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**China New Energy Limited
("CNE")**

Technology collaboration agreement with Green Biologics Limited

China New Energy Limited (AIM: CNE), the engineering and technology solutions provider to the bioenergy sector, announces the signing of a strategic collaboration agreement with UK based Green Biologics Limited ("GBL") to exploit jointly technology in the field of biobutanol production using cellulosic biomass.

GBL provides world leading advanced fermentation biotechnology for the production of renewable biobutanol and other chemicals from cellulosic feedstock such as waste and agricultural by-products.

Under the agreement, CNE and GBL will exploit the advanced fermentation technology in existing bioenergy production facilities in China and other international markets. It is expected that the application of superior fermentation technology and the use of lower cost sustainable cellulosic feedstock will increase the commercial performance of many biobutanol production facilities. Both partners intend to validate the technology at in a full-scale commercial production facility in China. Based on the validation of the technology, both parties will discuss future collaboration for joint exploitation of the technologies.

Cellulosic biofuels are produced from non-edible parts of plants and hence do not compete with the production of food, competition that can cause significant price volatility. In a report jointly conducted in 2010 by Novozymes and the consultants McKinsey & Company, it is forecast that cellulosic biofuels could be substituted for 31 million tons of gasoline in China by 2020, cutting the nation's oil imports by 10 per cent. and generating construction projects with a total value of RMB 96 billion (c. £9.3 billion).

Mr. Weijun Yu, Executive Chairman of CNE, said: "We are delighted to work with GBL, a world class biobutanol technology company spanning microbial, fermentation and process technology. We welcome the opportunity to validate GBL technology in China and this collaboration demonstrates our strategic intent to establish a strong foothold in the growing market of cellulosic biofuel."

"This collaboration highlights GBL's recognition of our strength in providing technology and engineering services to biofuels companies around the world, particularly China. It is noteworthy that we designed and constructed one of the world's largest biobutanol plants with rated annual production capacity of 150,000 tons per year located in Northeast China."

"We believe the successful validation of biobutanol from cellulosic feedstock in a full commercial scale production facility will lead to considerable new contracts for both companies in China and around the world."

Sean Sutcliffe, Chief Executive of GBL, said:

"We are pleased to be working with CNE on the commercialisation of GBL's cellulosic butanol technology. We recognise the potential to combine our technology with CNE's engineering expertise and position in the market in China to validate technology and implement new projects using waste and cellulosic feedstocks."

“This agreement provides further recognition of GBL’s leadership position in providing technology for low cost biobutanol production using sustainable waste and cellulosic feedstocks, and builds on GBL’s existing business in China.”

China New Energy Limited

Richard Bennett

www.chinanewenergy.co.uk

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

Cairn Financial Advisers LLP (NOMAD)

Jo Turner / Liam Murray

Tel: 020 7148 7900

SVS Securities plc (Broker)

Alex Matthey / Ian Callaway

Tel: 020 7638 5600

Walbrook PR Ltd (Financial PR)

Paul McManus

Jack Rich

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

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

Tel: 020 7933 8780

About China New Energy Limited

China New Energy Limited listed on London’s AIM Market in May 2011. CNE is a profitable and growing technology and engineering solutions provider, whose operations are based in China, for bioethanol and biobutanol projects.

Through its wholly owned subsidiary, Guangdong Zhongke Tianyuan New Energy Science and Technology Co. Ltd (“ZKTY”), CNE provides process technology, engineering designs, plant manufacturing and operational services in connection with the production of, inter alia, fuel ethanol, edible ethanol, biobutanol, bioacetic acid and other chemicals from agricultural plant materials and waste. CNE’s activities are principally based in the PRC, however, it also provides services to overseas customers in areas including Romania, Taiwan, Russia, Thailand and Indonesia. Since its formation, ZKTY has advised on 88 projects with an aggregate production capacity of approximately 9.0 million tons per year.

For the year ended 31 December 2010 CNE recorded turnover of RMB 138.4 million (c. £13.36 million) and Profit before tax of RMB 23.7 million (c. £2.28 million).

ZKTY has proprietary and patented bioenergy technology, and maintains its own research and development laboratory to further develop its technology and patent portfolio. ZKTY has received international standards accreditations, including ISO 9001:2000, ISO 9001:2008 and CE marking for part of its equipment.

About Green Biologic Limited (www.greenbiologics.com)

Green Biologics Ltd (GBL) was founded in 2004 to bring advanced microbial technology to industrial applications.

The Company's mission is to provide technology for low cost low carbon chemicals and fuels to its industrial customers who are typically chemicals companies, sugar producers or ethanol producers. GBL enables customers to deliver higher profitability more sustainably.

To achieve this mission, GBL has developed world class microbial, fermentation and process technology to enable its customers to utilise readily available waste and agricultural by-product feedstocks for conversion into high value chemicals and fuels. GBL focuses on the production of butanol since it is a widely used chemical and an advanced biofuel with superior fuel and sustainability characteristics. GBL has customers and partners in all parts of the world where sustainable feedstocks can be accessed, with particular strengths in China, India, Brazil and the US.

GBL is a revenue generating company today, with support from leading venture capital organisations. These include: Carbon Trust, the UK government fund supporting low carbon technologies; Oxford Capital Partners a growth capital fund focussing on companies with innovative technology for international markets; Morningside Group, a global investment firm with operations in North America, Europe and Asia Pacific with a particular emphasis on China; and Capricorn Venture Partners NV, an independent pan-European manager of venture capital funds that invest in innovative European companies with breakthrough technologies in the cleantech, life sciences, biotechnology, IT and material sciences sectors.