中科天元
China New Energy

China New Energy Limited

*(Incorporated in Jersey, Channel Islands with limited liability and carrying on business in Hong Kong as "**Zhongke Tianyuan New Energy Limited**")*

(Stock Code: 1156)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

The board (the "**Board**") of directors (the "**Directors**") of China New Energy Limited (the "**Company**") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2025 together with comparative figures for the previous period as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(All amounts in RMB Yuan thousands unless otherwise stated)

		Unaudited Six months ended 30 June	
	Notes	**2025**	2024
Revenue	*5*	**23,570**	36,584
Cost of sales		**(21,168)**	(31,315)
Gross profit		**2,402**	5,269
Selling and marketing expenses		**(1,800)**	(2,215)
Administrative expenses		**(7,587)**	(8,677)
Net reversal of impairment losses under expected credit loss model		**893**	1,829
Other income		**166**	735
Other gains – net		**–**	481
Share of result of an associate		**(1,250)**	994
Operating loss		**(7,176)**	(1,584)
Finance costs		**(715)**	(958)
Loss before income tax		**(7,891)**	(2,542)
Income tax credit	*6*	**89**	–
Loss for the period		**(7,802)**	(2,542)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(All amounts in RMB Yuan thousands unless otherwise stated)

	Notes	**Unaudited Six months ended 30 June 2025**	2024
Loss for the period		**(7,802)**	(2,542)
Other comprehensive income			
Items that may be reclassified to profit or loss			
–Exchange differences on translation of foreign operations		**(76)**	1,013
Total comprehensive loss for the period		**(7,878)**	(1,529)
(Loss)/profit for the period attributable to:			
– Owners of the Company		**(7,852)**	(2,760)
– Non-controlling interest		**50**	218
		(7,802)	(2,542)
Total comprehensive (loss)/income for the period attributable to:			
– Owners of the Company		**(7,928)**	(1,747)
– Non-controlling interest		**50**	218
		(7,878)	(1,529)
Loss per share for loss attributable to owners of the Company (expressed in RMB per share)			
Basic loss per share	*7*	**(0.013)**	(0.005)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(All amounts in RMB Yuan thousands unless otherwise stated)

	Notes	**As at 30 June 2025 Unaudited**	As at 31 December 2024 Audited
Non-current assets			
Property, plant and equipment		**7,396**	7,775
Intangible assets		**15,277**	16,357
Right-of-use assets		**5,675**	6,309
Interests in an associate		**46,699**	47,949
Financial assets at fair value through other comprehensive income		**–**	–
Deferred tax assets		**750**	750
		75,797	79,140
Current assets			
Inventories		**8,940**	9,336
Trade and bills receivables	*9*	**9,202**	13,448
Other receivables and prepayments		**15,400**	11,569
Contract assets	*5*	**134,327**	148,905
Bank balances and cash		**1,087**	4,166
		168,956	187,424
Current liabilities			
Trade payables	*10*	**55,853**	62,260
Other payables	*10*	**78,442**	72,067
Contract liabilities	*5*	**33,832**	36,190
Bank borrowings		**15,881**	26,026
Lease liabilities		**1,187**	1,146
Tax payable		**49,100**	49,099
		234,295	246,788
Net current liabilities		**(65,339)**	(59,364)
Total assets less current liabilities		**10,458**	19,776

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(All amounts in RMB Yuan thousands unless otherwise stated)

	Notes	**As at 30 June 2025 Unaudited**	As at 31 December 2024 Audited
Non-current liabilities			
Bank borrowings		**5,455**	6,206
Deferred tax liabilities		**541**	630
Lease liabilities		**2,685**	3,285
		8,681	10,121
Net assets		**1,777**	9,655
Capital and reserves			
Share capital		**1,762**	1,762
Reserves		**408**	8,336
Equity attributable to owners of the Company		**2,170**	10,098
Non-controlling interests		**(393)**	(443)
Total equity		**1,777**	9,655

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB Yuan thousands unless otherwise stated)

1. GENERAL INFORMATION

China New Energy Limited (the "**Company**") was incorporated in Jersey on 2 May 2006 as a public company with limited liability under the Jersey Companies Law and its shares have been listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 15 July 2020. The address of its registered office is at 13 Castle Street, St Helier, Jersey, JE1 1ES. The Company's principal place of business is at Unit 2406, 24/F., Strand 50, 50 Bonham Strand, Sheung Wan, Hong Kong.

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of ethanol production system technology integrated service in the ethanol fuel and alcoholic beverage industries in the People's Republic of China (the "**PRC**").

This condensed consolidated financial statements are presented in Renminbi yuan ("**RMB**") (which is also the functional currency of the Company and its subsidiaries (collectively referred to as the "**Group**")) and all values are rounded to the nearest thousand (RMB'000), unless otherwise stated. The condensed consolidated interim financial statements were approved for issue by the Board on 26 August 2025.

2. BASIS OF PREPARATION

This condensed consolidated financial statements for the six months ended 30 June 2025 have been prepared in accordance with International Accounting Standard ("**IAS**") 34, "Interim financial reporting". The condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2024, which have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**").

Going concern assessment

For the six months ended 30 June 2025, the Group incurred net loss of approximately RMB7,802,000. As at 30 June 2025, the Group's current liabilities exceeded its current assets by approximately RMB65,339,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

The directors of the Company have taken the following measures to mitigate the liquidity pressure and to improve the financial position of the Group:

(i) Major shareholders of the Group have confirmed that they will provide continuing financial support to the Group to enable it to continue as a going concern and to settle its liabilities as and when they fall due in the foreseeable future;

(ii) Actively negotiating with lenders to renew loans and borrowings that have fallen due;

(iii) Implementing comprehensive policies to monitor cash flows through cutting costs and capital expenditure; and

(iv) The directors of the Company anticipate that the Group will generate positive cash flows from its operations in the foreseeable future.

Provided that these measures can be successfully implemented by the Group to improve the liquidity of the Group, the directors of the Company are satisfied that the Group will be able to meet its financial obligations as and when they fall due for the foreseeable future. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis. However, the eventual outcome of these measures cannot be estimated with reasonable certainty. Hence there exist a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and that the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The effects of these adjustments have not been reflected in the condensed consolidated financial statements.

The directors of the Company have, at the time of approving the condensed consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the condensed consolidated financial statements.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments, which have been measured at fair values.

Other than additional accounting policies resulting from the application of amendments to International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board ("**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2024.

Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2025 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IAS 21	Lack of Exchangeability

The application of the amendments to IFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

4. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segment. The chief operating decision maker has been identified as the executive directors of the Company.

The Group is principally engaged in the provision of ethanol production system technology integrated service in the ethanol fuel and alcoholic beverage industries and projects relating to medical and industry ethyl acetate. Management reviews the operating results of the business as one segment to make decisions about resources to be allocated. Therefore, the executive directors of the Company regard that there is only one segment which is used to make strategic decisions. Revenue and profit before income tax are the measure reported to the executive directors for the purpose of resources allocation and performance assessment.

As at 31 December 2024 and 30 June 2025, all of the non-current assets were located in the PRC.

5. REVENUE/CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Revenue

	Unaudited Six months ended 30 June	
	2025	2024
Provision of construction services		
– Ethanol production system technology integrated services		
– Ethanol fuel industries	**12,709**	24,825
– Alcoholic beverage industries	**3,066**	9,638
– Others	**7,795**	2,121
Total	**23,570**	36,584
– Recognised over time	**23,028**	34,463
– Recognised at a point in time	**542**	2,121
	23,570	36,584

"Others" mainly refers to revenue generated from projects relating to medical and industry of ethyl acetate.

The amount of the Group's revenue from external customers broken down by location of the customers is shown in the table below:

	Unaudited Six months ended 30 June	
	2025	2024
PRC	**23,480**	35,812
Other countries	**90**	772
Total	**23,570**	36,584

(b) Assets and liabilities related to contracts with customers

The Group has recognised the following assets and liabilities related to contracts with customers:

	As at 30 June 2025 Unaudited	As at 31 December 2024 Audited
Contract assets relating to construction contracts	**170,895**	184,326
Less:Loss allowance	**(36,568)**	(35,421)
Contract assets-net	**134,327**	148,905
Contract liabilities relating to construction contracts	**33,832**	36,190

6. INCOME TAX CREDIT

	Unaudited Six months ended 30 June	
	2025	2024
Current tax:		
PRC Enterprise Income Tax	–	–
Deferred income tax credit	**89**	–
Total income tax credit	**89**	–

(a) Hong Kong profits tax

Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity is taxed at 8.25%, and profits above HK$2 million are taxed at 16.5%.

No provision for taxation in Hong Kong has been made as the Group's income neither arises in, nor is derived from, Hong Kong (2024: Nil).

(b) PRC enterprise income tax

The enterprise income tax rate applicable to the group entities located in mainland China is 25% according to the Enterprise Income Tax Law of the People's Republic of China (the "**EIT Law**") effective on 1 January 2008 except Guangdong Zhongke Tianyuan New Energy Science and Technology Co. Ltd., which is the major subsidiary of the Group, was qualified as "High and New Technology Enterprise" in 2022 and was entitled to a preferential income tax rate of 15% on its estimated assessable profits for the period ended 30 June 2025 and 2024.

(c) Overseas income tax

The Company is regarded as resident for tax purposes in Jersey and on the basis that the Group is neither a financial services group nor a utility group for the purposes of the Income Tax (Jersey) Law 1961, as amended. The Company is subject to income tax in Jersey at a rate of zero per cent. For other jurisdictions, the taxes arising from offshore are borne by the overseas customers according to the contract terms.

7. LOSS PER SHARE

Basic loss per share

	Unaudited Six months ended 30 June	
	2025	2024
Loss attributable to owners of the Company	**(7,852)**	(2,760)
Weighted average number of ordinary shares in issue (thousand shares)	**589,759**	589,759
Basic loss per share (expressed in RMB per share)	**(0.013)**	(0.005)

No diluted loss per share are presented as there were no potential ordinary shares in issue for both periods.

8. DIVIDENDS

No dividends have been declared or paid by the Company during the period ended 30 June 2024 and 2025.

9. TRADE AND BILLS RECEIVABLES

	As at 30 June 2025 Unaudited	As at 31 December 2024 Audited
Trade and bills receivables – third parties	**103,227**	109,333
Less: Allowance for credit losses of trade and bills receivables	**(94,025)**	(95,885)
Trade and bills receivables – net	**9,202**	13,448

The ageing analysis of trade and bills receivables based on invoice date (net of impairment losses) is as follows:

	As at 30 June 2025 Unaudited	As at 31 December 2024 Audited
Within one year	**9,088**	11,121
One to two years	**114**	1,846
Two to three years	–	481
	9,202	13,448

As at 31 December 2024 and 30 June 2025, trade receivables were denominated in RMB.

10. TRADE AND OTHER PAYABLES

	As at 30 June 2025 Unaudited	As at 31 December 2024 Audited
Trade payables (Note (a))	**55,853**	62,260
Other payables and accruals	**30,518**	28,352
Amounts due to directors (Note (b))	**1,438**	615
Wages payables	**5,667**	6,211
VAT payables	**40,819**	36,889
	134,295	134,327

(a) As at 31 December 2024 and 30 June 2025, the ageing analysis of trade payables based on invoice date was as follows:

	As at 30 June 2025 Unaudited	As at 31 December 2024 Audited
Within one year	**23,910**	9,290
One to two years	**4,183**	5,274
Two to three years	**2,342**	10,729
Over three years	**25,418**	36,967
	55,853	62,260

(b) The amounts are unsecured, interest free and repayable on demand.

MANAGEMENT DISCUSSION AND ANALYSIS

The following is the management discussion and analysis of the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2025 ("**1H2025**"), together with the comparative unaudited figures for the six months ended 30 June 2024 ("**1H2024**") and certain comparative figures for the last audited financial year ended 31 December 2024. All amounts set out in this announcement are presented in Renminbi ("**RMB**") unless otherwise indicated.

BUSINESS REVIEW

The Company is a leading ethanol system producer in the People's Republic of China ("**PRC**" or "**China**"). We primarily provide integrated services including engineering design, equipment manufacturing, installation and commissioning, and subsequent maintenance for the core system of ethanol production system in the ethanol fuel and alcoholic beverage industries in the PRC. The Company has been qualified as a National High-Tech Enterprise equipped with a provincial standard technology centre. We have cooperated with Guangzhou Institute of Energy Conversion, Chinese Academy of Sciences and various well-known universities, and have undertaken many national research projects with 35 patented technologies researched and developed by the Company. These proprietary intellectual properties enable us to provide production processes and technologies for alcohol, ethanol fuel and similar chemicals for customers at large. The pressure vessel equipment designed and constructed by the Company is both CE and ASME certified.

The Company is well-equipped to undertake a full range of services from engineering design, large-scale equipment manufacturing to integration, installation and commissioning, maintenance of alcohol, ethanol fuel, biobutanol, recycling of waste alcohol after extracting xanthan gum and similar production systems. We provide customers with complete customised solutions for project construction, relocation, upgrading, transformation, manufacturing and installation of systems through bidding, invitation to bid and quotation. Based on our business process and operation system, we have established a business model led by marketing services and supported by the technical research and development ("**R&D**") centre, centralised procurement, collaborative production, distribution and on-site production, equipment system integration, installation and commissioning, where each step is assigned to a technical engineer for service. We have thus created a comprehensive system of design, construction, installation and commissioning and turnkey project to sincerely serve our customers.

In the first half of 2025, with the adjustment to domestic macroeconomic structure, the deep implementation of the "dual carbon" target, and the sustained rapid growth of the new energy vehicle industry, the consumption of fuel ethanol in China will decrease compared to the same period last year. However, in the first half of 2025, the domestic supply of fuel ethanol still exceeded demand, and production enterprises faced significant cost pressures from intensified supply competition, resulting in a relatively long production loss cycle. Consequently manufacturers no longer blindly pursued market share expansion, enlarged new production capacity or built new factories. The competition within the industry is intensifying, and various production enterprises are seizing their market shares through technological innovation, product upgrades, and other means.

Internationally, due to the accumulation of geopolitical factors and the impact of increased tariffs imposed by the United States on multiple countries around the world, the progress of some potential projects we have been conducting in Africa, Southeast Asia, and the European Union has been slowed down in recent years.

The above internal and external factors have to some extent affected the development of our industry and our Company's business.

Our Company has been actively recalibrating its marketing strategies, exploring the market of Baijiu enrichment and impurity removal projects and xanthan gum light liquor recovery projects, actively participating in the production line design, equipment installation, commissioning and after-sales service of coal to ethanol for relevant domestic enterprises, and providing new and old customers with services such as equipment updating or product upgrading. Our Company proactively explores new marketing models and strives to obtain more contracts through diversified marketing methods.

During the six months ended 30 June 2025, the Company recorded a total operating revenue of RMB23.57 million (1H2024: RMB36.58 million), representing a decrease of 35.6% from the same period of last year. Operating loss was RMB7.18 million (1H2024: loss RMB1.58 million) and net loss was RMB7.80 million (1H2024: loss RMB2.54 million). The loss for the reporting period was mainly due to fewer sales contracts secured by the Company. The increase in loss for the reporting period compared with the same period of last year was mainly due to the decrease in revenue, gross profit margin and share of result of an associate.

To overcome the difficult economic environment, the Company focused on the following business activities in 1H2025:

(1) Striving to develop business

The Company continuously strengthened market promotion and customer development efforts through industry research and market dynamics analysis. After the lifting of epidemic prevention and control measures, we actively visited and communicated with our customers, actively participated in industry conferences and exhibitions, and effectively promoted our business. We also strived to expand our market influence and reach new customers through long-term good cooperation with our major customers. However, due to the adverse impact of the stagnant economic environment on the industry, during the reporting period, we signed only 9 new contracts. The total contract amount (excluding value-added tax) of these new contracts was RMB31.86 million (1H2024: RMB31.59 million), which was at the same level year-on-year.

(2) Continuous R&D on new technology

The Company continued to increase R&D investment and adhered to the innovation-oriented business philosophy to maintain the Company's technical competitiveness which laid down a solid technical foundation to support the Company's market development. During the reporting period, the Company invested a total of RMB2.07 million (1H2024: RMB1.44 million) in R&D, mainly focusing on biomass fuel production technology and small-scale hydrogen production equipment.

(3) Progress of contracted projects

The Group actively executed existing contractual projects, which included a project for recycling of waste alcohol after extracting xanthan gum and an isoleucine amino acid project in Xinjiang Uygur Autonomous Region； a project for the procurement of ethanol molecular sieve dehydration system for electrolyte precursor of 200,000 tons/year of ethanol unit in Hubei Province; a technical renovation project for the annual production of 100,000 tons of edible alcohol distillation unit located in Shandong Province; an 80,000-tonne anhydrous ethanol project in Fujian Province and a project for the procurement of ethanol molecular sieve dehydration system for coalification of 500,000 tons/year of methanol to ethanol in Shaanxi Province. In addition, we also undertook a number of facility upgrade projects for fuel ethanol and edible alcohol producers. During the reporting period, the Group invested most of its manpower and resources in these domestic projects. The five largest projects generated revenue of RMB15.77 million, accounting for 66.9% of the Group's total revenue for the reporting period.

PROSPECTS

(1) Business development strategy

It was clearly proposed in the "14th Five-Year Plan" of China to expand the application of biofuels. The target consumption of ethanol fuels may reach 12 million tons by 2025, and the demand for equipment will grow in tandem with the expansion of production capacity. In the next few years, with the world's attention and commitment to carbon emission reduction and carbon neutrality and China's dual carbon goals, application and development of new energy production technologies will enter a new era.

The Company will seize this historic opportunity and actively develop new technologies and new business given its leading position in the industry to strengthen our domestic market position, and expand into emerging overseas markets.

As climate change poses an increasingly serious threat to human society, biofuels have gradually become an integral part of the global energy supply system. In the future, as the carbon peak and carbon neutral targets of China are approaching, and the trend of green energy transformation is getting more and more intense, it is expected that the biofuel industry will still have much room for growth in the long run.

Looking forward, the Company will further strengthen the building of our marketing team, continuously improve the depth and breadth of the sales network, maintain good relationships with the existing customers and actively acquire new customers. The Company will also proactively explore investment opportunities in related industries and increase production equipment manufacturing and technical service income from other chemicals in order to expand the current revenue portfolio.

(2) Strengthening technology R&D

The Company believes that independent innovation is essential for its sustainable development. Since its establishment, the Company has committed substantial resources to R&D for new technologies and processes for energy-saving and environmentally friendly new energy production. As at the end of the reporting period, the Company and its subsidiaries have registered a total of 35 valid patents, including 19 invention patents.

The Company aims to maintain technical advantages in the fuel ethanol market. Through our R&D efforts in the cutting-edge 1.5th and 2nd generation cellulose ethanol production technologies, hydrogen energy production technology, as well as high-carbon ethanol production technology through ethanol intensive processing and related equipment manufacturing, we shall be able to increase project income from cellulose ethanol, hydrogen energy industry and high-carbon ethanol equipment manufacturing in the future.

Capitalizing on its leading position in the clean energy technology industry, the Company will continue to increase investment in technology R&D. We conduct effective exchanges and cooperation with customers, universities and research institutes so as to create an organic combination of production, learning and research. Our R&D activities will focus on fuel ethanol technology, super grade alcohol, hydrogen production, green bio-based chemicals and equipment manufacturing technology and related chemical production processes. So long as our technology stays ahead of the curve, our self-owned intellectual property will eventually turn into income from businesses of the Group.

FINANCIAL REVIEW

Revenue

Revenue for the reporting period decreased by approximately RMB13.01 million, or 35.6%, from approximately RMB36.58 million for 1H2024 to approximately RMB23.57 million for 1H2025, which was mainly due to fewer sales contracts secured by the Company and the slow progress of implementing existing contractual projects.

Gross Profit and Gross Profit Margin

The Group's gross profit decreased by approximately RMB2.87 million, or 54.5%, from approximately RMB5.27 million for 1H2024 to approximately RMB2.40 million for 1H2025. The overall gross profit margin also decreased from approximately 14.4% in 1H2024 to approximately 10.2% in 1H2025. The decrease in gross profit margin was mainly due to market fluctuations during the reporting period.

Selling and Marketing Expenses

The Group's selling and marketing expenses decreased by approximately RMB0.42 million, or 18.9%, from approximately RMB2.22 million for 1H2024 to approximately RMB1.80 million for 1H2025. The Company is expecting to conduct more overseas marketing promotion activities in the second half of the year.

Administrative Expenses

Our administrative expenses primarily consisted of employee cost and benefit expenses, depreciation and amortization. The administrative expenses decreased by approximately 12.6% to approximately RMB7.59 million in 1H2025 (1H2024: approximately RMB8.68 million). The decrease in administrative expenses was mainly due to the decrease in other expenses as the result of the Group's cost control measures during the reporting period.

Share of Result of an Associate

During the reporting period, the Group's share of loss of an associate was approximately RMB1.25 million, representing a decrease of 225.8% as compared with share of profit of approximately RMB0.99 million for 1H2024, mainly due to the decline in business results of the associate.

Other Income

The Group has other income of approximately RMB0.17 million for 1H2025 (1H2024: approximately RMB0.74 million).

Finance Costs – net

The Group's finance costs – net decreased by approximately 25.4% from approximately RMB958,000 for 1H2024 to approximately RMB715,000 for 1H2025. The finance costs mainly represented interest on bank borrowings and lease liabilities.

Income Tax Credit

The Group's income tax credit increased from nil in 1H2024 to approximately RMB89,000 in 1H2025, due to the deferred income tax credit generated from lease, which was not inccurred in 1H2024.

Loss Attributable to the Owners of the Company

As a result of the foregoing, the Group reported a loss attributable to the owners of the Company of approximately RMB7.85 million for 1H2025, compared to a loss of RMB2.76 million for 1H2024. The increase in loss was mainly due to the decrease in revenue, gross profit margin and share of result of an associate.

Liquidity, Financial Resources and Capital Structure

As at 30 June 2025, the Group's cash and cash equivalents were approximately RMB1.09 million (as at 31 December 2024: approximately RMB4.17 million). The Group's cash is mainly used for payments to suppliers, subcontractors and working capital needs.

As at 30 June 2025, the Group had bank borrowings of RMB21.34 million in total (as at 31 December 2024: RMB32.23 million). The bank and other borrowings were mainly used to finance the working capital of the Group. The Directors confirmed that the Group had neither experienced difficulty in obtaining or repaying its bank borrowings, nor breached any major covenant or restriction of the Group's facilities up to the date of this announcement. Bank borrowing and repayment activities were normal.

The total equity of the Group as at 30 June 2025 was approximately RMB1.78 million (as at 31 December 2024: approximately RMB9.66 million). The Group generally finances its operations with internally generated cash flows, interest-bearing bank loans and other borrowings.

As at 30 June 2025, the Group's net current liabilities increased by approximately RMB5.98 million, or 10.1%, from approximately RMB59.36 million as at 31 December 2024 to approximately RMB65.34 million. The current ratio of the Group was approximately 0.72 times, which was at the similar level as at 31 December 2024.

The Group expresses its gearing ratio as a percentage of total debts divided by total equity. Its gearing ratio was approximately 136.73 as at 30 June 2025, representing a significant increase compared to 26.60 as at 31 December 2024.

Capital Expenditure

The Group's capital expenditure principally consists of expenditures on intangible assets and acquisitions of property, plant and equipment related to operations, which were funded by the Group's internal resources and finance lease arrangement. During the reporting period, the Group did not have material changes in capital expenditures on property, plant and equipment.

Material Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures

There was no material acquisition or disposal of subsidiaries, associates or joint ventures during 1H2025.

Significant Investment Held

The Group did not hold any significant investment (except for its subsidiaries) during the reporting period.

Future Plans for Material Investments and Capital Assets

Saved as disclosed in this announcement, the Group did not have other plans for material investments and capital assets during 1H2025.

Segment Information

Segment information for the Group is presented as disclosed in note 4 to the condensed consolidated financial statements.

Contingent Liability

The Group had no contingent liabilities as at 30 June 2025 (as at 31 December 2024: Nil).

Pledge of Assets

As at 30 June 2025, the right-of-use assets and buildings of the Company's subsidiaries have been pledged to the bank as security for banking facilities granted to the Group.

Capital Commitments

As at 30 June 2025, the Group did not have any capital commitments (as at 31 December 2024: Nil).

Foreign Exchange Exposure

The functional currency of the Group's operating assets and liabilities is RMB. Therefore, the Group is not exposed to significant foreign exchange risk and has not employed any financial instrument for hedging.

Treasury Policies

The Group's financing and treasury activities are centrally managed and controlled at the corporate level. Bank borrowings of the Group are all denominated in RMB and have been arranged on a floating-rate basis. It is the Group's policy not to enter into derivative transactions for speculative purposes.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2025, the Group's workforce comprised 84 (as at 31 December 2024: 82) full-time employees.

The Group believes that ongoing and continuous development of its employees is critical to its success. The Group provides its employees with tailored training programmes that are designed to upgrade their skills and knowledge and to prepare them for the next step in their career paths within the Group. The Group entered into separate labour contracts with each of its employees in accordance with the applicable labour laws of China. The remuneration offered to employees generally includes salaries and bonuses. In general, the Group determines salaries of its employees based on each employee's qualifications, position and performance.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving and maintaining high standards of corporate governance. The Board believes that good and effective corporate governance practices are the key to safeguarding the interests of the shareholders of the Company (the "**Shareholders**") and sustaining the success of the Group to create long-term value for the Shareholders.

In the opinion of the Directors, the Company complied with all code provisions of the Corporate Governance Code as set out in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") throughout the six months ended 30 June 2025.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiries of all Directors, the Company confirms that the Directors complied with the required standards set out in the Model Code throughout the six months ended 30 June 2025.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company (including the sale of treasury shares) during the six months ended 30 June 2025. As at 30 June 2025, the Company did not hold any treasury shares.

REVIEW OF INTERIM RESULTS

The interim results of the Group for the six months ended 30 June 2025 have been reviewed by the Audit Committee of the Company, which comprises three independent non-executive Directors, namely Ms. Wong Mei Ling (Chairman of the Audit Committee), Mr. Richard Antony Bennett and Mr. Chan Shing Fat Heron.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.zkty.com.cn). The interim report for the six months ended 30 June 2025 containing all the information as required by the Listing Rules will be published on the aforesaid websites in due course.

By Order of the Board
China New Energy Limited
Yu Weijun
Chairman

Hong Kong, 26 August 2025

As at the date of this announcement, the Board comprises two executive directors, namely Mr. Yu Weijun (Chairman) and Mr. Tang Zhaoxing (Chief Executive Officer); and three independent non-executive directors, namely Mr. Richard Antony Bennett, Mr. Chan Shing Fat Heron and Ms. Wong Mei Ling.