



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



Interim
Report 2014



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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Ip Cheng Kuong (*Chairman*)
Mr. Yeung Kwok Yu
Mr. Chiu Kong
Mr. Kwan Kam Hung, Jimmy
Mr. Chen Guang Lin
Mr. Wu Zhuo Tong

Independent Non-executive Directors

Ms. Ma Yin Fan
Mr. Leung Hoi Ying
Mr. Yu Pan
Mr. Lee Ming Tung

BOARD COMMITTEES

Audit Committee

Ms. Ma Yin Fan (*Chairlady*)
Mr. Leung Hoi Ying
Mr. Yu Pan

Remuneration Committee

Ms. Ma Yin Fan (*Chairlady*)
Mr. Leung Hoi Ying
Mr. Yu Pan

Nomination Committee

Mr. Leung Hoi Ying (*Chairman*)
Mr. Yeung Kwok Yu
Mr. Yu Pan

Investment and Management Committee

Mr. Yeung Kwok Yu (*Chairman*)
Mr. Kwan Kam Hung, Jimmy

COMPANY SECRETARY

Mr. Tang Kam Shing, Roland

LEGAL ADVISER

Tung & Co.
in association with Jia Yuan Law Office

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants

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STOCK CODE

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WEBSITE

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The board of directors (the "Board") of China New Energy Power Group Limited (the "Company") is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2014, together with the comparative figures for the corresponding period in 2013 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2014

	Notes	Six months ended 30 June	
		2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Other income	7	8,762	390
Other gains and losses	8	102,058	25,965
Administrative expenses		(8,071)	(16,877)
Finance costs		(5,041)	(7,442)
Profit for the period	9	97,708	2,036
Other comprehensive income (expense)			
<i>Items that will not be subsequently reclassified to profit or loss:</i>			
Exchange differences arising on translation of functional currency to presentation currency		(2,290)	4,140
Total comprehensive income for the period		95,418	6,176
Profit (loss) for the period attributable to:			
Owners of the Company		97,708	4,554
Non-controlling interests		—	(2,518)
		97,708	2,036
Total comprehensive income (expense) attributable to:			
Owners of the Company		95,418	7,152
Non-controlling interests		—	(976)
		95,418	6,176
Earnings (loss) per share	10		
— basic		HK4.125 cents	HK0.239 cent
— diluted		HK3.009 cents	HK(0.167) cent

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2014

	Notes	30.6.2014 HK\$'000 (Unaudited)	31.12.2013 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment		35	67
Investment properties	12	88,350	90,571
Other receivables	13	—	94,702
		88,385	185,340
Current assets			
Held-for-trading investments	14	112,058	41,486
Other receivables	13	206,302	205,404
Deposits and prepayments		891	889
Bank balances and cash		131,205	37,016
		450,456	284,795
Current liability			
Other payables	15	3,892	4,159
Net current assets		446,564	280,636
Total assets less current liability		534,949	465,976
Non-current liability			
Convertible notes	16	—	178,972
		534,949	287,004
Capital and reserves			
Share capital	17	22,650	14,895
Reserves		512,299	272,109
		534,949	287,004

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2014

	Attributable to owners of the Company							Subtotal	Non-controlling interests	Total
	Share capital	Share premium	Capital reserve	General reserve	Exchange translation reserve	Capital redemption reserve	Accumulated profits			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000			
At 1 January 2014 (audited)	14,895	—	4,289	—	895	—	266,925	287,004	—	287,004
Exchange differences arising on translation of functional currency to presentation currency	—	—	—	—	(2,290)	—	—	(2,290)	—	(2,290)
Profit for the period	—	—	—	—	—	—	97,708	97,708	—	97,708
Total comprehensive income (expense) for the period	—	—	—	—	(2,290)	—	97,708	95,418	—	95,418
Issue of shares upon conversion of convertible notes	7,755	144,772	—	—	—	—	—	152,527	—	152,527
At 30 June 2014 (unaudited)	22,650	144,772	4,289	—	(1,395)	—	364,633	534,949	—	534,949
At 1 January 2013 (audited)	14,895	—	4,289	225	1,750	34	237,677	258,870	218,601	477,471
Exchange differences arising on translation of functional currency to presentation currency	—	—	—	—	2,598	—	—	2,598	1,542	4,140
Profit (loss) for the period	—	—	—	—	—	—	4,554	4,554	(2,518)	2,036
Total comprehensive income (expense) for the period	—	—	—	—	2,598	—	4,554	7,152	(976)	6,176
Reclassification of exchange differences upon disposal of subsidiaries (note 6(a))	—	—	—	—	(880)	—	880	—	—	—
At 30 June 2013 (unaudited)	14,895	—	4,289	225	3,468	34	243,111	266,022	217,625	483,647

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2014

	Note	Six months ended 30 June	
		2014	2013
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Net cash used in operating activities		(8,307)	(22,201)
Investing activities			
Interest received		5	390
Disposal of subsidiaries	6(a)	—	6,569
Receipt of consideration receivable for disposal of food processing and distribution operation		1,000	4,406
Receipt of deferred consideration for disposal of subsidiaries		101,561	—
Purchase of property, plant and equipment		(1)	(83)
Net cash from investing activities		102,565	11,282
Financing activities			
Repayment of other borrowings		—	(17,191)
Advances from non-controlling shareholders of subsidiaries		—	30,949
Net cash from financing activities		—	13,758
Net increase in cash and cash equivalents		94,258	2,839
Cash and cash equivalents at 1 January		37,016	33,265
Effect of foreign exchange rate changes		(69)	7,039
Cash and cash equivalents at 30 June, represented by bank balances and cash		131,205	43,143

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and investment properties, which are measured at fair values.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2014 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2013.

In the current interim period, the Group has applied, for the first time, a new Interpretation and certain amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are mandatorily effective for the current interim period.

The application of the above new Interpretation and amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

The Group's operations are organised based on two business activities which are also the information regularly reported to the chief operating decision maker ("CODM"). The details of operating and reportable segments of the Group are as follows:

- Investment in securities — trading of securities
- Property — property development of properties held for sale and property investment

3. SEGMENT INFORMATION (Continued)

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

Six months ended 30 June 2014 (unaudited)

	Investment in securities <i>HK\$'000</i>	Property <i>HK\$'000</i>	Total <i>HK\$'000</i>
SEGMENT RESULT	70,571	(126)	70,445
Unallocated corporate income			8,759
Unallocated corporate expenses			(7,941)
Other gains and losses			31,486
Finance costs			(5,041)
Profit for the period			97,708

Six months ended 30 June 2013 (unaudited)

	Investment in securities <i>HK\$'000</i>	Property <i>HK\$'000</i>	Total <i>HK\$'000</i>
SEGMENT RESULT	(1,225)	(6,295)	(7,520)
Unallocated corporate income			317
Unallocated corporate expenses			(10,506)
Other gains and losses			27,187
Finance costs			(7,442)
Profit for the period			2,036

Segment result represents profit (loss) from each segment without allocation of imputed interest income, central administrative costs, directors' salaries, finance costs, other income, and other gains and losses excluding fair value changes and gain/loss from held-for-trading investments and investment properties, which is included in the respective segment results. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

4. RESULTS FOR THE PERIOD

The principal activities of the Group during the current interim period are investment in securities and property business. Both of which are not affected by seasonal or cyclical factors for its operations.

5. TAXATION

No provision for Hong Kong Profits Tax is made as the Company and its subsidiaries incorporated in Hong Kong have no assessable profits for both periods presented.

No provision for the People's Republic of China ("PRC") Enterprise Income Tax is made as those subsidiaries established in the PRC have no assessable profits for both periods presented.

6. DISPOSAL OF SUBSIDIARIES

(a) *Disposal of Max Plan Investments Limited ("Max Plan") and its subsidiary (collectively referred to as "Max Plan Group") in 2013*

On 26 March 2013, Fair Power Capital Limited, a wholly-owned subsidiary of the Company, entered into an agreement with an independent third party to dispose all of its entire interests in Max Plan and assignment of shareholders' loan at total cash consideration of US\$850,000 (approximately HK\$6,630,000). The Max Plan Group is previously principally engaged in processing and distribution of frozen seafood products and became inactive since 2010. The disposal was approved by the board of directors of the Company and completed on the same date.

The gain from disposal of the Max Plan Group is analysed as follows:

	1.1.2013
	to
	26.3.2013
	<i>HK\$'000</i>
Gain on disposal of subsidiaries	4,874

6. DISPOSAL OF SUBSIDIARIES (Continued)

(a) *Disposal of Max Plan Investments Limited ("Max Plan") and its subsidiary (collectively referred to as "Max Plan Group") in 2013 (Continued)*

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

	<i>HK\$'000</i>
Property, plant and equipment	1,708
Prepaid lease payments	5,278
Other debtors and prepayments	5,861
Bank balances and cash	61
Other payables	(5,471)
Amount due to former director	(5,681)
Amount due to immediate holding company	<u>(6,335)</u>
Net liabilities disposed of	<u>(4,579)</u>
Gain on disposal of subsidiaries:	
Cash consideration received	6,630
Net liabilities disposed of	4,579
Assignment of amount due to immediate holding company	<u>(6,335)</u>
Gain on disposal	<u>4,874</u>
Net cash inflow arising on disposal:	
Cash consideration received in 2013	6,630
Less: Cash and cash equivalent disposed of	<u>(61)</u>
	<u>6,569</u>

During the period from 1 January 2013 to 26 March 2013, the Max Plan Group had no contribution to the Group's cash flows.

6. DISPOSAL OF SUBSIDIARIES (Continued)

(b) *Disposal of Allywing Investments Limited ("Allywing") and its subsidiary (collectively referred as the "Allywing Group") in 2013*

On 9 May 2013, Good Base Investments Limited ("Good Base"), a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement with Billion Sino Investments Limited ("Billion Sino"), being an independent third party to the Group, to dispose of its entire interests in Allywing (the "Allywing Disposal Agreement") and the assignment of shareholder's loan (amounted to HK\$71,471,000 as at date of disposal) in Allywing owing to Good Base at an aggregated cash consideration of HK\$406,162,000. Xi'an Yuansheng is 60% owned subsidiary of Allywing which holds the Group's property development project. The disposal was subsequently approved by the shareholders of the Company on 17 July 2013 and completed on 3 September 2013. Details of the disposal of Allywing can be referred to the circular issued by the Company dated 27 June 2013.

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

	1.1.2013
	to
	3.9.2013
	<i>HK\$'000</i>
Gain on disposal of subsidiaries	<u>61,578</u>

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

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

6. DISPOSAL OF SUBSIDIARIES (Continued)

(b) *Disposal of Allywing Investments Limited ("Allywing") and its subsidiary (collectively referred as the "Allywing Group") in 2013 (Continued)*

	HK\$'000
Gain on disposal of subsidiaries:	
Cash consideration received in 2013	101,478
Deferred consideration receivable (note)	286,805
Net assets disposed of	(471,387)
Assignment of amount due to immediate holding company	(71,471)
Non-controlling interests	<u>216,153</u>
Gain on disposal	<u>61,578</u>
Net cash inflow arising on disposal:	
Cash consideration received in 2013	101,478
Less: Cash and cash equivalent disposed of	<u>(5,204)</u>
	<u>96,274</u>

Note: Pursuant to the Allywing Disposal Agreement, the total consideration would be settled in four installments of which the first installment has been received in 2013. The second, third and fourth installments shall be paid on or before the date falling 9, 12 and 18 months from the date of completion of the disposal. These installments with deferred payment terms are recognised at amortised cost with discount rate, determined by the directors of the Company, for calculating the present value of each installments, by reference to the borrowing rate of the purchaser's group, which is based on RMB base lending rate from the People's Bank of China ("PBoC") of 6.6% with respect to amount due to be received within one year and RMB base lending rate from PBoC of 7.1% with respect to amount due to be received in 18 months pursuant to the Allywing Disposal Agreement. A fair value adjustment of approximately HK\$17,879,000 is recognised at the completion date.

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

7. OTHER INCOME

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
Interest income	263	390
Imputed interest income on deferred consideration receivables (note 13)	8,499	—
	8,762	390

8. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
Fair value changes on held-for-trading investments	70,572	(1,222)
Net gain on derivative financial instruments	31,486	16,855
Gain on disposal of subsidiaries (Note 6(a))	—	4,874
Write back of other payable (Note)	—	5,458
	102,058	25,965

Note: According to the deed of settlement entered into among the Company and its creditors, the payment made by the Group in prior year in relation to certain debts owed by a subsidiary to the creditors should be the full and final settlement of all claims and demands and the creditors shall release and discharge the Group from any and all liability howsoever arising thereunder. As such, the Group wrote back the debts remain due and owing to the creditors during the prior interim period.

9. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
Profit for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	33	555
Interest expense on convertible notes	5,041	7,442

10. EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (loss) per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
Earnings (loss):		
Earnings for the purpose of basic earnings per share	97,708	4,554
Effect of dilutive potential ordinary shares:		
— Interest expense on convertible notes	5,041	7,442
— Net gain on derivative financial instruments	(31,486)	(16,855)
Earnings (loss) for the purpose of diluted loss per share	71,263	(4,859)
Number of shares:		
	2014	2013
Weighted average number of ordinary shares for the purposes of basic earnings per share	2,368,614,686	1,906,073,250
Effect of dilutive potential ordinary shares in respect of convertible notes	—	1,000,000,000
Weighted average number of ordinary shares for the purpose of calculation of diluted earnings (loss) per share	2,368,614,686	2,906,073,250

11. DIVIDEND

No dividends were paid, declared or proposed during the interim period. The directors of the Company have determined that no dividend will be paid in respect of the current interim period.

12. INVESTMENT PROPERTIES

The fair value of the Group's investment properties as at 30 June 2014 and 31 December 2013 has been arrived at on the basis a valuation carried out by Asset Appraisal Limited, independent valuers not connected with the Group. The fair value was arrived at using direct comparison method where comparison is based on prices realised or market prices of comparable properties. The valuer has used comparable properties of similar size, character and location and are analysed and weighted against all the respective advantages and disadvantages of each property and arrived at fair comparison of capital value.

No fair value change has been recognised in profit or loss for the six months ended 30 June 2014 (six months ended 30 June 2013: Nil) and the movement of investment properties was result of exchange realignment.

13. OTHER RECEIVABLES

The following is an analysis of other receivables at the end of the reporting period:

	30.6.2014	31.12.2013
	HK\$'000	HK\$'000
Deferred consideration receivable for disposal of subsidiaries in prior year (note a)	197,655	290,717
Consideration receivable for disposal of food processing and distribution operation in prior year (note b)	8,472	9,214
Other receivables	175	175
	206,302	300,106

Analysed for reporting purposes as:

Current assets	206,302	205,404
Non-current assets	—	94,702
	206,302	300,106

13. OTHER RECEIVABLES (Continued)

Notes:

- a. The deferred consideration receivable represents the remaining payment from the disposal of the Group's property development project in 2013 (see note 6(b)). Pursuant to the Allywing Disposal Agreement (as defined in note 6(b)), the second, third and fourth installments of HK\$101,561,000 each, shall be repayable on or before the date falling 9, 12 and 18 months from the date of completion of the disposal (3 September 2013), respectively, therefore, the carrying amount of the deferred consideration receivable (being the present value of each of the deferred installments) from the third and fourth (2013: second and third) installments are classified as current assets and the fourth installment is classified as non-current assets in 2013, and its analysis as follows:

	30.6.2014	31.12.2013
	HK\$'000	HK\$'000
Current assets	197,655	196,015
Non-current assets	—	94,702
	197,655	290,717

The amount is unsecured and non-interest bearing. During the six months ended 30 June 2014, imputed interest income arising from the unwinding of imputed interest on amortisation of fair value adjustment of deferred consideration receivables amounts to HK\$8,499,000 is recognised in profit or loss and included in other income (six months ended 30 June 2013: Nil).

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

As detailed in note 4 to the consolidated financial statements of the Group for the year ended 31 December 2013, on 29 January 2014, the Group has filed a legal proceeding to Haikou Municipal Intermediate People's Court (海口市中级人民法院) for settlement of the outstanding consideration receivable. As at the date of this report, the Group has not yet received any judgement from the Haikou Municipal Intermediate People's Court. However, the directors of the Company considered that no impairment is necessary for the current period in light of the fact that the process of recovering the debt is under legal proceeding with the relevant courts in the PRC and are of the opinion that the amount is still recoverable as the Group has received regular repayments from the counterparty amounting to HK\$1,000,000 during the current interim period and an aggregate amount of HK\$2,000,000 has been received after the end of this reporting period.

14. HELD-FOR-TRADING INVESTMENTS

	30.6.2014	31.12.2013
	HK\$'000	HK\$'000
Held-for-trading investments include:		
Equity securities listed in Hong Kong	112,058	41,486

The fair value of the financial assets at FVTPL is determined based on the quoted market bid prices.

15. OTHER PAYABLES

The following is an analysis of other payables at the end of the reporting period:

	30.6.2014	31.12.2013
	HK\$'000	HK\$'000
Accrued expenses	3,504	4,090
Other payables	388	69
	3,892	4,159

16. CONVERTIBLE NOTES

2012 CN Convertible Note

On 16 August 2012, the Company entered into a placing agreement (as supplement and amended by a side letter dated 27 August 2012) (the "2012 CN Placing Agreement") with a placing agent whereby the Company agreed, subject to conditions (including the Stock Exchange's and shareholders' approval) issue zero coupon convertible notes in a maximum aggregate principal amount of HK\$120,000,000 (the "2012 CN Convertible Notes"). The placing can be completed by a maximum of four tranches provided that the aggregate principal amount of the 2012 CN Convertible Notes to be issued by the Company for each partial completion shall not be less than HK\$30,000,000. The tranches fall under placing are subject to the same terms and conditions under the 2012 CN Placing Agreement.

16. CONVERTIBLE NOTES (Continued)

2012 CN Convertible Note (Continued)

The 2012 CN Convertible Notes are denominated in Hong Kong dollars with a conversion period of 36 months from the first issue date and can be converted into ordinary shares of the Company at HK\$0.12 per ordinary share, and may be adjusted upon occurrence of adjustment events, which include consolidation or sub-division of shares, capitalisation of profits or reserves, capital distributions, issue for cash of securities which are convertible into or exchangeable for or carry rights of subscription for new shares or modification of rights of conversion or exchange or subscription attached to such securities that the total effective consideration per share which is less than 80% of the market price, issues shares for cash at a price per share which is less than 80% of the market price, issues shares for the acquisition of assets at a total effective consideration per share which is less than 80% of the market price, and will in any event not be adjusted below the par value of the share.

The 2012 CN Convertible Notes contain three components, the liability component, conversion option and issuer's early redemption option. The conversion option gives the holder's right at any time to convert the 2012 CN Convertible Notes into ordinary shares of the Company. However since the conversion option of the 2012 CN Convertible Notes are denominated in HK\$ and the functional currency of the Company is RMB, the conversion option will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments, the conversion option is accounted for as a derivative liability. The early redemption option gives the issuer the right to redeem the note at par at any time before maturity. Both conversion option derivative and early redemption option are measured at fair value with changes in fair value recognised profit and loss.

The fair value of the liability component upon the issuance of the note was calculated at the present value of the principal amount. The 2012 CN Convertible Notes can only be redeemed at par at the discretion of the issuer in whole or in part anytime before the maturity date.

All tranches of the 2012 CN Convertible Notes will mature on 28 November 2015.

The 2012 CN Convertible Notes with principal amount of HK\$120,000,000 was issued on 29 November 2012 which can be converted into ordinary shares of the Company at HK\$0.12 per share. The aggregate fair value of the 2012 CN Convertible Notes at 29 November 2012 was approximately HK\$127,871,000, representing a loss in fair value on initial recognition of HK\$7,871,000 recognised in the profit and loss. The effective interest rate of 23.52% was used to determine the fair value changes of the liability component on initial recognition.

The aggregate principal amount under the 2012 CN Convertible Notes outstanding at 31 December 2013 amount to HK\$120,000,000 and the carrying amount of the liability component and the fair values of the embedded conversion option and early redemption option in aggregate approximately HK\$77,138,000 and HK\$101,834,000, respectively at 31 December 2013. In April 2014, the holder of the 2012 CN Convertible Notes has given notices to the Company to convert all of the 2012 CN Convertible Notes in aggregate principal amount of HK\$120,000,000 to ordinary shares of the Company. During the six months period ended 30 June 2014, an aggregate fair value gain on embedded conversion option and early redemption option of HK\$31,486,000 in respect of the 2012 CN Convertible Notes prior to the conversion was recognised in the profit and loss.

16. CONVERTIBLE NOTES (Continued)

2012 CN Convertible Note (Continued)

The fair values of the embedded conversion option and the issuer's early redemption option were determined using binomial option pricing model, the valuation was performed by independent valuer, Asset Appraisal Limited, and the inputs into the model at each respective date were as follow:

	(Date of conversion) 25.4.2014	(Date of conversion) 16.4.2014	(Date of conversion) 10.4.2014	(Date of conversion) 8.4.2014	(Date of conversion) 7.4.2014	(Date of conversion) 3.4.2014	31.12.2013
Conversion price	HK\$0.120	HK\$0.120	HK\$0.120	HK\$0.120	HK\$0.120	HK\$0.120	HK\$0.120
Share price	HK\$0.150	HK\$0.145	HK\$0.147	HK\$0.155	HK\$0.156	HK\$0.148	HK\$0.178
Expected volatility	51.21%	51.06%	51.02%	51.02%	51.02%	51.15%	47.09%
Remaining life	1.59 years	1.62 years	1.63 years	1.64 years	1.64 years	1.65 years	1.92 years
Risk-free rate	0.301%	0.313%	0.308%	0.326%	0.333%	0.357%	0.320%

The movements of the components of 2012 CN Convertible Notes during both periods are set out below:

	Principal amount HK\$'000	Liability component HK\$'000	Embedded derivatives HK\$'000	Total HK\$'000
At 1 January 2013	120,000	61,202	73,492	134,694
Change in fair value	—	—	28,342	28,342
Interest charged	—	15,936	—	15,936
At 31 December 2013	120,000	77,138	101,834	178,972
Change in fair value	—	—	(31,486)	(31,486)
Interest charged	—	5,041	—	5,041
Converted during the period	(120,000)	(82,179)	(70,348)	(152,527)
At 30 June 2014	—	—	—	—

Analysed for reporting purpose as:

	30.06.2014 HK\$'000	31.12.2013 HK\$'000
Non-current liability	—	178,972

17. SHARE CAPITAL

	Number of shares	Amount <i>US\$'000</i>	As presented <i>HK\$'000</i>
Ordinary shares of US\$0.001 each			
Authorised:			
At 1 January 2013, 31 December 2013 and 30 June 2014	100,000,000,000	100,000	775,000
Issued and fully paid:			
At 1 January 2013 and 31 December 2013	1,906,073,250	1,906	14,895
Issue of shares upon conversion of convertible notes	1,000,000,000	1,000	7,755
At 30 June 2014	2,906,073,250	2,906	22,650

18. LEASING ARRANGEMENTS

The Group as lessee

At the end of the reporting period, the Group had outstanding commitment for future minimum lease payments under non-cancellable operating leases in respect of office premises which fall due as follows:

	30.6.2014 <i>HK\$'000</i>	31.12.2013 <i>HK\$'000</i>
Within one year	1,436	1,470
In the second to fifth year inclusive	—	766
	1,436	2,236

Operating lease payments represent rentals payable by the Group for certain of its office premises. Leases are negotiated for lease term of 1 to 2 years.

19. RELATED PARTY TRANSACTIONS

The key management personnel are the directors of the Company. The short-term remuneration and contributions to retirement benefits of directors for the six months period ended 30 June 2014 was HK\$2,143,000 (six months ended 30 June 2013: HK\$2,837,000) and HK\$39,000 (six months ended 30 June 2013: HK\$44,000) respectively.

20. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used), as well as the level of fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted bid prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted bid prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

20. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

Financial assets/ financial liabilities	Fair value as at		Fair value Hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	30.6.2014	31.12.2013				
	HK\$'000	HK\$'000				
Financial asset at FVTPL:						
1) Listed equity securities	112,058	41,486	Level 1	Quoted bid prices in an active market	N/A	N/A
Financial liability at FVTPL:						
2) Derivative components of convertible notes	—	101,834	Level 3	The Binomial Option Pricing Model The key inputs are: 1. Stock price; 2. Exercise price; 3. Expected volatility; 4. Contractual term; and 5. Risk free rate	Stock price Risk free rate	The higher the stock price, the higher the fair value of the derivative components. If the stock price to the valuation model of the derivative components is 5% higher/lower, while all other variables were held constant, the fair value of the derivative component would increase/decrease by nil (2013: HK\$8,900,000). The higher the risk free rate, the higher the fair value of the derivative components. If the risk free rate to the valuation model of the derivative components is 50 basis point higher/lower or minimum to 0%, while all other variables were held constant, the fair value of the derivative component would increase/decrease by nil (2013: HK\$724,000 and HK\$468,000 respectively).

20. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

There were no transfer between level 1 and level 2 in the current and prior periods.

The directors of the Company consider that the carrying amounts of other financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair value.

Reconciliation of Level 3 fair value measurements of financial liabilities

	Embedded derivative of convertible notes
	HK\$'000
At 1 January 2014	101,834
Total gains or losses	(31,486)
Converted during the period	(70,348)
At 30 June 2014	—

Fair value gains or losses on derivative financial instruments are included in 'other gains and losses'.

Fair value measurements and valuation processes

The directors of the Company use their judgement in selecting an appropriate valuation technique to determine fair value of embedded conversion option and early redemption option of the convertible notes which are not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. The fair value of the derivative financial liabilities are determined at the end of the reporting period with movements in fair value recognised in profit or loss. In estimating the fair value of these derivative financial liabilities, the Group uses independent valuation which is based on various inputs and estimates based on quoted market rates and adjusted for specific features of the instrument (see note 16). If the inputs and estimates applied in the model are different, the carrying amount of these derivative financial liabilities will change.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed above.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



TO THE BOARD OF DIRECTORS OF
CHINA NEW ENERGY POWER GROUP LIMITED
中國新能源動力集團有限公司

INTRODUCTION

We have reviewed the condensed consolidated financial statements of China New Energy Power Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 3 to 23, which comprise the condensed consolidated statement of financial position as of 30 June 2014 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

26 August 2014



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

Revenue

In the first half of year 2014, the Group did not record any revenue (1.1.2013 to 30.6.2013: Nil) as the investment properties held by the Group were still under renovation. As such, no cost of sales and gross profit was recorded for the reporting period (1.1.2013 to 30.6.2013: Nil).

Segmental Results

Property business

There was no revenue generated from the Group's property business for the reporting period (1.1.2013 to 30.6.2013: Nil) and its segmental result suffered a loss of approximately HK\$0.13 million (1.1.2013 to 30.6.2013: loss of approximately HK\$6.30 million).

Investment in securities business

There was no revenue generated from the investment in securities business of the Group for the reporting period (1.1.2013 to 30.6.2013: Nil) and its segmental profit was approximately HK\$70.57 million (1.1.2013 to 30.6.2013: loss of approximately HK\$1.23 million).

Cost of Sales

As there was no revenue recorded in the period under review, no cost of sales was recorded (1.1.2013 to 30.6.2013: Nil).

Gross Profit or Loss

As described above, neither gross profit nor gross loss arose in the reporting period (1.1.2013 to 30.6.2013: Nil).

Other Income

The Group's other income for the reporting period increased to approximately HK\$8.76 million from approximately HK\$0.39 million for the corresponding period in 2013. Such increase was mainly due to imputed interest income of approximately HK\$8.50 million on deferred consideration receivable.

Other Gains and Losses

Other gains of the Group amounted to approximately HK\$102.06 million for the reporting period (1.1.2013 to 30.6.2013: approximately HK\$25.97 million). The gains mainly consisted of the gain on fair value change of held-for-trading investments of approximately HK\$70.57 million (1.1.2013 to 30.6.2013: a loss of approximately HK\$1.22 million) and the net gain on fair value change of derivative financial instruments of approximately HK\$31.49 million (1.1.2013 to 30.6.2013: approximately HK\$16.86 million).

Selling and Distribution Costs

No selling and distribution costs were incurred by the Group for the reporting period (1.1.2013 to 30.6.2013: Nil).

Administrative Expenses

The Group's administrative expenses for the reporting period was decreased to approximately HK\$8.07 million from approximately HK\$16.88 million in the corresponding period in 2013. The decrease was mainly due to the fact that no pre-promotion expenses were incurred in the current period for the property development project as it had already been disposed of by the Group in September 2013. In addition, administrative expenses incurred by other parts of the Group were also decreased when compared with those incurred in 2013 as a result of cost control measures implemented.

Finance Costs

The Group's finance costs for the reporting period was decreased to approximately HK\$5.04 million from approximately HK\$7.44 million in the corresponding period in 2013. The decrease was due to the fact that all outstanding convertible notes were fully converted into ordinary shares of the Company in April 2014 and as such, no finance costs on those convertible notes was incurred thereafter.

Profit for the Period and Earnings Per Share

The Group's profit attributable to owners of the Company for the reporting period was approximately HK\$97.71 million (1.1.2013 to 30.6.2013: approximately HK\$4.55 million). The increase was mainly due to the change in net gain on fair value change of the derivative financial instruments and the gain on fair value change of held-for-trading investments. Basic earnings per share of the Group was HK4.125 cents per share for the six months ended 30 June 2014 (1.1.2013 to 30.6.2013: HK0.239 cent per share).



BUSINESS REVIEW

During the period under review, the businesses and operations of the Group were property business and investment in securities business.

As the investment properties were still under renovation, no revenue was recorded during the reporting period. The Group effectively controlled the administrative expenses as well as managed its financial position. During the reporting period, the Group closely monitored the progress of its investment properties and the market conditions of the property markets in the People's Republic of China (the "PRC").

Property business

The investment properties acquired were still under renovation during the reporting period. As such no revenue was generated but a few administrative expenses were incurred for monitoring the progress of renovation works as well as the property leasing market in Guiyang city, the PRC.

Investment in securities business

No revenue was generated from the operation of investment in securities for the reporting period and its segmental profit of approximately HK\$70.57 million (1.1.2013 to 30.6.2013: loss of approximately HK\$1.23 million) was due to the gain on change in fair value of held-for-trading investments.

FUTURE PROSPECTS

The renovation works of the properties currently held by the Group will soon be completed and we anticipate that the property business will start to make contribution to the Group's revenue in the second half of 2014.

Although the global economy remains uncertain due to various factors such as regional political instability, the occurrence of localized war, natural disaster and earthquake, we are positive and cautiously optimistic for the long term performance of property business including both property investment and property development. Therefore, the Group will keep on looking for attractive investment and acquisition opportunities, including but not limited to property development project so as to enhance the Group's profitability and to maximize our shareholders' value.

Meanwhile, we will also maintain a stringent financial policy and a prudent cash flow management to ensure reasonable liquidity for the Group's operations as well as for its existing and future investment. We believe that, in such a volatile economic environment, these operation strategies will enable the Group to maintain its competitiveness and mitigate risks, thereby ensuring the Group's sustainable growth.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2014, the Group's bank balances and cash was approximately HK\$131.21 million (31 December 2013: approximately HK\$37.02 million), representing an increase of 254.43%. There was no bank and other borrowings as at the end of the reporting period (31 December 2013: Nil).

As at 30 June 2014, the current ratio (current assets/current liabilities) was 115.74 times (31 December 2013: 68.48 times) and the net current assets amounted to approximately HK\$446.56 million (31 December 2013: approximately HK\$280.64 million).

During the reporting period, net cash used in operating activities was approximately HK\$8.31 million and the net cash generated from investing activities was approximately HK\$102.57 million. As a result, the net increase in cash and cash equivalents during the reporting period was approximately HK\$94.26 million.

No issuance and redemption of Convertible Notes

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

CAPITAL STRUCTURE

During the reporting period, all holders of the outstanding convertible notes in an aggregate principal amount of HK\$120 million exercised their options to convert the convertible notes into ordinary shares of the Company at a conversion price of HK\$0.12 per share. As a result of the conversion of the convertible notes, the number of the Company's issued shares was increased by 1,000,000,000 shares. As at 30 June 2014, the number of the Company's issued shares was 2,906,073,250 shares.

As at 30 June 2014, the Group had no outstanding convertible notes, bank and other borrowings (31 December 2013: approximately HK\$178.97 million), which resulted in zero gearing ratio (31 December 2013: 27.57%) calculated on the basis of total debts and total assets of the Group. As at 30 June 2014, total assets of the Group amounted to approximately HK\$538.84 million (31 December 2013: approximately HK\$470.14 million).

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND ANY RELATED HEDGES

There has been no significant change in the Group's policy in terms of exchange rate exposure. The Group operates mainly in Hong Kong and the PRC. Most of the transactions are denominated in Hong Kong dollars ("HK\$") and Renminbi ("RMB"). The exchange rate of RMB against HK\$ is relatively stable. Hence, the Group neither anticipates any significant exchange risk exposure nor has a foreign currency hedging policy. However, management of the Group will monitor foreign exposure closely and consider the use of hedging instruments when necessary.



PLEDGE OF ASSETS

At the end of the reporting period, no pledge of assets was made by the Group.

EMPLOYEES AND REMUNERATION POLICIES

As of 30 June 2014, the Group had approximately 20 full time management, administrative and operation staff in the PRC and Hong Kong.

The Group provides competitive remuneration packages with attractive discretionary bonus to employees. The Group regularly reviews its remuneration packages in light of the overall development of the Group as well as the market conditions. In addition, the Group has adopted a share option scheme for eligible employees (including directors) to provide incentives to those with outstanding performance and contribution to the Group.

ADDITIONAL INFORMATION

Interim Dividend

The Board did not recommend the payment of interim dividend in respect of the six months ended 30 June 2014 (six months ended 30 June 2013: Nil). Accordingly, no closure of register of members of the Company is proposed.

Disclosure of Interests

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares or Debentures

As at 30 June 2014, the interests and short positions of each of the directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") required to be recorded in the register kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Long Positions in the Shares and Underlying Shares of the Company

Ordinary shares of US\$0.001 each of the Company

Name of director	Capacity of interest	Number of issued ordinary shares held	Approximate percentage of the issued share capital of the Company (Note 1)
Mr. Ip Cheng Kuong	Interests in controlled corporation (Note 2)	74,280,000	2.56%

Note 1: The percentage was calculated based on the Company's issued share capital of 2,906,073,250 shares as at 30 June 2014.

Note 2: Mr. Ip Cheng Kuong has notified the Company that he is interested in those shares of the Company held by Global Zone International Limited, a company of which 51% interests are owned by him and 49% interests are owned by his spouse, Ms. Chang Zhijun.

Save as disclosed above, as at 30 June 2014, none of the directors and chief executives of the Company or any of their respective associates had any other interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) required to be recorded in the register kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Discloseable Interests and Short Positions of Shareholders under the SFO

As at 30 June 2014, to the best knowledge of the directors and chief executives of the Company, details of the interests and short positions in the shares and underlying shares of the Company of every person other than directors and chief executives of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long Positions in the Shares of the Company

Ordinary shares of US\$0.001 each of the Company

Name of Shareholder	Capacity of interest	Number of issued ordinary shares held	Approximate percentage of the issued share capital of the Company (Note)
Ng Leung Ho	Beneficial owner	150,000,000	5.16%
So Chi Ming	Beneficial owner	250,000,000	8.60%

Note: The percentages were calculated based on the Company's issued share capital of 2,906,073,250 shares as at 30 June 2014.

Save as disclosed above, as at 30 June 2014, the Company had not been notified of any other interests or short positions in the shares or underlying shares of the Company of any other person other than the directors or the chief executive of the Company required to be recorded in the register kept by the Company under Section 336 of the SFO.

Corporate Governance

The Board is committed to maintaining a high standard of corporate governance in the best interests of the shareholders of the Company ("Shareholders"). The corporate governance principles adopted by the Company emphasize on a highly efficient Board, sound internal controls and the transparency and accountability to all Shareholders.

Throughout the period from 1 January 2014 to 30 June 2014, the Company has complied with the code provisions as set out in the Corporate Governance Code and Corporate Governance Report ("CG Code") contained in Appendix 14 of the Listing Rules, except for the following deviations:

- (a) Under code provision A.2.1, the roles of the chairman and chief executive should be separated and should not be performed by the same individual. Mr. Ip Cheng Kuong currently is the chairman of the Company and is responsible for leading the Board in the overall strategic development of the Group. During the period under review, no officer was appointed as the chief executive officer of the Group. In this respect, an Investment and Management Committee ("IMC") was established on 15 August 2013 to manage the operations and investment activities of the Group. The IMC will continually assume functions of the chief executive officer before any individual is appointed as such.

The Board considers the above arrangement to be appropriate for the Company as it can preserve the consistent leadership culture of the Company and allow efficient discharge of the functions of the chief executive officer. The Board believes that a balance of power and authority is adequately ensured by the Board which comprises experienced and high calibre individuals, including four independent non-executive directors (the "INEDs").

- (b) Under code provision E.1.2, the chairman of the Board should attend annual general meeting. Mr. Ip Cheng Kuong, the chairman of the Board was not able to attend the annual general meeting of the Company held on 28 May 2014 ("AGM") due to other engagement. Mr. Yeung Kwok Yu, who took the chair of AGM, together with other members of the Board who attended the AGM, were of sufficient calibre for answering questions at the AGM.

The Board will continue to review and improve the corporate governance practices and standards of the Company to ensure that the Group's business and decision making processes are regulated in a proper and prudent manner.

Audit Committee

The audit committee of the Company (the "Audit Committee") comprises three INEDs, namely Ms. Ma Yin Fan, Mr. Leung Hoi Ying and Mr. Yu Pan. Ms. Ma Yin Fan is the chairlady of the Audit Committee.

The terms of reference of the Audit Committee comply with the code provisions of the CG Code. The Audit Committee is responsible for reviewing and supervising the Group's financial reporting process and internal control system and providing advice and recommendations to the Board.

During the reporting period, the Audit Committee has reviewed with management of the Company on internal controls and financial reporting matters related to the preparation of the unaudited condensed consolidated financial statements for the six months ended 30 June 2014.

Remuneration Committee

The remuneration committee of the Company (the "Remuneration Committee") comprises three INEDs, namely Ms. Ma Yin Fan, Mr. Leung Hoi Ying and Mr. Yu Pan. Ms. Ma Yin Fan was appointed as the chairlady of the Remuneration Committee.

The terms of reference of the Remuneration Committee comply with the code provisions of the CG Code. The Remuneration Committee is principally responsible for offering advice to the Board on the matters pertaining to the remuneration policy and remuneration structure of the directors and senior management of the Company.

Nomination Committee

The nomination committee of the Company (the "Nomination Committee") comprises one executive director of the Company and two INEDs, namely Mr. Yeung Kwok Yu, Mr. Leung Hoi Ying and Mr. Yu Pan. Mr. Leung Hoi Ying is the chairman of the Nomination Committee.

The terms of reference of the Nomination Committee comply with the code provisions of the CG Code. The Nomination Committee is principally responsible for reviewing the structure, size and composition of the Board, identifying individuals suitably qualified to become Board members, assessing the independence of the INEDs, and making recommendations to the Board on the appointment and reappointment of directors and succession planning for directors.

Investment and Management Committee

The IMC of the Company comprises two executive directors, namely Mr. Yeung Kwok Yu and Mr. Kwan Kam Hung, Jimmy. Mr. Yeung Kwok Yu is the chairman of the IMC.

It is primarily responsible for (i) acting as a delegate for the Board generally; (ii) making decisions and resolutions, and to exercise all powers of the Board on all matters of the Group in relation to its daily operation and investment activities; and (iii) making recommendations to the Board concerning matters of corporate significance not otherwise dealt with by any other committees of the Board.

Model Code for Securities Transactions by Directors

During the reporting period, the Company has adopted a code of conduct regarding securities transactions by directors of the Company on terms no less exacting than the Model Code. Having made specific enquiries to all directors of the Company, all of them have complied with the required standards of dealings as set out in the Model Code and the Company's own code of conduct during the reporting period.

Review of Accounts

The Audit Committee has reviewed with management and the external auditor the accounting principles and practices adopted by the Group and discussed internal controls, and financial reporting matters including the review of the unaudited interim financial statements for the period under review. The external auditor has reviewed the interim financial information for the six months ended 30 June 2014 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

Purchase, Sale or Redemption of Listed Securities of the Company

For the six months ended 30 June 2014, neither the Company nor any of its subsidiaries had purchased, sold, or redeemed any listed securities of the Company.

Publication of Unaudited Interim Results

The Company's 2014 interim report is published on the website of the Stock Exchange at www.hkex.com.hk and on the Company's website at www.cnegpl.com.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere appreciation to our Shareholders for their continuous supports. I would also extend my gratitude and appreciation to the Group's management and staff members for their dedication and hard work during the period.

By Order of the Board
Kwan Kam Hung, Jimmy
Executive Director

Hong Kong, 26 August 2014