

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

Final Results for the Year Ended 31 December 2014

The Board of CNE (AIM:CNEL), the AIM quoted engineering and technology solutions provider to the bioenergy sector, presents its final results for the year ended 31 December 2014.

Highlights:

- Total revenue of RMB57 million (c.£6.0 million) an increase of 29.5% from RMB44 million (c. £4.6 million)
- Acquired 24% of the issued equity of the Visontai Bioetanol Fejlesztő Korlátolt Felelősségű Társaság ("Visontai") bioethanol project in Hungary for €250,000.
- MOU with Ubon Bio Ethanol Co., Ltd ("Ubon") to build a second biorefinery in Thailand
- Winner of the China Alcoholic Drinks Association's ("CADA") 2013 annual award for Science and Technology Improvement in recognition of the Company's patented Five-Tower Two-stage Differential Pressure Distillation Equipment & Process for Superfine-grade Edible Alcohol technology (Patent Number ZL 2007 1 0030550.8).
- Total order book currently stands at RMB533 million (c. £57.8 million)

Indicative exchange rates as at 31 December 2014 £1: RMB 9.56
Source : www.oanda.com

Mr. Yu commented "Our strategy of focusing on emerging markets including Eastern Europe, South East Asia and Africa is beginning to gain traction and I am very pleased that the order book is now RMB533 million (c. £57.8 million). I am especially pleased with our 24% equity stake in the Visontai ethanol project, because when it enters production, it will help us achieve our goal of generating recurring income".

For further information, please visit www.chinanewenergy.co.uk or contact:

China New Energy Limited

Richard Bennett
Ivy Xu

www.chinanewenergy.co.uk

rbennett@zkty.com.cn
xuhj@zkty.com.cn

Tel: +44 7966 388374
Tel: +86 20 8705 9371

Cairn Financial Advisers LLP (Nomad)

Jo Turner / Liam Murray

Tel: +44 20 7148 7900

Daniel Stewart and Co

Martin Lampshire / David Coffman

Tel: +44 20 7776 6550

CHAIRMAN'S STATEMENT

For the year ended 31 December 2014, the group's total revenue was RMB57 million (c. £6.0 million), an increase of 29.5% from RMB44 million (c. £4.6 million).

We are pleased to see signs of a recovery within the global ethanol market. Over the last few years the industry has faced many headwinds due to the global economy and, not least, due to the recent fall in oil prices. The management team of China New Energy Ltd ("the Company" or "CNE") has responded to this by focussing on emerging markets that benefit most from ethanol production including South East Asia, Eastern Europe and Africa. I am very pleased that this strategy is beginning to gain traction and that the

group, being CNE and its subsidiary, secured new contracts in 2014 of RMB84.8 million (c. £8.9 million) and our total order book balance is now RMB533 million (c. £55.8 million).

The gross profit for the year was RMB4.3 million (c. £0.45 million) up from gross loss of RMB2.3 million (c. £0.24 million), which is in line with the increased revenue. Through cost cutting measures, the selling and administrative expenses decreased by 5.7% from RMB15.6 million (c. £1.6 million) to RMB14.7 million (c. £1.54 million). The net overprovision of bad debts in the previous year of RMB7 million (c. £0.73 million) is reversed compared to impairment of RMB33.8 million (c. £3.53 million) in 2013.

For the year 2014, the company recorded a net loss for the year of RMB8.5 million (c. £0.89 million), a decrease from a net loss of RMB 59.2 million (c. £6.2 million).

Products and Services

The group principally provides EPC (Equipment, Procurement and Construction) services and VAS (Value Added Service) to ethanol and biobutanol producers. The EPC team primarily design and build commercial-scale biorefineries that convert feedstock into ethanol for both the biofuel and edible alcohol markets, whilst the VAS team provide services and technology to optimise the ethanol production at existing biorefineries.

CNE is a market leader in China at designing and building 1st Generation biorefineries that convert agricultural feedstock such as corn, cassava and sugarcane into ethanol. We have completed more than 100 1st Generation projects in China and around the world.

The market is now evolving as our customers in China and other developed nations seek to use cellulosic (non-food) feedstock such as corn stover and municipal waste in 2nd Generation biorefineries. It remains a priority for CNE to commercialise the 2nd Generation technology, as we believe this will stimulate demand for building new biorefineries in China and around the world.

Group Strategy and Sales Pipeline

The Group's strategy remains to:

- 1) Acquire equity interest in biorefinery projects. The board seeks to diversify from EPC contracts where income can be uneven, and develop operating businesses with consistent recurring income.
- 2) Sell VAS and maintenance services to existing customers. In particular the board sees opportunity to sell energy efficiency technology to reduce the operating costs for current customers.
- 3) Sell EPC contracts to develop biorefinery projects. The company is focusing on 1st Generation projects in emerging countries in Africa, Eastern Europe and South East Asia and 2nd Generation projects in China and other mature markets.

I am pleased to report that CNE is making progress in all 3 areas. Most significantly we are making progress to our goal of delivering consistent recurring income. After the yearend, CNE acquired a 24% stake in the Visontai Bioetanol Fejlesztő Korlátolt Felelősségű Társaság ("Visontai") bioenergy project that we are developing in Hungary. The completed biorefinery is expected to produce 150 million litres of bioethanol per year, which will be sold to the international market. Total gross EPC income from the contract is expected to be €34 million from which c.€11 million will be due to local contractors. Once the biorefinery is commissioned, CNE expects to earn a recurring income from the sales of ethanol in 2017 and beyond.

We also continue to make progress on our sales pipeline of EPC contracts, particular in South East Asia and Sub-Saharan Africa. CNE recently completed the design and construction of UBE's cassava-to-ethanol biorefinery in Thailand. 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. 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.

In 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-to-ethanol biorefinery in Nigeria with an additional 9 projects forecast across the region. In Nigeria, 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.

During the period, CNE reviewed Sunbird's project pipeline for the region and met with key stakeholders in Zambia and Zimbabwe. As in Thailand, 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.

Research and development

A major goal of CNE remains to commercialise 2nd Generation technology that converts cellulosic biomass (agricultural waste) into fuel grade ethanol and butanol. During the year, our R&D team made significant progress in developing new processes and achieved recognition as a provincial R&D centre from previous city's level. We applied for four new invention patents. The group now holds a total of 29 patents and intends to remain a leading developer of intellectual property in the bioenergy sector.

Outlook

In general, I am optimistic about the group's prospects in 2015 and beyond. CNE has the strongest order book and sales pipeline that we have had in recent years for our EPC services, and we are making steady progress towards our goal of owning a biorefinery project and delivering a recurring income from the sales of ethanol. There is no doubt that there will be challenges due to the global economic climate and the unstable oil price. However, the Board and management are feeling energized and committed to deliver growth this year, and build a strong foundation for sustainable growth in the future.

On behalf of the Board, I would like to extend my appreciation to our valued shareholders, supportive business partners and associates, insightful management and dedicated staff for all their contribution and commitment towards the company. I would also like to thank the Board of Directors for their invaluable counsel in steering the group through this exciting time.

CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2014

	Group		Company	
	As at 31 December		As at 31 December	
	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	Restated RMB'000
Non-current assets				
Property, plant and equipment	7,900	11,747	-	-
Intangible assets	8,138	6,392	-	-
Trade receivables	3,523	3,523	-	-
Investment in subsidiary	-	-	37,141	44,253
Investment	-	150	-	-
	19,561	21,812	37,141	44,253
Current assets				
Inventories	11,841	15,698	-	-
Due from customers for construction contracts	38,075	48,516	-	-
Trade and other receivables	45,167	43,249	3,631	3,702
Cash and cash equivalents	14,875	15,198	4,497	3,731
	109,958	122,661	8,128	7,433
Current liabilities				
Borrowings	6,600	6,600	-	-
Trade and other payables	77,452	88,693	11,063	13,153
Due to customers for construction contracts	14,040	15,414	-	-
Income tax payable	8,776	8,776	17	18

	106,868	119,483	11,080	13,171
Net current assets/(liabilities)	3,090	3,178	(2,952)	(5,738)
Non-current liabilities				
Deferred tax liabilities	815	815	-	-
	815	815	-	-
Net assets	21,836	24,175	34,189	38,515
Equity				
Share capital	1,325	1,214	1,325	1,214
Share premium	54,925	49,118	54,925	49,118
Combination reserve	(33,156)	(33,156)	-	-
Statutory reserve	12,328	12,328	-	-
Warrant reserve	1,673	1,673	1,673	1,673
Own shares	-	(5,853)	-	-
Accumulated losses	(38,895)	(24,690)	(17,182)	(8,101)
Foreign currency translation reserve	23,636	23,541	(6,552)	(5,389)
	21,836	24,175	34,189	38,515

CONSOLIDATED AND COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	Group		Company	
		Year ended 31 December		Year ended 31 December	
		2014	2013	2014	2013
		RMB'000	RMB'000	RMB'000	Restated RMB'000
Revenue	30	57,309	44,367	-	-
Cost of sales		(53,010)	(46,705)	-	-
Gross profit/(loss)		4,299	(2,338)	-	-
Other operating income	20	323	1,147	-	-
Selling and distribution expenses		(3,200)	(3,626)	-	-
Administrative expenses		(11,517)	(11,987)	(3,332)	(2,969)
Other operating expenses	21	(1,857)	(1,695)	-	-
Finance costs		(791)	(995)	(8)	(655)
Bad debts provision (net)		6,970	(33,772)	-	-
Impairment loss on investment		(150)	(30,800)	-	(16,738)
Impairment loss on PPE		(1,500)	-	-	-
Impairment on inventories		(1,031)	-	-	-
Other gains and losses	19	-	24,866	(5,741)	24,866
(Loss)/profit before tax	22	(8,454)	(59,200)	(9,081)	4,504
Income tax expense	23	(10)	7	-	-
(Loss)/profit for the year attributable to owners of the company		(8,464)	(59,193)	(9,081)	4,504
Other comprehensive income					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Exchange difference arising on translating foreign operations		95	1,196	(1,163)	(37)
Exchange difference on cancellation of EBT		112	-	-	-

Other comprehensive income for the year		<u>207</u>	<u>1,196</u>	<u>(1,163)</u>	<u>(37)</u>
Total comprehensive income for the year attributable to owners of the company		<u>(8,257)</u>	<u>(57,997)</u>	<u>(10,244)</u>	<u>4,467</u>
<i>Loss per share (RMB)</i>	24				
Basic		<u>(0.023)</u>	<u>(0.185)</u>		
Diluted		<u>(0.023)</u>	<u>(0.190)</u>		
<i>Loss per share (Pence)</i>					
Basic		<u>(0.242)</u>	<u>(1.847)</u>		
Diluted		<u>(0.242)</u>	<u>(1.894)</u>		

Exchange rate £1: RMB9.6841 (2013: £1: RMB10.0056)

CONSOLIDATED AND COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2014

	Group As at 31 December		Company As at 31 December	
	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Operating activities				
(Loss)/profit before tax	(8,454)	(59,200)	(9,081)	4,504
Adjustments for:				
Depreciation and amortisation	2,619	2,219	-	-
Bad debt provision (net)	(6,970)	33,772	-	-
Loss/(gain) on disposal of PPE	2	(223)	-	-
Redemption of Citadel bond	-	(24,866)	-	(24,866)
Interest income	(92)	(153)	-	-
Interest expenses	791	995	-	655
Impairment of inventories	1,031	-	-	-
Impairment of PPE	1,500	-	-	-
Impairment of investment	150	30,800	-	16,738
Cancellation of EBT	-	-	5,477	-
Exchange difference	207	-	472	-
Operating cash flows before movements in working capital	(9,216)	(16,656)	(3,132)	(2,969)
Decrease/(increase) in inventories	2,826	(3,412)	-	-
Decrease in due from customers for construction contract	10,283	24,219	-	-
(Increase)/decrease in trade and other receivables	(9,125)	(4,895)	71	113
Increase/(decrease) in trade and other payables	2,529	(6,521)	(2,091)	(1,628)
(Decrease)/increase in due to customers for construction contract	(809)	4,889	-	-
Cash used in operations	(3,512)	(2,376)	(5,152)	(4,484)
Income taxes paid	(10)	(246)	-	-
Net cash used in operating activities	(3,522)	(2,622)	(5,152)	(4,484)

Investing activities

Purchase of property, plant and equipment	(71)	(2,956)	-	-
Expenditure on intangible assets	(1,949)	(1,831)	-	-

Net cash used in investing activities

(2,020)	(4,787)	-	-
---------	---------	---	---

Financing activities

Proceeds from borrowings	6,600	6,600	-	-
Repayment of borrowings	(6,600)	-	-	-
Proceeds from issuance of shares	5,918	10,027	5,918	10,027
Redemption of convertible bonds	-	(4,488)	-	(4,488)
Dividend received	-	-	-	2,634
Interest received	92	153	-	-
Interest paid	(791)	(995)	-	(3)

Net cash from financing activities

5,219	11,297	5,918	8,170
-------	--------	-------	-------

Net (decrease)/increase in cash and cash equivalents

(323)	3,888	766	3,686
-------	-------	-----	-------

Cash and cash equivalents at beginning of year

15,198	11,310	3,731	45
--------	--------	-------	----

Effect of exchange rate changes

-	-	-	-
---	---	---	---

Cash and cash equivalents at end of year

14,875	15,198	4,497	3,731
--------	--------	-------	-------

Notes to the financial statements**1. General information**

The company (or “CNE”) with registration number 93306 was incorporated in Jersey on 2 May 2006 as an investment holding company. The company is domiciled in Jersey with its registered office at Queensway House, Hilgrove Street, St Helier, Jersey JE1 1ES.

The principal activities of its main subsidiary, Guangdong Zhongke Tianyuan New Energy Science and Technology Co Ltd. (“ZKTY”) are engaged in turnkey technology solutions to manufacturers of ethanol, edible alcohol and acetic acid from a range of bio-resources including corn, sugarcane, cassava and other bio-resources.

The principal place of business is located at No 4, Nengyuan Road, Wushan, Tianhe District, Guangzhou, People’s Republic of China (“PRC”).

2. Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (“IFRS”) issued by the International Accounting Standards Board (“IASB”), including related Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

The consolidated financial statements incorporate the financial information of the company and its subsidiaries (“the group”). The subsidiaries are entities (including special purposes entities) over which the company has the power to govern the financial operating policies, generally accompanied by a shareholding giving rise to the majority of the voting rights, as to obtain benefits from their activities.

The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the group are presented in Chinese Renminbi (“RMB”), which is the presentation currency for the consolidated and company financial statements. The functional currency of the company is British pound sterling (“GBP”). As the group mainly operates in the PRC, RMB is used as the presentation currency of the group. All financial information presented in RMB has been recorded to the nearest thousand.

The group has adopted all relevant standards effective for accounting periods beginning on or after 1 January 2014.

As at end of the reporting year, the group has not adopted the following standard as it is either not effective or not applicable to the group's business.

3. Loss per share

The calculation of loss per share is based on group's loss for the year and the weighted average number of shares in issue after adjusting for movement in own shares during the financial year. There is no potential dilutive share or share options outstanding and therefore, the diluted loss per share is the same as basic loss per share.

	Loss RMB'000	Weighted average number of shares '000	Loss per share RMB
2014			
Basic	(14,205)	361,318	(0.039)
Diluted	(14,205)	361,318	(0.039)
2013			
Basic	(59,193)	320,314	(0.185)
Diluted	(59,193)	312,234	(0.190)

4. Notice of AGM and Posting of Accounts

The annual general meeting ("AGM") will be held at 8th Floor, Technology Integration Building of GIEC, No. 4 Nengyuan Road, Wushan, Tianhe District, Guangzhou, China, on 24 July 2015 at 16:00 Beijing time (09:00 London time).

The full version of the report and accounts for the year ended 31 December 2014 is available from the Company's website www.chinanewenergy.co.uk and notification of posting of the accounts, together with the Notice of AGM, will shortly be sent to all shareholders.