

9 June 2016

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

Trading update, Subscription and Issue of Equity

The Board of CNE (AIM:CNEL), the AIM quoted engineering and technology solutions provider to the bioenergy sector, is pleased to provide the following trading update and to announce that it has raised funds of approximately £750,000 by way of a subscription of ordinary shares in the Company.

Project UPDATE

The Company provides the following update on projects previously announced.

Zambia

Sunbird Bioenergy Africa Limited ("Sunbird"), the company's partner in Sub-Sharan Africa has reported that the transaction in Zambia remains on schedule, and that it is their expectation that the IPPA will be signed in the month of June.

The Company has provided draft designs to Sunbird and is actively involved in the ongoing design process.

Zimbabwe

The Company has been advised by Sunbird that the Zimbabwean Government has finalized the land lease. Sunbird has been awarded a 50 year lease on 20,000 hectares of arable land and has commenced initial agricultural trials for the cassava feedstock. The project milestones are similar to Zambia and the requisite environmental impact assessment ("EIA"), as previously announced, is nearing completion. Further documentation will be needed prior the Company entering into the formal contract with Sunbird and commencement of the project will remain subject to financial closure.

The Company has also provided Sunbird with initial designs and is actively engaged in the ongoing design process.

Nigeria

The Company understands that Sunbird is still waiting for the certificate of occupancy to be issued before the project is able to be advanced further. Initial designs have been provided by the Company and it remains optimistic that the project will be able to proceed in future.

Canada

As announced on 29 December 2015, CNE has successfully diversified its product line to include isomaltooligosaccharide ("IMO") production technology and won its first contract in North America. Following design changes, the Company has completed the manufacturing of

the components which are now being prepared to be shipped to Canada for installation. The project is expect to complete by the end of July 2016.

Hungary

On 1 June 2015, CNE announced that it had acquired 24 per cent., with an option to increase this holding further, of the Visontai Bioetanol Fejlesztő Korlátolt Felelősségű Társaság (“Visontai”) in Hungary.

Financing of the Visontai project has been delayed as a result of the decline in oil prices in the period that followed. Since oil prices have started to recover, the Company remains optimistic of funding discussions recommencing. At present, the Company is not seeking to increase its holding in Visontai and is evaluating the project in partnership with several Chinese banks and construction companies. Once funding has been agreed, it is expected that the project will take 13 months.

Thailand

The project in Thailand has also been delayed due to the movement in oil prices. The project was subject to various milestones, including an EIA, however application for the EIA has been cancelled whilst the feasibility of the project is reviewed.

CNE is of the view that it is unlikely that this project will restart.

China

The Company is pleased to advise that it has completed its third project for COFCO, one of the largest food manufacturers in China, to expand its production capacity of edible alcohol and fuel alcohol.

In addition, the Company continues to invest in research and development and has made a further patent application.

SUBSCRIPTION

The Company is pleased to advise that it has raised £750,000 by way of a subscription in new ordinary shares at a price of 2p per share from funds managed by an institutional fund manager. The Company has issued 37,500,000 new ordinary shares representing 8.44 per cent of the enlarged issued share capital.

The proceeds of the subscription will provide the Company with additional working capital and to allow it to accelerate its field work in Africa as well as placing it in a favourable position should it seek to make further investments into its current projects or pursue additional investment opportunities.

ISSUE OF EQUITY

Application will be made for 37,500,000 new ordinary shares to be admitted to trading on AIM which is expected on or around 14 June 2016. Following this issue of equity, the issued share capital of the Company will be 444,447,541 ordinary shares. The new ordinary shares will rank *pari passu* with the existing ordinary shares.

In accordance with the Financial Conduct Authority's Disclosure and Transparency Rules, the Company hereby announces that it has 444,447,541 ordinary shares of 0.025p each in issue, each share carrying the right to one vote. The Company does not hold any ordinary shares in treasury.

The above figure of 444,447,541 ordinary shares may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the share capital of the Company under the Financial Conduct Authority's Disclosure and Transparency Rules.

Mr Yu, Chairman, commented, "We have recently announced the potential projects in Africa and this investment will assist us with the initial work needed to meet the early project milestones as well as providing additional working capital for our other projects. We continue to seek direct investment opportunities to become an owner and operator of projects. Whilst oil prices are forecast to remain low, it is our belief that bioenergy projects will continue to be developed in emerging markets due to the job creation and environmental benefits".

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