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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

The board (the "**Board**") of directors (the "**Directors**") of China New Energy Limited (the "**Company**") announces the audited consolidated annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2025 ("**Reporting Year**"), together with the comparative figures for the corresponding period in 2024 as follows.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

	Notes	**2025** *RMB'000*	2024 *RMB'000*
Revenue	*4*	**85,915**	85,428
Cost of sales		**(70,415)**	(68,556)
Gross profit		**15,500**	16,872
Selling and marketing expenses		**(5,772)**	(11,258)
Administrative expenses		**(22,011)**	(17,250)
Impairment losses under expected credit loss model, net of reversal	*9*	**(11,436)**	(35,674)
Impairment of interest in an associate		**(5,738)**	–
Other income	*6*	**2,304**	1,208
Other gains/(losses) – net	*7*	**1,656**	(5,552)
Share of result of associate		**(211)**	(6,032)
Operating loss		**(25,708)**	(57,686)
Finance costs	*8*	**(1,343)**	(1,780)
Loss before income tax	*9*	**(27,051)**	(59,466)
Income tax credit	*10*	**170**	174
Loss for the year		**(26,881)**	(59,292)
Loss attributable to:			
– Owners of the Company		**(26,399)**	(59,495)
– Non-controlling interest		**(482)**	203
		(26,881)	(59,292)
Loss per share for loss attributable to owners of the Company (expressed in RMB per share)			
Basic loss per share	*12*	**(0.045)**	(0.101)
Diluted loss per share	*12*	**(0.045)**	(0.101)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	2025	2024
	RMB'000	*RMB'000*
Loss for the year	**(26,881)**	(59,292)
Other comprehensive loss		
Items that may be reclassified to profit or loss		
– Exchange differences on translation of foreign operations	**(70)**	184
Other comprehensive loss for the year, net of tax	**(70)**	184
Total comprehensive loss for the year	**(26,951)**	(59,108)
Total comprehensive loss attributable to:		
– Owners of the Company	**(26,469)**	(59,311)
– Non-controlling interests	**(482)**	203
	(26,951)	(59,108)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Notes	**2025** **RMB'000**	2024 RMB'000
Non-current assets			
Property, plant and equipment		**4,890**	7,775
Intangible assets		**14,580**	16,357
Right-of-use assets		**5,091**	6,309
Interest in an associate		**42,000**	47,949
Financial assets at fair value through other comprehensive income		**–**	–
Deferred tax assets		**750**	750
		67,311	79,140
Current assets			
Inventories		**7,184**	9,336
Trade and bills receivables	*13*	**20,221**	13,448
Other receivables and prepayments	*14*	**5,192**	11,569
Contract assets		**136,576**	148,905
Bank balances and cash		**3,272**	4,166
		172,445	187,424
Current liabilities			
Trade payables	*15*	**70,634**	62,260
Other payables	*16*	**79,278**	72,067
Contract liabilities		**26,667**	36,190
Bank borrowings		**23,592**	26,026
Lease liabilities		**1,230**	1,146
Tax payable		**49,103**	49,099
		250,504	246,788
Net current liabilities		**(78,059)**	(59,364)
Total assets less current liabilities		**(10,748)**	19,776

	Notes	**2025**	2024
		RMB'000	*RMB'000*
Non-current liabilities			
Bank borrowings		**4,064**	6,206
Deferred tax liabilities		**460**	630
Lease liabilities		**2,024**	3,285
		6,548	10,121
Net (liabilities)/assets		**(17,296)**	9,655
Capital and reserves			
Share capital		**1,762**	1,762
Reserves		**(18,133)**	8,336
Equity attributable to owners of the Company		**(16,371)**	10,098
Non-controlling interests		**(925)**	(443)
Total equity		**(17,296)**	9,655

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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**").

The 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**").

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The Group's recorded a net loss of approximately RMB26,881,000 for the year ended 31 December 2025 and as at 31 December 2025, the Group was in net current liabilities of approximately RMB78,059,000 and net liabilities position of approximately RMB17,296,000. These conditions cast significant doubt about the Group's ability to continue as a going concern.

The directors are of the view that the Group will be able to raise adequate funds to enable it to operate as a going concern, based on the Group's business forecast and cash flow projection which, inter alia, take into account the past actual operating performance of the Group and assume the following:

(i) additional new sources of financing as and when needed will be successfully obtained;

(ii) measures to speed up the collection of outstanding sales proceeds and effectively control costs and expenses will be successfully implemented; and

(iii) relationship with the Group's other existing lenders will be successfully maintained such that no action will be taken by the relevant lenders to demand immediate repayment of the borrowings and other debts with principal and interest payments in default.

The directors believe that, taking into account the above factors, the Group will have sufficient working capital to satisfy its present requirements for at least the next 12 months from the end of the reporting period. However, should the above financing be unavailable or the eventual outcome of the above matters be unsuccessful or unfavorable to the Group, the Group may be unable to continue as a going concern. Hence the exist material uncertainty related to the above-mentioned conditions that may cast significant doubt on the Group's ability to continue as a going concern. Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments might have to be made to the carrying values of the Group's assets to write down to their realisable values, to provide for any further liabilities which might arise and to reclassify its non-current assets and non-current liabilities to current assets and current liabilities respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

3 APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

Amendments to IFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (the "**IASB**") for the first time, which are mandatorily effective for the Group's annual periods beginning on 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to IAS 21	Lack of Exchangeability

The application of the amendments to IFRS Accounting Standards in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11[2]
Amendments to IAS 21	Translation to a Hyper inflationary Presentation Currency[3]
IFRS 18	Presentation and Disclosure in Financial Statements[3]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2026.
3 Effective for annual periods beginning on or after 1 January 2027.

The directors of the Company anticipate that the application of all other new and amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

4 REVENUE

Disaggregation of revenue from contracts with customers

Types of goods or services

	2025	2024
	RMB'000	*RMB'000*
Provision of construction services		
– ethanol production system technology integrated services		
Ethanol fuel industries	**44,507**	26,696
Alcoholic beverage industries	**13,474**	26,077
Others	**27,934**	32,655
Total	**85,915**	85,428

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

Timing of revenue recognition:

	2025	2024
	RMB'000	*RMB'000*
Over time	**85,373**	83,154
At a point in time	**542**	2,274
	85,915	85,428

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

Geographical information

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

	2025	2024
	RMB'000	*RMB'000*
PRC	**85,162**	79,943
Myanmar	**264**	187
Indonesia	**394**	5,249
Other countries	**95**	49
Total	**85,915**	85,428

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

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2025	2024
	RMB'000	*RMB'000*
Customer A[1]	**N/A**	20,240
Customer B[1]	**N/A**	19,197
Customer C	**16,506**	10,632
Customer D[2]	**16,168**	N/A
Customer E[2]	**16,385**	N/A
Total	**49,059**	50,069

1 The corresponding revenue did not contribute over 10% of the total revenue of the Group for the year ended 31 December 2025.

2 The corresponding revenue did not contribute over 10% of the total revenue of the Group for the year ended 31 December 2024.

6 OTHER INCOME

	2025	2024
	RMB'000	*RMB'000*
Bank interest income	**2**	7
Subsidy income *(note (i))*	**2,300**	880
Sundry income	**2**	321
	2,304	1,208

(i) Subsidy income mainly represented government grants provided to the Group for its support and award to innovative and growth enterprises. The grants were unconditional and were recognised as income when received.

7 OTHER GAINS/(LOSSES) – NET

	2025	2024
	RMB'000	*RMB'000*
Bad debts written off	**(1,147)**	(2,475)
Exchange losses, net	**(697)**	(79)
Impairment loss reversed on intangible assets	**–**	502
Over-provision/(provision) for claim	**3,500**	(3,500)
	1,656	(5,552)

8 FINANCE COSTS

	2025	2024
	RMB'000	*RMB'000*
Bank borrowings interest expense	**1,198**	1,596
Lease liabilities interest expense	**145**	184
	1,343	1,780

9 LOSS BEFORE INCOME TAX

Loss before income tax has been arrived at after charging and (crediting) the following:

	2025	2024
	RMB'000	*RMB'000*
Staff costs (including directors' remuneration)		
Salaries, wages, bonuses and other benefits	**10,510**	8,130
Contribution to pension scheme	**1,711**	1,542
	12,221	9,672
Less: Capitalised in intangible assets	**–**	(23)
	12,221	9,649
Staff costs included in		
– Cost of sales	**1,448**	948
– Selling and marketing expenses	**2,256**	2,459
– Administrative expenses	**8,517**	6,242

	2025	2024
	RMB'000	*RMB'000*
Costs of engineering services	**13,545**	13,587
Equipment, materials, parts and consumables used, included in cost of sales	**48,921**	46,110
Depreciation of property, plant and equipment	**3,295**	4,508
Depreciation of right-of-use assets	**1,218**	1,244
Amortisation of intangible assets	**1,777**	2,050
Impairment losses, net of reversal recognised on:		
– Trade and bills receivables	**708**	22,253
– Contract assets	**5,194**	15,355
– Other receivables	**5,534**	(1,934)
	11,436	35,674
Amounts included in administrative expenses:		
– Legal and professional fees	**952**	1,161
– Auditor's remuneration	**1,015**	1,108
– Research and development costs	**7,772**	2,686

10 INCOME TAX CREDIT

	2025	2024
	RMB'000	*RMB'000*
Current tax:		
PRC Enterprise Income Tax	**–**	–
Deferred income tax credit	**(170)**	(174)
Total income tax credit	**(170)**	(174)

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).

Overseas income tax

The Company was incorporated in Jersey as a public company with limited liability under the Companies (Jersey) Law 1991. 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.

PRC enterprise income tax

The income tax provision of the Group in respect of the operations of its subsidiaries in mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the years ended 31 December 2025 and 2024 based on the existing legislation, interpretations and practices in respect thereof.

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. ("**Zhongke Tianyuan**"), which was qualified as "High and New Technology Enterprise" in 2016 and renewed in December 2019 and 2022 with a validity period of three years and was entitled to a preferential income tax rate of 15% on its estimated assessable profits for the years ended 31 December 2025 and 2024.

According to a policy promulgated by the State Tax Bureau of the PRC and effective from 2008 onwards, enterprises engaged in research and development activities are entitled to claim an additional tax deduction amounting to 50% of the qualified research and development expenses incurred in determining its assessable tax profits for that year. The additional tax deduction has been increased from 50% of the qualified research and development expenses to 75%, effective from 2018 to 2020, according to a new tax incentives policy promulgated by the State Tax Bureau of the PRC in September 2018 ("**Super Deduction**"). Effective from 2021 onwards, the additional tax deduction rate of the qualified research and development expenses for manufacturing enterprises has been increased from 75% to 100%, according to a new tax incentives policy promulgated by the State Tax Bureau of the PRC in March 2021.

PRC withholding income tax

According to the EIT Law, starting from 1 January 2008, a withholding tax of 10% will be levied on the immediate holding companies outside the PRC when their PRC subsidiaries declare dividend out of profits earned after 1 January 2008.

11 DIVIDENDS

No dividend was paid, declared or proposed for ordinary shareholders of the Company during 2025, nor has any dividend been proposed since the end of the reporting period (2024: Nil).

12 LOSS PER SHARE

(a) Basic loss per share

The computation of the basic loss per share amount are based on the loss for the year attributable to owners of the Company of approximately RMB26,399,000 (2024: RMB59,495,000) and the weighted average number of ordinary shares of 589,758,898 (2024: 589,758,898) during the year.

(b) Diluted loss per share

For the years ended 31 December 2025 and 2024, the computation of diluted loss per share were the same as the basic loss per share as there were no potential ordinary shares outstanding during the years.

13 TRADE AND BILLS RECEIVABLES

	2025	2024
	RMB'000	*RMB'000*
Trade receivables – third parties	**112,709**	105,263
Bill receivables	**4,105**	4,070
	116,814	109,333
Less: Allowance for credit losses of trade and bills receivables	**(96,593)**	(95,885)
Trade and bills receivables – net	**20,221**	13,448

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

	2025	2024
	RMB'000	*RMB'000*
Within one year	**19,869**	11,121
One to two years	**352**	1,846
Two to three years	**–**	481
	20,221	13,448

As at 31 December 2025 and 2024, trade and bills receivables are denominated in RMB.

As at 31 December 2025, approximately RMB3,250,000 of bill receivables (2024: RMB3,280,000) was pledged as security for the Group's bank borrowings.

14 OTHER RECEIVABLES AND PREPAYMENT

Details of other receivables and prepayments are as follows:

	2025	2024
	RMB'000	*RMB'000*
Amounts due from related parties *(note (i))*	–	22
Amounts due from directors related to the exercise of the Pre-IPO Share Option Scheme	–	418
Amounts due from employees related to the exercise of the Pre-IPO Share Option Scheme	–	2,186
Prepayment for equipment of ethanol fuel construction and alcoholic beverage construction projects *(note (ii))*	**3,591**	5,466
Deposits receivables, net *(note (iii))*	**652**	871
Others, net	**949**	2,606
	5,192	11,569

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

(ii) The amounts represent the prepayment for equipment for use in the ethanol fuel construction and alcoholic beverage construction projects which the Group has contracted with the customers, which will be recognised as cost of sales when the equipment is delivered and installed.

(iii) Deposits receivables mainly represents up-front payments for guaranteeing performance of the contracts to Inner Mongolia Zhongneng Biological Technology Co., Ltd. of RMB78,000,000 with accumulated impairment of approximately RMB78,000,000 (2024: RMB78,000,000 with accumulated impairment of approximately RMB78,000,000) which will be returned upon the project completes. Due to the COVID-19 epidemic impacts, the projects were not yet completed as at 31 December 2025.

Other receivables and prepayments are denominated in:

	2025	2024
	RMB'000	*RMB'000*
RMB	**4,680**	11,037
GBP	**512**	532
	5,192	11,569

15 TRADE PAYABLES

	2025	2024
	RMB'000	*RMB'000*
Trade payables	**70,634**	62,260

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

	2025	2024
	RMB'000	*RMB'000*
less than one year	**23,274**	9,290
1-2 years	**4,037**	5,274
2-3 years	**3,090**	10,729
over 3 years	**40,233**	36,967
	70,634	62,260

The Group's trade payables as at 31 December 2025 and 2024 were denominated in RMB.

16 OTHER PAYABLES

	2025	2024
	RMB'000	*RMB'000*
VAT payable	**39,722**	36,889
Other payables and accruals	**30,572**	28,352
Wages payables	**7,984**	6,211
Amounts due to directors *(Note)*	**1,000**	615
	79,278	72,067

Note:

The amounts due are unsecured, interest-free and repayable on demand.

Other payables were denominated in:

	2025	2024
	RMB'000	*RMB'000*
– RMB	**74,689**	68,964
– HKD	**3,831**	2,649
– GBP	**758**	454
	79,278	72,067

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Company is a leading ethanol system producer in the People's Republic of China (the "**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, and maintenance for alcohol, ethanol fuel, biobutanol, recycling of waste alcohol after extracting xanthan gum concentration and similar production systems. We provide customers with complete customised solutions for project construction, relocation, upgrading, transformation, system manufacturing and installation of systems. According to our business process and operation system, we have established a business model led by marketing service and followed by technical research and development ("**R&D**") centre support, centralised procurement, collaborative production, distribution and on-site production, equipment system integration, installation and commissioning, where each step is assigned with technical engineer service. We have thus created a comprehensive system of design, construction, installation and commissioning and turnkey project to sincerely serve our customers.

In 2025, the fuel ethanol market in which our Company operates faced more severe challenges, characterised by contracting production, downward pressure on prices, and a structural decline in demand. Firstly, in terms of production, while domestic fuel ethanol supply remained concentrated in traditional main producing areas such as Heilongjiang, Jilin and Liaoning, a number of producers undertook early shutdowns for maintenance due to widening losses, leading to a notable drop in operating rates. According to industry forecasts, bioethanol production for the full year of 2025 was estimated at approximately 9 million tonnes, representing a contraction compared with the previous year. Secondly, on prices, the market generally exhibited a weak supply-demand balance and range-bound fluctuations. Based on industry monitoring data, the national average ethanol price for 2025 stood at RMB5,392.20 per tonne, a decrease of 9.88% from RMB5,983.30 per tonne in 2024, reflecting significant cost-push pressures. Thirdly, structural changes on the demand side became even more evident. The substitution effect of new energy vehicles on gasoline consumption continued to intensify. By the end of 2025, the number of new energy vehicles in China had increased to 43.97 million, generating a considerable substitution effect on gasoline consumption. As a result, domestic refined oil consumption for the full year of 2025 declined by 2.9% year-on-year to 378 million tonnes. As the sole downstream application for ethanol gasoline, fuel ethanol consumption is positively correlated with total gasoline consumption and thus also came under pressure. Faced with pressures on both production and consumption, industry involution intensified, underscoring the dynamics of a zero-sum game. Production enterprises had no choice but to capture market share through technological innovation and product upgrades, while actively exploring expansion into non-grain feedstock pathways and high-value-added bio-based chemical sectors, in order to mitigate single-feedstock dependency and identify new growth drivers.

The Company has been actively adjusting its marketing strategy and entered the market for waste alcohol enrichment, impurity removal, and recycling projects for waste alcohol after xanthan gum extraction. At present, with the rapid development of the domestic coal to ethanol industry, the Company will also strengthen R&D efforts in this industrial technology and actively participate in the production line design, equipment installation, commissioning, and after-sales services for the enterprises. Moreover, since a lot of equipment of our regular clients has been used for at least 10 years and is facing the need for replacement or upgrades, the Company will actively explore new product marketing models and make use of a variety of marketing tactics to strive for more contracts.

To overcome the difficult economic environment, the Company focused on the following business activities in 2025:

(1) Striving to develop business

The Company continuously strengthened marketing promotion and customer development efforts through industry research and market dynamics analysis. We actively visited and communicated with our customers, participated in industry conferences and exhibitions, and effectively promoted our business. We also strived to expand our market influence through long-term cooperation with our major customers while reaching out to new customers. The Company signed 24 new contracts domestically which are currently being executed, with the value of projects signed decreasing from approximately RMB192 million in 2024 to around RMB54.51 million in 2025. The main reason for the decrease in contract volume in 2025 was a significant reduction in contracts for overseas projects.

(2) Continuous advancement of R&D in new technologies

The Company continued to increase R&D investment and adhered to the innovation-oriented business philosophy to maintain the Company's technical competitiveness, laying a solid technical foundation to support the Company's market development. During the Reporting Year, the Company invested a total of RMB7.77 million in R&D, which mainly focused on biomass fuel production technology and small-scale hydrogen production equipment.

(3) Progress of contracted projects

The Group actively executed existing contracted projects, including the Distillation Energy-Saving Optimization Technology Renovation Project located in Guangxi Zhuang Autonomous Region; the procurement project for the ethanol molecular sieve dehydration system of the 500,000-ton-per-year methanol-to-ethanol project in Shaanxi Province; the procurement project for the ethanol molecular sieve dehydration system of the 200,000-ton-per-year ethanol unit in the electrolyte precursor project located in Hubei Province; the procurement project for the vacuum distillation system in Sichuan Province; as well as the xanthan gum extraction dilute alcohol distillation unit project and isoleucine amino acid project in Xinjiang Uygur Autonomous Region. Additionally, the Group undertook multiple facility upgrade projects for fuel ethanol and edible alcohol producers. During the Reporting Year, the Group allocated the majority of its human and material resources to these domestic projects. The five largest projects generated a revenue of RMB63.39 million, accounting for 73.78% of the Group's total revenue for the Reporting Year.

FUTURE PROSPECTS

(1) Business development strategy

The 14th Five-Year Plan explicitly proposes expanding the application of biofuels. According to the China Association for the Promotion of Industrial Development's Biomass Energy Industry Branch, it is projected that by 2030, China's advanced biofuel output will reach 23.98 million tonnes of coal equivalent, with demand rising to 27.46 million tonnes of coal equivalent. Equipment demand is expected to grow in tandem with capacity expansion. In the coming years, against the backdrop of global focus and national commitments to carbon reduction and carbon neutrality, and with the Chinese government also putting forward its dual carbon goals, the application and development of new energy production technologies will progress into a new phase.

The Company will seize this historic opportunity and actively develop new technologies and new businesses, leveraging its leading position in the industry.

- ***Strengthening domestic market position***

  In the short term, the demand for equipment replacement in China will yield steady growth. In the long term, the Company has to withstand industry fluctuations by leveraging technological innovation (e.g. cellulosic ethanol, synthetic biotechnology) and diversification (hydrogen energy equipment and bio-based materials). We will establish a differentiated advantage in the realms of energy efficiency, environmental protection, and intelligent solutions, positioning ourselves as a leader in China's bioenergy equipment sector.

- ***Expanding into overseas emerging markets***

  In terms of international market presence, we remain committed to a focused and meticulous strategy, actively pursuing expansion with particular emphasis on emerging overseas markets, thereby driving steady business growth and achieving breakthroughs. We closely monitor global biofuel policy developments, especially policy adjustments in major markets such as the EU, the US, and Brazil. Aligning with the global energy transition trend, we continuously enhance the low-carbon and environmentally friendly performance of our equipment to meet global decarbonisation demands.

  Meanwhile, we focus on high-potential overseas projects. Leveraging the cost-effectiveness advantage of Chinese equipment, we continue to advance negotiations and collaborations, and have built a portfolio of high-quality cooperative resources. We are committed to ensuring that our overseas projects span multiple countries and diverse categories, thereby enriching our business mix and further expanding opportunities for securing contracts in the global biofuel equipment sector.

As climate change poses an increasingly serious threat to human society, biofuels have gradually developed into an integral part of the global energy supply system. In the future, as the carbon peak and carbon neutrality targets of China approach, and the trend of green energy transformation intensifies, it is expected that the biofuel industry will still have substantial room for long-term growth.

Looking forward, the Company will further strengthen its marketing team, continuously improve the depth and breadth of its 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 Year, the Company and its subsidiaries have registered a total of 35 valid patents, including 21 invention patents.

The Company aims to maintain its technical leadership in the ethanol fuel 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 will be able to increase project income from cellulose ethanol, hydrogen energy industry and high-carbon ethanol equipment manufacturing in the future.

Leveraging the development and manufacturing of pretreatment, fermentation and purification equipment compatible with multiple raw materials (such as corn, cassava, straw and cellulose), we will mitigate customers' reliance on a single source of raw material supply. By introducing an Internet of Things (IoT) remote monitoring system, we will enhance the automation level of our equipment, thereby assisting clients in reducing operational costs. Meanwhile, we will pursue advancements in energy efficiency and environmental protection, including the optimization of equipment energy consumption (such as reduction in steam usage and the implementation of wastewater recycling technologies) to meet the environmental standards required under China's dual carbon goals.

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 a R&D and production model that integrates production, learning and research. Our R&D activities will focus on ethanol fuel technology, super-grade alcohol, hydrogen production, green bio-based chemicals and equipment manufacturing technology and related chemical production processes, with our technology remaining ahead of the curve to drive the business growth of the Group.

FINANCIAL REVIEW

Revenue

During the Reporting Year, the Company realized a total operating revenue of RMB85.92 million (2024: RMB85.43 million), an increase of 0.6% over the year ended 31 December 2024, and a loss attributable to owners of the Company of RMB26.40 million (2024: loss of RMB59.50 million), which decreased by 55.6% compared to the year ended 31 December 2024. The decrease in net loss for the Reporting Year was mainly due to the decrease in impairment losses under expected credit loss model of the Group.

Cost of sales

Cost of sales increased by approximately RMB1.86 million, or 2.7%, from approximately RMB68.56 million for the year ended 31 December 2024 to approximately RMB70.42 million for the Reporting Year. Such increase was mainly driven by the corresponding increase in revenue of the Reporting Year.

Gross profit and gross profit margin

The Group's gross profit decreased by approximately RMB1.37 million from approximately RMB16.87 million for the year ended 31 December 2024 to approximately RMB15.50 million for the Reporting Year. The Group's gross profit margin decreased from approximately 19.7% for the year ended 31 December 2024 to approximately 18.0% for the Reporting Year. The decrease in gross profit margin was mainly due to the increase in the material costs of contracts.

Selling and marketing expenses

The Group's selling and marketing expenses decreased by approximately RMB5.49 million, or 48.7%, from approximately RMB11.26 million for the year ended 31 December 2024 to approximately RMB5.77 million for the Reporting Year, mainly due to the decrease in engineering projects.

Administrative expenses

The administrative expenses increased by approximately RMB4.76 million, or 27.6%, from approximately RMB17.25 million for the year ended 31 December 2024 to approximately RMB22.01 million for the Reporting Year.

Net impairment losses under expected credit loss model

For the year ended 31 December 2025, the Group engaged an independent valuer to evaluate the expected credit loss on the trade and other receivables and contract assets. Based on current economic conditions, historical collection experience and outlook, the Group was required to record a further impairment loss on the trade and other receivables and contract assets totalling approximately RMB11.44 million for the Reporting Year, which decreased by approximately RMB24.24 million, or 67.9% compared to RMB35.67 million for the year ended 31 December 2024. The Group has strengthened its collection policies and held ongoing discussions with the customers about collections and billings and is prepared to take legal action if necessary.

Other income and Other gains/losses – net

The total of other income and other gains/losses – net swung to a net gain of approximately RMB3.96 million for the Reporting Year from a net loss of approximately RMB4.34 million for the year ended 31 December 2024, mainly due to the receipt of government support and incentive funds for innovative and growth-oriented enterprises.

Finance costs – net

The Group's finance costs – net decreased by approximately RMB0.44 million from approximately RMB1.78 million for the year ended 31 December 2024 to approximately RMB1.34 million for the Reporting Year. The finance costs mainly represented interest on bank borrowings.

Loss attributable to owners of the Company

As a result of the foregoing, for the Reporting Year, the Group recorded a loss attributable to owners of the Company of approximately RMB26.40 million compared to a loss of approximately RMB59.50 million for the year ended 31 December 2024, representing a decrease of approximately RMB33.10 million or 55.6%, mainly due to the decrease in impairment losses under the expected credit loss model.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2025, there were a total of 589,758,898 shares in issue. There was no change in the number of issued shares of the Company during the Reporting Year. The Group's operation and investments were financed principally by cash generated from its business operations and equity contribution from the shareholders of the Company (the "**Shareholders**"). As at 31 December 2025, the Group had net current liabilities of approximately RMB78.06 million (2024: net current liabilities of approximately RMB59.36 million) and bank balances and cash of approximately RMB3.27 million (2024: approximately RMB4.17 million). As at 31 December 2025, the Group's total equity attributable to owners of the Company was negative, amounted to approximately RMB16.37 million (2024: approximately RMB10.10 million), and the Group's total debt amounted to approximately RMB257.05 million (2024: approximately RMB256.91 million). The Directors have confirmed that the Group will have sufficient financial resources to meet its obligations as they fall due in the foreseeable future. The Group expresses its gearing ratio as a percentage of total debts divided by total equity. The Group's gearing ratio was approximately -14.86 (as at 31 December 2024: approximately 26.60).

BORROWINGS AND PLEDGE OF ASSETS

As at 31 December 2025, the Group's bank borrowings were approximately RMB27.66 million (31 December 2024: RMB32.23 million), of which RMB23.59 million will be repayable within 1 year. Such loans were all denominated in RMB. The weighted average effective interest rates as at 31 December 2025 and 2024 were 3.52% and 3.85%, respectively. There is no seasonal requirement for borrowings. As at 31 December 2025, certain bill receivables and the right-of-use land and buildings of the Company's subsidiaries have been pledged to the bank as security for banking facilities granted to the Group. The pledged land and properties will be released upon settlement of the relevant loans.

FOREIGN EXCHANGE EXPOSURE

For the Group's operations in China, the major revenues and expenses are denominated in RMB. Since certain monetary assets and monetary liabilities are denominated in Hong Kong dollars, the Group would be exposed to foreign exchange risk. The Group currently does not have any foreign currency hedging policy. However, the management of the Company monitors foreign exchange exposure and will consider hedging significant foreign currency exposure when the need arises.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

During the Reporting Year, the Group did not have significant investments, material acquisitions or disposals of subsidiaries, associates or joint ventures, and neither did the Group have any plans for material investments or acquisition of capital assets as at 31 December 2025.

TREASURY POLICY

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 instalment repayment basis. It is the Group's policy not to enter into derivative transactions for speculative purposes.

CONTINGENT LIABILITIES

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

COMMITMENTS

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

SEGMENT INFORMATION

Segment information for the Group is disclosed in note 5 to the consolidated financial statements of this announcement.

INFORMATION ON EMPLOYEES

As at 31 December 2025, the Group had 85 employees (2024: 82 employees). The increase in the number of employees was due to the increase in the headcount of the project management department in the PRC. 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.

FINAL DIVIDEND

The Board does not recommend the payment of any final dividend for the year ended 31 December 2025 (2024: Nil).

EVENTS AFTER THE REPORTING DATE

From 31 December 2025 up to the date of this announcement, no significant events have occurred.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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 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 set out in Part 2 of the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") during the year ended 31 December 2025, except for the deviation as disclosed below.

Code provision C.5.1 of the CG Code stipulates that the board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. During the year ended 31 December 2025, the Board convened three regular meetings, at which significant matters relating to the Group's business activities and operations were duly reported, discussed, and resolved, thereby facilitating timely and effective commercial decision-making. The Board will endeavour to meet the requirement of this code provision in the future.

COMPLIANCE WITH THE 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 enquiry of all Directors, the Company confirms that the Directors complied with the required standard set out in the Model Code throughout the year ended 31 December 2025.

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 Company's listed securities during the year ended 31 December 2025.

REVIEW OF ANNUAL RESULTS

The Group's consolidated financial statements for the year ended 31 December 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.

SCOPE OF WORK OF KTC PARTNERS CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in this announcement have been agreed by the Group's auditor, KTC Partners CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the Reporting Year. The work performed by KTC Partners CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by KTC Partners CPA Limited on this preliminary results announcement.

EXTRACT FROM INDEPENDENT AUDITOR'S REPORT

The following is an extract from the independent auditor's report on the Group's audited consolidated financial statements for the year ended 31 December 2025 which included a disclaimer of opinion:

Basis for Disclaimer of Opinion

Scope Limitation Relating to the Assessment on the Appropriateness of the Going Concern Basis of Preparing the Consolidated Financial Statements

As disclosed in Note 3.1 to the consolidated financial statements, the Group reported a net loss of approximately RMB26,881,000 for the year ended 31 December 2025, and, as at 31 December 2025, the Group was in net current liabilities position of approximately RMB78,059,000 and net liabilities position of approximately RMB17,296,000.

These events and conditions, together with other matters set out in Note 3.1 to the consolidated financial statements, cast significant doubt on the Group's ability to continue as a going concern. Consequently, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

In assessing the appropriateness of the use of the going concern basis in the preparation of these consolidated financial statements, the directors of the Company have prepared a cash flow forecast covering 12 months from the date of approval of the consolidated financial statements which takes into account of the plans and measures being taken by the Group to improve the Group's liquidity and financial position as set out in Note 3.1 to the consolidated financial statements.

Based on the assessment made by the directors of the Company, assuming that the plans and measures can be successfully implemented or executed as scheduled, the directors are of the view that the Group is able to continue as a going concern and it is appropriate to prepare the consolidated financial statements on a going concern basis.

The validity of the going concern assumption on which the consolidated financial statements have been prepared depends on the successful eventual outcome of the abovementioned plans and measures, as follows:

(i) Successful obtaining new sources of financing as and when needed;

(ii) Successful implementation of measures to speed up the collection of outstanding sales proceeds and effectively control costs and expenses; and

(iii) Successful negotiation with the Group's existing lenders such that no action will be taken by the relevant lenders to demand immediate repayment of the borrowings and other debts with principal and interest payments in default.

The directors of the Company are of the opinion that, based on the assumptions that the plans and measures described in Note 3.1 to the consolidated financial statements would improve the liquidity and financial position of the Group, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2025 and would be able to continue as a going concern. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

However, the appropriateness of the management's use of the going concern basis of accounting in the preparation of the consolidated financial statements depends on the reliability of the underlying data generated to prepare the forecasts and adequacy of support for the assumptions underlying the forecasts, including the feasibility of the plans and measures referred to above. We were unable to obtain sufficient appropriate evidence to satisfy ourselves that the assumptions underlying the forecasts, including the feasibility of the management's plans and measures for future actions to deal with these events and conditions, were reasonable and supportable. There were no alternative audit procedures that we could perform to obtain sufficient appropriate audit evidence to support the feasibility of the above plans and measures and whether they can be successfully implemented. As a result, we were unable to obtain sufficient appropriate evidence to conclude whether the directors' use of the going concern basis of accounting to prepare the consolidated financial statements is appropriate.

Should the Group be unable to continue as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in these consolidated financial statements and we were unable to determine whether such adjustment were necessary.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.zkty.com.cn), and the annual report for the year ended 31 December 2025 will be dispatched to the Shareholders and will be made available on the websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 31 March 2026

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.