

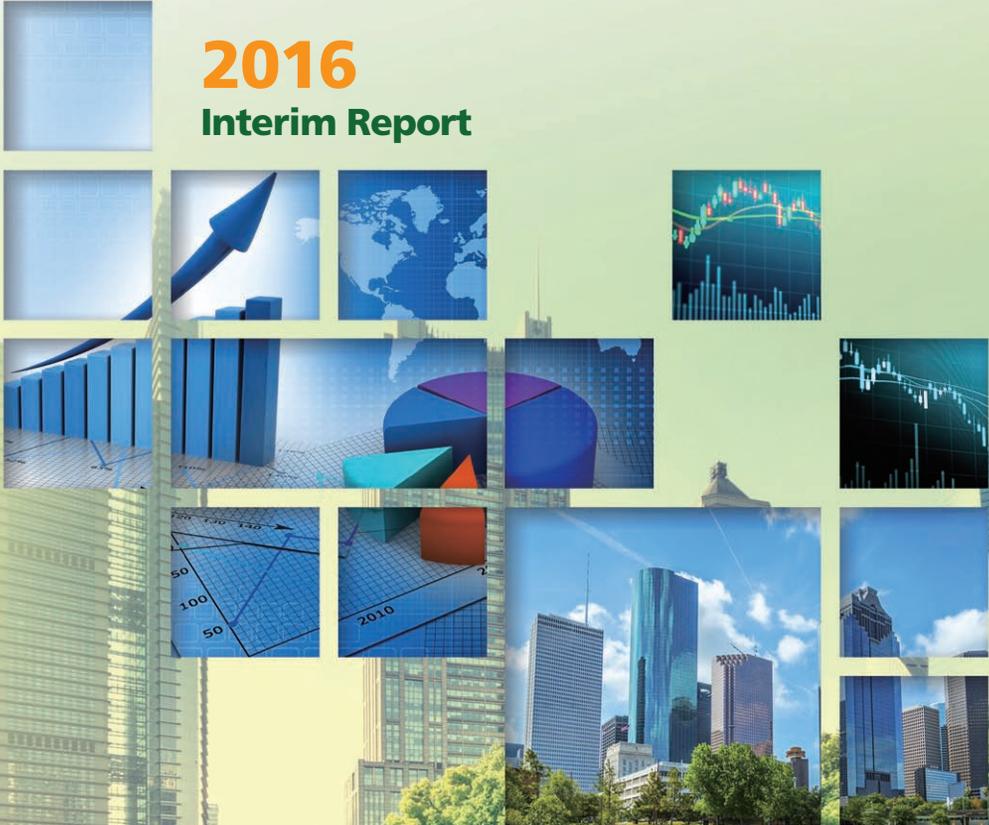


CHINA NEW ENERGY POWER GROUP LIMITED

中國新能源動力集團有限公司

(Incorporated in Bermuda with limited liability)

Stock Code : 1041

The cover features a collage of images. At the top left is a blue square with a white grid pattern. Below it are several smaller images: a blue bar chart with an upward-pointing arrow, a blue world map, a blue candlestick chart with a green trend line, a blue bar chart, a blue pie chart, a blue candlestick chart, a blue line graph with a grid, a blue bar chart with a red arrow, and a blue skyscraper. The background of the collage is a light green gradient. The text '2016 Interim Report' is centered in the upper part of the collage.

2016

Interim Report





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CORPORATE INFORMATION

DIRECTORS

Executive Directors:

Mr. Lam Kwok Hing Wilfred, JP
(*Chairman*)

(resigned on 14 March 2016)

Mr. Wu Xiaolin (*Chief Executive Officer*)

Mr. Shi Liangsheng

(resigned on 15 July 2016)

Mr. Wen Wenfeng

Ms. Shen Jing

(appointed on 1 August 2016)

Non-Executive Directors:

Mr. Lung Chee Ming George

Mr. Yu Shaoheng

(appointed on 14 March 2016
and resigned on 30 August 2016)

Mr. Ye Weiming

(appointed on 30 August 2016)

Independent Non-executive Directors:

Mr. Zeng Zhaolin

Dr. Loke Yu alias Loke Hoi Lam

Mr. Tse Long

BOARD COMMITTEES

Audit Committee

Dr. Loke Yu alias Loke Hoi Lam
(*Chairman*)

Mr. Zeng Zhaolin

Mr. Tse Long

Remuneration Committee

Mr. Zeng Zhaolin (*Chairman*)

Mr. Tse Long

Dr. Loke Yu alias Loke Hoi Lam

Mr. Wen Wenfeng

Nomination Committee

Mr. Zeng Zhaolin (*Chairman*)

Mr. Tse Long

Dr. Loke Yu alias Loke Hoi Lam

Mr. Wu Xiaolin

Investment and Management Committee

Mr. Wen Wenfeng (*Chairman*)

Mr. Zeng Zhaolin

Dr. Loke Yu alias Loke Hoi Lam

Mr. Wu Xiaolin

Mr. Shi Liangsheng

(resigned on 15 July 2016)

COMPANY SECRETARY

Ms. Hui Wai Man, Shirley

AUDITOR

ZHONGHUI ANDA CPA LIMITED

REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

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OF BUSINESS IN HONG KONG**

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Hong Kong

PRINCIPAL SHARE REGISTRAR

MUFG Fund Services (Bermuda) Limited
26 Burnaby Street
Hamilton HM 11
Bermuda

**HONG KONG BRANCH SHARE
REGISTRAR**

Union Registrars Limited
Suites 3301-04, 33/F
Two Chinachem Exchange Square
338 King's Road
North Point
Hong Kong

STOCK CODE

1041

WEBSITE

www.cnepgl.com



INDEPENDENT REVIEW REPORT



TO THE BOARD OF DIRECTORS OF 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)

INTRODUCTION

We have reviewed the interim financial information set out on pages 6 to 25 which comprises the condensed consolidated statement of financial position of China New Energy Power Group Limited (the “Company”, together with its subsidiaries, the “Group”) as at 30 June 2016 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not

enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

OTHER MATTER

The interim condensed consolidated financial information of the Group for the six months period ended 30 June 2015 has not been reviewed in accordance with Hong Kong Standards on Review Engagements.

ZHONGHUI ANDA CPA Limited

Certified Public Accountants

Pang Hon Chung

Practising Certificate Number P05988

Hong Kong, 17 August 2016

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) |
| Other comprehensive income: | | | |
| <i>Items that may be reclassified to profit or loss:</i> | | | |
| Exchange differences on translating foreign operations | | 57 | 205 |
| Total comprehensive loss for the period attributable to owners of the Company | | (138,287) | (92,090) |

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) |
| Loss for the period attributable to: | | | |
| Owners of the Company | | (138,344) | (92,210) |
| Non-controlling interests | | - | (85) |
| | | (138,344) | (92,295) |
| Total comprehensive loss attributable to: | | | |
| Owners of the Company | | (138,287) | (92,005) |
| Non-controlling interests | | - | (85) |
| | | (138,287) | (92,090) |
| Loss per share | 10 | | <i>Restated</i> |
| Basic (cents per share) | | (20.02) | (15.87) |
| Diluted (cents per share) | | N/A | N/A |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2016

| | | At 30 June 2016 <i>HK\$'000</i> (Unaudited) | At 31 December 2015 <i>HK\$'000</i> (Audited) |
|---|----|--|---|
| Non-current assets | | | |
| Property, plant and equipment | 11 | 19,336 | 15,993 |
| Investment properties | | 63,014 | 64,456 |
| Intangible asset | 15 | 1,000 | – |
| Goodwill | 15 | 4,137 | – |
| Other assets | | 400 | – |
| Deposits for investments in subsidiaries | | 10,192 | 19,004 |
| | | 98,079 | 99,453 |
| Current assets | | | |
| Trade receivables | 12 | 28,950 | – |
| Loans receivables | 13 | 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 |
| | | 238,907 | 328,068 |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2016

| | | At 30 June 2016 <i>HK\$'000</i> (Unaudited) | At 31 December 2015 <i>HK\$'000</i> (Audited) |
|--|----|--|---|
| Current liabilities | | | |
| Trade payables | 14 | 25,216 | – |
| Other payables and accruals | | 2,648 | 909 |
| Tax payable | | 379 | – |
| | | 28,243 | 909 |
| Net current assets | | 210,664 | 327,159 |
| Total assets less current liabilities | | 308,743 | 426,612 |
| Non-current liabilities | | | |
| Deferred tax liabilities | | 165 | – |
| NET ASSETS | | 308,578 | 426,612 |
| Capital and reserves | | | |
| Share capital | 16 | 27,178 | 25,696 |
| Reserves | | 281,400 | 400,916 |
| TOTAL EQUITY | | 308,578 | 426,612 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

| | Attributable to equity holders of the Company | | | | | | | Non-controlling interests | Total |
|---|---|---------------|-----------------|-----------------------|------------------------------|------------------|-------------|---------------------------|-------------|
| | Share capital | Share premium | Capital reserve | Share options reserve | Exchange translation reserve | Retained profits | Total | | |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| At 1 January 2015 | | | | | | | | | |
| (audited) | 22,650 | 144,772 | 4,289 | 41,400 | (1,323) | 389,596 | 601,384 | - | 601,384 |
| Acquisition of a subsidiary | - | - | - | - | - | - | - | (299) | (299) |
| Total comprehensive loss for the period | - | - | - | - | 205 | (92,210) | (92,005) | (85) | (92,090) |
| At 30 June 2015 | 22,650 | 144,772 | 4,289 | 41,400 | (1,118) | 297,386 | 509,379 | (384) | 508,995 |
| At 1 January 2016 | | | | | | | | | |
| (audited) | 25,696 | 218,896 | 4,289 | - | (1,922) | 179,653 | 426,612 | - | 426,612 |
| Total comprehensive loss for the period | - | - | - | - | 57 | (138,344) | (138,287) | - | (138,287) |
| Issue of shares on placements | 1,482 | 18,771 | - | - | - | - | 20,253 | - | 20,253 |
| At 30 June 2016 | 27,178 | 237,667 | 4,289 | - | (1,865) | 41,309 | 308,578 | - | 308,578 |

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

| | Six months ended 30 June | |
|---|---------------------------------|--------------------|
| | 2016 | 2015 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Net cash used in operating activities | (24,389) | (324,230) |
| Cash flows from investing activities | | |
| Acquisition of a subsidiary | (1,226) | (4,178) |
| Purchase of property, plant and equipment | (5,555) | (1,542) |
| Proceeds from disposal of property, plant and equipment | 1,903 | - |
| Net cash used in investing activities | (4,878) | (5,720) |
| Cash flows from financing activities | | |
| New bank loans raised | - | 36,186 |
| Net proceeds from the issue of shares on placements | 20,253 | - |
| Net cash generated from financing activities | 20,253 | 36,186 |
| Net decrease in cash and cash equivalents | (9,014) | (293,764) |
| Cash and cash equivalents at beginning of period | 50,832 | 339,320 |
| Effect of changes in foreign exchange rate | (245) | 391 |
| Cash and cash equivalents at end of period | 41,573 | 45,947 |
| Analysis of cash and cash equivalents | | |
| Bank and cash balances | 41,573 | 45,947 |

NOTES TO THE CONDENSED INTERIM 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.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2016

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.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2016

4. FAIR VALUE MEASUREMENTS (continued)

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

| Description | Fair value measurements as at | | | Total 2016 HK\$'000 (Unaudited) |
|---|-------------------------------|-------------------------|-------------------------|--|
| | 30 June 2016 using: | | | |
| | Level 1 | Level 2 | Level 3 | |
| | HK\$'000 (Unaudited) | 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 | | | Total 2015 HK\$'000 (Audited) |
|---|-------------------------------|-----------------------|-----------------------|--|
| | 31 December 2015 using: | | | |
| | Level 1 | Level 2 | Level 3 | |
| | HK\$'000 (Audited) | 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 |

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2016

4. FAIR VALUE MEASUREMENTS *(continued)*

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.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2016

5. REVENUE AND SEGMENT INFORMATION (continued)

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 |

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2016

5. REVENUE AND SEGMENT INFORMATION (continued)

Reconciliations of segment profit or loss:

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

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.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2016

6. FINANCE COSTS

| | Six months ended 30 June | |
|-------------------------|--------------------------|-----------------|
| | 2016 | 2015 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (Unaudited) | (Unaudited) |
| Interests on bank loans | – | 82 |

7. INCOME TAX

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

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.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2016

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.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2016

10. LOSS PER SHARE (continued)

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: HK\$1,542,000).

12. TRADE RECEIVABLES

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

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.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2016

13. LOANS RECEIVABLES

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2016

14. TRADE PAYABLES (continued)

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) |
| Total identifiable net assets at fair value | 10,263 |
| Goodwill | 4,137 |
| Consideration transferred, satisfied by cash | 14,400 |

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2016

15. ACQUISITION OF A SUBSIDIARY (continued)

Analysis of net outflow of cash and cash equivalents in respect of acquisition of a subsidiary:

| | HK\$'000 |
|------------------------------------|----------|
| Total cash consideration | 14,400 |
| Cash deposit paid | (8,000) |
| Cash and cash equivalents acquired | (5,174) |
| | 1,226 |

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

| | Number of shares | Amount US\$'000 | Amount HK\$'000 |
|--|---------------------|--------------------|--------------------|
| <i>Notes</i> | | | |
| Authorised: | | | |
| 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 |

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2016

16. SHARE CAPITAL (continued)

| | Number of shares | Amount US\$'000 | Amount HK\$'000 |
|--|---------------------|--------------------|--------------------|
| Notes | | | |
| Issued and fully paid: | | | |
| 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 HK\$'000 (Unaudited) | 31 December 2015 HK\$'000 (Audited) |
|---|--|--|
| Contracted but not provided for: | | |
| – Unpaid contribution for investment in subsidiaries | 9,861 | 18,086 |

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2016

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.



MANAGEMENT DISCUSSION AND ANALYSIS FINANCIAL REVIEW

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.



MANAGEMENT DISCUSSION AND ANALYSIS FINANCIAL REVIEW

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.

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. Details summarised as follows:

| 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 |

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.



MANAGEMENT DISCUSSION AND ANALYSIS

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.



MANAGEMENT DISCUSSION AND ANALYSIS

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.

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.

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.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at 30 June 2016, apart from the details as follows, none of the Directors and chief executive has any other interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)), as recorded in the register maintained by the Company under Section 352 of the SFO or as notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 2016, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders, other than a Director or chief executive of the Company, had notified the Company of relevant interests and short positions in the shares or underlying shares or debentures of the Company which would have to be disclosed to the Company and the Hong Kong Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO in the issued share capital of the Company:

ADDITIONAL INFORMATION

Long positions in the shares and underlying shares

Ordinary shares of US\$0.001 each of the Company

| Name of shareholder | Capacity | Number of shares held <i>(Note 1)</i> | Approximate percentage of the issued share capital of the Company <i>(Note 3)</i> |
|----------------------------------|--|--|--|
| China Force Enterprises Inc. | Beneficial Owner | 494,450,000 (L) | 14.18% |
| Glory Gate International Limited | Interest of a controlled corporation <i>(Note 2)</i> | 494,450,000 (L) | 14.18% |
| Shen Jing | Interest of a controlled corporation <i>(Note 2)</i> | 494,450,000 (L) | 14.18% |

Notes:

1. The letters "L" denotes long position in the shares of the Company.
2. According to the information available to the Company, China Force Enterprises Inc. is wholly owned by Glory Gate International Limited. Glory Gate International Limited which is wholly owned by Ms. Shen Jing.
3. Shareholding percentage is based on 3,487,173,250 issued shares of the Company as at 30 June 2016.

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.

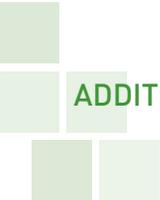
REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE

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.



ADDITIONAL INFORMATION

PUBLICATION OF UNAUDITED INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This report 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