

20 May 2016

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

**Update on Zambia and Movement in Share Price**

The Board of CNE (AIM:CNEL), the AIM quoted engineering and technology solutions provider to the bioenergy sector, notes the recent movement in the Company’s share price and the press commentary in relation to Sunbird Bioenergy Africa Limited (“Sunbird”) and its bioethanol project in the Luapula province of Zambia.

Sunbird has been advised by the Zambian Development Agency that terms of the Investment Promotional and Protection Agreement (“IPPA”), a key milestone in the commencement of the project, have been agreed and that the IPPA is expected to be signed shortly.

Whilst this is an important step in the process in the commencement of the project, it should be noted that there are a number of other project milestones to be concluded before a formal agreement being put in place between Sunbird and the Company. These milestones include an audit of the submitted draft feasibility study and conclusion of the environmental impact assessment which is underway.

It remains the intention of all parties to commence the project in 2016, as previously indicated, but this will be subject to conclusion of the milestones noted above and to financial closure.

The Company will provide a further update to the market in due course.

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

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