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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)

INSIDE INFORMATION UPDATE OF NEW BUSINESS

This announcement is made by China New Energy Power Group Limited (the “**Company**”, together with its subsidiaries the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcement of the Company dated 8 January 2015 that the Group intends to develop new business of supply chain management.

The board (the “**Board**”) of directors of the Company is pleased to announce that the Company has incorporated a wholly-owned subsidiary named China Luen Kin Company Limited (the “**Subsidiary**”) in Hong Kong to carry out and develop supply chain management business. The supply chain management business is expected to commence in late February 2015. The services to be provided include and are not limited to import and export purchases, overseas sales and customs clearance. It is estimated that the initial general working capital for the Subsidiary (the “**Working Capital**”) will be not less than HK\$200 million, of which approximately HK\$100 million will be used for advances of taxes and approximately HK\$100 million will be used to meet the requirements of cash flow and certain credit facilities.

The Board intends to fund the Working Capital by internal resources of the Company or other available financing activities, including but limited to bank loans. As at the date of this announcement, the Company has not yet got any concrete plan for the financing of and/or fund raising for the Working Capital and the Company will comply with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and make further disclosure as and when appropriate.

By Order of the Board of
China New Energy Power Group Limited
Lo Wing Sang
Executive Director

Hong Kong, 6 February 2015

As at the date of this announcement, the Board comprises four executive Directors, namely Ms. Jin Cheng Grace, Mr. Xing Cheng, Mr. He Xiaowu and Mr. Lo Wing Sang; one non-executive Director, namely, Mr. Lu Zhiqiang; and three independent non-executive Directors, namely Mr. Zeng Qingkai, Mr. Fu Wing Kwok, Ewing, and Mr. Chan Chit Kwai, BBS, JP.

* *For identification purpose only*