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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)

PLACING OF NEW SHARES UNDER THE GENERAL MANDATE

Placing Agent ONE CHINA SECURITIES LIMITED

The Board is pleased to announce that on 17 June 2015 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent agreed to place as the Company's agent on a best effort basis the Placing Shares comprising in aggregate 390,644,000 new Shares at the Placing Price of HK\$0.201 per Placing Share on behalf of the Company to not less than six Placees who/which and whose ultimate beneficial owners will be Independent Third Parties.

THE PLACING AGREEMENT

The principal terms and conditions of the Placing Agreement are as follows:

Date

17 June 2015 (after trading hours)

Issuer

The Company

Placing Agent and Commission

One China Securities Limited, which and whose ultimate beneficial owners are not connected with the Company and its connected persons or any of their respective associates.

The Placing Agent will charge the Company a placing commission of 1.5% of the aggregate Placing Price for the Placing Shares placed by the Placing Agent. The Placing commission was negotiated on an arm's length basis between the Company and the Placing Agent, and determined with reference to, amongst other things, the market rate and the price performance of the Shares.

Placees

The Placing Shares will be placed to not less than six Placees who/which will be individuals, corporate, institutional investors and other investors. The Placing Agent will use its reasonable endeavours to ensure that the Placees and their respective ultimate beneficial owners will be Independent Third Parties, and that none of the Placees will, immediately upon completion of the Placing, become a substantial shareholder of the Company.

Number of Placing Shares

390,644,000 new Shares, representing (i) approximately 13.44% of the existing total number of issued share of the Company as at the date of this announcement, and (ii) approximately 11.85% of the total number of issued share of the Company as enlarged by the allotment and issue of the Placing Share.

The aggregate nominal value of the Placing Shares amounts to US\$390,644.

Placing Price

The Placing Price of HK\$0.201 represents:

- (i) a discount of 19.60% to the closing price of HK\$0.250 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) a discount of approximately 10.11% to the average closing price of HK\$0.2236 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the Placing Agreement.

The Placing Price was determined with reference to the prevailing market price and the recent trading volume of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent.

Ranking of the Placing Shares

The Placing Shares, when allotted and issued, will rank pari passu in all respects with the other existing Shares in issue on the date of allotment and issue of the Placing Shares.

Condition of the Placing

The Placing is conditional upon the grant by the Stock Exchange of the listing of, and permission to deal in, all of the Placing Shares having been obtained on or before 7 July 2015.

As the Placing may or may not proceed, shareholders of the Company and potential investors are advised to exercise caution when dealing in the Shares.

Completion of the Placing

Completion of the Placing shall take place at 12:00 noon on the third Business Day after the fulfilment of the condition of the Placing as aforesaid, or such other date as the Company and the Placing Agent may agree in writing.

General Mandate to issue the Placing Shares

The Placing Shares will be allotted and issued under the General Mandate. The General Mandate has not been previously utilized prior to the date hereof. The 390,644,000 Placing Shares to be allotted and issued will exhaust as to approximately 67.21% of the General Mandate. Accordingly, the allotment and issue of the Placing Shares is not subject to the approval of the shareholders of the Company.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

Termination of the Placing Agreement

The Placing Agent may, in its reasonable opinion, after consultation with the Company, terminate the Placing Agreement by notice in writing to the Company at any time up to 8:00 a.m. on the date of completion of the Placing if:

- (i) there is any change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the Placing;
- (ii) there is any breach of the warranties, representations and undertakings given by the Company in the Placing Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Placing;
- (iii) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed;
- (iv) any statement contained in this announcement or any of the announcements and circulars issued by the Company to the Stock Exchange and/or the shareholders of the Company since the publication of the annual report of the Company for the year ended 31 December 2014, has become or been discovered to be untrue, incorrect or misleading in any material respect which in the opinion of the Placing Agent would be materially adverse in the consummation of the Placing;
- (v) there is any suspension of dealings in the Shares on the Stock Exchange for more than five consecutive Business Days (other than as a result of or in connection with the Placing); or
- (vi) any event of force majeure (being an event beyond the control of the Company and the Placing Agent and which is unforeseeable or unavoidable), including without limiting the generality of the foregoing, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out, occurs which prevents the performance of the contractual obligations of the parties under the Placing Agreement.

REASONS FOR THE PLACING

The Directors (including the Independent Non-Executive Directors) are of the view that the Placing represents an opportunity to raise additional capital for the Group to enhance its general working capital base for developing its existing businesses and preparing itself to take up investment opportunities in the future with readily available funds, which is in the interests of the Group and the shareholders of the Company as a whole.

The Directors (including the Independent Non-Executive Directors) consider that the terms of the Placing Agreement and the transactions contemplated thereunder (including the Placing), including the Placing Price and the Placing commission payable to the Placing Agent, are fair and reasonable based on the current market conditions, and are in the interests of the Group and the shareholders of the Company as a whole.

USE OF PROCEEDS

The gross proceeds of the Placing will amount to HK\$78,519,444. The net proceeds from the Placing, after deduction of the Placing commission and other related expenses, are estimated to be approximately HK\$77,000,000.

The net proceeds of the Placing are intended to be used as general working capital of the Group.

FUND RAISING ACTIVITIES BY THE COMPANY IN THE PAST TWELVE MONTHS

Reference is made to the announcement of the Company dated 23 December 2014 in relation to the grant of 190,550,000 share options under its share option scheme adopted on 25 May 2012.

Save as disclosed herein, the Company has not conducted any equity fund raising activity or any issue of equity securities in the twelve months preceding the date of this announcement.

Furthermore, the Company has not repurchased any Shares within the last twelve months prior to the date of this announcement.

CHANGES IN SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) as at the date of this announcement, and (ii) immediately after completion of the Placing, assuming that all of the 390,644,000 Placing Shares will be placed in full and no further Shares will be issued or repurchased before completion of the Placing.

Shareholder	As at the date of this announcement		Upon completion of the Placing (on a full implementation basis)	
	Number of Shares	Approximate % of entire issued Shares	Number of Shares	Approximate % of entire issued Shares
Chen Si	161,660,000	5.56	161,660,000	4.90
Public Shareholders	2,744,413,250	94.44	2,744,413,250	83.25
Placeses in the Placing	–	–	390,644,000	11.85
TOTAL	2,906,073,250	100	3,296,717,250	100

DEFINITIONS

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

“Board”	means the board of Directors;
“Business Day”	means any day (not being a Saturday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours;
“Company”	means China New Energy Power Group Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1041);
“Director(s)”	means the director(s) of the Company;
“General Mandate”	means the general mandate granted to the Board by the shareholders of the Company by ordinary resolution passed at the annual general meeting of the Company held on 26 March 2015 to allot, issue and deal with new Shares up to a maximum of 20% of the aggregate nominal amount of the issued share capital of the Company as at that date, i.e. up to 581,214,650 new Shares;
“Group”	means the Company and its subsidiaries;
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China;
“HK\$”	means Hong Kong Dollars, the lawful currency of Hong Kong;
“Independent Third Party”	means a party which is independent of, and not connected with or acting in concert (as defined under the Codes on Takeovers and Mergers and Share Buy-backs of Hong Kong) with, the Company, any of its connected persons (as defined under the Listing Rules) or any of their respective associates (as defined under the Listing Rules);
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange;
“Placing”	means the placing, on a best effort basis, of a total of 390,644,000 new Shares to be allotted and issued pursuant to the terms of the Placing Agreement;
“Placing Agent”	means One China Securities Limited, a licensed corporation to carry out business in type 1 (dealing in securities) and type 2 (dealing in futures contracts) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);

“Placing Agreement”	means the conditional placing agreement dated 17 June 2015 entered into between the Company and the Placing Agent in relation to the Placing;
“Placing Price”	means HK\$0.201 per Placing Share;
“Placing Shares”	means a total of 390,644,000 new Shares to be placed under the Placing;
“Share(s)”	means the ordinary share(s) of nominal value US\$0.001 each in the share capital of the Company;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“US\$”	means United States Dollars, the lawful currency of the United States of America; and
“%”	means per cent.

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

Hong Kong, 17 June 2015

As at the date of this announcement, the Board comprises three Executive Directors, namely Mr. Lo Wing Sang, Mr. Lam Kwok Hing Wilfred, JP. (Chairman) and Mr. Wu Xiaolin; two Non-Executive Directors, namely Mr. Lu Zhiqiang and Ms. Jin Cheng Grace; and three Independent Non-Executive Directors, namely Mr. Ho Long Chin Matthew, Ms. Tang Man Yi and Mr. Zeng Zhaolin.