THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China New Energy Power Group Limited (the "Company"), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or the transfer was effected for transmission to the purchaser or transferee.

CNEP 中国新能源动力

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)

(1) MAJOR AND CONNECTED TRANSACTION; (2) PROPOSED RE-ELECTION OF DIRECTORS; AND (3) NOTICE OF SGM

Financial adviser to the Company

Gram Capital Limited
嘉林資本有限公司

Independent Financial Adviser to the Independent Board Committee and Independent Shareholders

普頓資本有限公司
PROTON CAPITAL LIMITED

Capitalised terms used in this cover page shall have the same meanings as those defined in this circular.

A letter from the Board of the Company is set out from pages 4 to 19 of this circular. A letter from the Independent Board Committee containing its advice to the Independent Shareholders is set out from pages 20 to 21. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out from pages 22 to 35. A notice convening the SGM to be held at 2/F, 100QRC, 100 Queen's Road Central, Central, Hong Kong on Monday, 30 November 2015 at 9:30 a.m. or any adjournment is set out from pages 79 to 80 of this circular. A form of proxy for use at the SGM is enclosed. Whether or not you are able to attend the SGM in person, you are requested to complete and return the accompanying form of proxy to the Company's Hong Kong branch share registrar and transfer office, Union Registrars Limited at A18/F, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM. Completion and return of the proxy form shall not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so desire.

This circular will remain on the "Latest Listed Company Information" page of the website of the Stock Exchange at http://www.hkexnews.hk and the Company's website at http://www.cnepgl.com for at least seven days from the date of its posting.

13 November 2015

CONTENTS

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

"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
"Announcement"	the announcement of the Company dated 21 September 2015 in relation to the Acquisition
"Board"	the board of Directors
"BVI"	the British Virgin Islands
"Bye-Law(s)"	the bye-laws of the Company
"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$16,000,000 for acquisition of the Sale Shares pursuant to the Agreement
"Dr. Loke"	Dr. Loke Yu (alias Loke Hoi Lam), an independent non-executive Director
"Director(s)"	the director(s) of the Company
"Enlarged Group"	the Group after Completion of the Acquisition
"Group"	the Company and its subsidiaries
"HK$"	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, Dr. Loke and Mr. Tse Long
"Independent Financial Adviser" or "Proton Capital"	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 and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition
"Independent Shareholders"	Shareholders other than those who are required under the Listing Rules to abstain from voting at the SGM
"Latest Practicable Date"	11 November 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"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. Lung"	Mr. Lung Chee Ming George, a non-executive Director
"Mr. Wen"	Mr. Wen Jialong
"Mr. Wu"	Mr. Wu Xiaolin, an executive Director and Chief Executive Officer of the Company
"Mr. Zeng"	Mr. Zeng Zhaolin, an independent non-executive Director
"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 Independent 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.

In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text.

If there is any inconsistency between the Chinese names of the PRC entities mentioned in this circular and their English translations, the Chinese names shall prevail.

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)

Executive Directors:
Mr. LAM Kwok Hing Wilfred, JP *(Chairman)*
Mr. WU Xiaolin *(Chief Executive Officer)*
Mr. SHI Liangsheng
Mr. WEN Wenfeng

Non-executive Directors:
Mr. LUNG Chee Ming George

Independent non-executive Directors:
Dr. LOKE Yu alias Loke Hoi Lam
Mr. TSE Long
Mr. ZENG Zhaolin

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head office and principal place of business in Hong Kong:
Room 204-205, 2/F.
OfficePlus@Sheung Wan
No. 93-103 Wing Lok Street
Sheung Wan
Hong Kong

13 November 2015

To the Shareholders

Dear Sir or Madam,

(1) MAJOR AND CONNECTED TRANSACTION; AND (2) PROPOSED RE-ELECTION OF DIRECTORS

INTRODUCTION

The Acquisition

Reference is made to the Announcement regarding the Acquisition.

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.

This circular provides you with information regarding, 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.

Re-election of Directors

According to Bye-Laws 86(2), any Director appointed to fill in a casual vacancy on the Board shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at that meeting. Mr. Lam Kwok Hing, Wilfred JP, Mr. Wu, Mr. Shi Liangsheng, Mr. Wen Wenfeng, Mr. Lung, Dr. Loke, Mr. Tse Long and Mr. Zeng, will retire as Directors and, being eligible, will offer themselves for re-election in accordance with the Bye-Laws at the SGM.

This circular also provides you with relevant information regarding the re-election of Directors.

1. 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. Mr. Wen is the uncle of Mr. Wu, the Chief Executive Officer and an executive Director of the Company. Mr. Wen is also a former chairman of Mega Medical Technology Limited (stock code: 876) ("**Mega Medical**").

Mr. Wu is currently serving as (i) the legal representative and the general manager of 深圳市茂商會小額貸款有限公司 (Mr. Wen and his spouse collectively and indirectly hold the majority stake of this company); (ii) a supervisor of the Shenzhen Cancare Commercial Development Company Limited（深圳市智偉龍商業發展有限公司）(the ultimate beneficial owner of which is the spouse of Mr. Wen); and (iii) an executive director of Mega Medical.

Mr. Wen Wenfeng, an executive Director, is (i) the sole director of the Vendor; and (ii) the Chairman of the Target Company and a director of Youth-Chinese Entrepreneur Fund Limited（中華青年創業夢基金有限公司）(the sole shareholder of which is Mr. Wen).

Mr. Lung, a non-executive Director, is a former independent non-executive director of Mega Medical.

Dr. Loke, an independent non-executive Director, is also an independent non-executive director of Mega Medical.

Mr. Zeng, an independent non-executive Director, is (i) the vice president of the Shenzhen Cancare Group（深圳市智偉龍實業集團）(Mr. Wen and his spouse collectively and indirectly hold the entire equity interest of this company); (ii) the vice chairman of the Shenzhen Cancare Group's Advisory Board（深圳市智偉龍實業集團顧問委員會）; and (iii) a former independent non-executive director of Mega Medical.

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 the following factors:

(i) the original acquisition cost of the Target Company incurred by the Vendor, which amounted to approximately HK$16.90 million and is higher than the Consideration;

(ii) the Target Company's net asset value of approximately HK$11.66 million as at 31 August 2015 (the implied price-to-book ratio ("**P/B Ratio**") of the Consideration is approximately 1.37 times, which is within the range of P/B Ratios of comparable listed companies that are engaged in and generate majority of revenue from similar business of the Target Company); and

(iii) the potential future 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.

As at the Latest Practicable Date, none of the conditions precedent has been fulfilled.

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 (the "**Securities Business**"). As at the Latest Practicable Date, the Target Company is wholly owned by the Vendor.

Financial information of the Target Company

Set out below is the 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 as extracted from Appendix II to this circular:

	For the five months ended 31 August 2015	**For the year ended 31 March 2015**	**For the year ended 31 March 2014**
	HK$'000	*HK$'000*	*HK$'000*
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.

The Vendor acquired the entire issued share capital of the Target Company in January 2015. After such acquisition, the Target Company has (i) strengthened its marketing and sales team by increasing number of account executives from six to nine; (ii) commenced operation of its internet trading platform in April 2015; and (iii) been actively participated in placing activities. The aforesaid development of the Target Company led to increase in revenue of the Target Group for the five months ended 31 August 2015 as compared to the corresponding period in 2014. The Target Company recorded total value of transactions in securities dealing (including those conducted through internet trading platform) of approximately HK$2,239.71 million for the five months ended 31 August 2015.

The Target Company made loss for the three years ended 31 March 2015 as it could not generate revenue and other income which exceed its administrative and operating expenses and finance costs. Nevertheless, given the aforesaid development of the Target Company, the Target Company was able to make a turnaround from its loss-making position and recorded profit before and after tax for the five months ended 31 August 2015.

For due diligence purpose, the Board had conducted, amongst others, (i) company search; (ii) search for non-compliance of the Target Company; and (iii) review of financial information of the Target Company for the three years ended 31 March 2015 and the five months ended 31 August 2015; and (iv) discussion with Mr. Wen Wenfeng (in his capacity of the chairman of the Target Company) regarding the business and financial performance of the Target Company.

The Board has diversified experience in different aspects, in particular, Mr. Wen Wenfeng has experience in the securities business and was appointed as the director of the Target Company in March 2015. With the support of the existing management of the Target Company, the Board does not foresee any difficulty in managing the operation of the Target Company.

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 (i) environmental protection and renewable energy, including provision of environmental protection services, developing new renewable energy; and (ii) supply chain management of various products. Subsequently in February 2015, the Group commenced its operation of supply chain management business. In view of the unsatisfactory performance of the Group’s supply chain management business, the Group intends to (subject to further review and consideration) discontinue such business. In addition, the Board has no current intention to develop the new business of environmental protection and renewable energy as the Board has not yet formed any feasible development plan or identified any feasible targets.

The Group is dedicating its efforts to the development of its existing businesses and the Acquisition 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.

Having considered the above positive market conditions, the Board considers that the Acquisition would enable the Group to expand its source of revenue to the Securities Business (in addition to its investment in securities business) and diversify the Group's revenue base. Accordingly, the Directors 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.

The Acquisition was initiated by Mr. Wen Wenfeng for the Board's consideration. Having considered the fairness and reasonableness of the Consideration, the Board did not approach any potential third party seller for Securities Business so as to save transaction cost (e.g. agency fee) and negotiation process.

Having considered the substantial cost to be incurred (including but not limited to the financial resources to be injected for satisfying the financial resources requirements under the SFO) and substantial time of setting up a Securities Business by the Company itself (including the time for application for license), the Board did not opt to set up a Securities Business by the Group itself.

Save and except for Mr. Wen Wenfeng and Mr. Wu, none of the Directors has any material interest in the Acquisition. Accordingly, Mr. Wen Wenfeng and Mr. Wu had abstained from voting on the Board resolution approving the Acquisition.

As at the Latest Practicable Date, the Company did not have any intention to engage in other transactions with Mr. Wen and other connected persons of the Company.

FINANCIAL EFFECT OF THE ACQUISITION

Upon the Completion, the Target Company will become a subsidiary of the Company and the profit and loss and assets and liabilities of the Target Company will be consolidated to the financial statements of the Group. The unaudited pro forma financial information of the Enlarged Group is set out in Appendix III to this circular.

Based on the unaudited pro forma financial information of the Enlarged Group as set out in Appendix III to this circular, the unaudited pro forma consolidated total assets of the Group would increase from approximately HK$554,857,000 as at 30 June 2015 to approximately HK$615,370,000 and the unaudited pro forma consolidated total liabilities of the Group would increase from approximately HK$45,862,000 as at 30 June 2015 to approximately HK$106,375,000, as a result of the Acquisition.

Although the Target Company made loss for the three years ended 31 March 2015, the Target Company was able to make a turnaround from its loss-making position and recorded profit before and after tax for the five months ended 31 August 2015. Having also taken into account the potential future prospects of the Target Company, the Directors are of the view that the Acquisition would likely to have a positive impact on the future turnover and earnings of the Enlarged Group.

Shareholders should note that since the fair value of the assets and liabilities of the Target Company may be different at Completion as compared to their respective values used in the preparation of the unaudited pro forma financial information of the Enlarged Group, the actual amounts of assets and liabilities to be recorded in the financial statements of the Group may be different from the estimated amounts shown in Appendix III to this circular. As the above information is for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the results and financial position of the Enlarged Group for any future financial periods or dates.

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, 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, Dr. Loke and Mr. Tse Long, has been established to advise the Independent Shareholders in respect of the Acquisition. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition.

The SGM will be convened at which resolution(s) will be proposed to seek (i) the Independent Shareholders' approval of the Agreement and the transactions contemplated thereunder; and (ii) Shareholders' approval of the re-election of Directors. Shareholders who have material interest in the Acquisition will abstain from voting on the relevant resolution(s) to approve the Agreement at the SGM. To the best knowledge and belief of the Board, there is no Shareholder who has material interest in the Acquisition and is required to abstain from voting on the relevant resolution(s) to approve the Agreement at the SGM.

2. RE-ELECTION OF DIRECTORS

According to Bye-Laws 86(2), any Director appointed to fill in a casual vacancy on the Board shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at that meeting. Mr. Lam Kwok Hing, Wilfred JP, Mr. Wu, Mr. Shi Liangsheng, Mr. Wen Wenfeng, Mr. Lung, Dr. Loke, Mr. Tse Long and Mr.

Zeng, will retire as Directors and, being eligible, will offer themselves for re-election in accordance with the Bye-Laws at the SGM. Particulars of their biographical details are set out below:

Mr. Lam Kwok Hing, Wilfred *J.P.* ("Mr. Lam")

Mr. Lam Kwok Hing Wilfred, ***J.P.***, aged 56, an executive Director and the chairman of the Board of the Company. Mr. Lam holds a bachelor degree of Law with honours from The University of Hong Kong. He has been actively participating in social activities for years. He is a Justice of Peace of the Hong Kong Special Administrative Region and was awarded the Queen's Badge of Honour in January 1997. Apart from a Support Force Commander and Assistant Commissioner of Hong Kong Civil Aid Service, Mr. Lam is a director and secretary of Kwai Tsing District Community Development Fund. He is also a Chairman of Friends of the Community Chest Kwai Tsing District Committee. He is an Executive Committee Member of Friendship Association of Guangdong Province and a Founder and Senior President of Shenzhen-Hong Kong Youth Exchange Promotion Association.

Mr. Lam is currently a chairman of the Board and an executive Director of Chinese Strategic Holdings Ltd.(Stock code: 8089). Mr. Lam is also a non-executive director of Hong Kong Resources Holdings Company Limited (stock code: 2882), a company listed on the Main Board of the Stock Exchange and a director of China Gold Silver Group. Mr. Lam is also a non-executive director of The Hong Kong Building and Loan Agency Limited (stock code: 145), a company listed on the Main Board of the Stock Exchange. Mr. Lam was an independent non-executive director of PME Group Limited (stock code: 379), a company listed on the Main Board of the Stock Exchange from 14 April 2011 to 30 December 2014. He was appointed as positions of vice chairman and non-executive director of National Arts Entertainment and Culture Group Limited (stock code: 8228), a company listed on the GEM of the Stock Exchange, between 5 August 2010 and 10 July 2014. He was also an independent non-executive director of Value Convergence Holdings Limited (stock code: 821), a company listed on the Main Board of the Stock Exchange, from 4 January 2010 to 30 May 2013.

As at the Latest Practicable Date and save as disclosed above, Mr. Lam (i) does not have any relationship with any Directors, senior management, or substantial or controlling shareholders of the Company; (ii) does not have any interest in the shares of the Company within the meaning of Part XV of the SFO; and (iii) did not hold any other directorships in the last three years in public companies, the securities of which are listed on any securities market in Hong Kong or overseas.

Mr. Lam has entered into a service contract with the Company commencing from 16 June 2015. He is subject to retirement by rotation and/or re-election by general meetings in accordance with the Bye-Laws. He is entitled to a director's fee of HK$1,200,000 per annum, which is determined by arm's length negotiation between Mr. Lam and the Company, with reference to his duties and responsibilities, his qualifications, experiences, the prevailing market conditions and the Company's remuneration policy.

As at the Latest Practicable Date, Mr. Lam does not have, and is not deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations within the meaning of Part XV of the SFO. There is no information relating to Mr. Lam that is required to be disclosed pursuant to Rules 13.51(2) (h) to (x) of the Listing Rules. Save as disclosed herein, there is no other matter relating to Mr. Lam that needs to be brought to the attention of the Shareholders and the Stock Exchange.

Mr. Wu Xiaolin

Mr. Wu Xiaolin, aged 34, an executive Director and the Chief Executive Officer of the Company. He graduated from Huaibei Normal University with a Bachelor of Science Degree in Information and Computer Science. Mr. Wu is currently serving as the legal representative and the general manager of 深圳市茂商會小額貸款有限公司 and a supervisor of the Shenzhen Cancare Commercial Development Company Limited（深圳市智偉龍商業發展有限公司）.

Mr. Wu is currently an executive director of Mega Medical, a company listed on the Main Board of the Stock Exchange.

As at the Latest Practicable Date and save as disclosed above, Mr. Wu (i) does not have any relationship with any Directors, senior management, or substantial or controlling shareholders of the Company; (ii) does not have any interest in the shares of the Company within the meaning of Part XV of the SFO; and (iii) did not hold any other directorships in the last three years in public companies, the securities of which are listed on any securities market in Hong Kong or overseas.

Mr. Wu has entered into a service contract with the Company commencing from 16 June 2015. He is subject to retirement by rotation and/or re-election by general meetings in accordance with the Bye-laws. Mr. Wu is entitled to a director's fee of HK$360,000 per annum and the Chief Executive Officer's salary of HK$600,000 per annum which are determined by arm's length negotiation between Mr. Wu and the Company and with reference to his duties and responsibilities. The amount of the remuneration has been approved by the Board and the remuneration committee of the Company.

As at the Latest Practicable Date, Mr. Wu does not have, and is not deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations within the meaning of Part XV of the SFO. There is no information relating to Mr. Wu that is required to be disclosed pursuant to Rules 13.51(2) (h) to (x) of the Listing Rules. Save as disclosed herein, there is no other matter relating to Mr. Wu that needs to be brought to the attention of the Shareholders and the Stock Exchange.

Mr. Shi Liangsheng ("Mr. Shi")

Mr. Shi Liangsheng, aged 33, an executive Director of the Company. He graduated from Yang-En University with a bachelor degree in laws in 2007, and obtained a master degree in laws from the Chinese University of Hong Kong in 2009. He is a qualified lawyer in the People's Republic of China and has acquired the professional qualification of holding estate agent (individual) license in Hong Kong. He is currently a director of Hong Kong Assets & Equity Exchange Co., Ltd., which mainly serves as a platform for assets and equity exchange in the Greater China Region.

Mr. Shi has working experience in law firm(s) in the Mainland China, and is familiar with the legal system of the People's Republic of China. He had participated in projects on mergers and acquisitions and IPOs, etc. and therefore has rich experience in commercial legal services in the capital market of the Mainland China. He is also acquainted with the legal system of Hong Kong.

Mr. Shi previously worked in the legal department of 3D-Gold Jewellery business segment of Hong Kong Resources Holdings Co., Ltd. (SEHK stock code: 2882), and had also taken up the role of senior assistant to the vice president for three years, and hence he is familiar with the Listing Rules, as well as corporate operation, management and risk control matters in respect of listed companies in Hong Kong.

Mr. Shi has entered into a service contract with the Company commencing from 28 July 2015. He is subject to retirement by rotation and/or re-election by general meetings in accordance with the Bye-laws. Mr. Shi is entitled to a director's fee of HK$480,000 per annum which is determined by arm's length negotiation between Mr. Shi and the Company and with reference to his duties and responsibilities. The amount of the remuneration has been approved by the Board and the remuneration committee of the Company.

As at the Latest Practicable Date, Mr. Shi does not have, and is not deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations within the meaning of Part XV of the SFO. There is no information relating to Mr. Shi that is required to be disclosed pursuant to Rules 13.51(2) (h) to (x) of the Listing Rules. Save as disclosed herein, there is no other matter relating to Mr. Shi that needs to be brought to the attention of the Shareholders and the Stock Exchange.

Mr. Wen Wenfeng

Mr. Wen Wenfeng, aged 25, an executive Director of the Company. He graduated from the Guangzhou Jinan University in 2012 with a bachelor degree in Management and a bachelor degree in Economics. He then obtained a Master of Science degree in Finance from the University of Leicester in 2013. From 2013 to 2015, he worked as an Assistant Vice President of Mayfair Pacific Financial Group Limited. He is the chairman of the board of Lamtex Securities Limited and a director of SZ Enterprise Union Financial Group Limited. He was licensed under the Securities and Futures Ordinance as a representative on regulated activities and a present Managing Director of Hong Kong Shenzhen Youth Exchange Promotion Association. Mr. Wen Wenfeng is also a director of Youth-Chinese Entrepreneur Fund Limited (中華青年創業夢基金有限公司).

As at the Latest Practicable Date and save as disclosed above, Mr. Wen Wenfeng (i) does not have any relationship with any Directors, senior management, or substantial or controlling shareholders of the Company; (ii) does not have any interest in the shares of the

Company within the meaning of Part XV of the SFO; and (iii) did not hold any other directorships in the last three years in public companies, the securities of which are listed on any securities market in Hong Kong or overseas.

Mr. Wen Wenfeng has entered into a service contract with the Company commencing from 31 July 2015. He is subject to retirement by rotation and/or re-election by general meetings in accordance with the Bye-laws. Mr. Wen Wenfeng is entitled to a director's fee of HK$600,000 per annum which is determined by arm's length negotiation between Mr. Wen Wenfeng and the Company and with reference to his duties and responsibilities. The amount of the remuneration has been approved by the Board and the remuneration committee of the Company.

As at the Latest Practicable Date, Mr. Wen Wenfeng does not have, and is not deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations within the meaning of Part XV of the SFO. There is no information relating to Mr. Wen Wenfeng that is required to be disclosed pursuant to Rules 13.51(2) (h) to (x) of the Listing Rules. Save as disclosed herein, there is no other matter relating to Mr. Wen Wenfeng that needs to be brought to the attention of the Shareholders and the Stock Exchange.

Mr. Lung Chee Ming George

Mr. Lung Chee Ming George, aged 59, a non-executive Director of the Company. He is a member of the National Committee of the Chinese People's Political Consultative Conference（中國人民政治協商會議全國委員會）and Justice of the Peace of Hong Kong Special Administrative Region. Mr. Lung joined Manulife (International) Limited in 1990, and has achieved outstanding results. He currently serves as the Senior Regional Director and leads a team of over 800 insurance agents and financial planners. Actively involved in community services, Mr. Lung was amongst one of the Ten Outstanding Young Persons of Hong Kong in 1995 and was the chairman of The Outstanding Young Persons Association in 2003 to 2004. Mr. Lung was awarded the Medal of Honour and Bronze Bauhinia Star by the Government of Hong Kong Special Administrative Region in 2001 and 2014. Furthermore, Mr. Lung is a Committee Member of the Board of Governors of Hong Kong Shue Yan University, a Member of the Guangdong Daya Bay Nuclear Power Station/Lingao Nuclear Power Station, Nuclear Safety Consultative Committee, the Founding Chairman of Hong Kong Youth Exchange Promotion United Association and a Chairperson of "Passing on the Torch" National Education Activity Series of Education Bureau.

Mr. Lung is currently an independent non-executive director of Tysan Holdings Limited (Stock Code: 687). He was an independent non-executive director of China Investment Development Limited (stock code: 204) until his resignation in May 2012. He was an independent non-executive director of Mega Medical until his retirement in June 2015. He was an independent non-executive director of Sky Forever Supply Chain Management Group Limited (Stock Code: 8047) until his resignation in July 2015.

As at the Latest Practicable Date and save as disclosed above, Mr. Lung (i) does not have any relationship with any Directors, senior management, or substantial or controlling shareholders of the Company; (ii) does not have any interest in the shares of the Company within the meaning of Part XV of the SFO; and (iii) did not hold any other directorships in the last three years in public companies, the securities of which are listed on any securities market in Hong Kong or overseas.

Mr. Lung has entered into a service contract with the Company commencing from 31 July 2015. He is subject to retirement by rotation and/or re-election by general meetings in accordance with the Bye-laws. Mr. Lung is entitled to a director's fee of HK$360,000 per annum which is determined by arm's length negotiation between Mr. Lung and the Company and with reference to his duties and responsibilities. The amount of the remuneration has been approved by the Board and the remuneration committee of the Company.

As at the Latest Practicable Date, Mr. Lung does not have, and is not deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations within the meaning of Part XV of the SFO. There is no information relating to Mr. Lung that is required to be disclosed pursuant to Rules 13.51(2) (h) to (x) of the Listing Rules. Save as disclosed herein, there is no other matter relating to Mr. Lung that needs to be brought to the attention of the Shareholders and the Stock Exchange.

Dr. Loke Yu alias Loke Hoi Lam

Dr. Loke Yu alias Loke Hoi Lam, aged 66, an independent non-executive Director of the Company. He has over 40 years' experience in accounting and auditing for private and public companies, financial consultancy and corporate management. He holds a Master of Business Administration Degree from Universiti Teknologi Malaysia and a Doctor of Business Administration Degree from University of South Australia. Dr. Loke is a Fellow member of The Institute of Chartered Accountants in England & Wales; The Hong Kong Institute of Certified Public Accountants; The Hong Kong Institute of Chartered Secretaries and The Hong Kong Institute of Directors. He is currently the company secretary of Minth Group Limited and serves as an independent non-executive director of V1 Group Limited (stock code: 82), Matrix Holdings Limited (stock code: 1005), China Beidahuang Industry Group Holdings Limited (stock code: 39), Mega Medical, China Fire Safety Enterprise Group Limited (stock code: 445), Winfair Investment Company Limited (stock code: 287), SCUD Group Limited (stock code: 1399), Zhong An Real Estate Limited (stock code: 672), Tianjin Development Holdings Limited (stock code: 882), China Household Holdings Limited (stock code: 692), Chiho-Tiande Group Limited (stock code: 976) and Tianhe Chemicals Group Limited (stock code: 1619), which are all companies listed on the Stock Exchange.

As at the Latest Practicable Date and save as disclosed above, Dr. Loke (i) does not have any relationship with any Directors, senior management, or substantial or controlling shareholders of the Company; (ii) does not have any interest in the shares of the Company within the meaning of Part XV of the SFO; and (iii) did not hold any other directorships in the last three years in public companies, the securities of which are listed on any securities market in Hong Kong or overseas.

Dr. Loke has entered into a service contract with the Company commencing from 28 July 2015. He is subject to retirement by rotation and/or re-election by general meetings in accordance with the Bye-laws. Dr. Loke is entitled to a director's fee of HK$120,000 per annum which is determined by arm's length negotiation between Dr. Loke and the Company and with reference to his duties and responsibilities. The amount of the remuneration has been approved by the Board and the remuneration committee of the Company.

As at the Latest Practicable Date, Dr. Loke does not have, and is not deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations within the meaning of Part XV of the SFO. There is no information relating to Dr. Loke that is required to be disclosed pursuant to Rules 13.51(2) (h) to (x) of the Listing Rules. Save as disclosed herein, there is no other matter relating to Dr. Loke that needs to be brought to the attention of the Shareholders and the Stock Exchange.

Mr. Tse Long ("Mr. Tse")

Mr. Tse Long, aged 59, an independent non-executive Director of the Company. He graduated from the Guangzhou Jinan University in 2012 with a diploma in Social Work. He is the owner of Guangdong Xingda Transport Company（廣東興達運輸公司）and Teem China Development Limited, and a director of Allied Treasure Development Limited. Apart from personal business, Mr. Tse has engaged in various social commitments. From 2012 till now, Mr. Tse is the Chairman of Hong Kong Guangdong Transportation Association and the Hong Kong Council Convenor of the Guangdong CPPCC (Provincial) Members Association. Since 2006, he has been the Deputy Secretary-General of the Federation of Hong Kong Guangdong Community Organisations.

As at the Latest Practicable Date and save as disclosed above, Mr. Tse (i) does not have any relationship with any Directors, senior management, or substantial or controlling shareholders of the Company; (ii) does not have any interest in the shares of the Company within the meaning of Part XV of the SFO; and (iii) did not hold any other directorships in the last three years in public companies, the securities of which are listed on any securities market in Hong Kong or overseas.

Mr. Tse has entered into a service contract with the Company commencing from 28 July 2015. He is subject to retirement by rotation and/or re-election by general meetings in accordance with the Bye-laws. Mr. Tse is entitled to a director's fee of HK$120,000 per annum which is determined by arm's length negotiation between Mr. Tse and the Company and with reference to his duties and responsibilities. The amount of the remuneration has been approved by the Board and the remuneration committee of the Company.

As at the Latest Practicable Date, Mr. Tse does not have, and is not deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations within the meaning of Part XV of the SFO. There is no information relating to Mr. Tse that is required to be disclosed pursuant to Rules 13.51(2) (h) to (x) of the Listing Rules. Save as disclosed herein, there is no other matter relating to Mr. Tse that needs to be brought to the attention of the Shareholders and the Stock Exchange.

Mr. Zeng Zhaolin

Mr. Zeng Zhaolin, aged 71, an independent non-executive Director of the Company. He holds a Higher Diploma in Chinese Language from South China Normal University (華南師範學院), and attended the "Executive Master of Business Administration Course Seminars" organised by the Sun Yat-Sen University Lingnan (University) College (中山大學嶺南學院). Mr. Zeng is the vice president of the Shenzhen Cancare Group (深圳市智偉龍實業集團) and the vice chairman of the Shenzhen Cancare Group's Advisory Board (深圳市智偉龍實業集團顧問委員會). In 1998, Mr. Zeng, in the capacity as the General Office director (辦公室主任) of the Guangdong Provincial Chinese People's Political Consultative Conference ("GPCPPCC") (廣東省政協), was assigned by the GPCPPCC to station at the then Guangdong Enterprises (Holdings) Limited (粵海企業(集團)有限公司) to act as a liaison between the GPCPPCC, the Hong Kong Special Administrative Region Government, other related groups and associations in Hong Kong. In 1999, Mr. Zeng was also appointed as the assistant inspector for the General Office of the GPCPPCC.

Mr. Zeng was appointed as the Public Relations Deputy Director (公關部副部長) in 1999 and General Affairs Department Deputy director (總務部副部長) in 2003 of the Federation of Hong Kong-Guangdong Community (香港廣東社團總會). He was responsible for fostering relationships with the Hong Kong Special Administrative Region Government and other groups and associations in Hong Kong. Mr. Zeng is also a senior researcher of the China Asia-Pacific Research Centre for Economic Development (中國亞太經濟發展研究中心) and visiting researcher of the expert committee of the China Traditional Culture Institute University (中國國學院大學).

Mr. Zeng was an independent non-executive director of Mega Medical until his retirement in June 2015.

As at the Latest Practicable Date and save as disclosed above, Mr. Zeng (i) does not have any relationship with any Directors, senior management, or substantial or controlling shareholders of the Company; (ii) does not have any interest in the shares of the Company within the meaning of Part XV of the SFO; and (iii) did not hold any other directorships in the last three years in public companies, the securities of which are listed on any securities market in Hong Kong or overseas.

Mr. Zeng has entered into a service contract with the Company commencing from 16 June 2015. He is subject to retirement by rotation and/or re-election by general meetings in accordance with the Bye-laws. Mr. Zeng is entitled to a director's fee of HK$120,000 per annum which is determined by arm's length negotiation between Mr. Zeng and the Company and with reference to his duties and responsibilities. The amount of the remuneration has been approved by the Board and the remuneration committee of the Company.

As at the Latest Practicable Date, Mr. Zeng does not have, and is not deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations within the meaning of Part XV of the SFO. There is no information relating to Mr. Zeng that is required to be disclosed pursuant to Rules 13.51(2) (h) to (x) of the Listing Rules. Save as disclosed herein, there is no other matter relating to Mr. Zeng that needs to be brought to the attention of the Shareholders and the Stock Exchange.

SGM

A notice convening the SGM to be held at 2/F., 100 QRC, 100 Queen's Road Central, Central, Hong Kong, on Monday, 30 November 2015 at 9:30 a.m. or any adjournment is set out from pages 79 to 80 of this circular. A form of proxy for use at the SGM is enclosed. Whether or not you are able to attend the SGM in person, you are requested to complete and return the accompanying form of proxy to the Company's Hong Kong branch share registrar and transfer office, Union Registrars Limited at A18/F, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM. Completion and return of the proxy form shall not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so desire.

RECOMMENDATIONS

The Directors consider that the terms of the Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and that the Acquisition is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Agreement and the transactions contemplated thereunder.

The Directors believe that the re-election of Directors is in the interests of the Company as well as the Shareholders. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolution in relation to the re-election of Directors to be proposed at the SGM.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

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

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)

13 November 2015

To the Independent Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION

We refer to the circular dated 13 November 2015 (the "**Circular**") of the Company of which this letter forms part. Terms used in this letter shall have the meanings as defined in the Circular unless the context requires otherwise.

We, being the independent non-executive Directors, have been appointed to form the Independent Board Committee to advise you as to whether the terms of the Agreement are fair and reasonable so far as the Independent Shareholders are concerned and whether the Agreement is in the interests of the Company and the Shareholders as a whole.

Proton Capital Limited have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the Agreement.

We wish to draw your attention to the letter from the Board as set out from pages 4 to 19 of the Circular and the letter from the Independent Financial Adviser as set out from pages 22 to 35 of the Circular which contain, among other things, their advice, recommendations to us regarding the Acquisition and the principal factors and reasons taken into consideration for their advice and recommendations.

Having taken into account the advice and recommendations of the Independent Financial Adviser and the principal factors and reasons taken into consideration by them in arriving at their opinion, we consider that the terms of the Agreement are on normal commercial terms, fair and reasonable as far as the Independent Shareholders are concerned. In view of the above, we consider that the Agreement and the Acquisition are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Agreement and the transactions contemplated thereunder.

Yours faithfully,

Dr. Loke Yu alias Loke Hoi Lam	**Mr. Tse Long**	**Mr. Zeng Zhaolin**

Independent Non-executive Directors

The following is the full text of a letter of advice from Proton Capital Limited to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in the Circular.

普頓資本有限公司
PROTON CAPITAL LIMITED

Unit 1001, 10th Floor, Chuang's Tower,
30-32 Connaught Road Central, Hong Kong

13 November 2015

To: The Independent Board Committee and the Independent Shareholders of China New Energy Power Group Limited

Dear Sirs,

MAJOR AND CONNECTED TRANSACTION

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, the details of which are set out in the letter from the Board (the "**Board Letter**") contained in the circular dated 13 November 2015 issued by the Company to the Shareholders (the "**Circular**"), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

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 disclosed in the Board Letter, 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, Dr. Loke and Mr. Tse Long, has been established to advise the Independent Shareholders in respect of the Acquisition. We, Proton Capital, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition.

Proton Capital is not connected with the directors, chief executive and substantial shareholders of the Company or the Vendor or any of their respective subsidiaries or their respective associates and, as at the Latest Practicable Date, did not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group and therefore is considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders. Proton Capital had not acted as independent financial adviser to the Company's other transactions during the last two years.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors and the management of the Company (collectively, the "**Management**"). We have assumed that all information and representations that have been provided by the Management, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, the Target Company, the Vendor, Mr. Wen or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Acquisition. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic condition) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company. Where information in this letter has been extracted from published or otherwise publicly available sources, the sole responsibility of Proton Capital is to ensure that such information has been correctly and fairly extracted, reproduced or presented from the relevant sources.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Acquisition, we have taken into consideration the following principal factors and reasons:

1. Background of and reasons for the Acquisition

Business overview of the Group

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

Set out below is the financial information of the Group for each of the two years ended 31 December 2014 as extracted from the Company's annual report for the year ended 31 December 2014 (the "**2014 Annual Report**") and for the six months ended 30 June 2014 and 30 June 2015 as extracted from the Company's interim report for the six months ended 30 June 2015 (the "**2015 Interim Report**") (collectively, the "**Review Period**"):

	For the year ended 31 December 2014 (audited) *HK$'000*	**For the year ended 31 December 2013 (audited)** *HK$'000*	**For the six month ended 30 June 2015 (unaudited)** *HK$'000*	**For the six month ended 30 June 2014 (unaudited)** *HK$'000*
Turnover				
– Investment in securities	6,485	250	0	0
– Property	0	0	0	0
– Supply chain management business	N/A	N/A	176	N/A
Total	6,485	250	176	0
Other gains and losses	179,258	60,133	(75,269)	102,058
Net profit (loss) for the year/period	122,627	20,279	(92,295)	97,708

As depicted by the above table, turnover of the Group increased substantially from approximately HK$0.25 million only in the year ended 31 December 2013 ("**YE 2013**") to approximately HK$6.49 million for the year ended 31 December 2014 ("**YE 2014**"). We noted that turnover of the Group during the aforesaid two years were generated from its investment in securities business segment, which represented the dividend from held-for-trading securities of the Group as disclosed in the 2014 Annual Report. We noted that the Group's investment properties did not generate any revenue during the Review Period. According to the 2015 Interim Report, the operation of supply chain management business was introduced to the Group during the six months period ended 30 June 2015 which generated turnover of approximately HK$0.18 million to the Group while the turnover from the other two business segments, being investment in securities and property, were nil.

Notwithstanding the relatively low turnover recorded by the Group during the Review Period, we noted that the profitability of the Group was mainly affected by the other gains and losses of the Group. In the YE 2014, other gains and losses of the Group amounted to approximately HK$179.26 million (2013: gains of approximately HK$60.13 million). According to the 2014 Annual Report, the gains and losses mainly consisted of the gain on disposal of held-for-trading investments of approximately HK$88.30 million (2013: approximately HK$0.07 million), net fair value gain on held-for-trading investments of approximately HK$66.08 million (2013: approximately HK$16.50 million) and the gain on fair value change of derivative financial instruments of approximately HK$31.49 million (2013: a net loss of approximately HK$28.34 million) were generated in the reporting year.

For the six month ended 30 June 2015, the Group had other losses of approximately HK$75.27 million (six months ended 30 June 2014: a gain of approximately HK$102.06 million). The 2015 Interim Report disclosed that the losses mainly consisted of the loss on fair value change of held-for-trading investments of approximately HK$84.31 million (six months ended 30 June 2014: a gain of approximately HK$70.57 million), gain on disposal of held-for trading investments of approximately HK$9.04 million (six months ended 30 June 2014: Nil) and no gain on fair value change of derivative financial instruments (six months ended 30 June 2014: a gain of approximately HK$31.49 million).

The net profit of the Company increased by approximately 600% from approximately HK$20.28 million in the YE 2013 to approximately HK$122.63 million in the YE 2014. Compared with a net profit of approximately HK$97.71 million for the six months ended 30 June 2014, the Company recorded net loss of approximately HK$92.30 million for the six months ended 30 June 2015.

Information on the Target Company

According to the Board Letter, 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 activity under the SFO. Principal businesses of the Target Company include brokerage services, underwriting and placing services (the "**Securities Business**"). As at the Latest Practicable Date, the Target Company is wholly owned by the Vendor.

Set out below is the 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 as extracted from Appendix II to the Circular:

	For the five months ended 31 August 2015	For the year ended 31 March 2015	For the year ended 31 March 2014
	HK$'000	*HK$'000*	*HK$'000*
Revenue	4,014	2,909	2,872
Profit/(loss) before tax	580	(2,893)	(3,372)
Profit/(loss) after tax	580	(2,893)	(3,372)

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

We noted that the Target Company was loss-making in the last three years ended 31 March 2015. However, the Target Company's business turnaround and recorded a net profit of approximately HK$0.58 million for the five months ended 31 August 2015. Upon our enquiry, we understand that after the acquisition of the Target Company by the Vendor in January 2015, the Target Company has (i) strengthened its marketing and sales team by increasing number of account executives from six to nine; (ii) commenced operation of its internet trading platform in April 2015; and (iii) been actively participated in placing activities. The aforesaid development of the Target Company led to increase in revenue of the Target Company for the five months ended 31 August 2015 as compared to the corresponding period in 2014. The Target Company recorded total value of transactions in securities dealing (including those conducted through internet trading platform) of approximately HK$2,239.71 million for the five months ended 31 August 2015. As further advised by the Directors, the Target Company made loss for the three years ended 31 March 2015 as it could not generate revenue and other income which exceed its administrative and operating expenses and finance costs. Nevertheless, given the aforesaid development of the Target Company, the Target Company was able to make a turnaround from its loss-making position and recorded profit before and after tax for the five months ended 31 August 2015.

For due diligence purpose, the Board had conducted, amongst others, (i) company search; (ii) search for non-compliance of the Target Company; and (iii) review of financial information of the Target Company for the three years ended 31 March 2015 and the five months ended 31 August 2015; and (iv) discussion with Mr. Wen Wenfeng (in his capacity of the chairman of the Target Company) regarding the business and financial performance of the Target Company.

The Board has diversified experience in different aspects, in particular, Mr. Wen Wenfeng has experience in the securities business and was appointed as the director of the Target Company in March 2015. With the support of the existing management of the Target Company, the Board does not foresee any difficulty in managing the operation of the Target Company.

Reasons for the Acquisition

As disclosed in the Board Letter, the Group is principally engaged in the property business and investment in securities business in Hong Kong and PRC.

The Board Letter further disclosed that in January 2015, the Board announced that the Group intended to develop new business of (i) environmental protection and renewable energy, including provision of environmental protection services, developing new renewable energy; and (ii) supply chain management of various products. Subsequently in February 2015, the Group commenced its operation of supply chain management business. In view of the unsatisfactory performance of the Group's supply chain management business, the Group intends to (subject to further review and consideration) discontinue such business. In addition, the Board has no current intention to develop the new business of environmental protection and renewable energy as the Board has not yet formed any feasible development plan or identified any feasible targets.

The Group is dedicating its efforts to the development of its existing businesses and the Acquisition 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.

Having considered the above positive market conditions, the Board considers that the Acquisition would enable the Group to expand its source of revenue to the Securities Business (in addition to its investment in securities business) and diversify the Group's revenue base. Accordingly, the Directors 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.

The Acquisition was initiated by Mr. Wen Wenfeng for the Board's consideration. Having considered the fairness and reasonableness of the Consideration, the Board did not approach any potential third party seller for Securities Business so as to save transaction cost (e.g. agency fee) and negotiation process.

The Directors advised that having considered the substantial cost to be incurred (including but not limited to the financial resources to be injected for satisfying the financial resources requirements under the SFO) and substantial time of setting up a Securities Business by the Company itself (including the time for application for license), the Board did not opt to set up a Securities Business by the Company itself.

We understand that the setting of a new securities company is a complicated and lengthy process which will involve, among others, setting up appropriate internal control system, establishment of trading platform and recruitment of qualified staff. Also, there is no guarantee that a licence will be granted by the SFC if the Company apply for a dealing in securities licence on its own. As such, we consider that the Acquisition, which allows the Company to acquire an established securities company, is an efficient and effective means for the Company to expand to the Securities Business. Although the Vendor is a connected person, we concur with the view of the Board that the Acquisition allows the Company to achieve savings in transaction cost (e.g. agency fee) since if the Company opt for sourcing of potential acquisition target via a middleman, an agency fee is normally payable for this sourcing service. We also concur with the view of the Board that the Acquisition will enable the Group to expand its source of revenue to the Securities Business and diversify the Group's revenue base especially taking into account that the Target Company had adopted a number of measures to improve its business since January 2015 to turnaround from its previous loss-making position.

We noted from the 2015 Interim Report that 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.

As discussed in the section headed "Business Overview of the Group", the Group had very limited source of revenue and relied heavily on the dividend from held-for-trading securities of the Group as its source of revenue. We understand from the Company that the existing securities investment portfolio of the Group mainly comprises of listed securities in Hong Kong. The Board Letter disclosed that as at 30 June 2015, the Group's investment portfolio comprises of (i) listed shares of Sky Forever Supply Chain Management Group Limited (stock code: 8047) with market value of approximately HK$25.16 million; (ii) listed shares of PPS International (Holdings) Ltd. (stock code: 8201) with market value of approximately HK$76.79 million; (iii) listed shares of Yat Sing Holdings Limited (stock code: 3708) with market value of approximately HK$25.53 million; (iv) listed shares of Chun Sing Engineering Holdings Limited (stock code: 2277) with market value of approximately HK$8 million; and (v) listed shares of Tack Fiori International Group Limited (stock code: 928) with market value of approximately HK$242.89 million. The Group recorded negative fair value changes on held-for-trading investments of approximately HK$84.31 million and gain on disposal of held-for-trading investments of approximately HK$9.04 million for the six months ended 30 June 2015. The Group's investment strategy is to review the investment portfolio continuously and make appropriate adjustments (by acquisition or disposal) according to the market situation, with an aim to generate reasonable returns.

In view that the Group only acts as passive investor in respect of its securities investment portfolio, the performance of the Company in this business segment is very depend on the performance and the dividend to be declared by those listed companies from time to time. There is an uncertainty on the prospect of this business segment as the Group, being a passive investor, would not have any influence on the performance or dividend policy of those listed companies in its securities investment portfolio.

Regarding the properties investment business segment of the Group, as discussed in the section headed "Business Overview of the Group", this business segment failed to generate any revenue to the Group for the two years ended 31 December 2014 and the six months ended 30 June 2015. The Company advised that in respect of the investment properties of the Group in Guiyang, the PRC, the Group obtained the building ownership certificate in February 2015 and have been seeking for potential tenants since then. Given that the Group had not arrived leasing terms acceptable to the Group with suitable potential tenant(s), the renovation work is still pending. The management of the Group is in discussion with potential tenants for the leasing of the said investment properties on the basis that the potential tenants will undertake the renovation work at their own cost. Upon agreement of leasing terms acceptable to the Group and the specification of renovation plan with suitable tenants, the Group will further proceed with the renovation work. The said investment properties are expected to generate rental income in the first half of 2016. In October 2015, the Group has entered into a provisional sale agreement with an Independent Third Party for the acquisition of a residential property with gross floor area of approximately 2,100 sq. feet at Yuen Long, Hong Kong ("**Yuen Long Property**"), which is intended to be applied for staff quarter. In view of the unsatisfactory historical performance of this business segment and the Group had not yet arrived leasing terms acceptable to the Group with suitable potential tenants for the leasing of the investment properties in Guiyang, the PRC while the Yuen Long Property is intended to be applied for staff quarter (i.e. the Company's investment in the Yuen Long Property will unlikely generate any revenue), we consider that there is an uncertainty on the future prospect of the properties investment business segment of the Group.

On the basis of the reasons for the Acquisition as aforesaid, although the Acquisition is not conducted in the ordinary and usual course of business of the Company as the Group is not currently engaged in the Securities Business, in view that the Target Company has turnarounded from its previous loss making position in the past five months ended 31 August 2015, the Acquisition (i) is in line with the intention of the Group as stated in the 2015 Interim Report (i.e. with a view to providing steady returns); (ii) will allow the Group to expand its source of revenue to the Securities Business; and (iii) will diversify the Group's revenue base, we consider that the Acquisition is in the interests of the Company and the Shareholders as a whole.

2. Terms of the Agreement

Highlighted below are the principal terms of the Agreement:

(a) Date: 21 September 2015

(b) Parties:

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. Mr. Wen is also the uncle of Mr. Wu, the Chief Executive Officer and an executive Director of the Company. Mr. Wen is also a former chairman of Mega Medical Technology Limited (stock code: 876) ("**Mega Medical**").

Mr. Wu is currently serving as (i) the legal representative and the general manager of（深圳市茂商會小額貸款有限公司）(Mr. Wen and his spouse collectively and indirectly hold the majority stake of this company); (ii) a supervisor of the Shenzhen Cancare Commercial Development Company Limited （深圳市智偉龍商業發展有限公司） (the ultimate beneficial owner of which is the spouse of Mr. Wen); and (iii) an executive director or Mega Medical.

Mr. Wen Wenfeng, an executive Director, is (i) the sole director of the Vendor; and (ii) the Chairman of the Target Company and a director of Youth-Chinese Entrepreneur Fund Limited（中華青年創業夢基金有限公司）(the sole shareholder of which is Mr. Wen).

Mr. Lung, a non-executive Director, is a former independent non-executive director of Mega Medical.

Dr. Loke, an independent non-executive Director, is also an independent non-executive director of Mega Medical.

Mr. Zeng, independent non-executive director, is (i) the vice president of the Shenzhen Cancare Group（深圳市智偉龍實業集團）(Mr. Wen and his spouse collectively and indirectly hold the entire equity interest of this company); (ii) the vice chairman of the Shenzhen Cancare Group's Advisory Board（深圳市智偉龍實業集團顧問委員會）; and (iii) a former independent non-executive director of Mega Medical.

(c) Subject Matter of the Acquisition

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.

(d) 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.

As advised by the Directors, the Consideration was arrived at after arm's length negotiations between the Purchaser and the Vendor after taking into account of the following factors:

(i) the original acquisition cost of the Target Company incurred by the Vendor, which amounted to approximately HK$16.90 million and is higher than the Consideration;

(ii) the Target Company's net asset value of approximately HK$11.66 million as at 31 August 2015 (the implied price-to-book ratio ("**P/B Ratio**") of the Consideration is approximately 1.37 times, which is within the range of P/B Ratios of comparable listed companies that are engaged in and generate majority of revenue from similar business of the Target Company); and

(iii) the potential future prospects of the Target Company.

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

Comparison with other comparable companies

In assessing the fairness and reasonableness of the Consideration, we have attempted to perform a price-to-earnings ratio (the "**P/E Ratio**") analysis, which is one of the most widely used and accepted methods for valuing a business with recurrent income. Given the Target Company recorded losses in the last financial year, we consider that it is not feasible to assess the Consideration using the P/E Ratio approach. In addition, as the Target Company did not declare or distribute any dividend for the last financial year, we consider that the price-to-dividends approach is not applicable in assessing the fairness or reasonableness of the Consideration in this case. Nevertheless, taking into account the Consideration was determined after taking into account of, among others, the Target Company's net asset value and majority of the assets of the Company comprise of trade receivables, bank balances held on behalf of clients, bank and cash balances, we consider the net asset approach is an appropriate alternate approach to assess the fairness and reasonableness of the Consideration.

Since the principal businesses of the Target Group is brokerage services, underwriting and placing services, we have conducted a search on the Stock Exchange and identified eleven companies (the "**Comparable Companies**"), which are listed on the Stock Exchange and have more than 70% of the revenue generated from brokerage and related services. Independent Shareholders should note that the businesses, operations and prospects of the Target Company are not the same as the Comparable Companies and thus the Comparable Companies are only used to provide a general reference. We have compared the respective P/B Ratios of the Comparable Companies with those of the Target Company, details of which are set out in the table below.

Company	**Stock code**	**Market capitalisation** *(HK$ million)* *(Note 1)* *(1)*	**Net asset value** *(HK$ million)* *(Note 2)* *(2)*	**P/B Ratio** *(times)* *(3) = (1)/(2)*
Bright Smart Securities & Commodities Group Limited	1428	4,546.77	1,740.65	2.61
China Fortune Financial Group Limited	290	481.99	154.63	3.12
CL Group (Holdings) Limited	8098	451.00	225.73	2.00
Emperor Capital Group Ltd.	717	4,368.44	1,664.72	2.62
Orient Securities International Holdings Limited	8001	428.40	272.43	1.57
Quam Limited	952	2,053.87	426.86	4.81
Simsen International Corporation Ltd.	993	10,686.63	1,448.20	7.38
Southwest Securities International Securities Limited	812	1,757.68	528.83	3.32
South China Financial Holdings Ltd.	619	693.88	782.76	0.89
Sun Hung Kai & Co. Limited	86	11,679.72	22,092.30	0.53
Value Convergence Holdings Ltd.	821	778.63	551.84	1.41
Maximum				**7.38**
Minimum				**0.53**
Average				**2.75**

	The Consideration *(HK$ million)* *(Note 1)* *(1)*	Net asset value *(HK$ million)* *(Note 2)* *(2)*	P/B Ratio *(times)* *(3) = (1)/(2)*
The Target Company	**16.00**	**11.66**	**1.37**

Source: The Stock Exchange and published information of the abovementioned companies.

Notes:

1. Unless otherwise specified, market capitalisation is calculated based on the closing price of shares as quoted on the Stock Exchange as at the Latest Practicable Date.

2. Unless otherwise specified, net asset value refers to the latest published accounts.

As shown in the above table, the Comparable Companies were trading at P/B Ratios ranging from approximately 7.38 times to 0.53 times with an average of 2.75. The implied P/B Ratio of the Target Company of 1.37 times (based on the Consideration of HK$16 million) is hence within the market range and well below the average P/B Ratios of the Comparable Companies of 2.75 times. We also noted that the implied P/B Ratio of the Target Company calculated based on the Consideration is lower than nine out of the eleven Comparable Companies. Since the implied P/B Ratio of the Target Company (based on the Consideration) is within the range of the P/B Ratios of the Comparable Companies and is well below the average P/B Ratios of the Comparable Companies, and is lower than nine out of the eleven Comparable Companies, we consider the Consideration is fair and reasonable.

(e) Conditions precedent

Completion of the Agreement and the transactions contemplated thereunder is conditional upon, among other things, the fulfillment of a number of conditions which details were set out in the Board's Letter.

3. Possible financial effects of the Acquisition

As confirmed by the Directors, upon Completion, the Target Company will become a subsidiary of the Company and the profit and loss and assets and liabilities of the Target Company will be consolidated to the financial statements of the Group. The unaudited pro forma financial information of the Enlarged Group is set out in Appendix III to the Circular.

(i) Effect on net asset value

Based on the unaudited pro forma financial information of the Enlarged Group as set out in Appendix III to the circular, the unaudited pro forma consolidated total assets of the Group would increase from approximately HK$554,857,000 as at 30 June 2015 to approximately HK$615,370,000 and the unaudited pro forma consolidated total liabilities of the Group would increase from approximately HK$45,862,000 as at 30 June 2015 to approximately HK$106,375,000, whereas the unaudited pro forma net assets of the Group would remain as approximately HK$508,995,000 as a result of the Acquisition.

(ii) Effect on earnings

As advised by the Directors, in light of the future prospects of the Target Company, the Directors are of the view that the Acquisition would likely to have a positive impact on the future turnover and earnings of the Enlarged Group.

In view of the material increase in revenue and improved business of the Target Company after the acquisition by the Vendor in January 2015, we concur with the view of the Directors that the Acquisition would likely to have a positive impact on the future turnover and earnings of the Enlarged Group.

(iii) Effect on working capital

As mentioned under the section headed "Terms of the Agreement", the Consideration will be funded by the internal resources of the Group. We noted from the 2015 Interim Report that as 30 June 2015, the Group had bank balances and cash of approximately HK$45.95 million. On 8 July 2015, the Company completed a placement of new Shares and raised net proceeds approximately HK$77 million. We further noted from the Circular that the Directors are of the opinion that, after taking into account of the present available financial resources and the banking and other facilities presently available, the Enlarged Group will have sufficient working capital for its present requirements and for the next twelve months from the date of the Circular in the absence of unforeseeable circumstances.

Judging from the possible financial effects of the Acquisition as mentioned in this subsection, we are of the view that the overall financial effects of the Acquisition are acceptable.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated in this letter, although the Acquisition is not conducted in the ordinary and usual course of business of the Company, we are of the opinion that (i) the terms of the Agreement are on normal commercial terms; (ii) the terms of the Acquisition are fair and reasonable so far as the Independent Shareholders are concerned; and (iii) the Acquisition is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Agreement and the transactions contemplated thereunder and we recommend the Independent Shareholders to vote in favour of the proposed resolution in this regard.

Yours faithfully,
For and on behalf of
Proton Capital Limited
Josephine Lau
Director – Corporate Finance

Note: Ms. Josephine Lau has been a responsible officer of Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities since 2012 and 2007, respectively. Ms. Lau has more than 14 years of experience in corporate finance and investment banking and has participated in and completed various advisory transactions in respect of connected transactions of listed companies in Hong Kong.

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for the year ended 31 December 2012, the year ended 31 December 2013 and the year ended 31 December 2014 are disclosed on pages 66-175 of the annual report 2012 published on 25 April 2013, pages 59-175 of the annual report 2013 published on 22 April 2014, pages 68-167 of the annual report 2014 published on 17 February 2015, and pages 5 to 28 of the interim report 2015 published on 23 September 2015, of the Company respectively, which were published on both the Stock Exchange website (www.hkexnews.hk) and the Company's website (http://www.cnepgl.com).

Please refer to the following links for the abovementioned financial information:

Annual Report 2012

http://www.hkexnews.hk/listedco/listconews/SEHK/2013/0425/LTN201304251119.pdf

Annual Report 2013

http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0422/LTN20140422538.pdf

Annual Report 2014

http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0217/LTN20150217160.pdf

Interim Report 2015

http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0923/LTN20150923273.pdf

2. INDEBTEDNESS STATEMENT

As at the close of business on 30 September 2015, the Enlarged Group had bank borrowings of approximately HK$35,305,000.

The Enlarged Group's bank facilities are secured by the pledges of foreign currency of approximately US$4,700,000.

The Directors are not aware of any material adverse changes in the Enlarged Group's indebtedness position and contingent liabilities since 30 September 2015.

Save as disclosed above and apart from intra-group liabilities and normal trade payables in the ordinary course of business, as at the close of business on 30 September 2015, the Enlarged Group did not have any other outstanding mortgages, charges, debentures or other loan capital, bank overdrafts or loans, other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance or acceptance credits, guarantees or other material contingent liabilities.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the present available financial resources and the banking and other facilities presently available and also the effect of the Acquisition, the Enlarged Group will have sufficient working capital for its present requirements and for the next twelve months from the date of this circular in the absence of unforeseeable circumstances.

4. FINANCIAL AND TRADING PROSPECT OF THE ENLARGED GROUP

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

For the investment properties of the Group in Guiyang, the PRC, the Group obtained the building ownership certificate in February 2015 and have been seeking for potential tenants since then. Given that the Group had not arrived leasing terms acceptable to the Group with suitable potential tenant(s), the renovation work is still pending. The management of the Group is in discussion with potential tenants for the leasing of the said investment properties on the basis that the potential tenants will undertake the renovation work at their own cost. Upon agreement of leasing terms acceptable to the Group and the specification of renovation plan with suitable tenants, the Group will further proceed with the renovation work. The said investment properties are expected to generate rental income in the first half of 2016. In November 2015, the Group has entered into an agreement with an Independent Third Party for the acquisition of a residential property with gross floor area of approximately 2,100 sq. feet at Yuen Long, Hong Kong (the "**Yuen Long Property**"), which is intended to be applied for staff quarter.

As at 30 June 2015, the Group's investment portfolio comprises of (i) listed shares of Sky Forever Supply Chain Management Group Limited (stock code: 8047) with market value of approximately HK$25.16 million; (ii) listed shares of PPS International (Holdings) Ltd. (stock code: 8201) with market value of approximately HK$76.79 million; (iii) listed shares of Yat Sing Holdings Limited (stock code: 3708) with market value of approximately HK$25.53 million; (iv) listed shares of Chun Sing Engineering Holdings Limited (stock code: 2277) with market value of approximately HK$8 million; and (v) listed shares of Tack Fiori International Group Limited (stock code: 928) with market value of approximately HK$242.89 million. The Group recorded negative fair value changes on held-for-trading investments of approximately HK$84.31 million and gain on disposal of held-for-trading investments of approximately HK$9.04 million for the six months ended 30 June 2015. The Group's investment strategy is to review the investment portfolio continuously and make appropriate adjustments (by acquisition or disposal) according to the market situation, with an aim to generate reasonable returns.

In January 2015, the Board announced that the Group intended to develop new business of (i) environmental protection and renewable energy, including provision of environmental protection services, developing new renewable energy; and (ii) supply chain management of various products. Subsequently in February 2015, the Group commenced its operation of supply chain management business. Supply chain management services (which include transportation, delivery, custom declaration, etc.) is provided to customers in the

PRC who placed purchase orders (mainly electronic parts and daily consumables) with overseas suppliers. The Group may also finance customers' purchase and receive financial charge from customers. In view of the unsatisfactory performance of the Group's supply chain management business (the supply chain management business suffered a segmental loss of approximately HK$0.21 million for the six months ended 30 June 2015), the Group intends to (subject to further review and consideration) discontinue such business. In addition, the Board has no current intention to develop the new business of environmental protection and renewable energy as the Board has not yet formed any feasible development plan or identified any feasible targets.

The Group is dedicating its efforts to the development of its existing businesses and the Acquisition with a view to providing steady returns as well as fruitful growth for its shareholders. As at 31 October 2015, the Group has bank balances and cash of approximately HK$82.20 million. Save for the consideration to be paid for the acquisition of the Yuen Long Property and the outstanding amount of the Consideration, the Group does not foresee any significant capital requirements in near future.

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.

Having considered the above positive market conditions, the Board considers that the Acquisition would enable the Group to expand its source of revenue to the Securities Business (in addition to its investment in securities business) and diversify the Group's revenue base.

PART A. ACCOUNTANTS' REPORT OF THE TARGET COMPANY

The following is the text of a report received from ZHONGUI ANDA CPA Limited, a certified public accountant, prepared for the purpose of incorporation in this circular.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants

13 November 2015

The Board of Directors
China New Energy Power Group Limited

Dear Sirs,

We set out below our report on the financial information relating to Lamtex Securities Limited (the "Target Company"), which comprises Target Company's statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the three years ended 31 March 2013, 2014 and 2015 and the five months ended 31 August 2015 (the "Relevant Periods") and the Target Company's statements of financial position as at 31 March 2013, 2014 and 2015 and 31 August 2015 (the "Financial Information") for inclusion in the circular dated 13 November 2015 (the "Circular") issued by China New Energy Power Group Limited (the "Company") in connection with its proposed acquisition of the entire equity interest in the Target Company (the "Acquisition").

The Target Company was incorporated on 28 March 1980 in Hong Kong with limited liability and the principal activities of the Target Company are securities brokerage and provision of securities margin finance.

The statutory financial statements of the Target Company for the years ended 31 March 2013, 2014 and 2015 were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The statutory financial statements of the Target Company were audited by the following certified public accountants registered in Hong Kong in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

Financial year	**Name of auditors**
For the years ended 31 March 2013 and 2014	M.B.LEE & Co.
For the year ended 31 March 2015	Robert Chui & Co., Certified Public Accountants

For the purpose of this report, the directors of the Target Company have prepared the financial statements of the Target Company for the Relevant Periods in accordance with HKFRSs issued by the HKICPA (the "Underlying Financial Statements").

We have performed an independent audit on the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and have examined the Underlying Financial Statements in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

The Financial Information has been prepared from the Underlying Financial Statements in accordance with HKFRSs. No adjustments were considered necessary to the Underlying Financial Statements in preparing our report for inclusion in the Circular.

The directors of the Target Company are responsible for the preparation of the Underlying Financial Statements. The directors of the Company are responsible for the contents of the Circular in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

OPINION

In our opinion, for the purpose of this report, the Financial Information gives a true and fair view of the financial position of the Target Company as at 31 March 2013, 2014 and 2015 and 31 August 2015 and of the Target Company's financial performance and cash flows for the Relevant Periods.

COMPARATIVE FINANCIAL INFORMATION

For the purpose of this report, the directors of the Target Company have prepared the comparative financial information of the Target Company for the five months ended 31 August 2014 in accordance with the HKFRSs (the "Comparative Financial Information"). We have reviewed the Comparative Financial Information in accordance with Hong Kong Standard on Review Engagements 2400 "Engagements to Review Financial Statements" issued by the HKICPA. A review consists principally of making enquiries of the Target Company management and applying analytical procedures to the Comparative Financial Information and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the Comparative Financial Information.

REVIEW CONCLUSION

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the Comparative Financial Information.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 March			Five months ended 31 August	
		2013	**2014**	**2015**	**2014**	**2015**
	Notes	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
		(audited)	(audited)	(audited)	(unaudited)	(audited)
Revenue	*7*	3,639,691	2,872,284	2,909,416	1,070,961	4,013,577
Other income		1,832	8,007	666,152	182,879	8,158
Administrative and operating expenses		(5,065,690)	(6,602,667)	(6,468,549)	(2,094,364)	(3,441,863)
(Loss)/profit from operations		(1,424,167)	(3,722,376)	(2,892,981)	(840,524)	579,872
Finance costs	*9*	(32,626)	(9,131)	–	–	–
(Loss)/profit before taxation		(1,456,793)	(3,731,507)	(2,892,981)	(840,524)	579,872
Income tax expense	*10*	–	–	–	–	–
(Loss)/profit and total comprehensive (loss)/income for the year/period	*12*	(1,456,793)	(3,731,507)	(2,892,981)	(840,524)	579,872

STATEMENTS OF FINANCIAL POSITION

			At 31 March		At 31 August
		2013	**2014**	**2015**	**2015**
	Notes	*HK$*	*HK$*	*HK$*	*HK$*
		(audited)	(audited)	(audited)	(audited)
Non-current assets					
Plant and equipment	*14*	253,811	127,388	1,273,164	1,201,052
Other assets	*15*	400,000	400,000	400,000	400,000
		653,811	527,388	1,673,164	1,601,052
Current assets					
Trade receivables	*16*	12,050,635	6,756,656	16,928,742	42,235,596
Prepayments, deposits and other receivables	*17*	2,576,706	472,947	17,640	106,985
Due from directors	*18*	7,172,175	6,702,675	–	–
Due from a related company	*19*	6,163,875	–	–	–
Due from ultimate holding company	*20*	–	–	2,016,800	–
Bank balances held on behalf of clients	*21*	2,807,966	4,622,101	5,220,569	15,503,301
Bank and cash balances		4,428,862	3,721,213	5,040,954	12,736,653
		35,200,219	22,275,592	29,224,705	70,582,535
Current liabilities					
Trade payables	*22*	6,908,063	7,837,413	18,913,928	59,537,224
Accruals and other payables		944,099	992,150	903,505	976,055
Due to a director	*23*	–	–	–	10,000
Due to a former shareholder	*24*	800,000	–	–	–
Bank loans	*25*	1,000,000	–	–	–
		9,652,162	8,829,563	19,817,433	60,523,279
Net current assets		25,548,057	13,446,029	9,407,272	10,059,256
NET ASSETS		26,201,868	13,973,417	11,080,436	11,660,308
Capital and reserves					
Share capital	*27*	10,000,000	10,000,000	10,000,000	10,000,000
Reserves		16,201,868	3,973,417	1,080,436	1,660,308
EQUITY		26,201,868	13,973,417	11,080,436	11,660,308

STATEMENTS OF CHANGES IN EQUITY

	Share capital HK$ (audited)	Retained profits HK$ (audited)	Total HK$ (audited)
At 1 April 2012	10,000,000	17,658,661	27,658,661
Total comprehensive loss for the year	–	(1,456,793)	(1,456,793)
As at 31 March 2013	10,000,000	16,201,868	26,201,868
Total comprehensive loss for the year	–	(3,731,507)	(3,731,507)
Dividend paid	–	(8,496,944)	(8,496,944)
As at 31 March 2014	10,000,000	3,973,417	13,973,417
Total comprehensive loss for the year	–	(2,892,981)	(2,892,981)
As at 31 March 2015	10,000,000	1,080,436	11,080,436
Total comprehensive income for the period	–	579,872	579,872
At 31 August 2015	10,000,000	1,660,308	11,660,308

Five months ended 31 August 2014

	Share capital HK$ (unaudited)	Retained profits HK$ (unaudited)	Total HK$ (unaudited)
At 1 April 2014	10,000,000	3,973,417	13,973,417
Total comprehensive loss for the period	–	(840,524)	(840,524)
At 31 August 2014	10,000,000	3,132,893	13,132,893

STATEMENTS OF CASH FLOWS

	Year ended 31 March			Five months ended 31 August	
	2013	2014	2015	2014	2015
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
	(audited)	(audited)	(audited)	(unaudited)	(audited)
Cash flows from operating activities					
(Loss)/profit before taxation	(1,456,793)	(3,731,507)	(2,892,981)	(840,524)	579,872
Adjustments for:					
Depreciation	134,292	126,423	318,291	52,676	138,122
Loss on disposal of property, plant and equipment	–	–	127,388	–	–
Finance cost	32,626	9,131	–	–	–
Interest income	(857,237)	(390,263)	(363,599)	(146,842)	(86,502)
Bad debt written off	–	228,544	465,273	–	–
Provision for bad and doubtful debts	–	1,620,000	–	–	–
Reversal of provision for bad and doubtful debts	–	–	(642,152)	(176,879)	–
Operating (loss)/profit before working capital changes	(2,147,112)	(2,137,672)	(2,987,780)	(1,111,569)	631,492
Change in trade receivables	6,793,903	3,445,435	(9,995,207)	(1,328,140)	(25,306,853)
Change in prepayments, deposits and other receivables	(1,886,766)	2,103,759	455,307	98,137	(89,345)
Change in due from/(to) directors	(342,470)	(330,500)	6,702,675	6,702,675	10,000
Change in due from a related company	(230,001)	6,163,875	–	–	–
Change in due from ultimate holding company	–	–	(2,016,800)	–	2,016,800
Change in bank balances held on behalf of clients	4,092,978	(1,814,135)	(598,468)	478,043	(10,282,732)
Change in trade payables	(5,780,167)	929,350	11,076,515	2,350,114	40,623,296
Change in accruals and other payables	709,098	48,051	(88,645)	(268,628)	72,549
Change in due to a former shareholder	800,000	–	–	–	–
Cash generated from operations	2,009,463	8,408,163	2,547,597	6,920,632	7,675,207
Interest received	857,237	390,263	363,599	146,842	86,502
Net cash generated from operating activities	2,866,700	8,798,426	2,911,196	7,067,474	7,761,709

	Year ended 31 March			Five months ended 31 August	
	2013	**2014**	**2015**	**2014**	**2015**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
	(audited)	(audited)	(audited)	(unaudited)	(audited)
Cash flows from investing activities					
Purchase of property, plant and equipment	–	–	(1,591,455)	–	(66,010)
Net cash used in investing activities	–	–	(1,591,455)	–	(66,010)
Cash flows from financing activities					
Dividend paid	–	(8,496,944)	–	–	–
Repayments of bank loans	(1,000,000)	(1,000,000)	–	–	–
Finance costs paid	(32,626)	(9,131)	–	–	–
Net cash used in financing activities	(1,032,626)	(9,506,075)	–	–	–
Net increase/(decrease) in cash and cash equivalents at end of year/period	1,834,074	(707,649)	1,319,741	7,067,474	7,695,699
Cash and cash equivalents at beginning of year/period	2,594,788	4,428,862	3,721,213	3,721,213	5,040,954
Cash and cash equivalents at end of year/period	4,428,862	3,721,213	5,040,954	10,788,687	12,736,653
Analysis of cash and cash equivalents					
Bank and cash balances	4,428,862	3,721,213	5,040,954	10,788,687	12,736,653

NOTES TO FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Target Company is a private limited company incorporated in Hong Kong. The address of its registered office and principal place of business of the Target Company is at Room 716 Star House, 3 Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong.

The principal activities of the Target Company are securities brokerage and provision of securities margin finance.

In the opinion of the directors of the Target Company, as at 31 August 2015, SZ Enterprise Union Financial Group Limited, a company incorporated in Hong Kong, is the ultimate holding company and Mr. Wen Jialong is the ultimate controlling party of the Target Company.

2. BASIS OF PREPARATION

The Financial Information contained in this report does not constitute the Target Company's statutory financial statements for either of the years ended 31 March 2013, 2014 and 2015 but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 the Hong Kong Companies Ordinance is as follows:

As the Target Company is a private company, it is not required to deliver its financial statements to the Registrar of Companies, and has not done so.

Target Company's auditor has reported on those financial statements for all three years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis; and did not contain a statement under either sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Target Company had adopted all the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for its accounting year beginning on 1 April 2015. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations.

The Company has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Company has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

4. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared in accordance with HKFRSs issued by the HKICPA, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The Financial Information has been prepared under the historical cost convention.

The preparation of Financial Information in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors of the Target Company to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these Financial Information, are disclosed in note 5 to the Financial Information.

The significant accounting policies applied in the preparation of the Financial Information are set out below:

Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Target Company operates (the "functional currency"). The financial statements are presented in Hong Kong dollars, which is the Target Company's functional and presentation currency.

b) Transactions and balances in financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Target Company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal useful lives are as follows:

Furniture and fixtures	20%
Motor vehicles	20%
Office equipment	20%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

Operating leases

Leases that do not substantially transfer to the Target Company all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Target Company becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Target Company transfers substantially all the risks and rewards of ownership of the assets; or the Target Company neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Target Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in profit or loss.

Impairment losses are reversed in subsequent periods and recognised in profit or loss when an increase in the receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Target Company's cash management are also included as a component of cash and cash equivalents.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Target Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Equity instruments

Equity instruments issued by the Target Company are recorded at the proceeds received, net of direct issue costs.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Target Company and the amount of revenue can be measured reliably.

Commission and brokerage income represent brokerage income earned on all brokerage transactions and are recognised upon rendering of services.

Securities handling fee income and service income are recogised when services have been rendered.

Interest income is recognised on a time-proportion basis using the effective interest method.

Employee benefits

a) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

b) Pension obligations

The Target Company contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Target Company and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Target Company to the funds.

c) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Target Company can no longer withdraw the offer of those benefits and when the Target Company recognises restructuring costs and involves the payment of termination benefits.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Target Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Target Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Related parties

A related party is a person or entity that is related to the Target Company.

a) A person or a close member of that person's family is related to the Target Company if that person:

  (i) has control or joint control over the Target Company;

  (ii) has significant influence over the Target Company; or

  (iii) is a member of the key management personnel of the Target Company or of a parent of the Target Company.

b) An entity is related to the Target Company if any of the following conditions applies:

  (i) The entity and the Target Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

  (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

  (iii) Both entities are joint ventures of the same third party.

  (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

  (v) The entity is a post-employment benefit plan for the benefit of employees of either the Target Company or an entity related to the Target Company. If the Target Company is itself such a plan, the sponsoring employers are also related to the Target Company

  (vi) The entity is controlled or jointly controlled by a person identified in (a).

  (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

  (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Target Company or to a parent of the Target Company

Impairment of assets

At the end of each reporting period, the Target Company reviews the carrying amounts of its tangible assets and intangible assets except receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Target Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Target Company has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

Events after the reporting period

Events after the reporting period that provide additional information about the Target Company's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Key sources of estimation uncertainty

The key assumption concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is discussed below.

a) Impairment loss for bad and doubtful debts

The Target Company makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the tradeand other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed.

6. FINANCIAL RISK MANAGEMENT

The Target Company's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Target Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Target Company's financial performance.

a) Foreign currency risk

The Target Company has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currency of the Target Company. The Target Company currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Target Company will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

b) Credit risk

The carrying amount of the bank balances held on behalf of client, bank and cash balances, trade and other receivables, amounts due from directors, a related company and ultimate holding company included in the statement of financial position represents the Target Company's maximum exposure to credit riskin relation to the Target Company's financial assets.

The credit risk on bank balances held on behalf of client and bank and cash balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Amounts due from directors, a related company and ultimate holding company are closely monitored by the directors.

The management of the Target Company has delegated a team responsible for the determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts due from cash clients. In addition, the Target Company reviews the recoverable amount of each individual trade debt at each reporting date to ensure that adequate impairment provisions are made for irrecoverable amounts. In this regard, the directors of the Target Company consider that the Company's credit risk is significantly reduced.

c) Liquidity risk

The Target Company's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term. All of the Target Company's financial liabilities are due within one year as at 31 March 2013, 2014 and 2015 and 31 August 2015.

d) Interest rate risk

At 31 March 2013, the Target Company's exposure to interest-rate risk arises from its bank loans. These bank loans bear interests at variable rates varied with the then prevailing market condition. At 31 March 2014 and 2015 and 31 August 2015, as the Target Company has no significant interest-bearing assets and liabilities, the Target Company's operating cash flows are substantially independent of changes in market interest rates.

e) Categories of financial instruments

	At 31 March			At 31 August
	2013	**2014**	**2015**	**2015**
	HK$	*HK$*	*HK$*	*HK$*
	(audited)	(audited)	(audited)	(audited)
Financial assets:				
Loans and receivables (including cash and cash equivalents)	34,856,127	21,902,645	29,207,065	70,475,550
Financial liabilities:				
Financial liabilities at amortised cost	9,652,162	8,829,563	19,817,433	60,523,279

f) Fair value

The carrying amounts of the Target Company's financial assets and financial liabilities as reflected in the statement of financial position approximate their respective fair values.

7. REVENUE

The Target Company's revenue which represents amounts received and receivable for stockbroking services provided during the year/period. The amounts of each significant category of revenue recognised are as follows:

	Year ended 31 March			Five months ended 31 August	
	2013	**2014**	**2015**	**2014**	**2015**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
	(audited)	(audited)	(audited)	(unaudited)	(audited)
Commission and brokerage income from securities dealings	2,642,150	2,366,998	2,411,759	847,921	3,663,345
Securities handling fee income	140,304	115,023	134,058	76,198	263,730
Interest income	857,237	390,263	363,599	146,842	86,502
	3,639,691	2,872,284	2,909,416	1,070,961	4,013,577

8. OPERATING SEGMENT INFORMATION

The Target Company's operating segment is the brokerage and margin financing which comprises the securities brokerage and provision of securities margin finance. Since this is the only operating segment of the Target Company, no further analysis thereof is presented.

The Target Company's majority of revenue is related to activities conducted in Hong Kong. No single customer amounts to more than 10 percent of the Target Company's revenue.

9. FINANCE COSTS

	Year ended 31 March			Five month ended 31 August	
	2013	**2014**	**2015**	**2014**	**2015**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
	(audited)	(audited)	(audited)	(unaudited)	(audited)
Interest on bank loans and overdrafts	32,626	9,131	–	–	–

10. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made for the years ended 31 March 2013, 2014 and 2015 and five months ended 31 August 2014 and 2015.

For the years ended 31 March 2013, 2014 and 2015, the Target Company did not generate any assessable profits arising in Hong Kong during the years. For five months ended 31 August 2015, the Target Company has sufficient tax losses brought forward to set off against current period's assessable profit.

The reconciliation between the income tax expense and accounting (loss)/profit at applicable tax rates

	Year ended 31 March			Five months ended 31 August	
	2013	**2014**	**2015**	**2014**	**2015**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
	(audited)	(audited)	(audited)	(unaudited)	(audited)
(Loss)/profit before taxation	(1,456,793)	(3,731,507)	(2,892,981)	(840,524)	579,872
Tax at the domestic income tax rate of 16.5% (2014: 16.5%, 2013: 16.5%)	(240,370)	(615,698)	(477,341)	(138,686)	95,678
Tax effect of non-deductible expenses	565	305,009	76,770	–	–
Tax effect of income that are not taxable	(16)	(51)	(204)	(29,267)	(349)
Tax effect of temporary differences not recognised	17,398	16,348	(67,828)	5,158	9,559
Tax effect of tax loss not recognised	222,423	294,392	468,603	162,795	–
Tax effect of utilisation of tax loss brought forward	–	–	–	–	(104,888)
Income tax expenses	–	–	–	–	–

11. (LOSS)/EARNINGS PER SHARE

(Loss)/Earnings per share have not been presented as its inclusion is not considered meaningful for the purpose of the Financial Information.

12. (LOSS)/PROFIT AND TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR/PERIOD

The Target Company's (loss)/profit for the years/periods is stated after charging/(crediting) the following:

	Years ended 31 March			Five months ended 31 August	
	2013	**2014**	**2015**	**2014**	**2015**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
	(audited)	(audited)	(audited)	(unaudited)	(audited)
Auditor's remuneration	120,000	120,000	48,000	20,000	21,895
Bad debts written off	–	228,544	465,273	–	–
Depreciation	134,292	126,423	318,291	52,676	138,122
Directors' remuneration					
– As directors	–	–	–	–	–
– For management	372,560	334,493	771,891	156,897	730,067
	372,560	334,493	771,891	156,897	730,067
Loss on disposal of property, plant and equipment	–	–	127,388	–	–
Operating lease charges	959,210	1,029,024	1,064,990	433,860	450,400
Staff costs including directors' emoluments					
– Salaries, bonus and allowances	1,729,806	1,540,493	2,092,701	557,900	1,452,702
– Retirement benefits scheme contributions	70,989	65,692	58,647	30,661	53,862
– Long services payment	–	–	276,375	276,375	–
	1,800,795	1,606,185	2,427,723	864,936	1,506,564
Impairment loss/(reversal of impairment loss) on trade receivable	–	1,620,000	(642,152)	(176,879)	–

13. DIVIDENDS

Dividend of HK$8.49 per share, absorbing a total HK$8,496,944, was declared and paid for the year ended 31 March 2014. The directors of the Target Company do not recommend the payment of any dividend for the years ended 31 March 2013 and 2015 and periods ended 31 August 2014 and 2015.

14. PLANT AND EQUIPMENT

	Furniture and fixtures *HK$* (audited)	Motor Vehicles *HK$* (audited)	Office equipment *HK$* (audited)	Total *HK$* (audited)
Cost				
At 1 April 2012, 31 March 2013 and 1 April 2013	572,030	1,622,094	214,331	2,408,455
Disposals	–	(1,005,340)	–	(1,005,340)
At 31 March 2014 and 1 April 2014	572,030	616,754	214,331	1,403,115
Additions	538,232	–	1,053,223	1,591,455
Disposals	(572,030)	(616,754)	(214,331)	(1,403,115)
At 31 March 2015 and 1 April 2015	538,232	–	1,053,223	1,591,455
Additions	6,752	–	59,258	66,010
At 31 August 2015	544,984	–	1,112,481	1,657,465
Accumulated depreciation				
At 1 April 2012	230,856	1,622,094	167,402	2,020,352
Charge for the year	113,877	–	20,415	134,292
At 31 March 2013 and 1 April 2013	344,733	1,622,094	187,817	2,154,644
Charge for the year	113,876	–	12,547	126,423
Disposals	–	(1,005,340)	–	(1,005,340)
At 31 March 2014 and 1 April 2014	458,609	616,754	200,364	1,275,727
Charge for the year	107,646	–	210,645	318,291
Disposals	(458,609)	(616,754)	(200,364)	(1,275,727)
At 31 March 2015 and 1 April 2015	107,646	–	210,645	318,291
Charge for the period	92,707	–	45,415	138,122
At 31 August 2015	200,353	–	256,060	456,413
Carrying amount				
At 31 August 2015	344,631	–	856,421	1,201,052
At 31 March 2015	430,586	–	842,578	1,273,164
At 31 March 2014	113,421	–	13,967	127,388
At 31 March 2013	227,297	–	26,514	253,811

15. OTHER ASSETS

	At 31 March 2013 HK$ (audited)	At 31 March 2014 HK$ (audited)	At 31 March 2015 HK$ (audited)	At 31 August 2015 HK$ (audited)
Deposits with The Stock Exchange of Hong Kong Limited:				
– Compensation fund	100,000	100,000	100,000	100,000
– Fidelity fund	100,000	100,000	100,000	100,000
Prepayments with Hong Kong Securities Clearing Limited:				
– Admission fee	100,000	100,000	100,000	100,000
– Guarantee fund	100,000	100,000	100,000	100,000
	400,000	400,000	400,000	400,000

16. TRADE RECEIVABLES

	At 31 March 2013 HK$ (audited)	At 31 March 2014 HK$ (audited)	At 31 March 2015 HK$ (audited)	At 31 August 2015 HK$ (audited)
Cash clients	3,072,734	2,986,833	1,763,266	2,742,985
Margin clients	9,724,083	5,257,813	990,293	1,082,614
Impairment	(3,300,000)	(4,920,000)	(598,267)	(492,267)
	9,496,817	3,324,646	2,155,292	3,333,332
Hong Kong Securities Clearing Company Limited	2,553,818	3,432,010	14,773,450	38,902,264
	12,050,635	6,756,656	16,928,742	42,235,596

The movements in provision for impairment of trade receivables are as follows:

	At 31 March 2013 HK$ (audited)	At 31 March 2014 HK$ (audited)	At 31 March 2015 HK$ (audited)	At 31 August 2015 HK$ (audited)
At beginning of year/period	(3,300,000)	(3,300,000)	(4,920,000)	(598,267)
Provision for the year/period	–	(1,620,000)	–	–
Reserval of provision	–	–	642,152	–
Written off on provision	–	–	3,679,581	106,000
At the end of the reporting period	(3,300,000)	(4,920,000)	(598,267)	(492,267)

The settlement terms of trade receivables arising from the business of dealing in securities are two days after trade date. No aged analysis is disclosed as in the opinion of the directors of the Target Company, the aged analysis does not give additional value in view of the nature of business of the Target Company.

17. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 31 March			At 31 August
	2013	**2014**	**2015**	**2015**
	HK$	*HK$*	*HK$*	*HK$*
	(audited)	(audited)	(audited)	(audited)
Amount due from former a director *(note)*	1,904,070	–	–	–
Prepayments	–	–	–	61,315
Deposits	344,092	372,947	17,640	45,670
Other receivables	328,544	100,000	–	–
	2,576,706	472,947	17,640	106,985

Note: Amount due from a former director which was unsecured, interest-free and have no fixed repayment term.

18. DUE FROM DIRECTORS

Amounts due from directors disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance are as follows:

	At 31 March			At 31 August
Name	**2013**	**2014**	**2015**	**2015**
	HK$	*HK$*	*HK$*	*HK$*
	(audited)	(audited)	(audited)	(audited)
Mr. Lam Kwan Wai	4,773,175	5,702,675	–	–
Mr. Lam Kwan Yee	2,399,000	1,000,000	–	–

All the above are unsecured, interest-free and no fixed terms of repayment.

Maximum amount due from directors disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance are as follows:

	At 31 March			At 31 August
Name	**2013**	**2014**	**2015**	**2015**
	HK$	*HK$*	*HK$*	*HK$*
	(audited)	(audited)	(audited)	(audited)
Mr. Lam Kwan Wai	4,773,175	6,197,675	5,702,675	–
Mr. Lam Kwan Yee	2,399,000	2,399,000	1,000,000	–

19. DUE FROM A RELATED COMPANY

Amounts due from a related company disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance are as follows:

Name	Name of director having beneficial interest	At 31 March 2013	At 31 March 2014	At 31 March 2015	At 31 August 2015
		HK$	*HK$*	*HK$*	*HK$*
		(audited)	(audited)	(audited)	(audited)
Lamtex Finance Limited	Mr. Lam Kwan Wai	6,163,875	–	–	–

The above are unsecured, interest-free and no fixed terms of repayment.

Maximum amount due from directors disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance are as follows:

Name	At 31 March 2013	At 31 March 2014	At 31 March 2015	At 31 August 2015
	HK$	*HK$*	*HK$*	*HK$*
	(audited)	(audited)	(audited)	(audited)
Lamtex Finance Limited	6,163,875	6,163,875	–	–

20. DUE FROM ULTIMATE HOLDING COMPANY

The amounts due from ultimate holding company is unsecured, interest-free and has no fixed terms of repayment.

21. BANK BALANCES HELD ON BEHALF OF CLIENTS

The Target Company maintains segregated trust accounts with licensed banks to hold clients' monies arising from its normal course of business. The Target Company has classified the clients' monies as bank trust account balances under the current assets section of the statement of financial position and recognised the corresponding accounts payable to respective clients on the ground that it is liable for any loss or misappropriation of the client's monies. The Target Company is not permitted to use the clients' monies to settle its own obligations.

22. TRADE PAYABLES

The amounts due from ultimate holding company is unsecured, interest-free and has no fixed terms of repayment.

	At 31 March			At 31 August
	2013	**2014**	**2015**	**2015**
	HK$	*HK$*	*HK$*	*HK$*
	(audited)	(audited)	(audited)	(audited)
Cash clients	883,619	3,052,214	10,014,108	15,016,161
Margin clients	1,988,844	1,280,444	6,283,170	1,446,369
Hong Kong Securities Clearing Company Limited	4,035,600	3,504,755	2,616,650	43,074,694
	6,908,063	7,837,413	18,913,928	59,537,224

The accounts payable balances are repayable on demand except where certain accounts payable to clients represent margin deposits received from clients for their trading activities under normal course of business. Only the excess amounts over the required margin deposits stipulated are repayable on demand. No ageing analysis is disclosed as in the opinion of the directors of the Target Company, the ageing analysis does not give additional value in view of the nature of these businesses.

23. DUE TO A DIRECTOR

The amount due to a director is unsecured, interest-free and has no fixed terms of repayment.

24. DUE TO A FORMER SHAREHOLDER

The amount due to a former shareholder is unsecured, interest-free and has no fixed terms of repayment.

25. BANK LOANS

	Effective interest rate	At 31 March			At 31 August
		2013	**2014**	**2015**	**2015**
		HK$	*HK$*	*HK$*	*HK$*
		(audited)	(audited)	(audited)	(audited)
Bank loans	0.17% to 0.24%	1,000,000	–	–	–

The bank loans were secured by the pledge of margin client's listed securities and personal guarantees given by two directors of the Target Company, Mr. Lam Kwan Wai and Ms. Lam Kwan Yee, charged with interest at bank lending rates and repayable on demand.

26. DEFERRED TAX

At the end of the reporting period, the Target Company has unused tax losses of HK$10,883,836 (31 March 2015: HK$11,519,522, 31 March 2014: HK$8,679,495, 31 March 2013: HK$6,895,301) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

27. SHARE CAPITAL

	At 31 March 2013	2014	2015	At 31 August 2015
	HK$	HK$	HK$	HK$
	(audited)	(audited)	(audited)	(audited)
Authorised:				
1,000,000 ordinary shares of HK$10 each *(note)*	10,000,000	N/A	N/A	N/A
Issued and fully paid:				
1,000,000 ordinary shares of HK$10 each	10,000,000	10,000,000	10,000,000	10,000,000

Note: Under the Hong Kong Companies Ordinance (Cap. 622), which has been effective on 3 March 2014, the concept of authorised share capital no longer exists. In accordance with section 135 of the Hong Kong Companies Ordinance (Cap. 622), the Target Company's shares no longer have a par or nominal value with effect from 3 March 2014. There is no impact on the number of shares in issue or the relative entitlement of any of the members as a result of this transaction.

28. LEASE COMMITMENTS

At the end of each reporting year/period, total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 31 March 2013	2014	2015	At 31 August 2015
	HK$	HK$	HK$	HK$
	(audited)	(audited)	(audited)	(audited)
Within one year	985,824	492,912	–	–
In the second to fifth years inclusive	492,912	–	–	–
	1,478,736	492,912	–	–

29. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Company in respect of any period subsequent to 31 August 2015.

Yours faithfully,
ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Pang Hon Chung
Practicing Certificate Number P05988

Hong Kong, 13 November 2015

PART B. MANAGEMENT DISCUSSION AND ANALYSIS OF THE RESULTS OF THE TARGET COMPANY

Financial Review

This discussion of the financial condition and results of operations of the Target Company is based upon and should be read in conjunction with the Accountant's Report set out in Appendix II to this circular.

Five months ended 31 August 2015 compared with five months ended 31 August 2014

Revenue

Revenue increased by approximately HK$2.94 million, or approximately 275%, from approximately HK$1.07 million for the five months ended 31 August 2014 to approximately HK$4.01 million for the five months ended 31 August 2015. This increase was primarily due to the placing income earned and increase in commission income after increase of transactions.

Administrative and operating expenses

Administrative and operating expenses increase by approximately HK$1.3 million, or approximately 64%, from approximately HK$2.1 million for the five months ended 31 August 2014 to approximately HK$3.4 million for the five months ended 31 August 2015. This increase was primarily due to (i) increase in directors' remuneration by approximately HK$573,000; (ii) increase in salary and allowances by approximately HK$264,000, and (iii) increase in commission expensive approximately HK$364,000.

Profit/(loss) for the period

Due to substantial increase in revenue, the profit for the period ended 31 August 2015 was approximately HK$580,000, compared to the loss of approximately HK$841,000 for the period ended 31 August 2014.

Financial Year ended 31 March 2015 compared with Financial Year ended 31 March 2014

Revenue

Revenue increased by approximately HK$37,000, or approximately 1%, from approximately HK$2.91 million for the year ended 31 March 2014 to approximately HK$2.87 million for the year ended 31 March 2015. No significant change for the year.

Administrative and operating expenses

Administrative and operating expenses decreased by approximately HK$134,000, or approximately 2%, from approximately HK$6.60 million for the year ended 31 March 2014 to approximately HK$6.47 million for the year ended 31 March 2015. This decrease was primarily due to no impairment loss provided for the year 2015 (2014 provided HK$1.6 million) offset by (i) increase in directors' remuneration by approximately HK$437,000; (ii) increase in loss on disposal of fixed assets by approximately HK$127,000; (iii) increase in consultancy fee for placing services by approximately HK$320,000 and (iv) increase in long services payment by approximately HK$276,000.

Loss for the year

Loss for the year decreased by approximately HK$839,000, or approximately 22% from approximately HK$3.7 million for the year ended 31 March 2014 to approximately HK$2.89 million for the year ended 31 March 2015. The decrease in loss was primarily due to (i) increase of revenue by approximately HK$37,000; (ii) increase of other income by approximately HK$658,000; (iii) decrease of administrative and operating expenses by approximately HK$134,000; and (iv) decrease of finance costs by approximately HK$9,000.

Financial Year ended 31 March 2014 compared with Financial Year ended 31 March 2013

Revenue

Revenue decreased by approximately HK$767,000, or approximately 21%, from approximately HK$3.64 million for the year ended 31 March 2013 to approximately HK$2.87 million for the year ended 31 March 2014. This decrease was primarily due to (i) decrease in commission income by approximately HK$275,000 and (ii) decrease in interest income by approximately HK$467,000.

Administrative and operating expenses

Administrative and operating expenses increased by approximately HK$1.54 million, or approximately 30%, from approximately HK$5.07 million for the year ended 31 March 2013 to approximately HK$6.60 million for the year ended 31 March 2014. This decrease was primarily due to increase in impairment loss on trade receivable of HK$1.62 million.

Loss for the year

Loss for the year increased by approximately HK$2.27 million, or approximately 156%, from approximately HK$1.46 million for the year ended 31 March 2013 to approximately HK$3.73 million for the year ended 31 March 2014. The increase in loss was primarily due to (i) increase in provision for doubt debt by HK$1.62 million and (ii) decrease in revenue approximately by HK$767,000.

Liquidity and Financial Resources

The principal sources of funding for the operation of the Target Company have been internally generated funds.

As at 31 March 2014, the cash and cash equivalents of the Target Company amounted to approximately HK$3.72 million, which represented a decrease of approximately HK$708,000 or 16% as compared to approximately HK$4.43 million as at 31 March 2013.

As at 31 March 2015, the cash and cash equivalents of the Target Company amounted to approximately HK$5.04 million, which represented an increase of approximately HK$1.32 million or 35% as compared to approximately HK$3.72 million as at 31 March 2014.

As at 31 August 2015, the cash and cash equivalents of the Target Company amounted to approximately HK$12.74 million, which represented an increase of approximately HK$7.7 million or 188% as compared to approximately HK$4.43 million as at 31 March 2015.

The amounts of all cash and cash equivalents held by Target Company are denominated in HKD.

Capital structure

As at 31 March 2013, 2014 and 2015 and 31 August 2015, the total assets of the Target Company amounted to approximately HK$35.85 million, HK$22.80 million, HK$30.90 million and HK$72.18 million respectively, the total liabilities of the Target Company amounted to approximately HK$9.65 million, HK$8.83 million, HK$19.82 million and HK$60.52 million respectively, and the total equity attributable to owners of the Target Company amounted to approximately HK$26.20 million, HK$13.9 million, HK$11.08 million and HK$11.66 million respectively.

Segment Information

The operation of the Target Company represents a single operating and reportable segment, which is the brokerage and margin financing. As such, there are no segment information available for the three years ended 31 March 2013, 2014 and 2015 and five months ended 31 August 2015.

Material acquisition and disposals

The Target Company did not have any significant material acquisition and disposals as at 31 August 2015.

Contingent Liabilities

The Target Company did not have any significant contingent liabilities as at 31 August 2015.

Human Resources

The Target Company remunerated its employees by reference to their qualification, experience, responsibilities, profitability of the Target Company and current market conditions.

As at 31 March 2013, 2014 and 2015 and 31 August 2015, the Target Company had a total of 12, 12, 17 and 17 employees respectively.

During the year ended 31 March 2013, 2014 and 2015 and the period of five months ended 31 August 2015, the total staff costs, including director's emoluments and pension contribution, was approximately HK$1.80 million, HK$1.61 million, HK$2.43 million and HK$1.51 million respectively.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

(1) INTRODUCTION TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

Capitalised terms used herein shall have the same meanings as those defined in this Circular, unless the context requires otherwise.

The accompanying unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group (the "Unaudited Pro Forma Financial Information") has been prepared to illustrate the effect of the Acquisition, assuming the transaction had been completed as at 30 June 2015, might have affected the financial position of the Group.

The Unaudited Pro Forma Financial Information is prepared based on the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2015 as extracted from the interim report of the Group for the six months ended 30 June 2015 and the audited statement of financial position of the Target Company as at 31 August 2015 as extracted from the accountants' report as set out in Appendix II of this Circular after making certain proforma adjustments resulting from the Acquisition.

The Unaudited Pro Forma Financial Information is prepared based on a number of assumptions, estimates, uncertainties and currently available information, and is provided for illustrative purposes only. Accordingly, as a result of the nature of the Unaudited Pro Forma Financial Information, it may not give a true picture of the actual financial position of the Group that would have been attained had the Acquisition actually occurred on 30 June 2015. Furthermore, the Unaudited Pro Forma Financial Information does not purport to predict the Group's future financial position.

The Unaudited Pro Forma Financial Information should be read in conjunction with the financial information of the Group as set out in Appendix I of this Circular, the financial information of the Target Company as set out in Appendix II of this Circular and other financial information included elsewhere in this Circular.

(2) UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP

	The Group	The Target Company	Pro forma adjustments			The Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 5)*	
Non-current assets						
Property, plant and equipment	1,367	1,201				2,568
Investment properties	88,335	–				88,335
Goodwill	3,257	–	4,340			7,597
Deposits for acquisition of property, plant and equipment	4,180	–				4,180
Other assets	–	400				400
	97,139	1,601				103,080
Current assets						
Trade and other receivables	28,693	42,235				70,928
Deposits and prepayments	2,967	107				3,074
Held-for-trading investments	378,370	–				378,370
Amount due from an ex-executive director	1,741	–				1,741
Bank balances held on behalf of clients	–	15,503				15,503
Bank balances and cash	45,947	12,737	(16,000)	(10)		42,674
	457,718	70,582				512,290
Current liabilities						
Trade payables	–	59,537				59,537
Other payables	1,885	986		(10)		2,861
Bank borrowings	36,186	–				36,186
Tax payable	7,791	–				7,791
	45,862	60,523				106,375
Net current assets	411,856	10,059				405,915

	The Group	The Target Company	Pro forma adjustments			The Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 5)*	
NET ASSETS	508,995	11,660				508,995
Capital and reserves						
Share capital	22,650	10,000			(10,000)	22,650
Reserve	486,729	1,660			(1,660)	486,729
Equity attributable to owner of the Company	509,379	11,660				509,379
Non-controlling interests	(384)	–				(384)
EQUITY	508,995	11,660				508,995

(3) NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

(1) The financial information is extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2015 as set out in the published interim report of the Company for the six months ended 30 June 2015.

(2) The column represents the inclusion of the assets and liabilities of the Target Company as at 31 August 2015, assuming the Acquisition had taken place on 30 June 2015. The assets and liabilities of the Target Company as at 31 August 2015 are extracted from the accountants' report of the Target Company as set out in Appendix II to this Circular.

(3) This adjustment reflects the recognition of goodwill of approximately HK$4,340,000 arising from the proposed acquisition of 100% issued share capital of the Target Company at the consideration of HK$16,000,000 and shall be payable by the Purchaser by way of cash.

The goodwill of approximately HK$4,340,000 is calculated based on the excess of the acquisition consideration of approximately HK$16,000,000 over the acquitted net assets of approximately HK$11,660,000 of the Target Company, as if the Acquisition had taken place on 30 June 2015.

Since the actual fair values of assets and liabilities of the Target Company at the completion date of the Acquisition would be different from the amounts used in the preparation of the unaudited pro forma assets and liabilities of the Enlarged Group, the actual goodwill arising from the acquisition to be recognised by the Group might be different from the amount shown in this note.

(4) Pursuant to the Agreement, the Vendor shall procure that all the sum due by the Target Company to Ms. Lam Kwan Wai (which was HK$10,000 as at 31 August 2015) shall be fully settled before the Completion.

(5) The adjustments represent the elimination of the issued capital and pre-acquisition reserves of the Target Company.

(6) Save as set out above, the Unaudited Pro Forma Financial Information does not take into account any trading results or other transactions of the Group and the Target Company subsequent to the date of the financial statements as included in the Unaudited Pro Forma Financial Information.

B. ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the sole purpose of inclusion in this Circular, from the independent reporting accountants, ZHONGHUI ANDA CPA Limited, Certified Public Accountants, Hong Kong.

中汇
ZHONGHUI

ZHONGHUI ANDA CPA Limited
Certified Public Accountants

13 November 2015

The Board of Directors
China New Energy Power Group Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of pro forma financial information of China New Energy Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities as at 30 June 2015 and related notes (the "Pro Forma Financial Information") as set out in Appendix III of the circular issued by the Company dated 13 November 2015 (the "Circular"). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are set out in Appendix III of the Circular.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed acquisition of the 100% interest in Lamtex Securities Limited on the Group's financial position as at 30 June 2015 as if the transaction had taken place on 30 June 2015. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's unaudited condensed consolidated financial statements as included in the interim report for the six months ended 30 June 2015, on which no review report has been published.

Directors' Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline ("AG") 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements ("HKSAE") 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of Pro Forma Financial Information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction as at 30 June 2015 would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

– The related pro forma adjustments give appropriate effect to those criteria; and

– The Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully,
ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Pang Hon Chung
Practicing Certificate Number P05988

Hong Kong, 13 November 2015

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests of Directors, supervisors and chief executive of the Company

As at the Latest Practicable Date, none of the Directors, the chief executive of the Company nor their associates, had any other interests or short positions in the Shares, underlying Shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or chief executive of the Company is taken or deemed to have under such provisions of the SFO); or which (b) were required to be entered into the register maintained by the Company, pursuant to Section 352 of the SFO; or which (c) were required to be notified to the Company or the Stock Exchange, pursuant to the Model Code for Securities Transaction by Directors of Listed Companies contained in the Listing Rules.

(b) Substantial Shareholders and persons having 5% or more shareholding

As at the Latest Practicable Date, the register of substantial shareholders maintained under Section 336 of the SFO shown that the Company has been notified of the following interests, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors and the chief executive of the Company.

Name	**Capacity/Nature of interest**	**Total number of Shares (Note 1)**	**Approximate percentage of the Company's issued share capital**
Yu Weiye	Beneficial interest	462,210,000	14.02

Notes:

1. The letters "L" and "S" denote long position and short position in the shares of the Company.

Save as disclosed above, as at the Latest Practicable Date, the Directors and chief executive of the Company were not aware of any person (other than a Director or chief executive of the Company) who had any other interests or short positions in the Shares or underlying Shares and debentures of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

3. SERVICE CONTRACTS

As at the Latest Practicable Date, the existing service contracts of the Directors are as follows:

Mr. Lam Kwok Hing, Wilfred J.P. ("**Mr. Lam**") has entered into a service contract with the Company commencing from 16 June 2015. He is subject to retirement by rotation and/or re-election by general meetings in accordance with the Bye-Laws. He is entitled to a director's fee of HK$1,200,000 per annum, which is determined by arm's length negotiation between Mr. Lam and the Company, with reference to his duties and responsibilities, his qualifications, experiences, the prevailing market conditions and the Company's remuneration policy.

Mr. Wu Xiaolin has entered into a service contract with the Company commencing from 16 June 2015. He is subject to retirement by rotation and/or re-election by general meetings in accordance with the Bye-laws. Mr. Wu is entitled to a director's fee of HK$360,000 per annum and the Chief Executive Officer's salary of HK$600,000 per annum which are determined by arm's length negotiation between Mr. Wu and the Company and with reference to his duties and responsibilities. The amount of the remuneration has been approved by the Board and the remuneration committee of the Company.

Mr. Shi Liangsheng ("**Mr. Shi**") has entered into a service contract with the Company commencing from 28 July 2015. He is subject to retirement by rotation and/or re-election by general meetings in accordance with the Bye-laws. Mr. Shi is entitled to a director's fee of HK$480,000 per annum which is determined by arm's length negotiation between Mr. Shi and the Company and with reference to his duties and responsibilities. The amount of the remuneration has been approved by the Board and the remuneration committee of the Company.

Mr. Wen Wenfeng has entered into a service contract with the Company commencing from 31 July 2015. He is subject to retirement by rotation and/or re-election by general meetings in accordance with the Bye-laws. Mr. Wen Wenfeng is entitled to a director's fee of HK$600,000 per annum which is determined by arm's length negotiation between Mr. Wen Wenfeng and the Company and with reference to his duties and responsibilities. The amount of the remuneration has been approved by the Board and the remuneration committee of the Company. Mr. Wen Wenfeng is also a director of the Target Company with effect from 18 March 2015. Mr. Wen Wenfeng has entered into a service contract with the Target Company and the salary is HK$576,000 per annum.

Mr. Lung Chee Ming George has entered into a service contract with the Company commencing from 31 July 2015. He is subject to retirement by rotation and/or re-election by general meetings in accordance with the Bye-laws. Mr. Lung is entitled to a director's fee of

HK$360,000 per annum which is determined by arm's length negotiation between Mr. Lung and the Company and with reference to his duties and responsibilities. The amount of the remuneration has been approved by the Board and the remuneration committee of the Company.

Dr. Loke Yu alias Loke Hoi Lam has entered into a service contract with the Company commencing from 28 July 2015. He is subject to retirement by rotation and/or re-election by general meetings in accordance with the Bye-laws. Dr. Loke is entitled to a director's fee of HK$120,000 per annum which is determined by arm's length negotiation between Dr. Loke and the Company and with reference to his duties and responsibilities. The amount of the remuneration has been approved by the Board and the remuneration committee of the Company.

Mr. Tse Long ("**Mr. Tse Long**") has entered into a service contract with the Company commencing from 28 July 2015. He is subject to retirement by rotation and/or re-election by general meetings in accordance with the Bye-laws. Mr. Tse is entitled to a director's fee of HK$120,000 per annum which is determined by arm's length negotiation between Mr. Tse and the Company and with reference to his duties and responsibilities. The amount of the remuneration has been approved by the Board and the remuneration committee of the Company.

Mr. Zeng Zhaolin has entered into a service contract with the Company commencing from 16 June 2015. He is subject to retirement by rotation and/or re-election by general meetings in accordance with the Bye-laws. Mr. Zeng is entitled to a director's fee of HK$120,000 per annum which is determined by arm's length negotiation between Mr. Zeng and the Company and with reference to his duties and responsibilities. The amount of the remuneration has been approved by the Board and the remuneration committee of the Company.

4. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors and their respective close associates had any interest in a business which competes or may compete with the businesses of the Group (as would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them was a controlling shareholder of the Company).

5. MATERIAL INTERESTS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in the assets which had been, since 31 December 2014, being the date to which the latest published audited consolidated accounts of the Company were made up, acquired or disposed of by or leased to any member of the Enlarged Group, or were proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement which was significant in relation to the business of the Enlarged Group.

6. MATERIAL ADVERSE CHANGE

The Group recorded loss for the six months ended 30 June 2015 as compared to the profit recorded for the corresponding period in 2014.

Based on the consolidated management accounts made up to 30 September 2015 and closing prices for listed securities held-for-trading as quoted on the Stock Exchange as at 30 September 2015, the Group is expected to record substantial negative fair value changes on held-for-trading investments.

Save as and except for the above, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2014, being the date to which the latest published audited financial statements of the Group were made up.

7. LITIGATION

As at the Latest Practicable Date, no member of the Enlarged Group was engaged in any litigation, arbitration or claim of material importance known to the Directors to be pending or threatened against any members of the Enlarged Group.

8. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by members of the Enlarged Group within two years immediately preceding the Latest Practicable Date and are or may be material:

1. On 11 February 2015, China Luen Kin Company Limited ("**China Luen Kin**"), a 60% owned subsidiary of the Company, entered into a conditional agreement with 深圳醇自然實業有限公司, an Independent Third Party, pursuant to which, China Luen Kin has conditionally agreed to purchase or procure to purchase the entire equity interest in 深圳市東方日輝供應鏈有限公司 (the "**SZ Company**") at the aggregate of (i) the consideration of RMB2,600,000 for the entire equity interest in SZ Company; and (ii) the consideration of RMB1,020,000 to be paid as compensation under the supplement memorandum entered on 25 February 2015;

2. On 17 June 2015, the Company entered into a placing agreement with a placing agent to place 390,644,000 shares of the Company of US$0.001 each at a placing price of HK$0.201 each. The Placing was completed on 8 July 2015; and

3. The Agreement.

9. QUALIFICATIONS AND CONSENT OF EXPERTS

The following is the qualification of the expert who has given its opinion or advice which are contained in this circular:

Name	Qualification
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
ZHONGHUI ANDA CPA Limited	Certified Public Accountants

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letters, reports and/or opinion, as the case may be, and references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, each of the above experts did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, each of the above experts did not have, directly or indirectly, any interest in any assets which had since 31 December 2014 (being the date to which the latest published consolidated audited financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

10. MISCELLANEOUS

(i) The company secretary of the Company is Ms. Hui Wai Man, Shirley. She is a fellow member of The Association of Chartered Certified Accountants, Hong Kong Institute of Certified Public Accountants, The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries. She is also a member of Hong Kong Securities Institute and the Society of Chinese Accountants & Auditors.

(ii) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The head office and principal place of business of the Company is at Room 204-205, 2/F, OfficePlus@Sheung Wan, No.93-103 Wing Lok Street, Sheung Wan, Hong Kong.

(iii) The Hong Kong branch share registrar and transfer office of the Company is Union Registrars Limited located at A18/F, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong.

(iv) The English text of this circular shall prevail over the Chinese text in the event of inconsistency.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Room 204-205, 2/F, OfficePlus @Sheung Wan, No.93-103 Wing Lok Street, Sheung Wan, Hong Kong during normal business hours on any business day from the date of this circular up to and including the date of the SGM:

(a) the memorandum of association and the bye-laws of the Company;

(b) the annual reports of the Company for the two financial years ended 31 December 2013 and 31 December 2014;

(c) the letter from the Independent Board Committee, the text of which is set out on pages 20 to 21 of this circular;

(d) the letter from Independent Financial Adviser, the text of which is set out on page 22 to page 35 of this circular;

(e) the accountants report on the Target Company as set out in Appendix II to this circular;

(f) the report from ZHONGHUI ANDA CPA Limited on the unaudited pro forma financial information of the enlarged group as set out in Appendix III to this circular;

(g) the written consents referred to in the paragraph under the heading "Experts and consents" in this appendix;

(h) the service contracts referred to in the paragraph under the heading "Service contracts" in this appendix;

(i) the material contracts referred to in the paragraph under the heading "Material contracts" in this appendix;

(j) the Agreement;

(k) all the agreements/contracts as referred to in this circular; and

(l) this circular.

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)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting ("**SGM**") of China New Energy Power Group Limited (the "**Company**") will be held at 2/F, 100 QRC, 100 Queen's Road Central, Central, Hong Kong on Monday, 30 November 2015 at 9:30 a.m. or any adjournment(s) thereof, for the purpose of considering and, if thought fit, passing with or without modification, the following resolutions as ordinary resolutions of the Company:

1. "**THAT**:

   (a) the conditional sale and purchase agreement dated 21 September 2015 (the "Agreement", a copy of which has been produced to the meeting marked "A" and signed by the chairman of the meeting for the purpose of identification) entered into between Prominent Fortune Investments Limited, a wholly owned subsidiary of the Company, as purchaser and SZ Enterprise Union Financial Group Limited as vendor in relation to the acquisition of the entire issued share capital of Lamtex Securities Limited, for a consideration of HK$16,000,000 and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and

   (b) any director of the Company be and is hereby authorised to do all such further acts and things, negotiate, approve, agree, sign, initial, ratify and/or execute such further documents and agreements (whether under common seal or not) and to take all steps and to do all such acts or things deemed by him/her to be incidental to, ancillary to or in connection with the matters contemplated in the Agreement and the transactions contemplated thereunder as he/she may in his/her absolute discretion consider necessary, desirable or expedient to give effect to the Agreement and the implementation of all transactions contemplated thereunder and to agree with such variation, amendment or waiver as, in the opinion of the directors of the Company, in the interest of the Company and its shareholders as a whole."

2. "**THAT** Mr. SHI Liangsheng be re-elected as an executive director of the Company."

3. "**THAT** Mr. WEN Wenfeng be re-elected as an executive director of the Company."

4. "**THAT** Mr. LUNG Chee Ming George be re-elected as a non-executive director of the Company."

5. "**THAT** Dr. LOKE Yu alias Loke Hoi Lam be re-elected as an independent non-executive director of the Company."

6. "**THAT** Mr. TSE Long be re-elected as an independent non-executive director of the Company."

7. "**THAT** Mr. ZENG Zhaolin be re-elected as an independent non-executive director of the Company."

8. "**THAT** Mr. WU Xiaolin be re-elected as an executive director of the Company."

9. "**THAT** Mr. LAM Kwok Hing Wilfred, JP be re-elected as an executive director of the Company."

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

Hong Kong, 13 November 2015

As at the date of this notice, 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.