



China Clean Energy Inc.

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FOR IMMEDIATE RELEASE

China Clean Energy Announces Record Fourth Quarter and Fiscal Year 2007 Results

Fuqing City, China – March 12, 2008 -- China Clean Energy Inc. (OTC Bulletin Board: CCGY.OB) (“China Clean Energy”, the “Company”), a leading producer of biodiesel fuel and environmentally-friendly specialty chemical products made from renewable resources in The People’s Republic of China (“PRC”), today reported record financial results for the fourth quarter and fiscal year ended December 31, 2007.

Fourth Quarter 2007 Highlights

- Total revenues increased to \$6.9 million, up 87.1% from the fourth quarter of 2006
- Gross Profits reached \$1.9 million, up 73.9% from the fourth quarter of 2006
- Operating Income totaled \$1.4 million, up 895% from the fourth quarter of 2006
- Net Income was \$1.3 million, or \$0.06 per share
- Completed private placement financing and raised \$15 million to build new biodiesel plant
- Initiated construction for new a 100,000 metric ton facility on December 19, 2007

Full Year 2007 Highlights

- Total revenues increased 61.3% in 2007 to \$21.8 million
- Operating Income increased 60.8% in 2007 to \$3.5 million
- Net income increased 164.6% in 2007 to \$3.4 million

“This was a very successful quarter for China Clean Energy, both in terms of financial performance and the execution of our expansion strategy. We achieved double-digit sequential growth in net revenues, driven by strong demand of our biodiesel and specialty chemical products. The rise of international oil price has also increased the company’s margin and net income from operations,” said Mr. Tai-ming Ou, China Clean Energy’s Chairman and CEO. “In addition, the successful completion of our private placement was an important milestone for our company, and provided us with the capital necessary to complete our expansion strategy to build a 100,000 metric ton annual capacity biodiesel plant.”

Fourth Quarter 2007 Results

China Clean Energy's net revenues in the fourth quarter were \$6.9 million, an increase of 26.4% from the third quarter of 2007 and an increase of 87% year-over-year. The increase from the third quarter of 2007 was due to increased demand for the company's biodiesel and specialty chemical product lines, increased sales volume, higher sales prices, as well as greater sales volume due to our increased sales force.

Gross profit in the fourth quarter of 2007 was \$1.9 million, an increase of 31% since the third quarter of 2007 and an increase of 73.9% year-over-year. Gross margins were 27.1% in the fourth quarter of 2007, down from 29.1% during the same period in 2006. The increase in gross profit was the result of higher sales prices and sales volume. The decrease in gross margin, however, was the result of a decrease in Chinese government export tax rebates from 13% to 5%, effective on July 1, 2007, for our exported specialty chemical products.

Operating expense in the fourth quarter of 2007 was \$507,346 for the fourth quarter of 2007, a 45.9% decrease from \$937,559 in the fourth quarter of 2006 which included a one time "reverse merger" charge. The Company's operating income was up 58% from the third quarter of 2007 and up 895% year-over-year. The Company recorded a 20% increase in operating margin in the fourth quarter of 2007, representing a 400 basis point improvement compared to the third quarter of 2007 as well as the fourth quarter of 2006. This was due to the increase in production capacity and benefits from economies of scale.

Net income for the fourth quarter of 2007 was \$1.3 million or \$0.06 per basic and diluted share, compared to a loss of \$3,606 in the fourth quarter of 2006. The increase in net income was driven by the increase of sales and the improvement in operating margins.

Full Year 2007 Results

For the full year 2007, net revenues were \$21.8 million, up 61.5% from \$13.5 million in 2006. 26.54% of revenue came from biodiesel sales and 73.46% came from specialty chemical sales. Gross profit for the full year 2007 was \$5.9 million, an increase of 55.3% from \$3.8 million in 2006. The increase was attributed to a significant increase in selling price and sales volume of the Company's biodiesel and specialty chemical export business. Gross margin decreased slightly from 28.2% in 2006 to 27.0% in 2007 due to the decrease in Chinese government export tax rebates from 13% to 5% effective on July 1, 2007 for the Company's exported specialty chemical products. Operating income for the full year 2007 was \$3.5 million, up 59% from \$2.2 million in 2006. Operating margin remained the same at 16% in 2006 and 2007. Net Income for 2007 increased 164.6% to \$3.4 million from \$1.3 million in 2006. Earnings per share also increased 128.5% to \$0.16 per basic and diluted share in 2007 from \$0.07 in 2006. Cash flow from operations for 2007 totaled \$2.1 million, compared to \$1.4 million in 2006. Capital expenditures for 2007 totaled \$3.8 million, including a partial payment for initial construction and land-usage rights related to the Company's new 100,000 ton-per-annum biodiesel plant.

Financial Condition

As of December 31, 2007, China Clean Energy had \$1.1 million in total cash, approximately \$4.3 million in working capital, and \$1.5 million in debt. Stockholders' equity at December 31, 2007 stood at \$14.8 million, a 13.8% increase over the \$13.0 million recorded at September 30, 2007.

Additional Information

In connection with the private placement financing, certain stockholders and officers of the Company deposited an aggregate of 1.5 million shares of common stock into an escrow account, which shares shall be disbursed, pro rata, among the investors should (i) the Company fail to begin the production of biodiesel at its currently proposed production facility in Jiang Yin, People's Republic of China on or before January 1, 2009 or (ii) the Company fail to achieve at least \$14,000,000 of adjusted net income during 2009. The Company plans to provide investors with regular updates as it makes progress on its Jiang Yin production facility construction. At this time the Company reaffirms its belief that it will commence biodiesel production from the new facility by January 1, 2009 and achieve at least \$14,000,000 of adjusted net income during 2009.

In addition, over the next several quarters the Company plans to recruit independent directors to join its Board and take all additional actions necessary to fulfill the requirements to support an application to list on a national stock exchange.

Conference Call

To participate in the live conference call, please dial the following number five to ten minutes prior to the scheduled conference call time: 888-552-2116. International callers should dial 706-645-9795 or 706-758-9965. When prompted by the operator, mention Conference Passcode 38344624. If you are unable to participate in the call at this time, a replay will be available for seven days starting on Wednesday, March 12 at 12:30 p.m. Eastern Time. To access the replay, dial 800-462-1687, international callers dial 706-645-9291, and enter the passcode 38344624.

This conference call will also be broadcast live over the Internet and can be accessed by all interested parties on China Clean Energy's website at <http://www.chinacleanenergyinc.com>. To listen to the live webcast, please go to China Clean Energy's website at least fifteen minutes prior to the start of the call to register, download, and install any necessary audio software. For those unable to participate during the live broadcast, a replay will be available shortly after the call on China Clean Energy's website for 90 days.

About China Clean Energy:

China Clean Energy, through its wholly-owned subsidiary, Fujian Zhongde Technology Co., Ltd., is engaged in the development, manufacturing, and distribution of biodiesel fuel and specialty chemical products made from renewable resources. Since its inception, the Company has been engaged in the manufacture of high-quality specialty chemical products from renewable resources. Through its research and development efforts, the Company developed a proprietary process for refining biodiesel fuel from waste grease and certain vegetable oil-based waste. Using this

proprietary process, China Clean Energy began producing biodiesel in 2005 and commenced selling biodiesel commercially starting in December 2005.

Safe Harbor Statement

This announcement contains forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact in this announcement are forward-looking statements, including but not limited to, the Company's ability to raise additional capital to finance the Company's activities; the effectiveness, profitability, and the marketability of its products; legal and regulatory risks associated with the share exchange; the future trading of the common stock of the Company; the ability of the Company to expand its production capacity; the period of time for which its current liquidity will enable the Company to fund its operations; the Company's ability to protect its proprietary information; general economic and business conditions; the volatility of the Company's operating results and financial condition; the Company's ability to attract or retain qualified senior management personnel and research and development staff; and other risks detailed in the Company's filings with the Securities and Exchange Commission. These forward-looking statements involve known and unknown risks and uncertainties and are based on current expectations, assumptions, estimates and projections about the Company and the industry. The Company undertakes no obligation to update forward-looking statements to reflect subsequent occurring events or circumstances, or to changes in its expectations, except as may be required by law. Although the Company believes that the expectations expressed in these forward looking statements are reasonable, they cannot assure you that their expectations will turn out to be correct, and investors are cautioned that actual results may differ materially from the anticipated results.

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--FINANCIAL TABLES FOLLOW--

CHINA CLEAN ENERGY INC. AND SUBSIDIARIES
Consolidated Statement of Operations
(Expressed in US Dollars)

	Three months ended December		Twelve months ended December	
	31,		31,	
	2007	2006	2007	2006
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Revenue:				
Net sales of products	\$ 6,902,916	\$ 3,689,548	\$ 21,756,010	\$ 13,489,710
Government subsidy	-	1,828	-	9,640
Total revenue	6,902,916	3,691,376	21,756,010	13,499,350
Gross Profit	1,868,190	1,074,324	5,873,211	3,800,186
Gross Margin	27.1%	29.1%	27.0%	28.2%
Operating Costs and Expenses				
Cost of goods sold	5,034,726	2,617,052	15,882,799	9,699,164
Selling and marketing	93,074	143,838	695,007	411,850
General and administrative	346,172	278,332	1,456,985	529,377
Expenses relating to the "reverse merger" of CCER	-	464,550	-	464,550
Depreciation of property, plant and equipment	23,875	9,415	77,818	34,771
Amortization of intangible assets	44,225	41,424	178,635	204,948
Total operating costs and expenses	5,542,072	3,554,611	18,291,244	11,344,660
Income from Operations	1,360,844	136,765	3,464,766	2,154,690
	-	-	-	-
Other Income (Expenses)				
Interest incomes	3,441	210	9,355	7,001
Interest expenses	(32,793)	(21,850)	(114,227)	(89,137)
Total Other Income (Expenses)	(29,352)	(21,640)	(104,872)	(82,136)
Income before Income Taxes	1,331,492	115,125	3,359,894	2,072,554
Income Taxes	-	(118,731)	-	(802,694)
Net Income	\$ 1,331,492	\$ (3,606)	\$ 3,359,894	\$ 1,269,860
Other Comprehensive Income				
Foreign currency translation adjustment	411,554	129,597	796,353	421,948
Comprehensive Income	\$ 1,743,046	\$ 125,991	\$ 4,156,247	\$ 1,691,808
Earnings per common share:				
Basic	\$ 0.06	\$ -0.00	\$ 0.16	\$ 0.07
Diluted	\$ 0.06	\$ -0.00	\$ 0.16	\$ 0.07
Weighted average number of common shares:				
Basic	21,512,269	15,995,000	21,512,269	17,017,580
Diluted	21,512,269	15,995,000	21,512,269	17,017,580

CHINA CLEAN ENERGY INC. AND SUBSIDIARIES
Consolidated Balance Sheets
(Expressed in US Dollars)

	December 31, 2007 <u>(Audited)</u>	December 31, 2006 <u>(Audited)</u>
Current Assets		
Cash and cash equivalents	\$ 1,133,555	\$ 2,241,712
Accounts receivable, net of allowance for doubtful accounts of \$407,593 and \$228,604, respectively	2,795,363	1,768,262
Other receivable - refundable value added taxes	-	24,904
Other receivable - recoverable corporate income taxes	147,485	-
Inventories	1,361,478	941,933
Advance payments to suppliers	872,974	194,141
Prepaid expenses	32,330	37,696
Total Current Assets	6,343,185	5,208,648
Property , plant and equipment, net	5,820,045	4,692,200
Intangible assets, net	4,879,635	2,430,504
Deposits paid in connection with contract for purchase of land use rights and related costs	-	95,033
Total Assets	\$ 17,042,865	\$ 12,426,385
Current Liabilities		
Accounts payable and accrued liabilities	\$ 781,680	\$ 386,719
Current portion of bank indebtedness	1,231,020	1,282,462
Income taxes payable	-	117,964
Due to related parties	-	6,419
Total current liabilities	2,012,700	1,793,564
Noncurrent portion of bank indebtedness	241,097	-
Total Liabilities	2,253,797	1,793,564
Commitments and Contingencies	-	-
Stockholders' Equity		
Preferred stock, per value \$0.0001 per share, authorized 10,000,000 shares; issued and outstanding 0 shares		
Common stock, par value \$0.0001 per share, authorized 90,000,000 shares; issued and outstanding 21,512,269 and 21,512,269 shares, respectively	2,151	2,151
Additional paid-in capital	7,053,834	7,053,834
Retained earnings	6,521,641	3,161,747
Accumulated other comprehensive income (loss)	1,211,442	415,089
Total stockholders' equity	14,789,068	10,632,821
Total Liabilities and Stockholders' Equity	\$ 17,042,865	\$ 12,426,385

CHINA CLEAN ENERGY INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(Expressed in US Dollars)

	Year ended December 31,	
	2007	2006
	(Audited)	(Audited)
Cash Flows from Operating Activities		
Net income	\$ 3,359,894	\$ 1,269,860
Adjustments to reconcile net income to net cash provided by (used for) operating activities		
Stock-based compensation	-	178,500
Depreciation of property, plant and equipment	542,875	402,138
Amortization of intangible assets	178,635	204,948
Changes in operating assets and liabilities		
Accounts receivable, net	(1,705,934)	(433,820)
Other receivables	(122,581)	(24,904)
Due from related parties	-	14,875
Inventory	(419,545)	358,201
Prepaid expenses	5,366	(37,696)
Accounts payable and accrued liabilities	394,961	(286,134)
Income taxes payable	(117,964)	(248,389)
Net cash provided by (used for) operating activities	2,115,707	1,397,579
Cash Flows from Investing Activities		
Property, plant and equipment additions	(1,342,153)	(2,063,652)
Intangible assets additions	(2,467,388)	(545,225)
Deposits paid in connection with contract for purchase of land use rights	-	(95,033)
Net cash provided by (used for) investing activities	(3,809,541)	(2,703,910)
Cash Flows from Financing Activities		
Capital stock issued for cash	-	1,265,000
Increase (decrease) in bank indebtedness	189,655	42,850
Due to related parties	(6,419)	(296,525)
Dividends paid	-	(753,420)
Net cash provided by (used for) financing activities	183,236	257,905
Effect of exchange rate changes on cash and cash equivalents	402,441	115,010
Increase (decrease) in cash and cash equivalents	(1,108,157)	(933,416)
Cash and cash equivalents, beginning of period	2,241,712	3,175,128
Cash and cash equivalents, end of period	\$ 1,133,555	\$ 2,241,712

Supplemental disclosures of cash flow information:

Interest paid	\$ 114,227	\$ 89,137
Income taxes paid	\$ -	\$ 1,051,083