

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

MAJOR AND CONNECTED TRANSACTION

Financial Adviser to the Company



The Board is pleased to announce that on 21 September 2015 (after trading hours), the Purchaser (being a wholly-owned subsidiary of the Company) and the Vendor entered into the Agreement, pursuant to which the Purchaser has conditionally agreed to acquire for and the Vendor has conditionally agreed to dispose of the Sale Shares at the Consideration of HK\$16,000,000 to be settled by way of cash.

As one of the relevant applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification, announcement and shareholders' approval requirements under the Listing Rules.

The Vendor is a company duly incorporated in Hong Kong and is wholly owned by Mr. Wen. Mr. Wen, being the uncle of Mr. Wu Xiaolin, the chief executive officer and executive Director of the Company, is a connected person of the Company pursuant to Rule 14A.07(6) and Rule 14A.21(1) of the Listing Rules. In addition, Mr. Wen Wenfeng, an executive Director, is also the sole director of the Vendor. Accordingly, the Vendor is regarded as a connected person of the Company, and the Acquisition also constitutes a connected transaction for the Company and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee, comprising all of the independent non-executive Directors, namely, Mr. Zeng Zhaolin, Dr. Loke Yu (alias Loke Hoi Lam) and Mr. Tse Long, has been established to advise the Independent Shareholders in respect of the Acquisition. The Company has appointed Proton Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition.

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder.

A circular containing, amongst others, (i) further details of the Agreement and the transactions contemplated thereunder; (ii) the recommendation from the Independent Board Committee in respect of the Acquisition; (iii) the advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders regarding the Acquisition; (iv) the information of the Target Company; and (v) the notice of the SGM will be despatched to the Shareholders on or before 14 October 2015.

BACKGROUND

The Board is pleased to announce that on 21 September 2015 (after trading hours), the Purchaser (being a wholly-owned subsidiary of the Company) and the Vendor entered into the Agreement, pursuant to which the Purchaser has conditionally agreed to acquire for and the Vendor has conditionally agreed to dispose of the Sale Shares at the Consideration of HK\$16,000,000 to be settled by way of cash.

THE ACQUISITION

Set out below are the principal terms of the Agreement:

Date

21 September 2015

Parties involved

Purchaser

Prominent Fortune Investments Limited, a wholly-owned subsidiary of the Company

Vendor

SZ Enterprise Union Financial Group Limited

The Vendor is an investment holding company duly incorporated in Hong Kong and is wholly owned by Mr. Wen.

Subject matter

Pursuant to the Agreement, the Purchaser has conditionally agreed to acquire for and the Vendor has conditionally agreed to dispose of the Sale Shares, representing the entire issued share capital of the Target Company.

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and its financial results will be consolidated into the financial results of the Group.

The Consideration

The Consideration is HK\$16,000,000 and shall be payable by the Purchaser by way of cash. The Consideration shall be paid by the Purchaser to the Vendor (a) as to HK\$8,000,000 within seven business days after the date of the Agreement; and (b) as to the balance, being HK\$8,000,000, within seven business days after Completion. If Completion does not take place on or before the Long Stop Date, the Vendor shall return all sums received by it under the Agreement to the Purchaser (without interest) within three business days from the Long Stop Date.

The Consideration was arrived at after arm's length negotiations between the Purchaser and the Vendor after taking into account of (i) the original acquisition cost of the Target Company incurred by the Vendor, which amounted to approximately HK\$16.90 million; (ii) the Target Company's net asset value of approximately HK\$11.66 million as at 31 August 2015; and (iii) the prospects of the Target Company.

The Consideration will be funded by the internal resources of the Group.

Conditions precedent

Completion is conditional upon each of the following conditions precedent being satisfied:

- (a) the passing of an ordinary resolution of the Company at a general meeting approving the Agreement and the transactions contemplated thereunder, including without limitation the Acquisition, by the Independent Shareholders;
- (b) the Purchaser having received formal approval in writing from the SFC to become a substantial shareholder of the Company in place of the Vendor and confirming that such change of substantial shareholder will not affect the effectiveness or validity of the licence (Type 1 (dealing in securities)) held by the Target Company;
- (c) all necessary approvals of the Vendor having been obtained to permit the entry into and implementation of the Agreement in the manner described in or contemplated by the Agreement; and
- (d) all the warranties given by the Vendor under the Agreement being true and correct in every material aspects and remaining so from the date of the Agreement until and including Completion and there is no breach by the Vendor of any of its obligations under the Agreement.

None of the above conditions are capable of being waived. If the above conditions have not been satisfied on or before the Long Stop Date, the Agreement shall cease and neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

Completion

Upon compliance with or fulfilment of all the conditions precedent set out above, Completion shall take place on the Completion Date or at such other time as the Vendor and the Purchaser may agree in writing.

INFORMATION ON THE TARGET COMPANY

The Target Company

The Target Company was incorporated in Hong Kong on 28 March 1980 with limited liability and is a licensed corporation to carry out Type 1 (dealing in securities) regulated activities under the SFO. Principal businesses of the Target Company include brokerage services, underwriting and placing services. As at the date of this announcement, the Target Company is wholly owned by the Vendor.

Financial information of the Target Company

Set out below is the unaudited financial information of the Target Company for the two years ended 31 March 2015 and the five months ended 31 August 2015 prepared in accordance with the Hong Kong Financial Reporting Standards:

	For the five months ended 31 August 2015	For the year ended 31 March 2015	For the year ended 31 March 2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	4,014	2,909	2,872
Profit/(loss) before tax	580	(2,893)	(3,732)
Profit/(loss) after tax	580	(2,893)	(3,732)

As at 31 August 2015, the net assets value of the Target Company was approximately HK\$11.66 million.

REASONS FOR THE ACQUISITION

The Group is principally engaged in the property business and investment in securities business in Hong Kong and PRC.

In January 2015, the Board announced that the Group intended to develop new business of environmental protection and renewable energy, including provision of environmental protection services, developing new renewable energy and supply chain management of various products. Subsequently in February 2015, the Group commenced its operation of supply chain management business. Nevertheless, the Board has no current intention to develop the new business of environmental protection and renewable energy. The Group is dedicating its efforts to the development of its existing businesses and other potential projects with a view to providing steady returns as well as fruitful growth for its shareholders.

With reference to the HKEx Fact Book – 2014, in 2014, the Stock Exchange markets continued to show signs of growth in multiple dimensions amid buoyant primary market activities. The total market capitalisation of the securities market (including the Main Board and the Growth Enterprise Market of the Stock Exchange) at the end of 2014 was approximately HK\$25,071.8 billion, approximately 4% higher than that at the year-end 2013. The highest single-day turnover in the securities market in 2014 was approximately HK\$148.3 billion on 5 December 2014 while the lowest level was approximately HK\$39.7 billion on 26 May 2014 (compared to the high of approximately HK\$128.4 billion and low of approximately HK\$38.6 billion in the previous year). Furthermore, with reference to the HKEx Securities and Derivatives Markets Quarterly Report (second quarter 2015), the aggregate total equity turnover was approximately HK\$10,366 billion during the first half of 2015, representing an increase of approximately 75% as compared to the same in the corresponding period of 2014.

For the above reasons, the Board considers that the Acquisition would enable the Group to expand its source of revenue to the securities business and diversify the Group's revenue base. Accordingly, the Directors (other than members of the Independent Board Committee who will give their opinion after considering the recommendation from the independent financial adviser) are of the view that the Acquisition would be in the interests of the Company and the Shareholders as a whole and the terms of the Agreement are fair and reasonable and on normal commercial terms.

LISTING RULES IMPLICATION

As one of the relevant applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification, announcement and shareholders' approval requirements under the Listing Rules.

The Vendor is a company duly incorporated in Hong Kong and is wholly owned by Mr. Wen. Mr. Wen, being the uncle of Mr. Wu Xiaolin, the chief executive officer and executive Director of the Company, is a connected person of the Company pursuant to Rule 14A.07(6) and Rule 14A.21(1) of the Listing Rules. In addition, Mr. Wen Wenfeng, an executive Director, is also the sole director of the Vendor. Accordingly, the Vendor is regarded as a connected person of the Company, and the Acquisition also constitutes a connected transaction for the Company and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

The Independent Board Committee, comprising all of the independent non-executive Directors, namely, Mr. Zeng Zhaolin, Dr. Loke Yu (alias Loke Hoi Lam) and Mr. Tse Long, has been established to advise the Independent Shareholders in respect of the Acquisition. The Company has appointed Proton Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition.

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder.

A circular containing, amongst others, (i) further details of the Agreement and the transactions contemplated thereunder; (ii) the recommendation from the Independent Board Committee in respect of the Acquisition; (iii) the advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders regarding the Acquisition; (iv) the information of the Target Company; and (v) the notice of the SGM will be despatched to the Shareholders on or before 14 October 2015.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Acquisition”	the acquisition of the Sale Shares pursuant to the Agreement
“Agreement”	the agreement dated 21 September 2015 entered into among the Purchaser and the Vendor in relation to the Acquisition
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Company”	China New Energy Power Group Limited (中國新能源動力集團有限公司), a limited liability company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Acquisition
“Completion Date”	date of the Completion
“connected person(s)”	has the meaning ascribed to it under the Listing Rules and the word “connected” shall be construed accordingly
“Consideration”	the consideration of HK\$16,000,000 for acquisition of the Sale Shares pursuant to the Agreement

“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board which comprises Mr. Zeng Zhaolin, Dr. Loke Yu (alias Loke Hoi Lam) and Mr. Tse Long
“Independent Shareholders”	Shareholders other than those who are required under the Listing Rules to abstain from voting at the SGM
“Listing Rules”	the Rules Governing the Listing of the Securities on the Stock Exchange
“Long Stop Date”	the date which is twelve months after the date of the Agreement, or such other date as the Vendor and the Purchaser may agree in writing
“Mr. Wen”	Mr. Wen Jialong
“PRC”	the People’s Republic of China
“Purchaser”	Prominent Fortune Investments Limited, a company incorporated in the BVI with limited liability and is a wholly-owned subsidiary of the Company
“Sale Shares”	the entire issued share capital of the Target Company
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of US\$0.001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Lamtex Securities Limited (林達證券有限公司), a company incorporated in Hong Kong with limited liability and is wholly owned by the Vendor
“US\$”	United States Dollars, the lawful currency of the United States of America

“Vendor” SZ Enterprise Union Financial Group Limited (深企聯合金融集團有限公司), a company incorporated in Hong Kong with limited liability

“%” per cent.

By order of the Board
China New Energy Power Group Limited
Lam Kwok Hing Wilfred
Chairman

Hong Kong, 21 September 2015

As at the date of this announcement, the Board comprises four Executive Directors, namely Mr. Lam Kwok Hing Wilfred, JP. (Chairman), Mr. Wu Xiaolin (Chief Executive Officer), Mr. Shi Liangsheng and Mr. Wen Wenfeng; one Non-Executive Director, namely Mr. Lung Chee Ming George; and three Independent Non-Executive Directors, namely Mr. Zeng Zhaolin, Dr. Loke Yu (alias Loke Hoi Lam) and Mr. Tse Long.