

18 July 2012

China New Energy Limited  
("CNE" or the "Company" or the "Group")

### **Trading Update**

#### **CNE AWARDED £7.4M CONTRACT BY ETHANOL PRODUCER JEIC**

CNE is pleased to announce that, further to the Company's announcement on 5 December 2011, it has been awarded a RMB74 million (c. £7.4m) contract by Jilin Ethanol Industrial Company ("JEIC"). The contract has been granted to the Group's wholly owned subsidiary, Guangzhou Zhongke Tianyuan Limited ("ZKTY"), to improve production efficiency and capacity of JEIC's plants. ZKTY expects to start work on the contract immediately with completion of the majority of the work occurring by the end of 2012.

As previously announced, JEIC is an amalgamation of state-owned ethanol producers in Jilin Province in China with an annual aggregate ethanol production capacity of 600,000 tonnes and a 25% interest in a further 500,000 tonnes of annual biofuel-grade ethanol capacity. JEIC is targeting to increase its annual ethanol production to 1,000,000 tonnes by 2013 and, with an estimated budget of not less than RMB280 million (c. £28.0 million), the Board is hopeful that this significant contract will mark the first in a series of contracts for the Group.

Following its production capacity increase, the Board believes JEIC will be the largest ethanol producer in Asia.

#### **ORDER BOOK**

As announced on 26 March 2012, the Company had secured contracts worth RMB55 million (c. £5.5 million). First quarter orders to 31 March 2012 stood ahead of the same period to 31 March, however, due to weak economic conditions and tightening credit conditions globally, trading has been challenging since then.

With the inclusion of JEIC, the total value (net of VAT) of new contracts secured in the year to date is approximately RMB128 million (circa £12.8 million) compared to RMB154 million (£15.4 million) for the same period last year. The Group's current order book (net of VAT) is approximately RMB118 million (£11.8 million) versus RMB144 million (£14.4 million) for the same period last year.

#### **HALF-YEARLY RESULTS**

The Company expects to provide its half-yearly report to 30 June 2012 to shareholders in early September 2012.

Zhaoxing Tang, Chief Executive Officer of CNE, commented: "We are very pleased to be awarded this large EPC contract and believe that our strategic collaboration with JEIC will form a strong platform for growth in the medium term. We expect this to be the first of a number of major contracts from JEIC as it strives to upgrade and increase production capacity during the next 18 months."

Weijun Yu, Chairman of CNE, commented: "The market conditions this year are more challenging than we had expected and may impede the Company's growth in 2012. Nevertheless, despite the adverse operating environment and tight credit conditions around the world, we have shown we are still winning large EPC contracts."

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

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**About China New Energy Limited**

China New Energy Limited listed on London's AIM Market in May 2011. It is a profitable and growing technology and engineering solutions provider, whose operations are based in China, for bioethanol and biobutanol projects.

Through its wholly owned subsidiary, Guangdong Zhongke Tianyuan New Energy Science and Technology Co. Ltd ("ZKTY"), CNE provides process technology, engineering designs, plant manufacturing and operational services in connection with the production of fuel ethanol, edible

ethanol, biobutanol, bioacetic acid and other chemicals from agricultural plant materials and waste. CNE's activities are principally based in the PRC, however, it also provides services to overseas customers in areas including Romania, Taiwan, Russia, Thailand and Indonesia. Since its formation, ZKTY has advised on more than 90 projects with an aggregate production capacity of approximately 9.0 million tonnes per year.

ZKTY has proprietary and patented bioenergy technology, and maintains its own research and development laboratory to further develop its technology and patent portfolio. ZKTY has received international standards accreditations, including ISO 9001:2000, ISO 9001:2008 and CE marking for part of its equipment.