

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

PUXING ENERGY LIMITED
普星能量有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 90)

ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024

FINANCIAL HIGHLIGHTS			
	For the six months ended 30 June		Change
	2024	2023	
	RMB'000	RMB'000	
Revenue	208,203	232,012	-10.26%
Profit from operations	69,574	70,079	-0.72%
Profit attributable to equity shareholders of the Company	36,837	31,942	+15.32%
Basic earnings per share	RMB0.080	RMB0.070	+14.29%
Dividend per share – Interim	Nil	Nil	0%
	At 30 June 2024	At 31 December 2023	Change
	RMB'000	RMB'000	
Total assets	1,993,493	1,729,629	+15.26%
Total equity attributable to equity shareholders of the Company	853,096	816,130	+4.53%
Net asset value per share ¹	RMB1.86	RMB1.78	+4.49%
Net debt ²	681,448	697,618	-2.32%
Total capital ³	1,534,544	1,513,748	+1.37%
Gearing ratio ⁴	44.41%	46.09%	-1.68%

Notes:

- $$\frac{\text{Total equity attributable to equity shareholders of the Company}}{\text{Number of ordinary shares in issue}}$$
- Total debts (including interest-bearing borrowings, shareholder's loan and lease liabilities) – Cash and cash equivalents
- Total equity attributable to equity shareholders of the Company + Net debt
- $$\frac{\text{Net debt}}{\text{Total capital}}$$

The board (the “**Board**”) of directors (the “**Directors**”) of Puxing Energy Limited (the “**Company**” or “**Puxing Energy**”) announces the unaudited consolidated financial results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2024, together with the comparative figures for the corresponding period in 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024 (unaudited)

	<i>Note</i>	Six months ended 30 June	
		2024	2023
		RMB'000	RMB'000
Revenue	3	208,203	232,012
Operating expenses			
Fuel consumption		(54,834)	(80,838)
Depreciation and amortisation		(46,621)	(46,280)
Repairs and maintenance		(7,778)	(8,508)
Personnel costs		(15,425)	(14,825)
Administrative expenses		(11,691)	(9,228)
Sales related taxes		(1,771)	(2,099)
Other operating expenses		(509)	(155)
Profit from operations		69,574	70,079
Finance income		325	235
Finance expenses		(15,887)	(22,618)
Net finance costs	4(a)	(15,562)	(22,383)
Other income	5	539	1,398
Profit before taxation	4	54,551	49,094
Income tax	6	(17,716)	(17,154)
Profit for the period		36,835	31,940

		Six months ended 30 June	
		2024	2023
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the period		36,835	31,940
Attributable to:			
Equity shareholders of the Company		36,837	31,942
Non-controlling interests		<u>(2)</u>	<u>(2)</u>
Profit for the period		<u>36,835</u>	<u>31,940</u>
Earnings per share			
Basic (<i>RMB</i>)	7(a)	<u>0.080</u>	<u>0.070</u>
Diluted (<i>RMB</i>)	7(b)	<u>0.080</u>	<u>0.070</u>

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

For the six months ended 30 June 2024 (unaudited)

	Six months ended 30 June	
	2024	2023
<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the period	36,835	31,940
Other comprehensive income for the period (after tax and reclassification adjustments):		
Items that will not be reclassified to profit or loss:		
Exchange differences on translation of financial statements of the Company	1,067	4,895
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	(938)	(4,315)
Total comprehensive income for the period	36,964	32,520
Attributable to:		
Equity shareholders of the Company	36,966	32,522
Non-controlling interests	(2)	(2)
Total comprehensive income for the period	36,964	32,520

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024 (unaudited)

		At 30 June 2024 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
	<i>Note</i>		
Non-current assets			
Property, plant and equipment		1,661,240	1,448,964
Intangible assets		1,072	1,426
Deferred tax assets		5,596	6,119
Other non-current assets		19,458	21,848
		<u>1,687,366</u>	<u>1,478,357</u>
Current assets			
Inventories		58,631	58,465
Trade and other receivables	8	70,539	62,088
Cash and cash equivalents		176,957	130,719
		<u>306,127</u>	<u>251,272</u>
Current liabilities			
Shareholder's loan		116,089	112,866
Interest-bearing borrowings	9	285,516	374,575
Trade and other payables	10	220,538	25,644
Lease liabilities		–	96
Current taxation		20,641	23,090
		<u>642,784</u>	<u>536,271</u>
Net current liabilities		<u>(336,657)</u>	<u>(284,999)</u>
Total assets less current liabilities		<u>1,350,709</u>	<u>1,193,358</u>

		At 30 June 2024 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
	<i>Note</i>		
Non-current liabilities			
Interest-bearing borrowings	9	456,800	340,800
Deferred revenue		10,836	10,694
Deferred tax liabilities		29,996	25,751
		<u>497,632</u>	<u>377,245</u>
Net assets		<u>853,077</u>	<u>816,113</u>
Capital and reserves			
Share capital		40,149	40,149
Reserves		812,947	775,981
Total equity attributable to equity shareholders of the Company		853,096	816,130
Non-controlling interests		(19)	(17)
Total equity		<u>853,077</u>	<u>816,113</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2024

1 BASIS OF PREPARATION

This interim financial information has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (IAS) 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board (IASB). It was authorised for issue on 29 August 2024.

This interim financial information has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are set out in note 2.

This interim financial information has been prepared on the basis that the Group will continue to operate throughout the next twelve months as a going concern. The Group's current liabilities exceeded its current assets by RMB336,657,000 as at 30 June 2024. Based on future projection of the Group's profit and cash inflows from operations, revolving loan credit facilities of RMB800 million which will be due on 31 December 2025 (including unused revolving loan credit facilities of RMB221 million as at 30 June 2024) granted by Wanxiang Finance Co., Ltd. ("**Wanxiang Finance**"), a fellow subsidiary of the Company, loan credit facilities of RMB284 million which will be due on 28 November 2025 (including unused loan credit facilities of RMB214 million) provided by the Export-Import Bank of China, and the ability of the Group to obtain or renew bank loans and other financing facilities from related parties, including Wanxiang Finance, to finance its continuing operations for the next twelve months ending 30 June 2025, the directors believe that the Group will generate sufficient cash flows to meet its liabilities as and when they fall due in the next twelve months. Accordingly, the directors consider that there are no material uncertainties related to events or conditions which, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern and have prepared the interim financial information on a going concern basis.

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

This interim financial information contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRS Accounting Standards ("**IFRSs**").

This interim financial information is unaudited, but has been reviewed by the Audit Committee of the Company.

2 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to IFRSs issued by the IASB to this interim financial information for the current accounting period:

- Amendments to IAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current* (“2020 amendments”)
- 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 in this interim financial information. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

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

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

- 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.

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

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

(i) **Disaggregation of revenue**

Disaggregation of revenue from contracts with customers by major products or service lines and geographical location of customers is as follows:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products of service lines:		
Electricity		
– Volume tariff revenue	38,216	58,301
– Capacity tariff revenue	150,297	150,297
	188,513	208,598
Heat:		
– Revenue from sales of heat	19,690	23,414
	208,203	232,012

(b) **Segment reporting**

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

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

* *For identification purpose only*

In preparing the financial information, 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 of 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 and revenue from sales of heat in the People's Republic of China (the "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 period.

4 PROFIT BEFORE TAXATION

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

(a) Net finance costs

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Interest income	<u>(325)</u>	<u>(235)</u>
Finance income	<u>(325)</u>	<u>(235)</u>
Interest on interest-bearing borrowings, consideration payable and shareholder's loan	14,967	18,510
Interest on lease liabilities	2	5
Less: interest expense capitalised into properties under development	<u>(26)</u>	<u>–</u>
Total interest expense recognised in profit or loss	14,943	18,515
Bank charges	49	23
Net foreign exchange loss	<u>895</u>	<u>4,080</u>
Finance expenses	<u>15,887</u>	<u>22,618</u>
Net finance costs	<u>15,562</u>	<u>22,383</u>

(b) Other items

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Amortisation		
– Intangible assets	354	354
Depreciation charge		
– Owned property, plant and equipment	45,370	44,921
– Right-of-use assets	<u>897</u>	<u>1,005</u>

5 OTHER INCOME

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Government grants	<u>539</u>	<u>1,398</u>

Government grants represented unconditional government grants of RMB327,000 (six months ended 30 June 2023: RMB1,198,000) awarded to the Group and the amortisation of deferred government grants of RMB212,000 during the six months ended 30 June 2024 (six months ended 30 June 2023: RMB200,000).

6 INCOME TAX

Taxation in the consolidated statement of profit or loss represents:

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax		
Provision for the PRC Corporate Income Tax	13,531	12,586
Over provision in respect of prior years	<u>(583)</u>	<u>(252)</u>
	<u>12,948</u>	<u>12,334</u>
Deferred tax		
Reversal and origination of temporary differences	328	378
PRC withholding tax	<u>4,440</u>	<u>4,442</u>
Total income tax expense in the consolidated statement of profit or loss	<u>17,716</u>	<u>17,154</u>

- (i) Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.
- (ii) No provision for Hong Kong Profits Tax has been made for the subsidiaries located in Hong Kong as these subsidiaries did not have assessable profits subject to Hong Kong Profits Tax for the six months ended 30 June 2024 and 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 the PRC, the Group's subsidiaries in the PRC are subject to the unified tax rate of 25%.

The PRC Corporate Income Tax Law and its relevant regulations impose a withholding tax at 10%, unless reduced by a tax treaty or arrangement, for dividend distributions out of the PRC from earnings accumulated from 1 January 2008. As at 30 June 2024, deferred tax liabilities of RMB23,571,000 (31 December 2023: RMB19,131,000) have been recognised in connection with the withholding tax that would be payable on the distribution of the retained profits of the Group's PRC subsidiaries.

7 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 RMB36,837,000 (six months ended 30 June 2023: RMB31,942,000) and the weighted average of 458,600,000 ordinary shares (six months ended 30 June 2023: 458,600,000 ordinary shares) in issue during the six months ended 30 June 2024.

(b) Diluted earnings per share

Diluted earnings per share was the same as basic earnings per share for the six months ended 30 June 2024 and 2023 as there were no dilutive potential shares during the periods.

8 TRADE AND OTHER RECEIVABLES

	At 30 June 2024 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
Trade receivables	38,933	46,086
Prepayments	21,215	12,904
Other receivables	964	3,098
Financial assets measured at amortised cost	61,112	62,088
Value added tax recoverable	9,427	–
Total	70,539	62,088

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

At 30 June 2024, ageing analysis of trade receivables of the Group based on the date of revenue recognition is as follows:

	At 30 June 2024 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
Within 1 month	38,933	45,868
After 1 year but within 2 years	—	218
Total	<u>38,933</u>	<u>46,086</u>

9 INTEREST-BEARING BORROWINGS

	At 30 June 2024 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
Unsecured loans from related parties (i)	579,512	642,607
Unsecured bank loans	<u>162,804</u>	<u>72,768</u>
	<u>742,316</u>	<u>715,375</u>

Reconciliation to the consolidated statement of financial position:

Current liabilities	285,516	374,575
Non-current liabilities	<u>456,800</u>	<u>340,800</u>
	<u>742,316</u>	<u>715,375</u>

- (i) Unsecured loans from related parties as at 30 June 2024 represented loans and accrued interest expenses from Wanxiang Finance of RMB579,512,000 (31 December 2023: RMB642,607,000), which borne interest rates at 3.45% - 3.70% per annum (31 December 2023: 3.45% - 3.70% per annum) and will be repayable from 2024 to 2026.

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

	At 30 June 2024 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
Within one year or on demand	285,516	374,575
After 1 year but within 2 years	199,000	118,000
After 2 years but within 5 years	257,800	222,800
	<u>742,316</u>	<u>715,375</u>

10 TRADE AND OTHER PAYABLES

	At 30 June 2024 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
Trade payables	696	4,682
Construction payable	207,549	4,835
Accrued expenses and other payables	2,288	3,951
	<u>210,533</u>	13,468
Financial liabilities measured at amortised cost		
Salary payable	5,076	4,758
Other taxes payable	4,929	7,418
	<u>220,538</u>	<u>25,644</u>

As at 30 June 2024, the ageing analysis of trade payables of the Group based on the invoice date, is as follows:

	At 30 June 2024 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
Within 3 months	<u>696</u>	<u>4,682</u>

11 DIVIDENDS

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: HK\$ nil).

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is mainly engaged in the development, operation and management of natural gas-fired power plants. As of 30 June 2024, the Group has five wholly-owned gas-fired power plants in Zhejiang Province, with an aggregate installed capacity of approximately 688.07 megawatt (MW) (including 1,072 kilowatt (kW) photovoltaic power generating units), and a maximum heating capacity of approximately 360 tons/hour.

BUSINESS REVIEW

In the first half of 2024, social and economic activities in Zhejiang Province continued to remain vibrant and the overall demand for electricity in the society grew steadily as a result of the Chinese government's proactive efforts to ensure the stable development of social and economic activities.

In the first half of 2024, due to the decrease in demand for peak shaving power generation in Zhejiang Province, the natural gas power generation volume of the Group during the period under review decreased by 38.06% to 56,875 megawatt hour (MWh), as compared with 91,821MWh in the corresponding period of last year. Meanwhile, as the power generation volume decreased during the period under review as compared to the corresponding period of last year, the consumption of natural gas for power generation decreased accordingly. The consumption of natural gas for power generation of the Group for the first half of 2024 reduced by 34.07% to 13,258,030 m³ from 20,110,565 m³ in the corresponding period of last year.

During the period under review, the heating business of Puxing (Anji) Gas Turbine Thermal Power Co., Ltd. ("**Anji Power Plant**") and Quzhou Puxing Gas Turbine Thermal Power Co., Ltd. ("**Quzhou Power Plant**") was stable. However, affected by the decrease of downstream heat consumption unit demand and the restriction on the development of new heat users, the Group's heat sales volume for the six months ended 30 June 2024 decreased by 16.77% to 51,678 tons, as compared with 62,089 tons in the corresponding period of last year. Due to the decrease in the unit price of the Group's heat sales, the revenue from sales of heat decreased by 15.91% to RMB19,690,000, as compared with RMB23,414,000 in the corresponding period of last year. Due to the decrease of heating revenue, the contribution margin ratio decreased by 1.84 percentage points to 5.47% as compared with 7.31% in the corresponding period of last year. In response to the decrease in heat sales volume during the period under review, the natural gas usage for heating decreased by 10.75% to 4,511,682 m³, as compared with 5,055,292 m³ in the corresponding period of last year.

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

In 2024, the capacity tariff of Zhejiang Puxing Bluesky Natural Gas Power Co., Ltd. (“**Bluesky Power Plant**”), Zhejiang Puxing Deneng Natural Gas Power Co., Ltd. (“**Deneng Power Plant**”) and Zhejiang Puxing Jingxing Natural Gas Power Co., Ltd.* (“**Jingxing Power Plant**”) under the Company continued to use the adjusted price of RMB394.8/kW/year in 2022. The capacity tariff of Anji Power Plant and Quzhou Power Plant continued to use the adjusted price of RMB571.2/kW/year in 2022, which was the same as the corresponding period of last year.

During the period under review, the prices of natural gas (inclusive of VAT) of Bluesky Power Plant, Deneng Power Plant, Anji Power Plant and Quzhou Power Plant under the Company fluctuated in the range of RMB2.94/m³ to RMB3.54/m³, while that at Jingxing Power Plant fluctuated in the range of RMB3.20/m³ to RMB3.43/m³. According to the gas-electricity price linkage mechanism, the volume tariff (inclusive of VAT) of Bluesky Power Plant, Deneng Power Plant, Anji Power Plant and Quzhou Power Plant under the Company fluctuated in the range of RMB0.6012/kWh to RMB1.0524/kWh, and the volume tariff (inclusive of VAT) of Jingxing Power Plant was RMB0.9028/kWh.

Power Generation Volume

Natural Gas Power Generation

In order to facilitate the trial implementation of the dual tariff policy for natural gas power generating units by Zhejiang Province, the relevant government authorities in Zhejiang Province have organized the 2024 production plan for natural gas power generating units based on the peaking demand within the power grid during the period under review. Zhejiang Province has increased the power generation arrangements for natural gas power generating units in 2024, in order to continuously accelerate the market-oriented reform of electricity prices, give better play to the role of natural gas power generating units, and promote the construction of a new power system based on new energy sources. During the period under review, the Group’s natural gas power generation volume was 56,875 MWh (six months ended 30 June 2023: 91,821 MWh), representing a decrease of 38.06% as compared to the corresponding period of last year.

Photovoltaic Power Generation

For the six months ended 30 June 2024, electricity generated by photovoltaic power was approximately 510 MWh (six months ended 30 June 2023: 556 MWh), of which approximately 53 MWh (six months ended 30 June 2023: 51 MWh) was sold to the power grid.

Through the photovoltaic power generation during the period under review, the Group saved power consumption cost of RMB312,000 (six months ended 30 June 2023: RMB301,000) and realised a revenue from sales of electricity of RMB39,000 (six months ended 30 June 2023: RMB33,000).

Heat Sales Volume

During the period under review, the Group sold 51,678 tons (six months ended 30 June 2023: 62,089 tons) of steam, representing a decrease of 16.77% as compared to the corresponding period of last year. The average selling price (inclusive of VAT) was approximately RMB415.30/ton (six months ended 30 June 2023: RMB411.04/ton), representing an increase of 1.04% as compared to the corresponding period of last year.

For the six months ended 30 June 2024, the revenue and contribution margin (calculated based on revenue from sales of heat minus variable costs associated with the heating production) from sales of heat of the Group were RMB19,690,000 (six months ended 30 June 2023: RMB23,413,800) and RMB1,078,000 (six months ended 30 June 2023: RMB1,711,000), respectively. The contribution margin ratio for sales of heat was 5.47% (six months ended 30 June 2023: 7.31%), representing a decrease of 1.84 percentage points as compared to the corresponding period of last year.

Fuel Cost and Natural Gas Usage

As the power generation volume decreased in the first half of 2024, the Group's total consumption of natural gas for the six months ended 30 June 2024 was 17,585,106 m³ (including 4,327,076 m³ for heating), representing a decrease of 30.12% as compared to 25,165,857 m³ (including 5,055,292 m³ for heating) for the corresponding period of last year.

The Group's average unit fuel cost for power generation was approximately RMB678.59/MWh, representing an increase of 0.62% as compared to approximately RMB674.38/MWh in the corresponding period of last year. The average unit fuel cost for heating was approximately RMB314.23/ton, representing an increase of 3.33% as compared to approximately RMB304.11/ton in the corresponding period of last year. The increase in the average fuel cost for heating was mainly due to an increase in heating pipe losses.

For the six months ended 30 June 2024, fuel costs amounted to RMB54,834,000, representing a decrease of 32.17% as compared to RMB80,838,000 in the corresponding period of last year. Fuel costs accounted for 94.09% of the related revenue (i.e., volume tariff revenue (excluding revenue from photovoltaic power generation) and revenue from sales of heat), representing a decrease of 4.84 percentage points as compared to 98.93% in the corresponding period of last year, mainly attributable to the decrease in the average price of natural gas.

FINANCIAL REVIEW

As a combined effect of (1) the cut in capacity tariff effective from 1 January 2022; (2) the decrease in power generation volume by natural gas power generating units of the Group for the period under review as compared to the corresponding period of last year under the exacerbation of cost inversion of natural gas power generation (i.e. the cost of natural gas power generation per unit is higher than the volume tariff of natural gas power generating units per unit) caused by the decrease in fuel costs for power generation in the first half of year 2024; and (3) the absence of the expected full implementation of the electricity spot market trading by ZDRC in the first half of year 2024, the profit attributable to equity shareholders of the Company for the six months ended 30 June 2024 was RMB36,837,000, representing an increase of 15.32% as compared to RMB31,942,000 in the corresponding period of last year. For the six months ended 30 June 2024, the basic and diluted earnings per share of the Company amounted to RMB0.080, representing an increase of RMB0.01 as compared to RMB0.070 per share in the corresponding period of last year.

Revenue

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

Due to the decrease in overall demand for peak shaving power generation in Zhejiang Province, the overall power generation of the Group decreased. Revenue of the Group for the six months ended 30 June 2024 amounted to RMB208,203,000 (six months ended 30 June 2023: RMB232,012,000), representing a decrease of 10.26% as compared to the corresponding period of last year.

Operating Expenses

During the period under review, the Group's operating expenses mainly comprised fuel consumption, depreciation and amortisation, repairs and maintenance, staff costs and administrative expenses. For the six months ended 30 June 2024, the operating expenses of the Group amounted to RMB138,629,000 (six months ended 30 June 2023: RMB161,933,000), representing a decrease of 14.39% as compared to the corresponding period of last year. The decrease in operating expenses was mainly due to the decrease in fuel costs as a result of the decrease in power generation volume.

Profit from Operations

Due to the decrease in power generation and fuel costs during the period under review, the Group's profit from operations for the six months ended 30 June 2024 amounted to RMB69,574,000 (six months ended 30 June 2023: RMB70,079,000), representing a decrease of 0.72% as compared to the corresponding period of last year.

Finance Costs

For the six months ended 30 June 2024, net finance costs of the Group amounted to RMB15,562,000 (six months ended 30 June 2023: RMB22,383,000), representing a decrease of 30.47% as compared to the corresponding period of last year. The decrease in net finance costs was mainly due to the Group's reduction of certain loan interest expenses and the effects of exchange rate adjustments during the period under review.

Income Tax

The Group's subsidiaries in the PRC are subject to the unified tax rate of 25%. For the six months ended 30 June 2024, income tax expenses of the Group amounted to RMB17,716,000 (six months ended 30 June 2023: RMB17,154,000), representing an increase of 3.28% as compared to the corresponding period of last year. The increase in income tax expenses was mainly due to an increase in profit from operations.

Earnings per Share

For the six months ended 30 June 2024, profit attributable to equity shareholders of the Company amounted to RMB36,837,000 (six months ended 30 June 2023: RMB31,942,000). The basic and diluted earnings per share amounted to RMB0.080 (six months ended 30 June 2023: RMB0.070), representing an increase of 14.29%.

Major Acquisitions and Disposals

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

Significant Investment Activities

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

Liquidity and Financial Resources

Cash and cash equivalents of the Group are denominated in Renminbi (RMB) and Hong Kong Dollar (HKD). As at 30 June 2024, cash and cash equivalents of the Group amounted to RMB176,957,000 (31 December 2023: RMB130,719,000), of which RMB1,797,000 (31 December 2023: RMB1,071,000) was denominated in HKD.

As at 30 June 2024, the Group had current assets of RMB306,127,000 (31 December 2023: RMB251,272,000), current liabilities of RMB642,784,000 (31 December 2023: RMB536,271,000), net current liabilities of RMB336,657,000 (31 December 2023: RMB284,999,000), and current ratio of 0.48 (31 December 2023: 0.47). The increase in current ratio was mainly due to the Group's increase of certain cash reserves as a result of the adjusted demand for power generation as well as the increase in current liabilities of the Group during the period under review.

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 debts of the Group are denominated in RMB, HKD and USD. As at 30 June 2024, the Group had total debts of RMB858,405,000 (31 December 2023: RMB828,337,000), including shareholder's loan equivalent to approximately RMB116,089,000 (31 December 2023: equivalent to approximately RMB112,866,000), unsecured bank loans guaranteed by related parties equivalent to approximately RMB162,804,000 (31 December 2023: equivalent to approximately RMB72,768,000), unsecured loans from related parties equivalent to approximately RMB579,512,000 (31 December 2023: equivalent to approximately RMB642,607,000) and lease liabilities equivalent to RMB0 (31 December 2023: equivalent to approximately RMB96,000).

Details of the Group's debts as at 30 June 2024 and 31 December 2023 are listed below:

	30 June 2024 (RMB'000)	31 December 2023 (RMB'000)
Unsecured loans from related parties	579,512	642,607
Unsecured bank loans guaranteed by related parties	162,804	72,768
Shareholder's loan	116,089	112,866
Lease liabilities	–	96
Total	<u>858,405</u>	<u>828,337</u>

The above debts are repayable as follows:

	30 June 2024 (RMB'000)	31 December 2023 (RMB'000)
Within 1 year	401,605	487,537
Over 1 year but less than 2 years	199,000	118,000
Over 2 years but less than 5 years	257,800	222,800
Total	<u>858,405</u>	<u>828,337</u>

Among the above debts, approximately RMB116,089,000 (31 December 2023: approximately RMB112,962,000) were fixed rate debts, of which approximately RMB116,089,000 (31 December 2023: approximately RMB112,866,000) were denominated in USD and HKD. The remaining debts were denominated in RMB and adjusted according to relevant regulations of the People's Bank of China, with interest rates ranging from 3.45% to 3.70% per annum (2023: 3.70% to 4.75% per annum).

Gearing Ratio

The Group's gearing ratio is calculated as net liabilities divided by total capital. Net liabilities are calculated as total debts (including interest-bearing borrowings, shareholder's loan and lease liabilities as stated in consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as total equity attributable to equity shareholders of the Company plus net liabilities as stated in consolidated statement of financial position. As at 30 June 2024, the Group's gearing ratio was 44.41% (31 December 2023: 46.09%).

Capital Expenditures

For the six months ended 30 June 2024, the Group invested RMB71,325,000 (six months ended 30 June 2023: RMB3,368,000), which was mainly used in the payment for the construction of heat grid of Anji Power Plant, the energy storage project of Bluesky Power Plant and technological renovation of equipment.

Capital Commitments

As at 30 June 2024, capital commitments of the Group was RMB70,555,000 (31 December 2023: RMB275,655,000) for the construction of heat grid (phase II) of Anji Power Plant, the energy storage project of Bluesky Power Plant and the technological renovation and maintenance of power generation units.

Pledge of Assets

As at 30 June 2024 and 31 December 2023, the Group had no assets pledged.

Contingent Liabilities

As at 30 June 2024 and 31 December 2023, the Group had no material contingent liability.

Foreign Exchange Risk

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

Employees and Remuneration Policy

As at 30 June 2024, the Group had a total of 278 employees, excluding 10 trainees (30 June 2023: 281 employees, excluding 15 trainees).

For the six months ended 30 June 2024, total employees' remuneration (including Directors' remuneration and benefits) was RMB15,425,000 (six months ended 30 June 2023: RMB14,825,000). 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

2024 will be a challenging year for Puxing Energy. The cut in capacity tariff in Zhejiang Province has brought a severe test to the continuous 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, strengthen the development of heating business, proactively expand the development of the energy storage business, and strengthen cost management, cooperate with the continuous implementation of refined management and strict cost control, actively face challenges, so as to minimise the impact of policy changes.

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

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (for the six months ended 30 June 2023: HK\$nil).

EVENT AFTER THE REPORTING PERIOD

Save as otherwise disclosed in this announcement, there are no significant events occurred after the reporting period and up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2024, neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities (including sale of treasury shares) listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The Company did not hold any treasury shares as of 30 June 2024.

CORPORATE GOVERNANCE

The Company has complied with the code provisions and, where appropriate, the applicable recommended best practices of the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") throughout the six months ended 30 June 2024.

DIRECTORS' SECURITIES TRANSACTIONS

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 of Part 2 of the CG Code) on terms no less than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules.

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 six months ended 30 June 2024.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The audit committee of the Company ("**Audit Committee**") comprises 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 interim results of the Group for the six months ended 30 June 2024.

The Audit Committee has reviewed the accounting principles and policies adopted by the Group and the interim financial report for the six months ended 30 June 2024 together with the Management. The Audit Committee is of the opinion that the interim results comply with applicable accounting standards, laws and regulations and that the Company has made appropriate disclosures in this regard.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the Company's website (www.puxing-energy.com) and the Stock Exchange's website (www.hkexnews.hk). The interim report of the Company for the six months ended 30 June 2024 containing all the information required by the Listing Rules shall be despatched to the shareholders of the Company who request the printed copies and made available on the aforesaid websites in due course.

By order of the Board
Puxing Energy Limited
GUAN Dayuan
Chairman

Hong Kong, 29 August 2024

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