

CHINA RECYCLING ENERGY CORP
Form PRER14A
April 25, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No. 1)

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

China Recycling Energy Corporation
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x

No fee required.

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Fee paid previously with preliminary materials.

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

CHINA RECYCLING ENERGY CORPORATION

12/F, Tower A

Chang An International Building

No. 88 Nan Guan Zheng Jie

Xi'an City, Shaanxi Province

China 710068

April 25, 2014

Dear Stockholder:

You are cordially invited to attend the 2014 Annual Meeting of Stockholders of China Recycling Energy Corporation, a Nevada corporation, to be held at our principal executive offices, located at 12/F, Tower A, Chang An International Building, No. 88 Nan Guan Zheng Jie, Xi'an City, Shaanxi Province, 710068 China on June 19, 2014, at 10:00 a.m. local time.

The attached Notice of Annual Meeting of Stockholders and Proxy Statement describe the formal business to be transacted at the annual meeting. Our directors, officers, and representatives of our independent registered public accounting firm will be present to respond to appropriate questions from stockholders.

Please mark, date, sign and return your proxy card in the enclosed envelope by following the instructions on the proxy card at your earliest convenience. This will ensure that your shares will be represented and voted at the meeting, even if you do not attend. If you attend the meeting, you may revoke your proxy and personally cast your vote. Attendance at the meeting does not of itself revoke your proxy.

Sincerely,

/s/ Guohua Ku
Guohua Ku
Chief Executive Officer and
Chairman of the Board of Directors

CHINA RECYCLING ENERGY CORPORATION

12/F, Tower A

Chang An International Building

No. 88 Nan Guan Zheng Jie

Xi'an City, Shaanxi Province

China 710068

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held June 19, 2014

NOTICE HEREBY IS GIVEN that the 2014 Annual Meeting of Stockholders of China Recycling Energy Corporation, a Nevada corporation, will be held at our principal executive offices, located at 12/F, Tower A, Chang An International Building, No. 88 Nan Guan Zheng Jie, Xi'an City, Shaanxi Province, 710068 China on June 19, 2014, at 10:00 a.m. local time, to consider and act upon the following:

1. To elect five directors, each to serve until the 2015 Annual Meeting of Stockholders;
2. To ratify the appointment of Goldman Kurland Mohidin, LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2014;
3. To approve an amendment to our Articles of Incorporation to increase the total number of our authorized shares of common stock, par value \$0.001 per share, from 100,000,000 shares to 200,000,000 shares;
4. To approve a Nonstatutory Stock Option Agreement with our director, Mr. Chungui Shi;
5. To conduct an advisory vote on the compensation of our named executive officers; and
6. To transact such other business as properly may come before the annual meeting or any adjournments thereof. The Board of Directors is not aware of any other business to be presented to a vote of the stockholders at the annual

meeting.

Information relating to the above matters is set forth in the attached Proxy Statement. Stockholders of record at the close of business on May 9, 2014 are entitled to receive notice of and to vote at the 2014 Annual Meeting and any adjournments thereof.

By Order of the Board of Directors.

/s/ David Chong
David Chong
Chief Financial Officer and Secretary

Xi'an City, Shaanxi Province, China

May 9, 2014

Important Notice Regarding the Availability of Proxy Materials for the

Annual Meeting of Stockholders to be held on June 19, 2014:

Whether or not you plan to attend OUR 2014 annual meeting of STOCKHOLDERS, your vote is important. PLEASE READ THE ATTACHED PROXY STATEMENT AND PROMPTLY COMPLETE, EXECUTE AND RETURN THE ENCLOSED PROXY CARD IN THE ACCOMPANYING POSTAGE-PAID ENVELOPE BY FOLLOWING THE INSTRUCTIONS ON THE ENCLOSED PROXY CARD. IF YOU ATTEND OUR 2014 ANNUAL MEETING of STOCKHOLDERS, YOU MAY REVOKE YOUR PROXY AND VOTE IN PERSON IF YOU SO DESIRE.

CHINA RECYCLING ENERGY CORPORATION

12/F, Tower A

Chang An International Building

No. 88 Nan Guan Zheng Jie

Xi'an City, Shaanxi Province

China 710068

PROXY STATEMENT

FOR THE ANNUAL MEETING OF STOCKHOLDERS

To Be Held June 19, 2014

We are furnishing this Proxy Statement to the stockholders of China Recycling Energy Corporation in connection with the solicitation, by the Board of Directors of China Recycling Energy Corporation (the "Board"), of proxies to be voted at our 2014 Annual Meeting of Stockholders to be held at our principal executive offices, located at 12/F, Tower A, Chang An International Building, No. 88 Nan Guan Zheng Jie, Xi'an City, Shaanxi Province, 710068 China, on June 19, 2014, at 10:00 a.m. local time, and at any adjournments or postponements of the meeting.

When used in this Proxy Statement, the terms "we," "us," "our," the "Company" and "CREG" refer to China Recycling Energy Corporation, a Nevada corporation, and its wholly-owned subsidiary, Sifang Holdings Co., Ltd., and Sifang Holdings Co., Ltd.'s wholly-owned subsidiary, Shanghai TCH Energy Technology Co., Ltd. and Shanghai TCH Energy Technology Co., Ltd.'s wholly-owned subsidiary, Xi'an TCH Energy Technology Co., Ltd. "China" and the "PRC" refer to the People's Republic of China, excluding, for the purposes of this Proxy Statement, Hong Kong, Macau and Taiwan.

The date on which we are first sending this Proxy Statement and form of proxy card to our stockholders is on or about May 9, 2014.

This Proxy Statement, our Annual Report on Form 10-K, for fiscal year ended December 31, 2013, and other proxy materials, including the Proxy Card and the Notice of Annual Meeting, are available online at <http://www.sec.gov/edgar.shtml>. Directions to our 2014 Annual Meeting of Stockholders are available by calling

+86-29-8769-1097.

ABOUT THE 2014 Annual Meeting

General: Date, Time and Place

We are providing this Proxy Statement to you in connection with the solicitation, on behalf of our Board, of proxies to be voted at our 2014 Annual Meeting of Stockholders (the “2014 Annual Meeting”) or any postponement or adjournment of that meeting. The 2014 Annual Meeting will held on June 19, 2014, at 10:00 a.m. local time at our principal executive offices, located at 12/F, Tower A, Chang An International Building, No. 88 Nan Guan Zheng Jie, Xi’an City, Shaanxi Province, 710068 China.

Matters to be Considered and Voted Upon

At the 2014 Annual Meeting, stockholders will be asked to consider and vote (i) to elect the nominees named herein as directors, (ii) to ratify the selection of our independent registered public accounting firm, (iii) to approve an amendment to our articles of incorporation; (iv) to approve a Nonstatutory Stock Option Agreement with Mr. Chungui Shi; and (v) to conduct an advisory vote on the compensation of our named executive officers. The Board does not know of any matters to be brought before the meeting other than as set forth in the notice of meeting. If any other matters properly come before the meeting, the persons named in the enclosed form of proxy or their substitutes will vote in accordance with their best judgment on such matters.

Record Date; Stock Outstanding and Entitled to Vote

Our Board has established May 9, 2014 as the record date. Only holders of shares of the Company's common stock, par value \$.001 per share ("Common Stock"), as of the record date are entitled to notice of, and to vote at, the 2014 Annual Meeting. Each share of common stock entitles the holder thereof to one vote per share on each matter presented to our stockholders for approval at the 2014 Annual Meeting. At the close of business on April 15, 2014, we had 60,946,182 shares of common stock outstanding. We expect the same number of shares to be outstanding as of the record date.

Quorum; Required Vote

A quorum of stockholders is required for the transaction of business at the 2014 Annual Meeting. The presence of at least one-third of all of our shares of common stock issued and outstanding and entitled to vote at the meeting, present in person or represented by proxy, will constitute a quorum at the meeting. Votes cast by proxy or in person at the 2014 Annual Meeting will be tabulated by an election inspector appointed for the meeting and will be taken into account in determining whether or not a quorum is present. Abstentions and broker non-votes, which occur when a broker has not received customer instructions and indicates that it does not have the discretionary authority to vote on a particular matter on the proxy card, will be included in determining the presence of a quorum at the 2014 Annual Meeting.

Assuming that a quorum is present, our stockholders may take action at the annual meeting with the votes described below.

Election of Directors. Under Nevada law and the Fourth Amended and Restated Bylaws of the Company ("Bylaws"), the affirmative vote of a plurality of the votes cast by the holders of our shares of common stock is required to elect each director. Consequently, only shares that are voted in favor of a particular nominee will be counted toward such nominee's achievement of a plurality. Stockholders do not have any rights to cumulate their votes in the election of directors. Abstentions and broker non-votes will not be counted toward a nominee's total.

Ratification of the selection of Goldman Kurland Mohidin LLP as our independent registered public accounting firm. The affirmative vote of the holders of a majority of the outstanding shares of our common stock entitled to vote at the annual meeting is required to ratify the selection of Goldman Kurland Mohidin, LLP as our independent registered public accounting firm. Abstentions and broker non-votes will have the effect of a vote "against" the ratification of the appointment of Goldman Kurland Mohidin, LLP as our independent registered public accounting firm.

Amendment of Articles of Incorporation. The affirmative vote of the holders of a majority of the outstanding shares of our common stock entitled to vote at the annual meeting is required to approve an amendment to our Articles of Incorporation in connection with increasing the total number of our authorized shares of our Common Stock from 100,000,000 shares to 200,000,000 shares. Abstentions and broker non-votes will have the effect of a vote “against” the amendment of the Company’s Articles of Incorporation.

Approval of Nonstatutory Stock Option Agreement. The affirmative vote of the holders of a majority of the outstanding shares of our common stock entitled to vote at the annual meeting is required to approve that certain Nonstatutory Stock Option Agreement, originally dated January 31, 2011, as amended by that certain First Amendment to Nonstatutory Stock Option Agreement, dated November 11, 2013 (the “Nonstatutory Stock Option Agreement”), by and between the Company and Mr. Chungui Shi, an independent director serving on our Board. Abstentions and broker non-votes will have the effect of a vote “against” the approval of Nonstatutory Stock Option Agreement.

Non-binding advisory vote regarding the compensation of our named executive officers. The affirmative vote of the holders of a majority of the outstanding shares of our common stock entitled to vote at the annual meeting is required to approve the compensation of our named executive officers. Abstentions and broker non-votes will not be counted as votes approving the compensation of our named executive officers.

Abstentions and Broker Non-Votes

Under applicable regulations, if a broker holds shares on your behalf, and you do not instruct your broker how to vote those shares on a matter considered “routine,” the broker may generally vote your shares for you. A “broker non-vote” occurs when a broker has not received voting instructions from you on a “non-routine” matter, in which case the broker does not have authority to vote your shares with respect to such matter. Rules that govern how brokers vote your shares have recently changed. Unless you provide voting instructions to a broker holding shares on your behalf, your broker may no longer use discretionary authority to vote your shares on any of the matters to be considered at the 2014 Annual Meeting other than the ratification of our independent registered public accounting firm. Please vote your proxy so your vote can be counted.

Voting Procedure; Voting of Proxies; Revocation of Proxies

If your shares are registered directly in your name with our transfer agent, Securities Transfer Corporation, you are considered the “stockholder of record” with respect to those shares. As the stockholder of record, you may vote in person at the 2014 Annual Meeting, or vote by proxy using the accompanying proxy card, which also is available at www.shareholdervote.info/. Whether or not you plan to attend the annual meeting, we urge you to vote by proxy to ensure your vote is counted. You may still attend the 2014 Annual Meeting and vote in person even if you have already voted by proxy. Please note that the notice letter you received directing you to the website at which the proxy materials are available is not the proxy card and should not be used to submit your vote.

1. To vote in person, come to the 2014 Annual Meeting and we will give you a ballot when you arrive.

J. To vote using the proxy card, simply print the proxy card, complete, sign and date it and return it promptly to Mr. Zhigang Wu, our Vice President of Finance, at 12/F, Tower A, Chang An International Building, No. 88 Nan Guan Zheng Jie, Xi’an City, Shaanxi Province, 710068 China. Our Board has selected each of Guohua Ku and Zhigang Wu to serve as proxies.

If you do not return a signed proxy card and do not attend the meeting and vote in person, your shares will not be voted. Shares of our common stock represented by properly executed proxies that are received by us and are not revoked will be voted at the 2014 Annual Meeting in accordance with the instructions contained therein. If you return a signed and dated proxy card and instructions are not given, such proxies will be voted **FOR** election of each nominee for director named herein, **FOR** ratification of the selection of Goldman Kurland Mohidin, LLP as our independent registered public accounting firm, **FOR** an amendment of our Articles of Incorporation to increase the total number of our authorized shares of Common Stock, **FOR** approval of the Nonstatutory Stock Option Agreement, and **FOR** approval of the compensation of our named executive officers described in this Proxy Statement. In

addition, we reserve the right to exercise discretionary authority to vote proxies, in the manner determined by us, in our sole discretion, on any matters brought before the 2014 Annual Meeting for which we did not receive adequate notice under the proxy rules promulgated by the Securities and Exchange Commission (“SEC”).

If you hold your shares in “street name” through a stockbroker, bank or other nominee rather than directly in your own name, you are considered the “beneficial owner” of such shares. Because a beneficial owner is not a stockholder of record, you may not vote these shares in person at the 2014 Annual Meeting unless you obtain a “legal proxy” from the broker, bank or nominee that holds your shares, giving you the right to vote those shares at the meeting. If you wish to attend the 2014 Annual Meeting and vote in person, you will need to contact your broker, bank or nominee to obtain a legal proxy.

Your proxy is revocable at any time before it is voted at the 2014 Annual Meeting in any of the following three ways:

1. You may submit another properly completed proxy bearing a later date.
2. You may send a written notice that you are revoking your proxy to Mr. Zhigang Wu, our Vice President of Finance, at 12/F, Tower A, Chang An International Building, No. 88 Nan Guan Zheng Jie, Xi’an City, Shaanxi Province, 710068 China.

3. You may attend the annual meeting and vote in person. However, simply attending the annual meeting will not, by itself, revoke your proxy.

Dissenters' Right of Appraisal

Stockholders are not entitled to any appraisal or similar rights of dissenters with respect to any of the proposals to be acted upon at the 2014 Annual Meeting.

Proxy Solicitation

We will pay for the entire cost of soliciting proxies. In addition to these proxy materials, our directors and employees may also solicit proxies in person, by telephone or by other means of communication. Directors and employees will not be paid any additional compensation for soliciting proxies. We may also reimburse brokerage firms, banks and other agents for the cost of forwarding proxy materials to beneficial owners.

Householding

SEC rules permit us to deliver a single proxy statement and annual report to one address shared by two or more of our stockholders. This delivery method is referred to as "householding" and can result in significant cost savings. To take advantage of this opportunity, we have delivered only one proxy statement and annual report to multiple stockholders who share an address, unless we received contrary instructions from the impacted stockholders prior to the mailing date. We agree to deliver promptly, upon written or oral request, a separate copy of this Proxy Statement and annual report to any stockholder at the shared address to which a single copy of those documents were delivered. If you prefer to receive separate copies of the proxy statement and annual report, contact Mr. Zhigang Wu, our Vice President of Finance, at 12/F, Tower A, Chang An International Building, No. 88 Nan Guan Zheng Jie, Xi'an City, Shaanxi Province, 710068 China.

Stockholder List

For at least ten days prior to the meeting, a list of stockholders entitled to vote at the 2014 Annual Meeting, arranged in alphabetical order, showing the address of and number of shares registered in the name of each stockholder, will be open for examination by any stockholder, for any purpose related to the 2014 Annual Meeting, during ordinary

business hours at our principal executive offices. The list will also be available for examination at the 2014 Annual Meeting.

Other Business

The Board is not aware of any other matters to be presented at the 2014 Annual Meeting other than those mentioned in this Proxy Statement and our accompanying Notice of Annual Meeting of Stockholders. If, however, any other matters properly come before the 2014 Annual Meeting, the persons named in the accompanying proxy will vote in accordance with their best judgment.

Proposals of Stockholders for 2015 Annual Meeting

Stockholder proposals will be considered for inclusion in the proxy statement for the 2015 Annual Meeting in accordance with Rule 14a-8 under Securities Exchange Act of 1934, as amended (the "Exchange Act"), if they are received by the Company, on or before January 12, 2015.

Stockholders who intend to present a proposal at our 2015 Annual Meeting without inclusion of such proposal in our proxy materials for the 2015 Annual Meeting are required to provide notice in a timely manner and in accordance with rules and regulations promulgated under our Bylaws and the Exchange Act, which require that advance notice of a stockholder's proposal be delivered not less than ninety (90) days nor more than one hundred twenty (120) days prior to the one-year anniversary of the preceding year's annual meeting; provided, however, that if the date of the annual meeting is more than thirty (30) days before or more than sixty (60) days after such anniversary date, notice by the stockholder to be timely must be so delivered, or mailed and received, not earlier than the one hundred and twentieth (120th) day prior to such annual meeting, and not later than the ninetieth (90th) day prior to such meeting or tenth (10th) day following the day on which public disclosure of the date of such annual meeting was first made. Therefore, stockholder proposals must be received by us no earlier than February 18, 2015, but no later than March 21, 2015, and must otherwise comply with the notice requirements set forth under our Bylaws and all applicable Exchange Act and SEC rules. The chairman of our 2015 Annual Meeting may refuse to allow the transaction of any business or acknowledge the nomination of any person not made in compliance with the procedures set forth for such matters in our Bylaws.

Stockholder notice shall set forth as to each matter the stockholder proposes to bring before the annual meeting: (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the name and address, as they appear on our books, of the stockholder proposing such business, (iii) the class and number of shares of CREG, which are beneficially owned by the stockholder, (iv) any material interest of the stockholder in such business and (v) any other information that is required to be provided by the stockholder pursuant to Regulation 14A under the Exchange Act, in his capacity as a proponent to a stockholder proposal.

A stockholder's notice relating to nomination for directors shall set forth as to each person, if any, whom the stockholder proposes to nominate for election or re-election as a director: (i) the name, age, business address and residence address of such person, (ii) the principal occupation or employment of such person, (iii) the class and number of shares of CREG, which are beneficially owned by such person, (iv) a description of all arrangements or understandings between the stockholder and each nominee and any other person(s) (naming such person(s)) pursuant to which the nominations are to be made by the stockholder and (v) any other information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Regulation 14A under the Exchange Act (including without limitation such person's written consent to being named in our Proxy Statement, if any, as a nominee and to serving as a director if elected).

Proposals and notices of intention to present proposals at the 2015 Annual Meeting should be addressed to our Secretary, David Chong, at our principal executive offices, located at 12/F, Tower A, Chang An International Building, No. 88 Nan Guan Zheng Jie, Xi'an City, Shaanxi Province, 710068 China.

A copy of the full text of the provisions of our Bylaws, as amended, dealing with stockholder proposals is available to stockholders from our Secretary upon written request and an electronic copy of is available at the SEC's website located at www.sec.gov.

Voting Results of 2014 Annual Meeting

Voting results will be published in a Current Report on Form 8-K issued by us within four (4) business days following the annual meeting.

PROPOSAL 1— ELECTION OF DIRECTORS

Nominees

Our Bylaws provide that the Board shall consist of not less than three (3) nor more than eleven (11) directors. Our Board has fixed the number of directors to be elected at the 2014 Annual Meeting at five (5). Vacancies on the Board may be filled only by persons elected by a majority of the remaining directors. A director elected by the Board to fill a vacancy (including a vacancy created by an increase in the Board of Directors) will serve for the remainder of one year term in which the vacancy occurred and until the director's successor is elected and qualified.

Our Board currently consists of five (5) members. As reported on a Form 8-K filed October 30, 2013, until October 25, 2013, when Mr. Yilin Ma resigned, our Board consisted of seven (7) members. As reported on a Form 8-K filed April 3, 2014, until March 31, 2014, when Mr. Lanwei Li resigned, our Board consisted of six (6) members. Mr. Ma resigned due to the Company's satisfaction of the contractual obligation underlying his appointment to the Board, specifically the repayment of certain indebtedness owed under a Notes Purchase Agreement and a Capital Trust Loan Agreement and not as a result of any disagreement with the Company. Mr. Lanwei Li for personal reasons and not because of any disagreement with the Company.

Each of our current directors, with the exception of Mr. Julian Ha and Mr. Timothy Driscoll, will stand for re-election at the 2014 Annual Meeting. As reported on a Form 8-K filed April 22, 2014, each of Mr. Ha and Mr. Driscoll advised the Company that his decision not to stand for re-election was not due to any disagreement with the Company, its management or its other directors. All the director nominees, except for Mr. Geyun Wang and Mr. Yulong Ding, were previously elected by our stockholders.

If elected as a director at the 2014 Annual Meeting, each of the nominees would serve a one-year term expiring at the 2015 Annual Meeting of Stockholders and until his successor has been duly elected and qualified. Biographical information regarding each of the nominees is set forth below. No family relationships exist among any of our director nominees or executive officers. Other than as follows, there were no arrangements or understandings between any of our directors and any other person pursuant to which any director was to be selected as a director or selected as a nominee. Mr. Chungu Shi was initially nominated and elected as a director in accordance with the terms of an Amended and Restated Shareholders Agreement among the Company, Carlyle Asia Growth Partners III, L.P, CAGP III Co-Investment, L.P , China Cinda (HK) Asset Management Co., Ltd. and Mr. Guohua Ku, dated August 18, 2010. That agreement, and the accompanying director designation and nomination rights, has been terminated.

Each of the nominees has consented to serve as a director if elected. If any nominee should be unavailable to serve for any reason (which is not anticipated), the Board may designate a substitute nominee or nominees (in which event the persons named on the enclosed proxy card will vote the shares represented by all valid proxy cards for the election of such substitute nominee or nominees), allow the vacancies to remain open until a suitable candidate or candidates are located, or by resolution provide for a lesser number of directors.

Executive Officers and Directors

The following table sets forth certain information regarding our executive officers and director nominees as of April 18, 2014:

Name	Age	Position
Guohua Ku	52	Chief Executive Officer and Chairman of the Board
David Chong	51	Chief Financial Officer and Secretary
Zhigang Wu	42	Vice President, Finance
Xiaogang Zhu	60	Vice President, Accounting
Yulong Ding	52	Director Nominee (Independent)
Geyun Wang	46	Director Nominee, Deputy General Manager
Chungui Shi	74	Director (Independent)
Albert McLelland	55	Director (Independent)

Guohua Ku was appointed as a director and Chief Executive Officer as of December 10, 2008. He was elected Chairman of the Board as of April 1, 2009. Prior to joining the Company, Mr. Ku served as a Senior Engineer for Yingfeng Technology from 2003 to 2007. From 1979 to 2003, Mr. Ku served in multiple capacities for Shaanxi Blast Air Blower (Group) Co., Ltd., with his last position serving as a Senior Engineer. Mr. Ku's experience as our Chief Executive Officer, as well as Chairman of the Board, and extensive scientific and operational knowledge and expertise qualifies him to serve as Chairman of the Board and led the Board to conclude that he should be nominated to serve another term as a director.

David Chong, a citizen of Singapore, was appointed as Chief Financial Officer and Secretary of the Company on December 30, 2010; prior to Mr. Chong's appointment as Chief Financial Officer and Secretary of the Company, he served as a consultant with the Company since June 2010. Prior to joining the Company, Mr. Chong served as CFO for Guangdong Yan Zhi Hong Shoes Manufacturing Co., Ltd ("YZH") from January, 2007 to December, 2010. From 1991 to 2007, Mr. Chong served as the Financial Controller for Amtek Engineering Limited, where he managed the financial operations of six plants in China with annual revenues in excess of \$250 million. Mr. Chong holds the qualification in Professional Accountancy Studies from ACCA (the Association of Chartered Certified Accountants) and is fluent in both English and Mandarin. Mr. Chong's experience working with large manufacturing companies, his familiarity navigating China, US, Europe, Singapore and other capital markets and his expertise in international financial management and operations, auditing, funding, business development, internal control maintenance, corporate governance and investor relations were leading factors in his appointment as Chief Financial Officer and Secretary of the Company.

Zhigang Wu was appointed as Vice President, Finance starting in October 2007 and is responsible for the securities and financing activities of the Company. Before joining the Company, Mr. Wu worked for over a decade in the securities and investment industries with Guotai-Junan Securities and Zhongzheng Investment. Mr. Wu received a bachelor degree from Inner-Mongolia Finance & Economy University in 1998, with a major in international finance.

Xiaogang Zhu joined China Recycling Energy Corporation as Accounting Manager in December 2007. In April 2010, Mr. Zhu was appointed Vice President, Accounting. From 2005 to joining us in 2007, Mr. Zhu was the Chief Financial Officer of China Natural Gas, Inc. From 2000 through 2005, Mr. Zhu was the Vice President of Xian Dapeng Biotechnology Company. While with Xian Dapeng Biotechnology Company, Mr. Zhu served in various management roles, including time as head of accounting in which he established the accounting management and internal control systems. Mr. Zhu received his bachelor degree in Accounting from Shaanxi Finance and Accounting Institute (now Xian Jiaotong University Management School).

Chungui Shi was appointed as a director of the Company on October 7, 2010, in accordance with the terms of the Shareholders Agreement. Since May 2007, Mr. Shi has served, and continues to serve, as a non-executive director of Aluminum Corporation of China Limited, a China based aluminum exploitation, development, production, processing, sale, research and development company traded on NYSE under trading symbol of ACH, Hong Kong Stock Exchanges under stock code of 2600 and Shanghai Stock Exchange under stock code of 601600. Since April 2008, Mr. Shi has served, and continues to serve, as an independent director of Intime Department Store (Group) Company Ltd., a Hong Kong based company in department store business listed on Hong Kong Stock Exchange under stock code of 1833. In addition, Mr. Shi serves, and has since December 2009, as an independent director of China National Materials Company Ltd., a China based company mainly in cement equipment and engineering services, glass fiber, cement and high-tech materials business listed on Hong Kong Stock Exchanges under stock code of 1893. Additionally, Mr. Shi serves as an independent director of Xi'an City Commercial Bank, a commercial bank in Xi'an city, China, and has served as such since August 2010. Mr. Shi previously served as Vice Chairman of the Board of Directors, Tianjin Steel Pipe (Group) Corporation from June 2001 to September 2003, Vice President, China Cinda Asset Management Co. Ltd from April 1999 to June 2001, Vice President of the Investment Association of China from September 1995 to September 2000, and Deputy Governor of China Construction Bank from December 1993 to April 1999. Mr. Shi received his Bachelor in Finance degree from Dongbei University of Finance and Economics in 1964 and is a senior economist in China. Mr. Shi's leadership skills and extensive management experience, as well as his extensive financial structuring and operational expertise, qualifies him to serve on our board and led the Board to conclude that he should be nominated to serve another term as a director.

Albert McLelland was elected as a director at the 2011 Annual Meeting. Presently, he is a Senior Managing Director for AmPac Strategic Capital, LLC, a boutique merchant bank focusing on originating and executing cross border transactions with China, which he founded in 2001. Through AmPac, he established many strong relationships with various leading financial institutions in China to support advisory practices such as the State Development and Investment Corporation (SDIC) and China International Trust and Investment Company (CITIC). Prior to founding AmPac, Albert was a Director of Financial Advisory Services at PricewaterhouseCoopers' (PwC) and member of the Chairman's Key Account Management (KAM) team, responsible for the daily operations of their cross border transactions group operating during the Asian Financial Crisis from 1999 – 2001. Mr. McLelland, from 1993 – 1998, founded and became the Managing Director of Pearl Delta Capital Corporation in Taipei, Taiwan, a specialty

investment bank that focused on raising funds and executing cross border transactions from direct investments to mergers and acquisitions for or with Greater China-based venture capital firms. He ran corporate finance at CEF Taiwan Limited, the Taiwan branch of a large regional merchant bank that was a joint venture between Canadian Imperial Bank and Cheung Kong (a leading Hong Kong conglomerate) and began his investment banking career at Shearson Lehman underwriting bond issues. He currently serves as the Audit Chair China Housing and Land Development, Inc. (CHLN) and also served as the Chairman of the Special Committee for the sale of China Fire & Security Group (CFSG). He is an Adjunct Professor teaching “Venturing in China” at the Caruth Institute for Entrepreneurship at the Cox School of Business at Southern Methodist University as well as serving as a Guest Lecturer at the Fudan University School of Management in Shanghai. Mr. McLelland received his MBA from the University of Chicago and a Master of International Affairs from Columbia University. He did his undergraduate studies at the University of South Florida and also studied Mandarin at the National Normal University in Taiwan. In nominating Mr. McLelland for election as a director, our Board focused on his expertise in financing, auditing, cross border transactions, investment banking, mergers and acquisitions and strategic alliances within Greater China. Mr. McLelland’s extensive experience, as well as his financial and operational expertise, qualifies him to serve on our Board and led the Board to conclude that he should be nominated to serve another term as a director.

Geyun Wang currently serves as the Deputy General Manager of our subsidiary Xi'an TCH Energy Technology Co., Ltd. Mr. Wang is responsible for the procurement of engineering equipment and tendering for project construction, as well as supervision of installation and commissioning for EPC projects. Mr. Wang has held this position since 2007. Prior to this position, From 2001 to 2007, Mr. Wang served as the Vice President of Sales of Shaanxi Baoji Hongguang Iron & Steel Co., Ltd., where he was responsible for sales of steel products. Mr. Wang received his bachelor degree from Northwestern Polytechnical University in 1988. Mr. Wang's extensive project construction and management experience, as well as his extensive industry and market expertise, qualifies him to serve on our Board and led the Board to conclude that he should be nominated as a director.

Yulong Ding currently serves in instructional and leadership roles at the University of Birmingham since 2012 where he has served as the (i) Director of the Joint Institute for Energy Storage Research of University of Leeds (July 2012 – present), (ii) Director of the Birmingham Centre for Thermal Energy Storage and Birmingham Centre for Cryogenic Energy Storage (October 2013 – present), (iii) Professor of Chemical Engineering (October 2013 – present), and (iv) HPS Professor of Cryogenic Energy Storage at the Royal Academy of Engineering (March 2014 – present). Prior to his time at the University of Birmingham, Mr. Ding served as a professor and department director at the Institute of Process Engineering. Mr. Ding has served as a director for Dispersia Ltd (UK) (2006 – 2013), Netscientific Solutions (HK) (2012 – present) and Nanjing Jinhe Energy Materials Ltd (2012 – present). In addition, Mr. Ding has served, and continues to serve, as an advisory board member for Dearman Engine Ltd in the UK (August 2011 – present) and for AnSteel Group in China (July 2012 – present). In 2014, Mr. Ding was awarded the Cryogenic Energy Storage Research Chair Award from the Royal Academy of Engineering (UK). From May 2012 to the present, Mr. Ding has also served as the Editor-in-Chief of the Journal of Energy Storage Science & Technology. Prior to his time at the University of Birmingham, Mr. Ding served as a professor and department director at the Institute of Process Engineering. Mr. Ding has also developed a number of patents and earned numerous research grants. Mr. Ding received both his undergraduate study degree and his post-graduate study degree from the University of Science & Technology in Beijing in 1985 and 1988, respectively. In addition, Mr. Ding earned his PhD in 1997 at the University of Birmingham (UK). Mr. Ding has served on various conference panels and committees in both China and the UK related to his expertise in chemical engineering and energy storage, as well as other academic roles, including serving as a visiting professor at the following universities in China: (i) Southeast University (June 2013 – present), (ii) Nanjing University of Science & Technology (November 2012 – present), (iii) University of Science & Technology Beijing (October 2011 – present), (iv) Lanzhou Jiaotong University (May 2011 – present), and (v) Jiangsu University (February 2010 – present). Mr. Ding's extensive experience and expertise in industrial energy technologies, global thermal energy technologies development and chemical engineering, qualifies him to serve on our Board and led the Board to conclude that he should be nominated as a director.

All directors hold office until the next annual meeting of stockholders and until their successors have been duly elected and qualified.

There are no arrangements or understandings pursuant to which our directors are selected or nominated.

The Board recommends that the stockholders vote “FOR” the election of each of the director nominees named in this proxy statement.

CORPORATE GOVERNANCE

Leadership Structure and Role in Risk Oversight

The Company's current board leadership structure separates the board chair and principal executive officer roles into two positions. Mr. Ku has served as both Chairman of the Board and CEO of the Company since April 1, 2009. Our Board continues to believe there are important advantages to Mr. Ku serving in both roles at this time. Mr. Ku is the director most familiar with our business and industry and is best situated to propose Board agendas and lead Board discussions on important matters. Mr. Ku provides a strong link between management and the Board, which promotes clear communication and enhances strategic planning and implementation of corporate strategies. Another advantage is the clarity of leadership provided by one person representing us to employees, stockholders and other stakeholders. The Board has not named a lead independent director.

Our Board is responsible for oversight of the Company's risk management practices while management is responsible for the day-to-day risk management processes. In the Board's opinion, this division of responsibilities is the most effective approach for addressing the risks facing the Company. The Board receives periodic reports from management regarding the most significant risks facing the Company. In addition, the Audit Committee assists the Board in its oversight of our risk assessment and risk management policies. Our Audit Committee is empowered to appoint and oversee our independent registered public accounting firm, monitor the integrity of our financial reporting processes and systems of internal controls and provide an avenue of communication among our independent auditors, management, our internal auditing department and our Board.

Diversity

The Board does not have a formal policy with respect to Board nominee diversity. In recommending proposed nominees to the full Board, the Corporate Governance and Nominating Committee is charged with building and maintaining a board that has an ideal mix of talent and experience to achieve our business objectives in the current environment. In particular, the Corporate Governance and Nominating Committee is focused on relevant subject matter expertise, depth of knowledge in key areas that are important to us, and diversity of thought, background, perspective and experience so as to facilitate robust debate and broad thinking on strategies and tactics pursued by us.

Director Independence

Timothy Driscoll, Julian Ha, Albert McLelland and Chungui Shi are our only current non-employee directors, and our Board has determined that each of them is independent pursuant to the listing rules of NASDAQ. In addition, our Board has determined that director nominee Yulong Ding is also independent pursuant to the listing rules of NASDAQ. All of the members of each of the Audit Committee, Compensation Committee and Corporate Governance and Nominating Committee are independent as defined in NASDAQ Rule 5605(a)(2). As required under applicable NASDAQ listing standards, in the 2013 fiscal year, our independent directors met 2 times in regularly scheduled executive sessions at which only our independent directors were present.

Board Meetings and Committee Meeting; Annual Meeting Attendance

During the year ended December 31, 2013, the Board held 4 meetings and acted through unanimous consent on 2 different occasions. In addition, the Audit Committee held 9 meetings; the Corporate Governance and Nominating Committee held 2 meetings; and the Compensation Committee held 2 meetings. During the year ended December 31, 2013, each of the directors attended, in person or by telephone, more than 75% of the meetings of the Board and the committees on which he or she served. We encourage our Board members to attend our Annual Meetings, but we do not have a formal policy requiring attendance. All of our then sitting Board members attended the 2013 Annual Meeting.

Corporate Governance and Nominating Committee

The Corporate Governance and Nominating Committee currently consists of Timothy Driscoll, Julian Ha and Albert McLelland. Mr. Driscoll is the chairman of our Corporate Governance and Nominating Committee. As a result of Mr. Driscoll and Mr. Ha's decision not to stand for re-election to our Board, there will be two vacancies following our 2014 Annual Meeting, including the position of Chairman of the Corporate Governance and Nominating Committee. Subject to stockholder approval, the Board has identified Mr. Yulong Ding and Mr. Geyun Wang to replace Mr. Driscoll and Mr. Ha as members of the Corporate Governance and Nominating Committee. To date, our Board has not identified a qualified candidate to replace Mr. Driscoll as Chairman of the Corporate Governance and Nominating Committee; however, the Board plans to appoint a member of the Corporate Governance and Nominating Committee to fill this vacancy in the near future.

The Corporate Governance and Nominating Committee oversees all aspects of the Company's corporate governance functions on behalf of the Board, including identifying individuals qualified to become directors, recommending to the Board the selection of director nominees for each meeting of the stockholders at which directors are elected and overseeing the monitoring and evaluation of the Company's corporate governance practices. The Corporate Governance and Nominating Committee reviewed the performance of all of the current members of the Board and determined and recommended to the Board that all of the current directors should be nominated for re-election. No other candidates were recommended or evaluated. The Corporate Governance and Nominating Committee operates under a written charter, which is available on our website at www.creg-cn.com under the links "Investor Relations – Corporate Governance."

Selection of Board Nominees

Our Corporate Governance and Nominating Committee is responsible for identifying, selecting and evaluating Board candidates. From a general perspective, candidates are reviewed in the context of the existing Board members, our operating requirements and the long-term interests of our stockholders. In selecting candidates for appointment or re-election to the Board, the Corporate Governance and Nominating Committee of the Board considers the following criteria: (i) personal and professional ethics and integrity, including a reputation for integrity and honesty in the business community; (ii) experience as an executive officer of companies or as a senior leader of complex organizations, including scientific, government, financial or technological organizations; (iii) financial knowledge, including an understanding of finance, accounting, the financial reporting process, and company measures for operating and strategic performance; (iv) ability to critically and independently evaluate business issues, contributing a diverse perspectives or viewpoints, and making practical and mature judgments; (v) a genuine interest in the Company, and the ability to spend the time required to make substantial contributions as a director; and (vi) no conflict of interest or legal impediment that would interfere with the duty of loyalty to the Company and its stockholders. In addition, the Corporate Governance and Nominating Committee reviews the qualifications of the directors to be appointed to serve as members of the Audit Committee to ensure that they meet the financial literacy and sophistication requirements under the NASDAQ rules and that at least one of them qualifies as an "audit committee financial expert" under the rules of the SEC.

Audit Committee

The Audit Committee currently consists of Timothy Driscoll, Julian Ha and Albert McLelland, each of whom is independent under NASDAQ listing standards. Mr. McLelland serves as chairman of our Audit Committee. As a result of Mr. Driscoll and Mr. Ha's decision not to stand for re-election to our Board, there will be two vacancies on the Audit Committee following our 2014 Annual Meeting. Subject to stockholder approval, the Board has identified Mr. Yulong Ding and Mr. Chungui Shi to replace Mr. Driscoll and Mr. Ha as members of the Audit Committee.

The Board determined that Mr. McLelland qualifies as an “audit committee financial expert,” as defined by NASDAQ Rule 5605(a)(2) and Item 407 of Regulation S-K. In reaching this determination, the Board made a qualitative assessment of Mr. McLelland’s level of knowledge and experience based on a number of objective and subjective factors, including formal education, financial and accounting acumen, and business experience. The Audit Committee is responsible for assisting the Board in fulfilling its oversight responsibilities with respect to: (i) the financial reports and other financial information provided by us to the public or any governmental body; (ii) our compliance with legal and regulatory requirements; (iii) our systems of internal controls regarding finance, accounting and legal compliance that have been established by management and the Board; (iv) the qualifications and independence of our independent registered public accounting firm; (v) the performance of our internal audit function and the independent registered public accounting firm; and (vi) our auditing, accounting and financial reporting processes generally. The Audit Committee has been established in accordance with Section 3(a)(58)(A) of the Exchange Act. In connection with its responsibilities, the Board has delegated to the Audit Committee the authority to select and hire our independent registered public accounting firm and determine their fees and retention terms. The Audit Committee’s policy is to pre-approve all audit and non-audit services by category, including audit-related services, tax services, and other permitted non-audit services. In accordance with the policy, the Audit Committee regularly reviews and receives updates on specific services provided by our independent registered public accounting firm. All services rendered by Goldman Kurland Mohidin, LLP to the Company are permissible under applicable laws and regulations. During fiscal year 2013, all services requiring pre-approval and performed by Goldman Kurland Mohidin, LLP were approved in advance by the Audit Committee in accordance with the pre-approval policy. The Audit Committee operates under a written charter, which is available on our website at www.creg-cn.com under the links “Investor Relations – Corporate Governance.”

Compensation Committee

The Compensation Committee currently consists of Timothy Driscoll, Chungui Shi and Julian Ha. Mr. Ha is the chairman of our Compensation Committee. As a result of Mr. Driscoll and Mr. Ha's decision not to stand for re-election to our Board, there will be two vacancies on the Compensation Committee following our 2014 Annual Meeting, including the position of Chairman of the Compensation Committee. Subject to stockholder approval, the Board has identified Mr. Yulong Ding and Mr. Albert McLelland to replace Mr. Driscoll and Mr. Ha as members of the Compensation Committee. To date, our Board has not identified a qualified candidate to replace Mr. Ha as Chairman of the Compensation Committee; however, the Board plans to appoint a member of the Compensation Committee to fill this vacancy in the near future

The Compensation Committee's purpose is (i) to oversee the Company's efforts to attract, retain and motivate members of the Company's senior management team, (ii) to carry out the Board's overall responsibility relating to the determination of compensation for all executive officers, (iii) to oversee all other aspects of the Company's compensation policies, and (iv) to oversee the Company's management resources, succession planning and management development activities. The Compensation Committee has the authority to engage independent advisors to assist it in carrying out its duties. During fiscal year 2013, the Compensation Committee did not engage the services of any independent advisors, experts or other third parties. We believe that the functioning of our Compensation Committee complies with any applicable requirements of NASDAQ and SEC rules and regulations. The Compensation Committee operates under a written charter, which is available on our website at www.creg-cn.com under the links "Investor Relations – Corporate Governance."

Compensation Committee Interlocks and Insider Participation in Compensation Decisions

All members of the Compensation Committee are independent directors. No member of our Compensation Committee is a current or former officer or employee of the Company or any of its subsidiaries, and no director or executive officer of the Company is a director or executive officer of any other corporation that has a director or executive officer who is also a director of the Company.

Stockholder Communication with the Board of Directors

Stockholders may communicate with the Board by writing to the attention of Mr. Zhigang Wu, our Vice President of Finance, at 12/F, Tower A, Chang An International Building, No. 88 Nan Guan Zheng Jie, Xi'an City, Shaanxi Province, 710068 China.

Code of Ethics

We have adopted a “code of ethics” as defined by regulations promulgated under the Securities Act of 1933, as amended, and the Exchange Act that applies to all of our directors and employees worldwide, including our principal executive officer, principal financial officer and principal accounting officer. A current copy of our Code of Business Conduct and Ethics is available on our website at www.creg-cn.com under the links “Investor Relations—Corporate Governance.” We intend to disclose any amendments to the Code of Business Conduct and Ethics, as well as any waivers for executive officers or directors, on our website.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information provided to us by each of the following as of April 24, 2014 (unless otherwise indicated) regarding their beneficial ownership of our common stock:

- each person known by us to be the beneficial owner of more than 5% of our common stock;
- each of our directors and named executive officers;
- each of our officers and directors that served in such capacity during 2013, but no longer served in that capacity at the end of the fiscal year; and
- all of our directors and executive officers as a group.

Beneficial ownership is determined in accordance with the rules of the SEC and includes voting and investment power with respect to the securities. Except as indicated by footnote, and subject to applicable community property laws, the persons and entities named in the table below have sole voting and sole investment power with respect to the shares set forth opposite each person's or entity's name.

Beneficial Owner	Common Stock			
	Beneficially Owned			
	Number of Shares		Percent of Class	
Pucheng Xin Heng Yuan Biomass Power Generation Corporation No 505, Block A, Bei Shao Men, Shi Ji Jin Yuan Residential Quarter, No. 14 Wei Yang Road Xi'an City, Shannxi Province, China 71004	8,766,547	(1)	14.39	%
Carlyle Asia Growth Partners III, L.P. c/o The Carlyle Group 1001 Pennsylvania Avenue, NW, Suite 220 South Washington, DC 20004-2505	8,400,898	(2)	13.79	%
Great Essential Investment, Ltd. 12/F, Tower A Chang An International Building No. 88 Nan Guan Zheng Jie Xi An City, Shaan Xi Province China 710068	4,065,040	(3)	6.67	%
Guohua Ku	18,706,943		30.69	%
Lanwei Li	213,669		*	
Chungui Shi	40,000	(4)	*	
Xiaogang Zhu	120,000		*	
Zhigang Wu	170,000	(5)	*	
David Chong	100,000		*	
Timothy Driscoll	35,261	(6)	*	
Julian Ha	40,000	(7)	*	
Geyun Wang	85,468		*	
Yilin Ma	135,468		*	
Yulong Ding	—		*	
Albert McLelland	—		*	
All executive officers and directors as a group (12 persons)	19,363,787	(8)	31.77	%

*Less than one percent (1%) of outstanding shares.