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## **CHINA NEW ENERGY POWER GROUP LIMITED**

**中國新能源動力集團有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1041)**

### **LAPSE OF THE ACQUISITION AGREEMENT**

Reference is made to the announcements of China New Energy Power Group Limited (the “**Company**”) dated 2 February 2011, 24 May 2011, 30 September 2011 and 30 March 2012 and the circulars of the Company dated 25 May 2011 and 24 October 2011 (the “**October 2011 Circular**”) in relation to, inter alia, the acquisition of the entire issued share capital of and assignment of the shareholder’s loan in Lithium Energy Group Ltd., which constitutes a very substantial acquisition for the Company under The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Terms used herein shall have the same meanings as defined in the October 2011 Circular unless defined otherwise.

Under the conditional agreement dated 13 January 2011 entered into between the Purchaser, the Vendor and the Vendor’s Guarantors (as supplemented and amended by supplemental agreements made between the same parties on 23 May 2011, 30 September 2011 and 30 March 2012) in respect of the Acquisition (the “**Acquisition Agreement**”), if the Conditions Precedent are not fulfilled on or before 30 April 2012, the Acquisition Agreement and the transactions contemplated thereunder shall terminate and be null and void and of no further effect and no parties thereto shall have any liability to any other party, save for any antecedent breaches.

The Directors wish to announce that, as at 30 April 2012, due to the market financing and other reasons, certain Conditions Precedents (including, among other things, the completion of the placing of shares and convertible notes of the Company and obtaining the proceeds from such placing of not less than HK\$1 billion) had yet to be fulfilled (or waived by the Purchaser) and accordingly, the Acquisition Agreement has now lapsed. It is still the intention of the Company to proceed with the Acquisition in relation to the project.

The Company will continue to negotiate the terms of the Acquisition with the Vendor. Further announcement on the development of the Acquisition will be made by the Company when appropriate.

The Directors are of the view that the non-completion of the Acquisition Agreement will, to certain extent, delay the progress of the development of the said project, but it has no material adverse impact on the other business operation and financial position of the Company.

By Order of the Board  
**China New Energy Power Group Limited**  
**Zhang Xi**  
*Joint Chairman*

Hong Kong, 1 May 2012

*As at the date of this announcement, the executive directors of the Company are Mr. Zhang Xi, Mr. Ip Cheng Kuong, Ms. Catherine Chen, Mr. Chiu Kong, Mr. Yeung Kwok Yu, Mr. Yeung Tsoi San, Mr. Kwan Kam Hung, Jimmy, Mr. Wah Wang Kei, Jackie and Mr. Chen Guang Lin; and the independent non-executive directors of the Company are Ms. Ma Yin Fan, Mr. Leung Hoi Ying and Mr. Yu Pan.*