 per Scheme Share under the Cash Alternative represents a premium of approximately 41.9% and 78.1% over the closing price of HK\$3.84 on the Last Trading Day and the average closing prices of HK\$3.06 for the 30 trading days up to and including the Last Trading Day, respectively;
- The Proposal will provide the Scheme Shareholders, through the election of Share Alternative, with an opportunity to remain invested in the Company's portfolio of clean energy power projects, subject to the risks relating to holding the Offeror Shares as specified in the section headed "The Terms of the Proposal – Cancellation Consideration – The Share Alternative".

For the Offeror group: to deepen the reforms of Chinese central state-owned enterprises and enhance Chinese state-owned assets management efficiency

- In the context of deepening reforms of Chinese central state-owned enterprises and the adoption of a capital management-based approach, the Offeror, as a Chinese state-owned investment holding company, is proactively exploring new initiatives to reform Chinese state-owned capital invested companies and enhance the management efficiency of Chinese state-owned assets;
- The Offeror considers that due to the low liquidity and the relative underperformance in the trading of the Shares, there will be difficulties to a certain extent for the Company to raise funds from public equity markets, which the Offeror believes is unlikely to see any significant improvement in the near term. As such, the Offeror believes that the administrative costs and management resources associated with maintaining the Company's listing status are no longer justified.

7. INFORMATION ON THE GROUP AND THE OFFEROR

The Group

The Company is a company incorporated in the Hong Kong with limited liability, whose shares are listed on the Main Board of the Stock Exchange with the stock code 0735. The Group is principally engaged in the business of the development, construction, ownership, operation and management of clean energy power plants in the PRC, including but not limited to the following types of energy generation – wind power generation, hydropower generation, waste-to-energy power generation, natural gas power generation, photovoltaic power generation and other clean energy power generation projects. Its businesses are located in the major power grid regions of China. The Group is also engaged in investment holding in the clean energy power industry, property investments and securities investments.

Offeror and Parentco

The Offeror is an investment holding company incorporated in Hong Kong, which is a direct wholly-owned subsidiary of Parentco. Parentco is a company incorporated in Hong Kong and a wholly-owned subsidiary of State Power Investment Corporation Limited which is ultimately beneficially-owned by the State-owned Assets Supervision and Administration Commission. Parentco is mainly engaged in the development and operation of power projects. Currently, it owns and operates several modes of power generation and projects including coal-fuelled power, hydropower, natural gas, wind power, photovoltaic, biomass and waste to energy projects, power distribution and sale, and integrated smart energy projects.

8. WITHDRAWAL OF LISTING OF SHARES

Upon the Scheme becoming effective, all Scheme Shares will be cancelled (with the equivalent number of new Shares being issued as fully paid to the Offeror) and the share certificates in respect of the Scheme Shares will thereafter cease to have effect as documents or evidence of title.

The Company will apply to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange in accordance with Rule 6.15 of the Listing Rules, with effect from the Effective Date.

The Scheme Shareholders will be notified by way of an announcement of the exact dates of the last day for dealing in the Shares on the Stock Exchange and the day on which the Scheme and the withdrawal of the listing of Shares on the Stock Exchange will become effective. A detailed timetable of the Scheme will be included in the Scheme Document, which will also contain, among other things, further details of the Scheme.

9. IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES

The Scheme will lapse if any of the Conditions has not been fulfilled or waived, as applicable, on or before the Long Stop Date. The listing of the Shares on the Stock Exchange will not be withdrawn if the Scheme does not become effective or the Proposal otherwise lapses.

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with it) may within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses announce an offer or possible offer for the Company, except with the consent of the Executive.

If the Independent Board Committee or the Independent Financial Adviser does not recommend the Proposal, and the Scheme is not approved, all expenses incurred by the Company in connection therewith shall be borne by the Offeror in accordance with Rule 2.3 of the Takeovers Code.

10. OVERSEAS SHAREHOLDERS

The making of the Proposal to the Scheme Shareholders and the Option Offer to Optionholders who are not resident in Hong Kong may be subject to the laws of the relevant jurisdictions in which such Scheme Shareholders and Optionholders are located.

Such Scheme Shareholders and Optionholders should inform themselves about and observe any applicable legal, tax or regulatory requirements. It is the responsibility of any overseas Scheme Shareholders and overseas Optionholders, wishing to take an action in relation to the Proposal and Option Offer, respectively, to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with any other necessary formalities and the payment of any issue, transfer or other taxes in such jurisdiction.

Any acceptance by such Scheme Shareholders and Optionholders will be deemed to constitute a representation and warranty from such persons to the Company, the Offeror and their respective advisers (including UBS), that those laws and regulatory requirements have been complied with. If you are in doubt as to your position, you should consult your professional advisers.

In the event that the despatch of the Scheme Document to overseas Scheme Shareholders or overseas Optionholders is prohibited by any relevant law or regulation or may only be effected after compliance with conditions or requirements that the directors of the Company regard as unduly onerous or burdensome (or otherwise not in the best interests of the Company or its Shareholders), the Scheme Document will not be despatched to such overseas Scheme Shareholders or overseas Optionholders. For that purpose, the Company may apply for any waivers as may be required by the Executive pursuant to Note 3 to Rule 8 of the Takeovers Code at such time. Any such waiver will only be granted if the Executive is satisfied that it would be unduly burdensome to despatch the Scheme Document to such overseas Scheme Shareholders or overseas Optionholders. In granting the waiver, the Executive will be concerned to see that all material information in the Scheme Document is made available to such overseas Scheme Shareholders and overseas Optionholders, as the case may be.

Scheme Shareholders and Optionholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting the Proposal or the Option Offer. It is emphasised that none of the Offeror, the Company and UBS or any of their respective directors, officers or associates or any other person involved in the Proposal or the Option Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Proposal or the Option Offer.

11. SCHEME SHARES, MEETING OF SCHEME SHAREHOLDERS AND EXTRAORDINARY GENERAL MEETING OF THE COMPANY

As at the Announcement Date, the Offeror holds 313,502,923 Shares (representing approximately 26.42% of the issued share capital of the Company). Such Shares will not form part of the Scheme Shares and will not be cancelled upon the Scheme becoming effective. As the Offeror is not a Scheme Shareholder, the Offeror will not vote on the Scheme at the Court Meeting. The Offeror will undertake to the High Court that they will be bound by the Scheme, so as to ensure that they will be subject to the terms and conditions of the Scheme.

As at the date of this Announcement, the Offeror Concert Parties hold in aggregate 19,572,000 Shares (representing approximately 1.65% of the issued share capital of the Company). Such Shares will form part of the Scheme Shares but the relevant Offeror Concert Party will not vote on the Scheme at the Court Meeting.

All Shareholders will be entitled to attend the extraordinary general meeting of the Company and vote on the special resolution to approve and give effect to the reduction of the issued share capital of the Company by cancelling and extinguishing the Scheme Shares and the issue to the Offeror of such number of new Shares as is equal to the number of Scheme Shares cancelled.

The Offeror and the Parentco have indicated that if the Scheme is approved at the Court Meeting, those Shares held by each of them will be voted in favour of the resolution(s) to be proposed at the extraordinary general meeting of the Company.

12. INDEPENDENT BOARD COMMITTEE

An Independent Board Committee, which comprises the following non-executive Directors, Mr. Zhou Jiong, Mr. Chu Kar Wing, Dr. Li Fang, Mr. Wong Kwok Tai and Ms. Ng Yi Kum who are not interested in the Proposal, has been established by the Board to make a recommendation: (a) to the Independent Shareholders as to whether the terms of the Proposal and the Scheme are, or are not, fair and reasonable and whether to vote in favour of the Scheme at the Court Meeting and the extraordinary general meeting of the Company; and (b) to the Optionholders as to whether the terms of the Option Offer are, or are not, fair and reasonable and whether to accept the Option Offer.

Pursuant to Rule 2.8 of the Takeovers Code, the Independent Board Committee comprises all non-executive Directors who have no direct or indirect interest in the Proposal and the Option Offer. Mr. TIAN Jun, a non-executive Director, is also a director of each of the Offeror and the Parentco, which is the holding company of the Offeror. Accordingly, he is regarded as being interested in the Proposal and the Option Offer for the purpose of Rule 2.8 of the Takeovers Code and is not a member of the Independent Board Committee. All of the other non-executive Directors (including independent non-executive Directors) are members of the Independent Board Committee.

13. INDEPENDENT FINANCIAL ADVISER

Somerley Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Proposal, the Scheme and the Option Offer. The appointment of Somerley Capital Limited as the Independent Financial Adviser has been approved by the Independent Board Committee.

14. DESPATCH OF SCHEME DOCUMENT

The Scheme Document containing, amongst others, further details of the Proposal, the Scheme, the Option Offer, the expected timetable, an explanatory statement as required under the Companies Ordinance, information regarding the Company, recommendations from the Independent Board Committee with respect to the Proposal, the Scheme and the Option Offer, the letter of advice from the Independent Financial Adviser, a notice of the Court Meeting and a notice of an extraordinary general meeting of the Company, together with forms of proxy in relation thereto, will be despatched to the Shareholders and Optionholders as soon as practicable and in compliance with the requirements of the Takeovers Code, the Companies Ordinance, the High Court and other applicable laws and regulations.

The Scheme Document will contain important information and the Scheme Shareholders and Optionholders are urged to read the Scheme Document containing such disclosures carefully before casting any vote at (or providing any proxy in respect of) the Court Meeting or the extraordinary general meeting of the Company or accepting the Option Offer (as the case may be). Any voting, acceptance or other response to the Proposal should be made only on the basis of information in the Scheme Document or any other document by which the Proposal is made.

15. DISCLOSURE OF DEALINGS

Associates of the Offeror and the Company (as defined in the Takeovers Code, including shareholders holding 5% or more of the relevant securities (as defined in paragraphs (a) to (d) in Note 4 to Rule 22 of the Takeovers Code) of any of the Offeror and the Company) are hereby reminded to disclose their dealings in any securities of the Company and the Offeror under Rule 22 of the Takeovers Code during the offer period.

Neither the Offeror nor any of the Offeror Concert Parties had any dealings for value in the Shares during the period commencing six months prior to the Announcement Date.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

16. PRECAUTIONARY LANGUAGE REGARDING FORWARD-LOOKING STATEMENTS

This Announcement includes certain “forward-looking statements”. These statements are based on the current expectations of the management of the Offeror and/or the Company (as the case may be) and are naturally subject to uncertainty and changes in circumstances. The forward-looking statements contained in this Announcement include statements about the expected effects on the Company of the Proposal and the Option Offer, the expected timing and scope of the Proposal and the Option Offer, and all other statements in this Announcement other than historical facts.

Forward-looking statements include, without limitation, statements typically containing words such as “intends”, “expects”, “anticipates”, “targets”, “estimates”, “envisages” and words of similar import. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include, but are not limited to, the satisfaction of the conditions to the Proposal and Option Offer, as well as additional factors, such as general, social, economic and political conditions in the countries in which the Offeror and/or the Group operate or other countries which have an impact on the Offeror and/or the Group’s business activities or investments, interest rates, the monetary and interest rate policies of the countries in which the Offeror and/or the Group operate, inflation or deflation, foreign exchange rates, the performance of the financial markets in the countries in which the Offeror and/or Group operate and globally, changes in domestic and foreign laws, regulations and taxes, changes in competition and the pricing environments in the countries in which the Offeror and/or Group operate and regional or general changes in asset valuations. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements.

All written and oral forward-looking statements attributable to the Offeror, the Company or persons acting on behalf of any of them are expressly qualified in their entirety by the cautionary statements above. The forward-looking statements included herein are made only as of the Announcement Date.

17. GENERAL

The Offeror have appointed UBS as its financial adviser in connection with the Proposal.

The Directors (excluding members of the Independent Board Committee) believe that the terms of the Proposal are fair and reasonable and in the interests of the Shareholders as a whole.

Save for the Irrevocable Undertaking, no irrevocable commitment to vote for or against the Scheme has been received by the Offeror or the Offeror Concert Parties, as at the date of this Announcement.

Save for the Proposal, there are no arrangements (whether by way of option, indemnity or otherwise) in relation to the Shares or the shares of the Offeror between the Offeror or any of the Offeror Concert Parties and any other person which might be material to the Proposal.

Save as disclosed in this Announcement, there are no agreements or arrangements to which the Offeror is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a condition to the Proposal.

The Offeror and the Offeror Concert Parties have not borrowed or lent any Shares or any other securities of the Company as at the Announcement Date.

After reasonable enquiries that could be made by the Offeror prior to the issue of this announcement and save as disclosed in this announcement, the Offeror is not aware of any understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeover Code) between (i) any shareholder of the Company; and (ii)(a) the Offeror and any Offeror Concert Parties or (b) the Company, its subsidiaries or associated companies.

18. RESUMPTION OF TRADING IN SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:00 a.m. on 22 March 2019 pending issuance of this Announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in Shares on the Stock Exchange with effect from 9:00 a.m. on 29 March 2019.

19. DEFINITIONS

In this Announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“acting in concert”	has the meaning ascribed to it in the Takeovers Code and “concert party” shall be construed accordingly
“Announcement”	this announcement issued by the Offeror and the Company
“Announcement Date”	28 March 2019, being the date of this Announcement
“associate”	has the meaning ascribed to it in the Takeovers Code
“Board”	the board of directors of the Company
“Cancellation Consideration”	the Cash Alternative or the Share Alternative
“Cash Alternative”	HK\$5.45 per Share in cash
“Certain Funds Period”	from 28 March 2019, being the date of reasonable satisfaction (or waiver) of the conditions precedent for drawdown under the facility made available to the Offeror by Bank of China (Hong Kong) Limited until the earliest of: (i) the full settlement of the total consideration payable by the Offeror in respect of the Proposal; (ii) the date on which the Proposal is withdrawn or lapses in accordance with its terms and the Takeovers Code; and (iii) the date falling twelve (12) months from the date of such facility letter
“China Three Gorges”	China Three Gorges Corporation Limited (中國長江三峽集團有限公司), a company incorporated in the PRC with limited liability
“Company”	China Power Clean Energy Development Company Limited, a company incorporated in the Hong Kong with limited liability whose shares are listed on the Main Board of the Stock Exchange (stock code:0735)
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Conditions”	the conditions to the implementation of the Proposal and the Scheme as described in the section headed “2. Terms of the Proposal – Conditions of the Proposal and the Scheme” of this Announcement

“Court Meeting”	a meeting of the Scheme Shareholders to be convened at the direction of the High Court at which the Scheme (with or without modification) will be voted upon, or any adjournment thereof
“CO Disinterested Shares”	has the meaning ascribed to it in section 674(3) of the Companies Ordinance
“Director(s)”	the director(s) of the Company
“Effective Date”	the date on which the Scheme becomes effective in accordance with the Companies Ordinance
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate thereof
“exempt fund managers”	has the meaning ascribed to it in the Takeovers Code
“exempt principal traders”	has the meaning ascribed to it in the Takeovers Code
“Group”	the Company and its subsidiaries
“High Court”	the High Court of Hong Kong
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company established by the Board to make a recommendation to the Independent Shareholders and the Optionholders in respect of the Proposal, the Scheme and the Option Offer
“Independent Financial Adviser”	Somerley Capital Limited, the independent financial adviser to the Independent Board Committee in connection with the Proposal and the Option Offer
“Independent Shareholder(s)”	Shareholder(s) other than the Offeror and the Offeror Concert Parties. For the avoidance of doubt, Independent Shareholders include any member of the UBS group acting in the capacity of an exempt principal trader or exempt fund manager for the purpose of the Takeovers Code
“Irrevocable Undertaking”	the irrevocable undertaking given by the IU Shareholder, dated 28 March 2019 in respect of 321,626,923 Shares in favour of the Offeror
“IU Shareholder”	China Three Gorges

“Last Trading Day”	21 March 2019, being the last trading day of Shares immediately before the suspension of trading in the Shares pending issuance of this Announcement, being the last full trading day prior to the publication of this announcement
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	31 December 2019 or such later date the Offeror may determine, subject to the consent of UBS (whose consent shall not be unreasonably withheld)
”New Share(s)”	new shares in the capital of the Offeror, to be issued pursuant to the Proposal as fully paid and will rank pari passu with all the shares of the Offeror currently in issue
“Offeror”	China Power New Energy Limited (中國電力新能源有限公司), a company incorporated in the Hong Kong on 16 August 2006 with limited liability
“Offeror Concert Parties”	parties acting in concert or presumed to be acting in concert with the Offeror under the definition of “acting in concert” under the Takeovers Code (except in the capacity of an exempt principal trader or exempt fund manager for the purpose of the Takeovers Code), including the Parentco, but excluding the Offeror
“Offeror Shares”	shares in the capital of the Offeror
“Optionholders”	holder(s) of the Share Options
“Option Offer”	the offer to be made by or on behalf of the Offeror to the holders of the Outstanding Share Options
“Outstanding Share Option(s)”	the outstanding vested, share option(s) granted under the Share Option Scheme from time to time
“Parentco”	China Power International Holding Limited (中國電力國際有限公司), a company incorporated in the Hong Kong on 6 October 1994 with limited liability
“PRC”	the People’s Republic of China (for the purpose of this Announcement, excluding Hong Kong, the Macao Special Administrative Region and the Republic of Taiwan)
“Proposal”	the proposal for the delisting of the Company by the Offeror by way of the Scheme and the Option Offer and the restoration of the share capital of the Company to the amount immediately before the cancellation of the Scheme Shares, and the withdrawal of the listing of the Shares from the Stock Exchange, on the terms and subject to the conditions set out in this Announcement

“Record Date”	the record date to be announced for determining entitlements of the Scheme Shareholders under the Scheme
“Relevant Authorities”	appropriate governments and/or governmental bodies, regulatory bodies, courts or institutions
“RMB”	Renminbi, the lawful currency of the PRC
“Scheme”	a scheme of arrangement to be proposed under Section 673 of the Companies Ordinance for the implementation of the Proposal, involving the cancellation of all the Scheme Shares and the restoration of the share capital of the Company to the amount immediately before the cancellation of the Scheme Shares
“Scheme Document”	the composite scheme document to be issued by the Company and the Offeror containing, among other things, further details of the Proposal together with the additional information specified in the section headed “14. Despatch of Scheme Document” of this Announcement
“Scheme Share(s)”	Share(s) in issue on the Record Date held by the Shareholders, other than those directly or indirectly held by the Offeror
“Scheme Shareholder(s)”	the registered holder(s) of Scheme Shares as at the Effective Date
“Securities and Futures Commission”	Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Alternative”	6 New Shares in the Offeror which will be credited as fully paid and ranking pari passu with other shares of the Offeror then in issue per Share held
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	registered holder(s) of the Shares
“Shareholder Loan”	loan(s) and other indebtedness owed by the Offeror to the Parentco
“Share Options”	the share options granted under the Share Option Scheme from time to time
“Share Option Scheme”	the share option scheme of the Company adopted by the Company on 8 June 2017

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers in Hong Kong
“TC Disinterested Shares”	Shares in issue at the Record Date, other than those beneficially owned by the Offeror or the Offeror Concert Parties
“Tianhan”	Tianhan Development Limited (天瀚發展有限公司), a company incorporated in the British Virgin Islands and is an indirect wholly-owned subsidiary of the Company
“Tianhan Loan”	the loan owed by the Offeror to Tianhan amounting to HK\$63,800 as at the Announcement Date
“trading day”	a day on which the Stock Exchange is open for the business of dealings in securities
“Transaction Indebtedness”	indebtedness to be incurred by the Offeror in connection with implementing the Proposal
“UBS”	UBS AG (acting through its Hong Kong Branch), a registered institution under the SFO to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) regulated activities under the SFO, the financial adviser to the Offeror in relation to the Proposal
“US”	United States of America
“US\$”	US dollar(s), the lawful currency of the US

By Order of the board of
China Power New Energy Limited

Ms. Xu Wei

Director

By Order of the board of
**China Power Clean Energy Development
Company Limited**
Mr. Sun Guigen

Director

* *English or Chinese translation, as the case may be, is for identification only*

Hong Kong, 28 March 2019

As at the Announcement Date, the directors of the Offeror are Mr. TIAN Jun and Ms. XU Wei.

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this Announcement (other than that relating to the Group) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Announcement (other than those expressed by the Directors,) 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.

As at the Announcement Date, the directors of the Parentco are Mr. TIAN Jun, Mr. GAO Guangfu, Mr. GUAN Qihong, Mr. WANG Xianchun and Mr. CAO Yan.

The directors of the Parentco jointly and severally accept full responsibility for the accuracy of the information contained in this Announcement (other than that relating to the Group) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Announcement (other than those expressed by the Directors,) 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.

As at the Announcement Date, the executive Directors of the Company are Mr. HE Hongxin, Mr. HE Lianhui, Mr. SUN Guigen and Mr. QI Tengyun, the non-executive Directors of the Company are Mr. TIAN Jun and Mr. ZHOU Jiong, and the independent non-executive Directors of the Company are Mr. CHU Kar Wing, Dr. LI Fang, Mr. WONG Kwok Tai and Ms. NG Yi Kum.

The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this Announcement relating to the Group and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Announcement by the Directors 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.