Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

PUXING ENERGY LIMITED
普星能量有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 90)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		
	2023	2022	
	RMB'000	*RMB'000*	Change
Revenue	**232,012**	343,203	-32.40%
Profit from operations	**70,079**	70,657	-0.82%
Profit attributable to equity shareholders of the Company	**31,942**	31,748	0.61%
Basic earnings per share	**RMB0.070**	RMB0.069	+1.45%
Dividend per share – Interim	**Nil**	Nil	0%

	At 30 June 2023	At 31 December 2022	
	RMB'000	*RMB'000*	Change
Total assets	**1,791,343**	1,779,710	+0.65%
Total equity attributable to equity shareholders of the Company	**777,407**	744,885	+4.37%
Net asset value per share[1]	**RMB1.70**	RMB1.62	+4.94%
Net debt[2]	**799,435**	869,756	-8.09%
Total capital[3]	**1,576,842**	1,614,641	-2.34%
Gearing ratio[4]	**50.70%**	53.87%	-3.17%

Notes:

1. $\frac{\text{Total equity attributable to equity shareholders of the Company}}{\text{Number of ordinary shares in issue}}$

2. Total debts (including interest-bearing borrowings, consideration payable, shareholder's loan and lease liabilities) – Cash and cash equivalents

3. Total equity attributable to equity shareholders of the Company + Net debt

4. $\frac{\text{Net debt}}{\text{Total Capital}}$

The board (the "**Board**") of directors (the "**Directors**") of Puxing Energy Limited (the "**Company**" or "**Puxing Energy**") announces the unaudited consolidated financial results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2023, together with the comparative figures for the corresponding period in 2022 as follows:

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2023

		Six months ended 30 June	
		2023	2022
	Note	***RMB'000***	*RMB'000*
Revenue	*3*	**232,012**	343,203
Operating expenses			
Fuel consumption		**(80,838)**	(199,684)
Depreciation and amortisation		**(46,280)**	(44,013)
Repairs and maintenance		**(8,508)**	(5,249)
Personnel costs		**(14,825)**	(10,397)
Administrative expenses		**(9,228)**	(10,434)
Sales related taxes		**(2,099)**	(2,443)
Other operating expenses		**(155)**	(326)
Profit from operations		**70,079**	70,657
Finance income		**235**	232
Finance expenses		**(22,618)**	(21,609)
Net finance costs	*4(a)*	**(22,383)**	(21,377)
Other income		**1,398**	3,026
Profit before taxation	*4*	**49,094**	52,306
Income tax	*5*	**(17,154)**	(20,560)
Profit for the period		**31,940**	31,746

		Six months ended 30 June	
		2023	2022
	Note	***RMB'000***	*RMB'000*
Profit for the period		**31,940**	31,746
Attributable to:			
Equity shareholders of the Company		**31,942**	31,748
Non-controlling interests		**(2)**	(2)
Profit for the period		**31,940**	31,746
Earnings per share			
Basic *(RMB)*	*6(a)*	**0.070**	0.069
Diluted *(RMB)*	*6(b)*	**0.070**	0.069

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

		Six months ended 30 June	
		2023	2022
	Note	***RMB'000***	*RMB'000*
Profit for the period		**31,940**	31,746
Other comprehensive income for the period (after tax and reclassification adjustments):			
Items that will not be reclassified to profit or loss:			
Exchange differences on translation of financial statements of the Company		**4,895**	7,747
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiaries		**(4,315)**	(11,890)
Total comprehensive income for the period		**32,520**	27,603
Attributable to:			
Equity shareholders of the Company		**32,522**	27,605
Non-controlling interests		**(2)**	(2)
Total comprehensive income for the period		**32,520**	27,603

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2023

	Note	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Non-current assets			
Property, plant and equipment		**1,490,811**	1,534,073
Intangible assets		**1,781**	2,135
Deferred tax assets		**8,366**	8,920
Other non-current asset		**10,307**	12,636
		1,511,265	1,557,764
Current assets			
Inventories		**58,585**	58,600
Trade and other receivables	*7*	**80,217**	73,915
Cash and cash equivalents		**141,276**	89,431
		280,078	221,946
Current liabilities			
Shareholder's loan		**112,358**	106,506
Interest-bearing borrowings	*8*	**522,195**	244,755
Consideration payable		**109,064**	106,655
Trade and other payables	*9*	**18,584**	24,903
Lease liabilities		**94**	175
Current taxation		**21,645**	21,802
		783,940	504,796
Net current liabilities		**(503,862)**	(282,850)
Total assets less current liabilities		**1,007,403**	1,274,914

	Note	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Non-current liabilities			
Interest-bearing borrowings	*8*	**197,000**	501,000
Lease liabilities		**–**	96
Deferred revenue		**10,893**	11,094
Deferred tax liabilities		**22,120**	17,854
		230,013	530,044
Net assets		**777,390**	744,870
Capital and reserves			
Share capital		**40,149**	40,149
Reserves		**737,258**	704,736
Total equity attributable to equity shareholders of the Company		**777,407**	744,885
Non-controlling interests		**(17)**	(15)
Total equity		**777,390**	744,870

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

1 BASIS OF PREPARATION

This interim financial information has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), including compliance with International Accounting Standard (IAS) 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board (IASB).

This interim financial information has been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 annual financial statements. Details of any changes in accounting policies are set out in note 2.

This interim financial information has been prepared on the basis that the Group will continue to operate throughout the next twelve months as a going concern. The Group's current liabilities exceeded its current assets by RMB503,862,000 as at 30 June 2023. Based on future projection of the Group's profit and cash inflows from operations, revolving loan credit facilities of RMB800 million which will be due on 31 December 2025 (including unused revolving loan credit facilities of RMB227 million as at 30 June 2023) granted by Wanxiang Finance Co., Ltd. ("**Wanxiang Finance**"), a fellow subsidiary of the Company, and the ability of the Group to obtain or renew bank loans and other financing facilities from related parties, including Wanxiang Finance, to finance its continuing operations for the next twelve months ending 30 June 2024, the directors believe that the Group will generate sufficient cash flows to meet its liabilities as and when they fall due in the next twelve months. Accordingly, the directors consider that there are no material uncertainties related to events or conditions which, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern and have prepared this interim financial information on a going concern basis.

The preparation of an interim financial information in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial information contains condensed consolidated interim financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2022 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards ("**IFRSs**").

This interim financial information is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the Hong Kong Institute of Certified Public Accountants.

2 CHANGES IN ACCOUNTING POLICIES

The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group:

- IFRS 17, *Insurance Contracts*
- Amendments to IAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to IAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to IAS 12, *Income taxes: International tax reform – Pillar Two model rules*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial information. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are the development, operation and management of power plants.

Revenue comprises volume tariff revenue, capacity tariff revenue, revenue from sales of heat and revenue from provision of operation and maintenance services.

– Volume tariff revenue represents the sale of electricity to power grid companies.

– Capacity tariff revenue represents a subsidy income from power grid companies, following a reduction in the annual planned power generation volume of the Group's power plants for supply to the power grid companies and changes in the electricity tariff policies applicable to the Group since 2015, pursuant to the "*Notice Regarding the Trial Implementation of Dual Tariff for Natural Gas Power Generating Units in Zhejiang Province*" issued by Zhejiang Provincial Price Bureau in June 2015 and the *"Notice from the Zhejiang Provincial Development and Reform Commission Regarding the Optimising the Province's On-grid Tariff of Natural Gas Power Generation"* issued in September 2021.

– Revenue from sales of heat represents the sale of heat to corporate entities.

– Revenue from provision of operation and maintenance services represents the provision of operation and maintenance services to corporate entities.

Volume tariff revenue and revenue from sales of heat are recognised upon the transfer of products or service.

Capacity tariff revenue is recognised based on the installed capacity and capacity tariff on a monthly basis.

Revenue from provision of operation and maintenance services is recognised overtime.

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products is as follows:

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products:		
Electricity		
– Volume tariff revenue	**58,301**	163,573
– Capacity tariff revenue	**150,297**	150,297
	208,598	313,870
Heat:		
– Revenue from sales of heat	**23,414**	29,168
Service:		
– Revenue from provision of operation and maintenance services	**–**	165
	232,012	343,203

4 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after (crediting)/charging:

(a) Net finance costs

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Interest income	**(235)**	(232)
Finance income	**(235)**	(232)
Interest on interest-bearing borrowings, consideration payable and shareholder's loan	**18,510**	21,572
Interest on lease liabilities	**5**	8
Total interest expense recognised in profit or loss	**18,515**	21,580
Bank charges	**23**	19
Net foreign exchange loss	**4,080**	10
Finance expenses	**22,618**	21,609
Net finance costs	**22,383**	21,377

(b) Other items

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Amortisation		
– Intangible assets	**354**	114
Depreciation charge		
– Owned property, plant and equipment	**44,921**	42,883
– Right-of-use assets	**1,005**	1,016

5 INCOME TAX

Income tax in the consolidated statement of profit or loss represents:

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Current tax		
Provision for the PRC Corporate Income Tax	**12,586**	14,464
Over provision in respect of prior years	**(252)**	(988)
	12,334	13,476
Deferred tax		
Reversal and origination of temporary differences	**4,820**	7,084
Total income tax expense in the consolidated statement of profit or loss	**17,154**	20,560

(i) Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.

(ii) No provision for Hong Kong Profits Tax has been made for the subsidiaries located in Hong Kong as these subsidiaries did not have assessable profits subject to Hong Kong Profits Tax for the six months ended 30 June 2023 and 2022.

(iii) The provision for PRC Corporate Income Tax is based on the respective Corporate Income Tax rates applicable to the subsidiaries located in the PRC as determined in accordance with the relevant income tax rules and regulations of the PRC.

According to the Corporate Income Tax Law of the PRC, the Group's subsidiaries in the PRC are subject to the unified tax rate of 25%.

The PRC Corporate Income Tax Law and its relevant regulations impose a withholding tax at 10%, unless reduced by a tax treaty or arrangement, for dividend distributions out of the PRC from earnings accumulated from 1 January 2008. As at 30 June 2023, deferred tax liabilities of RMB15,931,000 (31 December 2022: RMB11,489,000) have been recognised in connection with the withholding tax that would be payable on the distribution of the retained profits of the Group's PRC subsidiaries.

6 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB31,942,000 (six months ended 30 June 2022: RMB31,748,000) and the weighted average of 458,600,000 ordinary shares (six months ended 30 June 2022: 458,600,000 ordinary shares) in issue during the six months ended 30 June 2023.

(b) Diluted earnings per share

Diluted earnings per share was the same as basic earnings per share for the six months ended 30 June 2023 and 2022 as there were no dilutive potential shares during the periods.

7 TRADE AND OTHER RECEIVABLES

	At 30 June 2023 *RMB'000*	At 31 December 2022 *RMB'000*
Trade receivables	**66,606**	60,656
Prepayments	**12,883**	12,937
Other receivables	**728**	322
Total	**80,217**	73,915

All of the trade and other receivables are expected to be recovered within one year.

At 30 June 2023, ageing analysis of trade receivables of the Group based on the invoice date is as follows:

	At 30 June 2023 *RMB'000*	At 31 December 2022 *RMB'000*
Within 1 month	**66,388**	60,386
Over 1 month but less than 6 months	**–**	52
Over 6 months but less than 1 year	**–**	218
Over 1 year but less than 2 years	**218**	–
Total	**66,606**	60,656

8 INTEREST-BEARING BORROWINGS

	At 30 June 2023 *RMB'000*	At 31 December 2022 *RMB'000*
Unsecured loans from related parties (i)	**635,593**	675,680
Unsecured bank loans	**83,602**	70,075
	719,195	745,755
Reconciliation to the consolidated statement of financial position:		
Current liabilities	**522,195**	244,755
Non-current liabilities	**197,000**	501,000
	719,195	745,755

(i) Unsecured loans from related parties as at 30 June 2023 represented loans and accrued interest expenses from Wanxiang Finance of RMB572,593,000 (31 December 2022: RMB605,680,000) and loan from Shanghai Pu-Xing Energy Limited* ("**Shanghai Puxing**"), a fellow subsidiary of the Company, of RMB63,000,000 (31 December 2022: RMB70,000,000), which borne interest rates at 3.70% – 4.75% per annum (31 December 2022: 3.70% – 4.75% per annum).

(ii) The analysis of the repayment schedule of interest-bearing borrowings is as follows:

	At 30 June 2023 *RMB'000*	At 31 December 2022 *RMB'000*
Within one year or on demand	**522,195**	244,755
After 1 year but within 2 years	**197,000**	471,000
After 2 years but within 5 years	**–**	30,000
	719,195	745,755

* *For identification purpose only*

9 TRADE AND OTHER PAYABLES

	At 30 June 2023 *RMB'000*	At 31 December 2022 *RMB'000*
Trade payables	**1,279**	795
Salary payable	**5,832**	8,614
Construction payable	**4,231**	4,640
Other taxes payable	**4,015**	7,795
Accrued expenses and other payables	**3,227**	3,059
	18,584	24,903

As at 30 June 2023, the ageing analysis of trade payables of the Group based on the invoice date, is as follows:

	At 30 June 2023 *RMB'000*	At 31 December 2022 *RMB'000*
Within 3 months	**1,279**	795

10 DIVIDENDS

(a) Dividends payable to equity shareholders attributable to the interim period

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: HK$ nil).

(b) Dividends payable to equity shareholders attributable to the previous financial year, approved during the interim period

	Six months ended 30 June	
	2023 *RMB'000*	2022 *RMB'000*
Final dividend in respect of the previous financial year, approved during the six months ended 30 June 2023, of HK$ nil per share (six months ended 30 June 2022: HK$0.056 per share)	**–**	21,895

Pursuant to a resolution passed at the annual general meeting held on 19 June 2023, no dividend was declared.

Pursuant to a resolution passed at the annual general meeting held on 17 June 2022, dividends of HKD25,681,600 (equivalent to RMB21,895,000) were declared and were paid on 7 July 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is mainly engaged in the development, operation and management of natural gas fired power plants. As of 30 June 2023, the Group has five wholly-owned gas fired power plants in Zhejiang Province, with an aggregate installed capacity of approximately 688.07 megawatt (MW) (including 1,072 kilowatt (kW) photovoltaic power generating units), and a maximum heating capacity of approximately 360 tons/hour.

BUSINESS REVIEW

In the first half of 2023, due to the decrease in demand for peak shaving power generation in Zhejiang Province, the natural gas production volume of the Group during the period under review decreased by 61.23% to 91,821 megawatt hour (MWh), as compared with 236,844MWh in the corresponding period of last year. Meanwhile, as the production volume decreased during the period under review as compared to the corresponding period of last year, the consumption of natural gas for electricity generation decreased accordingly. The consumption of natural gas for electricity generation of the Group for the first half of 2023 reduced by 61.42% to 20,110,565 m^3 from 52,123,375 m^3 in the corresponding period of last year.

During the period under review, the heating business of Puxing (Anji) Gas Turbine Thermal Power Co., Ltd ("**Anji Power Plant**") and Quzhou Puxing Gas Turbine Thermal Power Co., Ltd ("**Quzhou Power Plant**") was stable. Affected by the decrease of downstream heat consumption unit demand, the Group's heat sales volume for the six months ended 30 June 2023 decreased by 14.20% to 62,089 tons, as compared with 72,362 tons in the corresponding period of last year; due to the decrease in the unit price of the Group's heat sales, the revenue from sales of heat decreased by 19.73% to RMB23,414,000, as compared with RMB29,168,000 in the corresponding period of last year; due to the decrease of natural gas costs, the contribution margin ratio decreased by 7.79 percentage points to 7.31% as compared with 15.10% in the corresponding period of last year. In response to the decrease in heat sales volume during the period under review, the natural gas usage for heating decreased by 23.74% to 5,055,292 m^3, as compared with 6,628,888 m^3 in the corresponding period of last year.

During the period under review, according to the "Notice from the Zhejiang Provincial Development and Reform Commission Regarding the Optimising the Province's On-grid Tariff of Natural Gas Power Generation" (Zhe Fa Gai Price [2021] No. 357) issued by Zhejiang Provincial Development and Reform Commission (the "**ZDRC**") on 28 September 2021, in order to accelerate the market-oriented reform of electricity prices and liberalize the electricity prices in competitive links in an orderly manner, the capacity tariff of the Company's power plants has been adjusted from 1 January 2022. Meanwhile, a gas-electricity price linkage mechanism has also been launched, and the monthly electricity sales price of each power plant of the Company (except Jingxing Power Plant, which is a local dispatch power plant) shall be determined according to the comprehensive price of natural gas (weighted by different gas sources and different gas prices).

In 2023, the capacity tariff of Zhejiang Puxing Bluesky Natural Gas Power Generation Co., Ltd ("**Bluesky Power Plant**"), Zhejiang Puxing Deneng Natural Gas Power Generation Co., Ltd ("**Deneng Power Plant**"), and Zhejiang Puxing Jingxing Natural Gas Power Generation Co., Ltd ("**Jingxing Power Plant**") under the Company continued to use the adjusted price of RMB394.8/kW/year in 2022; The capacity tariff of Anji Power Plant and Quzhou Power Plant continued to use the adjusted price of RMB571.2/kW/year in 2022, which is the same as the corresponding period of last year.

During the period under review, the prices of natural gas (inclusive of Value added tax (VAT)) of Bluesky Power Plant, Deneng Power Plant, Anji Power Plant and Quzhou Power Plant under the Company fluctuated in the range of RMB3.08/m^3 to RMB3.83/m^3, and the price of natural gas (inclusive of VAT) of Jingxing Power Plant fluctuated in the range of RMB3.14/m^3 to RMB3.92/m^3. According to the gas-electricity price linkage mechanism, the volume tariff (inclusive of VAT) of Bluesky Power Plant, Deneng Power Plant, Anji Power Plant and Quzhou Power Plant under the Company fluctuated in the range of RMB0.6627/kWh to RMB0.8829/kWh, and the volume tariff (inclusive of VAT) of Jingxing Power Plant was RMB0.9028/kWh.

Production Volume

Natural Gas Power Generation

In order to facilitate the trial implementation of the dual tariff policy for natural gas power generating units by Zhejiang Province, the relevant government authorities in Zhejiang Province have organized the 2023 production plan for natural gas power generating units based on the peaking demand within the power grid during the period under review. During the period under review, the Group's natural gas production volume was 91,821MWh (six months ended 30 June 2022: 236,844MWh), representing a decrease of 61.23% as compared to the corresponding period of last year.

Photovoltaic Power Generation

For the six months ended 30 June 2023, electricity generated by photovoltaic power was approximately 556MWh (six months ended 30 June 2022: 365MWh), of which approximately 51MWh (six months ended 30 June 2022: 52MWh) was sold to the power grid.

Through the photovoltaic power generation during the period under review, the Group saved power consumption cost of RMB301,000 (six months ended 30 June 2022: RMB187,000) and realised a revenue of RMB33,000 (six months ended 30 June 2022: RMB69,000).

Heat Sales Volume

During the period under review, the Group sold 62,089 tons (six months ended 30 June 2022: 72,362 tons) of steam, representing a decrease of 14.20% as compared to the corresponding period of last year. The average selling price (inclusive of VAT) was approximately RMB411.04/ton (six months ended 30 June 2022: RMB439.36/ton), representing a decrease of 6.45%, respectively, as compared to the corresponding period of last year.

For the six months ended 30 June 2023, the revenue and contribution margin (calculated based on revenue from sales of heat minus variable costs associated with the heating production) from sales of heat of the Group were RMB23,414,800 (six months ended 30 June 2022: RMB29,168,000) and RMB1,711,000 (six months ended 30 June 2022: RMB4,403,000), respectively. The contribution margin ratio for sales of heat was 7.31% (six months ended 30 June 2022: 15.10%), representing a decrease of 7.79 percentage points as compared to the corresponding period of last year.

Fuel Cost and Natural Gas Usage

As the power generation decreased in the first half of 2023, the Group's total consumption of natural gas for the six months ended 30 June 2023 was 25,165,857 m^3 (including 5,055,292 m^3 for heating), representing a decrease of 57.17% as compared to 58,752,263 m^3 (including 6,628,888 m^3 for heating) for the corresponding period of last year.

The Group's average unit fuel cost for power generation was approximately RMB674.38/MWh, representing a decrease of 9.90% as compared to approximately RMB748.49/MWh in the corresponding period of last year. The average unit fuel cost for heating was approximately RMB304.11/ton, representing a decrease of 1.79% as compared to approximately RMB309.66/ton in the corresponding period of last year. Both decrease in average unit fuel cost for power generation and heating was mainly attributable to the decrease of the average natural gas price (inclusive of VAT) during the period under review as compared to the corresponding period of last year.

For the six months ended 30 June 2023, fuel costs amounted to RMB80,838,000, representing a decrease of 59.52% as compared to RMB199,684,000 in the corresponding period of last year. Fuel costs accounted for 98.96% of the related revenue (i.e., volume tariff revenue (excluding revenue from photovoltaic power generation) and revenue from sales of heat), representing a decrease of 3.72 percentage points as compared to 102.68% in the corresponding period of last year. Such decrease was mainly attributable to the decrease in the average price of natural gas.

FINANCIAL REVIEW

Affected by (1) the decrease in production volume by natural gas power generating units of the Group for the period under review as compared to the corresponding period of last year under the exacerbation of cost inversion of natural gas power generation (i.e. the cost of natural gas power generation per unit is higher than the volume tariff of natural gas power generating units per unit) in the first half of year 2023; and (2) the absence of the expected full implementation of the electricity spot market trading by ZDRC in the first half of year 2023, the profit attributable to equity shareholders of the Company for the six months ended 30 June 2023 was RMB31,942,000, representing an increase of 0.61% as compared to RMB31,748,000 in the corresponding period of last year. For the six months ended 30 June 2023, the basic and diluted earnings per share of the Company amounted to RMB0.070, representing an increase of RMB0.001 as compared to RMB0.069 per share in the corresponding period of last year.

Revenue

Revenue of the Group mainly comprises volume tariff revenue, capacity tariff revenue and revenue from sales of heat.

Due to the decrease in demand for peak shaving power generation in Zhejiang Province, the power generation of the Group decreased. Revenue of the Group for the six months ended 30 June 2023 amounted to RMB232,012,000 (six months ended 30 June 2022: RMB343,203,000), representing a decrease of 32.40% as compared to the corresponding period of last year.

Operating Expenses

During the period under review, the Group's operating expenses mainly comprised fuel consumption, depreciation and amortisation, repairs and maintenance, staff costs and administrative expenses. For the six months ended 30 June 2023, the operating expenses of the Group amounted to RMB161,933,000 (six months ended 30 June 2022: RMB272,546,000), representing a decrease of 40.59% as compared to the corresponding period of last year. The decrease in operating expenses was mainly due to decrease in fuel consumption cost as a result of the decrease in power generation.

Profit from Operations

Due to the decrease in power generation and the increase of certain operating expenses, during the period under review, the Group's profit from operations for the six months ended 30 June 2023 amounted to RMB70,079,000 (six months ended 30 June 2022: RMB70,657,000), representing a decrease of 0.82% as compared to the corresponding period of last year.

Finance Costs

For the six months ended 30 June 2023, net finance costs of the Group amounted to RMB22,383,000 (six months ended 30 June 2022: RMB21,377,000), representing an increase of 4.71% as compared to the corresponding period of last year. The increase in net finance costs was mainly due to the increase of net foreign exchange loss of RMB4,070,000 as compared to the corresponding period of last year. The increase in net foreign exchange loss was primarily due to the fluctuation of exchange rate for the RMB dividend receivable due from PRC subsidiaries.

Income Tax

The Group's subsidiaries in the PRC are subject to the unified tax rate of 25%. In addition, the Group is subject to a withholding tax at 10%, for dividend distributions out of the PRC. For the six months ended 30 June 2023, income tax expenses of the Group amounted to RMB17,154,000 (six months ended 30 June 2022: RMB20,560,000), representing a decrease of 16.57% as compared to the corresponding period of last year. The decrease in income tax expenses was mainly due to the adjustment and reversal of deferred tax assets in respect of certain deductible temporary differences for the six months period ended 30 June 2022.

Earnings per Share

For the six months ended 30 June 2023, profit attributable to equity shareholders of the Company amounted to RMB31,942,000 (six months ended 30 June 2022: RMB31,748,000). The basic and diluted earnings per share amounted to RMB0.070 (six months ended 30 June 2022: RMB0.069), representing an increase of 1.45%.

Major Acquisitions and Disposals

The Group had no major acquisition and disposal relating to its subsidiaries, associates and joint ventures during the period under review.

Significant Investment Activities

The Group had no significant investment activity during the period under review.

Liquidity and Financial Resources

Cash and cash equivalents of the Group are denominated in Renminbi (RMB) and Hong Kong Dollar (HKD). As at 30 June 2023, cash and cash equivalents of the Group amounted to RMB141,276,000 (31 December 2022: RMB89,431,000), of which RMB1,071,000 (31 December 2022: RMB3,069,062) was denominated in HKD.

As at 30 June 2023, the Group had current assets of RMB280,078,000 (31 December 2022: RMB221,946,000), current liabilities of RMB783,940,000 (31 December 2022: RMB504,796,000), net current liabilities of RMB503,862,000 (31 December 2022: RMB282,850,000), and current ratio of 0.36 (31 December 2022: 0.44). The decrease in current ratio was mainly due to the increase in current liabilities of the Group during the period under review which was mainly due to that part of long term interest-bearing borrowings were reclassified into current liabilities as they will be due within one year.

Sources of funds of the Group are mainly cash inflows from operating activities and loans granted by banks and related parties. The Group regularly monitors its gearing ratio to control its capital structure. Meanwhile, the Group also regularly monitors its liquidity position, projected liquidity requirements and its compliance with lending covenants, as well as maintains long-term sound relationships with major banks to ensure that it has sufficient liquidity to meet its working capital requirements and future development needs.

Debts

All debts of the Group are denominated in RMB and HKD. As at 30 June 2023, the Group had total debts of RMB940,711,000 (31 December 2022: RMB959,187,000), including shareholder's loan of HK$121,866,000 (equivalent to approximately RMB112,358,000) (31 December 2022: HK$119,232,000 (equivalent to approximately RMB106,506,000)), and lease liabilities of HK$102,000 (equivalent to approximately RMB94,000) (31 December 2022: HK$303,000 (equivalent to approximately RMB271,000)).

Details of the Group's debts as at 30 June 2023 and 31 December 2022 are listed below:

	30 June 2023 ***RMB'000***	31 December 2022 *RMB'000*
Unsecured loans from related parties	**635,593**	675,680
Unsecured bank loans	**83,602**	70,075
Shareholder's loan	**112,358**	106,506
Consideration payable	**109,064**	106,655
Lease liabilities	**94**	271
Total	**940,711**	959,187

The above debts are repayable as follows:

	30 June 2023 *RMB'000*	31 December 2022 *RMB'000*
Within 1 year	**743,711**	458,091
Over 1 year but less than 2 years	**197,000**	471,096
Over 2 years but less than 5 years	**–**	30,000
Total	**940,711**	959,187

Among the above debts, RMB221,516,000 (31 December 2022: RMB213,432,000) were fixed rate debts, of which RMB112,358,000 (31 December 2022: RMB106,506,000) were denominated in HKD. The remaining debts were denominated in RMB and adjusted according to relevant regulations of the People's Bank of China, with interest rates ranging from 3.70% to 4.75% per annum (31 December 2022: 3.70% to 4.75% per annum).

Regarding the overdue principal amount of a loan advanced by Puxing International Limited (the controlling shareholder of the Company) ("**Puxing International**") to the Company pursuant to a loan agreement dated 31 December 2017 together with the interest thereon (the "**Outstanding Amount**"), the Company is actively negotiating with Puxing International on an extension for the repayment of the Outstanding Amount. At the same time, the Company will explore other possible fund raising options, including but not limited to, debt and/or equity fund raising or disposal of its assets to repay the Outstanding Amount. Please refer to the announcement of the Company dated on 31 May 2023.

Gearing Ratio

The Group's gearing ratio is calculated as net debt divided by total capital. Net debt are calculated as total debts (including interest-bearing borrowings, shareholder's loan, consideration payable and lease liabilities as stated in consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as total equity attributable to equity shareholders of the Company plus net debt as stated in consolidated statement of financial position. As at 30 June 2023, the Group's gearing ratio was 50.70% (31 December 2022: 53.87%).

Capital Expenditures

For the six months ended 30 June 2023, the Group invested RMB3,368,000 (six months ended 30 June 2022: RMB4,465,000), which was mainly used in the payment for the construction of heat grid and technological renovation of equipment.

Capital Commitments

As at 30 June 2023, capital commitments of the Group was RMB54,788,000 (31 December 2022: RMB57,641,000) for the construction of heat grid (phase II) of Anji Power Plant and the technological renovation and maintenance of power generation units.

Pledge of Assets

As at 30 June 2023 and 31 December 2022, the Group had no assets pledged.

Contingent Liabilities

Anji Power Plant received a civil claim dated 15 July 2022 filed with the People's Court of Anji County (the "**Court**") in relation to a claim made by Jiangsu Tian Mu Construction Group Co., Limited ("**Tianmu Construction**") regarding certain dispute over a construction contract. The amount of the original contract signed with Tianmu Construction was RMB6,245,000.00, but Tianmu Construction claimed that such amount was far below the market price and the actual cost incurred by Tianmu Construction was RMB8,204,000.

According to the original contract, Anji Power Plant has already paid RMB4,126,000 to Tianmu Construction and accrued the remaining contract amount of RMB2,118,000 as at 31 December 2022. Tianmu Construction claimed the amount of RMB4,078,000 (including the unsettled amount of RMB2,118,000 and additional amount of RMB1,960,000) together with the relevant interest accrued and the costs incurred in connection with such legal proceedings. The pre-trial mediation stage was over and no mutual agreement was reached during the six months period ended 30 June 2023.

On 9 May 2023, the first-instance trial was held, but the judgment is yet to be made by the court. In light of the written comment from external lawyers, the Group believed that Tianmu Construction's claim may be possible to be supported, and accordingly no additional provision of RMB1,960,000 and the relevant interest is made for estimated liabilities as at 30 June 2023.

Foreign Exchange Risk

The Group primarily operates its business in the mainland of the PRC and most of the transactions are settled in RMB. Except for certain cash, bank balances and borrowings that are denominated in HKD, the Group's assets and liabilities are mainly denominated in RMB. The Group considers that its current foreign exchange risk is insignificant and therefore has not hedged it through any derivatives for the time being. However, the management of the Group will continue monitoring its foreign currency exposure and will consider hedging significant foreign exchange risk should the need arise.

Employees and Remuneration Policy

As at 30 June 2023, the Group had a total of 281 employees, excluding 15 trainees (31 December 2022: 285 employees, excluding 5 trainees).

For the six months ended 30 June 2023, total employees' remuneration (including Directors' remuneration and benefits) was RMB14,825,000 (six months ended 30 June 2022: RMB10,397,000). The Group determines employees' remuneration according to industry practices, financial performance and employees' performance. In addition, the Group provides employees with training and benefits, such as insurance, medical benefits and mandatory provident fund contributions, with an aim to retain talents of all levels for further contribution to the Group.

PROSPECTS

2023 is a challenging year for the Group. The cut in capacity tariff in Zhejiang Province has brought a severe test to the profitability of the Group. The Group will closely follow the development of the electricity market, actively study and explore new forms of business models, strive to find new market convergence points, strengthen the development of heating business, and strengthen cost management, cooperate with the continuous implementation of refined management and strict cost control, actively face challenges, so as to minimise the impact of policy changes.

Looking ahead, the government of PRC's firm commitment to the "double carbon" goal of peaking carbon emission and achieving carbon neutrality, firm acceleration in the development of new energy, optimisation of its energy structure, and embarkation on a green, low-carbon and circular development path. The fields of green power, energy storage, and smart energy will usher in a period of significant opportunities for development, which will bring huge opportunities for the Group for transforming into an integrated energy supplier. As an energy company with energy as its development core, with the goal of transforming into an integrated energy supplier and achieving diversified development of its energy business, the Group will increase research on national new energy policies, strive to find new opportunities, strive for different types of energy projects, diversify its energy business structure, and make unremitting efforts to enhance the Group's long-term growth potential and shareholder value.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2023 (for the six months ended 30 June 2022: HK$nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2023, neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

CORPORATE GOVERNANCE

Save as disclosed below, the Company has complied with the code provisions and, where appropriate, the applicable recommended best practices of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2023.

Code provision C.6.4 in Part 2 of the CG Code provides that all directors should have access to the advice and services of the company secretary to ensure that board procedures, and all applicable law, rules and regulations, are followed. The company secretary of the Company ceased to act as the company secretary with effect from 17 February 2023. Members of the management team and the finance team who had worked closely with the then company secretary of the Company have temporarily assumed the functions of the company secretary. The Company is in the process of identifying a suitable candidate to fill the abovementioned vacancy as soon as practicable in accordance with the requirements of the Listing Rules to ensure compliance by the Company with the relevant code provision and Rules 3.05 and 3.28 of the Listing Rules. The Company will make further announcement as and when appropriate.

REVIEW OF INTERIM RESULTS

The audit committee of the Company has reviewed the interim results of the Group for the six months ended 30 June 2023. KPMG, the Group's external auditor, has carried out a review of the interim financial report for the six months ended 30 June 2023 in accordance with the Hong Kong Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Hong Kong Institute of Certified Public Accountants.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the Company's website (www.puxing-energy.com) and the Stock Exchange's website (www.hkexnews.hk). The interim report of the Company for the six months ended 30 June 2023 containing all the information required by the Listing Rules shall be despatched to the shareholders of the Company and made available on the aforesaid websites in due course.

By order of the Board
Puxing Energy Limited
XU Anliang
Chairman

Hong Kong, 31 August 2023

As at the date of this announcement, the Board comprises five Directors, of whom two are executive Directors, namely Mr. Xu Anliang and Mr. Wei Junyong; and three are independent non-executive Directors, namely Mr. Tse Chi Man, Mr. Yao Xianguo and Mr. Yu Wayne W.