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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)

**ANNOUNCEMENT
FURTHER UPDATES ON THE VERY SUBSTANTIAL DISPOSAL AND
CONNECTED TRANSACTION**

The Board announces that on 5 June 2012, the Vendor, the Company, the Purchaser and the Purchaser's Guarantor entered into the Fifth Supplemental Deed, pursuant to which the parties thereto agreed that the Purchaser shall repay the Owing Amount due to the Vendor on or before 28 June 2012.

Reference are made to the announcement of China New Energy Power Group Limited (the "**Company**") dated 9 December 2009, the circular of the Company dated 24 December 2009 (the "**Circular**") and the announcements of the Company dated 19 July 2011, 19 October 2011, 6 January 2012, 22 March 2012 and 3 May 2012 respectively (collectively, "**Previous Announcements**"), in relation to the very substantial disposal and connected transaction. Terms used herein shall have the same meanings as defined in the Circular unless defined otherwise.

Under the Sale and Purchase Deed, the balance of the Consideration in the sum of HK\$43,000,000 (the "**Balance of the Consideration**") shall be paid within 18 months from the date of Completion and such date of payment may be extended by a further period 3 months after expiry of such 18 months, i.e. 18 July 2011, upon the mutual agreement between the Vendor and the Purchaser in writing. The Vendor, the Company, the Purchaser and the Purchaser's Guarantor (collectively, the "**Parties**") had agreed to extend the date of payment of the Balance of the Consideration under supplemental deeds to the Sale and Purchase Deed. For details of the supplemental deeds, please refer to the Previous Announcements.

As at 5 June 2012, the sum of approximately HK\$15,123,000 (the "**Owing Amount**") out of the Balance of the Consideration remains outstanding. At the request of the Purchaser, the Parties entered into the fifth supplemental deed (the "**Fifth Supplemental Deed**") on 5 June 2012, pursuant to which the Parties have agreed that the Purchaser shall repay the Owing Amount due to the Vendor together with the interest accrued thereon on or before 28 June 2012.

A substantial portion of the Balance of the Consideration has now been repaid. The Board considers that the Owing Amount would be recovered in due course notwithstanding the various time extensions in the past. In view of this, the Board will issue further announcement to update the shareholders and investors of the Company as to the progress of repayment, should any subsequent failure to repay the Owing Amount give rise to material impact on the Group.

By Order of the Board
China New Energy Power Group Limited
Yeung Kwok Yu
Executive Director

Hong Kong, 6 June 2012

As at the date of this announcement, the executive directors of the Company are Mr. Ip Cheng Kuong, Ms. Catherine Chen, Mr. Chiu Kong, Mr. Yeung Kwok Yu, Mr. Yeung Tsoi San, Mr. Kwan Kam Hung, Jimmy, Mr. Wah Wang Kei, Jackie and Mr. Chen Guang Lin; and the non-executive directors of the Company is Mr. Wu Zhuo Tong ;and the independent non-executive directors of the Company are Ms. Ma Yin Fan, Mr. Leung Hoi Ying and Mr. Yu Pan.