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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 2022

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 2022 together with comparative figures for the previous period as follows:

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2022

(All amounts are rounded to the nearest thousand RMB unless otherwise stated)

		Unaudited	
	<i>Note</i>	Six months ended 30 June	
		2022	2021
Revenue	5	48,859	266,114
Cost of sales		<u>(44,499)</u>	<u>(217,506)</u>
Gross profit		4,360	48,608
Selling and marketing expenses		(2,623)	(4,147)
Administrative expenses		(12,862)	(12,842)
Impairment losses under expected credit loss model, net of reversal		83	103
Other income		1,456	7,859
Other gains – net		<u>153</u>	<u>105</u>
Operating (loss)/profit		(9,433)	39,686
Finance costs		<u>(861)</u>	<u>(796)</u>
(Loss)/profit before income tax		(10,294)	38,890
Income tax expenses	6	<u>–</u>	<u>(4,844)</u>
(Loss)/profit for the period		<u>(10,294)</u>	<u>34,046</u>

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(All amounts are rounded to the nearest thousand RMB unless otherwise stated)

		Unaudited	
		Six months ended 30 June	
	<i>Note</i>	2022	2021
(Loss)/profit for the period		(10,294)	34,046
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
– Exchange differences on translation of foreign operations		<u>1,101</u>	<u>268</u>
Total comprehensive (loss)/income for the period		<u>(9,193)</u>	<u>34,314</u>
(Loss)/profit for the period attributable to:			
– Owners of the Company		(10,247)	34,141
– Non-controlling interest		<u>(47)</u>	<u>(95)</u>
		<u>(10,294)</u>	<u>34,046</u>
Total comprehensive (loss)/income for the period attributable to:			
– Owners of the Company		(9,146)	34,409
– Non-controlling interest		<u>(47)</u>	<u>(95)</u>
		<u>(9,193)</u>	<u>34,314</u>
(Loss)/earnings per share for profit attributable to owners of the Company			
(expressed in RMB per share)			
Basic (loss)/earnings per share	7	<u>(0.017)</u>	<u>0.058</u>

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

(All amounts are rounded to the nearest thousand RMB unless otherwise stated)

		30 June	31 December
		2022	2021
	<i>Note</i>	Unaudited	Audited
ASSETS			
Non-current assets			
Financial assets at fair value through other comprehensive income		4,463	4,463
Property, plant and equipment		17,835	17,467
Right-of-use assets		3,463	4,019
Intangible assets		26,691	27,461
Deferred tax assets		9,836	9,836
		<u>62,288</u>	<u>63,246</u>
Current assets			
Inventories		7,444	7,134
Contract assets	5	248,141	264,864
Trade and bills receivables	9	74,444	90,393
Other receivables and prepayments		113,698	104,216
Bank balances and cash		2,756	6,904
		<u>446,483</u>	<u>473,511</u>
Total assets		<u>508,771</u>	<u>536,757</u>
EQUITY			
Share capital		1,762	1,762
Reserves		238,952	248,098
Equity attributable to owners of the Company		240,714	249,860
Non-controlling interests		(232)	(185)
Total equity		<u>240,482</u>	<u>249,675</u>

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

(All amounts are rounded to the nearest thousand RMB unless otherwise stated)

		30 June	31 December
		2022	2021
	<i>Note</i>	Unaudited	Audited
LIABILITIES			
Non-current liabilities			
Bank borrowings		8,500	7,500
Lease liabilities		<u>–</u>	<u>746</u>
		8,500	<u>8,246</u>
Current liabilities			
Contract liabilities	<i>5</i>	15,551	21,823
Bank borrowings		21,801	24,363
Trade payables	<i>10</i>	97,543	106,911
Other payables	<i>10</i>	74,678	76,014
Lease liabilities		1,353	1,186
Tax payable		<u>48,863</u>	<u>48,539</u>
		259,789	<u>278,836</u>
Total liabilities		<u>268,289</u>	<u>287,082</u>
Total equity and liabilities		<u>508,771</u>	<u>536,757</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts are rounded to the nearest thousand RMB 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. 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 shares of the Company have been listed and admitted to trading on AIM since 23 May 2011.

The shares of the Company were successfully listed on the Main Board of Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 15 July 2020, and on the same day, the shares of the Company on AIM were delisted.

The Company’s shares listed on the Stock Exchange have been suspended from trading since 1 April 2021.

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

This condensed consolidated interim financial information is presented in 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 consolidation interim financial information was approved for issue on 29 August 2022.

2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2022 has been prepared in accordance with International Accounting Standard (“**IAS**”) 34, “Interim financial reporting”. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2021, which have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”).

3. ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the 2021 financial statements as described therein.

Application of amendments to International Financial Reporting Standards (“IFRSs”)

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in IFRS Standards and the following amendments to IFRSs issued by the IASB, for the first time, which are mandatory effective for the annual period beginning on or after 1 January 2022 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018–2020

The adoption of the above new and amended standards and interpretation does not have a material impact or are not relevant to the Group.

4. SEGMENT INFORMATION

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

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

As at 31 December 2021 and 30 June 2022, 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	
	2022	2021
Provision of construction services		
– ethanol production system technology integrated services		
– Ethanol fuel industries	42,397	186,902
– Alcoholic beverage industries	4,287	77,969
– Others	2,175	1,243
	<hr/>	<hr/>
Total	48,859	266,114
	<hr/> <hr/>	<hr/> <hr/>
– Recognised over time	46,684	264,947
– Recognised at a point in time	2,175	1,167

“Others” mainly refers to revenue generated from projects relating to the industry of ethyl acetate and vital fibre oligosaccharide.

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	
	2022	2021
PRC	48,678	265,674
Other countries	181	440
	<hr/>	<hr/>
Total	48,859	266,114
	<hr/> <hr/>	<hr/> <hr/>

(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	31 December
	2022	2021
	Unaudited	Audited
Contract assets relating to construction contracts	271,102	290,659
Loss allowance	(22,961)	(25,795)
Total contract assets	248,141	264,864
Contract liabilities relating to construction contracts	15,551	21,823

6. INCOME TAX EXPENSES

	Unaudited	
	Six months ended 30 June	
	2022	2021
Current income tax	–	4,877
Deferred income tax	–	(33)
Income tax expenses	–	4,844

(a) 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 2019 and was entitled to a preferential income tax rate of 15% on its estimated assessable profits for the period ended 30 June 2022.

(b) 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)/EARNINGS PER SHARE

Basic (loss)/earnings per share

	Unaudited	
	Six months ended 30 June	
	2022	2021
(Loss)/profit attributable to owners of the Company	(10,247)	34,141
Weighted average number of ordinary shares in issue (thousand shares)	589,759	589,759
Basic (loss)/earnings per share (expressed in RMB per share)	<u>(0.017)</u>	<u>0.058</u>

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

8. DIVIDENDS

No dividends have been declared or paid by the Company during the period ended 30 June 2021 and 2022.

9. TRADE AND BILLS RECEIVABLES

	As at	
	30 June 2022 Unaudited	31 December 2021 Audited
Trade and bills receivables – third parties	96,584	112,705
Less: allowance for impairment of trade and bills receivables	<u>(22,140)</u>	<u>(22,312)</u>
Trade and bills receivables – net	<u>74,444</u>	<u>90,393</u>

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

	As at	
	30 June 2022 Unaudited	31 December 2021 Audited
Within one year	43,990	55,594
One to two years	27,442	33,877
Two to three years	<u>3,012</u>	<u>922</u>
	<u>74,444</u>	<u>90,393</u>

As at 31 December 2021 and 30 June 2022, the fair value of trade receivables approximated their carrying amounts.

As at 31 December 2021 and 30 June 2022, trade receivables were denominated in RMB.

10. TRADE AND OTHER PAYABLES

	As at	
	30 June 2022 Unaudited	31 December 2021 Audited
Trade payables (<i>Note (a)</i>)	97,543	106,911
Other payables and accruals	18,145	18,654
Amounts due to directors (<i>Note (b)</i>)	330	382
Wages payables	3,115	3,384
VAT payables	53,088	53,594
	<u>172,221</u>	<u>182,925</u>

- (a) As at 31 December 2021 and 30 June 2022, the ageing analysis of trade payables based on invoice date was as follows:

	As at	
	30 June 2022 Unaudited	31 December 2021 Audited
Within one year	63,336	84,939
One to two years	20,223	9,471
Two to three years	2,506	7,751
Over three years	11,478	4,750
	<u>97,543</u>	<u>106,911</u>

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

MANAGEMENT DISCUSSION AND ANALYSIS

The following is the management discussion and analysis of the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2022 (“**1H2022**”), together with the comparative unaudited figures for the six months ended 30 June 2021 (“**1H2021**”) and certain comparative figures as at the last audited financial year ended 31 December 2021. All amounts set out in this announcement are presented in Renminbi (“**RMB**”) unless otherwise indicated.

BUSINESS REVIEW

The Company is a leading ethanol production system producer in the People’s Republic of China (“**PRC**” or “**China**”), which primarily provides integrated services including engineering design, equipment manufacturing, installation and commissioning and subsequent value-added maintenance for the core system of ethanol production system in the ethanol fuel and alcoholic beverage industries in the PRC.

Entering the year of 2022, the international environment is more severe and complex than 2021. Since the end of February, when the crisis between Russia and Ukraine spiraled into a war and countries such as the US and European Union imposed sanctions on Russia as a result. These events made the international situation more adverse and the world economy were depressed. The Company previously negotiated certain potential projects but these showed no sign of progress. There was an unfinished project in Indonesia for which the customer requested the Company to send engineers there to complete the commissioning. Since March, the Omicron variant has spread in Jilin, Guangdong, Shanghai, Beijing and other places in China, affecting all provinces except Tibet, while the pandemic control measures were continuously introduced and upgraded. The outbreak of COVID-19 pandemic lasted for a long time and had a significant impact on both supply and demand of the economy. Shanghai experienced a two-month lockdown in April and May, which had substantially restricted investment, consumption, import and export activities. The domestic economic situation in the first half of 2022 was not optimistic and the Company’s supply chain and business activities were also affected to some degrees. Moreover, willingness amongst industrial parties to increase capacities and construct new plants was very low and this had limited our chances of securing new business contracts. Therefore, the Company’s business performance for the six months ended 30 June 2022 was not good.

During the six months ended 30 June 2022, the Company achieved a total operating revenue of RMB48.9 million (1H2021: RMB266.1 million), representing a decrease of 81.6% from the same period of last year. Operating profit decreased to a loss of RMB9.4 million (1H2021: Profit of RMB39.7 million) and net profit was turned into a loss of RMB10.3 million (1H2021: Profit of RMB34.0 million), when compared with the same period of last year. The loss for the period was mainly due to the decrease in securing sale contracts and profit margin was also lower on some contracts during the reporting period.

The main business activities of the Company were as follows:

(1) Striving to develop business

During the reporting period, the Company continuously strengthened the efforts in market promotion and customer development through industry research and market dynamic analysis. We effectively promoted business through customer cloud communication, attended industrial seminars and conferences and participated in on-line exhibitions. We also expanded our market influence and developed new customers via long-term cooperative relationships with major customers. During the reporting period, 14 new contracts were signed by the Company, with a total contract sum (excluding VAT) of RMB41.3 million (1H2021: RMB156.7 million), the contract amount decreased by 73.6%.

(2) Continuing research and development (“R&D”) on new technology

During the reporting period, 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 good technical foundation for the Company’s market development. During the reporting period, the Company invested a total of RMB4.98 million in R&D, mainly focused on biomass fuel production technology and small scaled hydrogen production equipment.

(3) Progress in contracted projects

In the first half of 2022, the Group's main operation activities were the implementation of signed contract projects. These included a phase II complete set of fuel ethanol equipment supply project with an annual output of 300 thousand tons in Jixian, Heilongjiang; a 300 tons per year fuel ethanol engineering, procurement and construction ("EPC") project in Heilongjiang; a 40,000 tons per year absolute ethanol dehydration plant EPC project in Anhui; a new absolute ethanol plant project with an annual output of 100,000 tons in Jilin; a construction project of a solvent playback device for resource utilization of waste lye mixed salt in Shaanxi, etc. There were also a number of facility up-grade projects for fuel ethanol, edible alcohol and medicinal alcohol producers. The Group has invested most of its manpower and material resources in these domestic projects during the reporting period. Altogether, the five biggest projects contributed RMB40.9 million or 83.6% to the Group's total revenue for the reporting period.

Whilst the COVID-19 pandemic is still spreading around the world and the world's economy is in a complex and uncertain situation, our overseas business activities have been inactive and some potential overseas projects could not make any progress.

FUTURE PROSPECTS

(1) Business development strategy

In the next few years, the application and development of new energy production technology will enter a new stage. The Company will seize the historic opportunity to actively develop new technologies and new business relying on its leading position in the industry. The Company maintains technical advantages in the fuel ethanol market and will expand the current revenue structure by increasing more technical service income from the upgrades in generations 1.5 and 2 for cellulose ethanol and other chemicals. In the future, the Company will further strengthen the construction of marketing team, continuously improve the depth and breadth of sales network, maintain good relationship with existing customers, and actively expand new customer portfolio and explore investment opportunities in related industries. It can create a strong marketing team and market channels with market influence. Based on past experience, the Company's performance in the second half of the year will be much better than that in the first half, so it is expected to reduce losses in the second half of the year.

(2) Strengthening technology R&D

Independent innovation is the vitality of the Company's sustainable development. Since its establishment, the Company has committed substantial resources to the R&D of new technologies and processes. As at the end of the reporting period, the Company and its subsidiaries have successfully registered a total of 34 patents, including 22 invention patents. Relying on its leading position in the clean energy technology industry, the Company will continue to increase investment in technology R&D and to conduct effective communication with customers, universities and research institutes, so as to create an organic combination of production, learning and research. The Company's R&D study will focus on fuel ethanol technology, super grade alcohol, hydrogen production and equipment manufacturing technology.

FINANCIAL REVIEW

Revenue

Revenue for the reporting period decreased by approximately RMB217.2 million, or 81.6%, from approximately RMB266.1 million for 1H2021 to approximately RMB48.9 million for 1H2022, which was mainly due to fewer contracts secured in the six months ended 30 June 2022 as economic situation worsened.

Gross Profit and Gross Profit Margin

The Group's gross profit decreased by approximately RMB44.2 million, or 90.9%, from approximately RMB48.6 million for 1H2021 to approximately RMB4.4 million for 1H2022. The overall gross profit margin also decreased from approximately 18.3% in 1H2021 to approximately 8.9% in 1H2022. The decrease in gross profit margin was mainly due to a number of sizable contracts having been priced at discounts for regular customers under competitive pressure.

Selling and Marketing Expenses

The Group's selling and marketing expenses decreased by approximately RMB1.5 million, or 36.6%, from approximately RMB4.1 million for 1H2021 to approximately RMB2.6 million for 1H2022, mainly because marketing activities through traditional visits and communications were shifted to online mode during the COVID-19 outbreak. The Company is expecting to conduct more promotion activities in the second half of the year.

Administrative Expenses

Our administrative expenses primarily consisted of employee cost and benefit expenses, listing resumption expenses, depreciation and amortization. The 0.8% increase in administrative expenses to approximately RMB12.9 million in 1H2022 (1H2021: approximately RMB12.8 million) remained stable.

Other Income

The Group's other income has decreased by approximately RMB6.4 million, or 81.0%, from approximately RMB7.9 million for 1H2021 to approximately RMB1.5 million for 1H2022. It was mainly due to the cancellation of two consultancy contracts for which the related fees were classified as prepayments in 1H2021. As these were refunded amounts, they were reclassified as other income in 1H2021. There was no such income in 1H2022 and RMB1.5 million in 1H2022 was government subsidy.

Finance Costs – net

The Group's finance costs – net increased by approximately 8.2% from 1H2021 to 1H2022. The finance costs mainly represented interests on bank borrowings. There was no significant increase on loan costs.

Income Tax Expense

The Group's income tax expense decreased to zero from approximately RMB4.8 million in the first half of 2021 due to a loss incurred in the first half of 2022.

Profit 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 RMB10.2 million for 1H2022, compared to a profit of RMB34.1 million for 1H2021. Reasons for the loss were also attributable to the decline in sales revenue and gross profit margin.

Liquidity, Financial Resources and Capital Structure

As at 30 June 2022, the Group's cash and cash equivalents were approximately RMB2.8 million (as at 31 December 2021: approximately RMB6.9 million). The Group's principal use of cash is mainly for payments to suppliers, subcontractors and working capital needs.

As at 30 June 2022, the Group had bank borrowings of RMB30.3 million in total (as at 31 December 2021: RMB31.9 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 2022 was approximately RMB240.5 million (as at 31 December 2021: approximately RMB249.7 million). The Group generally finances its operations with internally generated cash flows, interest-bearing bank loans and other borrowings.

As at 30 June 2022, the Group's net current assets decreased by approximately RMB8 million, or 4.1%, from approximately RMB194.7 million as at 31 December 2021 to approximately RMB186.7 million. The current ratio of the Group was approximately 1.7 times which is at the same level as at 31 December 2021.

The Group expresses its gearing ratio as a percentage of total debts divided by total equity. Its gearing ratio was approximately 1.12 as at 30 June 2022 compared with 1.15 as at 31 December 2021.

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 make 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 1H2022.

Significant Investment Held

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

Future Plans for Material Investments and Capital Assets

Saved as disclosed in this announcement, the Group did not have other plans for material investments and capital assets during 1H2022.

Segment Information

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

Contingent Liability

The Group had no contingent liabilities as at 30 June 2022 (as at 31 December 2021: Nil).

Pledge of Assets

As at 30 June 2022, 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 2022, the Group did not have any capital commitments (as at 31 December 2021: Nil).

Foreign Exchange Exposure

The functional currency of the Group's operation 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 2022, the Group's workforce comprised 97 (as at 31 December 2021: 101) full-time employees.

The Group believes that on-going 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 qualification, position and performance.

CORPORATE GOVERNANCE PRACTICES

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

In the opinion of the Directors, the Company has complied with all code provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) throughout the six months ended 30 June 2022.

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 10 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 have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2022.

INTERIM DIVIDEND

The Board resolved not to declare the payment of an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2022.

REVIEW OF INTERIM RESULTS

The interim results of the Group for the six months ended 30 June 2022 have been reviewed by the Audit Committee of the Company.

PUBLICATION OF INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The interim report for the six months ended 30 June 2022 containing all the information as required by the Listing Rules will be published on the websites of the Stock Exchange and the Company respectively and copies will be dispatched to the Shareholders in due course.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended from 9:00 a.m. on 1 April 2021 and will remain suspended until further notice. The Company will publish further announcement(s) to keep the Shareholders and the Company's potential investors informed of the status and development of the Company as and when appropriate, as well as announce quarterly updates on its development pursuant to Rule 13.24A of the Listing Rules.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 29 August 2022

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 Mr. Chan Siu Shan Sam.