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PUXING ENERGY LIMITED
普星能量有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 90)

ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

	For the year ended		Change
	31 December		
	2024	2023	
	RMB'000	RMB'000	
Revenue	534,054	513,510	4.00%
Profit from operations	119,668	140,772	-14.99%
Net profit attributable to equity shareholders of the Company	59,902	70,842	-15.44%
Basic earnings per share	RMB0.131	RMB0.154	-14.94%
Dividend per share			
– Interim	Nil	Nil	0%
– Proposed final	HK\$0.014	Nil	100%
	At 31 December		
	2024	2023	
	RMB'000	RMB'000	Change
Total assets	1,914,880	1,729,629	10.71%
Total equity attributable to equity shareholders of the Company	876,280	816,130	7.37%
Net asset value per share ^f	RMB1.91	RMB1.78	7.30%
Net debt²	718,317	697,618	2.97%
Total capital ³	1,594,597	1,513,748	5.34%
Gearing ratio ⁴	45.05%	46.09%	-2.26%

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, 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 audited consolidated annual results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2024, together with the corresponding comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	<i>Note</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Revenue	<i>4</i>	534,054	513,510
Operating expenses			
Fuel consumption		(231,361)	(211,665)
Depreciation and amortisation		(105,595)	(90,565)
Repairs and maintenance		(15,677)	(15,202)
Personnel costs	<i>5(b)</i>	(27,603)	(27,329)
Administrative expenses		(24,922)	(18,181)
Sales related taxes		(5,932)	(4,205)
Other operating expenses		(3,296)	(5,591)

	<i>Note</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Profit from operations		119,668	140,772
Finance income		1,270	623
Finance expenses		<u>(33,022)</u>	<u>(37,501)</u>
Net finance costs	<i>5(a)</i>	(31,752)	(36,878)
Other income		<u>2,042</u>	<u>3,743</u>
Profit before taxation	<i>5</i>	89,958	107,637
Income tax	<i>6</i>	<u>(30,039)</u>	<u>(36,797)</u>
Profit for the year		<u>59,919</u>	<u>70,840</u>
Attributable to:			
Equity shareholders of the Company		59,902	70,842
Non-controlling interests		<u>17</u>	<u>(2)</u>
Profit for the year		<u>59,919</u>	<u>70,840</u>
Earnings per share			
Basic (<i>RMB</i>)	<i>8(a)</i>	<u>0.131</u>	<u>0.154</u>
Diluted (<i>RMB</i>)	<i>8(a)</i>	<u>0.131</u>	<u>0.154</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	<i>Note</i>	2024 RMB'000	2023 RMB'000
Profit for the year		59,919	70,840
Other comprehensive income for the year (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		3,158	2,215
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiaries		(2,910)	(1,812)
Total comprehensive income for the year		60,167	71,243
Attributable to:			
Equity shareholders of the Company		60,150	71,245
Non-controlling interests		17	(2)
Total comprehensive income for the year		60,167	71,243

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	<i>Note</i>	2024 RMB'000	2023 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment		1,643,479	1,448,964
Intangible assets		768	1,426
Deferred tax assets		5,747	6,119
Other non-current assets		31,384	21,848
		<u>1,681,378</u>	<u>1,478,357</u>
Current assets			
Inventories		58,377	58,465
Trade and other receivables	<i>9</i>	60,667	62,088
Cash and cash equivalents		114,458	130,719
		<u>233,502</u>	<u>251,272</u>
Current liabilities			
Shareholder's loan		120,269	112,866
Interest-bearing borrowings	<i>10</i>	179,713	374,575
Trade and other payables	<i>11</i>	142,766	25,644
Lease liabilities		–	96
Current taxation		20,346	23,090
		<u>463,094</u>	<u>536,271</u>
Net current liabilities		<u>(229,592)</u>	<u>(284,999)</u>
Total assets less current liabilities		<u>1,451,786</u>	<u>1,193,358</u>

	<i>Note</i>	2024 RMB'000	2023 <i>RMB'000</i>
Non-current liabilities			
Interest-bearing borrowings	<i>10</i>	532,793	340,800
Deferred revenue		10,624	10,694
Deferred tax liabilities		32,089	25,751
		<u>575,506</u>	<u>377,245</u>
NET ASSETS		<u>876,280</u>	<u>816,113</u>
CAPITAL AND RESERVES			
Share capital		40,149	40,149
Reserves		836,131	775,981
Total equity attributable to equity shareholders of the Company		876,280	816,130
Non-controlling interests		<u>—</u>	<u>(17)</u>
TOTAL EQUITY		<u>876,280</u>	<u>816,113</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (“**IASB**”) and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). Material accounting policies adopted by the Group are disclosed below.

The IASB has issued certain amendments to IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 December 2024 comprise the Company and its subsidiaries.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

At 31 December 2024, the Group had net current liabilities of RMB229,592,000 (31 December 2023: RMB284,999,000). In view of this circumstance, the directors of the Company (the “**Directors**”) have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern.

Based on the forecast of the Group’s profit and cash inflows from operations, the unused revolving loan credit facilities of RMB283.2 million as at 31 December 2024 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, the Directors believe that the Group will generate sufficient cash flows to meet its liabilities as and when they fall due in the next 12 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 the consolidated financial statements on a going concern basis.

3. CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to IFRS Accounting Standards to these financial statements for the current accounting period:

- Amendments to IAS 1, *Presentation of financial statements – Classification of liabilities as current or non-current* (“**2020 amendments**”) and amendments to IAS 1, *Presentation of financial statements – Non-current liabilities with covenants* (“**2022 amendments**”)
- 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 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. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. 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 energy storage.

- 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 energy storage represents the lease income with variable rents, which is based on sale of electricity generated by energy storage power stations to power grid companies on a net basis.

(i) **Disaggregation of revenue**

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

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from contracts with customers within the scope of IFRS 15*		
Disaggregated by major products:		
Electricity:		
Volume tariff revenue	181,512	168,287
Capacity tariff revenue	300,595	300,595
	482,107	468,882
Heat:		
Revenue from sales of heat	39,260	44,628
Revenue from other resource		
Rental income:		
Revenue from energy storage	12,687	–
	534,054	513,510

* *Revenue from contracts with customers are recognised at point in time for the reporting period.*

The Group's customer base is concentrated and includes one customer with whom transactions have exceeded 10% of the Group's revenues. In 2024, volume tariff revenue, capacity tariff revenue and energy storage revenue from this customer (including its subsidiaries) amounted to RMB494,794,000 (2023: RMB468,882,000).

For sales of products with original expected duration of less than one year, the Group has selected not to disclose information about the mandatory performance performers' obligation.

(b) Segment reporting

The most senior executive management have identified five operating segments, which are the five power plants, namely:

- Puxing (Anji) Gas Turbine Thermal Power Co., Ltd.* (“**Anji Power Plant**”);
- Zhejiang Puxing Deneng Natural Gas Power Co., Ltd.* (“**Deneng Power Plant**”);
- Zhejiang Puxing Jingxing Natural Gas Power Co., Ltd.* (“**Jingxing Power Plant**”);
- Zhejiang Puxing Bluesky Natural Gas Power Co., Ltd.* (“**Bluesky Power Plant**”);
and
- Quzhou Puxing Gas Turbine Thermal Power Co., Ltd.* (“**Quzhou Power Plant**”).

The most senior executive management are of the view that these five operating segments contribute to the entire revenue of the Group and should be aggregated to a single reportable segment of the Group, power segment, for financial reporting purpose as they have similar economic characteristics and are similar in respect of nature of products, production processes, the type or class of customers and the regulatory environment. Accordingly, no segmental analysis is presented.

All of the Group’s revenue is derived from the volume tariff revenue, capacity tariff revenue, revenue from sales of heat and revenue from energy storage in the People’s Republic of China (“**PRC**”), and the principal non-current assets employed by the Group are located in the PRC. Accordingly, no analysis by geographical segments has been provided for the year.

* *For identification purpose only*

5. PROFIT BEFORE TAXATION

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

(a) Net finance costs

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Interest income	<u>(1,270)</u>	<u>(623)</u>
Finance income	<u>(1,270)</u>	<u>(623)</u>
Interest on interest-bearing borrowings, consideration payable and shareholder's loan	31,077	35,742
Interest on lease liabilities	2	7
Less: interest expense capitalised into properties under development	<u>(618)</u>	<u>-</u>
Total interest expense recognised in profit or loss	30,461	35,749
Bank charges	38	36
Net foreign exchange loss	<u>2,523</u>	<u>1,716</u>
Finance expenses	<u>33,022</u>	<u>37,501</u>
Net finance costs	<u>31,752</u>	<u>36,878</u>

(b) **Personnel costs**

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Wages, salaries and other benefits	24,972	24,764
Contribution to defined contribution plans	2,631	2,565
	<u>27,603</u>	<u>27,329</u>

The Group participates in pension funds organised by the PRC government. According to the respective pension fund regulations, the Group is required to pay annual contributions. The Group remits all the pension fund contributions to the respective social security offices, which are responsible for the payments and liabilities relating to the pension funds. The Group has no obligation for payment of retirement and other post-retirement benefits of employees other than the contributions described above.

(c) **Other items**

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Net loss on disposal of property, plant and equipment	685	442
Depreciation charge		
– Owned property, plant and equipment	103,062	87,955
– Right-of-use assets – land use rights	1,698	1,698
– Right-of-use assets – other properties	92	203
Amortisation		
– Intangible assets	743	709
Expense relating to short-term leases	170	201
Auditor's remuneration		
– audit services	1,500	1,580
– other services	620	150
	<u>620</u>	<u>150</u>

6. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax		
PRC Corporate Income Tax	23,647	26,351
Over provision in respect of prior years	<u>(583)</u>	<u>(252)</u>
	23,064	26,099
Deferred tax		
Origination and reversal of temporary differences	<u>6,975</u>	<u>10,698</u>
Total income tax expense in the consolidated statement of profit or loss	<u>30,039</u>	<u>36,797</u>

- (i) Pursuant to the rules and regulations of the Cayman Islands, the Company is not subject to any income tax in the Cayman Islands.
- (ii) No provision for Hong Kong Profits Tax has been made as the Group did not have any assessable profits subject to Hong Kong Profits Tax for the years ended 31 December 2024 and 31 December 2023.
- (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 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.

(b) **Reconciliation between tax expense and accounting profit at applicable tax rate:**

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before taxation	89,958	107,637
Notional tax on profit before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	23,706	27,056
Tax effect of non-deductible expenses	2,066	1,673
Tax effect of unused tax losses not recognised	56	2,661
Tax effect of prior years' unrecognised deductible temporary differences utilised	(1,066)	(1,866)
Recognition of previously unrecognised deductible temporary differences	(1,194)	(117)
Over provision in prior years	(583)	(252)
Withholding tax on profits retained by PRC subsidiaries	7,054	7,642
	<u>7,054</u>	<u>7,642</u>
Actual tax expense	<u>30,039</u>	<u>36,797</u>

7. DIVIDENDS

(i) **Dividends payable to equity shareholders of the Company attributable to the year**

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Final dividend proposed after the reporting date of HK\$0.014 (2023: HK\$ Nil) per share	5,946	–
	<u>5,946</u>	<u>–</u>

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

8. 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 RMB59,902,000 (2023: RMB70,842,000) and the weighted average of 458,600,000 (2023: 458,600,000) ordinary shares in issue during the year.

(b) Diluted earnings per share

Diluted earnings per share was the same as basic earnings per share for the year ended 31 December 2024 and 31 December 2023 as there were no dilutive potential shares during both years.

9. TRADE AND OTHER RECEIVABLES

		2024	2023
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables		45,921	46,086
Prepayments	<i>(i)</i>	13,836	12,904
Other receivables		910	3,098
		<u>60,667</u>	<u>62,088</u>

(i) Prepayments

The balance of prepayments as at 31 December 2024 mainly represents the prepayment for purchase of natural gas and maintenance service fee.

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

At 31 December 2024, ageing analysis of trade receivables of the Group based on the invoice date is as follows:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 month	45,921	45,868
After 1 year but within 2 years	<u>—</u>	<u>218</u>
	<u>45,921</u>	<u>46,086</u>

As of 31 December 2024, trade and other receivables of RMB3,580,000 (2023: Nil) were pledged as security for bank loans.

10. INTEREST-BEARING BORROWINGS

		At 31 December	At 31 December
		2024	2023
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Secured			
Bank loans	<i>(i)</i>	<u>115,500</u>	<u>—</u>
Unsecured			
Loans from related parties	<i>(ii)</i>	516,826	642,607
Bank loans	<i>(iii)</i>	<u>80,180</u>	<u>72,768</u>
		<u>712,506</u>	<u>715,375</u>

Reconciliation to the consolidated statement of financial position:

Current liabilities	179,713	374,575
Non-current liabilities	<u>532,793</u>	<u>340,800</u>
	<u>712,506</u>	<u>715,375</u>

- (i) As at 31 December 2024, secured bank loan with a carrying amount of RMB115,500,000 was secured by trade and other receivables with the carrying amount of RMB3,580,000 and was guaranteed by Wanxiang Group, the ultimate controlling company of the Group. The secured bank loan bears annual interest rate of 3.21% and will be repayable from 2025 to 2029.
- (ii) Unsecured loans from related parties as at 31 December 2024 represented loans and accrued interest expense from Wanxiang Finance of RMB516,826,000 (31 December 2023: RMB642,607,000), which borne interest at 3.45% - 3.70% per annum (31 December 2023: 3.45% – 3.70%) and will be repayable from 2025 to 2027.
- (iii) As at 31 December 2024, unsecured bank loans of RMB80,180,000 were subject to the fulfilment of certain financial covenants of the Group and will be repayable in 2025. If the Group was to breach the covenants, the drawn down facility would become payable on demand. The Group regularly monitors its compliance with these covenants. As at 31 December 2024, none of the covenants relating to drawn down facility had been breached.

11. TRADE AND OTHER PAYABLES

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	766	4,682
Construction payable	125,985	4,835
Accrued expenses and other payables	6,486	3,951
	<hr/>	<hr/>
Financial liabilities measured at amortised cost	133,237	13,468
	<hr/> <hr/>	<hr/> <hr/>
Salary payable	4,056	4,758
Other taxes payable	5,473	7,418
	<hr/>	<hr/>
	142,766	25,644
	<hr/> <hr/>	<hr/> <hr/>

As at 31 December 2024, the ageing analysis of trade payables of the Group based on the invoice date, is as follows:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	<u>766</u>	<u>4,682</u>

12. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

- (a) Subsequent to the end of the reporting period, the Directors proposed a final dividend. Further details are disclosed in note 7.
- (b) An extraordinary general meeting held on 17 February 2025 has resolved to recommend the disposal of 51% of equity interest in Deneng Power Plant (the “**Target Company**”) and its subsidiary, Quzhou Power Plant (collectively hereinafter referred to as the “**Target Group**”) to Shunfa Hengneng Co., Ltd. (a subsidiary of Wanxiang Group, which is ultimate holding company of the Company, the “**Purchaser**”) at a cash consideration of RMB142.7 million. Upon completion of the disposal, the Purchaser will hold 51% equity interest in the Target Company, and accordingly does not remain as a subsidiary of the Company. As at 31 December 2024, the above disposal didn’t meet the criteria to be classified as held for sale.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is mainly engaged in the development, operation and management of natural gas-fired power plants. The Group has five wholly-owned gas-fired power plants in Zhejiang Province, with an aggregate installed capacity of 688.07 megawatt (MW) (2023: 688.07 MW) (including 1,072 kilowatt (kW) (2023: 1,072 kW) photovoltaic power generating units) and a maximum heating capacity per hour of 360 tons (2023: 360 tons). Newly-added aggregate installed capacity of energy storage on the grid was 100 MW/200 MWh (2023: Nil).

BUSINESS REVIEW

In 2024, with the continuous efforts of the Chinese government to enhance the vitality of social and economic development, alongside the internal and external changes in the global economic environment, social and economic activities have steadily improved. Meanwhile, affected by the comprehensive impact of social production and power consumption, the overall social power consumption demand in Zhejiang Province remained stable. Based on our own business development and grid power generation scheduling needs, the overall power generation volume of the Group for the year ended 31 December 2024 increased by 15.62% to 305,663.81 MWh as compared to 264,361.73 MWh in 2023. Meanwhile, with the comprehensive impact of the increase in power generation volume and the decrease in heat sales volume during the year, the total consumption of natural gas decreased by 0.13% to 68,406,436 m³ from 68,496,863 m³ in 2023 due to an increase in natural gas consumption caused by more frequent start-stop operations as a result of the frequent participation in electricity spot trading in 2024. The cut in capacity tariff effective from 1 January 2022 has maintained until 2024, resulted in the capacity tariff revenue in 2024 remaining at the same level as in 2023.

During the year, 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 liberalise 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).

After adjustment, the capacity tariff of Bluesky Power Plant, Deneng Power Plant and Jingxing Power Plant under the Company was adjusted to RMB394.8/kW/year, which remained unchanged as compared to RMB394.8/kW/year of last year; the capacity tariff of Anji Power Plant and Quzhou Power Plant was adjusted to RMB571.2/kW/year, which remained unchanged as compared to RMB571.2/kW/year of last year.

During the year, affected by the changes in external economic environment, the adjustment of natural gas prices, the decline of heat supply and other factors, the number of heat users and demand decreased, the heating price decreased and the overall heat sales volume of the Company decreased. For the year ended 31 December 2024, the Group’s heat sales volume decreased by 5.43% to 107,228 tons as compared to 113,387 tons in 2023, and the revenue from sales of heat decreased by 12.03% to RMB39,260,000 as compared to RMB44,628,000 in 2023.

During the year, ZDRC adjusted the volume tariff of natural gas power generating units and gate station price for natural gas (inclusive of value-added tax (VAT)) for several times. After several adjustments during the year, the volume tariff (inclusive of VAT) of Bluesky Power Plant under the Group was adjusted from RMB0.7899/kilowatt hour (kWh) at the beginning of the year to RMB0.7007/kWh at the end of the year, representing a decrease of approximately 11.29%; the volume tariff (inclusive of VAT) of Deneng Power Plant was adjusted from RMB0.07047/kWh at the beginning of the year to RMB0.7061/kWh at the end of the year, representing a increase of approximately 0.19%; the volume tariff (inclusive of VAT) of Jingxing Power Plant was adjusted from RMB0.9028/kWh at the beginning of the year to RMB0.7515/kWh at the end of the year, representing a decrease of approximately 16.76%; the volume tariff (inclusive of VAT) of Anji Power Plant was adjusted from RMB0.7689/kWh at the beginning of the year to RMB0.6607/kWh at the end of the year, representing a decrease of approximately 14.08%; the volume tariff (inclusive of VAT) of Quzhou Power Plant was adjusted from RMB0.7746/kWh at the beginning of the year to RMB0.6644/kWh at the end of the year, representing a decrease of approximately 14.22%. The price of natural gas (inclusive of VAT) of Bluesky Power Plant under the Group was adjusted from RMB3.4285/m³ at the beginning of the year to RMB3.0415/m³ at the end of the year, representing a decrease of approximately 11.29%; the price of natural gas (inclusive of VAT) of Deneng Power Plant was adjusted from RMB3.0587/m³ at the beginning of the year to RMB3.0648/m³ at the end of the year, representing an increase of approximately 0.20%; the price of natural gas (inclusive of VAT) of Jingxing Power Plant was adjusted from RMB3.4300/m³ at the beginning of the year to RMB3.2620/m³ at the end of the year, representing a decrease of approximately 4.90%; the price of natural gas (inclusive of VAT) of Anji Power Plant was adjusted from RMB3.6340/m³ at the beginning of the year to RMB3.1226/m³ at the end of the year, representing a decrease of approximately 14.07%; the price of natural gas (inclusive of VAT) of Quzhou Power Plant was adjusted from RMB3.6611/m³ at the beginning of the year to RMB3.1404/m³ at the end of the year, representing a decrease of approximately 14.22%; the capacity tariff of each power plant (inclusive of VAT) remained unchanged during the year ended 31 December 2024.

Equity Installed Capacity

As at 31 December 2024, the equity installed capacity of power plants held and operated by the Group are as follows:

The total installed capacity of the power generating units in the power plants under the Group was 688.07 MW, with a total equity installed capacity of 688.07 MW and the equity interest proportion of 100%. Among them, the total installed capacity of the power generating units in Bluesky Power Plant was 112.34 MW, with a total equity installed capacity of 112.34 MW and the equity interest proportion of 100%, in which the installed capacity of natural gas power generating units was 112 MW, and the installed capacity of photovoltaic power generating units was 0.34 MW. The total installed capacity of the power generating units in Deneng Power Plant was 112 MW, with a total equity installed capacity of 112 MW and the equity interest proportion of 100%, in which the installed capacity of natural gas power generating units was 112 MW. The total installed capacity of the power generating units in Jingxing Power Plant was 75.22 MW, with a total equity installed capacity of 75.22 MW and the equity interest proportion of 100%, in which the installed capacity of natural gas power generating units was 75 MW, and the installed capacity of photovoltaic power generating units was 0.22 MW. The total installed capacity of the power generating units in Anji Power Plant was 158.36 MW, with a total equity installed capacity of 158.36 MW and the equity interest proportion of 100%, in which the installed capacity of natural gas power generating units was 158 MW, and the installed capacity of photovoltaic power generating units was 0.36 MW. The total installed capacity of the power generating units in Quzhou Power Plant was 230.15 MW, with a total equity installed capacity of 230.15 MW and the equity interest proportion of 100%, in which the installed capacity of natural gas power generating units was 230 MW, and the installed capacity of photovoltaic power generating units was 0.15 MW. The total energy storage installed capacity of power grid was 100MW/200MWh, in which the energy storage installed capacity of Bluesky Power Plant was 100MW/200MWh.

Production Volume

Natural Gas Power Generation

In order to cooperate with the trial implementation of the Dual Tariff Policy in Zhejiang Province, the relevant government authorities have organised the 2024 production plan for natural gas power generating units based on the peak demand within the power grid. Affected by the overall external economic environment and the adjustment to the overall electricity procurement demand of Zhejiang Province in 2024, the production volume by natural gas of the Group for the year ended 31 December 2024 increased by 41,302.08 MWh or 15.62% to 305,663.81 MWh as compared to 264,361.73 MWh in 2023 under the condition of meeting the peak demand of the power grid.

Photovoltaic Power Generation

For the year ended 31 December 2024, the Group's installed capacity of photovoltaic generating units was 1,072 kW (2023: 1,072 kW), the electricity generated is mainly used to supplement the auxiliary power consumption rate of the power plants, and the remainder will be sold to the power grid.

For the year ended 31 December 2024, photovoltaics production volume of the Group was approximately 1,059 MWh (2023: approximately 1,135 MWh), of which approximately 93 MWh (2023: approximately 113 MWh) was sold to the power grid.

During the year, the Group saved power consumption cost of RMB549,100 (2023: RMB618,600) through photovoltaic power generation and realised a revenue of RMB71,600 (2023: RMB67,400).

Heat Sales Volume

The Anji Power Plant and Quzhou Power Plant under the Group provide steam to manufacturers near heating pipelines. The maximum hourly heating capacity is approximately 360 tons (2023: 360 tons).

During the year, affected by the fluctuations of external economic environment, the adjustment of natural gas prices, the decline of heat supply and other factors, the number of heat users and demand decreased, the heating price decreased and the overall heat sales volume of the Company decreased. The Group's heat sales volume for the year ended 31 December 2024 decreased by 5.43% to 107,228 tons as compared to 113,387 tons in 2023; the revenue from sales of heat decreased by 12.03% to RMB39,260,000 as compared to RMB44,628,000 in 2023. The average selling price (inclusive of VAT) decreased by 8.13% to approximately RMB394.14/ton as compared to approximately RMB429.01/ton in 2023.

The revenue from sales of heat of the Group for the year ended 31 December 2024 was RMB39,260,000 (2023: RMB44,628,000).

Fuel Cost and Natural Gas Usage

All power plants under the Group use natural gas as fuel for power generation, while Anji Power Plant and Quzhou Power Plant under the Group also use natural gas as fuel for heating at the same time. Natural gas is the only source of fuel for the Group and is mainly provided by the suppliers of the Group, namely Zhejiang Zheneng Natural Gas Trading Co., Ltd. (浙江浙能天然氣貿易有限公司), PetroChina Company Limited Zhejiang Sale Branch (中國石油天然氣股份有限公司天然氣銷售浙江分公司), and PipeChina Zhejiang Provincial Natural Gas Pipeline Network Co., Ltd. (國家管網集團浙江省天然氣管網有限公司). During the year, under the organisation of the Energy Bureau in Zhejiang Province, all power plants under the Group signed a special contract for natural gas sales with several natural gas suppliers.

The natural gas price in Zhejiang Province is determined by ZDRC. According to the adjustment of natural gas price made by ZDRC during the year, the price of natural gas (inclusive of VAT) of Bluesky Power Plant under the Group was adjusted from RMB3.4285/m³ at the beginning of the year to RMB3.0415/m³ at the end of the year, representing a decrease of approximately 11.29%; the price of natural gas (inclusive of VAT) of Deneng Power Plant was adjusted from RMB3.0587/m³ at the beginning of the year to RMB3.0648/m³ at the end of the year, representing a increase of approximately 0.20%; the price of natural gas (inclusive of VAT) of Jingxing Power Plant was adjusted from RMB3.4300/m³ at the beginning of the year to RMB3.2620/m³ at the end of the year, representing a decrease of approximately 4.90%; the price of natural gas (inclusive of VAT) of Anji Power Plant was adjusted from RMB3.6340/m³ at the beginning of the year to RMB3.1226/m³ at the end of the year, representing a decrease of approximately 14.07%; the price of natural gas (inclusive of VAT) of Quzhou Power Plant was adjusted from RMB3.6611/m³ at the beginning of the year to RMB3.1404/m³ at the end of the year, representing a decrease of approximately 14.22%.

For the year ended 31 December 2024, fuel costs amounted to RMB231,361,000, representing an increase of 9.31% as compared to RMB211,665,000 in 2023.

FINANCIAL REVIEW

The net profit attributable to equity shareholders of the Company for the year ended 31 December 2024 was RMB59,902,000, representing a decrease of RMB10,940,000 or 15.44%, as compared to RMB70,842,000 in 2023. For the year ended 31 December 2024, the basic and diluted earnings per share of the Company amounted to RMB0.131, representing a decrease of RMB0.023 or 14.94% as compared to RMB0.154 in 2023.

Revenue

Revenue of the Group comprises volume tariff revenue, capacity tariff revenue and revenue from sales of heat and energy storage. Based on the own business development of the Group and grid power generation scheduling needs, the electricity sales volume from participation in spot electricity trading, the heat supply and heating prices decreased in 2024. Revenue of the Group for the year ended 31 December 2024 amounted to RMB534,054,000, representing an increase of RMB20,544,000 or 4.00% as compared to RMB513,510,000 in 2023.

Operating Expenses

During the year, the Group's operating expenses mainly comprised fuel consumption, depreciation and amortisation, repairs and maintenance, staff costs, administrative expenses, sales related taxes and other operating expenses. For the year ended 31 December 2024, the Group's operating expenses were RMB414,386,000, representing an increase of RMB41,648,000 or 11.17% as compared to RMB372,738,000 in 2023. The increase in operating expenses was mainly due to the increase in fuel costs along with the impact of increased depreciation on the completion of energy storage at the Bluesky Power Plant and higher administrative expenses.

Profit from Operations

Affected by the increase in power generation costs caused by the fluctuations in fuel costs and the increase in power generation, the profit from operations of the Group for the year ended 31 December 2024 was RMB119,668,000, representing a decrease of RMB21,104,000 or 14.99% as compared to RMB140,772,000 in 2023.

Finance Costs

For the year ended 31 December 2024, net finance costs of the Group amounted to RMB31,752,000, representing a decrease of RMB5,126,000 or 13.90% as compared to RMB36,878,000 in 2023. The decrease in net financial costs was mainly due to the reasonable arrangement of funds, early repayment of borrowings due within the year and the decrease in borrowing rates, resulting in a decrease in interest expenses during the year.

Income Tax

Pursuant 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%. For the year ended 31 December 2024, income tax of the Group amounted to RMB30,039,000, representing a decrease of RMB6,758,000 or 18.37% as compared to RMB36,797,000 in 2023. The decrease in income tax for the year was mainly due to a decrease in profit from operations.

Earnings per Share

For the year ended 31 December 2024, net profit attributable to equity shareholders of the Company amounted to RMB59,902,000 (2023: RMB70,842,000). The basic and diluted earnings per share amounted to RMB0.131, representing a decrease of RMB0.023 or 14.94% as compared to RMB0.154 in 2023.

Major Acquisitions, Disposals and Major Investment Activities

Save as disclosed below and in this announcement, the Group had no major acquisition, disposal and major investment activities relating to its subsidiaries, associates and joint ventures during the year.

Major and Connected Transaction relating to the Disposal of 51% Equity Interest in Deneng Power Plant

On 30 December 2024, Puxing Neng (HK) Limited (the “**Vendor**”), a direct wholly-owned subsidiary of the Company, SHUNFA HENGNENG Corporation* (順發恒能股份公同)(the “**Purchaser**”) and Deneng Power Plant, entered into the an equity transfer agreement, pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, 51% of the equity interest in Deneng Power Plant at the consideration of RMB142,720,000, subject to the terms and conditions of the equity transfer agreement. Upon the completion of the disposal, Deneng Power Plant would cease to be a subsidiary of the Company.

The shares of the Purchaser are listed on the Shenzhen Stock Exchange (stock code: 000631) which were owned as to approximately 62.28% by Wanxiang Group, as at the date of entering into the equity transfer agreement, which in turn is ultimately controlled by Mr. Lu Weiding, the ultimate controller of the Company. Accordingly, the Purchaser was a connected person of the Company and the Disposal constituted a connected transaction of the Company under Chapter 14A of the Listing Rules.

For details, please refer to the announcement of the Company dated 30 December 2024 and the circular of the Company dated 27 January 2025.

Liquidity and Financial Resources

Cash and cash equivalents of the Group are denominated in Renminbi (RMB) and Hong Kong Dollar (HKD). As at 31 December 2024, cash and cash equivalents of the Group amounted to RMB114,458,000 (31 December 2023: RMB130,719,000).

As at 31 December 2024, the Group had current assets of RMB233,502,000 (31 December 2023: RMB251,272,000), current liabilities of RMB463,094,000 (31 December 2023: RMB536,271,000) and net current liabilities of RMB229,592,000 (31 December 2023: RMB284,999,000) with a current ratio of 0.50 (31 December 2023: 0.47). The increase in current ratio was mainly attributable to a decrease in interests of bank loans, resulting in a decrease in current liabilities.

As at 31 December 2024, the Groups had unused revolving loan credit facilities granted by Wanxiang Finance Co., Ltd. (“**Wanxiang Finance**”), a subsidiary of Wanxiang Group Corporation (“**Wanxiang Group**”), of RMB283 million (2023: RMB157 million).

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. At the same time, 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 the debts of the Group are denominated in RMB and HKD. As at 31 December 2024, the Group had total debts of RMB832,775,000 (31 December 2023: RMB828,337,000), including shareholder’s loan of RMB120,269,000 (2023: RMB112,866,000), lease liabilities of RMB0 (2023: RMB96,000), bank loans of RMB195,680,000 (2023: RMB72,768,000), and loans from related parties of RMB516,826,000 (2023: RMB642,607,000). Among them, bank loans and loans from related parties were denominated in RMB and subject to adjustment in accordance with relevant regulations of the People’s Bank of China. The interest rate of bank loans was adjusted to 2.96% to 3.50% (2023: 3.5%) per annum, and the interest rate of loans from related parties was adjusted to 3.45% to 3.70% (2023: 3.45% to 3.70%) per annum.

Gearing Ratio

The Group's gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total debts (including interest-bearing borrowings, shareholder's loan and lease liabilities, as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as total equity attributable to equity shareholders of the Company (as shown in the consolidated statement of financial position) plus net debt. As at 31 December 2024, the Group's gearing ratio was 45.05% (31 December 2023: 46.09%).

Capital Expenditures

For the year ended 31 December 2024, the Group invested RMB188,477,000 (2023: RMB5,571,000) mainly for the construction of the heat grid construction of Anji Power Plant, the energy storage project of Bluesky Power Plant as well as the costs of technological renovation and maintenance of equipment.

Capital Commitments

As at 31 December 2024, the Group had capital commitments of RMB53,399,000 (31 December 2023: RMB275,655,000) mainly for the technological renovation and maintenance of power generation units.

Pledge Of Assets

As of 31 December 2024, trade and other receivables of RMB3,580,000 (2023: Nil) were pledged as security for bank loans.

Contingent Liabilities

As at 31 December 2024 and 2023, the Group had no material contingent liability.

Exchange Rate Risk

The Group primarily operates its business in 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 derivative for the time being. However, the management of the Group will continue monitoring its foreign currency exposure and will consider hedging significant foreign exchange risks should the need arise.

Employees and Remuneration Policy

As at 31 December 2024, the Group had a total of 278 employees, excluding 13 trainees (31 December 2023: 266 employees, excluding 2 trainees). For the year ended 31 December 2024, total employees' remuneration (including Directors' remuneration and benefits) was RMB27,603,000 (2023: RMB27,329,000). 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

2025 will be a challenging year for Puxing Energy. The cut in capacity tariff in Zhejiang Province and the fluctuation of natural gas prices have brought a severe test to the profitability of Puxing Energy. 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, step up 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 and external economic environment changes.

Looking ahead, Chinese government will uphold its firm commitment to the “double carbon” goal of peaking carbon emission and achieving carbon neutrality, resolutely accelerate in the development of new energy, optimise its energy structure, and embark 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.

FINAL DIVIDEND

The Group has completed the disposal of certain assets and is in a position to pay dividends. However, due to the significant operation challenges, it is necessary to reserve funds for business transformation. Meanwhile, the liability ratio is still relatively high, and it is necessary to repay debts to reduce financial expenses, so as to enhance the value of the Company and shareholders’ returns in the long run.

The Board recommends to pay a final dividend of HK\$0.014 per share (2023: HK\$0) for the year ended 31 December 2024. Proposed final dividend is expected to be paid in due course, subject to approval by shareholders of the Company (the “**Shareholders**”) at the forthcoming annual general meeting (“**AGM**”).

AGM AND CLOSURE OF REGISTER OF MEMBERS

The notice of the forthcoming AGM, which contains the date, time and place of the forthcoming AGM, as well as details of the period during which the register of members and the registration of share transfers is closed, will be published and despatched to the Shareholders in due course.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s securities (including sale or transfer of treasury shares as defined in the Listing Rules) listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

As at 31 December 2024, the Company did not hold any treasury shares.

CORPORATE GOVERNANCE

The Board has been adamant in upholding high standards of corporate governance to maximise operational efficiency, corporate values and Shareholders' returns. The Company has adopted and applied the principles of the code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Listing Rules. The Company will continue to upgrade its internal control system, strengthen its risk management and reinforce its corporate governance structure.

The Company has complied with all the code provisions set out in the CG Code throughout the year ended 31 December 2024.

COMPLIANCE WITH THE CODE OF CONDUCT BY DIRECTORS

The Company adopted a code of conduct (the “**Code of Conduct**”) regarding the securities transactions of the Directors and relevant employees (as defined in code provision C.1.3 in Part 2 of the CG Code) on terms no less exacting than the required standard set out in the Model Code in Appendix C3 to the Listing Rules as its own code of conduct for securities transactions. The Company has made specific enquiry to all Directors regarding the compliance with the Code of Conduct. All Directors confirmed that they have complied with the required standard set out in the Code of Conduct throughout the year ended 31 December 2024.

IMPORTANT EVENTS AFTER REPORTING PERIOD

At the extraordinary general meeting held on 17 February 2025, a major and connected transaction to approve the disposal of 51% equity interest in Deneng Power Plant by the Company to SHUNFA HENGNENG Corporation* (順發恒能股份公司) at a consideration of RMB142,720,000 was approved by the independent shareholders of the Company by way of an ordinary resolution. Upon completion of the relevant disposal, Deneng Power Plant ceased to be a subsidiary of the Company. For details, please refer to the circular of the Company dated 27 January 2025 and the announcement of the Company dated 30 December 2024 and the announcement of poll results of the extraordinary general meeting dated 17 February 2025 respectively.

* *For identification purpose only*

Save as disclosed herein, to the best of the Group’s knowledge having made reasonable enquiries, there has not been any other material event affecting the Group since 31 December 2024 up to the date of this announcement.

REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) consists of three independent non-executive Directors, namely Mr. Wu Chongguo, Ms. Wu Ying and Mr. Yu Wayne W. Mr. Wu Chongguo is the chairman of the Audit Committee.

The Audit Committee has reviewed the annual results of the Group for the year ended 31 December 2024. The Audit Committee has reviewed together with the management the accounting principles and policies adopted by the Company and the consolidated financial statements for the year ended 31 December 2024. The Audit Committee considers that the annual results are in accordance with applicable accounting standards, laws, and regulations, and the Company has made appropriate disclosures in this regard.

SCOPE OF WORK OF KPMG ON THIS PRELIMINARY ANNOUNCEMENT

The financial figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in this preliminary announcement have been agreed by the Group’s auditor, KPMG, 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.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the Company's website (www.puxing-energy.com) and the Stock Exchange's website (www.hkexnews.hk). The annual report of the Company for the year ended 31 December 2024 containing all the information required by the Listing Rules shall be despatched to the Shareholders who request a printed copy and made available on the aforesaid websites in due course.

By order of the Board
Puxing Energy Limited
Guan Dayuan
Chairman

Hong Kong, 28 March 2025

As at the date of this announcement, the Board comprises six directors, of whom three are executive Directors, namely Mr. Guan Dayuan, Mr. Wei Junyong and Mr. Yuan Feng; and three are independent non-executive Directors, namely Mr. Wu Chongguo, Ms. Wu Ying and Mr. Yu Wayne W.