

29 October 2013

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

**MOU to develop flagship biorefinery in Nigeria**

The Board of CNE (AIM:CNEL), the AIM quoted engineering and technology solutions provider to the bioenergy sector, today announces that it has entered into a memorandum of understanding with Sunbird Bioenergy Africa Limited (“Sunbird”) to develop a flagship biorefinery in Nigeria with the possibility to extend this initial project to include a further nine biorefineries. The Company will commence working on the design of the first project immediately and the first plant is anticipated to be constructed within two years, entering full commercial production in early 2016. Subject to completing the first project, a further nine biorefineries are expected to be contracted to be built within a 10-year period. Richard Bennett, a director of the Company, is also a director of Sunbird and therefore this agreement would be treated as a related party transaction pursuant to Aim Rule 13 once the terms of the transaction are agreed.

The first project will convert cassava feedstock into 100,000 tonnes (110 million litres) of anhydrous ethanol per year. CNE will supply its proprietary pre-treatment, fermentation, distillation and dehydration technology to the project and the local project partner, OBAX World Limited (“OBAX”), will complete the local civil engineering and construction of the biorefinery. OBAX is an experienced EPC contractor for oil refineries and large civil engineering projects. Sunbird will operate the biorefinery and CNE will provide long-term training, support and maintenance. The value of the initial project for the Company is expected to be in the region of RMB150 million (c. £15 million).

The agreement follows Sunbird’s recent submission of a letter of intent to the Nigerian Federal Ministry of Agriculture and Rural Development (“FMARD”) outlining their commitment to participate in the country’s Agricultural Transformation Agenda (“ATA”). A strategic goal of the ATA is to develop value-chains that encourage surplus agricultural products to be produced and converted into value-added products, thus creating local employment and developing local infrastructure. This project will directly contribute to FMARD’s goals and will create a significant number of new skilled jobs at the biorefinery, in upstream agriculture and also in other related areas including the development of local water and energy infrastructure.

Mr Yu, Chairman of CNE commented, “our recently completed biorefinery in Thailand that uses cassava feedstock has proven to be a valuable reference site and enabled us to win this business. We are confident that we have an experienced local partner to construct the biorefinery, and that our technology can be adapted to the Nigerian conditions; we look forward to successfully completing the first project and long-term success in the African market.”

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

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