

31 March 2015

**China New Energy Limited**

**(“CNE” or “the Company”)**

**Trading Update**

The Board of CNE (AIM:CNEL), the AIM quoted engineering and technology solutions provider to the bioenergy sector, is pleased to provide an update of business activities and an outlook for this financial year.

The bioenergy industry predominantly produces biofuel for transportation and is considered as a substitute for oil based fuels. The demand for biofuel and new biorefineries is typically negatively correlated to the price of oil. The recent fall in oil prices has undoubtedly caused delays and cancellations within our industry. With this in mind, the directors of CNE have recently visited their project partners and their local stakeholders around the world to gain a detailed understanding of the project drivers and implementation timetables of the projects that have previously been announced.

The Company is pleased to report that whilst there have been some delays, the projects are broadly proceeding as planned. It is the opinion of the directors that across the Company’s markets of Asia and Sub-Saharan Africa drivers including energy-security and job creation carry equal importance to the current price of oil, mitigating some of the effects of the depressed oil price on the Company’s pipeline of projects.

The directors’ expectations for the projects that have previously been announced are as follows:

Hungary

Visontai Bioetanol Fejlesztő Korlátolt Felelősségű Társaság (“Visontai”) has informed CNE that the 30 million Euro project finance has been agreed with local banks and that CNE should expect to commence the construction of the 150 million litre per year corn-ethanol biorefinery in 2015. CNE will undertake the project in partnership with the Oriental Scientific Instrument Import and Export Corporation (“OSIC”) and local construction companies. CNE has an option to acquire 24% of the Visontai project.

Hungary is a net-importer of petroleum and the ethanol will be used to supply the domestic fuel market.

Thailand

CNE and its partner OSIC designed and constructed a 120 million litre per year cassava-ethanol biorefinery for Ubon Bio Energy (“UBE”), which was opened by princess Sindhorn in 2014. Since opening, the project has won many accolades for the positive impact on the local community including: creating 600 jobs at the biorefinery, creating economic opportunities for 10,000 cassava out-growers and reducing the local cost of petrol. As a result of this, UBE has commissioned a second project from CNE and OSIC. To meet local environmental legislation, UBE is currently conducting an Environmental Impact Assessment (“EIA”) for the new project. UBE has reported to CNE that it expects to gain regulatory approval and commence the project in 2015.

Sub-Saharan Africa

CNE entered into a development partnership with Sunbird Bioenergy Africa (“Sunbird”) in 2013 with the intention of developing an initial 120 million litre per year cassava-ethanol in Nigeria with an additional 9 projects forecast across the region.

Sunbird and the local development partner OBAX World Wide Limited (“OBAX”) reported that they have completed the land and agricultural survey and crop enumeration of the 20,000 Ha of land for the project and are awaiting the final certificate of occupancy from the Ministry of Agriculture and Rural Development. Sunbird and OBAX have met the conditions needed for the certificate of occupancy and expect it to be granted imminently. It is likely that the project will commence in 2015 and CNE will be responsible for the design and biorefinery technology.

CNE has also reviewed Sunbird’s project pipeline for the region and met with key stakeholders in Zambia and Zimbabwe. Employment and energy security were identified as the key drivers for bioenergy projects in the region. Sunbird has been awarded an investment license by the Zambian Development Agency for US\$150 million to build a cassava to ethanol biorefinery and cassava plantation. CNE is optimistic about tendering for a part of this business in due course.

### China

The market for first generation bioenergy projects remains slow as legislation favours the development of second generation projects that use cellulosic (non-food) feedstocks. Currently CNE has a project pipeline of £5m in maintenance and upgrade agreements for previously built first generation projects. It remains committed to research and development of Second Generation projects.

### Outlook

CNE is continuing its previously stated strategy of winning new EPC contracts within the bioenergy industry and seeking to own and manage its own bioenergy projects.

“The unstable oil price has created challenges for the bioenergy market, but whilst this has caused some delays, our clients are confident that their projects are proceeding because of the positive job creation and energy security benefits they deliver to their countries” commented Mr Yu, Chairman “we remain confident that bioenergy will remain an important component of the international renewable energy mix and that CNE will implement these projects and continue to win additional business.”

For further information, please visit [www.chinaneenergy.co.uk](http://www.chinaneenergy.co.uk) or contact:

#### **China New Energy Limited**

Richard Bennett [rbennett@zkty.com.cn](mailto:rbennett@zkty.com.cn) Tel: +44 7966 388 374

Ivy Xu [xuhj@zkty.com.cn](mailto:xuhj@zkty.com.cn) Tel: +86 20 8705 9371

#### **Cairn Financial Advisers LLP (Nomad)**

Jo Turner / Liam Murray Tel: +44 20 7148 7900

#### **Daniel Stewart and Company (Broker)**

Martin Lampshire

Tel: +44 20 7776 6550