



21 November 2011

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

Expansion of Biogas Contract

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 Dongguan Xin'ao Gas Company Limited to design and construct a bio-gas recovery and purifying plant ("Xin'ao biogas plant") at a beer brewery.

CNE's wholly owned subsidiary, Guangdong Zhongke Tianyuan New Energy Science and Technology Co. Ltd ("ZKTY"), has successfully completed and handed over the Xin'ao biogas plant and, this month, this plant started commercial operation to recover and sell purified 7,000 metre³ of biogas daily as fuel for domestic use.

ZKTY specialises in the production of biogas through the treatment and anaerobic fermentation of waste-by-products from the bio-ethanol production process. Commercial production of biogas through the ZKTY process is relatively new. The successful completion of Xin'ao biogas plant is testament to the Company's technical and engineering capability to construct a biogas recovery and purifying plant for bio-ethanol producers.

In addition to the Xin'ao biogas plant, ZKTY has an agreement to design and build a bio-gas recovery and purifying plant at a beer brewery owned by Kingway Beer Group, located in Shenzhen China, with the intention that the purified biogas be sold to Shenzhen City Gas Group. ZKTY expects to complete this project during the first half of 2012. Under this agreement, ZKTY will bear the cost of constructing the biogas plant and co-share the revenue generated from the sale of biogas. This plant will have a daily purified output of 7,000 metre³ of biogas and generate an estimated total sales revenue of RMB 8 million annually.

Furthermore, ZKTY is currently in advanced negotiation with a state-owned bio-ethanol company, based in Guangxi Province PRC, to design and build a bio-gas recovery and purifying plant capable of generating 60,000 metre³ of biogas daily. Under the proposed agreement which is being negotiated, ZKTY will bear the investment cost of constructing the facility and co-share the revenue generated from the sale of biogas, which is currently estimated to be c. RMB 30 million a year.

Mr. Weijun Yu, Executive Chairman of CNE, commented: "The successful completion of the Xin'ao biogas plant enhances the Company's reputation for providing integrated solutions to the biofuel and biochemical industries both in China and internationally. The board is confident that ZKTY's expertise and proven experience in designing and constructing ethanol production plants will help build a competitive strength for the Group in biogas production. Indeed, we intend to leverage our customer base to aggressively build the biogas recovery and purifying business, a business that can generate recurring cash flow with good margins for the Company."

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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 100 projects globally with an aggregate production capacity of approximately 9.0 million tonnes per year and a total contract value of approximately RMB 1.7 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.