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China New Energy Limited

(Incorporated in Jersey, Channel Islands with limited liability and carrying on business in Hong Kong as “Zhongke Tianyuan New Energy Limited”)

(Stock Code: 1156)

(1) FULFILMENT OF ALL RESUMPTION GUIDANCE; AND (2) RESUMPTION OF TRADING

FULFILMENT OF ALL RESUMPTION GUIDANCE

The Board is pleased to inform its shareholders and potential investors that as at the date of this announcement, the Company has fulfilled all the Resumptions Conditions set out in the Resumption Guidance.

RESUMPTION OF TRADING

Trading in shares in the Company was suspended from 9:00 a.m. on 1 April 2021 at the request of the Company. As all the Resumption Conditions set out in the Resumption Guidance have been fulfilled, the Company has made an application to the Stock Exchange for the resumption of trading in the Company’s shares with effect from 9:00 a.m. on 13 October 2022.

This announcement is made by China New Energy Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rules 13.09(2)(a) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to the announcements (the “**Announcements**”) of the Company dated 23 March 2021, 31 March 2021, 13 April 2021, 7 May 2021, 30 June 2021, 8 September 2021, 30 September 2021, 31 December 2021, 28 January 2022, 10 February 2022, 31 March 2022, 22 April 2022, 16 May 2022, 2 June 2022, 9 June 2022, 14 June 2022, 17 August 2022, 24 August 2022, 29 August 2022 and the documents (“**Documents**”) of the Company published on 27 May 2022, 15 June 2022, 29 June 2022, and 15 September 2022 in relation to, inter alia, (i) the delay in publication of the 2020 Final Results; (ii) the Initial Resumption Guidance; (iii) the Additional Resumption Guidance; (iv) the delay in publication of the 2021 Interim Results; (v) key findings of the Independent Investigation; (vi) publication of the Annual Results for the year ended 31 December 2020; (vii) publication of the Interim Results for the six months ended 30 June 2021; (viii) publication of Annual Report 2020; (ix) key findings of the Independent Internal Control Review; (x) change of date of Board Meeting; (xi) publication of Annual Results for the year ended 31 December 2021; (xii) publication of Interim Report 2021; (xiii) publication of Annual Report 2021; (xiv) Date of Board Meeting; (xv) Profit Warning; (xvi) publication of the Interim Results for the six months ended 30 June 2022; and (xvii) publication of Interim Report 2022.

Unless otherwise defined, capitalised terms in this announcement shall have the same meanings as those defined in the Announcements/Documents.

BACKGROUND

As disclosed in the Announcements, Messrs. PricewaterhouseCoopers (“**PwC**”), the Company’s former auditor, was unable to complete the process of performing the audit of the consolidated financial statements of the Group for the year ended 31 December 2020 as there were certain issues relating to the payments made to the DL Securities (HK) Limited (“**DLS**”), Financial Asia Group (HK) Limited (“**FAG**”), Intelligent Joy Limited (“**IJL**”), Mr. Cai Zhihua (“**Mr. Cai**”), Japan Chiyoda Kabu Limited (“**JCK**”) and D&J Int’l Trading Co., Limited (“**D&J**”) (collectively referred to as the “**Service Providers**”) for various professional and consultancy services in the total sum of HK\$21,995,000 (approximately RMB18,860,000) which required additional information and explanation (the “**Audit Issues**”).

Therefore, at the request of the Company, trading in shares in the Company was suspended from 9:00 a.m. on 1 April 2021.

RESUMPTION GUIDANCE

On 5 May 2021, the Company received a resumption guidance from the Stock Exchange (the “**Initial Resumption Guidance**”), setting out the resumption conditions (i) to (iv) hereinbelow (the “**Initial Resumption Conditions**”):-

- (i) conduct an appropriate independent investigation into the Audit Issues, assess the impact on the Company’s business operation and financial position, announce the findings and take appropriate remedial actions;
- (ii) publish all outstanding financial results required under the Listing Rules and address any audit modifications;
- (iii) demonstrate the Company’s compliance with Rule 13.24 of the Listing Rules; and
- (iv) inform the market of all material information for the Company’s shareholders and investors to appraise the Company’s position.

On 7 February 2022, the Company received an additional resumption guidance from the Stock Exchange (the “**Additional Resumption Guidance**”, which together with the Initial Resumption Guidance, the “**Resumption Guidance**”) setting out an additional condition that, in addition to the Initial Resumption Guidance, the Company is required to conduct an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to comply with the Listing Rules (the “**Additional Resumption Condition**”, which together with the Initial Resumption Conditions, the “**Resumption Conditions**”).

FULFILMENT OF ALL RESUMPTION CONDITIONS IN THE RESUMPTION GUIDANCE

The Company is pleased to announce that the Company has submitted the application for resumption of trading (the “**Resumption Application**”) to the Stock Exchange on 12 July 2022. Since the suspension of trading in the shares of the Company on the Stock Exchange on 1 April 2021, the Company has taken active steps as detailed hereinbelow to remedy the issues leading to its trading suspension in order to fulfill all the Resumption Conditions set out in the Resumption Guidance and the directors of the Company (the “**Directors**”) are of the view that the Company has already fulfilled all the Resumption Conditions.

1. Resumption Condition 1 – conduct an appropriate independent investigation into the Audit Issues, assess the impact on the Company’s business operation and financial position, announce the findings and take appropriate remedial actions

On 13 April 2021, the Board of Directors (the “**Board**”) resolved to form an independent investigation committee (the “**Independent Investigation Committee**”), comprising all the independent non-executive Directors, namely Mr. Richard Antony Bennett, Mr. Chan Shing Fat Heron and Mr. Chan Siu Shan Sam. Mr. Chan Siu Shan Sam was appointed as the chairman of the Independent Investigation Committee. The purpose of forming the Independent Investigation Committee was to commission an independent investigation on the Audit Issues to be conducted by an independent professional advisor as requested by PwC.

On 31 May 2021, Messrs. DLA Piper Hong Kong (“**DLA**”) was appointed by the Independent Investigation Committee to conduct the independent investigation (the “**Independent Investigation**”) and to prepare an investigation report in respect of the Audit Issues.

On 17 January 2022, the Company and the Independent Investigation Committee received an independent investigation report dated 17 January 2022 issued by DLA (the “**Independent Investigation Report**”). Key findings of the independent investigation are summarised in the announcement of the Company dated 28 January 2022.

Upon consideration of the Independent Investigation Report, the Board has resolved to implement the recommendations suggested by the DLA as remedial actions.

As disclosed in the announcement of the Company dated 31 March 2022, the Company has appointed BT Corporate Governance Limited (“**BT CGL**”) to conduct an independent internal control review and prepare an internal control review report (“**Internal Control Review Report**”). The Internal Control Review Report was issued on 1 June 2022 and the announcement on the major findings, recommendations and remedial actions taken by the Company was published on 2 June 2022.

Apart from the recommendations suggested by BT CGL, the Company has engaged Stevenson, Wong & Co. to provide mandatory director’s training to the Directors with a view to strengthen the Directors’ knowledge on the role and responsibilities of directors of listed companies, codes and guidance relating to corporate governance, disclosure requirements relating to inside information and update on the Listing Rules.

Moreover, the Company has established a new policy on service procurement with effect from 30 August 2022 and BTCGL has conducted a follow-up review on the service procurement of the Company covering the period from 25 April 2022 to 30 August 2022. BTCGL confirmed that the new policy sets out a set of comprehensive internal control procedures and mechanisms as standard procurement guidelines for employees of the Company to adhere to. The management of the Group expects that with the due execution of the new policy, incidents similar to the Audit Issues can be timely detected and prevented.

Key Findings of the Independent Investigation

(a) Details of background of the Service Providers

DLA considered that the backgrounds and credentials of DLS, FAG and IJL correspond with the services purported to be provided by them to the Company.

For DLS, they were the joint global coordinator, joint bookrunners and joint lead manager of the Company's global offer of its shares listed on the main board of the Stock Exchange on 15 July 2020 ("**Global Offering**"). In relation to FAG, they were not involved in the Global Offering and were only engaged after the Global Offering. As for IJL, they were also engaged after the Global Offering to provide similar services. Apart from business relationships, DLA did not find any other relationship between DLS, FAG, IJL and the Company which would draw their independence into question.

DLA also noted that backgrounds and credentials of Mr. Cai, JCK and D&J provided supporting evidence with the services purported to be provided by them to the Company. Apart from business relationships and the fact that Mr. Cai actually owned JCK, DLA does not find any other relationship between Mr. Cai, JCK, D&J and the Company which would draw their independence into question.

(b) Commercial substance and business rationale for engaging the Service Providers to provide such services shortly after the Global Offering

DLA noted that Mr. Yu had already contemplated during the Global Offering and intended to seek the services of DLS, FAG and IJL upon completion of the Global Offering. In essence, the commercial substance and business rationale for such engagements was that Mr. Yu intended to continue exploring opportunity after the Global Offering in order to raise further capital from the market. Therefore, apart from engaging DLS who possesses technical knowledge and can provide corporate finance advice, the Company also engaged FAG and IJL to take care of matters concerning Company's publicity.

While the services provided by the said service providers might appear to have some duplications, the Company in fact engaged each of the service providers for a different scope of service.

Regarding the services provided by Mr. Cai and JCK, as the Company wanted to expand upon completion of its Global Offering, the management of the Company considered mergers and acquisitions as a viable option of business development and would inevitably require rich connections and professional advice to execute its plan. The Company hoped that it could establish a business relationship with Mr. Cai through Mr. Yu, and be able to tap into Mr. Cai's wealth of contacts to secure more business opportunities for the Company. Whereas JCK could assist in acquiring a Canadian potential target company as a step to develop into the North American market.

As for the engagement of D&J, the Company believed that D&J could play an advisory role to guide the Company through and break into the Indian market to seek further business opportunities as due diligence conducted on D&J showed that D&J is a player of trade business with India and is very familiar with the South East Asian market.

(c) Details in respect of the Group's service procurement and vendor selection procedures, internal controls and approval procedures conducted, as well as procedures to follow up on progress and service delivery

DLA's findings revealed that the Company did not have any dedicated or general procurement procedures for services in written form. At the material time, the Company's internal control policies only concerned contracts on purchase of raw materials, machinery, and other business-related items, but not service procurement.

Nevertheless, DLA noted that the Company had adopted some degree of internal controls in respect of due diligence. For instance, the Company did conduct due diligence on the Service Providers by conducting and preparing background investigation reports, and by having telephone discussions with them to procure further information such as their backgrounds and credentials prior to their engagements. The relevant personnel of the Company confirmed that they relied on the information provided by the Service Providers for such purpose. The said actions taken by the Company demonstrated that there were some degree of internal controls relating to the requirement of due diligence on potential service providers.

(d) Further details in respect of the services provided by the service providers

DLA's findings revealed that while DLS, FAG and IJL did provide services to the Company, the amount of which was not substantial. The explanation given was that the Company did not require the aforesaid service providers to proactively and frequently provide services to the Company under the poor economic and investment environment caused by the COVID-19 pandemic.

DLA noted that the Company does not have any dedicated policy or guidelines in this regard. Therefore, there was no requirement or guideline as to how the Company should monitor or follow up on the progress or services provided by the service providers.

Nevertheless, DLA considered the explanation acceptable and appreciated the fact that the COVID-19 pandemic has resulted in one of the worst economic recessions in recent years. Hence, DLA found it reasonable for the Company to perceive that since the economic and investment environment was poor and would not appeal to investors, the Company would not require as much corporate finance and public relation advisory services as it would have anticipated under normal economic environment.

DLA also noted that DLS, FAG and IJL continued to be in amicable relationships with the Company and continued to provide services to the Company.

The Company has entered into supplemental agreements with DLS and FAG to extend the period for providing services to the Company without any additional fees charged.

For DLS, the service period of the service agreement with DLS was initially from 14 July 2020 to 13 January 2022 for the service fee of HK\$5,760,000. It was later extended to 14 July 2022 by a supplemental agreement entered into between the parties dated 14 July 2021 without any additional service fee charged. On 5 May 2022, DLS and the Company entered into a further supplemental agreement to further extend the agreement to 13 January 2023 with no additional service fee charged.

For FAG, the service period of the service agreement with FAG was initially from 15 July 2020 to 14 January 2022 for the service fee of HK\$1,360,000. It was later extended to 14 July 2022 by email correspondences between the Company and FAG on 26 and 27 April 2021 without any additional service fee charged. As FAG was still unable to provide certain outstanding services to the Company, the Company has commenced negotiation with FAG to explore the possibility for a partial refund of service fee by FAG to compensate the outstanding services yet to be performed. As at the date of this announcement, the negotiation is still ongoing and in progress.

Therefore, DLA did not discover any information indicating any sign of irregularity on the relationships between the Company and these service providers.

DLA also noted that there was no information suggesting that the transactions with Mr. Cai, JCK and D&J, were not genuine, or revealed any indications of fraud in respect of the same.

The Company entered into a termination agreement dated 10 May 2021 with Mr. Cai to terminate the service agreement with Mr. Cai and the full amount of service fee of HK\$1,250,000 was refunded to the Company on 10 May 2021.

Moreover, the Company entered into a termination agreement dated 19 May 2021 to terminate the service agreement with JCK and the full amount of service fee of HK\$7,500,000 was refunded to the Company in different batches on 29 May 2021, 31 May 2021 and 1 June 2021 respectively.

Furthermore, the Company entered into a termination agreement with D&J dated 9 September 2021 to terminate the service agreement with D&J. After deducting a compensation fee of HK\$500,000, a total amount of service fee of HK\$4,225,000 was refunded to the Company in different batches on 9 September 2021, 10 December 2021 and 12 April 2022.

(e) Whether the level of service fees and payment terms (especially regarding prepayment of entire contract sum) are comparable to market price and practices for similar services rendered by similar service providers

DLA has appointed an independent third party which is accustomed to the financial industry in Hong Kong to conduct a market research on the market rates for the kind of professional and consultancy services provided by DLS, FAG and IJL (“**Market Research**”).

Based on the Market Research, the monthly fees charged by DLS, FAG and IJL were above the average fee range for similar services in the market, but were still below the respective fees charged in the most expensive cases surveyed. In respect of payment terms, it is revealed that the arrangement of making a prepayment of the entire contract sum was not the most common market practice.

Based on the Market Research, DLA concluded that the payment terms were reached on the basis of commercial negotiation and did not warrant any suspicion on the genuineness of the transactions.

(f) Regarding payments to DLS, FAG and IJL, whether the payments represent listing expenses, if not, whether such payments to service providers are in accordance with the planned use of proceeds as described in the Prospectus

DLA considered that the service fees paid to DLS, FAG and IJL were made from the Company's internal financial resources, and did not represent listing expenses or net proceeds as described in the Company's prospectus for the Global Offering dated 30 June 2020 ("**Prospectus**"). In the circumstances, such internal financial resources utilized did not need to be used in accordance with the planned use of proceeds as described in the Prospectus.

(g) Remedial actions carried out by the Company

In addition to the adoption of the new policy on service procurement with effect from 25 April 2022 as one of the remedial actions abovementioned, on 1 March 2022, the Company engaged Charm Fortune Consultants Limited ("**Charm Fortune**"), an independent party, to provide internal control related services to the Group. Pursuant to the engagement, Charm Fortune assigned its director, Mr. Matthew Pau ("**Mr. Pau**"), to perform the role of compliance officer of the Group with the title of Chief Internal Control Officer of the Company.

Mr. Pau possesses over 30 years of in-depth experience in audit, corporate governance and financial management. Mr. Pau, aged 57, graduated from the University of Oxford in the United Kingdom with bachelor's and master's degrees in Engineering, Economics and Management. He is a Certified Public Accountant in Hong Kong and a Fellow Chartered Accountant in England and Wales. From November 2006 to December 2009, Mr. Pau was Chief Financial Officer of the Company responsible for having revamped its accounting and internal control systems in preparation for its Initial Public Offering on the Alternative Investment Market of the London Stock Exchange ("**AIM**"). He was a non-executive director of New Trend Lifestyle Group Plc, a company listed on AIM, from December 2013 to February 2015. He was an independent non-executive director of Chinese Food and Beverage Group Limited from September 2012 to February 2017, and Chinese Strategic Holdings Limited from June to September in 2017. Both companies were listed on GEM. Between July 2017 and August 2019, Mr. Pau was executive director and Manager-In-Charge for Finance and IT of an SFC licensed securities dealing company in Hong Kong.

Since the commencement of his engagement, Mr. Pau has:–

- (i) prepared or revised the Company's internal control manuals and policies;
- (ii) assisted in the drafting of the Company's announcements and reports;
- (iii) advised the Finance Director on the preparation of management accounts;
- (iv) handled questions from the external auditor and BTCGL;
- (v) conducted certain internal audit work; and
- (vi) supervised and monitored the implementation of internal control policies.

In short, the improvement of the Group's internal control systems as a result of the advice of and the works performed by Mr. Pau were also assessed by BTCGL. Also, the remedial actions made by the Company have also been reviewed and assessed by BTCGL in its Internal Control Review Report.

The Company is also hoping to replace its current Finance Director, Mr. Cen, with a person of high finance calibre who possesses in-depth experience and knowledge in both internal control and preparation of detailed monthly management accounts to discharge the following functions:–

- (i) Regular financial reporting process of the Group; and
- (ii) Acting as a gate keeper to ensure payments to service providers have properly gone through all payment authorization process and ensure cashier's payment cheques and electronic payments have correctly been made.

For further details of the key findings of the Independent Investigation, please refer to the Company's announcement dated 28 January 2022.

2. Resumption Condition 2 – publish all outstanding financial results required under the Listing Rules and address any audit modifications

On 7 January 2022, the Company appointed KTC Partners CPA Limited (“**KTC Partners**”) as the new auditor. The Company published:–

- (i) the 2020 Annual Results announcement on 22 April 2022;
- (ii) the 2021 Interim Results announcement on 16 May 2022;
- (iii) the 2021 Annual Results announcement on 14 June 2022;
- (iv) the 2022 Interim Results announcement on 29 August 2022;
- (v) the 2020 Annual Report on 27 May 2022;
- (vi) the 2021 Interim Report on 15 June 2022;
- (vii) the 2021 Annual Report on 29 June 2022; and
- (viii) the 2022 Interim Report on 15 September 2022.

KTC Partners expressed a qualified opinion in respect of the Audit Issues in the 2020 Annual Report as they were unable to obtain sufficient appropriate audit evidence to satisfy themselves about:–

- (i) the validity, business rationale, commercial substance and classification of the Audit Issues that led to the recognition by the Group of the purported professional, advisory and consultancy service fees of approximately RMB18,603,000 as legal and professional fees expenses included in administrative expenses recognised in the consolidated profit or loss for the year ended 31 December 2020; and
- (ii) whether any of the parties involved in the Audit Issues were related to the Group or related parties of the Group.

KTC Partners was also of the view that there was certain limitation in the work conducted by DLA as certain part of the work of DLA was not backed by sufficient supporting documents and the management of the Company was unable to provide KTC Partners with sufficient documentary evidence to corroborate the explanations about the business rationale and commercial substance of the Audit Issues (collectively the “**Audit Qualification**”).

KTC Partners gave a modified opinion on the consolidated financial statements of the Group for the year ended 31 December 2021 because of the possible effects of the Audit Issues on the comparability of the corresponding figures in 2021. Nevertheless, the Audit Qualification on the Audit Issues will be removed completely in 2022 audit, as there will be no effect on the corresponding figures in 2022.

Therefore, having said the above, the Board and the Audit Committee were of the view that the Audit Qualification have been duly dealt with given the amount relating to the Audit Issues had been recognised in the profit or loss for the year ended 31 December 2020 and the remaining amounts from the Audit Issues were refunded or repaid to the Group subsequently after the year ended 31 December 2020. In the circumstances, the Company was informed by KTC Partners that the Audit Qualification on the Audit Issues will be removed completely in next year’s audit.

3. Resumption Condition 3 – demonstrate the Company’s compliance with Rule 13.24 of the Listing Rules

The Group is an ethanol system manufacturer and its principal activity is the provision of integrated services including engineering design, equipment manufacturing, installation and commissioning and subsequent maintenance of core systems for ethanol production systems for the ethanol fuel and alcoholic beverage industries in the PRC.

The Group’s principal sources of revenue include:

- (i) The provision of integrated services of production equipment systems and technologies for the ethanol fuel industry;
- (ii) The provision of integrated services of production equipment systems and technologies for the drinking alcohol industry; and

- (iii) The provision of production equipment and related technical services for other chemical industries.

The Board considers that the Company has sufficient business as:–

- (i) There have been no changes to the Group’s business model, with all three business segments remaining the same at the time of listing and growing and changing at their own pace, and there have been no disposals of the Group’s existing businesses since the listing;
- (ii) The Group has a stable customer base focused on the ethanol production industry, as well as new customers in this industry, and there have been no major changes in this respect since the listing; and
- (iii) Based on the financial information of the Group for the years ended 31 December 2019, 2020 and 2021, the Group’s business and scale of operations have grown and stabilized. Although the Company has published a profit warning announcement dated 24 August 2022, the Company is confident in its business outlook and believes that the decline in revenue and profit of the Group is only temporary considering the poor market environment which has an expected downturn for one to two years. The Company’s emphasis on advanced research and development of clean energy production technology provides optimistic and stable business prospects.

For further details of the Group’s financial performance, please refer to the latest announcement of the 2021 Annual Results published on 14 June 2022, the 2021 Annual Report published on 29 June 2022 and the profit warning announcement published on 24 August 2022.

As at the date of this announcement, the Group was carrying on its business operations as usual and has been operating a viable and sustainable business in compliance with Rule 13.24 of the Listing Rules. Accordingly, the Company is of the opinion that resumption condition 3 has been duly complied with.

4. Resumption Condition 4 – inform the market of all material information for the Company’s shareholders and investors to appraise the Company’s position

Since its trading suspension on 1 April 2021, the Company has continued to disclose material information in connection with, among others, the 2020 and 2021 audit, the Audit Issues and the status on fulfilment of the Resumption Guidance to the public by issuing announcements in a timely manner.

The Board believes that the Company has announced all material information it considers necessary and appropriate for the Company’s shareholders and investors to appraise the Company’s position.

5. Additional Resumption Guidance – conduct an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to comply with the Listing Rules

On 17 February 2022, the Company appointed BTCGL as the independent internal control review consultant to conduct an independent internal control review, prepare an Internal Control Review Report and assist the management in improving the Group’s internal control system.

On 1 June 2022, BTCGL issued the Internal Control Review Report, and the Company published an announcement on 2 June 2022 in relation thereto. For details of the Internal Control Review Report, the key internal control weaknesses of the Group and the remedial measures taken by the Group, please refer to the announcement of the Company dated 2 June 2022.

Rectification of internal control weaknesses identified by BTCGL

The Company believes that the internal control weaknesses identified by BTCGL have been duly rectified, details are as follows:

Weaknesses identified by BTCGL	Rectification
1. There was an absence of a written policy for procuring general services and non-regular services.	<p>The operating unit of the Company has established a written service procurement management policy and a service provider evaluation form to formulate the procurement procedures, the quotation and competitive bidding process of service procurement, the process of selecting service providers and approval process.</p> <p>The written policy has been effective from 25 April 2022.</p>
2. In selected cases, prior to signing of sales contracts, the relevant personnel have failed to strictly adhere to the Company's policy on sales contract approval and signing procedures.	<p>The operating unit has implemented BTCGL's recommendations to update the policy in respect of the sales contract approval and signing procedures. The Company has now strictly adhered to the relevant policy.</p>
3. In certain cases, the operating unit commenced project work before the customer made the advance payments as required by the terms of the sales contracts.	<p>The operating unit has implemented BTCGL's recommendation. Upon receipt of advance payments according to contracts, the operating unit's accounts receivable accountant will send a written notice of such receipt to Marketing Department, Engineering Department, General Manager and other relevant personnel to decide whether to commence the project or not.</p>

Weaknesses identified by BTCGL**Rectification**

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| 4. BTCGL noted that certain procurement samples were not implemented in accordance with the procurement policy of the operating unit, including (1) some “Bidding Invitation Application Forms” were not signed and approved by the Procurement Director, (2) some supplier quotations were not properly kept, and (3) some “Evaluation Reports” were not signed and approved by the Chairman. | The operating unit has implemented BTCGL’s recommendations. For large-scale procurement, the procurement staff has prepared the “Bidding Invitation Application Form” and submitted it to the designated responsible personnel for approval. The quotations from all suppliers participating in the bidding are now properly kept by the Procurement Department. |
| 5. The Investment Department did not prepare a comprehensive written analysis report to summarize the due diligence information for submitting to the management for review after conducting due diligence on a targeted company. | The operating unit would prepare the project proposal for management’s review and written approval in accordance with the investment management policy. Then the Investment Department would prepare a comprehensive analysis report to summarize the due diligence information for the approval of authorized personnel. |
| 6. Relevant operating units have not implemented the control to set up a firewall to safeguard the network activities between internal and external networks. | The relevant operating units have set up a firewall and the network segments. |

Having considered the Internal Control Review Report and the remedial actions taken by the Group, the Audit Committee and the Board are of the view that:

- (i) the independent internal control review has fully evaluated the effectiveness of the Group's internal control system and has identified certain deficiencies in it;
- (ii) the identified deficiencies in the independent internal control review have been followed up and improved; and
- (iii) the follow-up actions and improvement measures implemented by the Group are sufficient in addressing the identified deficiencies.

RESUMPTION OF TRADING

For the reasons set out above, the Company is of the view that it has remedied the issues causing the trading suspension and it has fulfilled all the requirements set out in the Resumption Guidance and fully complied with the Listing Rules to the Stock Exchange's satisfaction.

Trading in shares in the Company was suspended from 9:00 a.m. on 1 April 2021 at the request of the Company. As all the Resumption Conditions have been fulfilled, the Company has made an application to the Stock Exchange for the resumption of trading in the Company's shares with effect from 9:00 a.m. on 13 October 2022 on the Stock Exchange.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
China New Energy Limited
YU Weijun
Chairman

Hong Kong, 11 October 2022

As at the date of this announcement, the Board comprises two executive directors, namely Mr. Yu Weijun (Chairman) and Mr. Tang Zhaoxing (Chief Executive Officer); and three independent non-executive directors, namely Mr. Richard Antony Bennett, Mr. Chan Shing Fat Heron and Mr. Chan Siu Shan Sam.