

11 February 2020

China New Energy Limited
(the “Company” or “CNE”)

Trading Update and Coronavirus Information

The Board of CNE (AIM: CNEL), the AIM quoted engineering and technology solutions provider to the bioenergy sector, provides a trading update for the year ended 31 December 2019 and outlines its response to the novel coronavirus (2019-nCoV) (“Coronavirus”).

The Board of CNE is pleased to report that, further to its half yearly report to 30 June 2019, the Company continued to trade well in the second half of 2019. Subject to audit, revenue for the six months to 31 December 2019 is expected to be ahead of that for the six months to 30 June 2019. The audit is currently in process and the annual results are expected to be announced in Q1 2020. The audit timetable is to enable the Company to promptly resubmit its application to The Stock Exchange of Hong Kong Limited “HKEx” with the 2019 results, as detailed in the update issued on 8 January 2020.

The Company expects to record revenues to 31 December 2019 that will be the highest since its admission to the AIM market and the Company has entered 2020 with a strong order book and confidence in its future.

As widely reported in the press, business activities in China are being disrupted by the Coronavirus outbreak and, whilst the Company does not currently believe this will cause a significant financial impact in 2020, the Board of CNE would like to provide shareholders with further information to understand the situation as it relates to CNE.

Firstly, during the Chinese New Year holiday also known as the Spring Festival, the Company usually closes its office and factory for a period of two weeks which this year ran from 23 January 2020 to 6 February 2020. In order to contain the Coronavirus, the authorities have requested that companies in our region should remain closed until 15 February 2020 and the Company will comply with this directive.

During this extended holiday period, the Company’s Chinese employees are working from home and the Company expects minimal interruption to its office-related business activities and, specifically, minimal impact to its ongoing audit and resubmission application to the HKEx. The closure of the factory for an additional five working days is expected to cause only minor manufacturing delays which, with overtime, the Company expects to correct quickly during production in Q1 2020.

The Company and its employees have been playing an active role in supporting the local community with the eradication of the novel coronavirus. On 30 January 2020, the Company donated and distributed 5 tons of medical grade alcohol (75% abv ethanol produced by CNE clients) to local hospitals to assist with disinfection. This was distributed to 17 local hospitals including: First Affiliated Hospital of Sun Yat-sen, the Second People's Hospital of Guangdong Province and the Guangdong Maternal and Child Health Hospital. Whilst the Company’s clients mostly produce ethanol for renewable-fuel and potable markets, this illustrates the continuing demand for medical grade ethanol for sanitary applications.

Mr Yu, Chairman, commented “I am proud of our team for both supporting our local community and providing business continuity during this challenging time. The macroeconomy for our industry remains unchanged and, as we enter 2020 with a strong order book, we remain confident that the business will have continued success in 2020 and beyond. This will be detailed in our annual report which we expect to release in Q1 2020.”

The Company will only provide further updates on the Coronavirus outbreak if it is expected to materially affect the performance of its business.

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

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