

2 October 2019

China New Energy Limited
(the “Company” or “CNE”)

Posting of Circular and Notice of EGM

The Board of CNE (AIM:CNEL), the AIM quoted engineering and technology solutions provider to the bioenergy sector, announces that it has posted to all shareholders a circular and notice convening an extraordinary general meeting (“the Notice”) to consider certain resolutions in respect of its proposed application to The Stock Exchange of Hong Kong.

The extraordinary general meeting will be held at 8th Floor, Zone B, Energy Saving and Environmental Protection Building of GIEC, No.2 Nengyuan Road, Wushan, Tianhe District, Guangzhou, Guangdong Province, China on 23 October 2019 at 9.00am London time.

A copy of the circular and notice of EGM will shortly be available on the Company's website www.chinanewenergy.co.uk. Shareholders can get access to the circular and the notice of EGM by clicking “Investors” and then clicking “Circular”. The notification to Shareholders by way of this announcement concerns the notice of EGM served in accordance with the law and the articles of association of the Company.

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

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Dear Shareholders

**APPROVAL OF GLOBAL OFFERING AND OVER-ALLOTMENT OPTION
AUTHORITY TO ALLOT SHARES
APPROVAL AND RATIFICATION OF DOUBLE RIVER LOAN AGREEMENT AND THE
CONVERSION OF THE PRINCIPAL LOAN AMOUNT INTO THE SHARES
THEREUNDER
AUTHORITY TO REPURCHASE SHARES
ADOPTION OF NEW ARTICLES OF ASSOCIATION
PROPOSED CANCELLATION OF ADMISSION TO TRADING ON AIM
PROPOSED CANCELLATION OF TREASURY SHARES
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

1. Introduction

This document includes the Company's Notice of Extraordinary General Meeting and sets out the background to and the reasons for the Proposals.

On 4 February 2019, the Company announced it had concluded that a listing on a stock market in Asia may achieve a greater valuation of the Company and provide it with better access to capital. Furthermore, the Company advised that it was considering whether it may be beneficial, conditional upon and simultaneous with the admission to a stock market in Asia, to seek consent to the Delisting.

Subsequently, the Company concluded that the Main Board of the Hong Kong Stock Exchange would be the most appropriate Asian stock market for the Company to seek a listing.

On 25 June 2019, the Company announced that it had made an application for the Hong Kong Listing. The Directors believe that a Hong Kong Listing will provide the Company with access to a larger capital market with higher liquidity.

The Company is seeking Shareholders' approval for the Proposals. The Proposals include (i) a proposal to conduct the Global Offering and to allot Shares upon the exercise of Over-allotment Option, subject to satisfaction of the relevant conditions; (ii) a proposal to grant the Directors authority to issue Shares for cash; (iii) a proposal to approve the cancellation of Treasury Shares; (iv) a proposal to approve and ratify the Double River Loan Agreement and the conversion of the principal loan amount into the Shares thereunder; (v) a proposal to grant the Directors authority to repurchase Shares; (vi) a proposal to amend the Articles; and (vii) a proposal in respect of the Delisting conditional upon the Hong Kong Listing occurring.

There is no certainty when or if the Company's application will be approved by the Listing Committee. As such, there can be no certainty at this stage that the application for the Hong Kong Listing will be successful. The Company are committed to remaining public and for the Shares to be traded on an internationally recognised stock exchange. The Company will keep the market apprised of developments with the application process and the intended Delisting during the course of the application process.

The purpose of this document is to give you further information about the background to and reasons for the Proposals, and to seek Shareholders' approval of the Resolutions at the Extraordinary General Meeting, notice of which is set out at the end of this document.

2. Background to and reasons for the Hong Kong Listing and the Delisting

2.1 Reasons for the Hong Kong Listing and the Delisting

The Directors have undertaken a review of the merits or otherwise of the Company continuing to be admitted to trading on AIM. The Directors have concluded that a proposal of the Delisting should be made to Shareholders at the Extraordinary General Meeting. In reaching the decision to propose this to Shareholders, the Directors have taken the following factors into account: -

- the Company's operations are principally located in the PRC. The Directors are of the view that limited investor interest from the United Kingdom resided investors can be drawn since most of

them have limited knowledge of the industry and the market the Group is in. This makes the raising of further capital in the United Kingdom difficult to achieve on terms acceptable to the Board and/or favourable to the Company and in the best interests of the Company and the Shareholders as a whole;

- the investors in the United Kingdom and the Company, in particular, the management of the Company are in different time zones. Such time difference affects investors' appetite to the Company and the Shares;
- the Directors believe that there will be greater opportunity for attracting investor interests in the Shares once they have been listed on the Hong Kong Stock Exchange, especially investors closer to Hong Kong and the PRC markets;
- the Directors believe that the performance of the Shares is not able to reflect the reasonable value in view of the latest performance of the Group. As such, the Directors consider that the Delisting is beneficial to the Shareholders by realising the reasonable value of the Shares; and
- in view of the subdued investor interest in the Company from the United Kingdom resided investors, it is considered not worthwhile for the Company to incur additional costs of maintaining a dual listing status on AIM and the Hong Kong Stock Exchange, which (i) would be likely to result in a division of liquidity between the two markets, divert the Company's resources, and may partly negate the benefit of listing on the Hong Kong Stock Exchange and its potential benefits to the valuation of the Shares; and (ii) entails additional compliance costs, as well as management time, as the Company would have to comply with two sets of regulatory and disclosure requirements.

The Directors believe that the Hong Kong Listing will be in the interests of the Group's business development strategies, and would be beneficial to the Group and the Shareholders as a whole. The Directors believe the Hong Kong Listing will strengthen the Group's financial position to undertake more projects in order to maintain and further consolidate leading market position in the PRC. The Global Offering may act as a fund-raising platform for the Group, thereby allowing the Group to gain direct access to the capital market for equity and/or debt financing to fund the Group's current business operations as well as to finance the Group's future expansion plans. In addition, the Hong Kong Listing will also enhancing the Group's corporate profile, credibility, brand awareness and market status.

The Hong Kong Listing is subject to, among other things, the approval of the Listing Committee and may be affected by a number of factors including the related share offering and market conditions. The Delisting is conditional on Shareholders' approval and the Hong Kong Listing taking place. If these conditions are met, the Delisting will be effective on the first day of dealing in the Shares on the Hong Kong Stock Exchange. The expected dates of the Delisting and Hong Kong Listing are subject to change. Once the date of Hong Kong Listing and date of the Delisting are confirmed, the Company will make an announcement regarding such dates as soon as practicable.

2.2 Effects of the Hong Kong Listing and Delisting

In accordance with Rule 41 of the AIM Rules, the Company must provide at least twenty Business Days' notice of its intention to delist. Once the date of Delisting is confirmed, the Company will announce such date as soon as practicable, and will separately notify the London Stock Exchange of such date in accordance with the AIM Rules.

The Delisting is conditional upon:

- (a) the passing of Resolution 7 approving the Delisting by Shareholders holding not less than 75 per cent. of votes cast in accordance with the AIM Rules; and
- (b) the Hong Kong Listing taking place within three months from the passing of Resolution 7.

Subject to the requisite shareholder approval being received and approval of the Hong Kong Listing by the Listing Committee, the Company will announce a definitive date for the Hong Kong Listing and the Delisting as soon as such dates are confirmed. In the event that Hong Kong Listing does not occur within three months of the approval of the Resolution 7 and the Directors still believe that it is in the best interests of the Company to list the Shares on the Hong Kong Stock Exchange and to delist from AIM, the Company will seek a further shareholders' resolution in the same form as the Resolution 7 to approve the Delisting conditional upon the Hong Kong Listing taking place.

Following the Hong Kong Listing and the Delisting, all Shareholders will retain their existing shareholding. The Existing Shares are currently registered on the Company's Jersey share register for the purposes of trading on AIM. Following the Hong Kong Listing and the Delisting, the Company's principal register of members will be maintained by its principal share registrar, Computershare Investor Services (Jersey) Limited and the Company's Hong Kong register of members will be maintained by the Hong Kong Branch Share Registrar in Hong Kong. Unless the Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by the Hong Kong Branch Share Registrar and may not be lodged in Jersey. Shares not registered on the Hong Kong share register on the first day of the Hong Kong Listing will not be able to be traded on the Hong Kong Stock Exchange from the first day of the Hong Kong Listing. For further details, please see paragraph 5 below.

Liability to taxation and any taxation effect of the Hong Kong Listing or the Delisting will depend upon the individual circumstances of, and the tax jurisdiction applicable to, each Shareholder. The Company cannot advise you on tax or other consequences if your Existing Shares are moved to the Hong Kong share register. If you are in any doubt as to your own tax position, you should consult an appropriate independent professional adviser. You should also consult an appropriate independent professional adviser as to whether you require any governmental or other consents or need to observe any applicable legal requirement or other formalities to enable you to continue to hold your Shares after the Hong Kong Listing and the Delisting becoming effective.

Following the Delisting, the Company will cease to have a nominated adviser and it will no longer be required to comply with the AIM Rules but will be required to comply with the Hong Kong Listing Rules. Furthermore, following the Delisting there will be no market facility in the UK to deal in the Shares and any Shareholder wishing to sell their Shares will either have to sell their Shares privately or

through a broker on the Hong Kong Stock Exchange. Details of this process are set out in paragraph 5 below.

The Company will, however, continue to hold annual general meetings and send shareholders notices of any shareholder meetings in accordance with the applicable statutory requirements and its articles of association and will also send Shareholders copies of the Company's annual reports and interim reports.

2.3 Delisting procedure

The Board has accordingly concluded that it is in the best interests of Shareholders as a whole that the Delisting be approved.

Under the AIM Rules, the Delisting can only be effected by the Company after securing a special resolution of Shareholders in a general meeting, whereby at least 75 per cent. of votes cast are in favour of such a resolution. A period of at least five Business Days following the Shareholder approval of the Delisting is required before the Delisting may be put into effect.

Resolution 7 contained in the Notice of EGM seeks Shareholder approval for the Delisting. Should Delisting not have occurred within 3 months of the date of approval, the Company will seek further Shareholder approval for Delisting.

3. UK Takeover Code

The UK Takeover Code is issued and administered by the UK Takeover Panel. The UK Takeover Code currently applies to the Company and will continue to apply to the Company notwithstanding the Delisting. The UK Takeover Code will cease only to apply to the Company on the expiry of the 10-year period from the date of the Delisting or, if earlier, the date on which the Company is dissolved.

The UK Takeover Code and the UK Takeover Panel operate principally to ensure that Shareholders are treated fairly and are not denied an opportunity to decide on the merits of a takeover and that Shareholders of the same class are afforded equivalent treatment by an offeror. The UK Takeover Code also provides an orderly framework within which takeovers are conducted. In addition, it is designed to promote, in conjunction with other regulatory regimes, the integrity of the financial markets

The UK Takeover Code is based upon a number of General Principles which are essentially statements of standards of commercial behaviour. General Principle One states that all holders of securities of an offeree company of the same class must be afforded equivalent treatment and if a person acquires control of a company, the other holders of securities must be protected. This is reinforced by Rule 9 of the UK Takeover Code which requires a person, together with persons acting in concert with him, who acquires shares carrying voting rights which amount to 30 per cent. or more of the voting rights to make a general offer. A general offer will also be required where a person who, together with persons acting in concert with him, holds not less than 30 per cent. but not more than 50 per cent. of the voting rights, acquires additional shares which increase his percentage of the voting rights. Unless the UK Takeover Panel consents, the offer must be made to all other shareholders, be in cash (or have a cash alternative) and cannot be conditional on anything other than the securing of acceptances which will result in the offeror and persons acting in concert with him holding shares carrying more than 50 per cent. of the

voting rights.

4. The Board following Hong Kong Listing and Delisting and corporate governance

It is intended that the Board will consist of five Directors including two executive Directors and three independent non-executive Directors immediately following the Hong Kong Listing and Delisting. Mr Yu Wenjun and Mr Tang Zhaoxing will continue to serve as executive Directors and Mr Richard Antony Bennett and two Hong Kong based persons will be the independent non-executive Directors.

Following the Hong Kong Listing, the Company will have an audit committee, a remuneration committee, a nomination committee and a risk management committee. It is proposed that the Company will have an audit committee comprising all of the three independent non-executive Directors, a remuneration committee comprising an executive Director and two independent non-executive Directors, a nomination committee comprising an executive Director and two independent non-executive Directors and a risk management committee comprising an executive Director and two independent non-executive Directors.

5. Dealing in Shares following the Hong Kong Listing and Delisting

Following the Hong Kong Listing and the Delisting, all Shareholders will retain their existing shareholding. The Existing Shares are currently registered on the Company's Jersey share register for the purposes of trading on AIM. Following the Hong Kong Listing and the Delisting, the Company's principal register of members will be maintained by its principal share registrar, Computershare Investor Services (Jersey) Limited and the Company's Hong Kong register of members will be maintained by the Hong Kong Branch Share Registrar in Hong Kong. Unless the Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by the Hong Kong Branch Share Registrar and may not be lodged in Jersey. Shares not registered on the Hong Kong share register on the first day of the Hong Kong Listing will not be able to be traded on the Hong Kong Stock Exchange from the first day of the Hong Kong Listing.

In order to enable all the Shares in issue to be available for dealings after the Hong Kong Listing and facilitate the trading of the Shares after the Hong Kong Listing and Delisting, the Company will put in place arrangements and set the Record Date where the Shareholders who hold the Shares as at the Record Date are provided with four options prior to the Record Date as summarised below:

Option 1 — request the new share certificates in respect of Shares held by a Shareholder to be sent to his/her/its stockbroker in Hong Kong via his/her/its stockbroker in the United Kingdom

Prior to the Record Date, a Shareholder could through his/her/its stockbroker in the United Kingdom request that the new share certificates in respect of the Shares held by him/her/it be sent to the stockbroker in Hong Kong which is able to trade on the Hong Kong Stock Exchange and which his/her/its stockbroker in the United Kingdom has custodial and nominee arrangements (either directly or through a Hong Kong counterparty).

Option 2 — request the new share certificates in respect of Shares held by a Shareholder to be sent to his/her/its new stockbroker in the United Kingdom

An arrangement will be made by the Company with certain stockbrokers in the United Kingdom who are able to trade on the Hong Kong Stock Exchange and have agreed, subject to their account opening procedures, to act for the Shareholders in his/her/its trading activities on the Hong Kong Stock Exchange. Prior to the Record Date, a Shareholder could request that the new share certificates in respect of the Shares held by him/her/it to be sent to such new stockbrokers in the United Kingdom.

Option 3 — request the new share certificates in respect of Shares held by a Shareholder be sent to a stockbroker in Hong Kong

If a Shareholder has a Hong Kong brokerage account and wishes to hold his/her/its Shares through such account following the Hong Kong Listing, such Shareholder could request that the new share certificates in respect of the Shares held by him/her/it be sent to his/her/its stockbroker in Hong Kong.

Option 4 — request the new share certificates in respect of Shares held by a Shareholder to be sent to such Shareholder directly

If a Shareholder wishes the new share certificates in respect of the Shares held by him/her/it to be sent to him/her/it directly and such Shares are lodged with a stockbroker, such Shareholder could request his/her/its stockbroker to arrange for rematerialisation of such Shares and request the new share certificates to be dispatched to his/her/its address. However, as the new share certificates will only be dispatched on the day before the date of the Hong Kong Listing, the new share certificates may not arrive in the United Kingdom by the first day of trading on the Hong Kong Stock Exchange due to delivery time.

An Election Form is enclosed with this document for use by the Shareholders to elect to choose one of the above-mentioned four options. Please ensure that you fill in your correct share registration details in the Election Form and post it to the Company's Registrars, Computershare Investor Services Plc, The Pavilions, Bridgewater Road, Bristol, BS99 6ZY. The Election Form must arrive before the Record Date.

If a Shareholder takes no action or makes no option selection, the new share certificates will be issued and sent to the name and address that appears on the share register of the Company on the Record Date. However, as the new share certificates will only be dispatched on the day before the date of the Hong Kong Listing, the new share certificates may not arrive in the United Kingdom by the first day of trading on the Hong Kong Stock Exchange due to delivery time.

Please note that the Shares will no longer be able to be settled in CREST following the Delisting. If you hold your Existing Shares in CREST and want your Shares to be registered on the Hong Kong share register on the first day of the Hong Kong Listing, you will need to arrange with your broker for a stock withdrawal instruction to be sent through the CREST system requesting the number of Existing Shares to be withdrawn from CREST and confirming the person to be registered as the holder of the Shares on the Hong Kong share register.

6. General mandate to issue shares

Conditional on, among others, the Listing Committee granting the listing of, and permission to deal in the Shares in issue and to be issued and on the obligations of the Underwriters under the Underwriting Agreements becoming and remaining unconditional and not having been terminated in accordance with the terms of the Underwriting Agreements on or before such dates as may be specified in the Underwriting Agreements, the Directors are proposed by Resolution 2 to be granted a general unconditional mandate to allot and issue and deal in the unissued Shares of not more than:

- (a) 20% of the aggregate number of issued Shares immediately following completion of the Global Offering (excluding any Shares that may be allotted and issued pursuant to the exercise of options that have been granted under the Schemes and the Over-allotment Options); and
- (b) the aggregate number of Shares repurchased by the Company (if any) pursuant to the general mandate to repurchase Shares as described below.

The Directors may, in addition to the Shares which they are authorised to issue under the mandate, allot, issue and deal in Shares pursuant to a rights issue, the exercise of subscription rights attaching to any warrants of the Company, scrip dividends or similar arrangements providing for the allotment of Shares in lieu of the whole or in part of any cash dividends or options granted under the Schemes or any other option scheme or similar arrangement for the time being adopted.

7. Cancellation of Treasury Shares

On 26 January 2018, the Company announced that it has purchased 46,808,809 Shares at a purchase price of 1.2 pence per Share from Mr. Lv Jingbin for a total cash consideration of £561,705.71 and transferred them into treasury.

Resolution 3 in respect of the cancellation of Treasury Shares is put forward to the Shareholders. The Directors take the view that the Treasury Shares is no longer needed by the Company and the cancellation of Treasury Shares will return value to the Shareholders.

If Resolution 3 is passed, the number of issued Shares of the Company will be 444,447,541 and the total number of voting rights in the Company will be 444,447,541.

8. Approval and ratification of Double River Loan Agreement and the conversion of the principal loan amount into Shares thereunder

The Company announced on 4 February 2019 that it entered into Double River Loan Agreement with Double River.

The Company is proposing, subject to the passing of Resolution 4, to approve and ratify the Double River Loan Agreement and to approve and ratify the conversion of the principal amount of HK\$11.5 million into 23,924,502 Shares pursuant to the terms of the Double River Loan Agreement upon obtaining by the Company of the approval in principle of the Hong Kong Listing.

9. General mandate to repurchase shares

Conditional on, among others, the Listing Committee granting the listing of, and permission to deal in the Shares in issue and to be issued and on the obligations of the Underwriters under the Underwriting Agreements becoming and remaining unconditional and not having been terminated in accordance with the terms of the Underwriting Agreements on or before such dates as may be specified in the Underwriting Agreements, the Directors are proposed by Resolution 5 to be granted a general unconditional mandate to exercise all the powers of the Company to repurchase Shares of not more than 10% of the number of Shares in issue immediately following completion of the Global Offering (excluding any Shares that may be allotted and issued pursuant to the exercise of options that have been granted under the Schemes and the Over-allotment Options).

This mandate only relates to repurchases made on the Hong Kong Stock Exchange, or on any other stock exchange on which the Shares are listed (and which is recognised by the SFC and the Hong Kong Stock Exchange for this purpose), and which are in accordance with all applicable laws and the requirements of the Hong Kong Listing Rules.

The above-mentioned general mandate to issue and repurchase Shares will expire on the earliest of:

- (a) at the conclusion of the next annual general meeting of the Company;
- (b) at the expiration of the period within which the next annual general meeting of the Company is required by any applicable law of the Jersey or the Articles to be held; or
- (c) when varied, revoked or renewed by special resolution of the Shareholders in general meeting (the “**Relevant Period**”).

Source of fund

The Company’s repurchase of the Shares listed on the Hong Kong Stock Exchange must be funded out of funds legally available for the purpose in accordance with the Memorandum, the Articles, the Jersey Companies Law and the applicable laws of Jersey. The Company may not repurchase the Shares on the Hong Kong Stock Exchange for consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Hong Kong Stock Exchange. Subject to the foregoing, under Jersey law, a share repurchase may be funded from any source, including the nominal capital account and the share premium account of the Company subject to the Articles. Any premium payable on the purchase over the par value of the Shares to be repurchased must be provided for out of either or both the profits of the Company or the Company’s share premium account, or if so authorised by the Articles and subject to the Jersey Companies Law, out of capital.

Reasons for repurchases

The Directors believe that it is in the best interests of the Company and the Shareholders for the Directors to have general authority to execute repurchases of the Shares in the market. The repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets value per Share and/or earnings per Share and will only be made where the Directors believe that the repurchases will benefit the Company and its Shareholders.

Funding of repurchases

In repurchasing its securities, the Company may only apply funds legally available for such purpose in accordance with the Articles, the Memorandum, the Listing Rules, the Jersey Companies Law and the applicable laws of Jersey.

Exercise of Repurchase Mandate

The Directors would be authorised to repurchase the Shares of not more than 10% of the number of Shares in issue immediately following completion of the Global Offering (excluding any Shares that may be allotted and issued pursuant to the exercise of options that have been granted under the Schemes and the Over-allotment Options) during the Relevant Period.

10. Approval of Global Offering

The Company will conduct the Global Offering as part of the Hong Kong Listing. Accordingly, at the EGM, resolution will be put forward to the Shareholders to approve, subject to satisfaction of the relevant conditions, the Global Offering.

The Global Offering initially consists of (subject to reallocation and the Over-allotment Option):

- (i) the Hong Kong Offer Shares; and
- (ii) the International Placing Shares.

11. Approval of Over-allotment Option

The Company is proposing, subject to the passing of Resolution 1, to grant an option to the International Underwriters, exercisable by the Sole Global Coordinator (for itself and on behalf of the International Underwriters) pursuant to which the Company may be required to allot and issue such number of additional new Shares at the Offer Price that in aggregate represent approximately 15% of the number of Shares initially being offered under the Global Offering to cover over-allocation in the International Placing.

Stabilisation is a practice used by Underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the new securities in the secondary market during a specified period of time to retard and, if possible, prevent any decline in the market price of the securities below the Offer Price. In Hong Kong, activity aimed at reducing the market price is prohibited and the price at which stabilisation is effected is not permitted to exceed the Offer Price.

In connection with the Global Offering, the stabilising manager, or any person acting for it, on behalf of the Underwriters, may, to the extent permitted by the applicable laws of Hong Kong or elsewhere, over-allocate or effect any other transactions with a view to stabilising or maintaining the market price of the Shares at a level higher than that which might otherwise prevail in the open market for a limited period after the date of Hong Kong Listing. Any market purchases of Shares will be effected in compliance with all applicable laws and regulatory requirements. However, there is no obligation on

the stabilising manager or any person acting for it to conduct any such stabilising action, which if commenced, will be done at the absolute discretion of the stabilising manager and may be discontinued at any time. Any such stabilising action is required to be brought to an end on the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering. The number of Shares that may be over-allocated will not exceed the number of Shares that may be sold under the Over-allotment Option, which is 15% of the number of Offer Shares initially available under the Global Offering.

12. Adoption of New Articles

The Company is proposing, pursuant to Resolution 6 and conditional on the Hong Kong Listing occurring, to adopt the New Articles to reflect the requirements of the Hong Kong Stock Exchange. A copy of the New Articles will be produced to the EGM. It is emphasised that if Resolution 6 is passed at the EGM, the New Articles will only take effect upon the Hong Kong Listing taking place.

A copy of the New Articles can be accessed at the Company's website: www.chinanewenergy.co.uk.

13. Extraordinary General Meeting

Set out at the end of the Circular is a notice convening the EGM of the Company to be held at 8th Floor, Zone B, Energy Saving and Environmental Protection Building of GIEC, No.2 Nengyuan Road, Wushan, Tianhe District, Guangzhou, Guangdong Province, China on 23 October 2019 at 9 am London time. At this EGM, the Resolutions will be proposed.

14. Actions to be taken - EGM

Enclosed with the Circular is a Form of Proxy for use at the EGM. Whether or not you propose to attend the EGM in person, you are requested to complete and return the Form of Proxy to the office of the Company's Registrars, Computershare Investor Services Plc, The Pavilions, Bridgewater Road, Bristol, BS99 6ZY, in accordance with the instructions printed thereon as soon as possible and, in any event, so as to be received no later than 9 am on 21 October 2019. Completion and return of a Form of Proxy will not preclude you from attending the EGM and voting in person if you wish.

15. Recommendation

The Directors consider that all the Resolutions to be considered at the EGM, including the Delisting, are fair and reasonable and are in the best interests of the Company and the Shareholders as a whole. The Directors therefore unanimously recommend that you vote in favour of the Resolutions.

16. Resolutions

The full text of the Resolutions are set out in the Notice of EGM.

Yours faithfully

Yu Weijun
Executive Chairman

Company number: 93306

CHINA NEW ENERGY LIMITED

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting of the above named company (the “**Company**”) will be held at 8th Floor, Zone B, Energy Saving and Environmental Protection Building of GIEC, No.2 Nengyuan Road, Wushan, Tianhe District, Guangzhou, Guangdong Province, China on 23 October 2019 at 9 am London time and to consider and, if thought fit, to pass the following resolutions which will be proposed, in the case of Resolutions 1 to 3 as ordinary resolutions and in the case of Resolutions 4 to 7 as special resolutions:

ORDINARY RESOLUTIONS

- 1 **THAT**, conditional on, among others, the Listing Committee granting the listing of, and permission to deal in the Shares in issue and to be issued and on the obligations of the Underwriters under the Underwriting Agreements becoming and remaining unconditional and not having been terminated in accordance with the terms of the Underwriting Agreements on or before such dates as may be specified in the Underwriting Agreements, the Global Offering and the Over-allotment Options be and are hereby approved and the Directors be and are hereby authorised to allot and issue the Hong Kong Offer Shares and the International Placing Shares under the Global Offering and up to such number of additional new Shares that in aggregate represent approximately 15% of the Shares initially being offered under the Global Offering at the Offer Price as may be required to be allotted and issued upon the exercise of the Over-allotment Options.
2. **THAT**, conditional on, among others, the Listing Committee granting the listing of, and permission to deal in the Shares in issue and to be issued and on the obligations of the Underwriters under the Underwriting Agreements becoming and remaining unconditional and not having been terminated in accordance with the terms of the Underwriting Agreements on or before such dates as may be specified in the Underwriting Agreements, the Directors be and are hereby generally and unconditionally authorised to allot, issue and otherwise deal with additional relevant securities (as defined in the Articles) of the Company and to make or grant offers, agreements and options which might require the exercise of such powers up to a maximum aggregate number which is not more than 20% of the aggregate nominal value of the Shares issued and to be allotted and issued pursuant to the Global Offering (taking no account of any Shares which may be allotted and issued pursuant to the exercise of options which have been granted under the Schemes and the Over-allotment Options), otherwise than by way of rights, scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of whole or part of a dividend on Shares in accordance with the Articles, or pursuant to the exercise of any options which has been granted under the Schemes or similar arrangement for the time being adopted, to such persons, at such times and on such terms as

they think fit (the “**Issuing Mandate**”) **PROVIDED THAT** the Issuing Mandate shall remain in effect until the earlier of (a) the conclusion of the next annual general meeting of the Company; or (b) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law of the Jersey or the Articles to be held; or (c) the date on which such mandate is revoked or varied by special resolution in general meeting and **SAVE THAT** the Company may, before such expiry, make or grant an offer, agreement or option which would or might require Shares to be allotted after such expiry and the Directors may allot and issue Shares pursuant to such offer, agreement or option as if the Issuing Mandate had not expired.

3. **THAT**, the cancellation of Treasury Shares be and is hereby approved.

SPECIAL RESOLUTIONS

4. **THAT**, the Double River Loan Agreement be and is hereby approved and ratified and the conversion of the principal loan amount of HK\$11.5 million into 23,924,503 Shares pursuant to the terms of the Double River Loan Agreement on a non-pre-emptive basis upon the obtaining by the Company of the approval in principle of the Hong Kong Listing be and is hereby approved and ratified.
5. **THAT**, conditional on, among others, the Listing Committee granting the listing of, and permission to deal in the Shares in issue and to be issued and on the obligations of the Underwriters under the Underwriting Agreements becoming and remaining unconditional and not having been terminated in accordance with the terms of the Underwriting Agreements on or before such dates as may be specified in the Underwriting Agreements, the Directors be and are hereby generally and unconditionally authorised to exercise all powers of the Company to repurchase or otherwise acquire on the Hong Kong Stock Exchange, or on any other stock exchange on which the Shares are listed (and which is recognised by the SFC and the Hong Kong Stock Exchange for this purpose), the Company’s securities up to an aggregate nominal amount not exceeding 10% of the aggregate nominal value of the Shares of the Company issued and to be allotted and issued pursuant to the Global Offering (taking no account of any Shares which may be allotted and issued pursuant to the exercise of options which have been granted under the Schemes and the Over-allotment Options) (the “**Repurchase Mandate**”) **PROVIDED THAT** the Repurchase Mandate shall remain in effect until the earlier of (a) the conclusion of the next annual general meeting of the Company; or (b) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law of the Jersey or the Articles to be held; or (c) the date on which such mandate is revoked or varied by special resolution in general meeting; and **SAVE THAT** the Company may, before such expiry, enter into a contract to purchase or otherwise acquire the securities of the Company which will or may be executed wholly or partly after the expiry of such authority.
6. **THAT**, the New Articles in substitution for and to the exclusion of the existing Articles be and are hereby approved and adopted, subject to and with effect from the Hong Kong Listing.
7. **THAT**, pursuant to Rule 41 of the AIM Rules, the cancellation of the admission of the Shares to trading on the AIM be and is hereby approved, conditional upon and with effect from the Hong Kong Listing provided that the Hong Kong Listing occurs within three months from the date of passing of this Resolution.

BY ORDER OF THE BOARD

Director

Date: 2 October 2019

Registered office:

Queensway House
Hilgrove Street
St Helier
Jersey
Channel Islands
JE1 1ES

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Notice given to London Stock Exchange notifying it of proposed Delisting	30 September 2019
Notice of EGM and Posting of the Circular	2 October 2019
Voting Record Time of the EGM	6.30 p.m. on 21 October 2019
Latest time and date for receipt of Form of Proxy for the EGM	9.00 a.m. on 21 October 2019
Extraordinary General Meeting	9.00 a.m. on 23 October 2019
Announcements of results of EGM	23 October 2019

The Company is seeking Shareholders' approval of the Delisting at the EGM. If passed, the resolution in respect of the Delisting will allow the Delisting to occur conditional on the Hong Kong Listing taking place within a three month period from the passing of the resolution of the Delisting. The timing of the Delisting is contingent upon the timing of the Hong Kong Listing and the Hong Kong Listing will occur on the first trading day on the Hong Kong Stock Exchange following the last day of trading of the Shares on AIM. Once the date of the Hong Kong Listing and the date of the Delisting are confirmed, the Company will make an announcement regarding such dates as soon as practicable.

All references in this document are to London time unless otherwise stated.

If any of the above times and/or dates change, the revised times and/or dates will be notified to Shareholders by announcement through a Regulatory Information Service of the London Stock Exchange.

DEFINITIONS

“Admission” the admission of the Shares to trading on AIM;

“AIM”	the market of that name operated by the London Stock Exchange;
“AIM Rules”	the AIM Rules for Companies published by the London Stock Exchange from time to time;
“Articles”	the articles of association of the Company as at the date of this document;
“Business Day”	a day (excluding Saturday, Sunday and public holidays in England and Wales and Hong Kong) on which banks are generally open for business in London and Hong Kong for the transaction of normal banking business;
“BVI”	the British Virgin Islands;
“Cairn”	Cairn Financial Advisers LLP, the nominated adviser and broker to the Company;
“China” or “PRC”	the People’s Republic of China, for the purpose of this document only, excluding Hong Kong, Macau and Taiwan;
“Circular”	this document;
“Company”	China New Energy Limited, a public company with limited liability incorporated in Jersey on 2 May 2006 under the Jersey Companies Law with registered number 93306;
“CREST”	the relevant system (as defined in the CREST Regulations) in accordance with which securities may be held or transferred in uncertificated form, and in respect of which Euroclear UK and Ireland is the Operator (as defined in the CREST Regulations);
“CREST Regulations”	the UK Uncertificated Securities Regulations 2001 (SI 2001/3755) and the Companies Uncertificated Securities, (Jersey) Order 1999 as amended from time to time, and any applicable rules made under those regulations;
“Delisting”	the cancellation of Admission conditional on the Hong Kong Listing taking place;
“Directors” or “Board”	the board of directors of the Company;
“Double River”	Double River Limited, a company incorporated in the BVI with limited liability on 5 August 2010 being wholly owned by Mr. Kwan Hoi Wang;
“Double River Loan Agreement”	the convertible loan agreement made between Double River as the lender and the Company as the borrower on 1 February 2019 pursuant to which Double River agreed to grant a loan to the Company in the principal amount of HK\$11.5 million which shall be convertible into 23,924,502 Shares upon obtaining by

	the Company of the approval in principle of the Hong Kong Listing.
“Election Form”	the form headed “Hong Kong Share Registration Form” which is enclosed with this document for use by the Shareholders to elect to choose one of the four options as set out in paragraph 5 of this document;
“Existing Shares”	the Shares in the capital of the Company prior to the passing of Resolution 2;
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company to be held at 8 th Floor, Zone B, Energy Saving and Environmental Protection Building of GIEC, No.2 Nengyuan Road, Wushan, Tianhe District, Guangzhou, Guangdong Province, China on 23 October 2019 at 9 am (London time) in accordance with the Notice of EGM;
“Form of Proxy”	the form of proxy enclosed with this document for use at the Extraordinary General Meeting or at any adjournment thereof;
“Global Offering”	the Hong Kong Public Offering and the International Placing;
“Group”	the Company and its subsidiaries;
“HK\$” or “Hong Kong dollars”	Hong Kong dollars, lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Administrative Region of PRC;
“Hong Kong Branch Share Registrar”	Computershare Hong Kong Investor Services Limited;
“Hong Kong Listing”	the proposed listing of the Shares on the Main Board of the Hong Kong Stock Exchange;
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended, supplemented or otherwise modified from time to time;
“Hong Kong Offer Shares”	such number of Shares which will be equivalent to approximately 10% of the total number of Shares initially offered by the Company for subscription pursuant to the Global Offering, subject to reallocation and clawback;
“Hong Kong Public Offering”	the offering by the Company of the Hong Kong Offer Shares for subscription at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.0027% and Hong Kong Stock Exchange trading fee of 0.005%);
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited;
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering;

“Hong Kong Underwriting Agreement”	the underwriting agreement relating to the Hong Kong Public Offering to be entered into by, among others, the Sole Global Coordinator, the Hong Kong Underwriters, and the Company;
“International Placing”	the conditional placing of the International Placing Shares by the Underwriters, outside the United States in offshore transactions in accordance with Regulation S;
“International Placing Shares”	such number of Shares which will be equivalent to approximately 90% of the total number of Shares initially offered by the Company for subscription pursuant to the Global Offering, subject to the Over-allotment Option and subject to reallocation and clawback;
“International Underwriters”	the underwriters of the International Placing;
“International Underwriting Agreement”	the underwriting agreement expected to be entered into on or around the Price Determination Date by, among others, the Sole Global Coordinator, the International Underwriters and the Company in respect of the International Placing;
“Jersey”	Bailiwick of Jersey, a British Crown Dependency;
“Jersey Companies Law”	the Companies (Jersey) Law 1991, as amended;
“Listing Committee”	the Listing Committee of the Hong Kong Stock Exchange;
“London Stock Exchange”	London Stock Exchange Group plc;
“Main Board”	the stock exchange (excluding the futures market) operated by the Hong Kong Stock Exchange which is independent from and operates in parallel with the GEM of the Hong Kong Stock Exchange;
“Memorandum”	the memorandum of association of the Company as at the date of this document;
“New Articles”	the new articles of association of the Company proposed to be adopted pursuant to Resolution 6 conditional on the Hong Kong Listing, and with effect from the date of the Hong Kong Listing;
“Notice of EGM”	the notice of Extraordinary General Meeting which is set out at the end of this document;
“Offer Price”	the final price per Offer Share in Hong Kong dollars (exclusive of brokerage fee of 1%, SFC transaction levy of 0.0027% and Hong Kong Stock Exchange trading fee of 0.005%), at which Hong Kong Offer Shares are to be subscribed;

“Offer Shares”	the Hong Kong Offer Shares and the International Placing Shares, collectively, and where relevant, together with any additional Shares to be issued pursuant to the exercise of the Over-allotment Option;
“Over-allotment Option”	the option granted by the Company to the International Underwriters, exercisable by the Sole Global Coordinator (for itself and on behalf of the International Underwriters) pursuant to which the Company may be required to allot and issue such additional new Shares at the Offer Price that in aggregate will represent approximately 15% of the Shares initially being offered under the Global Offering to cover over-allocation in the International Placing, if any;
“Price Determination Date”	the date on which the Offer Price is determined;
“Proposals”	the principal proposals to be voted on by Shareholders at the EGM;
“Record Date”	the date which is falling up to ten Business Days before the Hong Kong Listing on which the Company’s Shareholders register for the Hong Kong Listing shall be set by the Hong Kong Branch of Share Registrar;
“Regulation S”	Regulation S under the U.S. Securities Act;
“Resolutions”	the resolutions to be proposed at the Extraordinary General Meeting in the form set out in the Notice of EGM;
“Schemes”	collectively, the pre-IPO share option schemes adopted to provide long-term incentives to the then (i) employee and (ii) directors and senior management, respectively, of the Group;
“SFC”	the Securities and Futures Commission of Hong Kong;
“Shares”	the ordinary shares of £0.00025 each in the capital of the Company, and “Share” means any one of them;
“Shareholders”	holders of Shares from time to time and “Shareholder” means any one of them;
“Sole Global Coordinator” or “Sole Bookrunner” or “Sole Lead Manager”	the sole global coordinator, sole bookrunner or sole lead manager of the Global Offering;
“Sole Sponsor” or “Dongxing Securities”	Dongxing Securities (Hong Kong) Company Limited, a licensed corporation under the SFO permitted to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities (as defined under the SFO);

“Treasury Shares”	46,808,809 Shares currently held by the Company as treasury shares as a result of a share buyback conducted by the Company;
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland;
“UK Panel” or “UK Takeover Panel”	the UK Panel on Takeovers and Mergers;
“UK Takeover Code”	the UK City Code on Takeovers and Mergers (as published by the UK Panel);
“Underwriter(s)”	the Hong Kong Underwriter(s) and the International Underwriter(s);
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement;
“U.S.” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction;
“U.S. Securities Act”	the United States Securities Act of 1933, as amended, supplemented or otherwise modified from time to time and the rules and regulations promulgated thereunder;
“Uncertificated” or “in Uncertificated Form”	a share or other security recorded on the relevant register of the relevant company concerned as being held in uncertificated form in CREST and title to which, by virtue of CREST Regulations, may be transferred by means of CREST;
“%”	per cent.; and
“£”	pound sterling, the lawful currency of the UK.