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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)

ENTERING INTO OF THE SUPPLEMENTAL ACQUISITION AGREEMENT AND LAPSE OF THE PLACING AGREEMENTS

Entering into of the Supplemental Acquisition Agreement

The Parties entered into the Supplemental Acquisition Agreement on 30 March 2012 to extend the Long Stop Date to 30 April 2012. During this period, the Parties will negotiate the structure of the Acquisition and may amend the terms and conditions of the Acquisition Agreement.

Lapse of the Placing Agreements

In view of the current volatile market sentiment, the CN Placing and Share Placings have not been successfully taken place and the Placing Agreements will lapse on 31 March 2012.

Reference is made to the announcements of China New Energy Power Group Limited (the “Company”) dated 2 February 2011, 24 May 2011 and 30 September 2011 and the circular of the Company dated 25 May 2011 (the “Circular”) in relation to, inter alia, (i) the acquisition of the entire issued share capital of and assignment of the shareholder’s loan in Lithium Energy Group Ltd., which constitutes a very substantial acquisition for the Company under The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, (ii) placing of new shares under specific mandate and (iii) placing of convertible notes. Terms used herein shall have the same meanings as defined in the Circular unless defined otherwise.

SUPPLEMENTAL ACQUISITION AGREEMENT

As stated in the Circular, it is one of the Conditions Precedent that completion of the placing of shares and convertible notes of the Company and obtaining the proceeds from such placing of not less than HK\$1 billion shall take place (or waived by the Purchaser) on or before 31 March 2012 or such other date as the parties to the acquisition agreement dated 13 January 2011 (as supplemented and amended by supplemental agreements made between the same parties on 23 May 2011 and 30 September 2011) (the “Acquisition Agreement”) may agree, failing which, the Acquisition Agreement and the transactions contemplated thereunder shall terminate and be null and void and of no further effect and no parties thereto shall have any liability to any other party, save in respect of any prior breaches (“Long Stop Date”).

In view of the current volatile market sentiment, such Conditions Precedent have yet to be fulfilled. Accordingly, on 30 March 2012, the Purchaser, the Vendor and the Vendor’s Guarantors (collectively, the “Parties”) entered into a supplemental agreement to extend the Long Stop Date to 30 April 2012 (“Supplemental Acquisition Agreement”). During this period, the Parties will negotiate the structure of the Acquisition and may amend the terms and conditions of the Acquisition Agreement.

LAPSE OF THE PLACING AGREEMENTS

Under the respective (i) placing agreement dated 13 January 2011 entered into between the Company and GDS (as supplemented and amended by side letters made between the Company and GDS on 1 February 2011, 23 May 2011 and 30 September 2011 and as supplemented by a deed of adherence dated 13 March 2012 signed by OSK Securities Hong Kong Limited) in relation to the GDS Placing; (ii) a placing agreement dated 13 January 2011 entered into between the Company and Kingston (as supplemented and amended by side letters made between the Company and Kingston on 1 February 2011, 23 May 2011 and 30 September 2011) in relation to the Kingston Placing; and (iii) a placing agreement dated 13 January 2011 entered into between the Company and Kingston (as supplemented and amended by side letters made between the Company and Kingston on 1 February 2011, 23 May 2011 and 30 September 2011) in relation to the CN Placing (collectively, the Placing Agreements), if the conditions therein are not fulfilled on or before 31 March 2012, each such agreement shall terminate and neither the Company nor the respective Share Placing Agent nor CN Placing Agent (collectively, “Placing Agents”) shall have any claim against the other (save for any prior breaches of the relevant Placing Agreements).

In view of the current volatile market sentiment, the CN Placing and Share Placings have not been successfully taken place and the Placing Agreements will lapse on 31 March 2012.

The Directors are of the view that the lapse of the Placing Agreements has no material adverse impact on the business operation and financial position of the Company. The Company may seek other funding alternatives should further negotiations on the Acquisition be finalized.

GENERAL

Save for the above, all other terms and conditions of the Acquisition Agreement shall remain unchanged.

Further announcement on the development of the Acquisition will be made by the Company in due course. Should the Parties reach any further agreement on the Acquisition, a circular containing, among other things, details of the further terms and a notice convening a special general meeting of the Company to approve, inter alia, the revised terms of the Acquisition will be despatched to Shareholders in due course.

By Order of the Board
China New Energy Power Group Limited
Zhang Xi
Joint Chairman

Hong Kong, 30 March 2012

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