

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

**MOU signed in respect of projects in Zimbabwe and Zambia**

The Board of CNE (AIM:CNEL), the AIM quoted engineering and technology solutions provider to the bioenergy sector, is pleased to announce that the Company has entered into a Memorandum of Understanding ("MOU") with Sunbird Bioenergy Africa Limited ("Sunbird Bioenergy") for the development of two biorefineries, one each in Zimbabwe and Zambia.

The MOU was signed at the Forum on China-Africa Cooperation (FOCAC) 6<sup>th</sup> Ministerial Conference and Summit in Johannesburg. The conference is being attended by President Xi of China as well as Ministers and conference delegates from China and regional African countries.

Under the terms of the MOU between the Company and Sunbird Bioenergy, CNE will be responsible for designing the two biorefineries and supplying the key operating components including pre-treatment of feedstock, fermentation, distillation and dehydration, as well as project management and support services.

Richard Bennett, a director of the Company, is also a director of Sunbird. Accordingly, once terms have been agreed, signing of a binding agreement will be treated as a related party transaction pursuant to Aim Rule 13.

**Zimbabwe**

CNE will assist Sunbird Bioenergy to develop a bioenergy project that, at full capacity, is intended to deliver 120 million litres of fuel grade ethanol for the Government's biofuel blending programme.

The Zimbabwe project draws upon CNE's experience at the Ubon Bioethanol plant in Thailand and is expected to use mixed feedstocks including cassava and molasses that will primarily be sourced through an out-grower programme. This project will help the government deliver on their Zim-Asset programme by creating local infrastructure, jobs and energy security.

The Company estimates that the project cost for a bioethanol plant of this nature, which is similar in design to the Ubon Bioethanol plant, is in the region of US\$50 million over the two year development period of which revenues to CNE are expected to be approximately \$30 million over the same period. Before the contract value can be accurately determined and any revenue can be realised from the project, it is necessary to conclude a number of project milestones including a feasibility study, the design specifications and an environmental impact assessment all of which have not yet commenced. Commencement of development for each plant will also be subject to raising the necessary project finance ("Financial Closure"). At this stage, subject to Financial Closure, construction is estimated to start in 2016 and commercial operations in late 2017.

The Company will today be attending a launch ceremony together with senior ministers from the Zimbabwean government, the directors of Sunbird Bioenergy and local representatives from the community. The purpose of the event is to formally start the project and demonstrate the commitment of the government and the project development partners to implementing the project within the two year timeline.

## **Zambia**

Under the terms of the MOU, CNE has also undertaken to develop a similar project with Sunbird Bioenergy in Zambia. Sunbird Bioenergy is at an advanced stage of negotiations with the government to develop a project on the Luena Farm block in Luapula province. Whilst representatives of the Zambian government have publically stated that the project shall proceed, Sunbird Bioenergy is still finalising the terms of the transaction and the necessary contracts.

Zambia has a chronic energy and job shortage and the parties have all indicated that they would like the development of the project to commence in 2016, with commercial operations starting in 2017, to help mitigate these effects. It should again be noted that a number of project milestones need to be completed including a feasibility study, the design specifications and an environmental impact assessment in order to achieve Financial Closure.

“We are delighted to sign this MOU at the FOCAC Summit and bring these important projects the attention of Chinese and African Ministers and senior members of the investment community” said Mr Yu, Chairman. “We maintain our view that Africa provides a long-term opportunity for CNE as the development of its bioenergy industry helps African governments deliver on their goals of energy security, job creation and economic empowerment of rural communities.”

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

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