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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)

### ANNOUNCEMENT FURTHER UPDATES ON THE VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION

The Board announces that on 20 March 2012, the Vendor, the Company, the Purchaser and the Purchaser's Guarantor entered into the Third Supplemental Deed, pursuant to which the parties thereto agreed that the Purchaser shall repay the Due Amount due to the Vendor by 2 installments on or before 30 April 2012.

Reference are made to the announcement of China New Energy Power Group Limited (the "**Company**") dated 9 December 2009, the circular of the Company dated 24 December 2009 (the "**Circular**") and the announcements of the Company dated 19 July 2011, 19 October 2011 and 6 January 2012 respectively, in relation to the very substantial disposal and connected transaction. Terms used herein shall have the same meanings as defined in the Circular unless defined otherwise.

Under the Sale and Purchase Deed, the balance of the Consideration in the sum of HK\$43,000,000 (the "**Balance of the Consideration**") shall be paid within 18 months from the date of Completion and such date of payment may be extended by a further period 3 months after expiry of such 18 months, i.e. 18 July 2011, upon the mutual agreement between the Vendor and the Purchaser in writing.

On 19 July 2011, the Vendor, the Company, the Purchaser and the Purchaser's Guarantor entered into the first supplemental deed (the "**First Supplemental Deed**") to extend the payment date of the Balance of the Consideration, pursuant to which, the sum of HK\$10,000,000, HK\$8,000,000 and HK\$25,000,000 (together with the aforesaid sum of HK\$8,000,000, collectively, the "**Outstanding Amount**") shall be paid on or before 18 July 2011, 18 August 2011 and 18 October 2011 respectively and that the Purchaser shall be liable to pay the Vendor interest on the Outstanding Amount at the rate of 6% per annum calculated on a daily basis (based on a 365 days' year period) from 19 July 2011 to the date of payment and that the Purchaser shall pay interest on a monthly basis on the business day immediately preceding the 18th day of each month.

As at 19 October 2011, the Purchaser has paid in aggregate the sum of HK\$18,000,000 together with the relevant interest accrued thereon in accordance with the First Supplemental Deed, but the Purchaser has failed to pay the Vendor the last installment in the sum of HK\$25,000,000 under the First Supplemental Deed (the “**Remaining Amount**”). The Vendor has made repeated demands against the Purchaser and the Guarantor for the payment of the Remaining Amount together with the interest accrued thereon. As at 5 January 2012, the Purchaser has paid the interest accrued on the Remaining Amount up to 27 December 2011.

On 5 January 2012, the Vendor, the Company, the Purchaser and the Purchaser’s Guarantor entered into the second supplemental deed (the “**Second Supplemental Deed**” together with the Sale and Purchase Deed and the First Supplemental Deed, the “**SP Deed**”) have agreed that the Purchaser shall repay the Remaining Amount due to the Vendor with date(s) falling on or before 20 March 2012, of which the sum of HK\$2,500,000, HK\$10,000,000 and HK\$12,500,000 shall be paid on or before 5 January 2012, 20 January 2012 and 20 March 2012 respectively and that the Purchaser shall be liable to pay the Vendor interest on the Remaining Amount at the rate of 6% per annum calculated on a daily basis (based on a 365 days’ year period) from 28 December 2011 to the date of payment and that the Purchaser shall pay interest on a monthly basis on the business day immediately preceding the 18th day of each month.

As at 20 March 2012, the Purchaser has paid in aggregate the sum of HK\$6,000,000 and the relevant interest accrued on the Remaining Amount up to and including 20 March 2012 in accordance with the Second Supplemental Deed, but the Purchaser has failed to pay the Vendor the sum of HK\$19,000,000 under the Second Supplemental Deed (the “**Due Amount**”).

At the request of the Purchaser, each of the Vendor, the Company, the Purchaser and the Purchaser’s Guarantor entered into the third supplemental deed (the “**Third Supplemental Deed**”) on 20 March 2012, pursuant to which the parties thereto have agreed that the Purchaser shall repay the Due Amount due to the Vendor with date(s) falling on or before 30 April 2012, of which a sum of HK\$6,000,000 shall be paid on or before 30 March 2012 and the remaining balance of HK\$13,000,000 shall be paid on or before 30 April 2012. The parties thereto further agree that the Purchaser shall be liable to pay the Vendor interest on the Due Amount at the rate of 6% per annum calculated on a daily basis (based on a 365 days’ year period) from 21 March 2012 to the date of payment and that the Purchaser shall pay interest on a monthly basis on the business day immediately preceding the 18th day of each month. Upon or at any time after the occurrence of any non-payment of the Due Amount and/or the interests accrued thereon, the Vendor may by written notice to the Purchaser declare that all or part of the Due Amount, together with accrued interest and all other amounts accrued or outstanding under the Transaction Documents (as hereinafter defined) be immediately due and payable, whereupon they shall become immediately due and payable.

The parties thereto also agree that the Third Supplemental Deed shall supplement and modify the SP Deed and the Promissory Note dated 19 January 2010 as supplemented and modified by the First Supplemental Deed and the Second Supplemental Deed (the “**Amended Promissory Note**”) subject to and in accordance with the terms and conditions thereof and that, save where modified by the Third Supplemental Deed, the SP Deed (including but not limiting to the guarantee by the Purchaser’s Guarantor under the SP Deed), the Amended Promissory Note, the Deed of Charge executed by the Purchaser on 19 January 2010 to create a charge over the Sale Shares in favour of the Vendor (the Deed of Charge, together with the SP Deed, the Amended Promissory Note and the Third Supplemental Deed, collectively “**Transaction Documents**”) and the respective terms and conditions thereunder shall remain valid and binding and in full force and effect in all respects.

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

Hong Kong, 22 March 2012

*As at the date of this announcement, the executive directors of the Company are Mr. Zhang Xi, Mr. Ip Cheng Kuong, Ms. Catherine Chen, Mr. Chiu Kong, Mr. Yeung Kwok Yu, Mr. 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 of the Company are Ms. Ma Yin Fan, Mr. Leung Hoi Ying and Mr. Yu Pan.*