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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)**

## **PLACING OF NEW SHARES UNDER THE GENERAL MANDATE**

**Placing Agent**

**ONE CHINA SECURITIES LIMITED**

On 8 January 2016 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent agreed to place as the Company's placing agent on a best effort basis the Placing Shares up to 190,614,650 new Shares at the Placing Price of HK\$0.11 per Placing Share.

The Placing Shares represent approximately 5.78% of the existing total number of issued shares of the Company as at the date of this announcement, and approximately 5.47% of the total number of issued shares of the Company as enlarged by the allotment and issue of the Placing Shares in full.

The maximum gross proceeds of the Placing will amount to HK\$20,967,611.50. The maximum net proceeds from the Placing, after deduction of the Placing commission and other related expenses, are estimated to be approximately HK\$20,263,421.

The net proceeds of the Placing are intended to be used as general working capital for existing business and for development of new business if opportunities arise.

**Completion of the Placing is subject to the satisfaction of the conditions precedent in the Placing Agreement.**

**As the Placing may or may not proceed, shareholders of the Company and potential investors are advised to exercise caution when dealing in the Shares.**

The Board is pleased to announce that on 8 January 2016 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent agreed to place as the Company's placing agent on a best effort basis the Placing Shares up to 190,614,650 new Shares at the Placing Price of HK\$0.11 per Placing Share.

## **THE PLACING AGREEMENT**

The principal terms and conditions of the Placing Agreement are as follows:

### **Date**

8 January 2016 (after trading hours)

### **Issuer**

The Company

### **Placing Agent and Fees**

One China Securities Limited. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Placing Agent and whose ultimate beneficial owners are not connected with the Company and its connected persons.

The Placing Agent will charge the Company a placing commission of 2.5% of the aggregate Placing Price for the Placing Shares actually placed by the Placing Agent. The Placing commission was negotiated on an arm's length basis between the Company and the Placing Agent, and determined with reference to, amongst other things, the market rate and the price performance of the Shares. In addition, the Company will pay a sum of HK\$80,000 to the Placing Agent as documentation fee and as reimbursement of its legal and/or other professional expenses.

### **Placees**

Pursuant to the Placing Agreement, the Placing Agent will procure the Placing Shares to be placed to not less than six Placees, who/which will be individuals, corporate, institutional investors and other investors. The Placing Agent will also use its reasonable endeavours to ensure that the Placees and their respective ultimate beneficial owners will be Independent Third Parties, and that none of the Placees will, immediately upon completion of the Placing, become a substantial shareholder of the Company.

### **Number of Placing Shares**

Up to 190,614,650 new Shares, representing (i) approximately 5.78% of the existing total number of issued shares of the Company as at the date of this announcement, and (ii) approximately 5.47% of the total number of issued shares of the Company as enlarged by the allotment and issue of the Placing Shares in full.

The aggregate nominal value of all Placing Shares amounts to US\$190,614.65.

### **Placing Price**

The Placing Price of HK\$0.11 represents:

- (i) a discount of approximately 13.39% to the closing price of HK\$0.127 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) a discount of approximately 18.40% to the average closing price of HK\$0.1348 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the Placing Agreement.

The Placing Price was determined with reference to the prevailing market price and the recent trading volume of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent.

The net issue price per Placing Share (after deduction of the Placing commission and other related expenses as described below) is approximately HK\$0.1063, assuming that the Placing is completed in full.

### **Ranking of the Placing Shares**

The Placing Shares, when allotted and issued, will rank *pari passu* in all respects with the other existing Shares in issue on the date of allotment and issue of the Placing Shares.

### **Condition of the Placing**

The Placing is conditional upon the grant by the Stock Exchange of the listing of, and permission to deal in, all of the Placing Shares having been obtained on or before 28 January 2016 (either unconditionally or subject to conditions which are reasonably acceptable to the Company).

**As the Placing may or may not proceed, shareholders of the Company and potential investors are advised to exercise caution when dealing in the Shares.**

### **Completion of the Placing**

Completion of the Placing shall take place on the third Business Day after the fulfilment of the condition of the Placing as aforesaid, or such other date as the Company and the Placing Agent may agree in writing.

## **General Mandate to issue the Placing Shares**

The Placing Shares will be allotted and issued under the General Mandate. As of the date of this Announcement, the General Mandate has been previously utilized in respect of 390,600,000 Shares, leaving an unutilized balance in respect of 190,614,650 Shares, which is equivalent to the number of Placing Shares (in full). Accordingly, the allotment and issue of the Placing Shares is not subject to the approval of the shareholders of the Company.

## **Application for listing**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

## **Termination of the Placing Agreement**

The Placing Agent may, in its reasonable opinion, after consultation with the Company, terminate the Placing Agreement by notice in writing to the Company at any time up to 8:00 a.m. on the date of completion of the Placing if:

- (i) there is any change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the Placing;
- (ii) there is any breach of the warranties, representations and undertakings given by the Company in the Placing Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Placing;
- (iii) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed;
- (iv) any statement contained in this announcement or any of the announcements and circulars issued by the Company to the Stock Exchange and/or the shareholders of the Company since the publication of the annual report of the Company for the year ended 31 December 2014, has become or been discovered to be untrue, incorrect or misleading in any material respect which in the opinion of the Placing Agent would be materially adverse in the consummation of the Placing;
- (v) there is any suspension of dealings in the Shares on the Stock Exchange for more than five consecutive Business Days (other than as a result of or in connection with the Placing); or
- (vi) any event of force majeure (being an event beyond the control of the Company and the Placing Agent and which is unforeseeable or unavoidable), including without limiting the generality of the foregoing, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out, occurs which prevents the performance of the contractual obligations of the parties under the Placing Agreement.

## **REASONS FOR THE PLACING**

The Directors (including the Independent Non-Executive Directors) are of the view that the Placing represents an opportunity to raise additional capital for the Group to enhance its capital base for developing its existing businesses and preparing itself to take up investment opportunities in the future with readily available funds, as well as to broaden its shareholders' base, which is in the interests of the Group and the shareholders of the Company as a whole.

The Directors (including the Independent Non-Executive Directors) consider that the terms of the Placing Agreement and the transactions contemplated thereunder (including the Placing), including the Placing Price and the Placing fees payable to the Placing Agent, are fair and reasonable based on the current market conditions, and are in the interests of the Group and the shareholders of the Company as a whole.

## **USE OF PROCEEDS**

The maximum gross proceeds of the Placing will amount to HK\$20,967,611.50. The maximum net proceeds from the Placing, after deduction of the Placing commission and other related expenses, are estimated to be approximately HK\$20,263,421.

The net proceeds of the Placing are intended to be used as general working capital for existing business and for development of new business if opportunities arise.

## FUND RAISING ACTIVITIES BY THE COMPANY IN THE PAST TWELVE MONTHS

Save as disclosed below, the Company has not conducted any other equity fund raising activities in the past twelve months immediately preceding the date of this announcement:

<b>Date of announcement</b>	<b>Fund raising activities</b>	<b>Net proceeds</b>	<b>Intended use of proceeds as announced</b>	<b>Actual use of proceeds</b>
17 June and 8 July 2015	Placing of 390,600,000 new Shares at HK\$0.201 per Share	Approximately HK\$77 million	General working capital of the Group, in particular, (i) approximately HK\$60 million be applied for the Group's segment of "Property – property investment"; and (ii) approximately HK\$17 million be applied for the Group's overall operating expenses.	(i) Approximately HK\$10.2 million was used as deposit for acquisition of interest in land located in China, approximately HK\$14.7 million was used for acquisition of an investment property located in Hong Kong; (ii) approximately HK\$16.1 million was applied as operating expenses of the Group; and (iii) the remaining balance of approximately HK\$36 million was not yet utilized.

Furthermore, the Company has not repurchased any Shares within the past twelve months immediately prior to the date of this announcement.

## CHANGES IN SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) as at the date of this announcement, and (ii) immediately after completion of the Placing, assuming that all of the 190,614,650 Placing Shares will be placed in full and no further Shares will be issued or repurchased before completion of the Placing.

Shareholder	As at the date of this announcement		Upon completion of the Placing (assuming that the Placing is completed in full)	
	Number of Shares	Approximate % of entire issued Shares	Number of Shares	Approximate % of entire issued Shares
Yu Weiye	462,210,000	14.02	462,210,000	13.25
Existing public Shareholders	2,834,463,250	85.98	2,834,463,250	81.28
Placées in the Placing	—	—	190,614,650	5.47
<b>TOTAL</b>	<b><u>3,296,673,250</u></b>	<b><u>100</u></b>	<b><u>3,487,287,900</u></b>	<b><u>100</u></b>

## DEFINITIONS

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

“Board”	means the board of Directors;
“Business Day”	means any day (not being a Saturday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours;
“Company”	means China New Energy Power Group Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1041);
“Director(s)”	means the director(s) of the Company;

“General Mandate”	means the general mandate granted to the Board by the shareholders of the Company by ordinary resolution passed at the annual general meeting of the Company held on 26 March 2015 to allot, issue and deal with new Shares up to a maximum of 20% of the aggregate nominal amount of the issued share capital of the Company as at that date, i.e. up to 581,214,650 new Shares;
“Group”	means the Company and its subsidiaries;
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China;
“HK\$”	means Hong Kong Dollars, the lawful currency of Hong Kong;
“Independent Third Party”	means a party which is independent of, and not connected with or acting in concert (as defined under the Codes on Takeovers and Mergers and Share Buy-backs of Hong Kong) with, the Company, any of its connected persons (as defined under the Listing Rules) or any of their respective associates (as defined under the Listing Rules);
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange;
“Placing”	means the placing, on a best effort basis, of a total of up to 190,614,650 new Shares to be allotted and issued pursuant to the terms of the Placing Agreement;
“Placing Agent”	means One China Securities Limited, a licensed corporation to carry out business in type 1 (dealing in securities) and type 2 (dealing in futures contracts) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Placing Agreement”	means the conditional placing agreement dated 8 January 2016 entered into between the Company and the Placing Agent in relation to the Placing;
“Placing Price”	means HK\$0.11 per Placing Share;
“Placing Shares”	means a total of up to 190,614,650 new Shares to be placed under the Placing;
“Share(s)”	means the ordinary share(s) of nominal value US\$0.001 each in the share capital of the Company;



“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“US\$”	means United States Dollars, the lawful currency of the United States of America; and
“%”	means per cent.

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

Hong Kong, 8 January 2016

*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.*