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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

The board (the "Board") of directors (the "Director(s)") of China New Energy Power Group Limited (the "Company") hereby announces the audited consolidated financial results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2013 together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Year Ended 31 December 2013

	Notes	**2013** *HK$'000*	2012 *HK$'000*
Turnover	*3*	**250**	250
Other income	*4*	**4,581**	1,070
Other gains and losses	*5*	**60,133**	80,763
Administrative expenses		**(28,749)**	(34,868)
Finance costs	*6*	**(15,936)**	(18,973)
Profit before taxation		**20,279**	28,242
Taxation	*7*	**–**	–
Profit for the year	*8*	**20,279**	28,242
Profit (loss) for the year attributable to:			
Owners of the Company		**24,416**	32,659
Non-controlling interests		**(4,137)**	(4,417)
		20,279	28,242
EARNINGS (LOSS) PER SHARE	*9*		
– Basic		**HK1.28 cents**	HK1.91 cents
– Diluted		**HK1.28 cents**	HK(1.29) cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME – continued

For The Year Ended 31 December 2013

	2013	2012
	HK$'000	*HK$'000*
Profit for the year	**20,279**	28,242
Other comprehensive income (expense)		
Items that will not be subsequently reclassified to profit or loss		
Exchange differences arising on translation to presentation currency	**5,407**	(368)
Total comprehensive income for the year	**25,686**	27,874
Total comprehensive income (expense) attributable to:		
Owners of the Company	**28,134**	32,298
Non-controlling interests	**(2,448)**	(4,424)
	25,686	27,874

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment		**67**	3,317
Prepaid lease payments		**–**	5,113
Investment properties		**90,571**	–
Other receivables	*10*	**94,702**	–
		185,340	8,430
Current assets			
Properties under development		**–**	610,669
Held-for-trading investments		**41,486**	25,185
Other receivables	*10*	**205,404**	14,010
Deposits and prepayments		**889**	6,789
Bank balances and cash		**37,016**	33,265
		284,795	689,918
Current liabilities			
Other payables	*11*	**4,159**	42,836
Amounts due to non-controlling shareholders of subsidiaries		**–**	26,156
Other borrowings – amount due within one year		**–**	17,191
		4,159	86,183
Net current assets		**280,636**	603,735
Total assets less current liabilities		**465,976**	612,165
Non-current liability			
Convertible notes		**178,972**	134,694
		287,004	477,471
Capital and reserves			
Share capital		**14,895**	14,895
Reserves		**272,109**	243,975
Equity attributable to owners of the Company		**287,004**	258,870
Non-controlling interests		**–**	218,601
		287,004	477,471

NOTES

1. GENERAL

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). As at 31 December 2013 and 31 December 2012, the Company did not have an immediate and an ultimate holding company. The address of the registered office and principal place of business of the Company are disclosed in the Corporate Information of the annual report.

The consolidated financial statements are presented in Hong Kong dollars ("HK$") while the functional currency of the Company is Renminbi ("RMB") and the functional currencies of the Company's principal subsidiaries are RMB and HK$. The directors of the Company consider the presentation currency in HK$ is more useful for its current and potential investors.

The Company acts as an investment holding company. The principal activities of its subsidiaries are investment in securities and property investment and development business.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time in the current year:

Amendments to HKFRSs	Annual improvements to HKFRSs 2009 – 2011 cycle
Amendments to HKFRS 7	Disclosures – Offsetting financial assets and financial liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement
Amendments to HKAS 1	Presentation of items of other comprehensive income
HKAS 19 (as revised in 2011)	Employee benefits
HKAS 27 (as revised in 2011)	Separate financial statements
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures
HK(IFRIC) – INT 20	Stripping costs in the production phase of a surface mine

The application of the new and revised HKFRSs in the current year has had no material effect on the Group's financial performance and position for the current and prior years and/or the disclosures set out in the consolidated financial statements.

3. TURNOVER AND SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker ("CODM") in order to allocate resources to segments and to assess their performance. Reported segment information is based on internal management reporting information that is regularly reviewed by executive directors, being the CODM of the Group.

The Group's operations are organised based on the two business activities which also the information regularly reported to the 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.

Turnover from investment in securities business represents dividend income from held-for-trading investments.

(a) Segment turnover and results

The following is an analysis of the Group's turnover and results by reportable and operating segment.

For the year ended 31 December 2013

	Investment in securities *HK$'000*	**Property** *HK$'000*	**Consolidated** *HK$'000*
TURNOVER			
External revenue	**250**	**–**	**250**
RESULT			
Segment result	**16,784**	**(10,516)**	**6,268**
Unallocated corporate income			**4,496**
Unallocated corporate expenses			**(18,117)**
Other gains and losses			**43,568**
Finance costs			**(15,936)**
Profit for the year			**20,279**

For the year ended 31 December 2012

	Investment in securities *HK$'000*	Property *HK$'000*	Consolidated *HK$'000*
TURNOVER			
External revenue	250	–	250
RESULT			
Segment result	(17,801)	(11,043)	(28,844)
Unallocated corporate income			1,070
Unallocated corporate expenses			(23,767)
Other gains and losses			98,756
Finance costs			(18,973)
Profit for the year			28,242

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment result represents profit (loss) from each segment without allocation of central administrative costs, directors' salaries, finance costs, other income and other gains or losses (excluding the fair value changes and gain/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 purposes of resource allocation and performance assessment.

(b) **Segment assets and liabilities**

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

At 31 December 2013

	Investment in securities *HK$'000*	**Property** *HK$'000*	**Consolidated** *HK$'000*
ASSETS			
Segment assets	**41,486**	**90,571**	**132,057**
Unallocated corporate assets			**338,078**
Consolidated total assets			**470,135**
LIABILITIES			
Segment liabilities	**–**	**2,636**	**2,636**
Unallocated corporate liabilities			**180,495**
Consolidated total liabilities			**183,131**

At 31 December 2012

	Investment in securities *HK$'000*	Property *HK$'000*	Consolidated *HK$'000*
ASSETS			
Segment assets	25,185	610,669	635,854
Unallocated corporate assets			62,494
Consolidated total assets			698,348
LIABILITIES			
Segment liabilities	–	42,321	42,321
Unallocated corporate liabilities			178,556
Consolidated total liabilities			220,877

The Group's unallocated corporate assets at the end of the reporting period mainly consist of bank balances and cash, other receivables and deposits and prepayments. The Group's unallocated corporate liabilities at the end of the reporting period mainly consist of amounts due to non-controlling shareholders of subsidiaries, convertible notes, other borrowings and certain other creditors and accrued expenses.

(c) **Other segment information**

For the year ended 31 December 2013

	Investment in securities *HK$'000*	**Property** *HK$'000*	**Unallocated** *HK$'000*	**Consolidated** *HK$'000*
Information included in segment results/segment assets:				
Additions to investment properties	**–**	**870**	**–**	**870**
Additions to property, plant and equipment	**–**	**–**	**505**	**505**
Depreciation of property, plant and equipment	**–**	**–**	**761**	**761**
Gain on disposal of held-for-trading investments	**69**	**–**	**–**	**69**
Net fair value gain on held-for-trading investments	**16,496**	**–**	**–**	**16,496**

For the year ended 31 December 2012

	Investment in securities *HK$'000*	Property *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Information included in segment results/segment assets:				
Additions to property, plant and equipment	–	167	56	223
Amortisation of prepaid lease payments	–	–	117	117
Depreciation of property, plant and equipment	–	923	102	1,025
Net fair value loss on held-for-trading investments	17,993	–	–	17,993

Substantially all of the Group's operations are located in the People's Republic of China ("PRC") and Hong Kong.

Included in the Group's non-current assets are amount of HK$67,000 (2012: HK$170,000) of property, plant and equipment and amount of HK$94,702,000 (2012: nil) of other receivables which are located in Hong Kong and all the remaining non-current assets are located in the PRC.

Included in the Group's turnover were dividend income generated from investment in securities and were derived from Hong Kong.

4. OTHER INCOME

	2013 *HK$'000*	2012 *HK$'000*
Interest income	**666**	1,012
Imputed interest income on deferred consideration receivables	**3,912**	–
Others	**3**	58
	4,581	1,070

5. OTHER GAINS AND LOSSES

	2013	2012
	HK$'000	*HK$'000*
(Loss) gain on derivative financial instruments	**(28,342)**	85,574
Gain on disposal of subsidiaries	**66,452**	24,215
Gain on disposal of held-for-trading investments	**69**	–
Fair value changes on held-for-trading investments	**16,496**	(17,993)
Write back of other payables *(note)*	**5,458**	–
Loss on initial recognition of convertible notes	**–**	(7,871)
Loss on early redemption of convertible notes	**–**	(3,162)
	60,133	80,763

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 year.

6. FINANCE COSTS

	2013	2012
	HK$'000	*HK$'000*
Interest on other borrowings	**–**	279
Effective interest expense on convertible notes wholly repayable within five years	**15,936**	18,694
	15,936	18,973

7. 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 years.

No provision for PRC Enterprise Income Tax made as the subsidiaries incorporated in the PRC have no assessable profits for both years.

The taxation for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2013	2012
	HK$'000	*HK$'000*
Profit before taxation	**20,279**	28,242
Tax at the domestic income tax rate of 25% (2012: 25%) *(note)*	**5,070**	7,060
Tax effect of expenses not deductible for tax purpose	**18,206**	7,381
Tax effect of income not taxable for tax purpose	**(19,185)**	(27,700)
Tax effect of tax losses utilised	**(4,134)**	–
Tax effect of tax losses not recognised	**43**	13,259
Taxation for the year	**–**	–

Note: The domestic income tax rate of 25% (2012: 25%) represents the PRC Enterprise Income Tax rate of which the Group's operations are substantially based.

At the end of the reporting period, the Group had unused tax losses of HK$100,512,000 (2012: HK$140,006,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of HK$176,000 (2012: HK$2,760,000) that will expire up to 2018 (2012: 2017). Other losses can be carried forward indefinitely. During the year ended 31 December 2013, tax losses of HK$23,136,000 (2012: HK$35,150,000) were disposed upon disposal of subsidiaries (see note 12).

8. PROFIT FOR THE YEAR

	2013	2012
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging:		
Directors' and managing directors' remuneration		
– Fees	**2,818**	3,506
– Salaries and other benefits	**1,350**	1,770
– Bonus	**2,520**	2,343
– Other emoluments	**75**	98
	6,763	7,717
Employees' salaries and benefits expenses	**4,494**	3,901
Retirement benefits scheme contributions for staff other than directors	**120**	143
Total staff costs	**11,377**	11,761
Amortisation of prepaid lease payments	**–**	117
Auditor's remuneration	**900**	1,000
Depreciation of property, plant and equipment	**761**	1,025
Written-off of property, plant and equipment	**41**	–
Minimum lease payments under operating leases in respect of rented premises	**2,123**	1,625

9. 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:

	2013	2012
	HK$'000	*HK$'000*
Earnings (loss):		
Earnings for the purpose of basic earnings per share	**24,416**	32,659
Effect of dilutive potential ordinary shares:		
– Interest on convertible notes	**–**	18,694
– Net loss (gain) on derivative financial instruments	**–**	(77,703)
– Loss on early redemption of convertible notes	**–**	3,162
Earnings (loss) for the purpose of diluted loss per share	**24,416**	(23,188)

Number of shares:

	2013	2012
Weighted average number of ordinary shares for purposes of calculation of basic earnings (loss) per share	**1,906,073,250**	1,711,688,004
Effect of dilutive potential ordinary shares in respect of convertible notes	**–**	90,163,934
Weighted average number of ordinary shares for the purpose of calculation of diluted loss per share	**1,906,073,250**	1,801,851,938

The computation of diluted earnings per share for the year ended 31 December 2013 does not assume the conversion of the Company's outstanding convertible notes since their exercise would result in an increase in earnings per share.

10. OTHER RECEIVABLES

	2013 *HK$'000*	2012 *HK$'000*
Deferred consideration receivable for disposal of subsidiaries *(note a)*	**290,717**	–
Consideration receivable for disposal of food processing and distribution operation in prior years *(note b)*	**9,214**	13,354
Other receivables	**175**	656
	300,106	14,010
Analysed for reporting purposes as:		
Current assets	**205,404**	14,010
Non-current assets	**94,702**	–
	300,106	14,010

Notes:

(a) The deferred consideration receivable represents the remaining payment from the disposal of the Group's property development project during the year (see note 12(b)). Pursuant to the Allywing Disposal Agreement (as defined in note 12(b)), the second, third and fourth installments of HK$101,561,000 each, shall be repayable on or before the date falling 9, 12 and 18 months from the date of completion of the disposal (3 September 2013), respectively, therefore, the carrying amount of the deferred consideration receivable (being the present value of each of the deferred installments) from the second and third installments are classified as current assets and the fourth installment is classified as non-current assets, and is analysis as follows:

	At 31.12.2013 ***HK$'000***
Current assets	**196,015**
Non-current assets	**94,702**
	290,717

The amount is unsecured and non-interest bearing. During the year ended 31 December 2013, imputed interest income arising from the unwinding of imputed interest on amortisation of fair value adjustment of deferred consideration receivable amounts to HK$3,912,000 is recognised in profit or loss and included in other income.

(b) The consideration receivable represents the remaining final payment from the disposal of Prowealth Holdings Group Limited and its subsidiaries in 2010, which operates the Group's food processing and distribution operation. The amount carried interest at 6% per annum.

Included in the other receivables are the following amounts denominated in currencies other than the functional currency of the group entities to which they relate:

	2013	2012
	HK$'000	*HK$'000*
Hong Kong Dollars	**9,389**	13,848

11. OTHER PAYABLES

	2013	2012
	HK$'000	*HK$'000*
Accrued expenses	**4,090**	2,341
Amount due to former director of a subsidiary	**–**	5,512
Accrued costs for construction work	**–**	25,121
Other payables	**69**	9,862
	4,159	42,836

Included in other payables are the following amounts denominated in currencies other than the functional currency of the group entities to which they relate:

	2013	2012
	HK$'000	*HK$'000*
Hong Kong Dollars	**45**	7,805

12. DISPOSAL OF SUBSIDIARIES

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

On 26 March 2013, Fair Power Capital Limited, a wholly-owned subsidiary of the Company, 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 Max Plan Group is previously principally engaged in processing and distribution of frozen seafood products and became inactive since 2010. The disposal was approved by the board of directors of the Company and completed on the same date.

The gain from disposal of the 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) Disposal of Allywing Investments Limited ("Allywing") and its subsidiary (collectively referred as the "Allywing Group")

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 Allywing (the "Allywing Disposal Agreement") and the assignment of shareholder's loan (amounted to HK$71,471,000 as at date of disposal) in Allywing owing to Good Base at an aggregated cash consideration of HK$406,162,000. 西安遠聲實業有限公司 (Xi'an Yuansheng Enterprise 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 completed on 3 September 2013. Details of the disposal of Allywing can be referred to the circular issued by the Company dated 27 June 2013.

The gain from disposal of Allywing Group is analysed as follows:

	1.1.2013 to 3.9.2013 *HK$'000*
Gain on disposal of subsidiaries	**61,578**

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

	HK$'000
Property, plant and equipment	**1,345**
Properties under development	**652,014**
Other debtors and prepayments	**3,931**
Bank balances and cash	**5,204**
Other payables	**(62,509)**
Amount due to non-controlling shareholders of subsidiaries	**(57,127)**
Amount due to immediate holding company	**(71,471)**
Net assets disposed of	**471,387**

	HK$'000
Gain on disposal of subsidiaries:	
Cash consideration received	**101,478**
Deferred consideration receivable *(note)*	**286,805**
Net assets disposed of	**(471,387)**
Assignment of amount due to immediate holding company	**(71,471)**
Non-controlling interests	**216,153**
Gain on disposal	**61,578**
Net cash inflow arising on disposal:	
Cash consideration received	**101,478**
Less: Cash and cash equivalent disposed of	**(5,204)**
	96,274

* *For identification purpose only*

Note: Pursuant to the Allywing Disposal Agreement, the total consideration would be settled in four equal installments of which the first installment has been received in the current year. The second, third and fourth installments shall be paid on or before the date falling 9, 12 and 18 months from the date of completion of the disposal. These installments with deferred payment terms are recognised at amortised cost with discount rate, determined by the directors of the Company, for calculating the present value of each installments, by reference to the borrowing rate of the purchaser's group, which is based on RMB base lending rate from the People's Bank of China ("PBoC") of 6.6% with respect to amount due to be received within one year and RMB base lending rate from PBoC of 7.1% with respect to amount due to be received in 18 months pursuant to the Allywing Disposal Agreement. A fair value adjustment of HK$17,879,000 is recognised at the completion date.

During the period from 1 January 2013 to 3 September 2013, the Allywing Group contributed cash outflow of HK$11,225,000 to the Group's net operating cash flows, cash outflow of HK$468,000 in respect of investing activities and cash inflow of HK$12,828,000 in respect of financing activities.

(c) Disposal of TGT Holdings Corporation ("TGT") and other subsidiaries (the "2012 Disposal")

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 2012 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 from disposal of subsidiaries 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 was as follows:

	31.1.2012 *HK$'000*
Other debtors and prepayments	735
Other payables	(18,221)
Amounts due to the Company	(605,832)
Amounts due to fellow subsidiaries	(8,856)
Amounts due to non-controlling shareholders of subsidiaries	(7,490)
	(639,664)
Less: Non-controlling interests	761
Net liabilities disposed of	(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.

DIVIDEND

The Board does not recommend payment of a final dividend for the year ended 31 December 2013 (2012: Nil).

CLOSURE OF REGISTER OF MEMBERS

To ascertain shareholders' eligibility to attend and vote at the annual general meeting of the Company to be held on Wednesday, 28 May 2014 ("AGM"), the register of members will be closed from Monday, 26 May 2014 to Wednesday, 28 May 2014, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Friday, 23 May 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2013, the Group's revenue was approximately HK$0.25 million (2012: approximately HK$0.25 million). This represented dividend received from held-for-trading securities during the reporting year.

Segmental Results

During the reporting year, property business and investments in securities remain the continuing business operations of the Group.

Property business

No revenue was generated from the operation of property business for the reporting year (2012: nil) and its segmental result suffered a loss of approximately HK$10.52 million (2012: a loss of approximately HK$11.04 million). This was mainly due to the pre-completion administrative expenses incurred in the Xi'an Project (as defined hereinafter).

Investments in securities business

The revenue generated from the operation of investments in securities for the reporting year was approximately HK$0.25 million (2012: approximately HK$0.25 million) and its segmental result reflected a profit of approximately HK$16.78 million (2012: a loss of approximately HK$17.80 million).

Cost of Sales

As the investment property acquired by the Group in 2013 is still under renovation, no cost of sales was recorded during the reporting year (2012: nil).

Gross Profit/Loss

Since the investment property acquired is still under renovation, neither gross profit nor gross loss was recorded during the reporting year (2012: nil).

Other Income

The Group's other income for the reporting year increased to approximately HK$4.58 million from approximately HK$1.07 million in year 2012. Such increase was mainly due to imputed interest income of approximately HK$3.91 million on deferred consideration receivable.

Other Gains and Losses

Other gains and losses of the Group amounted to approximately HK$60.13 million for the reporting year (2012: gains of approximately HK$80.76 million). The gains and losses mainly consisted of the gain on disposal of subsidiaries of approximately HK$66.45 million (2012: approximately HK$24.22 million) and the gain on fair value change of held-for-trading investments of approximately HK$16.50 million (2012: a loss of approximately HK$17.99 million). A loss on fair value change of derivative financial instruments of approximately HK$28.34 million (2012: a net gain of approximately HK$77.70 million) was suffered in the reporting year.

Selling and Distribution Costs

No selling and distribution costs were incurred by the Group during the reporting year (2012: nil).

Administrative Expenses

The Group's administrative expenses for the reporting year decreased to approximately HK$28.75 million from approximately HK$34.87 million in the year 2012. Such decrease was due to the reduction in administrative expenses after the disposal of the Xi'an Project (as defined hereinafter) in September 2013 and the decrease in legal and professional fees during the year.

Finance Costs

The Group's finance costs for the reporting year decreased to approximately HK$15.94 million from approximately HK$18.97 million in 2012, representing a decrease of 15.97%. The finance costs consisted mainly of the effective interests expenses on the convertible notes of approximately HK$15.94 million (2012: approximately HK$18.69 million).

Profit the Year and Earnings Per Share

The Group's profit attributable to owners of the Company for the reporting year was approximately HK$24.42 million (2012: approximately HK$32.66 million). Such change was mainly due to the change in the fair value of the derivative financial instruments, the gain on fair value of held-for-trading investments and the gain on disposal of subsidiaries. Basic earnings per share of the Group was approximately HK1.28 cents per share for the year ended 31 December 2013 (2012: approximately HK1.91 cents per share).

BUSINESS REVIEW

In the beginning of the year 2013, transaction volumes and prices for residential houses in the People's Republic of China (the "PRC") experienced a recovery from the previous year, with increase in sales and in property prices being reported in major first-tier and second-tier cities. In order to stabilise the real estate market, the State Council of the PRC promulgated the New Five Measures of the State Council in early 2013 to curb price growth and reiterated its austerity measures to the real estate sector. Progress of the property development project of the Group was also suffered from the market sentiment following implementation of those measures.

Property Business

Disposal of Allywing Investments Limited

During the year under review, the Group disposed of its interests in its property development project on the land situated at the Xi'an city, PRC (the "Xi'an Project") through the disposal of the Group's entire interests in Allywing Investments Limited ("Allywing") (the "Allywing Disposal").

Since the Group acquired the Xi'an Project in 2010, it had been planning and developing the Xi'an Project for a long period of time and the progress of which had been lagged behind the schedule. In addition, the expected pre-sale of phase I of the Xi'an Project may not be able to meet the Group's expectation having regard to the then property market in the development zone in Xi'an where the Xi'an Project is situated. The Board decided to realise its investments in Allywing as well as the Xi'an Project and the Allywing Disposal was completed on 3 September 2013. Details of the Allywing Disposal were set out in the circular of the Company dated at 27 June 2013 (the "Circular").

*Acquisition of Guiyang Ding Tian Investment Consultancy Limited**

Besides its investment in property development project, the Group intends to generate steady returns as well as fruitful growth from its business operations. The Guiyang Project, which comprises a 5-storey commercial building, requires a smaller amount of capital outlay and allows the Group to participate in property investment and management business. As such, the Board decided to acquire the Guiyang Project through the acquisition of the entire equity interest in 貴陽鼎天投資咨詢有限公司 (Guiyang Ding Tian Investment Consultancy Limited*) ("GY Ding Tian") and the acquisition of GY Ding Tian was completed on 3 September 2013. Details of the acquisition of GY Ding Tian were set out in the Circular.

Prior to the completion of the Allywing Disposal, the Xi'an Project was still in a construction stage and as such, the Group did not record any revenue from the property business for the reporting year but a loss of approximately HK$10.52 million was incurred (2012: a loss of approximately HK$11.04 million).

Investments in Securities Business

During the reporting year, a revenue of approximately HK$0.25 million was recorded from the operation of investments in securities (2012: approximately HK$0.25 million). This represented dividend income received from held-for-trading securities during the reporting year. The segmental profit of approximately HK$16.78 million was mainly due to the gain on change in fair value of held-for-trading investments.

* *For identification purpose only*

FUTURE PLANS AND PROSPECTS

Looking ahead, the global markets continue to face uncertainties in 2014. Accompanying the expected recovery of the economy of the United States, the Federal Reserve has started to reduce the quantitative easing measures that were implemented in the past few years. Such measures imposed uncertainties on prices of global asset classes and triggered international capital outflow from the emerging markets. This also caused significant fluctuations in global financial markets in the beginning of the year.

Since 2013, the Central Government of the PRC has been pursuing economic reforms and structural adjustments, which emphasize on sustainable quality growth by using market-driven measures. This may have short term effect on the momentum of economic growth in the country and it is widely expected that the GDP of the PRC will slow down to around 7%.

The properties currently held by the Group are of commercial or non-residential nature. While the Group continues to invest in commercial properties, it will also seek opportunities in projects which consist of both residential and commercial nature. The Group's management team, which has experiences in property and investment businesses, are geared up for opportunities in China's rapid urbanization and the country's growing demand for both commercial and residential properties. The Group will take steps to look for potential projects at suitable locations for property development and investment in the PRC should opportunities arise.

The Group will also keep on monitoring and analysing government policies and the market trend in an active manner, so as to align its development and marketing strategies to grasp opportunities for its property business.

Moreover, the Group will continue to dedicate 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.

LIQUIDITY AND CAPITAL RESOURCES

As at 31 December 2013, the Group's bank balances and cash was approximately HK$37.02 million (2012: approximately HK$33.27 million), representing an increase of 11.27%. There was no bank and other borrowings as at 31 December 2013 (2012: approximately HK$17.19 million).

As at 31 December 2013, the current ratio (current assets/current liabilities) was 68.48 times (2012: 8.01 times) and the net current assets amounted to approximately HK$280.64 million (2012: approximately HK$603.74 million).

During the reporting year, net cash used in operating activities was approximately HK$28.67 million (2012: approximately HK$62.78 million). The net cash generated from investing activities was approximately HK$19.95 million (2012: approximately HK$12.44 million). The net cash generated from financing activities was approximately HK$12.90 million (2012: approximately HK$53.90 million). As a result, the net increase in cash and cash equivalents during the reporting year was approximately HK$4.18 million (2012: approximately HK$3.56 million).

No issuance and redemption of convertible notes

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

RELATED PARTIES TRANSACTION

With reference 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 Xi'an Project. 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 reporting year, no project management fee was paid or payable under the Management Agreement.

Pursuant to the terms and conditions of the sale and purchase agreement in relation to the Allywing Disposal, the Management Agreement had to be terminated prior to the completion of the Allywing Disposal. The Management Agreement was terminated on 26 August 2013 and the Allywing Disposal was completed on 3 September 2013.

SHARE OPTION

A share option scheme was adopted on 25 May 2012, whereby the Board may, at its absolute discretion, grant options to any eligible participants including directors and employees of the Group to subscribe for shares in the Company. Details of the share option scheme were set out in the circular of the Company dated 24 April 2012.

No option had been granted by the Company during the reporting year.

CAPITAL STRUCTURE

As at 31 December 2013, the Group's gearing ratio calculated on the basis of convertible notes, bank and other borrowings of approximately HK$178.97 million (2012: approximately HK$151.89 million) and total assets of approximately HK$470.14 million (2012: approximately HK$698.35 million), was 27.57% (2012: 17.86%).

MATERIAL CONTINGENT LIABILITIES

The Group is not aware of any material contingent liabilities as at 31 December 2013.

PLEDGE OF ASSETS

At the end of the reporting year, the Group had not pledged any assets (2012: Nil).

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 ("HKD"), Renminbi ("RMB") and United States dollars ("USD"). The exchange rate of USD and RMB against HKD are relatively stable. Hence the Group neither anticipate any significant exchange risk exposure nor have a foreign currency hedging policy. However, the management continuously monitors the Group's foreign exchange risk exposure and will consider to hedge significant currency risk exposure should the need arise.

EMPLOYEES AND REMUNERATION POLICIES

As of 31 December 2013, the Group had approximately 20 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 a share option scheme to provide incentives to eligible employees (including Directors) with outstanding performance and contribution to the Group.

CHANGE IN DIRECTORSHIP

The following are changes in directorship of the Company during the reporting year:

– Ms. Catherine Chen, an executive director, managing director, general manager, authorised representative (for the purpose of Rule 3.05 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules")) and authorised representative for the service of process and notices under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) of the Company and director, managing director and supervisor of certain subsidiaries of the Company, resigned with effect from 1 August 2013.

– Mr. Wah Wang Kei, Jackie, an executive director of the Company, resigned with effect from 13 September 2013.

– Mr. Wu Zhou Tong was re-designated from a non-executive director to an executive director of the Company with effect from 18 December 2013.

CORPORATE GOVERNANCE

The Board considers that good corporate governance of the Company is crucial to safeguard the interests of the shareholders of the Company and to enhance the performance of the Group. The Board and management of the Company are committed to enhancing corporate governance standard, in compliance with all relevant provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "Code") as stated in Appendix 14 to the Listing Rules. The Company has, throughout the year ended 31 December 2013, complied with the relevant provisions of the Code ("Code Provisions"), save for the deviations disclosed below.

Under Code provision A.2.1, the roles of the chairman and chief executive should be separate and should not be performed by the same individual. During the year, 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 resignation of Ms. Catherine Chen as, *inter alia*, an executive Director and the Managing Director with effect from 1 August 2013, 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 caliber individuals, including four independent non-executive directors (the "INEDs").

Under Code Provision A.6.7, independent non-executive directors and other non-executive directors, as equal Board members, should, among other things, attend general meetings of the Company. During the year, one non-executive Director was unable to attend the annual general meeting of the Company held on 30 May 2013 as he had other engagement; and one non-executive Director and two independent non-executive Directors were unable to attend the special general meeting of the Company held on 17 July 2013 as they had other engagements.

Model Code for Directors' Securities Transactions

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out by the Stock Exchange in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 to the Listing Rules. Having made specific enquiries to all Directors, all Directors 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 year under review.

Audit Committee

The audit committee comprises three INEDs, namely Ms. Ma Yin Fan, Mr. Leung Hoi Ying and Mr. Yu Pan. It is principally responsible for reviewing the accounting principles and practices adopted by the Group, as well as discussing and reviewing with management the internal control, auditing and financial reporting matters of the Group. The audit committee has reviewed the audited annual financial statements of the Group for the year ended 31 December 2013.

Remuneration Committee

The remuneration committee 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 comprises one executive Director and two INEDs, namely Mr. Yeung Kwok Yu, Mr. Leung Hoi Ying and Mr. Yu Pan. It 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 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, 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.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2013 as set out in this announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

INTERNAL CONTROL

The Board acknowledges its responsibility for the Group's internal control system to safeguard shareholders' investment and reviewing the effectiveness of such on an annual basis under Code Provision C.2.1.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, neither the Company, nor any of its subsidiaries had purchased, sold, or redeemed any of the Company's listed securities.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2013.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results 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 2013 Annual Report will be despatched to our shareholders on or before Wednesday, 23 April 2014 and will be available on the above websites in due course.

APPRECIATION

On behalf of the Board, my sincere thank to our loyal shareholders, suppliers and customers for their continuous support to the Group. I would also extend my gratitude and appreciation to our management and all staff for their hard work and dedication throughout the year.

By order of the Board
China New Energy Power Group Limited
Ip Cheng Kuong
Chairman

Hong Kong, 27 March 2014

As at the date of this announcement, the executive directors of the Company are Mr. Ip Cheng Kuong, Mr. Yeung Kwok Yu, Mr. Chiu Kong, Mr. Kwan Kam Hung, Jimmy, Mr. Chen Guang Lin and 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.