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

**中國新能源動力集團有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1041)**

### **CLARIFICATION ANNOUNCEMENT**

#### **RELATING TO THE VERY SUBSTANTIAL DISPOSAL IN RESPECT OF THE ENTIRE INTEREST IN AND THE ASSIGNMENT OF THE SHAREHOLDER'S LOAN IN WOOD ART INTERNATIONAL CORPORATION**

Reference is made to the announcement of China New Energy Power Group Limited (the "Company") dated 23 November 2011 in relation to the disposal of the entire interest in and the assignment of the shareholder's loan in Wood Art International Corporation (the "Announcement"). Unless otherwise defined, capitalized terms used herein shall have the same meanings as those defined in the Announcement.

After discussion with its auditors, the Company wishes to clarify that with reference to the unaudited financial information of the Wood Art Group as at 30 June 2011, the Group would realize a book loss of approximately HK\$16.12 million from the Disposal instead of a book gain of approximately HK\$11.50 million as disclosed in the Announcement. The book loss on disposal is calculated based on (i) deducting the net liabilities of the Wood Art Group of approximately HK\$409.25 million; (ii) assignment of shareholder's loan of approximately HK\$113.61 million of Wood Art owing to the Remaining Group; (iii) non-controlling interest of the Wood Art Group of approximately HK\$8.70 million; (iv) impairment loss on amounts due from the Wood Art Group of approximately HK\$296.80 million and an amount due from an associate of approximately HK\$3.38 million as a result of the deconsolidation of the Wood Art Group; (v) estimated legal and professional fees for this transaction of approximately HK\$3 million; and (vi) estimated gross cash proceeds of approximately HK\$100,000. The cumulative exchange translation reserve of approximately HK\$21.24 million instead of approximately HK\$25.62 million as disclosed in the Announcement would be transferred directly to accumulated deficit in equity upon the Disposal as

they are the exchange differences arising from translation of functional currency to presentation currency. In addition, the impairment loss on amount due from an associate and the estimated legal and professional fee set out in items (iv) and (v) above respectively have not been taken into consideration in the previous calculation. The actual book gain or loss derived from the Disposal would depend on the assets and liabilities of the Wood Art Group up to the date of Completion.

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

Hong Kong, 2 December 2011

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