THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountants or other professional adviser.

If you have sold or transferred all your shares in **China New Energy Power Group Limited**, you should at once hand this circular and the enclosed proxy form to the purchaser or the transferee or to the bank, stockbroker or other registered institution in securities or other agent through whom the sale or the transfer was effected for transmission to the purchaser and transferee.

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)

VERY SUBSTANTIAL DISPOSAL IN RELATION TO THE DISPOSAL OF THE SHARE OF AND ASSIGNMENT OF THE SHAREHOLDERS' LOAN IN ALLYWING INVESTMENTS LIMITED
AND
MAJOR ACQUISITION IN RELATION TO THE ACQUISITION OF THE ENTIRE EQUITY INTEREST IN GUIYANG DING TIAN INVESTMENT CONSULTANCY LIMITED
AND
NOTICE OF SGM

A letter from the Board is set out on pages 6 to 21 of this circular.

A notice convening a special general meeting of China New Energy Power Group Limited (the "Company") to be held at Plaza 3, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Wednesday, 17 July 2013 at 11:00 a.m. or any adjournment thereof is set out on pages SGM-1 to SGM-3 of this circular. A proxy form for use in the special general meeting is enclosed. Whether or not you propose to attend the special general meeting, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding of the special general meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the special general meeting or any adjournment thereof should you so wish.

Hong Kong, 27 June 2013

CONTENTS

In this circular, the following expressions have the following meanings unless the context otherwise requires:

"Acquisition"	the acquisition of the entire equity interest in Target Co
"Acquisition Agreement"	the conditional agreement dated 9 May 2013 between Win Harbour and Prance Fortune in relation to the Acquisition
"Acquisition Completion"	completion of the Acquisition in accordance with the terms and conditions of the Acquisition Agreement
"Acquisition Consideration"	the aggregate of (i) the consideration of RMB1,000,000 for the entire equity interest in the Target Co under the Acquisition Agreement and (ii) the consideration of RMB68,000,000 to be paid under the Pre-sale Agreement
"Allywing"	Allywing Investments Limited, a company incorporated in the BVI with limited liability, and a wholly owned subsidiary of the Company prior to Disposal Completion
"Allywing Group"	Allywing and Xi'an Yuansheng
"Allywing Sale Loan"	the entire amount of the shareholder's loan owed by Allywing to Good Base as at Disposal Completion, and for indicative purpose, approximately HK$71,483,413 as at the Latest Practicable Date
"Allywing Sale Share"	1 ordinary share of US$1.00 in the capital of Allywing, representing the entire issued share capital of Allywing as at the date of the Disposal Agreement and at Disposal Completion
"Billion Sino"	Billion Sino Investments Limited, a company incorporated in the BVI with limited liability, and a wholly owned subsidiary of C C Land
"Board"	the board of Directors
"Business Day"	any day (not being a Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are generally open for business
"BVI"	the British Virgin Islands

"C C Land"	C C Land Holdings Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the main board of the Stock Exchange, being the holding company of Billion Sino and Win Harbour
"C C Land Group"	C C Land and its subsidiaries
"Company"	China New Energy Power Group Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange (stock code: 1041)
"connected person(s)"	has the meanings ascribed thereto in the Listing Rules
"Director(s)"	director(s) of the Company
"Disposal"	the disposal of the Allywing Sale Share and the Allywing Sale Loan by Good Base to Billion Sino pursuant to the terms and conditions of the Disposal Agreement
"Disposal Agreement"	the conditional sale and purchase agreement dated 9 May 2013 between Good Base and Billion Sino in relation to the Disposal
"Disposal Completion"	completion of the Disposal in accordance with the terms and conditions of the Disposal Agreement
"Disposal Consideration"	the aggregate consideration of RMB320,000,000 for the Allywing Sale Share and the Allywing Sale Loan under the Disposal Agreement
"Disposal Deposit"	the amount of RMB80,000,000 payable by Billion Sino as refundable deposit and part payment of the Disposal Consideration
"Enlarged Group"	the Group immediately after the Acquisition Completion
"GDP"	gross domestic product
"GFA"	gross floor area
"Good Base"	Good Base Investments Limited, a company incorporated in Hong Kong with limited liability, and a wholly owned subsidiary of the Company

"Group"	the Company and its subsidiaries
"Guiyang Land"	a parcel of land located in Guanshanhu District, Guiyang City, Guizhou Province, the PRC (中國貴州省貴陽市觀山湖區) with a site area of approximately 365,193.8 square meters
"Guiyang Project"	the whole commercial building A27 of 中渝•第一城 (First City, Guiyang) Plot A being constructed and developed on the Guiyang Land
"GY Zhong Yu"	貴陽中渝置地房地產開發有限公司 (Guiyang Zhong Yu Real Estate Development Company Limited*), a company incorporated in the PRC and indirectly wholly owned by Win Harbour
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Valuer"	an independent valuer, the valuation report of which is set out in Appendix V to this circular
"Latest Practicable Date"	25 June 2013, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Local Agreement"	a sale and purchase agreement to be entered into between GY Zhong Yu and the Target Purchaser relating to the transfer of the entire equity interest in the Target Co solely for the purpose of registration with the relevant authority in the PRC
"Management Agreement"	the agreement dated 29 November 2010 between Allywing and Harvest Day Limited in respect of provision of professional management and consultancy services by Harvest Day Limited to Allywing in relation to property development projects, particulars of which are set out in the announcement and the circular of the Company dated 29 November 2010 and 20 December 2010 respectively

"Prance Fortune"	Prance Fortune Investments Limited, a company incorporated in the BVI with limited liability, and a wholly owned subsidiary of the Company
"PRC"	the People's Republic of China
"Pre-sale Agreement"	the pre-sale agreement dated 1 April 2013 between Target Co and GY Zhong Yu for the purchase of the Guiyang Project by Target Co for a consideration of RMB68,000,000
"Remaining Group"	the Group immediately after Disposal Completion
"SFO"	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
"SGM"	the special general meeting of the Company to be convened and held to consider, *inter alia*, the Disposal Agreement, the Acquisition Agreement and the transactions contemplated thereunder
"Share(s)"	ordinary shares of US$0.001 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the issued Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Co"	貴陽鼎天投資咨詢有限公司 (Guiyang Ding Tian Investment Consultancy Limited*), a company incorporated in the PRC with limited liability
"Target Purchaser"	a wholly owned subsidiary of the Company, being the purchaser under the Local Agreement
"Win Harbour"	Win Harbour Investments Limited, a company incorporated in the BVI with limited liability, and a 85% owned subsidiary of C C Land
"Xi'an Land"	two parcels of land located at Weiyang District, Xi'an City, the PRC (i) with a site area of approximately 134,357 square meters and (ii) with a site area of approximately 19,739 square meters respectively

"Xi'an Project"	the property development project known as 西安渭濱花園 (Xi'an Wei Bin Gardens*) consisting of luxurious residential and commercial buildings being constructed on the Xi'an Land
"Xi'an Yuansheng"	西安遠聲實業有限公司 (Xi'an Yuansheng Enterprises Limited*), a company incorporated in the PRC with limited liability, which is owned as to 60% by Allywing and as to 40% by Xingchuang
"Xingchuang"	西安星創置業有限公司 (Xi'an Xingchuang Estate Limited*) (currently known as 西安中渝置地有限公司 (Xi'an Zhongyu Real Estate Company Limited*)), a company incorporated in the PRC with limited liability, and is interested in 40% of the registered capital of Xi'an Yuansheng
"Xingchuang Agreement"	the agreement dated 9 May 2013 between 四川中渝置地有限公司 (CC Land Holdings (Sichuan) Limited*), a wholly owned subsidiary of C C Land, and the sole owner of Xingchuang in relation to the sale and purchase of the entire equity interest in Xingchuang
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"US$"	United States dollars, the lawful currency of the United States of America
"%"	per cent.

* *The Chinese names of the PRC entities which have been translated into English and included in this circular and for which no official English translation exist are unofficial translation for your reference only.*

In this circular, for reference only, the amount denominated in RMB has been translated into HK$ at the exchange rate of RMB1.00 = HK$1.25.

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)

Executive Directors:
Mr. Ip Cheng Kuong *(Chairman)*
Ms. Catherine Chen *(Managing Director)*
Mr. Yeung Kwok Yu
Mr. Chiu Kong
Mr. Kwan Kam Hung, Jimmy
Mr. Wah Wang Kei, Jackie
Mr. Chen Guang Lin

Non-executive Director
Mr. Wu Zhuo Tong

Independent non-executive Directors
Ms. Ma Yin Fan
Mr. Leung Hoi Ying
Mr. Yu Pan
Mr. Lee Ming Tung

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head office and principal place of business in Hong Kong:
Unit 2807, 28/F
The Center
99 Queen's Road Central
Central
Hong Kong

27 June 2013

To the Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL DISPOSAL IN RELATION TO THE DISPOSAL OF THE SHARE OF AND ASSIGNMENT OF THE SHAREHOLDERS' LOAN IN ALLYWING INVESTMENTS LIMITED
AND
MAJOR ACQUISITION IN RELATION TO THE ACQUISITION OF THE ENTIRE EQUITY INTEREST IN GUIYANG DING TIAN INVESTMENT CONSULTANCY LIMITED
AND
NOTICE OF SGM

INTRODUCTION

On 9 May 2013, the Board announced that (a) Good Base, a wholly owned subsidiary of the Company, entered into a conditional agreement with Billion Sino on 9 May 2013, pursuant to which, Good Base agreed to sell and Billion Sino agreed to purchase the Allywing Sale

Share, which represents the entire issued share capital of Allywing, and the Allywing Sale Loan at the Disposal Consideration; and (b) Prance Fortune, a wholly owned subsidiary of the Company, entered into a conditional agreement with Win Harbour on 9 May 2013, pursuant to which, Prance Fortune has conditionally agreed to purchase or procure to purchase the entire equity interest in the Target Co at the Acquisition Consideration.

The purpose of this circular is to provide you with, among others, (i) further details of the Disposal; (ii) further details of the Acquisition; (iii) the financial and other information of the Group; (iv) the financial information of the Allywing Group; (v) the financial information of the Target Co; (vi) the pro forma financial information on the Enlarged Group; (vii) the property valuation of the Xi'an Project and Guiyang Project; and (viii) the notice of the SGM.

THE DISPOSAL AGREEMENT

Date

9 May 2013 (after trading hours)

Parties

Vendor:	Good Base Investments Limited
Purchaser:	Billion Sino Investments Limited.

Billion Sino is principally engaged in investment holding. It is a wholly owned subsidiary of C C Land, a company whose shares are listed on the main board of the Stock Exchange, and the core business of C C Land Group is property development and investment in Western China and treasury investment. The Group and C C Land are both involved in property development in the PRC. C C Land was previously introduced to the management of the Group through mutual business contacts. Early this year, C C Land met with the Group to discuss the Disposal and the Acquisition as well as its intention to acquire Xingchuang. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) other than the Disposal, there was no previous business or other relationship between Billion Sino and the Company or its connected persons nor was there any relationship between Billion Sino and the counterparties to the Company's previous acquisitions or disposals conducted in recent years; and (ii) Billion Sino, C C Land and its controlling shareholder(s) are third parties independent of the Company and its connected persons.

Assets to be disposed of

Pursuant to the Disposal Agreement, Good Base agreed to sell the Allywing Sale Share and the Allywing Sale Loan to Billion Sino free from any claims, charges, liens, encumbrances, equities or similar restriction of any kind.

The Allywing Sale Share represents the entire issued share capital of, and the entire interest of Good Base in, Allywing. Allywing is the registered owner of 60% of the entire equity interest in Xi'an Yuansheng which holds the Xi'an Project.

The Allywing Sale Loan represents the entire amount of the shareholder's loan owed by Allywing to Good Base as at Disposal Completion, which is interest-free and repayable on demand. For indicative purpose, the outstanding amount of the Allywing Sale Loan as at the Latest Practicable Date was approximately HK$71,483,413.

Disposal Consideration

The Disposal Consideration in the aggregate sum of RMB320,000,000 (equivalent to approximately HK$400,000,000) shall be satisfied by Billion Sino in the following manner:

(a) a sum of RMB80,000,000 (equivalent to approximately HK$100,000,000) shall be paid on or before the expiry of three days after Good Base has notified Billion Sino of the satisfaction of the conditions precedent (a) as set out below as refundable deposit and part payment of the Disposal Consideration;

(b) a sum of RMB80,000,000 (equivalent to approximately HK$100,000,000) shall be paid on or before the date falling 9 months after the date of Disposal Completion;

(c) a sum of RMB80,000,000 (equivalent to approximately HK$100,000,000) shall be paid on or before the date falling 12 months after the date of Disposal Completion; and

(d) a sum of RMB80,000,000 (equivalent to approximately HK$100,000,000) shall be paid on or before the date falling 18 months after the date of Disposal Completion.

The Disposal Consideration may be paid by Billion Sino in either Renminbi or Hong Kong dollars at the exchange rate being the average of the ask and bid exchange rate as quoted by the Bank of China (Hong Kong) at the close of business on the Business Day immediately preceding the date of payment for payment of the Disposal Deposit and at the close of business on the date of Disposal Completion for payments pursuant to (b) to (d) above.

The amount equal to the principal amount of the Allywing Sale Loan at Disposal Completion shall be attributable to consideration for the Allywing Sale Loan and the remainder of the said aggregate consideration shall be attributable to the Allywing Sale Share. For the avoidance of doubt, no adjustment will be made to the Disposal Consideration in the event of a change in the principal amount of the Allywing Sale Loan at Disposal Completion.

The Disposal Consideration has been based on normal commercial terms and determined after arm's length negotiations between Good Base and Billion Sino having taken into account a preliminary appraisal of the value of the Xi'an Project determined by the Independent Valuer based on comparison method which is in compliance with the requirements contained in the HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors, the value of the Xi'an Project was approximately RMB548,600,000 as at 31 March 2013.

The original acquisition cost of acquiring the entire share capital in and the then shareholder's loan of Allywing by the Group in August 2010 was RMB284,848,920 (equivalent to approximately HK$299,337,000). For the period from August 2010 to 31 December 2012, the construction costs and other expenses incurred by the Group in relation to the development of the Xi'an Project was approximately HK$58,858,800. After deducting the acquisition cost together with the abovementioned costs and expenses from the Disposal Consideration, the Group will have a surplus of approximately HK$41,800,000.

Condition Precedent

Disposal Completion shall be conditional upon the satisfaction (or waiver, as the case may be) of the following conditions precedent:

(a) obtaining any required approval by the Shareholders approving (i) the Disposal Agreement and the performance of all the transactions contemplated thereunder by Good Base and (ii) the termination of the Management Agreement (if required) in accordance with the requirements of the Listing Rules;

(b) obtaining any required approval by the shareholders of C C Land approving the Disposal Agreement and the performance of all the transactions contemplated thereunder by Billion Sino in accordance with the requirements of the Listing Rules (where applicable);

(c) obtaining all necessary governmental and regulatory approvals or consents (or waivers) required by the parties to the Disposal Agreement or any of them for the consummation of the transactions contemplated therein pursuant to any applicable laws and all such approvals or consents (or waivers) not having been revoked or withdrawn;

(d) obtaining all necessary third party approvals or consents (or waivers) required by Good Base for the consummation of the transactions contemplated therein (including those persons entitled to any pre-emption rights) and all such approvals or consents (or waivers) not having been revoked or withdrawn;

(e) completing a due diligence review covering, among other things, the business, operations, legal and financial position of Allywing Group, the results of which being satisfactory to Billion Sino (acting reasonably);

(f) Good Base having complied fully with its obligations in respect of, *inter alia*, the operation and affairs of Allywing Group from the date of the Disposal Agreement until the date of Disposal Completion;

(g) no injunction, restraining order or other order or any other legal or regulatory restraint or prohibition having been issued or made by any court of competent jurisdiction or any other person which prevents the consummation of the transactions contemplated by the Disposal Agreement;

(h) the warranties given under the Disposal Agreement being true and accurate in all material respects and not misleading in any material respects at Disposal Completion;

(i) there being no material adverse change in respect of the financial position, business or property, results of operations, business prospects or assets of either Allywing or Xi'an Yuansheng;

(j) the Xingchuang Agreement having become unconditional;

(k) the Acquisition Agreement having become unconditional (other than the condition as set out in the Acquisition Agreement requiring that the Disposal Agreement having become unconditional); and

(l) Good Base providing evidence to the reasonable satisfaction of Billion Sino that the Management Agreement has been terminated in accordance with its terms and that there are no claims subsisting against, amounts owing by or other obligations on Allywing pursuant to the Management Agreement.

Good Base and Billion Sino may by agreement waive any of the conditions precedent (in whole or in part) in paragraphs (e), (f), (h) to (l) above while the conditions precedent in paragraphs (a) to (d) and (g) above cannot be waived in any event. The Company currently does not intend to waive any of the above conditions. As at the Latest Practicable Date, other than paragraph (j) above, none of the above conditions has been fulfilled or waived.

In the event that any of the above conditions (other than conditions in paragraphs (j) and (k) above which may be satisfied simultaneously upon Disposal Completion) is not fulfilled or waived on or before 5:00 p.m. on 31 December 2013 or such other date as Good Base and Billion Sino may agree in writing, the Disposal Agreement shall terminate automatically and be of no further effect and no party shall have any claim against or liability to the other party save in respect of any antecedent breaches of the Disposal Agreement and Good Base shall refund the Disposal Deposit to Billion Sino within 3 Business Days.

Disposal Completion

The sale and purchase of the Allywing Sale Share and the assignment of the benefits and interests of the Allywing Sale Loan shall be completed simultaneously.

Disposal Completion shall fall on the fifth Business Day (or such other Business Day agreed in writing by the parties to the Disposal Agreement or deferred by the non-defaulting party pursuant to the relevant provisions of the Disposal Agreement) after the date on which the conditions set out above (except conditions precedent in paragraphs (j) and (k) above which may be satisfied simultaneously upon Disposal Completion) have been satisfied (or waived as the case may be).

Information of Allywing Group

Allywing is incorporated in the BVI on 12 April 2007 with limited liability. As at the Latest Practicable Date, Allywing is an indirect wholly owned subsidiary of the Company as an investment holding company.

Xi'an Yuansheng is a company incorporated in the PRC with limited liability with a registered capital of RMB120,000,000 and is owned as to 60% by Allywing and as to 40% by Xingchuang. It is principally engaged in development and sale of real estate and property management and owns the land use and development rights of the Xi'an Land which is located at Caotan Nongchang Dong Qu, Weiyang District, Xi'an City, the PRC. The Xi'an Land covers a site area of approximately 134,357 square meters for residential use with a land use right of 70 years and a site area of approximately 19,739 square meters for commercial use with a land use right of 40 years.

According to the latest development plan of Xi'an Project, the Xi'an Land would be developed into a residential and commercial area comprising approximately 653,727 square meters which include 19 blocks of residential buildings and 2 blocks of commercial buildings. The Xi'an Project will be developed in several phases, of which, the major construction of the first phase with a gross floor area of approximately 114,005 square meters has commenced in the second quarter of 2012. Phase 1 of the Xi'an Project consists of 4 blocks of residential buildings which are undergoing further earthwork casting. The external walls, interior decoration and renovation works of the clubhouse are underway. At the same time, the construction team is completing the finishings of the external structure of the clubhouse. Landscaping construction works such as slope works and greeneries are also in progress outside the clubhouse. The pre-sale is expected to be commenced in September 2013 while the construction of phase 1 is expected to be completed in the third quarter of 2014. The capital expenditure for the Xi'an Project is expected to be RMB560 million. As at the date hereof, certificate for the use of state-owned land, the planning permit for construction use and approval for the phase 1 of the project have been obtained. It is expected that the pre-sale permit will be obtained prior to the pre-sale which is targeted to take place in September 2013 while the construction work completion registration and the building ownership certificate will be obtained after completion of construction of phase 1 of the Xi'an Project and handover of properties to end-users respectively. As Xi'an Yuansheng has obtained the planning permit for construction use and it has commenced construction of the Xi'an Project, it is considered that the Xi'an Project will not constitute an idle land.

The unaudited financial results of the Allywing Group for the two years ended 31 December 2012 are respectively summarised as follows:

	Net loss before taxation and extraordinary items	**Net loss after taxation and extraordinary items**
	HK$'000	*HK$'000*
For the year ended 31 December 2011	30,824	30,824
For the year ended 31 December 2012	11,871	11,871

As at 31 December 2012, the total assets and the net assets position of the Allywing Group were approximately HK$617.49 million and HK$477.44 million, respectively.

Subject to and upon Disposal Completion, Allywing shall cease to be a subsidiary of the Company, and the results of the Allywing Group shall no longer be consolidated in the Group's consolidated financial statements.

Financial effect of the Disposal

With reference to the unaudited financial information of the Allywing Group as at 31 December 2012, the Group would realize a book gain of approximately HK$63.78 million from the Disposal. The book gain is computed by reference to, among other things, (a) the proceeds from the Disposal Consideration in the amount of RMB320,000,000 (equivalent to approximately HK$400,000,000), (b) the unaudited equity of the Allywing Group attributable to Good Base of approximately HK$258.84 million, (c) the assignment of shareholder's loan of approximately HK$70.88 million due from Allywing Group to Good Base and (d) the estimated legal and professional fees for the Disposal and Acquisition. Discounted time value of consideration receivable and estimated tax effect have not been taken into account when calculating the book gain. For further details, please refer to the pro forma gain on Disposal as set out in Appendix III to this circular. The actual book gain or loss derived from the Disposal would depend on the profit or loss of the Allywing Group up to the date of Disposal Completion.

Management Agreement

Allywing entered into the Management Agreement with Harvest Day Limited, a company which is owned as to 60% by a sister of Mr. Zhang Xi, the former joint chairman and executive Director who resigned with effect from 21 May 2012. Pursuant to the Management Agreement, Harvest Day Limited would provide management and consultancy services to Allywing in connection with the development of the Xi'an Land for an inclusive management fee of HK$50,000,000 by 3 installments, of which, the first installment of HK$23,000,000 was paid on 7 January 2011 according to terms and conditions of the Management Agreement. The Management Agreement commenced upon the approval of the Shareholders at a special general meeting of the Company held on 6 January 2011 and shall terminate upon issue of certificates of compliance confirming completion of all construction works in the Xi'an Project and settlement of accounts with all contracting parties and the payment of last installment of management fee by Allywing. As C C Land Group is principally engaged in property development, it is expected that, C C Land Group will be able to continue to develop the Xi'an Land by using its own property development and management expertise. Accordingly, it was agreed between Good Base and Billion Sino that the termination of the Management Agreement will constitute a condition under the Disposal Agreement. It is expected that the Management Agreement will be terminated immediately prior to the Disposal Completion.

Reasons for and benefits of the Disposal

The Company is principally engaged in trading of securities and development of properties. The Group has been planning and developing the Xi'an Project for a long period of time and the progress of which has been lagged behind the schedule, mainly due to (i) revision of the design layout of the buildings under the Xi'an Project to meet the changing market trend,

(ii) communication and negotiation of the revised design layout with the other shareholder of Xi'an Yuansheng and (iii) filing with and obtaining the relevant approval from the PRC governmental authorities. As disclosed in the circular of the Company dated 18 September 2012, the pre-sale for phase 1 of Xi'an Project was scheduled to commence in the first half of 2013 while the completion of the sale and purchase of the phase 1 properties was expected to take place in 2014. However, according to the latest development plan, the pre-sale of the first phase is targeted to commence in September 2013 while the construction of phase 1 is expected to be completed in the third quarter of 2014. In addition, the pre-sale of the first phase in September 2013 may not meet the Company's expectation having regard to the current property market in the development zone in Xi'an where the Xi'an Land is situated while the Group will still incur expenses in connection with the Xi'an Project prior to the pre-sale. Furthermore, the Group may require more time to communicate with the other shareholder of Xi'an Yuansheng in order to cooperate with them for the future development of the Xi'an Project if it remain as a shareholder of Xi'an Yuansheng. For these reasons, the Directors consider that the continuation of the business of Xi'an Yuansheng may not be in the best interests of the Company and its Shareholders as a whole, and the Group therefore intends to realise its investment in Xi'an Yuansheng so as to strengthen the financial position of the Group and to release the Group from the capital commitment in the Xi'an Project, as well as to broaden the capital base of the Group so as to acquire potential projects or investment opportunities when such opportunities arise.

As at 31 May 2013, the consolidated unaudited cash balance of the Company was approximately HK$50.1 million. The proceeds from the Disposal are intended to be applied as to (i) RMB69 million (equivalent to approximately HK$86.25 million) to fund the Acquisition Consideration; (ii) RMB11 million (equivalent to approximately HK$13.75 million) for operating the Group's new investment in the Guiyang Project and existing businesses; (iii) RMB200 million (equivalent to approximately HK$250 million) for future investment opportunities when such opportunities arise; and (iv) RMB40 million (equivalent to approximately HK$50 million) as general working capital of the Group. The Board believes that, through the Disposal, the Company will be able to allocate its resources more effectively in order to focus on its other business as well as developing the Guiyang Project.

Having taken into consideration of the above reasons for and benefits of the Disposal and (a) the opportunity to reallocate resources after the Disposal to the Guiyang Project may have better growth potential and (b) the potential gain from the Disposal as set out in the section headed "Financial Effects of the Disposal" above, the Directors are of the view that the Disposal and the terms of the Disposal Agreement (including the amount of the Disposal Consideration) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Group has been dedicating efforts in improving its overall financial performance, through, among others, seeking potential business and investment opportunities, particularly with a focus on the property industry, including development, investment and management of property projects. As at the Latest Practicable Date, the Group has yet to identify any suitable investment opportunities. The Company will comply with the applicable Listing Rules should such opportunities arise.

Business of the Remaining Group

Following the Disposal, the Remaining Group will continue to carry out its existing securities investment business with a view for the Group to gain reasonable returns through receiving dividends and capital appreciation from securities invested. These securities invested are Hong Kong listed securities. The securities investment business is not the Group's major business, and it is presently not expected or intended to be so in the near future.

In addition, the Remaining Group will take part in the property investment and management business in order to obtain attractive returns for the Group. The Group intends to engage professional expertise to assist in the daily operation of the Guiyang Project such as maintenance, cleaning and security while the Company and/or its subsidiaries will be engaged in the business operation and administrative management, including tenancy management, of the Guiyang Project.

Other than the Disposal, the Group has no intention nor did it negotiate or enter into any agreement, arrangement or understanding to dispose of, scale down or terminate its existing businesses as at the Latest Practicable Date.

Implication under the Listing Rules

As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Disposal are more than 75%, the Disposal constitutes a very substantial disposal for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules. As no Shareholder has a materially different interest in the Disposal, no Shareholder is required to abstain from voting on the resolution(s) to be proposed at the SGM to approve the Disposal.

THE ACQUISITION AGREEMENT

Date

9 May 2013 (after trading hours)

Parties

Vendor: Win Harbour Investments Limited

Purchaser: Prance Fortune Investments Limited.

Win Harbour is principally engaged in investment holding and is a 85% owned subsidiary of C C Land. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) other than the Acquisition, there was no previous business or other relationship between Win Harbour or GY Zhong Yu and the Company or its connected persons nor was there any relationship between Win Harbour or GY Zhong Yu and the counterparties to the Company's previous acquisitions or disposals conducted in recent years; and (ii) Win Harbour, C C Land and its controlling shareholder(s) are third parties independent of the Company and its connected persons.

Assets to be acquired

Pursuant to the Acquisition Agreement, Prance Fortune has conditionally agreed to purchase or procure to purchase the entire equity interest in the Target Co free from any claims, charges, liens, encumbrances, equities or similar restriction of any kind.

Acquisition Consideration

The total Acquisition Consideration of RMB69,000,000, represent the aggregate of (i) RMB1,000,000 (equivalent to approximately HK$1,250,000) being the consideration for the total registered capital of the Target Co, which shall be satisfied in full by or on behalf of the Target Purchaser at Acquisition Completion and (ii) RMB68,000,000 (equivalent to approximately HK$85,000,0000) being the consideration to be paid under the Pre-sale Agreement. Pursuant to the Pre-sale Agreement, the Target Co acquired the Guiyang Project from GY Zhong Yu at the consideration of RMB68,000,000, which shall be payable before 31 December 2013. The Acquisition Consideration has been based on normal commercial terms and determined after arm's length negotiations between Win Harbour and Prance Fortune having taken into account (i) the total registered capital of the Target Co and (ii) a preliminary appraisal of the value of the Guiyang Project determined by the Independent Valuer based on comparison method which is in compliance with the requirements contained in the HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors, the value of the Guiyang Project was approximately RMB68,000,000 as at 31 March 2013. The Acquisition Consideration will be settled in cash by applying the Disposal Deposit.

The Acquisition Consideration may be in either Renminbi or Hong Kong dollars at the exchange rate being the average of the ask and bid exchange rate as quoted by the Bank of China (Hong Kong) at the close of business on the Business Day immediately preceding the date of Acquisition Completion.

Condition Precedent

Acquisition Completion shall be conditional upon the satisfaction (or waiver, as the case may be) of the following conditions precedent:–

(a) obtaining any required approval by shareholders of C C Land approving the Acquisition Agreement and the performance of all the transactions contemplated thereunder by Win Harbour in accordance with the requirements of the Listing Rules (where applicable);

(b) obtaining any required approval by the Shareholders approving the Acquisition Agreement and the performance of all the transactions contemplated thereunder by Prance Fortune in accordance with the requirements of the Listing Rules;

(c) obtaining all necessary governmental and regulatory approvals or consents (or waivers) required by the parties to the Acquisition Agreement or any of them for the consummation of the transactions contemplated therein pursuant to any applicable laws and all such approvals or consents (or waivers) not having been revoked or withdrawn;

(d) obtaining all necessary third party approvals or consents (or waivers) required by Win Harbour for the consummation of the transactions contemplated therein (including those persons entitled to any pre-emption rights) and all such approvals or consents (or waivers) not having been revoked or withdrawn;

(e) completing a due diligence review covering, among other things, the business, operations, legal and financial position of the Target Co, the results of which being satisfactory to Prance Fortune (acting reasonably), including obtaining a PRC legal opinion by a PRC law firm acceptable to Prance Fortune as it may reasonably require;

(f) Win Harbour having complied fully with its obligations in respect of, *inter alia*, the operation and affairs of the Target Co from the date of the Acquisition Agreement until the date of Acquisition Completion;

(g) no injunction, restraining order or other order or any other legal or regulatory restraint or prohibition having been issued or made by any court of competent jurisdiction or any other person which prevents the consummation of the transactions contemplated by the Acquisition Agreement;

(h) the warranties given under the Acquisition Agreement being true and accurate in all material respects and not misleading in any material respects at Acquisition Completion;

(i) there being no material adverse change in respect of the financial position, business or property, results of operations, business prospects or assets of the Target Co;

(j) the Xingchuang Agreement having become unconditional;

(k) the Disposal Agreement having become unconditional (other than the condition as set out in the Disposal Agreement requiring that the Acquisition Agreement having become unconditional);

(l) Good Base having received, or received pursuant to its order, RMB80,000,000 (or its Hong Kong dollars equivalent) as refundable deposit and part payment of the consideration under the Disposal Agreement; and

(m) Prance Fortune having paid or procured to pay to GY Zhong Yu, or to the order of GY Zhong Yu, in full the amount due and payable by Target Co under the Pre-sale Agreement and delivery of vacant possession of the Guiyang Project to Target Co pursuant to the Pre-sale Agreement.

Prance Fortune and Win Harbour may by agreement waive any of the conditions precedent (in whole or in part) in paragraphs (e), (f), (h) to (k) above while the conditions precedent in paragraphs (a) to (d), (g), (l) and (m) above cannot be waived in any event. The Company currently does not intend to waive any of the above conditions. As at the Latest Practicable Date, other than paragraph (j) above, none of the above conditions has been fulfilled or waived.

In the event that any of the above conditions (other than conditions in paragraphs (j), (k) and (m) above which may be satisfied simultaneously upon Acquisition Completion) is not fulfilled or waived on or before 5:00 p.m. on 31 December 2013 or such other date as Win Harbour and Prance Fortune may agree in writing, the Acquisition Agreement shall terminate automatically and be of no further effect and no party shall have any claim against or liability to the other party save in respect of any antecedent breaches of the Acquisition Agreement.

Acquisition Completion

Acquisition Completion shall fall on the fifth Business Day (or such other Business Day agreed in writing by the parties to the Acquisition Agreement or deferred by the non-defaulting party pursuant to the relevant provisions of the Acquisition Agreement) after the date on which the conditions set out above (except conditions precedent in paragraphs (j), (k) and (m) above which may be satisfied simultaneously upon Acquisition Completion) have been satisfied (or waived as the case may be).

Information on the Target Co

The Target Co was established in the PRC on 1 April 2013 with limited liability. As at the Latest Practicable Date, the Target Co has registered and paid-up capital of RMB1 million and is wholly owned by GY Zhong Yu which is a 85% owned subsidiary of C C Land.

The business scope of the Target Co includes investment consultancy, investment planning and investment in properties, property management and hotel management. Target Co entered into the Pre-sale Agreement with GY Zhong Yu for acquiring the Guiyang Project from GY Zhong Yu. Pursuant to the Pre-sale Agreement, Target Co shall pay to GY Zhong Yu a consideration of RMB68,000,000 in one lump sum before 31 December 2013 while GY Zhong Yu shall deliver the Guiyang Project to Target Co before 31 December 2013. Apart from the Pre-sale Agreement and a tenancy agreement in respect of the renting of its registered office, Target Co has not entered into any other agreements nor carried on any other business activities since its establishment in April 2013. Currently, the Target Co has not acquired any interest in any property development other than the Guiyang Project.

The Guiyang Project comprises a 5-storey commercial building A27 of 中渝•第一城 (First City, Guiyang) Plot A, with a total GFA of 4,497.95 square meters, being constructed and developed on the Guiyang Land which is located in Guanshanhu District, Guiyang, the PRC with a site area of approximately 365,193.8 square meters. First City, Guiyang is developed by GY Zhong Yu and is a five-phased property and commercial development project situated at the

Guanshanhu District, which is a new urban district located 12 kilometers northwest of the city centre of Guiyang. First City, Guiyang comprises independent commercial streets, high-end business office buildings, high-end residences, fashionable bar streets, streets for dining and drinking, boutique business hotels, and three major theme parks. Construction works of Phases I to III of First City, Guiyang commenced in 2012, which are currently under presale.

The Guiyang Project is part of the commercial portion of Phase I of First City, Guiyang which has a total GFA of approximately 184,000 square meters comprising mainly of townhouses, low-rise residential as well as commercial area. The whole of Phase I of First City, Guiyang will be completed by the end of 2013 while Phases II and III are scheduled to be completed in 2015. The Guiyang Project will enjoy and share the common facilities and common area of Phase I of First City, Guiyang.

The term for grant of the land use rights of Guiyang Land is 70 years and 40 years for residential and commercial use respectively. The Guiyang Project has already obtained the state-owned land use right certificate, construction land planning permit (建設用地規劃許可證), construction project planning permit (建設工程規劃許可證), construction project work permit (建設工程施工許可證) and property pre-sale permit (房屋預售許可證). Win Harbour undertakes to Prance Fortune that it shall provide all reasonable assistance to the Target Co in obtaining the real estate ownership certificate of the Guiyang Project.

As at the Latest Practicable Date, the superstructure including the roof construction of the Guiyang Project has been completed while other construction works and basic internal decoration of the Guiyang Project are underway. The basic internal decoration cost shall be borne by GY Zhong Yu in accordance with the Pre-sale Agreement. According to the latest development schedule of Guiyang Project, it is expected that it may be completed and ready for delivery before end of July 2013. The actual delivery date will depend on the progress of the construction of the Guiyang Project, provided that GY Zhong Yu shall deliver the Guiyang Project to the Target Co before 31 December 2013 in accordance with the Pre-sale Agreement.

The construction work completion registration will be applied for after completion of the construction works of the Guiyang Project, and the building ownership certificates will be applied for after GY Zhong Yu has delivered the Guiyang Project to Target Co. The costs for obtaining the construction work completion registration will be borne by GY Zhong Yu while the costs for obtaining the building ownership certificates in the sum of approximately RMB2,720,000 will be borne by Target Co in accordance with the Pre-sale Agreement. The bank mortgage registration obtained by GY Zhong Yu in the development of the Guiyang Project will be discharged before GY Zhong Yu delivers the Guiyang Project to Target Co.

It is expected that, after the Acquisition Completion, the Group will, through Guiyang local property agents, approach target tenants who operate high-end restaurants, branded boutiques, entertainment venues and clubs. The Group will also lease out the units or areas of Guiyang Project through its PRC subsidiaries. The Group expects that the rental fee of the Guiyang Project will be comparable to the market rental of nearby properties in Guiyang.

Overview of Guiyang property industry

Guiyang is the capital of Guizhou province located in the southwest of the PRC. The key factors driving growth of the property market in Guiyang include, among others, increases in disposable income and urbanisation. According to the Bureau of Statistics of Guiyang City, as at the end of 2012, Guiyang had a population of approximately 4.45 million with urbanisation rate of 70.53%. In 2012, the GDP of Guiyang was approximately RMB170.03 billion, representing an increase of approximately 15.9% as compared to 2011. Guiyang's GDP experienced over 10% year-on-year growth rate for the five years from 2008 to 2012. The table below sets out certain economic statistics of Guiyang:

	2008	**2009**	**2010**	**2011**	**2012**
GDP (RMB in billions)	87.7	97.2	112.2	138.3	170.03
GDP growth rate (%)	13.1	13.3	14.3	17.1	15.9
Per capita disposable income for urban households (RMB)	13,817	15,041	16,597	19,420	21,796

Source: 2012 Statistical Report on Guiyang Domestic Economy and Social Development

Growth in the property market increased moderately in 2012, in response to the change of policy after the PRC Government issued a number of real estate-related austerity measures. According to the National Bureau of Statistics of China, the investment in property development in the PRC amounted to approximately RMB7,180.4 billion in 2012, representing an increase of approximately 16.2% as compared to 2011. In 2012, the GFA of commodity properties sold in the PRC was approximately 1,113.04 million square meters, representing an increase of 1.8% as compared to 2011. The sales proceeds of commodity properties sold in the PRC amounted to approximately RMB6,445 billion, representing an increase of approximately 10%.

The growth in the Guiyang property market was supported by the local policy of Guizhou Province. The Financial Industry Development Planning Project under the "Twelfth Five-year Plan" of Guizhou Province (貴州省"十二五"金融業發展專項規劃) issued in November 2011 announced that Guiyang is intended to be built as a financial center which drives the economic development of Guizhou Province and exert significant influence in western region. The authority will optimize the supporting facilities such as residential units and new community to provide investing financial institutions a better working environment. According to the 2012 Statistical Report on Guiyang Domestic Economy and Social Development, the investment in property development in Guiyang was approximately RMB90.85 billion, representing an increase of approximately 94.4% as compared to 2011. In 2012, the GFA of commodity properties sold in Guiyang was approximately 10.41 million square meters, representing an increase of approximately 25.6% as compared to 2011. The sales proceeds of commodity properties sold in Guiyang amounted to approximately RMB50.26 billion, representing an increase of approximately 20.5%.

In view of the overall property market condition in the PRC, the property rental market of Guiyang also experienced a growth. So far as the Directors are aware, rental fees of the shops in the main streets of Guiyang city center are approximately RMB800 per square meter per month while rental fees of shops not located on the main streets in the city center range from RMB600 to RMB700 per square meter per month. In addition, rental fees of shops in the main streets in less central district or other rural areas range from RMB200 to RMB500 per square meter per month while rental fees of shops not located on the main streets in these areas range from RMB100 to RMB300 per square meter per month. So far as the Directors are aware, there are three property projects located in Guanshanhu District near the Guiyang Project with an aggregate GFA of approximately 5,950,000 square meters, of which, an aggregate GFA of approximately 1,330,000 square meters will be for commercial use and will be ready for sale or lease in near future.

Financial information of the Target Co

As set out in Appendix II to this circular, the audited net loss of the Target Co for the period from 1 April 2013 (date of incorporation) to 30 April 2013 (both before and after taxation) was approximately HK$1,174. The audited net assets of the Target Co as at 30 April 2013 was approximately HK$1,257,622.

Financial effect of the Acquisition

Upon Acquisition Completion, the Target Co will become a wholly owned subsidiary of the Company and the accounts of the Target Co will be consolidated into the Group's accounts. Based on the unaudited pro forma financial information of the Enlarged Group as set out in Appendix III to this circular, assuming the Acquisition Completion had taken place on 31 December 2012, the unaudited pro forma consolidated total assets and liabilities of the Enlarged Group would be approximately HK$454,253,000 and HK$186,898,000 respectively.

Reasons for and benefit of the Acquisition

The Company has been dedicating its efforts to the development of its existing businesses and other high potential projects with a view to providing steady returns as well as fruitful growth for its Shareholders. The Directors consider that as compared to the Xi'an Project, the Guiyang Project will be 100% controlled by the Group and also requires smaller amount of capital outlay and allows the Group to participate in property investment and management business. In addition, the Guiyang Project is located in a new development district in the PRC where the local government encourages investment in city development and construction. Based on the above reasons, it is expected that the Acquisition would provide stable income to the Group and the Group may benefit from the future appreciation of the Guiyang Project in the long run.

The Directors believe that the Acquisition and the terms of the Acquisition Agreement (including the amount of the Acquisition Consideration) are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Implication under the Listing Rules

As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition exceed 25% but are less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules. As no Shareholder has a materially different interest in the Acquisition, no Shareholder is required to abstain from voting on the resolution(s) to be proposed at the SGM to approve the Acquisition.

Disposal Completion and Acquisition Completion are subject to certain conditions, including the obtaining of the approval of the Shareholders, and hence the Disposal and the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

SGM

The SGM will be held at Plaza 3, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Wednesday, 17 July 2013 at 11:00 a.m. or any adjournment thereof, for the purpose of considering and, if thought fit, approving, by way of poll, among other things, the Disposal, the Acquisition and the transactions contemplated thereunder.

The notice of the SGM is set out in pages SGM-1 to SGM-3 of this circular. A proxy form for use at the SGM is enclosed. Whether or not you propose to attend the meeting, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding of the SGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

RECOMMENDATION

The Directors are of the view that the terms of the Disposal and Acquisition are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolutions to be proposed at the SGM.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

By Order of the Board
China New Energy Power Group Limited
Yeung Kwok Yu
Executive Director

UNAUDITED FINANICAL INFORAMTION OF ALLYWING GROUP

Set out below are the unaudited condensed consolidated statements of financial position of Allywing Investments Limited and its subsidiary ("Allywing Group") as at 31 December 2010, 2011 and 2012 and the unaudited condensed consolidated statements of comprehensive income, the unaudited condensed consolidated statements of changes in equity and the unaudited condensed consolidated statements of cash flows of the Allywing Group for the period from 13 August 2010 (being the date of acquisition of Allywing Group by the Company) to 31 December 2010 and for each of the two years ended 31 December 2012 (collectively referred to as the "Unaudited Condensed Consolidated Financial Information of the Allywing Group"), where have been prepared by the Directors in accordance with paragraph 68(2)(a)(i) of Chapter 14 of the Listing Rules.

The auditor of the Company, Deloitte Touche Tohmatsu, has reviewed the Unaudited Condensed Consolidated Financial Information of the Allywing Group in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants and concluded that nothing has come to their attention that causes them to believe that the Unaudited Condensed Consolidated Financial Information of the Allywing Group is not prepared, in all material respects, in accordance with the accounting policies consistent with the basis set out in Note 2 to the Unaudited Condensed Consolidated Financial Information of the Allywing Group.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 13 AUGUST 2010 TO 31 DECEMBER 2010 AND FOR THE TWO YEARS ENDED 31 DECEMBER 2012

	13.8.2010 to 31.12.2010	Year ended 31 December 2011	2012
	HK$'000	*HK$'000*	*HK$'000*
	(unaudited)	*(unaudited)*	*(unaudited)*
Other income	27	111	51
Administrative expenses	(4,300)	(30,935)	(11,922)
Loss before taxation	(4,273)	(30,824)	(11,871)
Taxation	–	–	–
Loss for the period/year	(4,273)	(30,824)	(11,871)
Other comprehensive income (expense)			
– Exchange differences arising on translation to presentation currency	1,949	4,447	(22)
Total comprehensive expense for the period/year	(2,324)	(26,377)	(11,893)
Loss for the period/year attributable to:			
Owners of the Company	(2,561)	(27,698)	(7,454)
Non-controlling interests	(1,712)	(3,126)	(4,417)
	(4,273)	(30,824)	(11,871)
Total comprehensive expense for the period/year attributable to:			
Owners of the Company	(1,431)	(25,031)	(7,469)
Non-controlling interests	(893)	(1,346)	(4,424)
	(2,324)	(26,377)	(11,893)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2010, 2011 AND 2012

	As at 31 December		
	2010	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
	(unaudited)	*(unaudited)*	*(unaudited)*
NON-CURRENT ASSETS			
Property, plant and equipment	2,039	2,245	1,490
CURRENT ASSETS			
Property under development	512,571	576,810	610,669
Other receivables	1,692	94	313
Deposits and prepayments	614	1,420	953
Bank balances and cash	29,744	477	4,068
	544,621	578,801	616,003
CURRENT LIABILITIES			
Trade and other payables	245	15,822	25,833
Amount due to a non-controlling shareholder of subsidiary	2,367	24,545	26,156
Amount due to immediate holding company	35,251	58,259	70,875
Other borrowings	–	–	17,191
	37,863	98,626	140,055
NET CURRENT ASSETS	506,758	480,175	475,948
	508,797	482,420	477,438
CAPITAL AND RESERVES			
Share capital	–	–	–
Reserves	291,337	266,306	258,837
Equity attributable to owners of the Company	291,337	266,306	258,837
Non-controlling interests	217,460	216,114	218,601
	508,797	482,420	477,438

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD FROM 13 AUGUST 2010 TO 31 DECEMBER 2010 AND FOR THE TWO YEARS ENDED 31 DECEMBER 2012

	Attributable to owners of the Company						
	Share capital	**Capital reserve**	**Exchange translation reserve**	**Accumulated losses**	**Sub-total**	**Non-controlling interests**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 13 August 2010 (unaudited)	–	292,430	338	–	292,768	218,353	511,121
Exchange difference arising on translation of functional currency to presentation currency	–	–	1,130	–	1,130	819	1,949
Loss for the period	–	–	–	(2,561)	(2,561)	(1,712)	(4,273)
Total comprehensive income (expense) for the period	–	–	1,130	(2,561)	(1,431)	(893)	(2,324)
At 31 December 2010 (unaudited)	–	292,430	1,468	(2,561)	291,337	217,460	508,797
Exchange difference arising on translation of functional currency to presentation currency	–	–	2,667	–	2,667	1,780	4,447
Loss for the year	–	–	–	(27,698)	(27,698)	(3,126)	(30,824)
Total comprehensive income (expense) for the year	–	–	2,667	(27,698)	(25,031)	(1,346)	(26,377)
At 31 December 2011 (unaudited)	–	292,430	4,135	(30,259)	266,306	216,114	482,420
Exchange difference arising on translation of functional currency to presentation currency	–	–	(15)	–	(15)	(7)	(22)
Loss for the year	–	–	–	(7,454)	(7,454)	(4,417)	(11,871)
Total comprehensive expense for the year	–	–	(15)	(7,454)	(7,469)	(4,424)	(11,893)
Capital injection from a non-controlling shareholder	–	–	–	–	–	6,911	6,911
At 31 December 2012 (unaudited)	–	292,430	4,120	(37,713)	258,837	218,601	477,438

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD FROM 13 AUGUST 2010 TO 31 DECEMBER 2010 AND FOR THE TWO YEARS ENDED 31 DECEMBER 2012

	13.8.2010 to 31.12.2010	Year ended 31 December 2011	2012
	HK$'000	*HK$'000*	*HK$'000*
	(unaudited)	*(unaudited)*	*(unaudited)*
OPERATING ACTIVITIES			
Loss before taxation	(4,273)	(30,824)	(11,871)
Adjustments for:			
Depreciation of property, plant and equipment	–	836	924
Interest income	(2)	(64)	(7)
Operating cash flows before movements in working capital	(4,275)	(30,052)	(10,954)
Increase in property under development	–	(50,705)	(33,859)
(Increase) decrease in other receivables	(1,692)	1,602	(219)
(Increase) decrease in deposits and prepayments	(614)	(1,648)	468
Increase in trade and other payables	824	5,697	9,998
NET CASH USED IN OPERATING ACTIVITIES	(5,757)	(75,106)	(34,566)
INVESTING ACTIVITIES			
Interest received	2	64	7
Purchase of property, plant and equipment	(2,039)	(964)	(168)
NET CASH USED IN INVESTING ACTIVITIES	(2,037)	(900)	(161)
FINANCING ACTIVITIES			
Advances from immediate holding company	35,251	23,008	12,616
Advances from non-controlling shareholder of a subsidiary	–	22,075	1,591
Other borrowings raised	–	–	17,191
Capital contribution from a non-controlling shareholder	–	–	6,911
CASH GENERATED FROM FINANCING ACTIVITIES	35,251	45,083	38,309
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	27,457	(30,923)	3,582
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD/YEAR	1,320	29,744	477
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	967	1,656	9
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD/YEAR, REPRESENTED BY BANK BALANCES AND CASH	29,744	477	4,068

NOTES TO THE FINANCIAL INFORMATION FOR THE PERIOD FROM 13 AUGUST 2010 TO 31 DECEMBER 2010 AND FOR THE TWO YEARS ENDED 31 DECEMBER 2012

1. GENERAL

On 9 May 2013, China New Energy Power Group Limited ("CNEP") entered into a conditional sale and purchase agreement for the disposal (the "Disposal") of the entire equity interest in Allywing Investments Limited ("Allywing") (together with its subsidiary collectively referred to as the "Allywing Group") to Billion Sino Investments Limited (the "Purchaser"), a company incorporated in the British Virgin Islands and the assignment of shareholders loan due by Allywing to CNEP to the Purchaser.

Allywing Group is principally engaged in the property development business.

The unaudited financial information is presented in Hong Kong dollars, while the functional currencies of Allywing and its operating subsidiary are Renminbi.

2. BASIS OF PREPARATION

The unaudited financial information of the Allywing Group has been prepared in accordance with paragraph 68(2)(a)(i) of Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and solely for the purposes of inclusion in the circular to be issued by CNEP in connection with the Disposal.

The unaudited financial information of the Allywing Group has been prepared on the historical cost basis. The unaudited financial information of the Allywing Group for the period from 13 August 2010 (being the date of acquisition of Allywing Group by CNEP) to 31 December 2010 and for each of the two years ended 31 December 2012 has been prepared using the same accounting policies as those adopted by CNEP in the preparation of the consolidated financial statements of CNEP and its subsidiaries for the year ended 31 December 2012, which conform with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The unaudited financial information of the Allywing Group does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 (Revised) "Presentation of Financial Statements" issued by the HKICPA or a set of condensed financial statements as defined in Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the HKICPA.

The following is the text of a report received from our reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this circular, in respect of the accountants' report of the Target Co.

Deloitte.
德勤

德勤・關黃陳方會計師行
香港金鐘道88號
太古廣場一座35樓

Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong

27 June 2013

The Directors
China New Energy Power Group Limited

Dear Sirs/Madam,

We set out below our report on the financial information (the "Financial Information") relating to Guiyang Ding Tian Investment Consultancy Limited 貴陽鼎天投資咨詢有限公司 ("Guiyang Ding Tian") for the period from 1 April 2013 (date of establishment) to 30 April 2013 (the "Relevant Period"), for the inclusion in a circular dated 27 June 2013 (the "Circular") to be issued by China New Energy Power Group Limited ("CNEP") in connection with its proposed acquisition of 100% interest in Guiyang Ding Tian.

Guiyang Ding Tian was established in the People's Republic of China (the "PRC") as a limited liability company on 1 April 2013 and remained inactive since its establishment.

Guiyang Ding Tian adopted 31 December as the financial year end date. No statutory financial statements have been prepared for Guiyang Ding Tian during the Relevant Period as its first statutory financial statements is not yet due to be issued.

For the purpose of preparation of this report, the sole director of Guiyang Ding Tian has prepared the management account for the Relevant Period in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") (the "Underlying Management Account"). We have audited the Underlying Management Account of Guiyang Ding Tian for the Relevant Period in accordance with Hong Kong Standards on Auditing issued by the HKICPA and examined the Underlying Management Account for the Relevant Period in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the HKICPA.

The Financial Information for the Relevant Period sets out in this report has been prepared from the Underlying Management Account without making any adjustments for the purpose of inclusion in the Circular.

The sole director of Guiyang Ding Tian is responsible for preparing the Underlying Management Account who approved their issue. The directors of CNEP are responsible for the contents of the Circular in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Management Account, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, the Financial Information together with the notes thereon gives, for the purpose of this report, a true and fair view of the state of affairs of Guiyang Ding Tian as at 30 April 2013 and of the result and cash flows of Guiyang Ding Tian for the Relevant Period.

A. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period from 1 April 2013 (date of establishment) to 30 April 2013

	NOTE	*HK$*
Interest income		80
Administrative expenses		(1,254)
Loss for the period	*6*	(1,174)
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss:		
Exchange difference arising on translation to presentation currency		9,996
Total comprehensive income for the period		8,822

B. STATEMENT OF FINANCIAL POSITION

At 30 April 2013

	NOTES	*HK$*
Current assets		
Bank balances	*8*	1,258,881
Current liability		
Accruals		(1,259)
Net asset		1,257,622
Capital and reserves		
Paid-in capital	*9*	1,248,800
Reserves		8,822
		1,257,622

C. STATEMENT OF CHANGES IN EQUITY

For the period from 1 April 2013 (date of establishment) to 30 April 2013

	Paid-in capital *HK$*	Translation reserve *HK$*	Accumulated losses *HK$*	Total *HK$*
Exchange differences arising on translation of functional currency to presentation currency	–	9,996	–	9,996
Loss for the period	–	–	(1,174)	(1,174)
Total comprehensive income (expense) for the period	–	9,996	(1,174)	8,822
Capital contribution upon establishment	1,248,800	–	–	1,248,800
At 30 April 2013	1,248,800	9,996	(1,174)	1,257,622

D. STATEMENT OF CASH FLOWS

For the period from 1 April 2013 (date of establishment) to 30 April 2013

	HK$
Operating activities	
Loss before taxation	(1,174)
Adjustment for:	
Interest income	(80)
Operating cash flows before movements in working capital	(1,254)
Increase in accruals	1,254
Net cash used in operating activities	–
Cash from investing activity	
Interest received	80
Cash from financing activity	
Capital contribution	1,248,800
Net increase in cash and cash equivalents	1,248,880
Effect of foreign exchange rate changes	10,001
Net increase in cash and cash equivalents and cash and cash equivalents at the end of the period, representing bank balances	1,258,881

E. NOTES TO THE FINANCIAL INFORMATION

1. GENERAL

Guiyang Ding Tian is a limited liability company established in the PRC on 1 April 2013. During the Relevant Period, Guiyang Ding Tian's immediate holding company is Guiyang Zhong Yu Real Estate Development Company Limited 貴陽中渝置地房地產開發有限公司 ("GY Zhong Yu"), a company incorporated with limited liability in the PRC, and the ultimately holding company is C C Land Holdings Limited, a company incorporated with limited liability in Bermuda, whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited. The address of its registered office and principal place of business is 4/F, Commercial B2, West Wing, New World, No. 1 Jinzhu Road, Guanshanhu District, Guiyang, the PRC. Guiyang Ding Tian is inactive during the Relevant Period.

The Financial Information is presented in Hong Kong dollar ("HK$"), while the functional currency of Guiyang Ding Tian is Renminbi ("RMB"). The sole director of Guiyang Ding Tian considers this presentation currency is more useful for its potential investors.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The HKICPA has issued a number of new and revised Hong Kong Accounting Standards ("HKAS"s) and HKFRSs, Amendments and Interpretations ("INT") (hereinafter collectively referred to as the "new HKFRSs") which are effective for Guiyang Ding Tian's financial period beginning on its establishment date, i.e. 1 April 2013.

Guiyang Ding Tian has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities[1]
HKFRS 9	Financial instruments[2]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[1]

[1] Effective for annual periods beginning on or after 1 January 2014.

[2] Effective for annual periods beginning on or after 1 January 2015.

HKFRS 9 Financial instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities (designated as at fair value through profit or loss), HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to change in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual period beginning on or after 1 January 2015, with earlier application permitted. The sole director of Guiyang Ding Tian anticipates that HKFRS 9 will be adopted in Guiyang Ding Tian's financial statements for the annual period beginning 1 January 2015. The sole director of Guiyang Ding Tian anticipates that the application of HKFRS 9 will not affect the classification and measurement of the financial assets as at 30 April 2013.

The sole director of Guiyang Ding Tian anticipates that the application of the other new and revised HKFRSs will have no material impact on the Financial Information.

3. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared on the historical cost basis and in accordance with HKFRSs issued by the HKICPA. In addition, the Financial Information includes the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

Revenue recognition

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Foreign currencies

In preparing the financial statements, transactions in currencies other than Guiyang Ding Tian's functional currency (foreign currencies) are recorded in Guiyang Ding Tian's functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the Financial Information, the assets and liabilities of Guiyang Ding Tian are translated into the presentation currency of Guiyang Ding Tian (i.e. HK$) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the translation reserve).

Taxation

Taxation represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Guiyang Ding Tian's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when Guiyang Ding Tian becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

Guiyang Ding Tian's financial assets represent loans and receivables.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses.

Impairment of loans and receivables

Loans and receivables are assessed for indicators of impairment at the end of the reporting period. Loans and receivables are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the loans and receivables, the estimated future cash flows of the loans and receivables have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the loans and receivables is reduced by the impairment loss directly. If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by Guiyang Ding Tian are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of Guiyang Ding Tian after deducting all of its liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Equity instruments

Equity instruments issued by Guiyang Ding Tian are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and Guiyang Ding Tian has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in other comprehensive income is recognised in profit or loss.

4. CAPITAL RISK MANAGEMENT

Guiyang Ding Tian manages its capital to ensure that Guiyang Ding Tian will be able to continue as a going concern while maximising the return to its shareholder through the optimisation of the debt and equity balance. Guiyang Ding Tian's overall strategy remains unchanged during the Relevant Period.

The capital structure of Guiyang Ding Tian consists of net debts, which include bank balances as disclosed in the note and equity of Guiyang Ding Tian, comprising paid-in capital and reserves.

The sole director of Guiyang Ding Tian reviews the capital structure on an annually basis. As part of this review, the sole director considers the cost of capital and will balance its overall capital structure through raising new capital as well as the issue of new debt.

5. FINANCIAL INSTRUMENTS

Categories of financial instruments

	At 30 April 2013
	HK$
Financial assets	
Loan and receivables	
– bank balances	1,258,881

Financial risk management objectives and policies

Guiyang Ding Tian's major financial instrument include bank balances. Details of the financial instrument are disclosed in the respective note. The risks associated with these financial instrument and the policies on how to mitigate these risks are set out below. The sole director manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

Guiyang Ding Tian did not have any foreign currency transactions during the Relevant Period which expose Guiyang Ding Tian to foreign currency risks.

No sensitivity analysis on foreign currency exposure is presented as Guiyang Ding Tian did not have any foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period.

Interest rate risk

The sole director of Guiyang Ding Tian considers the exposure of the short-term bank deposits to interest rate risk is not significant as the interest bearing bank balances are within short maturity period.

Credit risk

Guiyang Ding Tian's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statement of financial position.

Guiyang Ding Tian's credit risk on bank balances is limited and there is no significant concentration of credit risk because all bank balances are deposited in state-owned banks with good credit ratings.

Fair value

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The sole director considers that the carrying amounts of financial assets recorded at amortised cost in the Financial Information approximate its fair values.

6. LOSS FOR THE PERIOD

No director's emoluments have been paid or payable to its sole director for the Relevant Period.

The operating lease rental of HK$21,953 incurred for the Relevant Period was borne by the immediate holding company of the Company.

7. LOSS PER SHARE

No loss per share information is presented as its inclusion is not considered meaningful with regard to the purpose of this report.

8. BANK BALANCES

Bank balances comprise short-term bank deposits with original maturity of less than three months which carries interest at prevailing market rate, and are denominated in RMB.

9. PAID-IN CAPITAL

Guiyang Ding Tian was established on 1 April 2013 with a registered capital of RMB1,000,000 (equivalent to HK$1,248,800). At the date of establishment, the registered capital was fully paid up by cash to provide the initial capital for Guiyang Ding Tian.

10. CAPITAL COMMITMENT

	At 30 April 2013
	HK$
Capital expenditure in respect of acquisition of an investment property contracted for but not provided in the Financial Information	85,598,400

On 1 April 2013, Guiyang Ding Tian and GY Zhong Yu entered into a pre-sales agreement (the "Pre-sale Agreement"), for the purchase of the whole commercial building A27 of 中渝•第一城 (First City, Guiyang) Plot A being constructed and developed on a piece of land located in Guanshanhu District, Guiyang City, Guizhou Province (the "Guiyang Project") by Guiyang Ding Tian for a consideration of RMB68,000,000 (equivalent to approximately HK$85,598,400). The acquisition has not yet completed up to the date of this report.

11. OPERATING LEASE COMMITMENT

At the end of the reporting period, Guiyang Ding Tian, as lessee, had commitment for future minimum lease payments under non-cancellable operating lease in respect of office premise rented:

	At 30 April 2013
	HK$
Within one year	65,860
In the second to fifth year	43,907
	109,767

The lease is negotiated for a term of two years and rentals are fixed for 2 years.

F. DIRECTOR'S REMUNERATION

No remuneration has been paid or payable by Guiyang Ding Tian to its sole director during the Relevant Period.

G. EVENT AFTER THE REPORTING PERIOD

On 9 May 2013, Prance Fortune Investments Limited ("Prance Fortune"), a wholly owned subsidiary of China New Energy Power Group Limited (the "CNEP"), entered into a conditional agreement with Win Harbour Investments Limited ("Win Harbour"), a 85% owned subsidiary of C C Land Holdings Limited (the "Acquisition Agreement"), pursuant to which, Prance Fortune has conditionally agreed to purchase the entire equity interest in Guiyang Ding Tian at the consideration of RMB1,000,000 (equivalent to approximately HK$1,250,000) (the "Acquisition"). Pursuant to the Acquisition Agreement, after the Acquisition, Prance Fortune shall procure Guiyang Ding Tian for the acquisition of the Guiyang Project under the Pre-sale Agreement (as explained in note 10 in Section E) after satisfaction of certain precedent conditions as set out in the Acquisition Agreement and the Pre-sale Agreement. The Acquisition has not yet completed up to the date of this report.

H. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by Guiyang Ding Tian subsequent to 30 April 2013.

Yours faithfully,
Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION

On 9 May 2013, Good Base Investments Limited ("Good Base"), a wholly owned subsidiary of China New Energy Power Group Limited (the "Company"), entered into a conditional sales and purchase agreement with Billion Sino Investments Limited ("Billion Sino"), a wholly owned subsidiary of C C Land Holdings Limited ("C C Land"), (the "Disposal Agreement"), pursuant to which, Good Base agreed to sell and Billion Sino agreed to purchase the entire issued share capital of Allywing Investments Limited ("Allywing") (the "Allywing Sale Share") and the shareholder's loan owing by Allywing to Good Base outstanding at the completion date of the disposal (the "Allywing Sale Loan") at an aggregate cash consideration of RMB320,000,000 (equivalent to approximately HK$400,000,000) (the "Disposal Consideration") and to be settled in the manner as set out in the Disposal Agreement (the "Disposal").

On 9 May 2013, Prance Fortune Investments Limited ("Prance Fortune"), a wholly owned subsidiary of the Company, entered into a conditional agreement with Win Harbour Investments Limited ("Win Harbour"), a 85% owned subsidiary of C C Land, (the "Acquisition Agreement"), pursuant to which, Prance Fortune has conditionally agreed to purchase or procure to purchase the entire equity interest in 貴陽鼎天投資咨詢有限公司 (Guiyang Ding Tian Investment Consultancy Limited) (the "Guiyang Ding Tian") at the aggregate of (i) the consideration of RMB1,000,000 (equivalent to approximately HK$1,250,000) for the entire equity interest in Guiyang Ding Tian under the Acquisition Agreement and (ii) the consideration of RMB68,000,000 (equivalent to approximately HK$85,000,000) to be paid under the Pre-sale Agreement (as more fully explained below) (the "Acquisition Consideration") (the "Acquisition").

On 1 April 2013, Guiyang Ding Tian and 貴陽中渝置地房地產開發有限公司 (Guiyang Zhong Yu Real Estate Development Company Limited) ("GY Zhong Yu"), a company incorporated in the PRC and indirectly wholly owned by Win Harbour, entered into a pre-sales agreement (the "Pre-sale Agreement"), for the purchase of the whole commercial building A27 of 中渝· 第一城 (First City, Guiyang) Plot A (the "Property") being constructed and developed on a piece of land located in Guanshanhu District, Guiyang City, Guizhou Province (the "Guiyang Project") by Guiyang Ding Tian for a consideration of RMB68,000,000 (equivalent to approximately HK$85,000,000). Guiyang Ding Tian shall pay or procure to pay such amount to GY Zhong Yu or to the order of GY Zhong Yu before 31 December 2013.

The accompanying unaudited pro forma financial information of the Company and its subsidiaries (together with the Company referred to as the "Group"), excluding the Allying and its subsidiary (the "Allywing Group") (the Group excluding the Allywing Group hereinafter referred to as the "Remaining Group"), but including Guiyang Ding Tian (the Group excluding the Allywing Group but including the Guiyang Ding Tian hereinafter collectively referred to as the "Enlarged Group") has been prepared to illustrate the effect of the proposed Disposal and Acquisition.

The unaudited pro forma financial information of the Enlarged Group has been prepared on the assumption that the Disposal and the Acquisition, including the acquisition of the Property, had been completed on 31 December 2012 in the case of the unaudited pro forma consolidated statement of financial position, and on 1 January 2012 in the case of the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Enlarged Group.

For the purpose of the unaudited pro forma financial information, RMB amounts have been translated into HK$ amounts at a closing rate of HK$1.00 to RMB0.80 (being the exchange rate prevailing as at 31 December 2012) in respect of balances as at 31 December 2012 for the unaudited pro forma consolidated statement of financial position and at an average rate of HK$1.00 to RMB0.81 (being the average exchange rate prevailing during the year ended 31 December 2012) for the unaudited pro forma consolidated statement of comprehensive income and statement of cash flows for the year ended 31 December 2012.

1. Unaudited pro forma consolidated statement of financial position of the Enlarged Group

This unaudited pro forma consolidated statement of financial position of the Enlarged Group is prepared in accordance with Rule 4.29 of the Listing Rules for the purpose of illustrating the effect of the Disposal and Acquisition as if they had been taken place on 31 December 2012.

The unaudited pro forma consolidated statement of financial position of the Enlarged Group is based on the audited consolidated statement of financial position as at 31 December 2012 of the Company as extracted from the Company's published annual report for the year ended 31 December 2012 and the statement of financial position of Guiyang Ding Tian as at 30 April 2013 as extracted from the Accountants' Report on the financial information of Guiyang Ding Tian as set out in Appendix II to this circular, and after making pro forma adjustments relating to the Disposal and the Acquisition, that are (i) directly attributable to the transactions; and (ii) factually supportable. The unaudited pro forma consolidated statement of financial position of the Enlarged Group is based on a number of assumptions, estimates and uncertainties, accordingly, the unaudited pro forma consolidated statement of financial position of the Enlarged Group does not purport to describe the actual financial position of the Enlarged Group that would have attained had the Disposal and the Acquisition been completed on 31 December 2012.

The unaudited pro forma consolidated statement of financial position of the Enlarged Group has been prepared by the directors of the Company for illustrative purpose only and because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group had the Disposal and the Acquisition been completed on 31 December 2012 or any future date.

Unaudited pro forma consolidated statement of financial position
As at 31 December 2012

	The Group	Pro forma adjustments		Pro forma Remaining Group	Guiyang Ding Tian	Pro forma adjustments			Unaudited Pro forma Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		Note (a)(i)	*Note (b)*			*Note (e)(i)*	*Note (f)*	*Note (g)*	
Non-current assets									
Property, plant and equipment	3,317	(1,490)		1,827	–				1,827
Investment property	–			–	–		85,000		85,000
Prepaid lease payments	5,113			5,113	–				5,113
Consideration receivable	–		89,963	89,963	–				89,963
	8,430			96,903	–				181,903
Current assets									
Properties under development	610,669	(610,669)		–	–				–
Held-for-trading investments	25,185			25,185	–				25,185
Other receivables	14,010	(313)		13,697	–				13,697
Deposits and prepayments	6,789	(953)		5,836	–				5,836
Consideration receivable	–		188,992	188,992	–				188,992
Bank balances and cash	33,265	(4,068)	100,000 (3,948)	125,249	1,259	(1,250)	(85,000)	(1,618)	38,640
	689,918			358,959	1,259				272,350
Current liabilities									
Trade and other payables	42,836	(25,833)		17,003	1				17,004
Amounts due to non-controlling shareholders of subsidiaries	26,156	(26,156)		–	–				–
Amount due to immediate holding company	–	(70,875)	70,875	–	–				–
Other tax payable	–		35,200	35,200	–				35,200
Other borrowings	17,191	(17,191)		–	–				–
	86,183			52,203	1				52,204
Net current assets	603,735			306,756	1,258				220,146
Total assets less current liabilities	612,165			403,659	1,258				402,049
Non-current liabilities									
Convertible notes	134,694			134,694	–				134,694
	477,471			268,965	1,258				267,355
Capital and reserves									
Share capital	14,895			14,895	1,249	(1,249)			14,895
Reserves	243,975		10,095	254,070	9	(1)		(1,618)	252,460
Equity attributable to owners of the Company	258,870			268,965	1,258				267,355
Non-controlling interests	218,601		(218,601)	–	–				–
	477,471			268,965	1,258				267,355

2. Unaudited pro forma consolidated statement of comprehensive income and statement of cash flows of the Enlarged Group

This unaudited pro forma consolidated statement of comprehensive income and statement of cash flows of the Enlarged Group is prepared in accordance with Rule 4.29 of the Listing Rules for the purpose of illustrating the effect of the Disposal and Acquisition as if they had been taken place on 1 January 2012.

The unaudited pro forma consolidated statement of comprehensive income and consolidated statement of cash flows of the Enlarged Group is based on the audited consolidated statement of comprehensive income and audited consolidated statement of cash flows of the Company as extracted from the Company's published annual report for the year ended 31 December 2012, the statement of comprehensive income and statement of cash flows of Guiyang Ding Tian for the period from 1 April 2013 (date of establishment) to 30 April 2013 are extracted from the Accountants' Report on the financial information of Guiyang Ding Tian as set out in Appendix II to this circular, and after making pro forma adjustments relating to the Disposal and the Acquisition that are (i) directly attributable to the transactions; and (ii) factually supportable. The unaudited pro forma consolidated statement of comprehensive income and statement of cash flows of the Enlarged Group are prepared for illustrative purpose only and because of their hypothetical nature, may not give a true picture of the results and cash flows of the Enlarged Group for the year ended 31 December 2012 or any future period.

Unaudited pro forma consolidated statement of comprehensive income
For the year ended 31 December 2012

	The Group	Pro forma adjustments		Pro forma Remaining Group	Guiyang Ding Tian	Pro forma adjustments	Unaudited Pro forma Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		Note (a)(ii)	*Note (c)*			*Note (g)*	
Turnover	250			250	–		250
Other income	1,070	(51)	17,581	18,600	–		18,600
Other gains and losses	80,763			80,763	–		80,763
Administrative expenses	(34,868)	11,922		(22,946)	(1)		(22,947)
Other expenses	–			–	–	(1,618)	(1,618)
Gain on disposal of subsidiaries	–		50,442	50,442	–		50,442
Finance costs	(18,973)			(18,973)	–		(18,973)
Profit before taxation	28,242			108,136	(1)		106,517
Taxation	–		(35,727)	(35,727)	–		(35,727)
Profit for the year	28,242			72,409	(1)		70,790
Other comprehensive income:							
Exchange difference arising on translation to presentation currency	(368)	22		(346)	10		(336)
Total comprehensive income for the year	27,874			72,063	9		70,454
Profit for the year attributable to:							
Owners of the Company	32,659	7,454	32,296	72,409	(1)	(1,618)	70,790
Non-controlling interests	(4,417)	4,417		–	–		–
	28,242			72,409	(1)		70,790
Total comprehensive income attributable to:							
Owners of the Company	32,298	7,469	32,296	72,063	9	(1,618)	70,454
Non-controlling interests	(4,424)	4,424		–	–		–
	27,874			72,063	9		70,454

Unaudited pro forma consolidated statement of cash flows
For the year ended 31 December 2012

	The Group	Pro forma adjustments				Pro forma Remaining Group	Guiyang Ding Tian	Pro forma adjustments			Unaudited Pro forma Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		Note (a)(ii)	*Note (a)(iii)*	*Note (c)*	*Note (d)*			*Note (e)(ii)*	*Note (f)*	*Note (g)*	
OPERATING ACTIVITIES											
Profit before taxation	28,242	11,871		68,023		108,136	(1)			(1,618)	106,517
Adjustments for:											
Release of prepaid lease payments	117					117	–				117
Depreciation of property, plant and equipment	1,025	(924)				101	–				101
Finance costs	18,973					18,973	–				18,973
Gain on disposal of subsidiaries	(24,215)			(50,442)		(74,657)	–				(74,657)
Loss on early redemption of convertible notes	3,162					3,162	–				3,162
Interest income	(1,012)	7		(17,581)		(18,586)	–				(18,586)
Net gain on derivation financial instruments	(77,703)					(77,703)	–				(77,703)
Net loss on held-for-trading investments	17,993					17,993	–				17,993
Operating cash flows before movements in working capital	(33,418)					(22,464)	(1)				(24,083)
Increase in property under development	(33,859)	33,859				–	–				–
Increase in other receivables	(1,094)	219				(875)	–				(875)
Decrease in deposits and prepayments	1,007	(468)				539	–				539
Increase (decrease) in trade and other payables	8,975	(9,998)				(1,023)	1				(1,022)
Decrease in amounts due to directors of subsidiaries	(4,388)					(4,388)	–				(4,388)
NET CASH USED IN OPERATING ACTIVITIES	(62,777)					(28,211)	–				(29,829)

	The Group	Pro forma adjustments				Pro forma Remaining Group	Guiyang Ding Tian	Pro forma adjustments			Unaudited Pro forma Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		Note (a)(ii)	*Note (a)(iii)*	*Note (c)*	*Note (d)*			*Note (e)(ii)*	*Note (f)*	*Note (g)*	
INVESTING ACTIVITIES											
Deferred consideration from disposal of food processing and distribution operation	11,646					11,646	–				11,646
Interest received	1,012	(7)				1,005	–				1,005
Purchase of property, plant and equipment	(223)	168				(55)	–				(55)
Proceed from disposal of Allywing Group	–				295,575	295,575	–				295,575
Advances to Allywing Group	–		(12,616)			(12,616)	–				(12,616)
Acquisition of an investment property	–					–	–	–	(85,000)		(85,000)
NET CASH FROM INVESTING ACTIVITIES	12,435					295,555	–				210,555
FINANCING ACTIVITIES											
Proceed from issue of convertible notes	120,000					120,000	–				120,000
Other borrowings raised	17,191	(17,191)				–	–				–
Capital contribution from a non-controlling shareholder	6,911	(6,911)				–	–				–
Advances from immediate holding company	–	(12,616)	12,616			–	–				–
Advances from non-controlling shareholders of subsidiaries	1,681	(1,591)				90	–				90
Redemption of convertible notes	(90,000)					(90,000)	–				(90,000)
Repayment of other borrowings	(1,523)					(1,523)	–				(1,523)
Interest paid	(279)					(279)	–				(279)
Repayment of obligation under finance lease	(77)					(77)	–				(77)
Capital injection	–					–	1,249	(1,249)			–
NET CASH FROM FINANCING ACTIVITIES	53,904					28,211	1,249				28,211

	The Group	Pro forma adjustments				Pro forma Remaining Group	Guiyang Ding Tian	Pro forma adjustments			Unaudited Pro forma Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		Note (a)(ii)	*Note (a)(iii)*	*Note (c)*	*Note (d)*			*Note (e)(ii)*	*Note (f)*	*Note (g)*	
NET INCREASE IN CASH AND CASH EQUIVALENT	3,562					295,555	1,249				208,937
CASH AND CASH EQUIVALENT AT 1 JANUARY	30,226					30,226	–				30,226
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(523)	(9)				(532)	10	(1)			(523)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER, represented by bank balances and cash	33,265					325,249	1,259				238,640

Notes to the unaudited pro forma financial information

(a) The adjustments represent the following:

(i) The de-consolidation of the assets and liabilities of the Allywing Group extracted from the unaudited financial information of the Allywing Group as at 31 December 2012 as those set out in Appendix I to this circular, assuming the Disposal had taken place on 31 December 2012.

(ii) To exclude the results and cash flows of the Allywing Group for the year ended 31 December 2012 which are extracted from the unaudited financial information of the Allywing Group for the year ended 31 December 2012, as those set out in Appendix I to this circular, assuming the Disposal had taken place on 1 January 2012.

(iii) The reclassification of cash flows between the Allywing Group and the Remaining Group during the year ended 31 December 2012, assuming the Disposal had been completed on 1 January 2012.

(b) The adjustments represent the net cash inflow and estimated pro forma gain on disposal of the Allywing Group. The pro forma net cash inflow arising on the disposal of HK$100,000,000 represents the first cash installment of RMB80,000,000 (equivalent to approximately HK$100,000,000) to be paid on or before the expiry of three days after Good Base has notified Billion Sino of the satisfaction of one of the condition precedent as set out in the Disposal Agreement (being obtaining any required approval by the shareholders of the Company approving (i) the Disposal Agreement and the performance of all the transactions contemplated thereunder by Good Base and (ii) the termination of the Management Agreement (as defined elsewhere in the circular) (if required) in accordance with the requirements of the Listing Rules). The consideration receivable of approximately HK$278,955,000 is calculated based on the present value of each of the installments, discounted at discount rates as determined by the directors of the Company as specified below, pursuant to the Disposal Agreement as follows:

Installments	**Amount** *(RMB'000)*	**Amount** *(HK$'000)*	**Discount rate**	**Present value** *(HK$'000)*
Second installment (shall be paid on or before the date falling 9 months after the disposal)	80,000	100,000	6.6%	95,183
Third installment (shall be paid on or before the date falling 12 months after the disposal)	80,000	100,000	6.6%	93,809
Forth installment (shall be paid on or before the date falling 18 months after the disposal)	80,000	100,000	7.1%	89,963

The discount rate applied for calculating the present value of the Disposal Consideration is determined by the directors of the Company by reference to the borrowing rate of the purchaser's group, which is based on RMB base lending rate from the People's Bank of China ("PBoC") of 6% x (1 + 10%) with respect to amount due to be received within 1 year and RMB base lending rate from PBoC of 6.15% x (1+15%) with respect to amount due to be received in 18 months pursuant to the Disposal Agreement.

The estimated pro forma gain on disposal of HK$10,095,000 is calculated based on (i) gross cash proceed from the first installment of RMB80,000,000 (equivalent to approximately HK$100,000,000); (ii) estimated consideration receivable of approximately HK$278,955,000; (iii) deducting the net assets of the Allying Group as at 31 December 2012 of approximately HK$477,438,000; (iv) non-controlling interest of the Allywing Group as at 31 December 2012 of approximately HK$218,601,000; (v) assignment of shareholder's loan of approximately HK$70,875,000 as at 31 December 2012; (vi) estimated legal and professional fees and other related expenses attributable to this transaction of approximately HK$3,948,000; and (vii) estimated tax payable of approximately HK$35,200,000 (also see note (i) below). The cumulative exchange translation reserve of the Allywing Group of approximately HK$4,120,000 would be transferred directly to retained earnings in equity upon the Disposal as they are exchange differences arising from translation of functional currency to presentation currency.

Items (iii) and (v) are carrying amounts of Allywing Group as at 31 December 2012 as extracted from the unaudited financial information of Allywing Group set out in Appendix I to this circular.

The fair value of the Disposal consideration will have to be reassessed and subject to change since the fair value of the last three instalments at the actual completion date of the Disposal will be different from the assumed fair value used in the preparation of the unaudited pro forma financial information.

Pro forma gain on disposal at 31 December 2012:

	HK$'000	*HK$'000*
Total consideration:		
Cash consideration	100,000	
Deferred consideration receivable – at fair value	278,955	378,955
Net assets disposed of	(477,438)	
Less: Non-controlling interest	218,601	(258,837)
Less: Assignment of shareholder's loan		(70,875)
Legal and professional fee and related expenses		(3,948)
Pro forma gain on disposal		45,295
Less: Estimated tax payable *(note (i))*		(35,200)
Pro forma gain on disposal, net of tax		10,095

The final gain or loss on the Disposal may be different from the pro forma amount described above as the carrying amounts of assets and liabilities of the Allywing Group on the date of disposal are different from their carrying amounts as at 31 December 2012. It is also subject to change as the balance of non-controlling interest on the date of disposal and the actual legal and professional fee and related expenses will be different from the assumed amounts used in the preparation of the unaudited pro forma financial information.

(c) The adjustment represents the following:

(i) The estimated pro forma gain of approximately HK$14,715,000 resulting from the Disposal, assuming the Disposal had taken place on 1 January 2012.

The pro forma gain is calculated based on (i) gross cash proceed from the first installment of RMB80,000,000 (equivalent to approximately HK$100,000,000); (ii) estimated consideration receivable of approximately HK$278,955,000; (iii) deducting the net assets of the Allying Group as at 1 January 2012 of approximately HK$482,420,000; (iv) non-controlling interest of the Allywing Group as at 1 January 2012 of approximately HK$216,114,000; (v) assignment of shareholder's loan of approximately HK$58,259,000 as at 1 January 2012; (vi) estimated legal and professional fees and other related expenses attributable to this transaction of approximately HK$3,948,000; and (vii) estimated tax payable of approximately HK$35,727,000 (also see note (i) below). The cumulative exchange translation reserve of the Allywing Group of approximately HK$4,135,000 would be transferred directly to retained earnings in equity upon the Disposal as they are exchange differences arising from translation of functional currency to presentation currency.

Items (iii) and (v) are carrying amounts of Allywing Group as at 31 December 2011 as extracted from the unaudited financial information of Allywing Group set out in Appendix I to this circular.

Pro forma gain on disposal at 1 January 2012:

	HK$'000	*HK$'000*
Total consideration:		
Cash consideration	100,000	
Deferred consideration receivable – at fair value	278,955	378,955
Net assets disposed of	(482,420)	
Less: Non-controlling interest	216,114	(266,306)
Less: Assignment of shareholder's loan		(58,259)
Legal and professional fees and related expenses		(3,948)
Pro forma gain on disposal		50,442
Less: Estimated tax payable *(note (i))*		(35,727)
Pro forma gain on disposal, net of tax		14,715

The final gain or loss on the Disposal may be different from the pro forma amount described above as the carrying amounts of the assets and liabilities of the Allywing Group on the date of disposal are different from their carrying amounts as at 1 January 2012. It is also subject to change as the balance of non-controlling interest on the date of disposal and the actual legal and professional fee and related expenses will be different from the assumed amounts used in the preparation of the unaudited pro forma financial information.

(ii) The imputed interest income of approximately HK$17,581,000, representing unwinding of imputed interest arising from amortisation of fair value adjustment at the inception date of deferred consideration receivables of HK$278,955,000 (as set out in note (b) above) using effective interest method.

(d) The adjustment represents the net cash inflow of the first installment of approximately HK$95,575,000 and second and third consideration installments received of HK$200,000,000, resulting from the Disposal, assuming that the Disposal had taken place on 1 January 2012 and the installments had been made following the payment schedule set out in the Disposal Agreement. The net cash inflow of HK$95,575,000 is calculated based on the gross cash proceed from the first installment of RMB80,000,000 (equivalent to approximately HK$100,000,000) less bank balances of the Allywing Group on 1 January 2012 amounting to approximately HK$477,000 and estimated legal and professional fees and other related expenses for this transaction of approximately HK$3,948,000.

(e) The adjustments represent the following:

(i) The acquisition of Guiyang Ding Tian, which reflects (i) the recognition of the consideration of RMB1,000,000 (equivalent to approximately HK$1,250,000) payable in cash upon completion of the Acquisition pursuant to the Acquisition Agreement assuming as if the Acquisition had taken place on 31 December 2012; (ii) elimination of the pre-acquisition reserve of RMB1,000 (equivalent to approximately HK$1,200); and (iii) elimination of share capital of Guiyang Ding Tian of RMB1,000,000 (equivalent to approximately HK$1,249,000) upon consolidation of Guiyang Ding Tian's assets and liabilities to the Remaining Group as if the Acquisition had taken place on 31 December 2012.

(ii) The net cash flow of HK$nil arising from the acquisition of Guiyang Ding Tian, which reflects (i) the consideration of RMB1,000,000 (equivalent to approximately HK$1,250,000) payable in cash upon completion of the Acquisition pursuant to the Acquisition Agreement assuming the Acquisition had taken place on 1 January 2012 and (ii) the bank balances of RMB1,000,000 (equivalent to approximately HK$1,250,000) acquired. The adjustment also reflects the elimination of the capital injection of RMB1,000,000 (equivalent to approximately HK$1,249,000) by GY Zhong Yu prior to the acquisition of Guiyang Ding Tian.

(f) Pursuant to the Acquisition Agreement, Prance Fortune shall procure to purchase the Guiyang Project at the consideration of RMB68,000,000 (equivalent to approximately HK$85,000,000) to be paid under the Pre-sale Agreement. The Guiyang Project is a property to be acquired by Guiyang Dian Tian, the acquisition is to be accounted for as an acquisition of asset instead of business under HKFRS 3 "Business Combinations". Pursuant to the Pre-sale Agreement, Guiyang Ding Tian shall acquire the Guiyang Project from GY Zhong Yu at the consideration of RMB68,000,000. The adjustment of HK$85,000,000 (equivalent to RMB68,000,000) represents the fair value of the Guiyang Project determined with reference to the consideration payable under the Pre-sale Agreement, assuming that the acquisition had taken place on 31 December 2012 and recognised as an investment property. The preliminary appraised value of the Guiyang Project as at 31 March 2013 was approximately RMB68,000,000 (equivalent to approximately HK$85,000,000) and was determined by Asset Appraisal Limited with reference to the purchase consideration pursuant to the Pre-sale Agreement. The consideration shall be settled by cash, assuming that the Group will utilise the net cash inflow arising from the Disposal. In the opinion of the directors of the Company, after the acquisition of the Guiyang Project, it is intended that the Guiyang Project will be held for generating rental income and long term capital appreciation, therefore, the Guiyang Project will be accounted for as investment property.

For the purpose of preparation the unaudited pro forma consolidated statement of comprehensive income and statement of cash flows, it is assumed that there is no change in fair value of investment property (i.e. the Guiyang Project) during the year ended 31 December 2012 and the amount is subject to change upon completion of Guiyang Project.

(g) The amount represents the payment of legal and professional fee and other related expenses attributable to the Acquisition amounting to approximately HK$1,618,000 and the amount is subject to change upon completion of Acquisition.

(h) The above pro forma adjustments except for the acquisition of Guiyang Project will have no continuing effect on the Remaining Group.

(i) Pursuant to the relevant laws and regulations, tax relating to the Disposal is provided at 10% of the estimated net gain upon disposal representing the difference between the consideration received/receivable and the share of the paid in capital of the PRC company being disposed (i.e. Xi'an Yuansheng Enterprises Limited ("Xi'an Yuansheng") a subsidiary of Allywing). Estimated tax payable is calculated as follows:

For the purpose of unaudited pro forma consolidated statement of financial position
At 31 December 2012

		RMB'000
Total consideration	A	320,000
Less: Paid in capital at 31 December 2012 of Xi'an Yuansheng attributable to the Company (i.e. 60% of RMB64,002,000)	B	(38,401)
	C = A – B	281,599
Tax at 10%	C x 10%	28,160
In Hong Kong dollars (HK$1 = RMB0.8) (HK$'000)		35,200

For the purpose of unaudited pro forma consolidated statement of comprehensive income
At 1 January 2012

		RMB'000
Total consideration	D	320,000
Less: Paid in capital at 1 January 2012 of Xi'an Yuansheng attributable to the Company (i.e. 60% of RMB50,000,000)	E	(30,000)
	F = D – E	290,000
Tax at 10%	F x 10%	29,000
In Hong Kong dollars (HK$1 = RMB0.8117) (HK$'000)		35,727

The difference between the amount of estimated tax payable for the purpose of preparation of the unaudited pro forma consolidated statement of financial position and unaudited pro forma consolidated statement of comprehensive income is a result of an increase of paid in capital of Xi'an Yuansheng during the year ended 31 December 2012 from RMB50 million to RMB64 million, hence a different base is used for determining the assumed gain at 1 January 2012 and 31 December 2012.

B. ACCOUNTANTS' REPORT FROM THE REPORTING ACCOUNTANTS ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from our reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this circular, in respect of the unaudited pro forma financial information of the Enlarged Group.

Deloitte.
德勤

ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF CHINA NEW ENERGY POWER GROUP LIMITED

We report on the unaudited pro forma financial information of China New Energy Power Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), excluding the Allying Investments Limited and its subsidiary (the "Allywing Group") (the Group excluding the Allywing Group hereinafter referred to as the "Remaining Group"), but including Guiyang Ding Tian Investment Consultancy Limited ("Guiyang Ding Tian") (the Group excluding the Allywing Group but including the Guiyang Ding Tian hereinafter collectively referred to as the "Enlarged Group"), which has been prepared by the directors of the Company for illustrative purposes only, to provide information as to how the proposed disposal of the share of and assignment of the shareholder's loan in Allywing Investments Limited and proposed acquisition of the entire equity interest in Guiyang Ding Tian might have affected the financial information presented, for inclusion in Appendix III to the circular dated 27 June 2013 issued by the Company (the "Circular"). The basis of preparation of the unaudited pro forma financial information is set out in section A of Appendix III to the Circular.

Respective responsibilities of directors of the Company and reporting accountants

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

The unaudited pro forma financial information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in future and may not be indicative of:

- the financial position of the Enlarged Group as at 31 December 2012 or any future date; or

- the results and cash flows of the Enlarged Group for the year ended 31 December 2012 or any future period.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

27 June 2013

1. FINANCIAL INFORMATION

The audited consolidated financial statements of the Group (i) for the year ended 31 December 2012 is disclosed in the 2012 annual report of the Company published on 25 April 2013, from pages 66 to 175; (ii) for the year ended 31 December 2011 is disclosed in the 2011 annual report of the Company published on 23 April 2012, from pages 38 to 121; and (iii) for the year ended 31 December 2010 is disclosed in the 2010 annual report of the Company published on 28 April 2011, from pages 33 to 113, all of which have been published on the websites of the Stock Exchange (www.hkex.com.hk) and of the Company (www.cnepgl.com).

2. INDEBTEDNESS

At the close of business on 30 April 2013, being the latest practicable date for the purpose of this indebtedness statement, the Enlarged Group had outstanding borrowings of approximately HK$120.0 million. The borrowings comprised unsecured convertible notes issued by the Group of aggregate principal amount of approximately HK$120.0 million.

In respect of Allywing Group, at the close of business on 30 April 2013, being the latest practicable date for the purpose of this indebtedness statement, Allying Group had outstanding borrowings of approximately HK$135.8 million. The borrowings comprised (i) unsecured amount due to a non-controlling shareholder of subsidiary of approximately HK$56.6 million; (ii) unsecured amount due to immediate holding company of approximately HK$71.3 million; and (iii) unsecured other borrowings of approximately HK$7.9 million.

Save as aforesaid and apart from intra-group liabilities, the Enlarged Group and Allywing Group did not have outstanding at the close of business on 30 April 2013 any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account (i) the Enlarged Group's internal resources; (ii) the cash flow impact in connection with the Disposal and the Acquisition, and in the absence of unforeseen circumstances, the Enlarged Group has sufficient working capital to satisfy its requirements for at least the next 12 months following the date of this circular.

4. FINANCIAL AND TRADING PROSPECTS

The Group is mainly engaged in property development business. As disclosed in the section headed "Reasons for and benefits of the Disposal" in the "Letter from the Board" of this circular, the Group has been planning and developing the Xi'an Project for a long period of time and the progress of which has been lagged behind the schedule while the Group will still incur expenses in connection with the Xi'an Project prior to the pre-sale. In addition, the Group may require more time to communicate with the other shareholder of Xi'an Yuansheng in order to cooperate with them for the future development of the Xi'an Project.

The Disposal enables the Group to realise its investment in the Xi'an Project without further incurring substantial capital expenditures. Proceeds from the Disposal can strengthen the Group's financial position as well as finance the payment of Acquisition Consideration.

Following the completion of the Disposal and the Acquisition, the Remaining Group will also be engaged in property investment and management business.

Despite the on-going real estate-related austerity measures introduced by the PRC Government in the past few years, the Directors are of the view that the PRC property sector still has long term prospects in view of the continued PRC economic growth, urbanization trends, high household savings rates and growing urban housing demand.

The Group therefore wished to continue its business operations in the PRC property sector by acquiring the Guiyang Project which requires a relatively lower capital investment than the Xi'an Project. In addition, the Guiyang Project not only offer the Group an opportunity to participate in the PRC property market prudently, but also generates stable income by way of rental income and management fee income to the Group after acquiring ownership and receiving the Guiyang Project.

The Directors consider that sufficient funds will be obtained through receiving the Disposal Consideration which could further strengthen the financial position of the Remaining Group, and that the Disposal and the Acquisition will have a positive impact on the Remaining Group's operational and financial prospects in the long term.

5. MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

For the year ended 31 December 2012

Future Plans And Prospects

Regarding the property development business, it is expected that the PRC government will continue its proactive fiscal policy and prudent monetary policy in the coming year to curb inflation and rein the home prices, and that local governments will be in line with the central government to maintain tightening measures throughout 2013. Following the launch of the "National Five Measures" in early March 2013, it is commonly believed that stringent controls of the property market in the PRC will continue in the coming years.

The Remaining Group will keep on monitoring and analyzing government policies and market trend in an active manner, in order to align its development and marketing strategies to grasp opportunities in the property sector.

Moreover, the Remaining Group will continue to dedicate its efforts to the development of its existing businesses and other high potential projects with a view to providing steady returns as well as fruitful growth for its shareholders. In view of the Remaining Group's current cash position, the Remaining Group continued to maintain a sound financial position and has sufficient resources to finance its operations and any potential projects.

Financial Review

Revenue

For the year ended 31 December 2012, the Remaining Group's revenue was approximately HK$0.25 million (2011: approximately HK$76.68 million including the revenue from the Remaining Group's discontinued timber business operation). The significant shortfall was attributable to the disposal by the Remaining Group of its timber business at the end of 2011.

Segmental Results

During the reporting year, investments in securities remained as the continuing business operation of the Remaining Group, while the timber business had already been discontinued and disposed of on 29 December 2011.

Investments in securities business

The revenue generated from the operation of investments in securities for the reporting year was approximately HK$0.25 million (2011: approximately HK$0.13 million) and its segmental result suffered a loss of approximately HK$17.80 million (2011: a loss of approximately HK$36.31 million).

Timber business

As the disposal of the Remaining Group's entire interests in Wood Art International Corporation and its subsidiaries (collectively, the "Wood Art Group") had been completed on 29 December 2011, no revenue was generated from such business and segmental result was not accounted for during the reporting year (2011: turnover of approximately HK$76.56 million and segmental loss of approximately HK$86.32 million).

Cost of Sales

As the timber business had been discontinued in the previous year, no cost of sales was recorded during the reporting year (2011: approximately HK$116.45 million).

Gross Profit/Loss

Owing to the discontinuance of the loss-making timber business, neither gross profit nor gross loss was recorded during the reporting year (2011: gross loss of approximately HK$39.77 million).

Other Income

The Remaining Group's other income for the reporting year decreased to approximately HK$1.07 million from approximately HK$6.94 million in year 2011. The main reason for such decrease was that other income, such as government grant and scrap sales relating to its timber business previously were not received during the reporting year.

Other Gains and Losses

Other gains of the Remaining Group amounted to approximately HK$80.76 million for the reporting year (2011: gains of approximately HK$199.53 million). The gains mainly consisted of the net gain on fair value change of derivative financial instruments of approximately HK$77.70 million and the gain on disposal of subsidiaries.

Selling and Distribution Costs

No selling and distribution costs were incurred by the Remaining Group during the reporting year since the disposal of the Wood Art Group (2011: approximately HK$6.51 million).

Administrative Expenses

The Remaining Group's administrative expenses for the reporting year decreased to approximately HK$23.77 million from approximately HK$53.11 million in the year 2011. Such decrease was mainly attributable to the disposal of the loss-making timber business in the previous year.

Other Expenses

During the reporting year, no other expenses were incurred by the Remaining Group (2011: approximately HK$24.20 million).

Finance Costs

The Remaining Group's finance costs for the reporting year decreased to approximately HK$18.97 million from approximately HK$42.77 million in 2011, representing a decrease of approximately 55.65%. The finance costs consisted mainly of the effective interests expenses on the convertible notes of approximately HK$18.69 million (2011: approximately HK$39.73 million). The significant decrease in the finance costs was due to the conversion of convertible notes in an aggregate principal amount of HK$306 million into ordinary shares of the Company in April 2012, whereby interests on these convertible notes were no longer calculated after such conversion.

Profit (Loss) for the Year

The Remaining Group's profit attributable to owners of the Company for the reporting year was approximately HK$39.29 million (2011: approximately HK$65.57 million). Such change was mainly due to the change in net gain on fair value change of the derivative financial instruments.

Business Review

In the year 2012, the global economy was still complicated and challenging. European countries, in particular the euro-zone countries, were seriously affected by the European debt crisis. Although the United States launched its third round of quantitative easing measures in the third quarter of 2012, the economic recovery remained sluggish. Owing to such a situation, the PRC government reduced the banks' reserve requirement ratio twice as well as lowered the benchmark interest rates for deposits and loans twice during the year in order to stabilise its domestic economy. According to the National Bureau of Statistics of China, China's GDP growth in 2012 was 7.8%, which was the first time where the growth rate has dropped to below 8% since the global financial crisis.

During the reporting year, the PRC government maintained its unwavering stance in regulating the local property market and continued to deploy stringent regulatory measures on purchase, price and credit. The property development industry in the PRC therefore faced an increased operating pressure in the reporting year.

Investments in Securities Business

During the reporting year, a revenue of approximately HK$0.25 million was recorded from the operation of investments in securities (2011: approximately HK$0.13 million). This represented dividend income received from held-for-trading securities during the reporting year. The segmental loss of approximately HK$17.80 million was mainly due to the loss on change in fair value of held-for-trading investments.

Acquisition of Lithium Energy Group Ltd. ("LEG")

Reference is made to the announcements of the Company dated 2 February 2011, 24 May 2011, 30 September 2011, 30 March 2012 and 1 May 2012 and the circulars of the Company dated 25 May 2011 and 24 October 2011 in relation to, inter alia, the acquisition of the entire issued share capital of and assignment of the shareholder's loan in LEG. (the "LEG Acquisition").

Under the conditional agreement dated 13 January 2011 entered into between Fulbond Investments Limited (the "Purchaser"), a wholly-owned subsidiary of the Company, Hefu Limited (the "Vendor"), and Mr. Yeung Tsoi San, Mr. Lau Yung and Mr. Fei Phillip (as the Vendor's guarantors) in respect of the LEG Acquisition (as supplemented and amended by supplemental agreements made between the same parties on 23 May 2011, 30 September 2011 and 30 March 2012) (collectively, the "LEG Acquisition Agreement"), if the conditions precedent 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 ("LEG Conditions Precedent") are not fulfilled on or before 30 April 2012, the LEG 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.

On 1 May 2012, the Company announced that, as at 30 April 2012, due to the market financing and other reasons, certain LEG Conditions Precedent to the completion of the LEG Acquisition had yet to be fulfilled (or waived by the Purchaser) and accordingly, the LEG Acquisition Agreement was lapsed.

Liquidity And Capital Resources

As at 31 December 2012, the Remaining Group's bank balances and cash was approximately HK$29.20 million (2011: approximately HK$29.75 million), representing a decrease of 1.85%. Bank and other borrowings as at 31 December 2012 was approximately HK$17.19 million (2011: approximately HK$1.52 million).

Early Redemption and Conversion of Previously Issued Convertible Notes

On 2 April 2012, certain holders of previously issued convertible notes in an aggregate principal amount of HK$306,000,000 exercised their options to convert the convertible notes into ordinary shares in the Company at a conversion price of HK$0.1 per share. As a result of the conversion of the convertible notes, the number of issued shares of the Company was increased by 3,060,000,000 shares. Besides, all outstanding previously issued convertible notes in the aggregate principle amount of HK$90,000,000 ("Outstanding Previous Convertible Notes") were early redeemed on 5 December 2012. The consideration of HK$90,000,000 for such early redemption was satisfied by part of the proceeds arising from the placing of the convertible redeemable notes in an aggregate principal amount of HK$120,000,000 as disclosed in the circular of the Company dated 18 September 2012. After the early redemption, there is no Outstanding Previous Convertible Notes.

Share Option

A new share option scheme (the "New Scheme") was adopted on 25 May 2012, whereby the Board may, at its absolute discretion, grant options to any eligible participants including directors and employees of the Remaining Group (details of which were set out in the circular of the Company dated 24 April 2012) to subscribe for shares in the Company.

The total number of shares which may be issued upon exercise of all options to be granted under the New Scheme and any other share option schemes of the Company may not in aggregate exceed 762,429,300 shares, being 10.00% of the issued share capital of the Company as at 25 May 2012, i.e. the date of adoption of the New Scheme.

The subscription price per share on the exercise of options granted under the New Scheme shall be no less than the higher of (i) the nominal value of the shares; (ii) the closing price of the shares on the Stock Exchange on the date on which the options are granted (which must be a business day); and (iii) the average closing price of the shares on the Stock Exchange for the five business days immediately preceding the date on which the options are granted.

The purpose of the New Scheme is to attract, retain and motivate talented participants to strive for future development and expansion of the Remaining Group. The New Scheme shall be an incentive to encourage the participants to perform their best in achieving the goals of the Remaining Group and allow the participants to enjoy the results of the Company attained through their efforts and contributions.

Unless approved by shareholders in general meeting, the total number of shares issued and to be issued upon exercise of the options granted under the New Scheme (including exercised, cancelled and outstanding options) to each grantee in any twelve-month period shall not exceed 1.00% of the total number of shares of the Company in issue at the relevant time.

An option may be exercised in accordance with the terms of the New Scheme at any time during the period to be notified by the Board to each grantee (provided that the period within which an option must be exercised shall not be more than ten years commencing on the date upon which the relevant option is granted), subject to any restrictions as may be imposed by the Board on the exercise of an option during the period in which an option may be exercised. A consideration of HK$1 will be payable upon acceptance of the offer.

As a result of the 2012 Capital Reorganisation (as defined hereafter) which became effective on 12 October 2012, the total number of shares which may be issued upon exercise of all options to be granted under the New Scheme and any other share option schemes of the Company was 190,607,325 shares, which represented 10.00% of the issued share capital of the Company as at the date of this report.

Placing of Convertible Notes

On 13 January 2011, the Company entered into a placing agreement (the "2011 CN Placing Agreement") with Kingston Securities Limited ("Kingston") (as supplemented and amended by side letters made between the Company and Kingston on 1 February 2011, 23 May 2011 and 30 September 2011), pursuant to which, Kingston conditionally agreed to place, on a best effort basis, convertible notes with a maximum aggregate principal amount of HK$500 million ("2011 CN Placing") which carry a right to convert into shares of the Company at a conversion price of HK$0.17 per share of the Company of US$0.001 (subject to adjustment). The Remaining Group intended to apply the net proceeds obtained from the 2011 CN Placing for the future development of LEG and/or as funds for future investment opportunities of the Remaining Group. The 2011 CN Placing Agreement lapsed on 31 March 2012.

On 16 August 2012, the Company entered into a placing agreement (as supplemented and amended by the supplemental agreement dated 27 August 2012) (the "CN Placing Agreement") with Kingston as placing agent, pursuant to which, Kingston has conditionally agreed to place convertible notes in the principal amount of HK$120,000,000 on a fully underwritten basis (the "2012 Placing") which carry a right to convert into ordinary shares of the Company at the conversion price of, subject to adjustment, HK$0.12 per share after 2012 Capital Reorganisation (as hereinafter defined) becoming effective. The Remaining Group intended to apply the net proceeds obtained from the 2012 Placing (i) for the redemption of the Outstanding Previous Convertible Notes; (ii) to strengthen the cash position of the Company; and (iii) to provide funding for business operations and development of the Remaining Group. The 2012 Placing was approved by the shareholders of the Company on 11 October 2012. Both the completion of the 2012 Placing and the issue of those convertible notes took place on 29 November 2012.

Capital Structure

The special resolution approving the capital reorganisation (the "2012 Capital Reorganisation") was passed at the special general meeting of the Company held on 11 October 2012 (the "2012 SGM"). The 2012 Capital Reorganisation involved the following:

- share consolidation: every 4 then existing shares of US$0.001 each in the then issued share capital of the Company were consolidated into one consolidated share of par value US$0.004;

- capital reduction: upon the share consolidation becoming effective, the par value of each issued consolidated share was reduced from US$0.004 to US$0.001 by cancellation of US$0.003 of the paid up capital of each issued consolidated share; and

- share premium reduction: the entire amount standing to the credit of then share premium account of the Company as at 30 June 2012 was reduced and cancelled.

On 12 October 2012, the 2012 Capital Reorganisation became effective and the number of the Company's issued shares became 1,906,073,250 shares. As a result of the 2012 Capital Reorganisation and the 2012 Placing, the conversion price of the Outstanding Previous Convertible Notes was adjusted from HK$0.1 to HK$0.321 per share with effect from 11 October 2012, i.e. the date of passing the resolutions in relation to, inter alia, the 2012 Capital Reorganisation and the 2012 Placing, at the 2012 SGM.

As at 31 December 2012, the Remaining Group's total borrowings calculated on the basis of convertible notes, bank and other borrowings of approximately HK$151.89 million (2011: approximately HK$597.32 million).

Material Contingent Liabilities

The Remaining Group did not have any material contingent liabilities as at 31 December 2012.

Pledge Of Assets

At the end of the reporting year, the Remaining Group had not pledged any assets (2011: Nil).

Event After the Reporting Period

Subsequent to 31 December 2012, Fair Power Capital Limited, a subsidiary company of the Company, entered into an agreement with Ms. He Guomian ("Ms. He"), an independent third party, to dispose all of its entire interests in Max Plan Investments Limited ("Max Plan") and its subsidiaries (the "Max Plan Group"). Ms. He has agreed to acquire the sale shares, which represents the entire issued share capital of Max Plan and the shareholders' loan at a total cash consideration of US$850,000 (equivalent to approximately HK$6,630,000). The disposal was completed on 26 March 2013. Upon the disposal of the Max Plan Group, all the assets and liabilities of the Max Plan Group would no longer be consolidated with effect from 26 March 2013.

Exposure To Fluctuations In Exchange Rates And Any Related Hedges

There have been no significant changes in the Remaining Group's policy in terms of exchange rate exposure. The Remaining Group operates mainly in Hong Kong and the PRC. Most of the transactions are denominated in Hong Kong dollars, Renminbi and United States dollars. The exchange rate of US$ and RMB against HK$ are relatively stable. Hence the Remaining Group neither anticipate any significant exchange risk exposure nor have a foreign currency hedging policy. However, the management continuously monitors the Remaining Group's foreign exchange risk exposure and will consider to hedge significant currency risk exposure should the need arise.

Employees And Remuneration Policies

As of 31 December 2012, the Remaining Group had approximately 25 full time management, administrative and operation staff in the PRC and Hong Kong.

The Remaining Group provides competitive remuneration packages with attractive discretionary bonus to employees. The Remaining Group regularly reviews its remuneration packages in light of the overall development of the Remaining Group as well as the market conditions. In addition, the Remaining Group has adopted the New Scheme to provide incentives to eligible employees (including Directors) with outstanding performance and contribution to the Remaining Group.

For the year ended 31 December 2011

Financial Review

Revenue

For the year ended 31 December 2011, the Remaining Group's revenue from continuing and discontinued operations was approximately HK$76.68 million (2010: approximately HK$119.52 million), representing a drop of 35.84% as compared with last year's figure. The decrease was mainly due to the fall in revenue in the timber business and no revenue was recorded from the food processing and distribution business after it was disposed of by the Remaining Group in 2010.

Segmental Results

During the reporting year, investment in securities remained as business operation of the Remaining Group, while the timber business was discontinued and was disposed of on 29 December 2011.

Continuing businesses

Investment in securities business

The revenue generated from the operation of investment in securities for the year was approximately HK$0.13 million (2010: Nil) and its segmental result suffered a loss of approximately HK$36.31 million (2010: a loss of approximately HK$8.86 million).

Discontinued businesses

Timber business

The turnover of the timber business for the year decreased to approximately HK$76.56 million from approximately HK$101.89 million in last year, representing a drop of approximately 24.86%. The segment result of the timber business had been worsen to a loss of approximately HK$86.32 million from a profit of approximately HK$5.83 million in 2010.

Food processing and distribution business

The food processing and distribution business has already been discontinued in the year 2010. Accordingly, no revenue was recorded from the food processing and distribution business in the current year (2010: approximately HK$17.64 million) and no segment result was recorded from the food processing and distribution business in the year ended 31 December 2011 (2010: a loss of approximately HK$0.78 million).

Cost of Sales

The Remaining Group's cost of sales for the reporting year from continuing and discontinued operations increased to approximately HK$116.45 million from approximately HK$113.07 million in last year. Allowance for obsolete inventories of approximately HK$39.74 million (2010: Nil) and loss of stock of approximately HK$1.72 million (2010: Nil) due to outbreak of fire were the major factors for the increase in costs in the current year.

Gross Loss

The Remaining Group recorded a gross loss of approximately HK$39.77 million during the current year (2010: gross profit of approximately HK$6.45 million).

Other Income

The Remaining Group's other income for the reporting year from continuing and discontinued operations decreased to approximately HK$6.94 million from approximately HK$12.75 million in 2010. The main reason for such decrease was that no VAT refund were received during the reporting year (2010: approximately HK$6.67 million).

Other Gains and Losses

Other gains of the Remaining Group amounted to approximately HK$199.53 million for the reporting year (2010: loss of approximately HK$703.22 million). The significant gain mainly consisted of the net gain on fair value change of derivative financial instruments of approximately HK$235.96 million (2010: loss of approximately HK$731.67 million) off-setting against the net loss on held-for-trading investments of approximately HK$36.44 million (2010: approximately HK$8.86 million).

Selling and Distribution Costs

The Remaining Group's selling and distribution costs for the reporting year from continuing and discontinued operations decreased to approximately HK$6.51 million from approximately HK$8.72 million in 2010. Such decrease was due to the drop in revenue in the current year.

During the reporting year, all the selling and distribution costs of the Remaining Group were incurred from its timber business.

Administrative Expenses

The Remaining Group's administrative expenses for the reporting year from continuing and discontinued operations decreased to approximately HK$53.11 million from approximately HK$59.92 million in the 2010.

Other Expenses

During the year, the Remaining Group incurred other expenses from continuing and discontinued operations amounting to approximately HK$24.20 million. This consisted of allowance for bad and doubtful debt of approximately HK$21.41 million and writing off of unrecoverable deposits and prepayments of approximately HK$2.79 million.

Finance Costs

The Remaining Group's finance costs from continuing and discontinued operations for the reporting year increased to approximately HK$42.77 million from approximately HK$30.07 million in 2010, representing an increase of 42.23%. This consisted mainly of the effective interests expenses on the outstanding convertible notes of approximately HK$39.73 million (2010: approximately HK$25.18 million).

Profit (Loss) for the Year

The Remaining Group's profit attributable to owners of the Company for the reporting year was approximately HK$65.57 million whereas the Remaining Group's loss attributable to owners of the Company was approximately HK$780.81 million in the year 2010. The turnaround from loss to profit in the reporting year was mainly due to the net gain on fair value change of the derivative financial instruments.

Business Review

In the year of 2011, the PRC government put an end to the easing of monetary policy and launched a more stabilizing measure. The People's Bank of China had increased the interest rates for three times and raised the bank reserve requirement ratio for six times during the year. Furthermore the austerity measures launched in 2010 to stabilize the property market were upgraded and deeply implemented in the year 2011, with the property price control targets were set in over 100 cities and Home Purchase Restriction were launched in 50 mid-to-big cities. Under these kinds of restrictions and the increase of minimum down payment ratio required for people who purchase their second houses in all major cities, liquidity in the property market was completely stalled. The Remaining Group's timber business was severely dampened under the suppressed property development industries during the year.

Having carefully reviewed the Remaining Group's timber business in light of the weakened demand for its products and the rising production costs, the Board decided to dispose of the timber business of the Remaining Group and entered into a sale and purchase agreement to sell the Company's entire interests in Wood Art Group on 18 November 2011.

Investment in Securities Business

The revenue generated from the operation of investment in securities for the current year mainly consisted of dividend income received from held-for-trading securities. Its segment loss was suffered from the loss on change in fair value of held-for-trading investments.

Timber Business

As mentioned above, the management of the Remaining Group decided to dispose of its entire equity interests in Wood Art Group in late 2011 (the "WAG Disposal"). The Wood Art Group was responsible for all timber operations of the Remaining Group. The WAG Disposal was completed on 29 December 2011.

During the period from 1 January 2011 to 29 December 2011, a loss of approximately HK$90.31 million (1.1.2010 – 31.12.2010: a loss of approximately HK$0.41 million) was suffered from the timber business, loss for the period attributable to shareholders of the Company was approximately HK$63.20 million (1.1.2010 – 31.12.2010: approximately HK$0.46 million). Gain on disposal of approximately HK$21.48 million was recorded upon the completion of the WAG Disposal.

Future Prospects

The Remaining Group will continue to dedicate its efforts to the development of its existing businesses and other high potential projects in the PRC with a view to providing steady returns as well as fruitful growth for its shareholders.

On 13 January 2011, Fulbond Investments Limited (the "Purchaser"), a wholly owned subsidiary of the Company, and Hefu Limited (the "Vendor"), an independent third party, entered into the LEG Acquisition Agreement, pursuant to which the Purchaser conditionally agreed to acquire an aggregate of 50,000 shares of US$1.00 each in the share capital of LEG, which represents its entire issued share capital, and the shareholder's loan due and owing to the Vendor by the LEG as at the date of completion of the LEG Acquisition at a consideration ("LEG Consideration") of HK$900 million.

Pursuant to the LEG Acquisition Agreement, the Vendor has guaranteed to the Remaining Group that the audited consolidated net profit after taxation and minority interest but before non-recurring income and extraordinary income and non-operating income of the LEG and its subsidiaries (the "LEG Group") for the financial year of the completion date of the LEG Acquisition and the four financial years immediately thereafter will not be less than HK$1.12 billion.

Details of the LEG Acquisition were set out in the circular of the Company dated 25 May 2011 (the "LEG Circular"). The Remaining Group believes that the LEG Acquisition not only widens the Remaining Group's revenue streams but also enables the Remaining Group to participate in a potentially high growth industry advocated by the PRC Government.

Liquidity And Capital Resources

As at 31 December 2011, the Remaining Group's bank balances and cash was approximately HK$29.75 million (2010: approximately HK$113.75 million), representing a decrease of 73.85%. The bank and other borrowings as at 31 December 2011 amounted to approximately HK$1.52 million (2010: approximately HK$79.99 million), representing a decrease of 98.10%.

No Issue, Redemption and Conversion of Convertible Notes

There was no issue, redemption and conversion of convertible notes during the reporting year. All operations of the Remaining Group were financed by funds generated internally.

Material Disposal Of Subsidiaries

The WAG Disposal was approved by the shareholders of the Company and completed on 29 December 2011. Upon completion of the WAG Disposal, the Wood Art Group has ceased to be subsidiaries of the Company. The consideration in the sum of HK$100,000 was received on the same day as the date of completion of the WAG Disposal.

Very Substantial Acquisition And Placing Arrangements

The Purchaser and the Vendor had entered into the LEG Acquisition Agreement on 13 January 2011, pursuant to which the Purchaser conditionally agreed to acquire the entire issued share capital of the LEG, and the shareholder's loan at the LEG Consideration of HK$900 million of which (i) HK$370 million shall be paid by the Purchaser in cash to the Vendor and

(ii) HK$530 million shall be paid by way of allotment and issue of shares of the Company as consideration shares to the Vendor in 5 stages in the manner set out in the sub-section headed "Consideration" under the section headed "The Acquisition Agreement" of the LEG Circular.

LEG holds 100% of the issued share capital of China Lithium Electric Vehicle Group (Hong Kong) Limited ("Lithium HK"). Upon completion of reorganization, Lithium HK will hold approximately 100% equity interests in a group of PRC companies which engaged in the research and manufacturing of Lithium-ion battery, production of power motor and controller, and research and manufacturing of vehicle electronics and controller system.

Pursuant to the LEG Acquisition Agreement, the Vendor has guaranteed to the Remaining Group that the audited consolidated net profit of LEG Group for the financial year of the completion date of the LEG Acquisition and the four financial years immediately following will not be less than HK$1.12 billion (the "Profit Target"). In the event that the Profit Target cannot be achieved, the LEG Consideration will be adjusted according to the terms of the LEG Acquisition Agreement in the manner set out in the sub-section headed "Consideration Adjustment and Changes" under the section headed "The Acquisition Agreement" of the LEG Circular.

The latest time for fulfillment of the conditions under the LEG Acquisition Agreement is extended to 30 April 2012. As at the date hereof, certain conditions are yet to be fulfilled while the proposed LEG Acquisition is still in progress.

Share Placing

On 13 January 2011, the Company entered into a placing agreement, with each of Kingston and Guangdong Securities Limited (collectively, the "Placing Agents") respectively as placing agents (the "Share Placing Agreements"), pursuant to which, the Placing Agents conditionally agreed with the Company to place, on a best effort basis, an aggregate of 8,823,000,000 new shares (the "Reorganised Shares") after the capital reorganisation (the "2011 Capital Reorganisation") (the "2011 Share Placing"). The estimated net proceeds from the 2011 Share Placing will be approximately HK$1.48 billion. The Remaining Group intends to apply the net proceeds arising from the 2011 Share Placing to satisfy (i) the LEG Consideration in respect of the LEG Acquisition; (ii) provide general working capital for the Remaining Group and/or as funds for the Remaining Group's future investment opportunities; and (iii) for the future development of the LEG Group. The Share Placing Agreements lapse on 31 March 2012.

CN Placing

On 13 January 2011, the Company entered into the 2011 CN Placing Agreement with Kingston, pursuant to which, Kingston conditionally agreed to place, on a best effort basis, convertible notes with a maximum aggregate principal amount of HK$500 million which carry a right to convert into shares of the Company at a conversion price of HK$0.17 per Reorganised Share (subject to adjustment). The Remaining Group intends to apply the net proceeds obtained from the 2011 CN Placing for the future development of the LEG Group and/or as funds for future investment opportunities of the Remaining Group. The 2011 CN Placing Agreement lapse on 31 March 2012.

Change Of Company Name and Stock Short Name

The change of the Company's name was approved at the special general meeting held on 5 August 2011. The Company has taken steps to change its English name from "Fulbond Holdings Limited" to "China New Energy Power Group Limited" and adopt "中國新能源動力集團有限公司" as its Chinese secondary name in place of "福邦控股有限公司" for identification purpose only. The change of the Company's name can better reflect the Company's new future business direction, while highlighting its new business strategies in the development of lithium-ion battery and electric vehicles.

On 11 August 2011, the Certificate of Incorporation on Change of Name and the Certificate of Secondary Name were issued by the Registrar of Companies in Bermuda, certifying that the Company has changed its name as "China New Energy Power Group Limited" with "中國新能源動力集團有限公司" as its Chinese secondary name on 5 August 2011. On 14 September 2011, the Registrar of Companies in Hong Kong issued the Certificate of Registration of Change of Corporate Name of Non-Hong Kong Company to the Company.

The Company announced on 23 September 2011 that the change of its company name become effective since 5 August 2011 and the stock short name of the shares of the Company for trading on the Stock Exchange would be changed from "FULBOND HOLDING" to "CH NEW ENGY PWR" in English and from "福邦控股" to "中國新能源動力" and with effective from 9:00 a.m. on 28 September 2011.

Capital Structure

The special resolution approving the 2011 Capital Reorganisation was passed at the special general meeting of the Company held on 21 June 2011. The 2011 Capital Reorganisation involved the following:

(i) Share consolidation ("Share Consolidation")
every 10 shares of US$0.001 each in the issued share capital of the Company prior to 2011 Capital Reorganisation were consolidated into one share of par value US$0.01 each ("Consolidated Share")

(ii) Capital reduction ("Capital Reduction")
upon the Share Consolidation becoming effective, the par value of each issued Consolidated Share was reduced from US$0.01 to US$0.001 by cancellation of US$0.009 of the paid-up capital of each issued Consolidated Share

(iii) Share premium reduction
upon the Share Consolidation and the Capital Reduction becoming effective, the entire amount standing to the credit of the share premium account of the Company as at the date of the 2011 Capital Reorganisation become effective was reduced and cancelled.

During the reporting year, holders of share options under the share option scheme of the Company adopted on 19 November 2001 (as amended by an addendum effective on 22 February 2011) ("Share Option Scheme") exercised their rights to subscribe for 2,568 ordinary shares in the Company at a subscription price of HK$0.041 per share.

After the issuance of shares according to the Share Option Scheme, the number of the Company's issued shares became 45,642,930,000 shares before the 2011 Capital Reorganisation become effective.

On 22 June 2011, the 2011 Capital Reorganisation became effective and the number of the Company's issued shares became 4,564,293,000 shares.

As at 31 December 2011, the Remaining Group's total borrowing calculated on the basis of convertible notes, bank and other borrowings of approximately HK$597.32 million (2010: approximately HK$872.02 million).

Material Contingent Liabilities

The Remaining Group did not have any material contingent liabilities as at 31 December 2011.

Pledge Of Assets

At the end of the reporting year, the Remaining Group had not pledged any assets, whereas, at end of last year, the Remaining Group had pledged certain properties, plants and equipments of the Remaining Group with aggregate carrying amounts of approximately HK$9.35 million to various banks to secure the bank loans and general credit facilities granted to the Remaining Group.

Exposure To Fluctuations In Exchange Rates And Any Related Hedges

There have been no significant changes in the Remaining Group's policy in terms of exchange rate exposure. The Remaining Group operates mainly in Hong Kong and the PRC. Most of the transactions are denominated in Hong Kong dollars, Renminbi and United States dollars. The Remaining Group is exposed to foreign currency risk primarily through sales that are denominated in United States dollars. The exchange rate of US$ against HK$ is relatively stable and the related foreign currency risk is considered to be insignificant. The Remaining Group currently does not have a foreign currency hedging policy. However, the management continuously monitors the Remaining Group's foreign exchange risk exposure and will consider to hedge significant currency risk exposure should the need arise.

Employees And Remuneration Policies

As of 31 December 2011, the Remaining Group had approximately 25 full time management, administrative and operation staff in the PRC and Hong Kong.

The Remaining Group provides competitive remuneration packages with attractive discretionary bonus to employees. The Remaining Group regularly reviews its remuneration packages in light of the overall development of the Remaining Group as well as the market conditions. In addition, the Remaining Group has adopted the Share Option Scheme for eligible employees (including Directors) to provide incentives to those with outstanding performance and contribution to the Remaining Group.

For the year ended 31 December 2010

Future Plans And Prospects

We keep our eyes on the Greater China market, especially those industries encouraged by various measures of the PRC government while at the same time we will put possible efforts to advance the Remaining Group's portfolio to extensively enhance our number of growth engines. In February 2011, the Company announced its proposed diversification of businesses into the new energy vehicles business through the acquisition of LEG.

Committed to the two-prong growth strategy, we are confident to deliver fruitful returns to our shareholders.

Review Of Financial Results

Revenue

For the year ended 31 December 2010, the Remaining Group's revenue from continuing and discontinued operations decreased to approximately US$15,387,000 from approximately US$53,661,000 in last year, representing a decrease of approximately 71.33%.

Segmental Results

In the current year, the operation of investment in securities was introduced to the Remaining Group but the operation of food processing and distribution was discontinued.

The turnover of the timber business for the year decreased to approximately US$13,106,000 from approximately US$15,605,000 in last year, representing a drop of approximately 16.01%. The segment result of the timber business had improved to a profit of approximately US$651,000 from a loss of approximately US$948,000 in 2009.

There was no revenue generated from the operation of investment in securities for the year and its segmental result suffered a loss of approximately US$1,145,000.

The turnover of food processing and distribution business for the year decreased to approximately US$2,281,000 from approximately US$38,056,000 in 2009, representing a decrease of approximately 94.01%. Such a decrease was due to only 19 days sales figures before completion of disposal of Prowealth Holding Group Ltd ("Prowealth") on 19 January 2010. The segment result of the food processing and distribution business had suffered a loss of approximately US$101,000 from loss of approximately US$130,000 in 2009, as a result of deteriorating performance in the food processing and distribution business in 2010.

Cost of Sales

The Remaining Group's cost of sales from continuing and discontinued operations for the year dropped to approximately US$14,557,000 from approximately US$49,522,000 in last year, representing a decline of approximately 70.60%.

Gross Profit

The Remaining Group's gross profit from continuing and discontinued operations for the year decreased to approximately US$830,000 from approximately US$4,139,000 in last year, representing a drop of approximately 79.95%. Accordingly, the gross profit margin dropped to approximately 5.39% for the year from approximately 7.71% in 2009.

Other Income

The Remaining Group's other income from continuing and discontinued operations for the year decreased to approximately US$1,640,000 from approximately US$2,580,000 of last year, representing a decrease of approximately 36.43%.

Other Gains and Losses

Other losses of the Remaining Group from continuing and discontinued operations amounted to approximately US$90,174,000 for the year while the Remaining Group recorded a loss of approximately US$42,377,000 in last year. The significant loss was mainly due to (i) the net losses in fair values on derivative financial instruments and warrants of approximately US$94,019,000 (2009: approximately US$47,035,000) which comprised loss on initial recognition of convertible notes of approximately US$83,443,000 (2009: approximately US$16,086,000), net losses in fair value of embedded conversion option and early redemption option of convertible notes of approximately US$17,868,000 (2009: approximately US$16,770,000) and net gain on fair value of warrants of approximately US$7,292,000 (2009: approximately US$14,179,000); (ii) net gain on early redemption of convertible notes of approximately US$4,768,000 (2009: approximately US$5,083,000) and (iii) the net loss on held-for-trading investments of approximately US$1,141,000 (2009: Nil).

Selling and Distribution Costs

The Remaining Group's selling and distribution costs from continuing and discontinued operations for the year decreased to approximately US$1,122,000 from approximately US$2,389,000 in last year, representing a decrease of approximately 53.03%.

Administrative Expenses

The Remaining Group's administrative expenses from continuing and discontinued operations for the year slightly decreased to approximately US$7,646,000 from approximately US$7,686,000 in last year, representing a decrease of approximately 0.52%.

Impairment Loss Recognised in Respect of Intangible Assets

During the year ended 31 December 2009, impairment loss of approximately US$2,009,000 had been recognised in respect of customer relationship and license which were attributable to the food processing and distribution segment. However, there was no such impairment loss recognised in respect of intangible assets in the year.

Finance Costs

The Remaining Group's finance cost from continuing and discontinued operations for the year dropped to approximately US$3,863,000 from approximately US$7,604,000 in last year, representing an improvement of approximately 49.20%. The improvement was mainly resulted from redemption of the Sun Boom Convertible Note (as hereinafter defined) and the Wise Virtue Convertible Note (as hereinafter defined).

Loss for the Year

The Remaining Group's loss for the year attributable to owners of the Company increased to approximately US$100,340,000 from approximately US$53,877,000 in last year.

Business Review

The Company reviewed the existing businesses of the Remaining Group and considered to consolidate certain of its operations. Restructuring of certain of its existing businesses, disposal of under-performing operations of the Remaining Group as well as exploration of other business and potential investment opportunities are under consideration.

Timber Business

During the year, timber business resumed to be the core business of the Remaining Group. The turnover of the timber business decreased to approximately US$13,106,000 from approximately US$15,605,000 in last year, representing a drop of approximately 16.01%. The segment result of the timber business had recorded a profit of approximately US$651,000 as compared to a loss of approximately US$948,000 in 2009.

Food Processing and Distribution Business

In December 2009, the Company entered into an agreement with a party connected to the Remaining Group, to dispose all of its entire interests in Prowealth and its subsidiaries (the "Prowealth Disposal"), which carried out all of the Remaining Group's food processing and distribution business. The Prowealth Disposal was subsequently approved by its shareholders on 18 January 2010 and completed on 19 January 2010. It resulted in a gain on the disposal of approximately US$212,000.

A loss of approximately US$101,000 together with the shrunken turnover of approximately US$2,281,000 represented the segment result for the 19 days period before the completion of the Prowealth Disposal.

Liquidity And Capital Resources

As at 31 December, 2010, the Remaining Group's cash and bank balances amounted to approximately US$14,616,000 (as at 31 December 2009: approximately US$30,633,000), representing a decline of approximately US$16,017,000. As at 31 December 2010, the bank and other borrowing amounted to approximately US$10,280,000 (as at 31 December 2009: approximately US$23,083,000).

Exercise of Warrants

During the year, registered holders of 1,229,538,456 warrants exercised their rights to subscribe for 1,229,538,456 ordinary shares in the Company at HK$0.026 per share. The fair value gain of approximately US$881,000 was recognized in respect of fair value changes of the warrant from 1 January 2010 to the dates immediately prior to each exercise dates. A gain of approximately US$6,411,000 was recorded upon the expiry of the remaining outstanding 1,980,923,092 warrants on 20 July 2010.

Issue of Convertible Notes

On 6 August 2009, the Company announced that a placing agreement (the "Fulbond CN Placing Agreement") was entered between the Company and a placing agent (the "CN Placing Agent"), whereby the CN Placing Agent conditionally agreed to place, on a best efforts basis, zero coupon convertible notes in a maximum aggregate principal amount of HK$800,000,000 (equivalent to approximately US$103,226,000) (the "Fulbond Convertible Notes") which are convertible into ordinary shares of the Company at a conversion price of HK$0.01 per share. All the Fulbond Convertible Notes will mature on 28 December 2012 and can only be redeemed at par at the discretion of the issuer in whole or in part anytime before the maturity date.

The resolution approving the Fulbond CN Placing Agreement was passed at the special general meeting of the Company held on 16 October 2009. The placing of the first tranche Fulbond Convertible Notes ("First Tranche Fulbond Convertible Notes") in the aggregate principal amount of HK$450,000,000 took place in 2 tranches on 29 December 2009 and 14 January 2010. Total fair value of the remaining portion of the First Tranche Fulbond Convertible Notes in an aggregate principal amount of HK$250,000,000 at 14 January 2010 was approximately US$92,626,000, representing a loss on initial recognition of US$60,395,000 recognised in profit or loss. During the year ended 31 December 2010, an aggregate fair value gain of approximately US$18,040,000 in respect of the outstanding First Tranche Fulbond Convertible Notes was recognised in the profit or loss.

The resolution approving the placing of the second tranche Fulbond Convertible Notes ("Second Tranche Fulbond Convertible Notes") was passed at the special general meeting of the Company held on 20 July 2010. On 2 August 2010, the Listing Committee of the Stock Exchange, upon application by the Company, granted on a conditional basis the listing of and permission to deal in the Conversion Shares (as defined in circular dated 28 June 2010) which may fall to be issued on exercise of the conversion rights attaching to the Second Tranche Fulbond Convertible Notes in an aggregate principal amount of HK$250,000,000 (the "HK$250 million CN"). The placing of the HK$250 million CN was completed on 10 August 2010. The total fair value of the note at 10 August 2010 is approximately US$55,249,000, representing a loss on initial recognition of approximately US$23,048,000 recognised in profit or loss. During the year ended 31 December 2010, an aggregate fair value loss of approximately US$7,663,000 in respect of the outstanding Second Tranche Fulbond Convertible Notes was recognised in the profit or loss.

The remaining unissued tranche of Fulbond Convertible Notes of HK$100,000,000 (equivalent to US$12,849,000) expired in October 2010.

In view of its strong liquidity and financial position, we will have sufficient resources to fund the daily operations and capital expenditure commitments and potential investment.

Redemption of Convertible Notes

In December 2009, Sun Boom Limited ("Sun Boom") transferred (i) a 2 years convertible note in the principal amount of US$3,700,000 issued by the Company to Sun Boom on 9th April 2008 with a conversion price of HK$0.086 per Share (subject to adjustment); (ii) a 2 years convertible note in the principal amount of HK$121,000,000 issued by the Company to Sun Boom on 30th May 2008 (as supplemented by a deed dated 26th August 2008) with a conversion price of HK$0.086 per Share (subject to adjustment); and (iii) a 5 years convertible note in the principal amount of HK$80,646,500 issued by the Company to Sun Boom on 17th October 2008 with a conversion price of HK$0.086 per Share (subject to adjustment) (collectively, "Sun Boom Convertible Notes") and Wise Virtue Holdings Limited transferred a 5 years convertible note in the principal amount of HK$80,265,260 issued by the Company to Wise Virtue Holdings Limited on 17th October 2008 with a conversion price of HK$0.086 per Share (subject to adjustment) ("Wise Virtue Convertible Note"), to a private investment institution independent of the Company.

On 14 January 2010, the conversion price of Sun Boom Convertible Note and Wise Virtue Convertible Note was adjusted from HK$0.047 to HK$0.044 per share as a result of the completion of the placing of the remaining First Tranche Fulbond Convertible Notes. As a result of the adjustment of conversion price, a net gain of approximately US$650,000 was recognised in the profit or loss in the year.

On 4 March 2010, the holder of Sun Boom Convertible Note and Wise Virtue Convertible Note exercised their options to require the Company to redeem the remaining of Sun Boom Convertible Note and Wise Virtue Convertible Note at the principle amount of approximately US$6,440,000 and approximately US$10,339,000, respectively.

During the period up to the date of redemption, a fair value gain of approximately US$4,443,000 was recognised in the profit and loss account. An aggregate gain on early redemption of these convertible notes of approximately US$4,768,000 was recognised in the profit or loss.

Conversion of Convertible Notes

During the year, the holders of the First Tranche Fulbond Convertible Notes exercised its option to convert the convertible note in the aggregate principle amount of HK$270,000,000 to ordinary shares of the Company. The aggregate loss on fair value change of the First Tranche Fulbond Convertible Notes being converted during the year of approximately US$32,108,000 was recognised in profit or loss.

During the year, the holders of the Second Tranche Fulbond Convertible Notes exercised its option to convert the convertible note in the aggregate principle amount of HK$34,000,000 to ordinary shares of the Company. The aggregate loss on fair value change of the Second Tranche Fulbond Convertible Notes being converted during the year of approximately US$1,230,000 was recognised in profit or loss.

Material Disposal Of Subsidiaries

The Prowealth Disposal was approved by the shareholders of the Company and completed on 19 January 2010. Upon completion of the Prowealth Disposal, the Prowealth has ceased to be subsidiary of the Company. Part of the consideration in the sum of HK$122,000,000 was received in December 2009, the remaining balance of the consideration in the sum of HK$43,000,000 shall be receivable on or before 20 July 2011.

Material Acquisition

Acquisition of LEG and electric vehicle businesses

After the year-end date, the Remaining Group entered into the LEG Acquisition Agreement, pursuant to which the Remaining Group has conditionally agreed to acquire the entire issued shares and shareholders' loan of LEG at the consideration of HK$900,000,000. HK$370,000,000 of the consideration shall be settled in cash while the remaining HK$530,000,000 shall be settled by way of allotment and issue of shares.

LEG holds 100% of the issued share capital of Lithium HK. Upon completion of reorganization, Lithium HK will hold 100% equity interests in a group of PRC companies that engaged in the research and manufacturing of Lithium-ion battery, production of power motor and controller, and research and manufacturing of vehicle electronics and controller system.

Material Contingent Liabilities

The Remaining Group did not have any material contingent liabilities as at 31 December 2010.

Capital Structure

As at 31 December 2010, the Remaining Group's total borrowings calculated on the basis of warrants, convertible notes, bank and other borrowings of approximately US$112,044,000 (as at 31 December 2009: approximately US$106,613,000).

Pledge Of Assets

At the end of the reporting period, the Remaining Group had pledged certain property, plant and equipment and land use rights with aggregate carrying amounts of approximately US$1,201,000 (2009: approximately US$10,588,000) respectively to various banks and other financial institutions for securing the loans and general credit facilities granted to the Remaining Group.

Foreign Exchange Exposure

There have been no significant changes in the Remaining Group's policy in terms of exchange rate exposure. The Remaining Group operates mainly in Hong Kong and Mainland China. Most of the transactions are denominated in Hong Kong dollars, Renminbi and United States dollars. The Remaining Group is exposed to foreign currency risk primarily through sales that are denominated in United States dollars. The exchange rate of US$ against HK$ is relatively stable and the related foreign currency risk is considered insignificant. The Remaining Group currently does not have a foreign currency hedging policy. However, the management continuously monitors the Remaining Group's foreign exchange risk exposure and will consider to hedge significant currency risk exposure should the need arise.

Human Resources

The Remaining Group highly values its human resources and aims to attract, retain and develop high caliber individual committed to attaining our objectives. As at 31 December 2010, the Remaining Group had approximately 490 employees in HK and PRC. Employees of the Remaining Group are remunerated according to their qualifications, experience, job nature, performance and with reference to market conditions. Apart from discretionary performance bonus, the Remaining Group also provides other benefits such as medical insurance. The Company also operates a share option scheme for granting of options to eligible employees and Directors.

6. MANAGEMENT DISCUSSION AND ANALYSIS OF THE TARGET CO

Business Review for the period from 1 April 2013 (date of establishment) to 30 April 2013

Target Co was established in the PRC on 1 April 2013 with limited liability. Its scope of business includes investment consultancy, investment planning and investment in properties, property management and hotel management.

As it was newly established in the period under review, Target Co did not generate any sales revenue nor did it incur much expenses.

Target Co entered into the Pre-sale Agreement with GY Zhong Yu for acquiring the Guiyang Project from GY Zhong Yu. Pursuant to the Pre-sale Agreement, Target Co shall pay to GY Zhong Yu a consideration of RMB68,000,000 in one lump sum before 31 December 2013 while GY Zhong Yu shall deliver the Guiyang Project to Target Co before 31 December 2013. Apart from the Pre-sale Agreement and a tenancy agreement in respect of the renting of its registered office, Target Co has not entered into any other agreements nor carried on any other business activities since its establishment in April 2013.

Financial Review

Revenue

Target Co did not generate any sales revenue for the accounting period from 1 April 2013 to 30 April 2013, and recorded net loss amounting to HK$1,174. The loss incurred was mainly attributable to capital verification fee paid during the period.

Segmental Result

No segmental information/result was presented as Target Co was newly established in the reporting period.

Administrative expenses

Administrative expenses amounting to HK$1,254 was incurred by Target Co for its capital verification during the reporting period.

Liabilities

As at 30 April 2013, Target Co had current liability of HK$1,259 which was accrual for capital verification fee.

Liquidity and Capital Resources

As at 30 April 2013, Target Co had a cash balance of HK$1,258,881 which mainly consisted of capital injected by GY Zhong Yu, its sole shareholder.

Capital Structure

No external borrowing was made by Target Co as at 30 April 2013, all its operations were wholly financed by its paid-up capital. As at 30 April 2013, Target Co had a registered and paid-up capital of RMB1,000,000.

Material Investment

On 1 April 2013, Target Co entered into the Pre-sale Agreement with GY Zhong Yu for acquiring the Guiyang Project from GY Zhong Yu at a consideration of RMB68,000,000.

The Guiyang Project comprises a 5-storey commercial building known as A27 of 中渝 • 第一城 (First City, Guiyang) Plot A being constructed and developed on the Guiyang Land which is located in Guanshanhu District, Guiyang, the PRC with a site area of approximately 365,193.8 square meters. The term for grant of the land use rights of the Guiyang Land is 70 years and 40 years for residential and commercial use respectively. The Guiyang Project has already obtained the state-owned land use right certificate, construction land planning permit (建設用地規劃許可證), construction project planning permit (建設工程規劃許可證), construction project work permit (建設工程施工許可證) and property pre-sale permit (房屋預售許可證).

According to the latest development schedule, it is expected that the Guiyang Project may be completed and ready for delivery before end of July 2013. The actual delivery date will depend on the progress of the construction of the Guiyang Project, provided that GY Zhong Yu shall deliver the Guiyang Project to Target Co before 31 December 2013 in accordance with the Pre-sale Agreement.

Future plans and prospect

Target Co intends to lease out all areas/units of the Guiyang Project after acquiring ownership and receiving the Guiyang Project. Having spent reasonable costs to decorate the building, it is expected that the Guiyang Project will generate stable income in terms of rental income and management fee income.

Payment for the consideration under the Pre-sale Agreement will be financed by internal funds or loan from shareholder of Target Co after Acquisition Completion.

Human Resources

As at 30 April 2013, Target Co had a director who also acted as the legal representative of Target Co. Target Co also had a supervisor. Target Co did not have any staff member as at 30 April 2013.

Pledge of Assets

As at 30 April 2013, Target Co had not pledged any assets.

Contingent Liabilities

As at 30 April 2013, Target Co did not have any material contingent liabilities.

Exposure to fluctuations in exchange rates and related hedges

During the period under review, Target Co did not incur much foreign exchange risk exposure. It is expected that Target Co operates in the PRC, and almost all of its transactions are denominated in Renminbi. The exchange rates of RMB against HK$ are relatively stable. Hence Target Co anticipates neither to have any significant exchange risk exposure nor to require a foreign currency hedging policy. However, the management will continuously monitor Target Co's foreign exchange risk exposure and will consider to hedge significant currency risk exposure should the need arise.

The following is the text of a letter, summary of value and valuation certificate, prepared for the purpose of incorporation in this circular received from Asset Appraisal Limited, an independent valuer, in connection with its valuation as at 31 March 2013 of the property interests held by the Target Co.

Asset Appraisal Limited
中誠達資產評值顧問有限公司

Rm 901 9/F On Hong Commercial Building
No.145 Hennessy Road Wanchai HK
香港灣仔軒尼詩道145號安康商業大廈9樓901室

Tel: (852) 2529 9448 Fax: (852) 3521 9591

27 June 2013

The Board of Directors
China New Energy Power Group Limited

Dear Sirs,

Re: Valuation of property interests situated in the People's Republic of China

In accordance with the instructions from China New Energy Power Group Limited (referred to as the "Company") to value the property interests (referred to as the "properties") situated in the People's Republic of China (the "PRC"), we confirm that we have carried out inspections of the properties, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the properties as at 31 March 2013 (the "date of valuation").

BASIS OF VALUATION

Our valuation of the properties represents the market value which we would define as intended to mean "the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

VALUATION METHODOLOGY

In valuation of the properties, we have considered the following three common valuation approaches.

Cost approach established value based on the cost of reproducing or replacing the property less depreciation from physical deterioration and functional and economic obsolescence, if present and measurable. This approach might be considered the most consistently reliable indication of value for properties without a known used market or separately identifiable cash flows attributable to the properties appraised.

Income approach is the conversion of expected periodic benefits of ownership into an indication of value. It is based on the principle that an informed buyer would pay no more for the property than an amount equal to the present worth of anticipated future benefits (income) from the same or equivalent property with similar risk.

Market approach considers prices recently paid or offering for similar properties, with adjustments made to the indicated market prices to reflect condition and utility of the appraised properties relative to the comparable properties. Properties for which there are established used markets may be appraised by this approach.

Among the three valuation approaches as mentioned above, the cost approach is not considered applicable to the valuation of the properties, as it does not capture economic benefits of the properties. Thus this method is not considered to be appropriate for valuation of the properties.

As all the properties were in construction stage as at the Valuation Date and no concrete business plans were formulated for the operations of the properties. In the absence of any profit forecast, we have disregarded income approach for valuation of the properties.

We have adopted Market Approach for both Property 1 and 2. For Property 1, in additional to the market land value of the property, we have also taken into account the construction cost already expended onto the property as at the Valuation Date.

ASSUMPTIONS

Our valuation has been made on the assumption that owners sell the properties (except those properties rented by the Target Group) on the market in their existing states without the benefit of deferred terms contracts, leaseback, joint ventures, management agreements or any similar arrangement which would serve to affect the values of the properties.

For those properties held by the owners by means of long term Land Use Rights granted by the Government, we have assumed that the owner has free and uninterrupted rights to use the properties for the whole of the unexpired term of the respective land use rights. We have also assumed that they can be freely transferred on the market free from any land premium or expenses of substantial amount payable to the Government.

Other special assumptions for our valuation (if any) would be stated out in the footnotes of the valuation certificate attached herewith.

TITLESHIP

We have been provided with copies of legal documents regarding the properties. However, we have not verified ownership of the properties and the existence of any encumbrances that would affect ownership of them.

We have also relied upon the legal opinion provided by the PRC legal advisers, namely Chongqing Radiance Law Firm (重慶瑞月永華律師事務所四川分所), to the Company on the relevant laws and regulations in the PRC, on the nature of land use rights or leasehold interests in the properties.

LIMITING CONDITIONS

No allowance has been made in our report for any charges, mortgages or amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value. Our valuation have been made on the assumption that the seller sells the properties on the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the properties.

We have relied to a very considerable extent on the information given by the Company and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have not carried out detailed site measurements to verify the correctness of the site areas in respect of the properties but have assumed that the site areas shown on the documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

The properties were lasted inspected on 3 May 2013 and 6 May 2013 by Mr. Wang Sheng Chao, who is a Registered China Real Estate Appraiser. However, no structural survey has been made. In the course of our inspection, we did not note any serious defects. We are unable to report whether the buildings and structures of the properties are free of rot, infestation or any other structural defects. No test was carried out on any of the services of the buildings and structures of the properties.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also sought confirmation from the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

In valuing the properties, we have complied with all the requirements contained in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors.

Unless otherwise stated, all monetary sums stated in this report are in Renminbi (RMB).

Our summary of valuation and valuation certificate are attached herewith.

Yours faithfully,
for and on behalf of

Asset Appraisal Limited
Sandra Lau
MHKIS AAPI RPS(GP)
Director

Sandra Lau is a member of the Hong Kong Institute of Surveyors, an Associate of the Australian Property Institute and a Registered Professional Surveyor in General Practice. She is on the list of Property Valuers for Undertaking Valuations for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers of the Hong Kong Institute of Surveyors, Registered Business Valuer under the Hong Kong Business Valuation Forum and has over 10 years' experience in valuation of properties in Hong Kong, in Macau and in the PRC.

SUMMARY OF VALUATION

	Property	Market value in existing state as at 31 March 2013 *RMB*	Interest attributable to the Target Group as at 31 March 2013 *%*	Value of property interest attributable to the Target Group as at 31 March 2013 *RMB*
Group I – Property interests held by the Group under Construction to be Disposed				
1.	Development site (Lot Nos. WY6-5-1-1 and WY6-5-1-3) situated at the north of Sheung Ji Road Weiyang District Xi'an City Shaanxi Province the PRC	548,600,000	100%	548,600,000
	Total:	**548,600,000**		**548,600,000**
Group II – Property interests to be Acquired				
2.	Block A27, Land parcel A, Zhong Yu – First City No. 399 Jinzhu Road Jinyang New Area Guiyang City Guizhou Province the PRC	68,000,000	100%	68,000,000
	Total:	**68,000,000**		**68,000,000**

VALUATION CERTIFICATE

Group I – Property interests held by the Group under Construction to be Disposed

	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 March 2013 *RMB*
1.	Development site (Lot Nos. WY6-5-1-1 and WY6-5-1-3) situated at the north of Sheung Ji Road Weiyang District Xi'an City Shaanxi Province the PRC (中國陝西省西安市未央區尚稷路北之(地號WY6-5-1-1及WY6-5-1-3)發展地盤)	The property comprises two parcels of contiguous land on which are currently under development. One of the land parcels Lot No. WY6-5-1-1 is designated for commercial uses with an area of 19,739.20 square metres. The other land parcel Lot No. WY6-5-1-3 is designated for residential uses with an area of 134,356.70 square metres. The land is currently developing into a residential development comprising medium to high-rise residential blocks with the provision of commercial, recreational and carparking facilities. The whole development is planned to provide a total gross floor area of about 91,903 square metres for commercial use and 433,972 square metres for residential use. The first phase of the development is scheduled to be completed in 2015 and the whole development is scheduled to be completed in 2019. The land use rights of Lot No. WY6-5-1-1 and WY6-5-1-3 have been granted for terms expiring on 31 January 2048 and 31 January 2078 respectively.	Phase 1 of the development is currently under construction. The remaining portion of the property is vacant.	548,600,000 (100% interest attributable to the Group: 548,600,000)

Notes:

1. As revealed by a State-owned Land Use Right Certificate (Ref: Xi Wei Gao Yong (2009Chu) No. 12 西未國用(2009出)第012號) issued by the Municipal Government of Xi'an City on 15 January 2009, the land use rights in Lot No. WY6-5-1-1 with an area of 19,739.2 square metres are held by Xi'an Yuansheng Enterprises Limited (西安遠聲實業有限公司) for a term expiring on 31 January 2048 for commercial use.

2. As revealed by another State-owned Land Use Right Certificate (Ref: Xi Wei Gao Yong (2009Chu) No. 11 西未國用(2009出)第011號) issued by the Municipal Government of Xi'an City on 15 January 2009, the land use rights in Lot No. WY6-5-1-3 with an area of 134,356.7 square metres are held by Xi'an Yuansheng Enterprises Limited for a term expiring on 31 January 2078 for residential use.

3. By virtue of a capital injection agreement dated 28 September 2005, the property was acquired by Xi'an Yuansheng Enterprises Limited at a consideration of RMB25.0314 million. As confirmed by the Xi'an Yuansheng Enterprises Limited, a total sum of approximately RMB190.58 million (including land grant premium, land use modification premium and costs for site improvement works) has expended to the property.

4. As revealed from a Land Use Right Granting Modification Agreement (Ref. No. 18233-1) and its supplemental agreement (Ref. No. 18233-2) both entered into between the Xi'an Land Resources Administration Bureau and the Target Co on 1 February 2008, Lot No. WY6-5-1-3 of the property is subject to the following material development conditions:

Site Area	:	134,356.8 square metres
Land Use	:	Residential
Plot Ratio	:	3.23×
Site Coverage	:	15.9%
Greenery Rate	:	38%
Work Start	:	30 December 2008 or before (extendable for not more than 1 year upon 30 day prior application)
Work Completion	:	not later than 31 December 2010 (subject to adjustment based on the approved deferred work start date)
Land Idling Penalty	:	RMB7,523,980 per annum

5. As revealed from a Land Use Right Granting Modification Agreement (Ref. No. 18233-3) and its supplemental agreement (Ref. No. 18233-4) both entered into between the Xi'an Land Resources Administration Bureau and the Target Co on 1 February 2008, Lot No. WY6-5-1-1 of the property is subject to the following material development conditions:

Site Area	:	19,739.3 square metres
Land Use	:	Commercial
Plot Ratio	:	4.55x
Site Coverage	:	15.9%
Greenery Rate	:	38%
Work Start	:	30 December 2008 or before (extendable for not more than 1 year upon 30 day prior application)
Work Completion	:	not later than 31 December 2010 (subject to adjustment based on the approved deferred work start date)
Land Idling Penalty	:	RMB1,255,419 per annum

6. As revealed by a Construction Land Use Planning Permits (建設用地規劃許可證) (Ref: (2007)155) in relation to the property were issued by the Xi'an City Planning Bureau (西安市規劃局) on 29 September 2007 in the name of Xi'an Yuansheng Enterprises Limited.

7. As revealed by the Planning Permit for Construction Works (建設工程規劃許可證) (Ref: 建字第西經開(2011)046號) in relation to the property were issued by the Xi'an Economic and Technological Development Zone Management Committee Planning Bureau (西安經濟技術開發區管理委員會規劃局) on 31 December 2011, the construction of the buildings with a total gross floor area of 99,906 square metres was approved.

8. According to the information provided by the Company, as at the date of valuation, the construction costs already expended on the property and the further construction costs for completing the property are approximately RMB89,620,000 and RMB2,070,200,000 respectively. The market value of the property as if it were fully completed on the valuation date is RMB2,890,000,000.

9. In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:

State-owned Land Use Right Certificate	:	Yes
Construction Land Use Planning Permit	:	Yes
Planning Permit of Construction Works	:	Yes
Construction Works Commencement Permit	:	Yes
Building Ownership Certificate	:	No

10. We have selected and considered following comparables transactions of land parcels in the vicinity to assess the value of the property and the assessed value of the property is in line with the unit prices (in term of RMB/sq.m.) of the comparable properties.

Location	**Northern side of Fengcheng Third Road, Weiyang District**	**Northern side of Fengcheng First Road and western side of Mingguang Road, Jingji Jushu Development Zone**	**Changqing Road, Weiyang District**
Lot No.	WY11-21-255	JK3-25-13	WY1-7-3-1
Site Area (sq.m.)	2,118.90	55,426.40	12,571.76
Use	Residential	Residential	Commercial and Residential
Date	1 February 2013	1 February 2013	31 October 2012
Consideration	RMB11,020,000	RMB76,100,000	RMB71,400,000
Maximum Plot Ratio	6.05	5.5	6.5
Accommodation Value	RMB860/sq.m.	RMB1,223/sq.m.	RMB874/sq.m.

11. The opinion from the PRC legal advisors of the Company on the property is as follows:

i. Based on the two Land Use Right Certificates (Ref: Xi Wei Gao Yong (2009Chu) No. 11 and Xi Wei Gao Yong (2009Chu) No. 12) and given the confirmation from Xi'an Yuansheng Enterprises Limited, the land use rights of the property are held by Xi'an Yuansheng Enterprises Limited the land use rights are not subject to mortgage and other third party rights;

ii. Pursuant to the Supplemental Land Use Right Contract (Ref No. 18233-1) entered into between the Xian Land Resources Administration Bureau and Xi'an Yuansheng Enterprises Limited on 1 February 2008, the Xian Land Resources Administration Bureau approved Xi'an Yuansheng Enterprises Limited to change the permitted land use of Lot No. WY6-5-1-3 with an area of 134,356.7 square metres of the property from industrial to residential with land use right term adjusted to 70 years from the date of the Land Use Right Contract. The change of land use is subject to the final approval of the Municipal Government of Xian City;

iii. Pursuant to another Supplemental Land Use Right Contract (Ref No. 18233-2) entered into between the Xian Land Resources Administration Bureau and Xi'an Yuansheng Enterprises Limited on 1 February 2008, Xi'an Yuansheng Enterprises Limited agreed to complete the development of Lot No. WY6-5-1-3 on or before 31 December 2010 or a deferred completion date upon obtaining consent from the Xian Land Resources Administration Bureau. If Xi'an Yuansheng Enterprises Limited fails to complete the project by the agreed completion date, it shall be penalized at 0.1% per day on land grant premium of Lot No. WY6-5-1-3 plus any land idling surcharge;

iv. As announced by the Xian Land Resources Administration Bureau via a land registration notice of January 2009, the change of land use of Lot WY6-5-1-3 has been approved by the Municipal Government of Xian City and the aforesaid Supplemental Land Use Right Contract (Ref No. 18233-1) became effective from the date of approval of the Municipal Government of Xian City;

v. As confirmed by Xi'an Yuansheng Enterprises Limited, it has never executed any Land Use Right Contract and the granting of Lot No. WY6-5-1-3 is only subject to the terms and conditions as stipulated in the aforesaid two Supplemental Land Use Right Contracts (Ref Nos. 18233-1 and 18233-2);

vi. Pursuant to the Supplemental Land Use Right Contract (Ref No. 18233-3) entered into between the Xian Land Resources Administration Bureau and Xi'an Yuansheng Enterprises Limited on 1 February 2008, the Xian Land Resources Administration Bureau approved Xi'an Yuansheng Enterprises Limited to change the permitted land use of Lot No. WY6-5-1-1 with an area of 19,739.2 square metres of the property from industrial to commercial with land use right term adjusted to 40 years from the date of the Land Use Right Contract. The change of land use is subject to the final approval of the Municipal Government of Xian City;

vii. Pursuant to another Supplemental Land Use Right Contract (Ref No. 18233-4) entered into between the Xian Land Resources Administration Bureau and Xi'an Yuansheng Enterprises Limited on 1 February 2008, Xi'an Yuansheng Enterprises Limited agreed to complete the development of Lot No. WY6-5-1-1 on or before 31 December 2010 or a deferred completion date upon obtaining consent from the Xian Land Resources Administration Bureau. If Xi'an Yuansheng Enterprises Limited fails to complete the project by the agreed completion date, it shall be penalized at 0.1% per day on land grant premium of Lot No. WY6-5-1-1 plus any land idling surcharge;

viii. As announced by the Xian Land Resources Administration Bureau via a land registration notice of January 2009, the change of land use of Lot WY6-5-1-1 has been approved by the Municipal Government of Xian City and the aforesaid Supplemental Land Use Right Contract (Ref No. 18233-1) became effective from the date of approval of the Municipal Government of Xian City;

ix. As confirmed by Xi'an Yuansheng Enterprises Limited, it has never executed any Land Use Right Contract and the granting of Lot No. WY6-5-1-1 is only subject to the terms and conditions as stipulated in the aforesaid two Supplemental Land Use Right Contracts (Ref Nos. 18233-3 and 18233-4);

x. As confirmed by Xi'an Yuansheng Enterprises Limited, it has not obtained approval for extension of the agreed completion date for the project development from the Xian Land Resources Administration Bureau. As revealed from the document named "Address to the Application status of Construction Work Planning Permit of the site located in Caotan Nongchang Dong Qu, Weiyang District by Xi'an Yuansheng Enterprises Limited" issued by the Town Planning Bureau on 13 May 2010, the development scheme of the subject project was required to be adjusted for the revamping of traffic master planning for the locality of North Railway Station of the Zhengxi Railway Line after the expansion construction of the said railway station. Therefore, the planning application of the subject development scheme could not be proceeded and Xi'an Yuansheng Enterprises Limited was unable to commence construction work on schedule. As confirmed by Xi'an Yuansheng Enterprises Limited, the adjusted development scheme have been approved by the Town Planning Bureau and both the Planning Permit of Construction Works and Construction Work Commencement Permit have been issued;

xi. Up to the date when construction work start was approved, Xi'an Yuansheng Enterprises Limited did not receive any notice from the Land Resources Administration Bureau for charging construction work delay penalty, damages for breach of contract, land idling surcharge or foreclosure of land use rights;

xii. As revealed from the Construction Work Planning Permit (Jian Zi Di Xi Jin Kai (2011) No. 046) issued by the Xian Economic Zone Administration Committee Planning Bureau (西安市經濟技術開發區管理委員會規劃局) on 31 December 2011, the development scheme of the property has been certified to be compliant with planning requirements;

xiii. As revealed from the Construction Work Commencement Permit (Xi Jin Kai (2012) No. 010) issued by the Xian Economic Zone Administration Committee Planning Bureau on 9 April 2012, the subject project has been up to the construction conditions and its construction works are allowed to be proceeded; and

xiv. Given the information and confirmation from Xi'an Yuansheng Enterprises Limited and based on the observation of the prevailing situation by the PRC lawyer, Xi'an Yuansheng Enterprises Limited failed to complete the subject project by the agreed completion date was due to the delay in the planning approval in the part of the Government. In the absence of any violation and breach of contract in the part of Xi'an Yuansheng Enterprises Limited, its land use rights in the property shall not be impaired.

VALUATION CERTIFICATE

Group II – Property interests to be Acquired

	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 March 2013 *RMB*
2.	Block A27, Land parcel A, Zhong Yu – First City No. 399 Jinzhu Road Jinyang New Area Guiyang City Guizhou Province the PRC (中國貴州省貴陽市金陽新區金朱路399號中渝•第一城A地塊A27棟)	The property comprises a whole block of 5-storey commercial building (namely Block A27) which is currently under internal decoration. The property is a 5-storey commercial building with a total gross floor area of approximately 4,497.95 square metres. The land use rights of the property have been granted for a term expiring on 22 April 2051 for commercial use and expiring on 22 April 2081 for residential use.	The property is currently under internal decoration.	68,000,000 (100% interest attributable to the Target Group: 68,000,000)

Notes:

1. As revealed by a State-owned Land Use Right Certificate (Ref: Qian Zhu Gao Xin Guo Yong (2012) No. 8 黔築高新國用(2012)第8號) issued by the Guizhou Provincial People's Government (貴州省人民政府) on 9 March 2012, the land use rights in Lot No. G-2-12-26-1 with a total site area of 165,220.1 square metres are held by Guiyang Zhong Yu Real Estate Development Company Limited (貴陽中渝置地房地產開發有限公司) for a term expiring on 22 April 2051 for commercial use and expiring on 22 April 2081 for residential use.

2. As revealed by a Construction Land Use Planning Permits (建設用地規劃許可證) (Ref: Zhu Gui Jian Zi 2011 Jin Yang 008 (築規建字2011金陽008)) in relation to the property with a site area of approximately 690,935.5 square metres were issued by the Guiyang Urban and Rural Planning Bureau (貴陽市城鄉規劃局) on 13 June 2011 in the name of Guiyang Zhong Yu Real Estate Development Company Limited, the permitted uses of the land parcel are commercial, office, residential, public facilities and public construction use.

3. As revealed by the Planning Permit for Construction Works (建設工程規劃許可證) (Ref: 2012 (Jin Yang) No. 014 (2012(金陽)014號)) dated 21 June 2012, the construction of Block A20 to A29 commercial buildings with a total gross floor area of 54,305.5 square metres was approved.

4. As revealed by the Construction Works Commencement Permit (建設工程施工許可證) (Ref: 520101201206290101), the carrying out of the construction work for the subject development has been approved by the Government authority.

5. Pursuant to a Pre-sale Permit (Ref: (2012) Zhu Shang Fang Yu Zi Di No. 087 (2012)築商房預字第087號)) issued by the Guiyang Housing, Urban and Rural Construction Bureau (貴陽市住房和城鄉建設局) in the name of Guiyang Zhong Yu Real Estate Development Company Limited, the pre-sale of Block A20 to A29 with a total gross floor area of 54,305.5 square metres was permitted.

6. Pursuant to a Commodity Property Sales and Purchase Agreement (商品房買賣合同) entered into between Guiyang Zhong Yu Real Estate Development Company Limited and Guiyang Ding Tian Investment Consultancy Limited (貴陽鼎天投資咨詢有限公司) on 1 April 2013, the latter acquired the property from the former;

7. In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:

State-owned Land Use Right Certificate	:	Yes
Construction Land Use Planning Permit	:	Yes
Planning Permit of Construction Works	:	Yes
Construction Works Commencement Permit	:	Yes
Building Ownership Certificate	:	to be applied
Pre-sales Permit	:	Yes

8. We have selected and considered following market comparables provided by the developer to assess the value of the property and the assessed value of the property is in line with the unit prices (in term of RMB/sq.m.) of the comparable properties.

Unit	Unit on Level 1, Block A22	Unit on Level 1, Block A22	Unit on Level 1, Block A22	Unit on Level 2, Block A22	Unit on Level 3, Block A22
Area (sq.m.)	65.93	68.10	61.16	48.54	36.28
Use	Shop	Shop	Shop	Commercial	Commercial
Date	10 January 2013	31 January 2013	30 March 2013	27 March 2013	13 March 2013
Consideration (RMB)	1,719,265	1,777,399	1,661,900	675,677	496,202
Unit Price (RMB/sq.m.)	26,077	26,100	27,173	13,920	13,677

9. The opinion from the PRC legal advisors of the Company on the property is as follows:

i. Guiyang Zhong Yu Real Estate Development Company Limited (貴陽中渝置地房地產開發有限公司) is the sole legal owner of the land use rights of the property and has the rights to use, lease, transfer, mortgage or otherwise legally dispose of the property in accordance with the PRC laws;

ii. Pursuant to a Commodity Property Sales and Purchase Agreement (商品房買賣合同) entered into between Guiyang Zhong Yu Real Estate Development Company Limited and Guiyang Ding Tian Investment Consultancy Limited (貴陽鼎天投資咨詢有限公司) dated 1 April 2013, the latter acquired the property (Block A27) from the former;

iii. As mutually agreed by both parties, the property has been handed over by Guiyang Zhong Yu Real Estate Development Company Limited to Guiyang Ding Tian Investment Consultancy Limited even though the construction work completion of the property has not yet been certified by the Government authority to their satisfaction;

iv. According to Proviso 3, Section 16 of the Construction Work Quality Administration Regulation (建設工程品質管制條例), handover of property can be performed only after satisfactory examination of construction work has been performed. Under Section 4 of the Property Construction Work and Infrastructure Facility Construction Work Completion Examination Provisional Rule (房屋建築工程和市政基礎設施工程竣工驗收暫行規定), construction work completion examination is coordinated and implemented by the developer. If the construction work completion of the property has been examined to the satisfactory of the developer, the property would be qualified as handover mode under the aforesaid rule. In addition, beside construction work completion examination, it is also necessary to obtain written acceptance from relevant Government authorities in relation to satisfactory completion examination on fire systems, environmental protection and town planning compliances and the registration certificate on the filing of the work completion examination documents. However, all the aforesaid requirements are administrative procedures and would not impair the civil rights of Guiyang Ding Tian Investment Consultancy Limited in the occupation of the property. In case where Guiyang Zhong Yu Real Estate Development Company Limited fails to complete construction work completion registration, the relevant Government authorities shall have the rights to impose penalties and order the completion of the registration procedures by Guiyang Zhong Yu Real Estate Development Company Limited;

v. In case where Guiyang Zhong Yu Real Estate Development Company Limited is unable to complete construction work completion registration due to quality of work or other causes and cannot complete the transaction underpinned the aforesaid Commodity Property Sales and Purchase Agreement by delivery of the property on time, this will undermine Guiyang Ding Tian Investment Consultancy Limited's application of title certificate for the property and will also undermine Guiyang Ding Tian Investment Consultancy Limited's benefits over the property. However, Guiyang Ding Tian Investment Consultancy Limited's title to the property would not be affected if the aforesaid Commodity Property Sales and Purchase Agreement has been registered in the Guiyang Property Administration Bureau. When Guiyang Ding Tian Investment Consultancy Limited pay off the purchase consideration in accordance with the Commodity Property Sales and Purchase Agreement, there shall be no change in the property title;

vi. Based on the information provided by Guiyang Zhong Yu Real Estate Development Company Limited and after being verified by the PRC Lawyer in the Guiyang Urban Housing and City and Urban Construction Bureau (貴陽市住房和城鄉建設局), Guiyang Zhong Yu Real Estate Development Company Limited has already obtained Pre-sale Permit from the Government and this implies that all construction applications and information for the initial development stage of the project has been examined to the satisfaction of the Government. On the basis that Guiyang Zhong Yu Real Estate Development Company Limited are not acting outlaw in other aspects and commits to complete the construction of the property, there shall be no legal impediment for the property to complete construction work completion registration and Guiyang Zhong Yu Real Estate Development Company Limited is eligible to freely lease out, transfer, mortgage and sell the property (including both land use right and property ownership rights);

vii. According to relevant PRC laws, Guiyang Zhong Yu Real Estate Development Company Limited is legally bounded to complete construction work completion registration and Guiyang Zhong Yu Real Estate Development Company Limited does not oblige to bear any costs in associate with such registration.

viii. Guiyang Ding Tian Investment Consultancy Limited have the rights to lease out, transfer, mortgage and sell the property (including both land use right and property ownership rights);

ix. Based on the observation of the prevailing situation by the PRC lawyer and having enquired with Guiyang Zhong Yu Real Estate Development Company Limited, the general construction work completion examination for the structural construction of the property is scheduled to be completed by 30 June 2013. The overall construction work completion examination is expected to be completed by end of this year;

x. According to relevant PRC law, the land appreciation tax arising from the property transaction shall borne by the developer (seller), i.e. Guiyang Zhong Yu Real Estate Development Company Limited;

xi. Upon completing construction work completion examination and due to the mutual agreement of both parties, Guiyang Zhong Yu Real Estate Development Company Limited is eligible to hand over the property to Guiyang Ding Tian Investment Consultancy Limited. After receiving the property, Guiyang Ding Tian Investment Consultancy Limited would be entitled to the legal rights as stipulated in the aforesaid Commodity Property Sales and Purchase Agreement and become the legal owner of the property. Upon completion of the construction work completion registration procedures, Guiyang Ding Tian Investment Consultancy Limited is eligible to apply for the issue of title certificate and shall have the rights to occupy, use and disposed of the property;

xii. As at the date of the PRC legal opinion, the property was subject to mortgage in favour of China Construction Bank – Guiyang Chengbei Sub-branch (中國建設銀行股份有限公司貴陽市城北支行);

xiii. Guiyang Zhong Yu Real Estate Development Company Limited and Guiyang Ding Tian Investment Consultancy Limited entered into a Memorandum on 20 May 2013, by virtue of which Guiyang Zhong Yu Real Estate Development Company Limited shall discharge the bank mortgage registration before the handover of the property to Guiyang Ding Tian Investment Consultancy Limited and guaranteed that the property shall be free from any mortgage registration on the handover date; and

xiv. Guiyang Zhong Yu Real Estate Development Company Limited has obtained Construction Land Use Planning Permit, Planning Permit of Construction Works and Construction Works Commencement Permit of the property. As verified by the PRC Lawyer, all the aforesaid documents are genuine, legal and valid.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

Interests of Directors

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of part XV of the SFO) which are required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he is taken or deemed to have under such provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuer were as follows:

Name of Director	Nature of interests	Number of Shares (Long position)	Percentage of shareholding (approximate)
Ip Cheng Kuong	Interest in controlled corporation	74,280,000	3.90%

Saved as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had any interest or short position in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of part XV of the SFO) which are required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he is taken or deemed to have under such provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuer.

As at the Latest Practicable Date, Mr. Ip Cheng Kuong, an executive Director and chairman of the Company, is the chairman of Global Zone International Limited, a company which had interest in the Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, there is no existing or proposed service contract between any of the Directors and any member of the Enlarged Group other than service contracts that are expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

4. INTERESTS IN CONTRACT OR ARRANGMENT

None of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Enlarged Group which was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Enlarged Group.

5. INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2012, the date to which the latest published audited financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Enlarged Group, or were proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

6. DIRECTORS' INTEREST IN COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors or any of their respective associates had any business or interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

7. LITIGATION

So far as the Directors are aware, as at the Latest Practicable Date, no member of the Enlarged Group was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against any member of the Enlarged Group.

8. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the members of the Enlarged Group within two years immediately preceding the Latest Practicable Date and which are, or may be, material to the Enlarged Group:

(a) a memorandum of understanding dated 20 May 2013 entered into between GY Zhong Yu and Target Co in respect of, inter alia, discharge of bank mortgage registration prior to the handover of the Guiyang Project;

(b) the Disposal Agreement;

(c) the Acquisition Agreement;

(d) the Pre-sale Agreement;

(e) the conditional placing agreement dated 16 August 2012 entered into between the Company as issuer and Kingston Securities Limited as placing agent (as supplemented and amended by a supplemental agreement made between the same parties on 27 August 2012) in relation to the placing of convertible redeemable notes to be issued by the Company in the aggregate principal amount of HK$120,000,000 on a fully-underwritten basis; and

(f) the conditional sale and purchase agreement dated 18 November 2011 between the Company as vendor and Intelligence International Limited as purchaser in relation to the sale and purchase of the entire issued share capital in and the assignment of the shareholder's loan in Wood Art International Corporation at an aggregate consideration of HK$100,000.

9. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2012, being the date to which the latest audited consolidated financial statements of the Group were made up.

10. QUALIFICATIONS OF EXPERTS

The following are the qualifications of the professional advisers ("Experts") who have given opinions or advice contained in this circular:

Names	Qualifications
Deloitte Touche Tohmatsu	Certified Public Accountants
Asset Appraisal Limited	Independent professional valuer
重慶瑞月永華律師事務所四川分所 (Chongqing Radiance Law Firm*)	PRC legal advisers

The letters and reports from the Experts are given as of the date of this circular for incorporation in this circular.

11. CONSENTS

Each of the Experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its reports and letters, as the case may be, and/or references to its names in the form and context in which it appears.

As at the Latest Practicable Date, none of the Experts had any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Enlarged Group.

As at the Latest Practicable Date, none of the Experts had any direct or indirect interest in any assets which have been, since 31 December 2012, the date to which the latest published audited financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Enlarged Group, or were proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

12. CORPORATE INFORMATION

(a) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The head office and principal place of business of the Company in Hong Kong is located at Unit 2807, 28th Floor, The Center, 99 Queen's Road Central, Central, Hong Kong.

(b) The branch share registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(c) The company secretary of the Company is Mr. Tang Kam Shing, Roland, who is a certified public accountant and a certified tax adviser in Hong Kong.

(d) The English text of this circular shall prevail over the Chinese text in the case of any inconsistency.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of the Company at Unit 2807, 28th Floor, The Center, 99 Queen's Road Central, Central, Hong Kong during normal business hours up to and including the date of the SGM:

(a) the Memorandum of Association and bye-laws of the Company;

(b) the material contracts referred to in the paragraph headed "Material Contracts" in this Appendix;

(c) the consent letters from the Experts referred to in the paragraph headed "Consents" in this Appendix;

(d) the accountants' report of the Target Co from Deloitte Touche Tohmatsu, the text of which is set out in Appendix II to this circular;

(e) the report from Deloitte Touche Tohmatsu on the unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix III to this circular;

(f) the review report of the Allywing Group for the period from 13 August 2010 to 31 December 2010 and for the two years ended 31 December 2012 from Deloitte Touche Tohmatsu;

(g) the report prepared by Asset Appraisal Limited, the text of which is set out in Appendix V to this circular;

(h) the annual reports of the Company for the years ended 31 December 2011 and 2012; and

(i) this circular.

中国新能源动力

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)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting ("**SGM**") of China New Energy Power Group Limited (the "**Company**") will be held at Plaza 3, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Wednesday, 17 July 2013 at 11:00 a.m. or any adjournment(s) thereof, for the purpose of considering and, if thought fit, passing with or without modification, the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. "**THAT**:

(a) the conditional sale and purchase agreement dated 9 May 2013 (the "**Disposal Agreement**", a copy of which has been produced to the meeting marked "A" and signed by the chairman of the meeting for the purpose of identification) entered into between Good Base Investments Limited ("**Good Base**"), a wholly owned subsidiary of the Company, as vendor and Billion Sino Investments Limited ("**Billion Sino**") as purchaser in relation to the sale and purchase of (i) 1 ordinary share of US$1.00 in the capital of Allywing Investments Limited ("**Allywing**") and (ii) the shareholder's loan due and owing to Good Base by Allywing as at the date of completion of the Disposal Agreement, for a consideration of RMB320,000,000 and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and

(b) any one director of the Company (the "**Director**") be and is hereby authorised for and on behalf of the Company to execute all such documents, instruments, agreements and deeds and do all such acts, matters and things as he/she may in his/her absolute discretion consider necessary, desirable or expedient for the purposes of or in connection with implementing, completing and giving effect to the Disposal Agreement and the transactions contemplated thereunder and to agree to such variations of the terms of the Disposal Agreement as he/she may in his/her absolute discretion consider necessary or desirable."

2. "**THAT**:

(a) the conditional agreement dated 9 May 2013 (the "**Acquisition Agreement**", a copy of which has been produced to the meeting marked "B" and signed by the chairman of the meeting for the purpose of identification) entered into between Win Harbour Investments Limited ("**Win Harbour**") and Prance Fortune Investments Limited ("**Prance Fortune**"), a wholly owned subsidiary of the Company, pursuant to which, Prance Fortune agreed to purchase or procure to purchase the entire equity interest in 貴陽鼎天投資咨詢有限公司 (Guiyang Ding Tian Investment Consultancy Limited*) ("**Target Co**") at an aggregate consideration of RMB69,000,000, comprising (i) the consideration of RMB1,000,000 for the sale and purchase of the entire equity interest in the Target Co under the Acquisition Agreement and (ii) the consideration of RMB68,000,000 to be paid by Target Co under a pre-sale agreement dated 1 April 2013 entered into between 貴陽中渝置地房地產開發有限公司 (Guiyang Zhong Yu Real Estate Development Company Limited*) ("**GY Zhong Yu**") as vendor and the Target Co as purchaser for the purchase of a commercial building A27 of 中渝 • 第一城 (First City, Guiyang) Plot A, and the transactions contemplated thereunder (including but not limited to the entering into of a sale and purchase agreement between GY Zhong Yu as transferor and a wholly owned subsidiary of the Company as transferee relating to the transfer of the entire equity interest of the Target Co) be and are hereby approved, confirmed and ratified; and

(b) any one director of the Company (the "**Director**") be and is hereby authorised for and on behalf of the Company to execute all such documents, instruments, agreements and deeds and do all such acts, matters and things as he/she may in his/her absolute discretion consider necessary, desirable or expedient for the purposes of or in connection to implementing, completing and giving effect to the Acquisition Agreement and the transactions contemplated thereunder and to agree to such variations of the terms of the Acquisition Agreement as he/she may in his/her absolute discretion consider necessary or desirable."

By Order of the Board
China New Energy Power Group Limited
Yeung Kwok Yu
Executive Director

Hong Kong, 27 June 2013

* *for identification purpose only*

Head Office and principal place
of business in Hong Kong:
Unit 2807, 28/F.,
The Center
99 Queen's Road Central
Central
Hong Kong

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Notes:

1. A member of the Company entitled to attend and vote at the SGM convened by the notice of SGM is entitled to appoint one proxy or more proxies to attend and, on a poll, vote instead of him at the SGM. A proxy need not be a member of the Company.

2. To be valid, a form of proxy together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof.

3. In the case of joint holders of any share of the Company, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders are present at the meeting personally or by proxy, then one of the said persons so present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof.

4. Completion and return of this accompanying form of proxy will not preclude you from attending and voting at the SGM in person should you so wish.

As at the date of this notice, the executive directors of the Company are Mr. Ip Cheng Kuong, Mr. Yeung Kwok Yu, Ms. Catherine Chen, Mr. Chiu Kong, Mr. Kwan Kam Hung, Jimmy, Mr. Wah Wang Kei, Jackie and Mr. Chen Guang Lin; the non-executive director of the Company is Mr. Wu Zhuo Tong; and the independent non-executive directors of the Company are Ms. Ma Yin Fan, Mr. Leung Hoi Ying, Mr. Yu Pan and Mr. Lee Ming Tung.