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China Nature Energy Technology Holdings Limited

中國納泉能源科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1597)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

The board of directors (the “**Board**”) of China Nature Energy Technology Holdings Limited (the “**Company**”) is pleased to announce the consolidated annual results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2024 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
for the year ended 31 December 2024
(Expressed in Renminbi)

		2024	2023
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	3	148,280	284,075
Cost of sales		<u>(157,248)</u>	<u>(257,130)</u>
Gross (loss)/profit		(8,968)	26,945
Other revenue	4(a)	1,642	3,756
Other net gain/(loss)	4(b)	2,122	(341)
Selling and distribution expenses		(8,486)	(8,302)
Administrative and other operating expenses		(21,782)	(30,697)
Impairment loss on loans to third parties	5(c)	<u>(3,408)</u>	<u>—</u>
Loss from operations		(38,880)	(8,639)
Net finance costs	5(a)	<u>(3,200)</u>	<u>(3,022)</u>
Loss before taxation	5	(42,080)	(11,661)
Income tax	6	<u>2,652</u>	<u>(821)</u>
Loss for the year		<u>(39,428)</u>	<u>(12,482)</u>
Attributable to:			
Equity shareholders of the Company		(34,733)	(10,144)
Non-controlling interests		<u>(4,695)</u>	<u>(2,338)</u>
Loss for the year		<u>(39,428)</u>	<u>(12,482)</u>
Loss per share	7		
Basic and diluted (<i>RMB</i>)		<u>(0.139)</u>	<u>(0.041)</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

for the year ended 31 December 2024

(Expressed in Renminbi)

	2024	2023
<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Loss for the year	(39,428)	(12,482)
Other comprehensive income for the year (after tax adjustments)		
<i>Item that will not be reclassified to profit or loss:</i>		
Exchange difference on translation of financial statements of entities with functional currencies other than Renminbi (“RMB”)	1,237	473
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange difference on translation of financial statements of entities with functional currencies other than RMB	(1,159)	(440)
Other comprehensive income for the year	78	33
Total comprehensive income for the year	(39,350)	(12,449)
Attributable to:		
Equity shareholders of the Company	(34,655)	(10,111)
Non-controlling interests	(4,695)	(2,338)
Total comprehensive income for the year	(39,350)	(12,449)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION*at 31 December 2024*

(Expressed in Renminbi)

	<i>Note</i>	2024 RMB'000	2023 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment		111,749	125,672
Interests in joint ventures		—	—
Contract assets		17,102	13,831
Other receivables	9	416	600
Deferred tax assets		4,480	1,123
		133,747	141,226
Current assets			
Assets held for sale		—	7,048
Inventories		15,446	12,989
Contract assets		47,955	36,874
Trade and other receivables	9	136,706	218,922
Loans to third parties		4,913	25,359
Cash and cash equivalents		51,005	55,824
Pledged and restricted deposits		8,567	20,097
		264,592	377,113
Current liabilities			
Bank loans and other borrowings		67,053	68,561
Trade and other payables	10	97,886	169,749
Lease liabilities		3,150	4,310
Contract liabilities		148	995
Current taxation		297	463
		168,534	244,078
Net current assets		96,058	133,035
Total assets less current liabilities		229,805	274,261

	<i>Note</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Non-current liabilities			
Trade and other payables	10	577	2,093
Lease liabilities		7,024	10,614
		7,601	12,707
NET ASSETS		222,204	261,554
CAPITAL AND RESERVES			
Share capital	11	2,168	2,168
Reserves		221,069	255,724
Total equity attributable to equity shareholders of the Company		223,237	257,892
Non-controlling interests		(1,033)	3,662
TOTAL EQUITY		222,204	261,554

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

1 GENERAL INFORMATION

China Nature Energy Technology Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 28 November 2019 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The Company’s shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited on 20 October 2020. The Company and its subsidiaries (collectively as the “**Group**”) are principally engaged in the research and development, integration, manufacture and sales of pitch control systems and related components, wind power generation, wind farm operation and maintenance business and energy storage business in the People’s Republic of China (the “**PRC**”).

The consolidated financial statements are presented in Renminbi, unless otherwise stated and have approved for issue by the Board of Directors on 28 March 2025. They have been prepared in accordance with all applicable International Financial Reporting Standard (“**IFRSs**”) using the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The financial information relating to the financial year ended 31 December 2024 that is included in this preliminary annual results announcement does not constitute the Company’s annual consolidated financial statements for that financial year but is derived from those financial statements.

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. Of these, the following developments are relevant to the Group’s financial statements:

- Amendments to IAS 1, *Presentation of financial statements — Classification of liabilities as current or non-current* and amendments to IAS 1, *Presentation of financial statements — Non-current liabilities with covenants*
- Amendments to IFRS 16, *Leases — Lease liability in a sale and leaseback*
- Amendments to IAS 7, *Statement of cash flows* and IFRS 7, *Financial instruments: Disclosures — Supplier finance arrangements*

None of these developments had a material effect on how the Group’s results and financial position for the current or prior years have been prepared or presented. 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 research and development, integration, manufacture and sales of pitch control systems and related components, sales of wind power, wind farm operation and maintenance business and energy storage business. Further details regarding the Group’s principal activities are disclosed in Note 3(b).

(i) Disaggregation of revenue

Disaggregation of revenue by business lines is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Revenue from contracts with customers within the scope of IFRS 15		
— Sales of pitch control systems and related components	53,669	217,569
— Sales of wind power	15,568	17,471
— Wind farm operation and maintenance business	10,357	19,921
— Energy storage business	68,686	29,114
	<u>148,280</u>	<u>284,075</u>

The Group's revenue from contracts with customers were recognised on a point in time basis.

The Group had four (2023: one) customers with whom transactions have exceeded 10% of the Group's revenue for the year ended 31 December 2024. In 2024, revenue from sales of pitch control systems and related components, sales of wind power and energy storage business to these customers, including sales to entities which are known to the Group to be under common control with the customer, amounted to RMB98,380,000 (2023: RMB195,127,000).

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

As at 31 December 2024, the Group has applied the practical expedient in paragraph 121 of IFRS 15 to its sales contracts for goods such that information about revenue expected to be recognised in the future is not disclosed in respect of revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sales of goods that had an expected duration of one year or less.

(b) Segment reporting

The Group manages its businesses by division, which is organised by business lines (sales of pitch control systems and related components, sales of wind power, wind farm operation and maintenance business and energy storage business). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following four reportable segments. No individually mentioned operating segments have been aggregated to form the following reportable segments.

- Sales of pitch control systems and related components: it engages in the research and development, integration, manufacture and sales of the pitch control systems and related components in wind turbines manufacture;
- Sales of wind power: it engages in the sales of wind power electricity generated from wind farms;
- Wind farm operation and maintenance business: it provides wind farm operation and maintenance, upgrade and modification services and engages in the sales of wind farm consumables; and
- Energy storage business: it engages in research and development, integration, manufacture and sales of energy storage products and provision of related services.

(i) Segment results and assets

For the purpose of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results and assets attributable to each reportable segment on the following bases:

Segment assets include trade and other receivables, inventories, contract assets and property, plant and equipment, with the exception of interests in joint ventures, deferred tax assets, assets held for sale, loans to third parties, cash and cash equivalents, and pledged deposits.

The measure used for reporting segment profit/(loss) is gross profit/(loss).

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resources allocation and assessment of segment performance for the years ended 31 December 2024 and 2023 is set out below:

	2024				
	Sales of pitch control systems and related components <i>RMB'000</i>	Sales of wind power <i>RMB'000</i>	Wind farm operation and maintenance business <i>RMB'000</i>	Energy storage business <i>RMB'000</i>	Total <i>RMB'000</i>
Reportable segment revenue	<u>53,669</u>	<u>15,568</u>	<u>10,357</u>	<u>68,686</u>	<u>148,280</u>
Reportable segment (loss)/profit	<u>(9,423)</u>	<u>6,496</u>	<u>2,466</u>	<u>(8,507)</u>	<u>(8,968)</u>
Reportable segment assets	<u>68,270</u>	<u>141,770</u>	<u>3,906</u>	<u>115,428</u>	<u>329,374</u>
	2023				
	Sales of pitch control systems and related components <i>RMB'000</i>	Sales of wind power <i>RMB'000</i>	Wind farm operation and maintenance business <i>RMB'000</i>	Energy storage business <i>RMB'000</i>	Total <i>RMB'000</i>
Reportable segment revenue	<u>217,569</u>	<u>17,471</u>	<u>19,921</u>	<u>29,114</u>	<u>284,075</u>
Reportable segment profit	<u>5,653</u>	<u>8,401</u>	<u>5,335</u>	<u>7,556</u>	<u>26,945</u>
Reportable segment assets	<u>153,804</u>	<u>136,918</u>	<u>4,829</u>	<u>113,337</u>	<u>408,888</u>

(ii) Reconciliations of reportable segment revenues, profit or loss and assets

	2024 RMB'000	2023 RMB'000
Revenue		
Reportable segment revenue	148,280	284,075
Consolidated revenue	148,280	284,075
Profit		
Reportable segment (loss)/profit	(8,968)	26,945
Other revenue	1,642	3,756
Other net gain/(loss)	2,122	(341)
Selling and distribution expenses	(8,486)	(8,302)
Administrative and other operating expenses	(21,782)	(30,697)
Impairment loss on loans to third parties	(3,408)	—
Net finance costs	(3,200)	(3,022)
Consolidated loss before taxation	(42,080)	(11,661)
	2024 RMB'000	2023 RMB'000
Assets		
Reportable segment assets	329,374	408,888
Deferred tax assets	4,480	1,123
Assets held for sale	—	7,048
Loans to third parties	4,913	25,359
Cash and cash equivalents	51,005	55,824
Pledged deposits	8,567	20,097
Consolidated total assets	398,339	518,339

(iii) Geographic information

IFRS 8, *Operating Segments*, requires identification and disclosure of information about an entity's geographical areas, regardless of the entity's organisation (i.e. even if the entity has a single reportable segment). The Group operates within one geographical location because all of its revenue was generated in the PRC and substantially all of its non-current assets and capital expenditure were located/incurred in the PRC. Accordingly, no geographical information is presented.

4 OTHER REVENUE AND OTHER NET GAIN/(LOSS)

(a) Other revenue

	2024 RMB'000	2023 RMB'000
VAT refund and deduction (<i>Note i</i>)	1,314	3,590
Government subsidies (<i>Note ii</i>)	113	78
Others	215	88
	<u>1,642</u>	<u>3,756</u>

Notes:

- (i) Pursuant to Taxation Policy for Encouraging the Development of Software and Integrated Circuits Industry (Guofa [2011] No.4), enterprises engaged in the sales of self-developed software in the PRC are entitled to a VAT refund to the extent that the effective VAT rate of the sales of the software products in the PRC exceeds 3% of the sales amounts. During the years ended 31 December 2024 and 2023, the Group received such VAT refund of RMB362,000 and RMB1,109,000 respectively.

Pursuant to the VAT Policy on Wind Power Generation (Caishui [2015] No.74), enterprises selling self-generated wind power will be entitled to a 50% refund of VAT. During the years ended 31 December 2024 and 2023, the Group received such VAT refund of RMB777,000 and RMB1,052,000 respectively.

Pursuant to the Announcement on the Weighted VAT Deduction Policy for Advanced Manufacturing Enterprises, advanced manufacturing enterprises are allowed to deduct weighted 5% of the input VAT against the output VAT. During the year ended 31 December 2024 and 2023, such VAT deduction amounted to RMB175,000 and RMB1,429,000 respectively.

- (ii) During the years ended 31 December 2024 and 2023, the Group received unconditional government subsidies of RMB113,000 and RMB78,000, respectively, as encouragement of the Group's contribution in technology development and the local economy.

(b) Other net gain/(loss)

	2024 RMB'000	2023 RMB'000
Net exchange losses	(72)	(237)
Gain on disposal of interests in joint ventures	2,285	—
Others	(91)	(104)
	<u>2,122</u>	<u>(341)</u>

5 LOSS BEFORE TAXATION

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

(a) Net finance costs

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interest expenses on bank loans	1,047	621
Interest expenses on loans due to third parties	1,665	1,672
Interest expenses on loans due to a related party	883	417
Interest expenses on lease liabilities	566	686
	<u>4,161</u>	<u>3,396</u>
Interest income	<u>(961)</u>	<u>(374)</u>
Net finance costs	<u><u>3,200</u></u>	<u><u>3,022</u></u>

(b) Staff costs

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Salaries, wages and other benefits	32,488	33,831
Contributions to defined contribution retirement plans	1,770	2,272
	<u><u>34,258</u></u>	<u><u>36,103</u></u>

Employees of the Group's PRC subsidiaries are required to participate in a defined contribution retirement plans administered and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the plan to fund the retirement benefits of the employees.

The Group's contributions to the defined contribution retirement plans are expensed as incurred and not reduced by contributions forfeited by those employees who leave the plans prior to vesting fully in the contributions. The Group has no other material obligation for the payment of retirement benefits associated with the scheme beyond the annual contributions described above.

(c) Other items

	2024 RMB'000	2023 RMB'000
Cost of inventories recognised as expenses (<i>Note</i>)	148,019	246,037
Depreciation charges		
— owned property, plant and equipment	13,203	8,737
— right-of-use assets	5,876	3,007
(Reversal)/provision of ECL allowance		
— trade receivables and contract assets	(20)	1,427
— loans to third parties	3,408	—
— loans to a related party	—	191
Provision for write-down of inventories	947	—
Auditors' remuneration		
— audit services	1,090	1,130
— non-audit services	300	300

Note:

Cost of inventories recognised as expenses includes amounts relating to staff costs, depreciation of property, plant and equipment and provision for write-down of inventories, which are also included in the respective total amounts disclosed separately above or in Note 5(b) for each of these types of expenses.

6 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

(a) Taxation in the consolidated statements of profit or loss represents:

	2024 RMB'000	2023 RMB'000
Current tax — PRC Corporate Income Tax		
Provision for the year	741	1,406
(Over)/under-provision in respect of prior years	(36)	330
Deferred tax		
Origination and reversal of temporary differences	(3,357)	(915)
	(2,652)	821

Notes:

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

- (ii) Pursuant to the PRC Corporate Income Tax Law and the respective regulations, the subsidiaries of the Group which operate in PRC are subject to Corporate Income Tax at a rate of 25% on their taxable income.
- (iii) According to the Administrative Measures for Determination of High Tech Enterprises (Guokefahuo [2016] No.32), Jiangsu Nature Hongyuan New Energy Technology Co., Ltd. obtained the qualification as a high-tech enterprise and was entitled to a preferential income tax rate of 15% for the years from 2024 to 2027.
- (iv) Pursuant to Caishui [2011] No.58 and Caishui [2020] No.23 Notice on Tax Policies for Further Implementation of Western Regions Development Strategy, Datang Gucang Duolun New Energy Co., Ltd. was established in the western regions of the PRC, and was entitled to the preferential income tax rate of 15% from its incorporation to 2030.

7 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of RMB34,733,000 (2023: RMB10,144,000) and the weighted average of 250,000,000 ordinary shares (2023: 250,000,000 shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2024	2023
Issued ordinary shares at 1 January and 31 December	<u>250,000,000</u>	<u>250,000,000</u>

(b) Diluted loss per share

Diluted loss per share for the years ended 31 December 2024 and 2023 are the same as the basic loss per share as there were no potentially dilutive ordinary shares issued.

8 DIVIDENDS

No dividend was paid or declared by the Company for the years ended 31 December 2024 and 2023.

9 TRADE AND OTHER RECEIVABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current		
Trade and bills receivable, net of loss allowance	128,193	212,660
Prepayments	645	2,150
Other receivables	7,868	4,112
	<u>136,706</u>	<u>218,922</u>
Non-current		
Other receivables	416	600
	<u>137,122</u>	<u>219,522</u>

Except for the non-current other receivables related to the deposits of tenancy agreements and tariff premium receivables, all of trade and other receivables balances are expected to be recovered or recognised as an expense within one year. Further details of tariff premium receivables are disclosed below.

Trade and bills receivable

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Measured at amortised cost		
— Trade receivables	115,131	165,003
— Bills receivable	5,694	39,789
Measured at fair value through other comprehensive income (FVOCI)		
— Bills receivable (<i>Note</i>)	9,361	10,181
	<u>130,186</u>	<u>214,973</u>
Less: loss allowance	(1,993)	(2,313)
	<u>128,193</u>	<u>212,660</u>

Note:

Certain amounts of the Group's bills receivable measured at FVOCI were held for collection of contractual cash flows and for selling the financial asset, where cash flows of the bills receivable represented solely payments of principal and interest.

The bills accepted by banks with high credit quality were derecognised when they were endorsed or discounted. In the opinion of the directors, the Group did not retain substantially all the risks and rewards of ownership of these bills, because the credit risk of the acceptance banks was very low and the Group had transferred out all interest risk of the bills upon endorsement or discount. As the transferees had the practical ability to further endorse or discount the bills, control of these bills were transferred upon endorsement or discount and thus they were derecognised. As at 31 December 2024, bills endorsed or discounted and derecognised, but that had not reached maturity amounted to RMB5,880,000 (2023: RMB55,489,000). This represents the Group's maximum exposure to loss should the acceptance banks fail to settle the bills on their maturity date. However, non-settlement by those acceptance banks was considered unlikely.

As of the end of the reporting period, the aging analysis of trade and bills receivable, based on the revenue recognition date and net of loss allowance, is as follows:

	2024 RMB'000	2023 RMB'000
Within 1 year	69,200	165,718
Over 1 year but within 2 years	12,051	12,376
Over 2 years but within 3 years	12,376	14,136
Over 3 years	34,566	20,430
	128,193	212,660

Generally, the Group's trade receivables are due within 30 to 180 days from the date of billing, except for the revenue from tariff premium, representing 60% (2023: 61%) of total wind power sales for the year ended 31 December 2024. The collection of such tariff premium is subject to the allocation of funds by relevant government authorities to local grid company, which takes a relatively long time for settlement. As at 31 December 2024, the tariff premium receivables included in trade and other receivables amounted to RMB69,547,000 (2023: RMB58,993,000).

Pursuant to Caijian [2020] No.5 Notice on the Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加補助資金管理暫行辦法) jointly issued by the Ministry of Finance, the National Development and Reform Commission and the National Energy Administration in January 2020, a set of standardised procedures for the settlement of the tariff premium came into effect from 2020 and approvals on a project by project basis are required before the allocation of funds to local grid companies. The directors of the Company are of the opinion that the tariff premium receivables are fully recoverable considering that there are no loss experiences with the state owned grid company in the past and the tariff premium is funded by the PRC government.

As at 31 December 2024, bills receivable of RMB nil (2023: RMB24,286,000) were pledged as security for issuance of bills payable.

10 TRADE AND OTHER PAYABLES

	2024 RMB'000	2023 RMB'000
Current		
Trade payables (<i>Note (a) below</i>)	55,392	77,581
Bills payable	7,208	45,846
Other payables (<i>Note (b) below</i>)	35,286	46,322
	<u>97,886</u>	<u>169,749</u>
Non-current		
Trade payables	<u>577</u>	<u>2,093</u>
	<u>98,463</u>	<u>171,842</u>

(a) Trade payables

As of the end of the reporting period, the aging analysis of trade payables other than non-current portion which is the warranty from certain suppliers, based on the invoice date, is as follows:

	2024 RMB'000	2023 RMB'000
Within 3 months	22,635	48,946
3 to 6 months	3,384	26,138
6 to 12 months	3,906	1,691
Over 12 months	25,467	806
	<u>55,392</u>	<u>77,581</u>

All of the current portion of trade payables are expected to be settled within one year or are repayable on demand.

(b) Other payables

	2024 RMB'000	2023 RMB'000
Interest payable	31,007	28,459
Payables for staff related costs	1,681	4,853
Advances from disposal of joint ventures	—	5,133
Others	2,598	7,877
	<u>35,286</u>	<u>46,322</u>

11 SHARE CAPITAL

	2024		2023	
	<i>No. of shares</i>	<i>RMB'000</i>	<i>No. of shares</i>	<i>RMB'000</i>
Ordinary shares, issued and fully paid:				
At 1 January and 31 December	<u>250,000,000</u>	<u>2,168</u>	<u>250,000,000</u>	<u>2,168</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Company's residual assets.

MANAGEMENT DISCUSSION & ANALYSIS

BUSINESS REVIEW

We are a wind power and pitch control system solution provider in China. We engage in the research and development, integration, manufacturing and sales of pitch control systems, wind power generation and wind farm operation and maintenance business. In 2024, energy storage was positioned as one of the Company's core businesses, providing smart energy goods and services in wind power, photovoltaic and thermal power.

PITCH CONTROL SYSTEM RELATED INTEGRATION, MANUFACTURE AND SALES

We develop, manufacture and sell (1) customised pitch control systems and (2) customised core components of pitch control systems, such as pitch drive controllers, and motors, according to the requirements of our customers and generate revenue from product sales and integration charges. The customers of the pitch control systems have grown from Envision Energy at the beginning to the current quality wind turbine manufacturers such as Zhejiang Windey, Sany Renewable Energy, CRRC Group, Sinovel and Shanghai Electric. The customers of the core components include Guoneng I&C.

In 2024, the Group delivered a total of 494 sets of pitch control system products, a decrease of 73% compared with the delivery volume in 2023, and the delivered product types covered different models ranging from 2 MW to 9 MW.

WIND POWER GENERATION

We commenced our wind power generation business in 2015 by operating our Duolun Wind Farm in Inner Mongolia. Our Duolun Wind Farm is installed with 13 wind turbines with a total installed capacity of 19.5MW, where we admit electricity generated to the local power grid and sell electricity generated to the local power grid company. We collect on-grid tariff from the local power grid company based on the meter readings on a monthly basis.

In 2024, the annual utilisation hours of the Duolun Wind Farm were 2,407 hours, and the annual total wind power generated and admitted to the power grid was 46.47 million kWh.

WIND FARM OPERATION AND MAINTENANCE

We offer post market operation and maintenance services to our customers, which include (1) general operation and maintenance service for wind farms; (2) upgrade and modification works for pitch control systems; and (3) supply of consumables. We charge service fees and cost of the sales of consumables through providing such services to customers.

ENERGY STORAGE

With energy storage as one of its core businesses, the Group provides customers with energy storage products and solutions, energy storage modules, pack and system equipment, EMS, intelligent energy cloud platform and integrated energy simulation and calculation platform. In 2024, the Group took energy storage integration as a breakthrough point, improved the core team, and landed 2 order projects, which were recognized by customers for integrated products; The self-developed “1P104S Pack Project” is progressing smoothly.

OUTLOOK OF THE GROUP

In 2025, the Group will continue to focus on the field of new energy power, explore the international market and search for new growth points on the basis of stabilizing the domestic market. In the energy storage business, we will prudently invest resources in the research and development of energy storage products and systems, extensively establish supply chain resources in the energy storage industry, form complementary advantages, and develop energy storage as the core business of the group as soon as possible.

FINANCIAL POSITION AND OPERATING RESULTS

In 2024, the Group adhered to the wind power generation and operation and maintenance business, and actively explored the market development of the energy storage industry.

REVENUE

The Group’s total revenue for 2024 amounted to approximately RMB148.3 million, representing a decrease of approximately RMB135.8 million or 47.8% from 2023, mainly due to the decrease in the number of slurry transformers delivered in 2024 and the decrease in operation and maintenance business, resulting in a decrease in overall business revenue.

The following table sets out the breakdown of the Group’s revenue for the reporting period:

	As of December 31, 2024 RMB1,000	As of December 31, 2023 RMB1,000
Sales of pitch control systems and related components	53,669	217,569
Wind power sales	15,568	17,471
Wind farm operation and maintenance business	10,357	19,921
Energy storage business	68,686	29,114
Total	148,280	284,075

The revenue of the pitch control systems business in 2024 amounted to approximately RMB53.7 million, representing a decrease of approximately RMB163.9 million or approximately 75% from 2023, mainly due to the decrease in orders for pitch control systems undertaken and delivered.

The revenue of the wind power generation business in 2024 amounted to approximately RMB15.6 million, representing a decrease of RMB2 million or approximately 11% from 2023.

The revenue of wind farm operation and maintenance business in 2024 amounted to approximately RMB10 million, representing a decrease of approximately RMB10 million or approximately 48% from 2023. The decrease was mainly due to the decline in the profit of the Group's maintenance business and the withdrawal of the operation and maintenance department.

The revenue of the energy storage business in 2024 amounted to approximately RMB68.7 million, representing an increase of approximately RMB40 million or approximately 136% from 2023, achieving significant growth. This is mainly due to the recognition of the energy storage system by customers this year.

COST OF SALES

The Group's cost of sales in 2024 was approximately RMB157 million, representing a decrease of approximately RMB100 million or approximately 39% compared with the cost of sales in 2023.

Among them, the cost of sales of the pitch control systems business mainly includes raw materials, labor and depreciation, etc., and the cost of sales of the Group's pitch control system business in 2024 was approximately RMB63 million, representing a decrease of RMB149 million or approximately 70% from approximately RMB212 million in 2023, mainly due to a decrease in orders relating to the pitch control systems business.

The cost of sales of the wind power generation business is mainly depreciation, labor and spare parts and maintenance after the warranty period, and the cost of sales of the wind power generation business in 2024 is approximately RMB9 million, which is the same as that in 2023.

The cost of sales of wind farm operation and maintenance business is mainly raw material and labor costs. The total cost of sales of the Group's operation and maintenance business in 2024 was approximately RMB8 million, representing a decrease of approximately RMB6.6 million or approximately 45% from approximately RMB14.6 million in 2023, mainly due to the decrease in costs due to the decrease in revenue from the operation and maintenance of wind farms.

The cost of sales of the energy storage business mainly consists of materials, labor and depreciation. The cost of sales of the energy storage business in 2024 was approximately RMB77.1 million, an increase of RMB55.1 million from the cost of sales of the business of approximately RMB22 million in 2023, mainly due to the increase in material and labor costs due to the increase in revenue of the energy storage business.

GROSS PROFIT AND GROSS PROFIT MARGIN

In 2024, the Group's gross loss was approximately RMB9 million, representing a decrease of approximately RMB36 million or 133% from approximately RMB27 million in 2023, mainly due to the fierce competition in the market, the decrease in product prices and the increase in raw material costs. The overall gross profit margin decreased from 9% in 2023 to -6% in 2024, mainly due to the relatively low gross profit margin of the pitch control systems and energy storage business.

The gross profit margin of the pitch control systems business decreased from 3% in 2023 to -18% in 2024, mainly due to the inability to cover labor, depreciation and lower product selling prices due to the low order volume.

The gross profit margin of the wind power generation business in 2024 was approximately 42%, representing a decrease of 6% from the gross profit margin of 48% in 2023, mainly due to the decrease in wind power generation revenue in 2024 and the relatively large depreciation in the cost of sales of wind farms.

The gross profit margin of the wind farm operation and maintenance business in 2024 was approximately 24%, representing a decrease of 3% from the gross profit margin of 27% in 2023.

The gross profit margin of the energy storage system business in 2024 was approximately -12%, representing a decrease of 38% from the gross profit margin of approximately 26% in 2023, mainly due to the high labor and raw material costs of the new business.

OTHER REVENUE

The Group's other revenue in 2024 was approximately RMB1.6 million, representing a decrease of approximately RMB2.4 million from approximately RMB4 million in 2023, mainly due to the decrease in VAT refunds in 2024.

SELLING AND DISTRIBUTION EXPENSES

The Group's sales and distribution expenses amounted to approximately RMB8 million in 2024, which was the same as that in 2023.

ADMINISTRATIVE AND OTHER OPERATING EXPENSES

In 2024, the Group's administrative and other operating expenses amounted to approximately RMB25 million, a decrease of RMB6 million from approximately RMB31 million in 2023, mainly due to the decrease in labor costs and expenses.

NET FINANCE COSTS

The net finance costs mainly consist of interest expenses on bank borrowings and third-party borrowings. The Group's net finance costs for 2024 amounted to approximately RMB3 million, which was the same as that in 2023.

INCOME TAX

The Group's income tax expense for 2024 is approximately RMB3 million (approximately RMB1 million in 2023), and the effective tax rates for the current year and the previous year are approximately 6% and 7% respectively.

LOSS FOR THE YEAR

Based on the above reasons, the Group recorded a net loss of approximately RMB39.4 million in 2024, representing an increase of approximately RMB26.9 million from the net loss of approximately RMB12.5 million in 2023. The loss of the Group in 2024 was mainly attributable to increasing market competition, which has resulted in a decrease in the gross profit for the sales of pitch control systems and the energy storage business of the Group.

LOSS ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

In 2024, the loss attributable to equity shareholders of the Company was approximately RMB34.7 million, representing an increase of approximately RMB24.6 million from the loss attributable to equity shareholders of the Company of approximately RMB10.1 million in 2023.

GEARING RATIO

The gearing ratio is calculated by dividing the Group's total liabilities by total assets. The Group's gearing ratio in 2024 was approximately 44%, a decrease of 6% from 50% in 2023, mainly due to the optimization of supply chain management.

LIQUIDITY AND CAPITAL SOURCE

The Group's sources of working capital include cash flow from operating activities, the Company's existing cash and cash equivalents and bank loans. After prudent financial management and analysis, the Directors believe that the Group has sufficient working capital to meet the Group's current and future operating needs for a full year.

CASH FLOWS

The Group's cash and cash equivalents for 2024 amounted to approximately RMB51 million, representing a decrease of approximately RMB5 million or approximately 8.9% from approximately RMB56 million in 2023, mainly due to operating losses.

CAPITAL EXPENDITURES

In 2024, the Group incurred capital expenditures totalling approximately RMB7 million (2023: capital expenditure of approximately RMB26 million), mainly for the purchase of energy storage production equipment and other fixed assets of the Group.

CONTINGENT LIABILITIES

As at 31 December 2024, the Group did not have any material contingent liabilities.

PLEDGE OF THE GROUP'S ASSETS

As at 31 December 2024, the Group's subsidiaries had short-term bank loans of RMB44 million, of which RMB1 million was secured by the intellectual property rights of the Group's subsidiaries.

HUMAN RESOURCES

The Group has offices in Beijing, Shanghai, Wuxi, Shenzhen, Hong Kong and Inner Mongolia. As at 31 December 2024, the Group employed a total of 160 employees (31 December 2023: 151 employees), all of which entered into labor contracts. According to the PRC labor Law and the relevant laws and regulations, the contracts of such employees expressly stipulate the position, responsibilities, remuneration, staff benefit, training, obligation of confidentiality and other related matters of each employee.

POTENTIAL RISK EXPOSURES

Policy uncertainty risk

New energy power industry is significantly policy driven. If there is any adverse changes in the relevant supporting policy system, the whole new energy industry chain will be adversely affected, and lead to a slowdown in demand, insufficient investments in sectors such as pitch control systems, operation and maintenance and energy storage, and prolonged settlement of outstanding tariff premiums for the sales of wind power, which in turn may adversely affect the Company's operating results and its financial position, as well as its cash flow.

Financial risk

If the Group fails to generate sufficient cash flows from its business execution, it may materially affect the normal management and operations of the Group. In addition, accounts receivable and bills receivable are affected by the uncertainty of the operation of our customers, which lead to the risk of delayed cash collection. The Group will strictly adhere to its cash management system and credit policy, actively follow up on the credit period of accounts receivable and customer operation status and monitor the real-time cash status on an ongoing basis, so as to effectively control the financial risk.

Exchange rate risk

Exchange rate risk is the risk that the fair value or future cash flows of a financial instrument fluctuate as a result of changes in foreign exchange rates. Exchange rate risk arises from financial instruments denominated in foreign currencies other than the functional currency.

The Group operates primarily in the PRC and its main businesses are settled in Renminbi. However, the Company is still exposed to foreign exchange risk arising from the recognised assets and liabilities in foreign currencies and future transactions in foreign currencies (assets and liabilities and future transactions are mainly denominated in USD). The Group has not entered into any forward foreign exchange contracts to hedge its foreign exchange risk, but management will continue to monitor foreign exchange risk and take prudent measures to reduce foreign exchange risk.

MATERIAL EVENTS AFTER THE REPORTING PERIOD

There was no material event after the reporting period and up to the date of this announcement.

ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENT

Reference is made to the announcement of the Company dated 25 March 2022 and the section titled “Wind Farm Operation and Maintenance” in the annual results announcement of the Company for the year ended 31 December 2023. Pursuant to the Equity Purchase Agreement in relation to the disposal of the decentralized distributed wind farm project invested and developed by the Group through Lingqiu County Fengyuan Energy Technology Company Limited (靈丘縣豐沅能源科技有限公司) in Lingqiu County, Datong City, Shanxi Province, all conditions precedent therein have been satisfied, and the disposal has been completed in September 2024. Accordingly, the Company ceases to have any equity interests in the Target Company.

Save as disclosed above, the Group did not have any other significant investment or material acquisition or disposal of subsidiaries, affiliated companies and joint ventures during the year ended 31 December 2024.

PURCHASE, SALE OR REDEMPTION OF THE SECURITIES

During the year ended 31 December 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

CORPORATE GOVERNANCE CODE

The Board is committed to achieving good corporate governance standards.

The Board believes that good corporate governance standards are essential in providing a framework for the Company to safeguard the interests of its shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the principles and code provisions set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules (the “**CG Code**”). To the best knowledge of the Directors, the Company has complied with all applicable code provisions under the CG Code during the year ended 31 December 2024.

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.

Specific enquiry has been made to all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2024.

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 December 2024 (2023: Nil).

AUDIT COMMITTEE

The Company has an Audit Committee which was established in accordance with the requirements of the Listing Rules for the purpose of reviewing and providing supervision over the Group’s financial reporting process and internal controls. The Audit Committee has three members comprising three independent non-executive Directors, being Ms. Hung Pui Yu (“**Ms. Hung**”), Mr. Kang Jian and Mr. Li Shusheng. The Audit Committee is chaired by Ms. Hung, who has appropriate professional qualifications and experience as required by Rule 3.10(2) of the Listing Rules. The Audit Committee of the Company has reviewed the annual results of the Company for the year ended 31 December 2024 and the consolidated financial statements for the year ended 31 December 2024 prepared in accordance with the IFRSs.

SCOPE OF WORK OF AUDITOR

The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been compared by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by KPMG on the preliminary announcement.

ANNUAL GENERAL MEETING

The 2025 annual general meeting will be held on Friday, 27 June 2025 (the “**2025 AGM**”). Notice of the 2025 AGM will be published and issued to shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

From Tuesday, 24 June 2025 to Friday, 27 June 2025 (both days inclusive), during that period no transfer of shares will be effected. In order to qualify for the right to attend and vote at the 2025 AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Monday, 23 June 2025 for registration of transfer.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the Company's website at www.natureenergytech.com and the Stock Exchange's website at www.hkexnews.hk. The annual report for the year ended 31 December 2024 will be available on the websites of the Stock Exchange and the Company in due course, and dispatched to the shareholders of the Company (where applicable).

By order of the Board
China Nature Energy Technology Holdings Limited
Cheng Liquan Richard
Chairman

Hong Kong, 28 March 2025

As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. Cheng Liquan Richard and Mr. Cheng Li Fu Cliff, two non-executive Directors, namely, Mr. Li Hao and Ms. Cheng Li Qin, and three independent non-executive Directors, namely, Ms. Hung Pui Yu, Mr. Kang Jian and Mr. Li Shusheng.