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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2013

The board of directors (the "Board") of China New Energy Power Group Limited (the "Company") is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2013.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2013

		Six months ended 30 June	
		2013	2012
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Turnover		**–**	–
Other income	*7*	**390**	610
Other gains and losses	*8*	**25,965**	102,757
Administrative expenses		**(16,877)**	(16,527)
Finance costs		**(7,442)**	(13,547)
Profit for the period	*9*	**2,036**	73,293
Other comprehensive income (expense)			
Items that will not be reclassified to profit or loss:			
Exchange differences arising on translation to presentation currency		**4,140**	(868)
Total comprehensive income for the period		**6,176**	72,425

	Notes	Six months ended 30 June **2013** ***HK$'000*** **(Unaudited)**	 2012 *HK$'000* (Unaudited)
Profit (loss) for the period attributable to:			
Owners of the Company		**4,554**	74,499
Non-controlling interests		**(2,518)**	(1,206)
		2,036	73,293
Total comprehensive income (expense) attributable to:			
Owners of the Company		**7,152**	73,824
Non-controlling interests		**(976)**	(1,399)
		6,176	72,425
			(Restated)
Earnings (loss) per share	*10*		
– basic		**HK0.239 cent**	HK4.908 cents
– diluted		**HK(0.167) cent**	HK(0.144) cent

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2013

	Notes	30.6.2013 HK$'000 (Unaudited)	31.12.2012 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment	12	**146**	3,317
Prepaid lease payments		**–**	5,113
		146	8,430
Current assets			
Properties under development		**–**	610,669
Other receivables	13	**9,185**	14,010
Deposits and prepayments		**827**	6,789
Held-for-trading investments	14	**25,321**	25,185
Bank balances and cash		**31,290**	33,265
		66,623	689,918
Assets classified as held for sale		**656,683**	–
		723,306	689,918
Current liabilities			
Other payables	15	**4,289**	42,836
Amounts due to non-controlling shareholders of subsidiaries		**–**	26,156
Other borrowings – amount due within one year		**–**	17,191
		4,289	86,183
Liabilities associated with assets classified as held for sale		**110,235**	–
		114,524	86,183
Net current assets		**608,782**	603,735
Total assets less current liabilities		**608,928**	612,165
Non-current liability			
Convertible notes		**125,281**	134,694
		483,647	477,471
Capital and reserves			
Share capital		**14,895**	14,895
Reserves		**247,434**	243,975
Amounts recognised in other comprehensive income and accumulated in equity relating to non-current assets classified as held for sale		**3,693**	–
Equity attributable to owners of the Company		**266,022**	258,870
Non-controlling interests		**217,625**	218,601
		483,647	477,471

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain derivative financial instruments, which are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2013 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012.

In the current interim period, the Group has applied, for the first time, a number of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are mandatorily effective for the current interim period.

Amendments to HKAS 1 Presentation of items of other comprehensive income

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

HKFRS 13 Fair value measurement

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for 'fair value' and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively.

The application of the other new and revised HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

The Group's operations are organised based on two business activities which are also the information regularly reported to the chief operating decision maker ("CODM"). The details of operating and reportable segments of the Group are as follows:

– Investments in securities – trading of securities

– Property – property development of properties held for sale and property investment

In the current interim period, the CODM has redefined the property business segment to include property investment as one of its principal business activity and renamed this segment as "Property" from "Property development". As discussed in notes 6(b), during the current interim period, the Group has entered into an agreement to dispose of its property development project in the PRC and an agreement to acquire a property that expected to be held by the Group as an investment property for rental purpose. The Group will continue to engage in the property business and operation in the People's Republic of China, hence, in the opinion of the directors, the disposal of the property development project does not constitute a discontinued operation.

The following is an analysis of the Group's revenue and results by reportable and operating segments:

Six months ended 30 June 2013

	Investment in securities *HK$'000*	**Property** *HK$'000*	**Total** *HK$'000*
TURNOVER			
External sales	**–**	**–**	**–**
SEGMENT RESULT	**(1,225)**	**(6,295)**	**(7,520)**
Unallocated corporate income			**317**
Unallocated corporate expenses			**(10,506)**
Other gains and losses			**27,187**
Finance costs			**(7,442)**
Profit for the period			**2,036**

Six months ended 30 June 2012

	Investment in securities *HK$'000*	Property *HK$'000*	Total *HK$'000*
TURNOVER			
External sales	–	–	–
SEGMENT RESULT	(12,343)	(3,016)	(15,359)
Unallocated corporate income			563
Unallocated corporate expenses			(13,433)
Other gains and losses			115,069
Finance costs			(13,547)
Profit for the period			73,293

Segment result represents loss or profit from each segment without allocation of interest income, central administrative costs, directors' emoluments, finance costs and other gains and losses excluding loss from held-for-trading investments, which is included in the investment in securities segment result. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

4. RESULTS FOR THE PERIOD

The principal activities of the Group during the current interim period are investment in securities and property business. Both of which are not affected by seasonal or cyclical factors for its operations.

5. TAXATION

No provision for Hong Kong Profits Tax is made as the Company and its subsidiaries incorporated in Hong Kong have no assessable profits for both periods presented.

No provision for the PRC Enterprise Income Tax has been made as those subsidiaries established in the PRC have no assessable profits for both periods presented.

6. DISPOSAL OF SUBSIDIARIES/DISPOSAL GROUP HELD FOR SALE

(a) Disposal of Max Plan Investments Limited ("Max Plan") and its subsidiary (collectively referred to as the "Max Plan Group")

On 26 March 2013, Fair Power Capital Limited, a wholly-owned subsidiary of the Company which has been inactive, entered into an agreement with an independent third party to dispose all of its entire interests in Max Plan and assignment of shareholders' loan at total cash consideration of US$850,000 (approximately HK$6,630,000). The disposal was approved by the board of directors of the Company and completed on the same date.

The gain for the period from disposal of Max Plan Group is analysed as follows:

	1.1.2013 to 26.3.2013 ***HK$'000***
Gain on disposal of subsidiaries	**4,874**

Analysis of assets and liabilities of the Max Plan Group at the date of disposal were as follows:

	HK$'000
Property, plant and equipment	**1,708**
Prepaid lease payments	**5,278**
Other debtors and prepayments	**5,861**
Bank balances and cash	**61**
Other payables	**(5,471)**
Amount due to former director	**(5,681)**
Amount due to immediate holding company	**(6,335)**
Net liabilities disposed of	**(4,579)**

	HK$'000
Gain on disposal of subsidiaries:	
Cash consideration received	**6,630**
Net liabilities disposed of	**4,579**
Assignment of amount due to immediate holding company	**(6,335)**
Gain on disposal	**4,874**
Net cash inflow arising on disposal:	
Cash consideration received	**6,630**
Less: Cash and cash equivalent disposed of	**(61)**
	6,569

During the period from 1 January 2013 to 26 March 2013, the Max Plan Group had no contribution to the Group's cash flows.

(b) On 9 May 2013, Good Base Investments Limited ("Good Base"), a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement with Billion Sino Investments Limited ("Billion Sino"), being an independent third party to the Group, to dispose of its entire interests in its wholly owned subsidiary Allywing Investments Limited ("Allywing") and its subsidiary (collectively referred as the "Allywing Group") and the assignment of shareholder's loan (amounted to HK$71,387,000 as at 30 June 2013) in Allywing owing to Good Base at an aggregated cash consideration of RMB320,000,000 (equivalent to approximately HK$400,000,000). Xi'an Yuansheng Enterprises Limited is 60% owned subsidiary of Allywing which holds the Group's property development project. The disposal was subsequently approved by the shareholders of the Company on 17 July 2013 and expected to complete before the end of September 2013. The assets and liabilities attributable to the Allywing Group have been classified as disposal group held for sale and are presented separately in the condensed consolidated statement of financial position at 30 June 2013. The property development project is included in the Group's property business activity for segment reporting purposes. The net proceeds of disposal are expected to exceed the net carrying amount of the relevant assets and liabilities and accordingly, no impairment loss has been recognised.

The major classes of assets and liabilities of the Allywing Group as at 30 June 2013 are as follows:

	HK$'000
Property, plant and equipment	1,085
Property under development	641,334
Other receivables	1,139
Deposits and prepayments	1,272
Bank balances and cash	11,853
Total assets classified as held for sale	656,683
Other payables	53,281
Amount due to a non-controlling shareholder of a subsidiary	56,954
Total liabilities classified held for sale	110,235

An amount of HK$3,693,000 relating to the disposal group classified as held for sale has been recognised in other comprehensive income and accumulated in equity.

(c) Disposal of TGT Holdings Corporation ("TGT") and other subsidiaries

On 31 January 2012, the Group entered into an agreement with Barstow Holdings Limited ("Barstow"), a company incorporated in the British Virgin Islands, to dispose all of its entire interests in Ta Fu Strategic Investment Limited, TGT and its subsidiaries, Fulbond Business Services Limited and Fulbond Digital Systems Limited (collectively known as the "TGT Group").

Barstow is an independent third party of the Group. The disposal was approved by the board of directors of the Company and completed on 31 January 2012. Total consideration for the 2012 Disposal was HK$35 in cash.

The profit for the period from disposal of TGT Group is analysed as follows:

	1.1.2012 to 31.1.2012 *HK$'000*
Gain on disposal of subsidiaries	24,215

Analysis of assets and liabilities of the TGT Group at the date of disposal were as follows:

	31.1.2012
	HK$'000
Other debtors and prepayments	735
Other payables	(18,221)
Amounts due to the Company	(605,832)
Amount due to the fellow subsidiaries	(8,856)
Amounts due to non-controlling shareholders of subsidiaries	(7,490)
Net liabilities disposed of	(639,664)
Less: Non-controlling interests	761
	(638,903)
Gain on disposal of subsidiaries:	
Consideration received	–
Net liabilities disposed of	638,903
Assignment to Barstow of amounts due to the Company	(605,832)
Assignment to Barstow of amounts due to the Company's subsidiaries	(8,856)
Gain on disposal	24,215

During the period from 1 January 2012 to 31 January 2012, the TGT Group had no contribution to the Group's cash flows.

7. OTHER INCOME

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
Interest income	**390**	561
Others	**–**	49
	390	610

8. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
Change in fair value of held-for-trading investments	**(1,222)**	(12,312)
Gain on disposal of subsidiaries *(Note 6)*	**4,874**	24,215
Net gain on fair value change of derivative financial instruments	**16,855**	90,854
Write-back of other payables *(Note)*	**5,458**	–
	25,965	102,757

Note: According to the deed of settlement entered into among the Company and its creditors, the payment made by the Group in prior year in relation to certain debts owed by a subsidiary to the creditors should be the full and final settlement of all claims and demands and the creditors shall release and discharge the Group from any and all liability howsoever arising thereunder. As such, the Group wrote back the debts remain due and owing to the creditors during the current interim period.

9. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
Profit for the period has been arrived at after charging:		
Release of prepaid lease payments	**–**	49
Depreciation of property, plant and equipment	**555**	528
Interest expense on convertible notes	**7,442**	13,271

10. EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (loss) per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
Earnings (loss):		
Earnings for the purpose of basic earnings per share	**4,554**	74,499
Effect of dilutive potential ordinary shares:		
– Interest on convertible notes	**7,442**	13,271
– Net gain on derivative financial instruments	**(16,855)**	(90,854)
Loss for the purpose of diluted loss per share	**(4,859)**	(3,084)

	Six months ended 30 June	
	2013	2012
		(restated)
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,906,073,250**	1,517,302,758
Effect of dilutive potential ordinary shares in respect of convertible notes	**1,000,000,000**	615,906,594
Weighted average number of ordinary shares for the purpose of diluted loss per share	**2,906,073,250**	2,133,209,352

The weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings (loss) per share for the period ended 30 June 2013 have been retrospectively adjusted for the effect of share consolidation completed on 12 October 2012.

11. DIVIDEND

No dividends were paid, declared or proposed during the interim period. The directors of the Company have determined that no dividend will be paid in respect of the current interim period.

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2013, the Group spent approximately HK$83,000 (six months ended 30 June 2012: HK$190,000) on acquisitions of property, plant and equipment.

13. OTHER RECEIVABLES

The following is an analysis of other receivables at the end of the reporting period:

	30.6.2013	31.12.2012
	HK$'000	*HK$'000*
Other receivables	**237**	656
Consideration receivable for disposal of food processing and distribution operation in prior year	**8,948**	13,354
	9,185	14,010

14. HELD-FOR-TRADING INVESTMENTS

	30.6.2013	31.12.2012
	HK$'000	*HK$'000*
Held-for-trading investments include:		
Equity securities listed in Hong Kong	**25,321**	25,185

The fair value of the financial assets at FVTPL is determined based on the quoted market prices.

15. OTHER PAYABLES

The following is an analysis of trade and other payables at the end of the reporting period:

	30.6.2013	31.12.2012
	HK$'000	*HK$'000*
Amount due to former director of a subsidiary	**–**	5,512
Accrued expenses	**2,718**	2,341
Accrued costs for construction work	**–**	25,121
Other payables	**1,571**	9,862
	4,289	42,836

INTERIM DIVIDEND

The Board did not recommend the payment of interim dividend in respect of the six months ended 30 June 2013 (six months ended 30 June 2012: Nil). Accordingly, no closure of register of members of the Company is proposed.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

Revenue

In the first half of year 2013, the Group did not record any revenue (1.1.2012 to 30.6.2012: Nil) as the property development project of the Group is still in a construction stage. As such, no cost of sales and gross profit or loss was recorded for the reporting period (1.1.2012 to 30.6.2012: Nil).

Segmental Results

Property development business

There was no revenue generated from the operation of property development for the reporting period (1.1.2012 to 30.6.2012: Nil) and its segmental result suffered a loss of approximately HK$6.30 million (1.1.2012 to 30.6.2012: loss of approximately HK$3.02 million).

Investment in securities business

There was no revenue generated from the operation of investment in securities for the reporting period (1.1.2012 to 30.6.2012: Nil) and its segmental loss was approximately HK$1.23 million (1.1.2012 to 30.6.2012: loss of approximately HK$12.34 million).

Cost of Sales

As there was no revenue recorded in the period under review, no cost of sales was therefore recorded (1.1.2012 to 30.6.2012: Nil).

Gross Profit or Loss

As the property development project is still in a construction stage, neither gross profit nor gross loss arose in the reporting period (1.1.2012 to 30.6.2012: Nil).

Other Income

The Group's other income for the reporting period decreased to approximately HK$0.39 million from approximately HK$0.61 million for the corresponding period in 2012.

Other Gains and Losses

Other gains of the Group amounted to approximately HK$25.97 million for the reporting period (1.1.2012 to 30.6.2012: approximately HK$102.76 million). The gains mainly consisted of the net gain on fair value change of derivative financial instruments of approximately HK$16.86 million (1.1.2012 to 30.6.2012: approximately HK$90.85 million).

Selling and Distribution Costs

No selling and distribution costs was incurred by the Group for the reporting period (1.1.2012 to 30.6.2012: Nil).

Administrative Expenses

The Group's administrative expenses for the reporting period increased to approximately HK$16.88 million from approximately HK$16.53 million in the corresponding period in 2012. The slight increase was mainly due to pre-promotion expenses incurred in the property development project. Nevertheless administrative expenses incurred by other parts of the Group was reduced when compared with that in 2012.

Finance Costs

The Group's finance costs for the reporting period decreased to approximately HK$7.44 million from approximately HK$13.55 million in the corresponding period in 2012. The change was due to the decrease in imputed interests calculated on an average lower amount of convertible notes during the reporting period than in the corresponding period last year.

Profit for the Period and Earnings/Loss Per Share

The Group's profit attributable to owners of the Company for the reporting period was approximately HK$4.55 million (1.1.2012 to 30.6.2012: approximately HK$74.50 million). The decrease was mainly due to the change in net gain on fair value change of the derivative financial instruments. Basic earnings per share of the Group was HK0.239 cent per share for the six months ended 30 June 2013 (1.1.2012 to 30.6.2012: HK4.908 cents per share). Meanwhile, diluted loss per share was HK0.167 cent per share for the six months ended 30 June 2013 (1.1.2012 to 30.6.2012: HK0.144 cent per share).

BUSINESS REVIEW

During the period under review, the businesses and operations of the Group were property business and investment in securities business.

As the property development project is still in construction stage, no revenue was recorded during the reporting period. The Group effectively controlled the administrative expenses as well as managed its financial position. During the reporting period, the Group closely monitored the progress of its property development project and the measures implemented by the PRC Government on the property development markets.

Property business

According to the existing development plan, the Group will develop the site owned by a 60% owned PRC subsidiary of the Company at Xi'an City, PRC (the "Site") as an area which consists of luxury residential buildings and commercial buildings by several phases.

Major construction works for Phase 1 of the property development project had only started last year. As a result, the Group did not record any revenue from the property development business for the reporting period but a loss of approximately HK$6.30 million (1.1.2012 to 30.6.2012: loss of approximately HK$3.02 million).

Investment in securities business

No revenue was generated from the operation of investment in securities for the reporting period and its segmental loss of approximately HK$1.23 million (1.1.2012 to 30.6.2012: loss of approximately HK$12.34 million) was due to the loss on change in fair value of held-for-trading investments.

Very Substantial Disposal and Major Acquisition

Very Substantial Disposal

On 9 May 2013, Good Base Investments Limited ("Good Base"), a wholly owned subsidiary of the Company, entered into a conditional sale and purchase agreement with Billion Sino Investments Limited ("Billion Sino''), being an independent third party to the Group (the "Disposal Agreement"), for the disposal of its entire interests in Allywing Investments Limited ("Allywing") and its subsidiary (collectively referred as the "Allywing Group") and the assignment of the entire amount of the shareholder's loan owed by Allywing to Good Base at an aggregated cash consideration of RMB320,000,000 (the "Disposal"). Allywing is a wholly owned subsidiary of the Company, which holds 60% of the entire equity interest in 西安遠聲實業有限公司 (Xi'an Yuansheng Enterprises Limited*) ("Xi'an Yuansheng"). Xi'an Yuansheng holds the Group's property development project in Xi'an City and the Site.

* *For identification purpose only*

Major Acquisition

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"), an independent third party to the Group (the "Acquisition Agreement"), pursuant to which, Prance Fortune has conditionally agreed to purchase or procure to purchase the entire equity interest in 貴陽鼎天投資諮詢有限公司 (Guiyang Ding Tian Investment Consultancy Limited*) (the "Guiyang Ding Tian") at the aggregate of (i) the consideration of RMB1,000,000 for the entire equity interest in Guiyang Ding Tian under the Acquisition Agreement and (ii) the consideration of RMB68,000,000 to be paid under the Pre-sale Agreement (as defined below) (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, which is principally involved in properties investment and management and indirectly wholly owned by Win Harbour, which is principally engaged in investment holding, 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. 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 while GY Zhong Yu shall deliver the Guiyang Project to Guiyang Ding Tian before 31 December 2013.

The Disposal and the Acquisition constitute a very substantial disposal and a major transaction respectively for the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and are therefore subject to reporting, announcement, circular and approval by the shareholders of the Company (the "Shareholders") requirements under the Listing Rules. These transactions were approved by the Shareholders at the special general meeting of the Company held on 17 July 2013. Details of the transactions were disclosed in the Company's announcements dated 9 May 2013, 31 May 2013, 24 June 2013 and 17 July 2013, and the circular dated 27 June 2013.

FUTURE PROSPECTS

For property business, we anticipate the property investment subsequent to completion of the Acquisition will make contribution to the Group's revenue in 2014.

Although the operating environment for property business remains challenging, we are positive and cautiously optimistic for the long term performance of property business including both property investment and property development. Therefore the Group will keep on looking for attractive investment and acquisition opportunities including but not limited to property development project in order to enhance the Group's profitability and to maximize our shareholders' value.

* *For identification purpose only*

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2013, the Group's bank balances and cash was approximately HK$43.14 million (31 December 2012: approximately HK$33.27 million), representing an increase of 29.67%. There was no bank and other borrowings as at the end of the reporting period (31 December 2012: approximately HK$17.19 million).

As at 30 June 2013, the current ratio (current assets/current liabilities) was 6.32 times (31 December 2012: 8.01 times) and the net current assets amounted to approximately HK$608.78 million (31 December 2012: approximately HK$603.74 million).

During the reporting period, net cash used in operating activities was approximately HK$22.20 million and the net cash generated from investing activities was approximately HK$11.28 million. The net cash generated from financing activities was approximately HK$13.76 million. As a result, the net increase in cash and cash equivalents during the reporting period was approximately HK$2.84 million.

No issuance and redemption of Convertible Notes

There was no issuance and redemption of convertible notes during the reporting period. All operations of the Group were financed by funds generated internally.

RELATED PARTIES TRANSACTION

Reference is made to the announcement of the Company dated 29 November 2010 and the circular dated 20 December 2010, on 29 November 2010, Allywing entered into a management agreement (the "Management Agreement") with Harvest Day Limited ("Harvest Day"), a company of which 60% issued share capital is held by a sister of Mr. Zhang Xi, the former joint chairman and executive director of the Company, who resigned with effect from 21 May 2012. Pursuant to the Management Agreement, Harvest Day would provide management and consultancy services to Allywing in connection with the development of the Site. Allywing would pay to Harvest Day an inclusive management fee of HK$50,000,000 by 3 installments. The resolution approving the Management Agreement and the annual caps of management fee payable to Harvest Day was passed at the special general meeting of the Company held on 6 January 2011. The first installment of HK$23,000,000 was paid on 7 January 2011 according to terms and conditions of the Management Agreement.

During the period under review, no project management fee was paid or payable under the Management Agreement.

Pursuant to the terms and conditions of the Disposal Agreement, termination of the Management Agreement is one of the conditions precedent to completion of the Disposal.

CAPITAL STRUCTURE

As at 30 June 2013, the Group's gearing ratio calculated on the basis of convertible notes, bank and other borrowings of approximately HK$125.28 million (31 December 2012: approximately HK$151.89 million) and total assets of approximately HK$723.45 million (31 December 2012: approximately HK$698.35 million), was 14.76% (31 December 2012: 17.86%).

EVENT AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the Disposal Agreement and the Acquisition Agreement were approved by the Shareholders at the special general meeting of the Company held on 17 July 2013. The Disposal and the Acquisition shall be completed upon satisfaction of certain conditions precedent as set out in the Disposal Agreement and the Acquisition Agreement respectively.

As at the date of this announcement, the Management Agreement (termination of which is one of the conditions precedent to completion of the Disposal) has been terminated. In addition, the Company has received deposit payment of RMB80,000,000 from Billion Sino in accordance with the terms and conditions of the Disposal Agreement, where such payment is also one of the conditions precedent as set out in the Acquisition Agreement. With other conditions precedent to be fulfilled, it is expected that the Disposal and the Acquisition will be completed in September 2013.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND ANY RELATED HEDGES

There have been no significant changes in the Group's policy in terms of exchange rate exposure. The Group operates mainly in Hong Kong and the PRC. Most of the transactions are denominated in Hong Kong dollars ("HK$"), Renminbi ("RMB") and United States dollars ("USD"). The exchange rates of USD and RMB against HK$ are relatively stable. Hence, the Group neither anticipate any significant exchange risk exposure nor have a foreign currency hedging policy. However, management of the Group will monitor foreign exposure closely and consider the usage of hedging instruments when necessary.

PLEDGE OF ASSETS

At the end of the reporting period, no pledge of assets was made by the Group.

EMPLOYEES AND REMUNERATION POLICIES

As of 30 June 2013, the Group had approximately 67 full time management, administrative and operation staff in the PRC and Hong Kong.

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

UPDATE ON DIRECTOR'S INFORMATION

Ms. Catherine Chen resigned as an executive director, managing director, general manager, authorised representative (for the purpose of Rule 3.05 of the Listing Rules) and authorised representative for the service of process and notices under the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) of the Company and director, managing director and supervisor of certain subsidiaries of the Company with effect from 1 August 2013.

CORPORATE GOVERNANCE

The Board is committed to maintaining a high standard of corporate governance in the best interests of the Shareholders. The corporate governance principles adopted by the Company emphasized on a highly efficient board of directors, sound internal controls and the transparency and accountability to all Shareholders.

Throughout the period from 1 January 2013 to 30 June 2013, the Company has complied with the code provisions as set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Listing Rules with the exception of code provision A.2.1.

Under code provision A.2.1, the roles of the chairman and chief executive should be separated and should not be performed by the same individual. During the period under review, the Company did not name any officer with the title of "chief executive officer". Mr. Ip Cheng Kuong is the chairman of the Company ("Chairman") and Ms. Catherine Chen was the managing director of the Company ("Managing Director"). The Managing Director assumed the position of chief executive officer and was responsible for managing and smoothing the business operations of the Group while the Chairman was responsible for leading the Board in the overall strategic development of the Group.

The Chairman and the Managing Director are separate individuals with segregated roles and have no relationship with each other. The Board believes that there was an effective segregation of duties between the Chairman and the Managing Director.

Subsequent to the period under review, Ms. Catherine Chen resigned as (inter alia) an executive director and the Managing Director with effect from 1 August 2013. Thereafter, the Company has not appointed any director to fill the position of managing director. The Board has established an Investment and Management Committee (the "IMC") on 15 August 2013 to manage the operations and investment activities of the Group. The IMC also assumes functions of the chief executive officer before any individual is appointed as such.

The Board considers the above arrangement to be appropriate for the Company as it can preserve the consistent leadership culture of the Company and allow efficient discharge of the functions of the chief executive officer. The Board believes that a balance of power and authority is adequately ensured by the Board which comprises experienced and high calibre individuals, including four independent non-executive directors (the "INEDs").

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

During the reporting period, the Company has adopted a code of conduct regarding securities transactions by directors of the Company on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"). Having made specific enquiries to all directors of the Company, all of them have complied with the required standards of dealings as set out in the Model Code and the Company's own code of conduct during the reporting period.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises three INEDs, namely Ms. Ma Yin Fan, Mr. Leung Hoi Ying and Mr. Yu Pan.

During the reporting period, the Audit Committee has reviewed with management of the Company on internal controls and financial reporting matters related to the preparation of the unaudited condensed financial statements for the six months ended 30 June 2013.

REMUNERATION COMMITTEE

The remuneration committee of the Company comprises three INEDs, namely Ms. Ma Yin Fan, Mr. Leung Hoi Ying and Mr. Yu Pan.

It is primarily responsible for offering advice to the Board on the matters pertaining to the remuneration policy and remuneration structure of the directors and senior management of the Company.

NOMINATION COMMITTEE

The nomination committee of the Company (the "Nomination Committee") comprises one executive director of the Company and two INEDs, namely Mr. Yeung Kwok Yu, Mr. Leung Hoi Ying and Mr. Yu Pan.

The Nomination Committee is primarily responsible for (i) reviewing the structure, size and composition (including the skills, knowledge and experiences) of the Board on a regular basis at least annually; (ii) making recommendations to the Board regarding on any proposed changes to the Board to complement the Company's corporate strategy; (iii) identifying individuals suitably qualified to become members of the Board and select or make recommendations to the Board on the selection of individuals nominated for directorships; (iv) assessing the independence of independent non-executive directors; and (v) making recommendations to the Board on relevant matters relating to the appointment or reappointment of directors and succession planning for directors, in particular the chairman and the chief executive officer.

INVESTMENT AND MANAGEMENT COMMITTEE

The Board established the IMC on 15 August 2013. The IMC comprises two executive directors of the Company, namely Mr. Yeung Kwok Yu and Mr. Kwan Kam Hung, Jimmy.

It is primarily responsible for (i) acting as a delegate for the Board generally; (ii) making decisions and resolutions, and to exercise all powers of the Board on all matters of the Group in relation to its daily operation and investment activities; and (iii) making recommendations to the Board concerning matters of corporate significance not otherwise dealt by any other committees of the Board.

REVIEW OF ACCOUNTS

The Audit Committee has reviewed with management and the external auditor the accounting principles and practices adopted by the Group and discussed internal controls, and financial reporting matters including the review of the unaudited interim financial statements for the period under review. The external auditor has reviewed the interim financial information for the six months ended 30 June 2013 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

For the six months ended 30 June 2013, neither the Company nor any of its subsidiaries had purchased, sold, or redeemed any listed securities of the Company.

PUBLICATION OF UNAUDITED INTERIM RESULTS

This announcement will be published on the website of the Stock Exchange at www.hkex.com.hk and the Company's website at www.cnepgl.com. The interim report will be despatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

By Order of the Board of
China New Energy Power Group Limited
Kwan Kam Hung, Jimmy
Executive Director

Hong Kong, 28 August 2013

As at the date of this announcement, the executive directors of the Company are Mr. Ip Cheng Kuong, Mr. Chiu Kong, Mr. Yeung Kwok Yu, 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.