

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take, you are recommended to seek your own personal financial advice from your stockbroker, solicitor, accountant, bank manager or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000. The whole of this document should be read.

The Directors of China New Energy Limited, whose names appear on page 4 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

If you have sold or otherwise transferred all your ordinary shares in the capital of China New Energy Limited, please send this document, together with the accompanying Form of Proxy, immediately to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee. If you have sold or transferred any part of your registered holding of ordinary shares, you are advised to consult your stockbroker, bank or other agent through whom the sale or transfer was effected.

CHINA NEW ENERGY LIMITED
(Incorporated in Jersey with registered number 93306)

**Notice of Extraordinary General Meeting seeking shareholder
authority to purchase its own shares**

Your attention is drawn to the letter from the Chairman of China New Energy Limited set out in this document, which recommends that you vote in favour of the resolutions to be proposed at the Extraordinary General Meeting.

A notice convening an Extraordinary General Meeting of China New Energy Limited to be held at 8th Floor, Technology Integration Building of GIEC, No. 4 Nengyuan Road, Wushan, Tianhe District, Guangzhou, China at 16:00 p.m. Beijing time (09:00 a.m. London time) on 17 January 2018 is set out at the end of this document. A Form of Proxy for use at the Extraordinary General Meeting are enclosed with this document. **To be valid, the accompanying Form of Proxy for use in connection with the Extraordinary General Meeting must be completed in accordance with the instructions printed on it and returned by post or by hand as soon as possible but, in any event, so as to be received by the Company's registrars, Computershare Investor Services (Jersey) Limited, Queensway House, Hilgrove Street, St Helier, Jersey JE1 1ES, by no later than 09:00 a.m. on 16 January 2018.**

The completion and deposit of the Form of Proxy will not preclude Shareholders from attending and voting in person at the General Meeting should they wish to do so.

This Circular has not been, and will not be, reviewed or approved by the Financial Conduct Authority of the United Kingdom, the London Stock Exchange plc, the Jersey Financial Services Commission, any securities commission or any other authority or regulatory body.

EXPECTED TIMETABLE OF EVENTS

Publication of this document	27 December 2017
Latest time for receipt of Forms of Proxy for the General Meeting	16:00 p.m. Beijing time (09:00 a.m. London time) on 16 January 2018
Extraordinary General Meeting	16:00 p.m. Beijing time (09:00 a.m. London time) on 17 January 2018

DEFINITIONS

In this document and the Form of Proxy the following definitions shall apply unless the context requires otherwise:

"Board" or "Directors"	the directors of the Company, whose names are set out on page 4 of this document;
"Company" or "CNE"	China New Energy Limited, incorporated in Jersey with registered number 93306
"Extraordinary General Meeting"	the general meeting of the Company convened for 16:00 p.m. Beijing time (09:00 a.m. London time) on 17 January 2018, notice of which is set out at the end of this document, or any reconvened meeting following any adjournment thereof;
"Form of Proxy"	the form of proxy for use by the Shareholders in connection with the Extraordinary General Meeting enclosed with this document;
"Ordinary Shares"	the ordinary shares of 0.025 pence each in the capital of China New Energy Limited;
"Resolutions"	the resolutions to be proposed at the Extraordinary General Meeting, details of which are set out in the notice of the Extraordinary General Meeting at the end of this document;
"Shareholders"	holders of Ordinary Shares and "Shareholder" shall be construed accordingly; and

LETTER FROM THE CHAIRMAN OF CHINA NEW ENERGY PLC

CHINA NEW ENERGY LIMITED
(Incorporated in Jersey with registered number 93306)

Directors:

Mr Yu Weijun (Chairman)
Mr Tang Zhaoxing (Chief Executive Officer)
Mr Richard Bennett (Non-executive Director)
Mr Nicholas Brooks (Non-executive Director)

Registered Office:

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

27 December 2017

To Shareholders and, for information purposes only, to the holders of options over Ordinary Shares

Dear Shareholder,

NOTICE OF EXTRAORDINARY GENERAL MEETING

The Board of China New Energy Limited has called an Extraordinary General Meeting to request shareholder approval to allow it to implement a share repurchase programme and to be able to hold the Company's shares in treasury.

The board and a number of significant shareholders have for some time been concerned that the value of CNE is not reflected by the current share price. As included in our half-yearly report announced on 19 September 2017, as CNE has returned to profitability, and the board expects that it will be maintained for the foreseeable future, the Board is reviewing a number of options for the Company to enhance its value. These options include, but are not limited to, declaring dividend payments, making strategic acquisitions or investments and a share repurchase programme.

Having considered the available options, the Board believes that supporting the share price should be its immediate focus as it will underpin the implementation of our growth plans whether it be organic or through acquisition. The Board believes that a share repurchase programme, as part of wider programme of corporate development initiatives, will demonstrate confidence in the company and is most likely to contribute to increasing the share price.

The Board is therefore requesting the authority from shareholders to purchase up to 20 per cent. of the current issued share capital up to a price of 2.0p for the period ending 31 December 2019. The Board is additionally requesting the option of holding the shares in treasury, which may subsequently be cancelled.

EXTRAORDINARY GENERAL MEETING

Notice is hereby given that the Extraordinary General Meeting of China New Energy plc will be held at 8th Floor, Technology Integration Building of GIEC, No. 4 Nengyuan Road, Wushan, Tianhe District, Guangzhou, China at 16:00 p.m. Beijing time (09:00 a.m. London time) on 17 January 2018 to propose two Resolutions, the first being a special resolution and the second being an ordinary resolution. These Resolutions are as follows:

1. Resolution 1 – Authority to conduct the repurchase programme

To approve that, pursuant to Article 8.6 of the Company's Articles of Association, the Company may purchase, or agree to purchase, up to 20% in aggregate of the existing issued share capital of the Company,

whilst the price remains below £0.02 and above £0.00025 (par value) on any date(s) prior to 31 December 2019.

2. Resolution 2 - Authority to hold the repurchased shares in treasury

To approve that the shares purchased by the Company pursuant to Resolution 1 above may be held by the Company as treasury shares.

At the end of this document, Shareholders will find a notice convening the Extraordinary General Meeting.

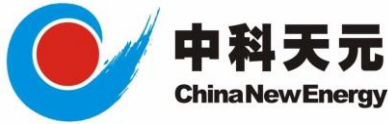
ACTION TO BE TAKEN

Shareholders will find a Form of Proxy enclosed with this document. Whether or not Shareholders intend to be present at the Extraordinary General Meeting, Shareholders are requested to complete and return either the Form of Proxy as appropriate as soon as possible and, in any event, so as to be received by the Company's registrars, Computershare Investor Services (Jersey) Limited, Queensway House, Hilgrove Street, St Helier, Jersey JE1 1ES, by no later than 09:00 a.m. (London time) on 16 January 2018.

The completion and deposit of a Form of Proxy will not preclude Shareholders from attending and voting in person at the Extraordinary General Meeting should they wish to do so. In the event that a shareholder would like to attend the meeting in person, the Company reminds Shareholders to bring their requisite proof or authorisation to be able to vote in person.

Yours sincerely

Mr Yu Weijin
Chairman



Queensway House
Hilgrove Street
St Helier
Jersey, JE1 1ES

China New Energy Limited
Company number 93306
(“the Company”)

Notice of the Extraordinary General Meeting

NOTICE IS HEREBY GIVEN PURSUANT TO ARTICLE 10 OF THE COMPANY'S ARTICLES OF ASSOCIATION THAT the Extraordinary General Meeting of the Company will be held at **8TH FLOOR, TECHNOLOGY INTEGRATION BUILDING OF GIEC, NO. 4 NENGYUAN ROAD, WUSHAN, TIANHE DISTRICT, GUANGZHOU, CHINA** on **17 January 2018** at 16:00 p.m. Beijing time (09:00 a.m. London time) to consider and vote on the resolutions below.

1. Special Resolution

To approve that, pursuant to Article 8.6 of the Company's Articles of Association, the Company may purchase, or agree to purchase, up to 20 per cent. in aggregate of the existing issued share capital of the Company, whilst the price remains below £0.02 and above £0.00025 (par value) on any date(s) prior to 31 December 2019.

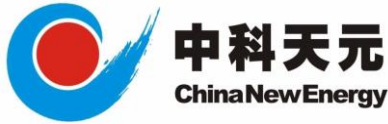
2. Ordinary Resolution

To approve that the shares purchased by the Company pursuant to the above Special Resolution may be held by the Company as treasury shares.

Date: 21 December 2017
BY ORDER OF
THE BOARD

Registered Office:
Queensway House
Hilgrove Street
St Helier
Jersey JE1 1ES

China New Energy Limited
Chairman



Queensway House
 Hilgrove Street
 St Helier
 Jersey, JE11ES

CHINA NEW ENERGY LIMITED
 ("THE COMPANY")

FORM OF PROXY

EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

I/We

Of

Being a Member/Members of the above named Company, hereby appoint the Chairman of the Meeting or (see note 1) as my/our proxy to vote as follows for me/us on my/our behalf at the Extraordinary General Meeting of the shareholders of the Company to be held at 8 TH FLOOR, TECHNOLOGY INTEGRATION BUILDING OF GIEC, NO. 4 NENGYUAN ROAD, WUSHAN, TIANHE DISTRICT, GUANGZHOU, CHINA on 17 January 2018 at 16:00 p.m. Beijing time (9:00 a.m. London time) and at any adjournment thereof:

Special Resolution

For

Against

To approve that, pursuant to Article 8.6 of the Company's Articles of Association, the Company may purchase, or agree to purchase, up to 20% of the existing issued share capital of the Company, whilst the price remains below £0.02 and above £0.00025 (par value) on any date prior to 31 December 2019.

Ordinary Resolution

To approve that the shares purchased by the Company pursuant to the above Special Resolution may be held by the Company as treasury shares.

Signature

Date

Notes:

1. In accordance with the Articles of Association of the Company and the Companies (Jersey) Law 1991 as amended, any member entitled to attend and vote at the EGM is entitled to appoint one or (if holding two or more shares) more proxies to attend and vote on his behalf. A proxy need not be a member of the Company. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. In the case of joint holders of share in the Company, the vote of the senior who tenders a vote whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s), seniority being determined by the order in which names stand in the register of members.
3. In order to be valid, the form of proxy, together with any power of attorney or other authority (if any) under which it is signed, or a certified copy thereof, must be lodged with the Company at its registered office being Queensway House, Hilgrove Street, St Helier, Jersey JE1 1ES for registration by not less than 24 hours before the time appointed for holding the EGM or any adjournment thereof. If a form of proxy is not deposited as specified, it shall be deemed invalid.
4. Completion and return of the form of proxy will not preclude members from attending and voting at the aforesaid meeting or an adjournment of the meeting.
5. No business shall be transacted unless a quorum is present. Two persons entitled to vote, each being a member or a proxy for a member, shall be deemed to form a quorum. If such quorum is not present within half an hour of the commencement of the meeting or, if during such meeting a quorum ceases to be present, the meeting shall stand adjourned at the same time and place on the same day of the following week or such time, place and day as the Chairman may determine. If a quorum is not present within five minutes of the commencement of such adjourned meeting, those members present in person or by proxy shall be deemed to form a quorum.
6. A resolution put to vote at the meeting shall be decided on by a show of hands unless a poll is demanded.

A poll may be demanded:

- a) by the chairman; or
- b) by at least two members having the right to vote on the resolution; or
- c) by members holding not less than one tenth of the total voting rights of all the members having the right to vote on the resolution; or
- d) by a member or members holding shares conferring a right to vote on the resolution being the shares on which an aggregate sum has been paid up equal to not less than one tenth of the total sum paid up on all the shares conferring that right; and
- e) a demand by a person as a proxy shall be the same as a demand by the member.