



27 June 2011

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

Ubon Bio-ethanol Company Ltd Contract Update

China New Energy Limited (AIM: CNE), the engineering and technology solutions provider to the bioenergy sector, is pleased to provide an update on the Company's contract with Ubon Bio-ethanol Company Ltd ("Ubon"), including the receipt of RMB 7.7 million (c. £0.74 million) as an initial deposit and the application for a loan to finance material procurement costs.

CNE's wholly owned subsidiary, Guangdong Zhongke Tianyuan New Energy Science and Technology Co. Ltd ("ZKTY") entered into contractual agreements on 13 April 2011 to sell products and services to Ubon Bio-ethanol Company Limited in the Ubon Ratchathani province of Thailand, for a cassava-based ethanol project which is intended to produce up to 400,000 litres per day of edible ethanol or fuel ethanol.

The amount due to ZKTY, under its agreement with Ubon, currently totals RMB 77 million (c. £7.45 million). The Company has received RMB 7.7 million (c. £0.74 million) as an initial deposit and has completed the engineering and design stage of the project. In addition, the Company is pleased to announce that it is currently negotiating to provide further products and services to construct additional auxiliary facilities for the project.

ZKTY has applied to China Merchants Bank Beijing for a loan of RMB 20 million with a proposed tenure of six months at a rate of 7.03 per cent per annum. Principally the purpose of the bank loan is to finance material procurement costs for the Company's contract with Ubon to allow the Company to fabricate equipment and for shipping to Thailand. This loan is supported by the Letter of Credit from Ubon, which guarantees the next payment once the shipments have been made.

The Company expects negotiations with Ubon over the total fee for the project to be completed shortly. It is anticipated that the project will be completed by the end of this year barring any unforeseen circumstances. Furthermore, the Company expects the Ubon project to contribute significantly to the Group's income this year.

Enquiries:

China New Energy Limited

Richard Bennett

Cairn Financial Advisers LLP (Nominated Adviser)

Jo Turner / Liam Murray

SVS Securities plc (Broker)

Alex Matthey / Ian Callaway

Walbrook PR Ltd (Financial Public Relations)

Paul McManus

Jack Rich

<http://www.chinaneenergy.co.uk/>

+ 44 (0)20 7148 3148 or rbennett@zkty.com.cn

Tel: 020 7148 7900

Tel: 020 7638 5600

Tel: 020 7933 8780

Mob: 07980 541 893 or paul.mcmanus@walbrookpr.com

Mob: 07584 391 303 or jack.rich@walbrookpr.com

About CNE

CNE is a technology, process and engineering solutions provider for bioethanol and biobutanol projects focusing predominantly on the construction of ethanol production plants. Through its wholly owned subsidiary, Guangdong Zhongke Tianyuan New Energy Science and Technology Co. Ltd ("ZKTY"), the Group 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.

ZKTY provides its services to primary producers and users of bioenergy and the Group's activities are principally based in China. However, it also provides services to overseas customers in areas including Romania, Taiwan, Russia, Thailand and Indonesia.

ZKTY has an established track record having advised on 88 projects globally with an aggregate production capacity of approximately 9.0 million tonnes per year and a total contract value of approximately RMB1.5 billion. ZKTY has proprietary and patented bioenergy technology, and maintains its own research and development laboratory to further develop its technology and patent portfolio.

CNE listed on AIM in May 2011, raising £655,201 at 7p per share. The market capitalisation of the Company at the Placing Price on Admission was £20.8m.