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China New Energy Power Group Limited

中國新能源動力集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1041)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2016

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, together with its subsidiaries (the “Group”) for the six months ended 30 June 2016, together with the comparative figures for the corresponding period in 2015 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2016

	Notes	Six months ended 30 June	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Revenue	5	(119,880)	(75,093)
Cost of inventories sold		(380)	–
Other income		15	391
Depreciation		(895)	(166)
Staff costs		(5,178)	(7,465)
Rental and related expenses		(2,384)	(2,217)
Other expenses		(9,263)	(6,384)
Loss from operations		(137,965)	(90,934)
Finance costs	6	–	(82)
Loss before tax		(137,965)	(91,016)
Income tax	7	(379)	(1,279)
Loss for the period attributable to owners of the Company	8	(138,344)	(92,295)

		Six months ended 30 June	
		2016	2015
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Other comprehensive income:			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		<u>57</u>	<u>205</u>
Total comprehensive loss for the period attributable to owners of the Company		<u>(138,287)</u>	<u>(92,090)</u>
Loss for the period attributable to:			
Owners of the Company		(138,344)	(92,210)
Non-controlling interests		<u>–</u>	<u>(85)</u>
		<u>(138,344)</u>	<u>(92,295)</u>
Total comprehensive loss attributable to:			
Owners of the Company		(138,287)	(92,005)
Non-controlling interests		<u>–</u>	<u>(85)</u>
		<u>(138,287)</u>	<u>(92,090)</u>
Loss per share	<i>10</i>		<i>Restated</i>
Basic (cents per share)		<u>(20.02)</u>	<u>(15.87)</u>
Diluted (cents per share)		<u>N/A</u>	<u>N/A</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2016

	<i>Notes</i>	At 30 June 2016 HK\$'000 (Unaudited)	At 31 December 2015 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	<i>11</i>	19,336	15,993
Investment properties		63,014	64,456
Intangible asset	<i>15</i>	1,000	–
Goodwill	<i>15</i>	4,137	–
Other assets		400	–
Deposits for investments in subsidiaries		10,192	19,004
		<u>98,079</u>	<u>99,453</u>
Current assets			
Trade receivables	<i>12</i>	28,950	–
Loans receivables	<i>13</i>	124,200	–
Prepayments, deposits and other receivables		4,801	2,226
Financial assets at fair value through profit or loss		29,802	275,010
Inventories		2,514	–
Bank balances held on behalf of clients		7,067	–
Bank and cash balance		41,573	50,832
		<u>238,907</u>	<u>328,068</u>
Current liabilities			
Trade payables	<i>14</i>	25,216	–
Other payables and accruals		2,648	909
Tax payable		379	–
		<u>28,243</u>	<u>909</u>
Net current assets		<u>210,664</u>	<u>327,159</u>
Total assets less current liabilities		<u>308,743</u>	<u>426,612</u>
Non-current liabilities			
Deferred tax liabilities		165	–
NET ASSETS		<u><u>308,578</u></u>	<u><u>426,612</u></u>
Capital and reserves			
Share capital	<i>16</i>	27,178	25,696
Reserves		281,400	400,916
TOTAL EQUITY		<u><u>308,578</u></u>	<u><u>426,612</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

1. GENERAL INFORMATION

China New Energy Power Group Limited (the “Company”) is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The address of its principal place of business is Room 204-205, 2/F, OfficePlus@Sheung Wan, No. 93-103 Wing Lok Street, Sheung Wan, Hong Kong. The Company’s shares are listed on The Main Board of The Stock Exchange of Hong Kong Limited.

The principal activities of the Group are provision of management services, securities trading and investment, loan financing services, property investment and securities brokerage and provision of securities margin finance.

2. BASIS OF PREPARATION

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

The Interim Financial Statements do not include all the information and disclosures required in a full set of financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2015 (“2015 Annual Report”).

The preparation of an Interim Financial Statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

The accounting policies adopted in the preparation of the Interim Financial Statements are consistent with those followed in the preparation of 2015 Annual Report of the Group.

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

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (the “HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 January 2016. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards (the “HKAS”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current and prior periods.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group 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. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categories into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

Disclosures of level in fair value hierarchy at 30 June 2016:

Description	Fair value measurements as at 30 June 2016 using:			Total 2016
	Level 1 HK\$'000 (Unaudited)	Level 2 HK\$'000 (Unaudited)	Level 3 HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Recurring fair value measurements:				
Financial assets at fair value through profit or loss				
Listed securities in Hong Kong	29,802	–	–	29,802
Total recurring fair value measurements	29,802	–	–	29,802

Description	Fair value measurements as at 31 December 2015 using:			Total 2015
	Level 1 HK\$'000 (Audited)	Level 2 HK\$'000 (Audited)	Level 3 HK\$'000 (Audited)	HK\$'000 (Audited)
Recurring fair value measurements:				
Financial assets at fair value through profit or loss				
Listed securities in Hong Kong	275,010	–	–	275,010
Total recurring fair value measurements	275,010	–	–	275,010

During the period, there were no transfer between Level 1 and Level 2, or transfers into or out of Level 3 (2015: nil). The Group's policy is to recognise transfer between levels of fair value hierarchy as at the end of the reporting period in which they occur.

5. REVENUE AND SEGMENT INFORMATION

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

- (i) Securities trading and investment – purchase and sale of securities and securities investment
- (ii) Securities brokerage and provision of securities margin finance
- (iii) Property investment – generation of rental income
- (iv) Loan financing services – provision of funds and financial services to third parties
- (v) Supply chain management business and others

The operation of loan financing services and securities brokerage and provision of securities margin finance were introduced to the Group during the current interim period.

The operation of supply chain management business was disposed for the year ended 31 December 2015.

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

	Securities trading and investment <i>HK\$'000</i> (Unaudited)	Securities brokerage and provision of securities margin finance <i>HK\$'000</i> (Unaudited)	Property investment <i>HK\$'000</i> (Unaudited)	Loan financing services <i>HK\$'000</i> (Unaudited)	Supply chain management business and others <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Six months ended 30 June 2016						
Revenue	(124,356)	815	872	2,402	387	(119,880)
Segment result	(124,596)	(1,414)	(41)	1,920	(157)	(124,288)
As at 30 June 2016 (Unaudited)						
Segment assets	29,802	36,416	63,014	124,200	2,514	255,946
Segment liabilities	–	25,216	–	379	–	25,595
Six months ended 30 June 2015						
Revenue	(75,269)	–	–	–	176	(75,093)
Segment result	(79,660)	–	(756)	–	(210)	(80,626)
As at 31 December 2015 (Audited)						
Segment assets	275,010	–	64,456	–	–	339,466
Segment liabilities	–	–	469	–	–	469

Reconciliations of segment profit or loss:

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Total profit or loss of reportable segments	(124,288)	(80,626)
Unallocated corporate income	15	391
Unallocated corporate expenses	(13,692)	(10,699)
Finance costs	—	(82)
	<u> </u>	<u> </u>
Consolidated loss before tax	<u><u>(137,965)</u></u>	<u><u>(91,016)</u></u>

The accounting policies of the reportable and operating segment are the same as the Group's accounting policies. Segment result represent profit/(loss) from each segment without allocation of central administrative costs, directors' remuneration and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

The Group's unallocated corporate assets at the end of the reporting period mainly consist of property, plant and equipment, deposits for investments in subsidiaries, deposit for acquisition of property, plant and equipment, deposits and prepayments and bank balances and cash. The Group's unallocated corporate liabilities at the end of the reporting period consists other payables and accruals.

6. FINANCE COSTS

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interests on bank loans	—	82
	<u> </u>	<u> </u>

7. INCOME TAX

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax:		
– Hong Kong Profits Tax	379	1,279
	<u> </u>	<u> </u>

Hong Kong Profits Tax has been provided at a rate of 16.5% (six months ended 30 June 2015: 16.5%) on the estimated assessable profits for the six months ended 30 June 2016.

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

8. LOSS FOR THE PERIOD

The Group's loss for the period is stated after charging/(crediting) the following:

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	380	–
Written off on property, plant and equipment	763	21
Depreciation of property, plant and equipment	895	166
Interest expense	–	82
Directors' emoluments	2,135	3,431
Staff costs (including directors' remuneration):		
– Salaries, bonus and allowances	5,015	7,353
– Retirement benefits scheme contributions	163	112
	5,178	7,465
Gain on disposal of property, plant and equipment	(311)	–

9. INTERIM DIVIDEND

The Board do not recommend the payment of an interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: nil)

10. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the period attributable to owners of the Company of approximately HK\$138,344,000 (loss for the six months ended 30 June 2015: approximately HK\$92,210,000) and the weighted average number of 690,945,090 (six months ended 30 June 2015: 581,214,650) ordinary shares, as adjusted to reflect the impact of share consolidation on 1 August 2016, in issue during the period.

Diluted loss per share

No diluted loss per share is presented, as the Company did not have any outstanding dilutive potential ordinary shares during both periods.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2016, property, plant and equipment of approximately HK\$5,555,000 was acquired by the Group (six months ended 30 June 2015: approximately HK\$1,542,000).

12. TRADE RECEIVABLES

	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Cash clients	2,607	–
Margin clients	8,159	–
Hong Kong Securities Clearing Company Limited	18,184	–
	<u>28,950</u>	<u>–</u>

All trade receivable from cash clients and margin clients are not past due at the reporting dates for which the management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are considered fully recoverable.

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

13. LOANS RECEIVABLES

	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Loans receivables	124,200	–

The fixed-rate loan receivables of approximately HK\$124,200,000 under the Group's loan financing services operation as at 30 June 2016 represent loan advanced to ten independent third parties. The interest rates for the loan receivables were ranging from 8% to 12% (31 December 2015: nil) per annum.

The loan made available to customers depends on management's assessment of credit risk on the customers by evaluation on background check and repayment abilities. The Group determines the allowance of impaired debts based on the evaluation of collectability and aged analysis of accounts and on the management's judgment, including assessment of change of credit quality and the past collection history of each customer. There are no loans receivables which were past due at the end of reporting period and the Directors consider that no impairment was necessary.

14. TRADE PAYABLES

	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Cash clients	4,137	–
Margin clients	2,934	–
Hong Kong Securities Clearing Company Limited	18,145	–
	<hr/>	<hr/>
	25,216	–
	<hr/> <hr/>	<hr/> <hr/>

The trade payable balances are repayable on demand except where certain trade payables 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 Group, the ageing analysis does not give additional value in view of the nature of business of the Group.

15. ACQUISITION OF A SUBSIDIARY

On 11 March 2016, the Group acquired 100% of the issued share capital of Lamtex Securities Limited for a cash consideration of HK\$14,400,000. Lamtex Securities Limited is principally engaged in securities brokerage and provision of securities margin finance during the period.

The fair value of the identifiable assets and liabilities of Lamtex Securities Limited acquired as at its date of acquisition is as follows:

	<i>HK\$'000</i>
Property, plant and equipment	1,035
Intangible asset	1,000
Other assets	400
Cash and bank balances	5,174
Bank balances held on behalf of clients	8,357
Trade receivables	24,225
Prepayments, deposits and other receivables	122
Trade payables	(29,363)
Other payables	(522)
Deferred tax liabilities	(165)
	<hr/>
Total identifiable net assets at fair value	10,263
Goodwill	4,137
	<hr/>
Consideration transferred, satisfied by cash	14,400
	<hr/> <hr/>

Lamtex Securities Limited contributed approximately HK\$814,000 to the Group's revenue and loss of approximately HK\$1,414,000 to the Group's loss for the period between the date of acquisition and the end of the reporting period.

If the acquisition had been completed on 1 January 2016, total Group's negative revenue for the period would have been approximately HK\$119,355,000, and loss for the period would have been approximately HK\$139,615,000. The proforma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2016, nor is intended to be a projection of future results.

16. SHARE CAPITAL

	Notes	Number of shares	Amount US\$'000	Amount HKD'000
<i>Authorised:</i>				
Ordinary shares of US\$0.001 each at 31 December 2015, 1 January 2016 and 30 June 2016		100,000,000,000	100,000	775,000
		Number of shares	Amount US\$'000	Amount HKD'000
<i>Issued and fully paid:</i>				
Ordinary shares of US\$0.001 each at 31 December 2015 and 1 January 2016		3,296,673,250	3,297	25,696
Issue of shares on placement	(a)	190,500,000	190	1,482
At 30 June 2016		3,487,173,250	3,487	27,178

(a) Completion of the placement of shares took place on 1 February 2016 pursuant to which 190,500,000 ordinary shares were issued under the placing agreement at a price of HK\$0.11 per share. Accordingly, the Company's issued share capital was increased by approximately HK\$1,482,000 and its share premium account was increased by approximately HK\$18,771,000. The net proceeds, after share issue expenses of approximately HK\$702,000, was approximately HK\$20,253,000.

17. CAPITAL COMMITMENTS

The Group's capital commitments at the end of the reporting period are as follows:

	30 June 2016	31 December 2015
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Contracted but not provided for:		
– Unpaid contribution for investment in subsidiaries	9,861	18,086

18. CONTINGENT LIABILITIES

At the end of the reporting period, the Group and the Company did not have any significant contingent liabilities (31 December 2015: nil).

19. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group had no other transactions and balances with its related parties during the period ended 30 June 2016.

20. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period's presentation. The Directors consider that the new reclassification of the accounting items is more appropriate presentation to reflect the principal activities and financial results of the Group.

21. EVENTS AFTER THE REPORTING PERIOD

- (a) Pursuant to an ordinary resolution passed on 29 July 2016, every 5 ordinary shares of US\$0.001 each in the issued and unissued share capital of the Company were consolidated into one consolidated ordinary share of US\$0.005 each in the issued and unissued share capital of the Company with effective date on 1 August 2016.
- (b) On 29 July 2016, the Company passed the special resolutions in relation to change of the English name of the Company from "China New Energy Power Group Limited" to "Lamtex Holdings Limited" and the Chinese name from "中國新能源動力集團有限公司" to "林達控股有限公司". Further details of the above are described in the Company's circular dated 6 July 2016.

22. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 17 August 2016.

INTERIM DIVIDEND

The Board did not recommend the payment of interim dividend in respect of the six months ended 30 June 2016 (six months ended 30 June 2015: Nil). Accordingly, no closure of register of members of the Company is proposed.

FUND RAISING ACTIVITIES

In order to increase our capital to capture the business opportunities, the Company has completed February 2016 Placement (the placing of up to 190,614,650 new shares under the General Mandate). The major part of the net proceeds from the fund raising activities are used in enhancing the Group's general working capital and developing existing and new business needs.

February 2016 Placement

On 1 February 2016, the Company completed the placing of 190,500,000 new shares of the Company ("Shares") pursuant to the general mandate granted to the directors of the Company at the annual general meeting held on 17 June 2015 at a placing price of HK\$0.11 each.

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

USE OF PROCEEDS

The Company has conducted the following equity fund raising activities during the period ended 30 June 2016 and subsequent to end of the reporting period up to the date of this announcement:

Date of announcement	Fund raising activity	Net proceeds raised	Intended use of net proceeds	Actual use of net proceeds
1 February 2016	Placing of 190,500,000 New shares at HK\$0.11 Per share	Approximately HK\$20 million	General working capital for existing business and development of new	Approximately HK\$14 million was used in the acquisition and development of new businesses and approximately HK\$6 million was applied as operating expenses of the Group

MANAGEMENT DISCUSSION AND ANALYSIS FINANCIAL RESULTS

Revenue

This represented (loss)/gain on disposal of financial assets at fair value through profit or loss, net fair value change on financial assets at fair value through profit or loss, securities brokerage service income, loan interest income, construction material trading income and rental income.

Segmental Results

Securities trading and investment business

The negative revenue generated from the operation in securities trading and investment for the reporting period was approximately HK\$124.36 million (six months ended 30 June 2015: approximately HK\$75.27 million) and its segmental result reflected a loss of approximately HK\$124.59 million (six months ended 30 June 2015: loss of approximately HK\$79.66 million). Under the reporting period, the Company has decided to release most of the Group's existing securities investment in view with the unattractive market sentiment.

Property investment business

Approximately HK\$0.87 million was generated from the Group's property business for the reporting period (six months ended 30 June 2015: nil) and its segmental result suffered a loss of approximately HK\$0.04 million (six months ended 30 June 2015: loss of approximately HK\$0.76 million).

Supply chain management business and others

No revenue generated from the operation of supply chain management business for the reporting period as the business was already disposed in the second half of 2015 (six months ended 30 June 2015: HK\$0.18 million) and its segmental result was nil (six months ended 30 June 2015: loss of approximately HK\$0.21 million). Approximately HK\$0.38 million was generated from the Group's construction material trading business for the reporting period. The segmental results for the construction material trading was loss of approximately HK\$0.16 million (six months ended 30 June 2015: no such segment).

Loan financing services business

Approximately HK\$2.40 million was generated from the Group's loan financing services business for the reporting period (six months ended 30 June 2015: no such segment) and its segmental result recorded a gain of approximately HK\$1.92 million (six months ended 30 June 2015: no such segment).

Securities brokerage and provision of securities margin finance business

Approximately HK\$0.82 million was generated from the Group's stock broking business for the reporting period (six months ended 30 June 2015: no such segment) and its segmental result suffered a loss of approximately HK\$1.41 million (six months ended 30 June 2015: no such segment).

Cost of Sales

Approximately HK\$0.38 was recorded from construction material trading business (six months ended 30 June 2015: Nil).

Other Income

The Group's other income for the reporting period was reduced to approximately HK\$0.02 million from approximately HK\$0.39 million for the corresponding period in 2015.

Staff costs

The Group's staff costs for the reporting period was decreased to approximately HK\$5.18 million from approximately HK\$7.47 million in the corresponding period in 2015. The decrease was mainly due to the reduction in high-paid staff number.

Other Expenses

The Group's other expenses for the reporting period was increased to approximately HK\$9.26 million from approximately HK\$6.38 million in the corresponding period in 2015. The increase was mainly due to the acquisition of Lamtex Securities Limited and the new business commenced during the reporting period.

Finance Costs

The Group's finance costs for the reporting period was reduced to nil from approximately HK\$0.08 million in the corresponding period in 2015.

Loss for the Period and Loss Per Share

The Group's loss attributable to owners of the Company for the reporting period was approximately HK\$138.34 million (six months ended 30 June 2015: loss of approximately HK\$92.21 million). The increase was mainly due to net realised losses and net unrealised losses of investments at fair value through profit or loss of approximately HK\$39.46 million and approximately HK\$84.89 million. Basic loss per share of the Group was HK\$20.02 cents per share for the six months ended 30 June 2016 (six months ended 30 June 2015: loss per share HK15.87 cents per share).

BUSINESS REVIEW

During the period under review, the businesses and operations of the Group were mainly on securities trading and investment business, securities brokerage and provision of securities margin finance business, property investment business and loan financing services business.

In order to strengthen the capital base and financial resources of the Group, the Company has successfully completed the Placing of 190,500,000 shares of the Company of HK\$0.11 each with net proceeds of approximately HK\$20 million on 1 February 2016. With the strengthened financial position, the Group will deploy more resources and take appropriate strategy to expand the existing business and development of new business. The Group will cautiously search for investment opportunities so as to produce a steady growth in the Group's long term performance.

The acquisition of Lamtex Securities Limited, a company incorporated in Hong Kong which is a licenced corporation carrying out business in Type 1 (dealing in securities) regulated activity was completed in March 2016.

A new business line of loan financing services became one of the principal activities of the Group starting in March 2016.

FUTURE PROSPECTS

In the first half of the year 2016, the market sentiment continued to be weak by the economic slowdown in the PRC. As refer to the fiscal policies and measures taken by central government of the PRC, the market's confidence gradually stabilised in Q2, 2016. It is widely expected that the Gross Domestic Product of the PRC will slow down to around 6.5%. The Group will keep on monitoring and analysing government policies and the market trend in an active manner, so as to align its development and marketing strategies to grasp opportunities.

Moreover, the new business that acquired and commenced during the reporting period started contributing to the group overall performance so the Group will continue to dedicate its efforts to the development of its existing and new businesses and other potential projects with a view to providing steady returns as well as fruitful growth for its shareholders.

SUBSEQUENT EVENTS

Share Consolidation

Pursuant to an ordinary resolution passed on 29 July 2016, every 5 ordinary shares of US\$0.001 each in the issued and unissued share capital of the Company were consolidated into one consolidated ordinary share of US\$0.005 each in the issued and unissued share capital of the Company with effective date on 1 August 2016.

The share consolidation will enable the Company to comply with the trading requirements under the Listing Rules.

Furthermore, it is expected that the share consolidation will bring about a corresponding upward adjustment in the trading price of the Consolidated Shares and will increase the nominal value of the Shares. Accordingly, the Directors are of the view that the Share Consolidation is in the interests of the Company and the Shareholders as a whole.

Further details of the above are described in the Company's circular dated 6 July 2016.

Change of Company Name

On 29 July 2016, the Company passed the special resolutions in relation to change of the English name of the Company from "China New Energy Power Group Limited" to "Lamtex Holdings Limited" and the Chinese name from "中國新能源動力集團有限公司" to "林達控股有限公司". Further details of the above are described in the Company's circular dated 6 July 2016.

The Board considers that the proposed new names of the Company will provide the Company a new corporate image and identity of the Company. The Board is of the opinion that the Change of Company Name is in the interests of the Company and the Shareholders as a whole.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2016, the Group's bank balances and cash was approximately HK\$41.57 million (31 December 2015: approximately HK\$50.83 million), representing a decrease of 18.21%.

As at 30 June 2016, the current ratio (current assets/current liabilities) was 8.46 times (31 December 2015: 360.91 times) and the net current assets amounted to approximately HK\$210.66 million (31 December 2015: approximately HK\$327.16 million).

During the reporting period, the net cash used in operating activities was approximately HK\$24.39 million, the net cash generated from financing activities was approximately HK\$20.25 million and the net cash used in from investing activities was approximately HK\$4.87 million. As a result, the net decrease in cash and cash equivalents during the reporting period was approximately HK\$9.01 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.

SHARE OPTION

A share option scheme (the “Share Option Scheme”) was adopted on 25 May 2012, whereby the Board may, at its absolute discretion, grant options to any eligible participants including directors and employees of the Group to subscribe for shares in the Company. There was no outstanding share options as at 30 June 2016.

CAPITAL STRUCTURE

On 10 January 2016, the Company entered into a placing agreement with a placing agent to place 190,614,650 shares of the Company of US\$0.001 each at a placing price of HK\$0.11 each. The Placing was completed subsequent to the end of the reporting period, on 1 February 2016, 190,500,000 shares of the Company with net proceeds of approximately HK\$20 million, of which approximately HK\$14 million was used for the acquisition and development of new business; and approximately HK\$6 million was applied for the Group’s overall operating expenses.

Save as the disclosure above, there was no changes in the capital structure of the Company during the reporting period.

As at 30 June 2016, the Group’s gearing ratio calculated on the basis of bank borrowings was zero (31 December 2015: Nil) and total assets of approximately HK\$336.98 million (31 December 2015: approximately HK\$427.52 million), was zero (31 December 2015: zero).

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.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE AND LISTING RULES

The Company has complied with the Corporate Governance Code (the “Code”) as contained in Appendix 14 of the Listing Rules, except for deviations from Code Provision A.6.7 which stipulates that independent non-executive directors and non-executive directors should attend general meetings. Due to other important business engagements at the relevant time, not all non-executive directors attended the annual general meeting of the Company on 21 June 2016.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Following specific enquiry by the Company, all Directors have confirmed that they have complied with the required standard as set out in the Model Code during the six months ended 30 June 2016.

REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in accordance with the requirements of the Code for the purposes of reviewing and providing supervision over the Group’s financial reporting process and internal controls. The Audit Committee comprise three independent non-executive directors, namely Dr. LOKE Yu alias Loke Hoi Lam, Mr. TSE Long and Mr. ZENG Zhaolin.

The Audit Committee meets regularly with the Company’s senior management and the Company’s auditors to consider the Company’s financial reporting process, the effectiveness of internal controls, the audit process and risk management. The Audit Committee has reviewed the Group’s financial statements for the six months ended 30 June 2016 and discussed the financial related matters with management and external auditor.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

For the six months ended 30 June 2016, neither the Company nor any of its subsidiaries had purchased, sold, or redeemed any listed securities of the Company.

PUBLICATION OF UNAUDITED INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement will be published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.cnepgl.com. The interim report of the Company for the six months ended 30 June 2016 will be despatched to the Shareholders and published on the aforesaid websites in due course.

By order of the Board
China New Energy Power Group Limited
Wu Xiaolin
Chief Executive Officer

Hong Kong, 17 August 2016

As at the date of this announcement, the Board comprises three Executive Directors, namely, Mr. Wu Xiaolin (Chief Executive Officer), Mr. Wen Wenfeng and Ms. Shen Jing; two Non-Executive Directors, namely Mr. Lung Chee Ming George and Mr. Yu Shaoheng; and three Independent Non-Executive Directors, namely Mr. Zeng Zhaolin, Dr. Loke Yu (alias Loke Hoi Lam) and Mr. Tse Long.