PUXING ENERGY LIMITED
普星能量有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 90)

MAJOR AND CONNECTED TRANSACTION IN RELATION TO DISPOSAL OF 51% EQUITY INTEREST IN THE TARGET COMPANY

THE DISPOSAL

The Board is pleased to announce that on 30 December 2024, the Vendor, a direct wholly-owned subsidiary of the Company, the Purchaser and the Target Company entered into the Equity Transfer Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, 51% of the equity interest in the Target Company at the Consideration of RMB142,720,000 (equivalent to approximately HK$154,137,600), subject to the terms and conditions of the Equity Transfer Agreement.

As at the date of this announcement, the Company owns the entire equity interest in the Target Company through the Vendor and Bluesky Power Plant (each is a wholly-owned subsidiary of the Company). Upon the Completion and the completion of the Registration Procedures, the Target Company will be directly owned as to 51% by the Purchaser, 30% by Bluesky Power Plant and 19% by Vendor, and accordingly no longer be a subsidiary of the Company.

LISTING RULES IMPLICATIONS

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

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Disposal exceeds 25% but is less than 75%, the Disposal constitutes a major transaction of the Company and is therefore subject to the reporting, announcement and independent shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

EGM AND DESPATCH OF CIRCULAR

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve, among other things, the Disposal, the Equity Transfer Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) further information on the Disposal, the Equity Transfer Agreement and the transactions contemplated thereunder; (ii) a letter from the Independent Board Committee to the Independent Shareholders containing its recommendation in respect of the terms of the Disposal, the Equity Transfer Agreement and the transactions contemplated thereunder; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders containing its recommendation in respect of the terms of the Disposal, the Equity Transfer Agreement and the transactions contemplated thereunder; (iv) the financial information of the Group; (v) the Valuation Report; (vi) the notice of EGM; and (vii) other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 27 January 2025, which is more than 15 business days after the publication of this announcement as more time will be needed for the preparation of certain information to be included in the circular.

Completion of the Disposal is subject to the satisfaction of the conditions precedent to the Equity Transfer Agreement and as such, the Disposal may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

I. INTRODUCTION

On 30 December 2024, the Vendor, a direct wholly-owned subsidiary of the Company, the Purchaser and the Target Company entered into the Equity Transfer Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, 51% of the equity interest in the Target Company at the Consideration of RMB142,720,000 (equivalent to approximately HK$154,137,600), subject to the terms and conditions of the Equity Transfer Agreement.

As at the date of this announcement, the Company owns the entire equity interest in the Target Company through the Vendor and Bluesky Power Plant (each is a wholly-owned subsidiary of the Company). Upon the Completion and the completion of the Registration Procedures, the Target Company will be directly owned as to 51% by the Purchaser, 30% by Bluesky Power Plant and 19% by Vendor, and accordingly no longer be a subsidiary of the Company.

II. EQUITY TRANSFER AGREEMENT

Date	:	30 December 2024
Parties	:	(a) the Vendor; (b) the Purchaser; and (c) the Target Company.
Subject matter	:	Pursuant to the Equity Transfer Agreement, the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, 51% of the equity interest in the Target Company, subject to terms and conditions of the Equity Transfer Agreement. For more information on the Target Group, please refer to the section headed "III. Information on the Target Group" in this announcement below.
Consideration	:	The Consideration for the Disposal is RMB142,720,000 (equivalent to approximately HK$154,137,600) which was determined after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms with reference to a number of factors, including: (a) the audited consolidated net assets value of the Target Group of approximately RMB279,840,826 as at the Audit Reference Date based on the Audit Report; (b) the audited financial performance of the Target Group for the nine months ended 30 September 2024; (c) the benefits of the Disposal as set out in the section headed "V. Reasons for and benefits of the Disposal" in this announcement below; and (d) for the Board's reference purposes, the Board has also considered the appraised value of 100% equity interests in the Target Company as at 30 September 2024 by adopting the asset-based approach, being approximately RMB330,024,800 (equivalent to approximately HK$356,426,784) prepared by the Valuer.

Registration Procedures	:	The Vendor and the Purchaser shall complete the Registration Procedures within fifteen (15) Business Days after the date on which all the conditions precedent are fulfilled.
Payment of the Consideration	:	The Consideration shall be paid to a bank account designated by the Vendor within thirty (30) Business Days from the date of the completion of the foreign exchange registration of the funds of the Disposal in accordance with Hong Kong dollar foreign exchange purchase procedures (the amount of foreign exchange purchase proceeds shall be calculated at the actual exchange rate) after the Purchaser has withheld and paid taxation according to laws (if applicable).
Transition period arrangement	:	(a) Subject to the Completion, during the period from the Audit Reference Date to the Completion Date (the "Transition Period"), the Purchaser shall bear all the profits and losses of the Target Equity, and the Vendor shall have the obligation of good faith management of the Target Equity. In case of any event or potential event that has significant adverse impact on the Target Equity during the Transition Period, the Purchaser shall be notified in a timely manner and handle properly; and (b) the Vendor, the Purchaser and the Target Company agree that the accumulated undistributed profits corresponding to the Target Equity in the Target Company shall be solely owned by the Purchaser from the Audit Reference Date.
Conditions precedent	:	Completion is conditional upon the satisfaction of the following conditions precedent on or before the Completion Date in accordance with the terms of the Equity Transfer Agreement: (a) the Equity Transfer Agreement having been duly signed by the Vendor, the Purchaser and the Target Company; (b) the Purchaser having performed the necessary procedures in accordance with relevant laws, regulations, rules, articles of association and internal compliance procedures, including but not limited to: (i) approval of the Disposal by the unrelated directors of the Purchaser and making relevant resolutions at the board meeting duly convened by the Purchaser; and (ii) consent from other relevant government departments and any third party (if applicable);

(c) the Vendor and the Target Company having performed the necessary procedures in accordance with relevant laws, regulations, rules, articles of association and internal compliance procedures, including but not limited to: (i) shareholders' decisions duly signed by the Vendor approving the Disposal and adoption of new articles of association of Target Company; (ii) approval of the Disposal by the Independent Shareholders; (iii) compliance with the relevant requirements under the Listing Rules or the Stock Exchange; and (iv) consent from other relevant government departments and any third party (if applicable); and

(d) the representations and warranties made by the Purchaser, the Vendor and the Target Company under the Equity Transfer Agreement remaining to be true, accurate and not misleading.

None of the above conditions precedent can be waived. As at the date of this announcement, the conditions precedent set out in items (a) and (b)(i) above have been fulfilled.

Completion : Completion shall take place on the date of the completion of Registration Procedures, which shall be completed within fifteen (15) Business Days from after the date on which all the conditions precedent are fulfilled.

As at the date of this announcement, the Target Company is directly owned as to 70% by the Vendor and 30% by Bluesky Power Plant, and is an indirect wholly-owned subsidiary of the Company. Upon the Completion and the completion of the relevant Registration Procedures, the Target Company will be directly owned as to 51% by the Purchaser, 30% by Bluesky Power Plant and 19% by the Vendor, and accordingly no longer be a subsidiary of the Company.

Termination : The Equity Transfer Agreement may be terminated in writing in the following manners:

(a) unless the Vendor, the Purchaser and the Target Company agree otherwise, if Completion does not take place on or before 31 March 2025, either the Vendor or the Purchaser may terminate the Equity Transfer Agreement by written notice to the other party;

(b) if the Vendor, the Purchaser and the Target Company agree in writing;

(c) except for the Force Majeure Event, if a party to the Equity Transfer Agreement fails to perform any of its obligations under the Equity Transfer Agreement in a timely and appropriate manner or breaches any of its representations, warranties and undertakings under the Equity Transfer Agreement, the non-defaulting party to the Equity Transfer Agreement may terminate the Equity Transfer Agreement;

(d) if the Registration Procedures cannot be completed, the Vendor, the Purchaser and the Target Company may unanimously agree to terminate the Equity Transfer Agreement; or

(e) if a Force Majeure Event has lasted for at least thirty (30) days and renders the performance of the obligations by any party under the Equity Transfer Agreement impossible, either the Vendor, the Purchaser or the Target Company may terminate the Equity Transfer Agreement.

Under the event set out in items (c) above, the non-defaulting party shall have the right to immediately terminate the Equity Transfer Agreement and abandon the Disposal upon its independent and prudent decision by written notice to defaulting party without bearing any liability. The right of either party to terminate the Equity Transfer Agreement pursuant to items (c) above is additional and separate, and any exercise of such right shall not affect, diminish, or constitute a waiver of any other right, remedy or claim available to it at the date of such written notice.

III. INFORMATION ON THE TARGET GROUP

The Target Company is a company established under the laws of the PRC with limited liability on 18 August 2004, which is directly owned by the Vendor and Bluesky Power Plant as to 70% and 30%, respectively and an indirect wholly-owned subsidiary of the Company as at the date of this announcement. It is principally engaged in natural gas power generation and on-grid sales, supporting mechanical and electrical equipment production and sales, sales of hot water produced by waste heat, power grid auxiliary service project development, operation, maintenance and technical services. As at the date of this announcement, the Company owns the entire equity interest in the Target Company through the Vendor and Bluesky Power Plant (each is a wholly-owned subsidiary of the Company).

As at the date of this announcement, the Target Company directly owns the entire equity interest in Quzhou Puxing, a company established under the laws of the PRC with a registered capital of RMB300,000,000. It is principally engaged in thermal power technology research and development; gas turbine thermal power project investment, operation, maintenance, technical services; heating services; power generation business and photovoltaic power generation project investment and development.

The Target Group currently operates two gas-fired power plants with an aggregate installed capacity of approximately 342.15 MW (including approximately 150 kW photovoltaic power generating units) and a maximum heating capacity of approximately 200 tons/hour. The power plants operated by the Target Group generate power in accordance with the instructions of the relevant government authorities in Zhejiang Province and sell the power generated to State Grid Zhejiang Electric Power Co., Ltd. (國網浙江省電力有限公司) by sending it to the power grid. Quzhou Puxing also supplies steam to the users locating in proximity of its heating pipelines.

Financial information of the Target Group

Based on the unaudited consolidated financial statements for the year ended 31 December 2022 and the audited consolidated financial statements for the year ended 31 December 2023 and the nine months ended 30 September 2024 of the Target Group as prepared in accordance with the PRC GAAP, the financial information of the Target Group was approximately as follows:

	For the nine months ended 30 September	For the year ended 31 December	
	2024	**2023**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
	audited	audited	unaudited
Revenue	207,306	259,763	347,871
Profit before taxation	37,426	46,005	35,176
Profit after taxation	32,200	34,305	24,482

The revenue of the Target Group above comprises volume tariff revenue, capacity tariff revenue and revenue from sales of heat.

The audited consolidated net assets value and total assets of Target Group as at 30 September 2024 prepared in accordance with the PRC GAAP was approximately RMB279,840,826 and RMB841,074,508, respectively. Set out below is a breakdown of the major assets of the Target Group and their respective carrying values as at 30 September 2024:

	RMB'000
	audited
Monetary funds	66,983
Accounts and other receivables	34,444
Inventories	47,182
Fixed assets	634,045
Intangible assets	16,795
Long-term unamortized expenses	36,161
Other assets	5,465
Total assets	841,075

The audited consolidated net assets value of the Target Group as at 30 September 2024 prepared in accordance with the PRC GAAP was approximately RMB279,840,826. The appraised value of the shareholders' equity of the Target Company as at 30 September 2024 was approximately RMB330,024,800, which was with reference to the Valuation Report prepared by the Valuer who was engaged by the Vendor at the request of the Purchaser for its reference by adopting the asset-based approach. The difference between the appraised value of the Target Company based on the Valuation Report and the audited consolidated net assets value of the Target Group based on the Audit Report was mainly due to the appreciation of land use right of the Target Group. The appraised value of such land use right was arrived at by using the market approach comparing with undeveloped lands for sale in the primary land market which did not reflect factors including: (i) the restriction on the transfer of the land use right of the Target Group (i.e. in principle such land use right is required to be transferred entirely together with the buildings and attachments on the land as a whole according to the relevant PRC laws and regulations) and (ii) the comparatively low liquidity of such land use right in the market, considering that two power plants are constructed on such land, so the appreciation part of the land use right does not have the ability to realise. As such, the Board is of the view that such appraised value is not of much reference value to the Group in determining the Consideration.

IV. VALUATION

The Company engaged the Valuer on the appraised value of the Target Company as at the Valuation Date for the purpose of the Disposal. A summary of the Valuation Report prepared by the Valuer will be set out in the circular.

Valuation approach and methodology

The appraised value of the Target Company of RMB330,024,800 (equivalent to approximately HK$356,426,784) as at the Valuation Date is determined by the Valuer using the asset-based approach.

The applicability of the three basic methods of valuation, namely the market approach, the income approach and the asset-based approach, has been analyzed in the light of the valuation purpose, the valuation object, the type of value, the collection of information and other relevant conditions.

Based on the fundamentals of the Target Company and combined with interviews with the management of the Target Company, as well as historical operations, the main business of the Target Company is natural gas-fired power generation, and the pricing of electricity in the power generation business consists of electricity tariffs and capacity tariffs, with electricity tariffs being significantly affected by fluctuations in natural gas prices. The historical mode of operation of the Target Company has shown that natural gas-fired power generation mainly plays a role in the peaking of the electricity market, and its power generation capacity is greatly affected by the demand for power supply in the region. Based on the above factors, the management of the Target Company considers that future operating income and profitability are subject to considerable uncertainty, and it is not possible to make reasonable forecasts of future operating income and operating risks, therefore, it is not appropriate to adopt the income approach in the valuation.

There are comparable listed companies in the securities market with similar business operations as the Target Company, and the value of 100 % equity interest in the Target Company can be calculated through comparative analysis with comparable listed companies, therefore, the market approach is applied in the valuation.

On the basis of the financial audit as at the Valuation Date, the scope of assets and liabilities provided by the Target Company for appraisal is clear and can be verified and assessed on an item-by-item basis by means of financial information, information on purchases and construction and on-site inspections, and therefore the asset-based approach has been adopted for this valuation.

In view of the above analysis, the valuation has adopted the asset-based approach and the market approach to assess the value of 100 % equity interest in the Target Company respectively.

Key assumptions of the Valuation

The following key assumptions were adopted in the preparation of the Valuation Report:

General assumptions

1. Transaction assumptions

   Assuming that all assets to be appraised are already in the process of being traded, appraisals are conducted by simulating the market based on the trading conditions of the assets to be appraised.

2. Open market assumptions

   2.1 There are voluntary sellers and buyers on an equal footing.

   2.2 Both buyers and sellers have access to sufficient market information and time, and the act of trading is carried out voluntarily and sensibly rather than under coercive or unrestricted conditions.

   2.3 The assets to be valued are freely transferable on the open market.

   2.4 No additional bids or discounts from special buyers will be considered.

3. Assumption of relative stability of the macroeconomic environment

   The value of any asset is directly related to the macroeconomic environment in which it is located. It is assumed at the time of this valuation that the industrial policy, tax policy and macroeconomic environment of the society remain relatively stable, and that there are no significant changes in interest rates and exchange rates, so as to ensure that the appraisal conclusions will have a reasonable period of use.

4. Going concern assumption

   It is assumed that business operations of the Target Company are legal, that it can maintain its going concern status in the future, and that the value of its assets can be recovered through subsequent normal operations.

5. It is assumed that the equipment-type assets included in the valuation scope will be used continuously in their original location and for their original purpose.

6. It is assumed that the technical, structural and functional aspects of the assets are generally consistent with the conditions observed through the visible entities and the expected economic life.

7. The relevant basic and financial information provided by the Target Company is true, accurate and complete.

Assumptions for the adoption of the market approach

1. It is assumed that the property rights trading market is a fair, just and open efficient market, and that the transaction price has fully reflected the expectations of market participants on the underlying factors affecting the transaction price, such as the underlying business performance of the Target Company and the expected return, as well as the risk factors.

2. It is assumed that the current and future operators of the Target Company are responsible and that its corporate management is capable of assuming their positions and steadily advancing the company's growth plans and maintaining good business practices.

3. It is assumed that the technical workforce of the Target Company and its senior management will remain relatively stable and that there will be no significant loss of core professional and managerial staff.

4. It is assumed that the relevant basic and financial information of the Target Company and comparable companies in the same industry on which the valuation is based is true, accurate and complete, and that there are no undisclosed events occurring in the vicinity of the base date that would have a significant impact on its value.

In accordance with the requirements of the valuation standards, the valuation agency and the valuation professionals have determined that these premises and assumptions were established as at the Valuation Date, and will not be liable for deducing a different valuation conclusion due to a change of the premises and assumptions when there is a significant change in the economic environment in the future.

Based on the above bases, methodologies and assumptions, the Board considers that the valuation performed by the Valuer is fair, reasonable and appropriate.

V. REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is mainly engaged in the development, operation and management of natural gas-fired power plants. Zhejiang Province is promoting the reform of the electricity spot market and the capacity price reduction policy, which has brought challenges to the Group's business model and profitability. The Company's management team actively researches and explores business models under new forms, strives to find new market convergence points, and is committed to achieving strategic transformation. The Company intends to use the proceeds from the Disposal to develop its energy-related business and/or other upstream and downstream businesses that generate synergies with the Company's main business and are strategically aligned with the Company, by acquiring or investing in the business or companies engaged in the same business, as opportunities arise. The Group believes that the Disposal will provide the Group with the opportunity to unlock the value of its natural gas power plant holdings, supplement its current working capital and provide immediate funding for the Group's future business development, which will help to enhance the Company's negotiating power and reduce transaction time and costs when opportunities arise.

As disclosed in the section headed "II. Equity Transfer Agreement – Consideration" in this announcement above, the Board has taken into account a number of factors in determining the Consideration. The Directors (other than the independent non-executive Directors who will express their views after considering the advice from the Independent Financial Adviser) consider that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole. The terms of the Disposal, the Equity Transfer Agreement and the transactions contemplated thereunder were agreed at after arm's length negotiations between the parties thereto. The Directors (other than the independent non-executive Directors who will express their views after considering the advice from the Independent Financial Adviser) consider that the terms of the Disposal, the Equity Transfer Agreement and the transactions contemplated thereunder are on normal commercial terms which are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

VI. FINANCIAL EFFECTS OF THE DISPOSAL

Upon the Completion and for illustrative purposes only, it is estimated that the Group will recognise a loss of approximately RMB2,091,521 from the Disposal. The estimated loss of approximately RMB2,091,521 is calculated based on the Consideration (approximately RMB142,720,000) minus (i) the audited consolidated net assets value of the Target Group attributable to the Target Equity as at 30 September 2024 of approximately RMB142,718,821; and (ii) estimated transaction expenses directly attributable to the Disposal of approximately RMB2,092,700.

It is estimated that the total assets of the Group will decrease by approximately RMB841,074,508, and the liabilities will decrease by approximately RMB561,233,682.

The above-mentioned estimated figures are subject to the final net assets value of the Target Group at Completion and final transaction expenses directly attributable to the Disposal.

The Company intends to use the proceeds from the Disposal to develop its energy-related business and/or other upstream and downstream businesses that generate synergies with the Company's main business and are strategically aligned with the Company, by acquiring or investing in the business or companies engaged in the same business, as opportunities arise.

Upon the Completion and the completion of the Registration Procedures, the Target Company will be directly owned as to 51% by the Purchaser, 30% by Bluesky Power Plant and 19% by Vendor, and accordingly no longer be a subsidiary of the Company.

VII. INFORMATION ON THE PARTIES

The Group

The Group is mainly engaged in the development, operation and management of natural gas-fired power plants.

The Purchaser

The Purchaser is a company established under the laws of the PRC with limited liability, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000631). It is principally engaged in clean energy power generation business, integrated smart energy services, real estate and property services. It is owned as to approximately 62.28% by Wanxiang Group which in turn is ultimately controlled by Mr. Lu.

The Vendor

The Vendor is a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company, which is principally engaged in investment holding.

To the best of the Board's knowledge, information and belief having made all reasonable enquiry, the Group, the Vendor, the Purchaser and the Target Group are ultimately controlled by Mr. Lu.

VIII. IMPLICATIONS UNDER THE LISTING RULES

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

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Disposal exceeds 25% but is less than 75%, the Disposal constitutes a major transaction of the Company and is therefore subject to the reporting, announcement and independent shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

IX. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising Mr. Wu Chongguo, Ms. Wu Ying and Mr. Yu Wayne W., being all the independent non-executive Directors, has been formed in accordance with Chapter 14A of the Listing Rules to advise the Independent Shareholders on the terms of the Disposal, the Equity Transfer Agreement and the transactions contemplated thereunder.

In this connection, the Independent Financial Adviser has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the terms of the Disposal, the Equity Transfer Agreement and the transactions contemplated thereunder.

X. EGM

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve, among other things, the Disposal, the Equity Transfer Agreement and the transactions contemplated thereunder.

Pursuant to Rule 14A.36 of the Listing Rules, any Shareholder with a material interest in the relevant connected transaction must abstain from voting on the relevant resolution at the EGM. As at the date of this announcement, Puxing International, which is ultimately controlled by Mr. Lu, is the Controlling Shareholder interested in approximately 65.42% of the total number of Shares in issue of the Company and the Purchaser is owned as to approximately 62.28% by Wanxiang Group which in turn is ultimately controlled by Mr. Lu. Accordingly, Puxing International and its associates will be required to abstain from voting on the resolution in relation to the Disposal, the Equity Transfer Agreement and the transactions contemplated thereunder.

Save as abovementioned, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholder has a material interest in the Disposal, the Equity Transfer Agreement and the transactions contemplated thereunder and therefore, no other Shareholder is required to abstain from voting at the EGM on the relevant resolution.

XI. DESPATCH OF CIRCULAR

A circular containing, among other things, (i) further information on the Disposal, the Equity Transfer Agreement and the transactions contemplated thereunder; (ii) a letter from the Independent Board Committee to the Independent Shareholders containing its recommendation in respect of the terms of the Disposal, the Equity Transfer Agreement and the transactions contemplated thereunder; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders containing its recommendation in respect of the terms of the Disposal, the Equity Transfer Agreement and the transactions contemplated thereunder; (iv) the financial information of the Group; (v) the Valuation Report; (vi) the notice of EGM; and (vii) other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 27 January 2025, which is more than 15 business days after the publication of this announcement as more time will be needed for the preparation of certain information to be included in the circular.

WARNING

Completion of the Disposal is subject to the satisfaction of the conditions precedent to the Equity Transfer Agreement and as such, the Disposal may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

XII. DEFINITIONS

In this announcement, the following expressions shall have the following meanings, unless the context requires otherwise:

"Anergy International"	Anergy International Limited, a company incorporated under the laws of British Virgin Islands with limited liability, which wholly owns Puxing International, and is owned as to 100% by Wanxiang Group which in turn is ultimately controlled by Mr. Lu;
"associate(s)"	has the meaning ascribed to it under the Listing Rules;
"Audit Reference Date"	30 September 2024, being the reference date for the preparation of the Audit Report;
"Audit Report"	consolidated audit report of the Target Group for the nine months ended the Audit Reference Date and for the year ended 31 December 2023 issued by Zhonghui Certified Public Accountants LLP, a PRC certified public accountants in accordance with PRC GAAP;

"Bluesky Power Plant"	Zhejiang Puxing Bluesky Natural Gas Power Co., Ltd.* (浙江普星藍天然氣發電有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company as at the date of this announcement,;
"Board"	the board of Directors;
"Business Day(s)"	a day other than Saturday, Sunday and a public holiday in the PRC or Hong Kong;
"Company"	Puxing Energy Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 90);
"Completion"	completion of the Disposal in accordance with the terms and conditions of the Equity Transfer Agreement;
"Completion Date"	the date of the Completion;
"Consideration"	the consideration in the amount of RMB142,720,000 (the equivalent amount in Hong Kong dollars shall be calculated at the actual exchange rate at the time of payment of the Consideration) payable by the Purchaser to the Vendor for the Disposal under the Equity Transfer Agreement;
"Controlling Shareholder"	has the meaning ascribed to it under the Listing Rules;
"Directors"	the directors of the Company;
"Disposal"	the disposal of 51% of the equity interest in the Target Company by the Vendor to the Purchaser pursuant to the Equity Transfer Agreement;
"EGM"	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the Disposal, the Equity Transfer Agreement and the transactions contemplated thereunder;

"Equity Transfer Agreement"	the equity transfer agreement dated 30 December 2024 entered into between the Vendor, the Purchaser and the Target Company in relation to the Disposal;
"Force Majeure Event"	any circumstances which are not within the reasonable control or prediction of affected party, or even if predicted, such circumstances are inevitable or cannot be overcome, and occur after the date of execution of the Equity Transfer Agreement and cause the performance by the party to the Equity Transfer Agreement objectively impossible in whole or in part, which include, without limitation, flood, fire, storm, earthquake, strikes, riots, wars (whether or not they have been declared) and any change in the relevant laws or regulations of the relevant industry;
"Group"	the Company and its subsidiaries;
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"Independent Board Committee"	a committee of the Board comprising Mr. Wu Chongguo, Ms. Wu Ying and Mr. Yu Wayne W., being all the independent non-executive Directors, which is formed to advise the Independent Shareholders on the terms of the Disposal, the Equity Transfer Agreement and the transactions contemplated thereunder;
"Independent Financial Adviser"	Orient Capital (Hong Kong) Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activities under the SFO, being independent financial adviser to the Independent Board Committee and Independent Shareholders in relation to the terms of the Disposal, the Equity Transfer Agreement and the transactions contemplated thereunder;
"Independent Shareholders"	the Shareholders other than Puxing International and its associates;
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;

"Mr. Lu"	Mr. Lu Weiding (魯偉鼎), the ultimate controller of the Company;
"PRC"	the People's Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan;
"PRC GAAP"	generally accepted accounting principles in the PRC;
"Purchaser"	SHUNFA HENGNENG Corporation* (順發恒能股份公司), a company established under the laws of the PRC with limited liability, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000631);
"Puxing International"	Puxing International Limited, a company incorporated under the laws of British Virgin Islands with limited liability, being directly interested in approximately 65.42% of the issued share capital of the Company as at the date of this announcement;
"Quzhou Puxing"	Quzhou Puxing Gas Turbine Thermal Power Co., Ltd.* (衢州普星燃機熱電有限公司), a company established under the laws of the PRC with limited liability and a direct wholly-owned subsidiary of the Target Company;
"Registration Procedures"	the relevant registration procedures with the relevant PRC government authority in respect of the change in the ownership of the equity interest of the Target Company;
"RMB"	Renminbi, the lawful currency of the PRC;
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company;
"Shareholder(s)"	holder(s) of the Shares from time to time;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;

"Target Company"	Zhejiang Puxing Deneng Natural Gas Power Co., Ltd.* (浙江普星德能然氣發電有限公司), a company established under the laws of the PRC with limited liability, which is directly owned by the Vendor and Bluesky Power Plant as to 70% and 30%, respectively and an indirect wholly-owned subsidiary of the Company as at the date of this announcement;
"Target Equity"	51% of the equity interest in the Target Company;
"Target Group"	Target Company and Quzhou Puxing;
"Valuation Date"	30 September 2024, being the reference date for the preparation of the Valuation Report;
"Valuation Report"	the valuation report prepared by the Valuer on the appraised value of 100% equity interests in the Target Company as at the Valuation Date by adopting the asset-based approach;
"Valuer"	Tianyuan Appraisal Co., Ltd. (天源資產評估有限公司), an independent valuer;
"Vendor"	Puxing Neng (HK) Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company;
"Wanxiang Group"	Wanxiang Group Corporation* (萬向集團公司), a company established under the laws of the PRC with limited liability and is ultimately controlled by Mr. Lu; and
"%"	per cent.

Yours faithfully,
By order of the Board
Puxing Energy Limited
GUAN Dayuan
Chairman

30 December 2024

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.

For the purpose of this announcement, unless otherwise indicated, the exchange rate of RMB1.00 = HK$1.08 has been used, where applicable, for purpose of illustration only and it does not constitute any representation that any amount has been, could have been or may be exchanged at that rate or at any other rate.

* *For identification purposes only*