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 2026

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 2026 together with comparative figures for the previous period as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

(All amounts in RMB Yuan thousands unless otherwise stated)

		Unaudited	
		Six months ended 30 June	
	Notes	**2026**	2025
Revenue	*5*	**16,166**	23,570
Cost of sales		**(10,364)**	(21,168)
Gross profit		**5,802**	2,402
Selling and marketing expenses		**(2,361)**	(1,800)
Administrative expenses		**(9,025)**	(7,587)
Net reversal of impairment losses under expected credit loss model		**893**	893
Other income		**1,065**	166
Other gains–net		**459**	–
Share of result of an associate		**139**	(1,250)
Operating loss		**(3,028)**	(7,176)
Finance costs		**(799)**	(715)
Loss before income tax		**(3,827)**	(7,891)
Income tax credit	*6*	**89**	89
Loss for the period		**(3,738)**	(7,802)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2026

(All amounts in RMB Yuan thousands unless otherwise stated)

		Unaudited	
		Six months ended 30 June	
	Notes	**2026**	2025
Loss for the period		**(3,738)**	(7,802)
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss			
– Exchange differences on translation of foreign operations		**159**	(76)
Total comprehensive loss for the period		**(3,579)**	(7,878)
(Loss)/profit for the period attributable to:			
– Owners of the Company		**(3,722)**	(7,852)
– Non-controlling interest		**(16)**	50
		(3,738)	(7,802)
Total comprehensive (loss)/income for the period attributable to:			
– Owners of the Company		**(3,563)**	(7,928)
– Non-controlling interest		**(16)**	50
		(3,579)	(7,878)
Loss per share for loss attributable to owners of the Company			
(expressed in RMB per share)			
Basic loss per share	*7*	**(0.006)**	(0.013)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(All amounts in RMB Yuan thousands unless otherwise stated)

	Notes	**As at 30 June 2026 Unaudited**	As at 31 December 2025 Audited
Non-current assets			
Property, plant and equipment		**4,781**	4,890
Intangible assets		**13,500**	14,580
Right-of-use assets		**4,457**	5,091
Interests in an associate		**42,139**	42,000
Financial assets at fair value through other comprehensive income		**–**	–
Deferred tax assets		**750**	750
		65,627	67,311
Current assets			
Inventories		**8,230**	7,184
Trade and bills receivables	*9*	**18,604**	20,221
Other receivables and prepayments		**4,505**	5,192
Contract assets	*5*	**134,664**	136,576
Bank balances and cash		**290**	3,272
		166,293	172,445
Current liabilities			
Trade payables	*10*	**66,074**	70,634
Other payables	*10*	**76,033**	79,278
Contract liabilities	*5*	**24,888**	26,667
Bank borrowings		**20,133**	23,592
Lease liabilities		**1,274**	1,230
Tax payable		**49,093**	49,103
		237,495	250,504
Net current liabilities		**(71,202)**	(78,059)
Total assets less current liabilities		**(5,575)**	(10,748)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(All amounts in RMB Yuan thousands unless otherwise stated)

	Notes	**As at 30 June 2026 Unaudited**	As at 31 December 2025 Audited
Non-current liabilities			
Bank borrowings		**13,549**	4,064
Deferred tax liabilities		**371**	460
Lease liabilities		**1,380**	2,024
		15,300	6,548
Net liabilities		**(20,875)**	(17,296)
Capital and reserves			
Share capital		**1,762**	1,762
Reserves		**(21,696)**	(18,133)
Deficit attributable to owners of the Company		**(19,934)**	(16,371)
Non-controlling interests		**(941)**	(925)
Total deficit		**(20,875)**	(17,296)

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**").

These 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 28 August 2026.

2. BASIS OF PREPARATION

These condensed consolidated financial statements for the six months ended 30 June 2026 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 2025, which have been prepared in accordance with IFRS Accounting Standards.

Going concern assessment

For the six months ended 30 June 2026, the Group incurred a net loss of approximately RMB3,738,000. As at 30 June 2026, the Group was in net current liabilities position of approximately RMB71,202,000 and net liabilities position of approximately RMB20,875,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on 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) Obtaining new sources of financing as and when needed;

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

(iii) Implementing comprehensive measures to speed up the collection of outstanding sales proceeds and effectively control costs and expenses; 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 exists 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 value.

Other than additional accounting policies resulting from the application of amendments to IFRS Accounting Standards 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 2026 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2025.

Application of amendments to IFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to IFRS Accounting Standards issued by the IASB, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2026 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards-Volume 11

The application of the amendments to IFRS Accounting Standards 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 services in the ethanol fuel and alcoholic beverage industries and projects relating to waste alcohol recovery after xanthan gum extraction and sucrose molasses recovery. 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 there is only one 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 resource allocation and performance assessment.

As at 31 December 2025 and 30 June 2026, 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	
	2026	2025
Provision of construction services		
– Ethanol production system technology integrated services		
– Ethanol fuel industries	**6,447**	12,709
– Alcoholic beverage industries	**3,460**	3,066
– Others	**6,259**	7,795
Total	**16,166**	23,570
– Recognised over time	**15,876**	23,028
– Recognised at a point in time	**290**	542
	16,166	23,570

"Others" mainly refers to revenue generated from projects relating to waste alcohol recovery after xanthan gum extraction and sucrose molasses recovery.

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	
	2026	2025
PRC	**15,996**	23,480
Other countries	**170**	90
Total	**16,166**	23,570

(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 2026 Unaudited	As at 31 December 2025 Audited
Contract assets relating to construction contracts	**175,279**	177,191
Less: Loss allowance	**(40,615)**	(40,615)
Contract assets-net	**134,664**	136,576
Contract liabilities relating to construction contracts	**24,888**	26,667

6. INCOME TAX CREDIT

	Unaudited Six months ended 30 June	
	2026	2025
Current tax:		
PRC Enterprise Income Tax	**–**	–
Deferred income tax credit	**89**	89
Total income tax credit	**89**	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 (2025: 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 2016 and renewed in December 2019, 2022 and 2025 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 period ended 30 June 2026 and 2025.

(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	
	2026	2025
Loss attributable to owners of the Company (RMB'000)	**(3,722)**	(7,852)
Weighted average number of ordinary shares in issue (thousand shares)	**589,759**	589,759
Basic loss per share (expressed in RMB per share)	**(0.006)**	(0.013)

No diluted loss per share is 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 2025 and 2026.

9. TRADE AND BILLS RECEIVABLES

	As at 30 June 2026 Unaudited	As at 31 December 2025 Audited
Trade and bills receivables – third parties	**115,019**	116,814
Less: Allowance for credit losses of trade and bills receivables	**(96,415)**	(96,593)
Trade and bills receivables – net	**18,604**	20,221

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

	As at 30 June 2026 Unaudited	As at 31 December 2025 Audited
Within one year	**18,265**	19,869
One to two years	**339**	352
	18,604	20,221

As at 31 December 2025 and 30 June 2026, trade receivables were denominated in RMB.

10. TRADE AND OTHER PAYABLES

	As at 30 June 2026 Unaudited	As at 31 December 2025 Audited
Trade payables (Note (a))	**66,074**	70,634
Other payables and accruals	**28,461**	30,572
Amounts due to directors (Note (b))	**1,557**	1,000
Wages payables	**8,296**	7,984
VAT payables	**37,719**	39,722
	142,107	149,912

(a) As at 31 December 2025 and 30 June 2026, the ageing analysis of trade payables based on invoice date was as follows:

	As at 30 June 2026 Unaudited	As at 31 December 2025 Audited
Within one year	**19,998**	23,274
One to two years	**3,762**	4,037
Two to three years	**2,764**	3,090
Over three years	**39,550**	40,233
	66,074	70,634

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

11. EVENTS AFTER THE REPORTING PERIOD

The Company completed the placing of 117,951,779 new shares at the placing price of HK$0.173 per placing share on 15 July 2026, details of which were disclosed in the Company's announcement dated 15 July 2026. The net proceeds from the placing, after deducting the placing commission and other related expenses, amounted to approximately HK$19.59 million. The Company intends to apply all net proceeds from the placing towards replenishing its general working capital.

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 2026 ("**1H2026**"), together with the comparative unaudited figures for the six months ended 30 June 2025 ("**1H2025**") and certain comparative figures for the last audited financial year ended 31 December 2025. 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 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 center. 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 34 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 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**") center, 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 projects to sincerely serve our customers.

In the first half of 2026, under the combined impact of the continuous expansion of the new energy vehicle market, shrinking sales of fuel-powered vehicles, and high oil prices suppressing consumer travel demand, the domestic consumption of fuel ethanol is expected to reach only 1.45 million tons, representing a significant year-on-year decrease of 13.47%, and there is no sign of an easing in the market demand contraction. The core driving factor behind this consumption decline is still the deepening substitution effect of new energy vehicles on gasoline consumption, which is unlikely to reverse in the short term, further compressing the market for fuel ethanol and exacerbating the difficulties faced by the industry in terms of demand.

Faced with the dual pressure of sustained demand contraction and high production costs, in order to alleviate operational pressure, enterprises are forced to abandon their previous growth model centered on scale expansion and instead adopt an "anti-involution" production reduction strategy to stabilize prices. According to industry statistics, the domestic fuel ethanol production in the first half of the year was 1.63 million tons, a year-on-year decrease of 3.98%. However, although the reduction in production has to some extent alleviated the oversupply, it has also led to a decrease in capacity utilization and an increased pressure on fixed cost allocation. Enterprises have stopped investing in new equipment, placing their operational flexibility under a severe test.

Under the combined effect of tight supply and weak demand, enterprises can no longer maintain themselves solely through price competition, but have to turn to technological upgrades and product differentiation to seek breakthroughs. However, R&D investment requires long cycles and significant capital requirements, making it difficult to generate meaningful performance contributions in the short term. The entire industry is still undergoing a painful period of adjustment. Through the adoption of the "retreat in order to advance" production reduction strategy, the industry has achieved a phased recovery in prices, but the fundamental improvement in demand has yet to materialise. The profit foundation of enterprises is still fragile, and the development prospects of the industry still face considerable uncertainty.

Internationally, due to the 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, hindered the development of our industry and our Company's business.

The Company has been proactively recalibrating its marketing strategies and expanded into the markets for Baijiu concentration and impurity removal projects and xanthan gum light liquor recovery projects while 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 existing customers with services such as equipment updating or product upgrading. Our Company has been proactively exploring new marketing models and strives to secure more contracts through diversified marketing methods.

During the six months ended 30 June 2026, the Company recorded a total operating revenue of RMB16.17 million (1H2025: RMB23.57 million), representing a decrease of 31.4% from the same period of last year. Operating loss was RMB3.03 million (1H2025: loss of RMB7.18 million) and net loss was RMB3.74 million (1H2025: net loss of RMB7.80 million). The loss for the reporting period was mainly due to fewer sales contracts secured by the Company. The decrease in loss for the reporting period compared with the same period of last year was mainly due to the increase in gross profit margin and other income, and share of improved result of an associate.

To overcome the difficult economic environment, the Company focused on the following business activities in 1H2026:

(1) Striving to develop business

During the reporting period, the Company continuously strengthened market promotion and customer development efforts through industry research and market dynamics analysis. 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, the Company signed only 7 new contracts during the reporting period. The total contract amount (excluding value-added tax) of these new contracts was RMB6.81 million (1H2025: RMB31.86 million), representing a year-on-year decrease of 78.6%.

(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 RMB2.60 million (1H2025: RMB2.07 million) in R&D, mainly focusing on biomass fuel production technology and small-scale hydrogen production equipment.

(3) Progress of contracted projects

The Group has been actively fulfilling its existing contract projects, including: the material procurement and sales project for the COFCO energy-saving renovation in Guangxi Province; the engineering construction project for the Phase I fuel ethanol and industrial-grade alcohol co-production technology upgrade and renovation project in Heilongjiang Province; the distillation equipment procurement and installation project in Chongqing; the equipment supply and installation project for the technological renovation of 120 tons/day base liquor raw material purification and impurity removal in Hubei Province; and the spirits tower trays goods and services procurement project in Guangdong Province. In addition, the Group has also undertaken facility upgrade projects for fuel ethanol and edible alcohol producers. During the reporting period, the Group devoted the majority of its manpower and material resources to these domestic projects. The five largest projects generated revenue of RMB11.88 million, accounting for 73.5% of the Group's total revenue during the reporting period.

PROSPECTS

(1) Business development strategy

According to the Fifteenth Five-Year Plan for the Development of a New Energy System and the Fifteenth Five-Year Plan for Renewable Energy Development, the state has explicitly designated non-grain fuel ethanol as a key priority for the development of green fuels, aiming to build a clean and low-carbon energy system. The Fifteenth Five-Year Plan for the Development of a New Energy System clearly states: "Production capacities for green fuels including non-grain biofuel ethanol, biodiesel, biogas, sustainable aviation fuel, green ammonia, and green methanol should be deployed according to local conditions." The Fifteenth Five-Year Plan for Renewable Energy Development sets forth the overall targets, power generation targets, non-electric utilization targets, and reliable substitution targets for renewable energy during the Fifteenth Five-Year Plan period. It specifically states that by 2030, the total consumption of renewable energy will reach approximately 1.8 billion tonnes of standard coal equivalent.

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 overseas emerging 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 its 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 broaden its current revenue structure.

(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 34 valid patents, including 21 invention patents.

The Company needs to maintain technical advantages in the fuel ethanol market. Through increasing investment in our R&D 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. The Company's 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 RMB7.40 million, or 31.4%, from approximately RMB23.57 million for 1H2025 to approximately RMB16.17 million for 1H2026, 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 increased by approximately RMB3.40 million, or 141.5%, from approximately RMB2.40 million for 1H2025 to approximately RMB5.80 million for 1H2026. The overall gross profit margin also increased from approximately 10.2% in 1H2025 to approximately 35.9% in 1H2026. The increase in gross profit margin was mainly due to the decrease in cost of sales during the reporting period compared with 1H2025.

Selling and Marketing Expenses

The Group's selling and marketing expenses increased by approximately RMB0.56 million, or 31.2%, from approximately RMB1.80 million for 1H2025 to approximately RMB2.36 million for 1H2026. The Company is expecting to conduct more overseas marketing promotion activities in the second half of 2026.

Administrative Expenses

Our administrative expenses primarily consisted of employee costs and benefits expenses, depreciation and amortization. The administrative expenses increased by approximately 19.0% to approximately RMB9.03 million in 1H2026 (1H2025: approximately RMB7.59 million). The increase in administrative expenses was mainly attributable to the increase in research and development costs.

Share of Result of an Associate

During the reporting period, the Group's share of profit of an associate was approximately RMB0.14 million, compared with a share of loss of approximately RMB1.25 million for 1H2025, representing an overall improvement of RMB1.39 million. This was mainly attributable to the improved operating performance of the associate.

Other Income

The Group has other income of approximately RMB1.07 million for 1H2026 (1H2025: approximately RMB0.17 million). Other income mainly represented the subsidy income for R&D projects.

Finance Costs – net

The Group's finance costs – net increased by approximately 11.7% from approximately RMB0.72 million for 1H2025 to approximately RMB0.80 million for 1H2026. The finance costs mainly represented interest on bank borrowings and lease liabilities. The increase was mainly attributable to an increase in bank borrowings during the period.

Income Tax Credit

The Group's income tax credit in 1H2026 was approximately RMB0.09 million which was in line with that in 1H2025, due to the deferred income tax credit generated from leases.

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 RMB3.72 million for 1H2026, compared to a loss of RMB7.85 million for 1H2025. The decrease in loss was mainly due to the increase in gross profit margin and other income, and share of improved result of an associate.

Liquidity, Financial Resources and Capital Structure

As at 30 June 2026, the Group's cash and cash equivalents were approximately RMB0.29 million (as at 31 December 2025: approximately RMB3.27 million). The Group's cash is mainly used for payments to suppliers and subcontractors, as well as working capital needs.

As at 30 June 2026, the Group had bank borrowings of RMB33.68 million in total (as at 31 December 2025: RMB27.66 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 2026 was negative, amounting to approximately RMB20.88 million (as at 31 December 2025: negative at approximately RMB17.30 million). The Group generally finances its operations with internally generated cash flows, interest-bearing bank loans and other borrowings.

As at 30 June 2026, the Group's net current liabilities decreased by approximately RMB6.86 million, or 8.8%, from approximately RMB78.06 million as at 31 December 2025 to approximately RMB71.20 million. The current ratio of the Group was approximately 0.7 times, which was comparable to that as at 31 December 2025.

The Group expresses its gearing ratio as a percentage of total debt divided by total equity. Its gearing ratio was approximately -12.11 as at 30 June 2026, representing a slight improvement compared to -14.86 as at 31 December 2025.

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 1H2026.

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

Save as disclosed in this announcement, the Group did not have other plans for material investments and capital assets during 1H2026.

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 2026 (as at 31 December 2025: Nil).

Pledge of Assets

As at 30 June 2026, 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 2026, the Group did not have any capital commitments (as at 31 December 2025: 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 2026, the Group's workforce comprised 81 (as at 31 December 2025: 85) 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.

PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 25 June 2026, the Company entered into a placing agreement (the "**Placing Agreement**") with Gransing Securities Co., Limited (the "**Placing Agent**"), pursuant to which the Placing Agent has conditionally agreed to place, on a best effort basis, up to 117,951,779 new shares in the Company (the "**Placing Shares**") to not less than six (6) independent placees ("**Placees**") at the price of HK$0.173 ("**Placing Price**") per Placing Share (the "**Placing**").

The Placing Price of HK$0.173 per Placing Share represented (i) a discount of approximately 15.61% to the closing price of HK$0.205 as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 19.91% to the average closing price of approximately HK$0.216 as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the Placing Agreement.

The conditions set out in the Placing Agreement were fulfilled, and completion of the Placing took place on 15 July 2026. A total of 117,951,779 Placing Shares, representing approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares immediately upon completion of the Placing, were successfully placed by the Placing Agent to not less than six Placees at the Placing Price of HK$0.173 per Placing Share. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, (i) each of the Placees and their respective ultimate beneficial owners (if any) is a third party independent of the Company and its connected persons; and (ii) none of the Placees has become a substantial shareholder of the Company upon completion of the Placing. The gross proceeds and net proceeds from the Placing are approximately HK$20.41 million and HK$19.59 million (representing a net issue price of approximately HK$0.166 per Placing Share) respectively, which were intended to be used for replenishing the Company's general working capital.

The Directors considered that the Placing represented an attractive opportunity to raise capital for the Company while broadening the shareholder base and capital base of the Company. In addition, the net proceeds of the Placing will strengthen the Group's financial position for its future operation.

Up to the date of this announcement, the Company has utilized approximately HK$4.20 million out of the net proceeds of HK$19.59 million to replenish the Company's general working capital. The unutilized net proceeds of approximately HK$15.39 million are currently deposited with a bank.

Details of the Placing were set out in the announcements of the Company dated 25 June 2026 and 15 July 2026.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, and except for the placing of new shares under the general mandate, the completion of which was disclosed in the Company's announcement dated 15 July 2026, as of the date of this announcement, there was no other event after the reporting period which has a material impact on the Group.

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 2026.

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 2026.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: 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 2026. As at 30 June 2026, 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 2026 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 2026, 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, 28 August 2026

As at the date of this announcement, the Board comprises one executive Director, namely Mr. Yu Weijun (Chairman); and three independent non-executive Directors, namely Mr. Richard Antony Bennett, Mr. Chan Shing Fat Heron and Ms. Wong Mei Ling.