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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in the Company, you should at once hand this circular with the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

PUXING CLEAN ENERGY LIMITED

普星潔能有限公司

(formerly known as “Amber Energy Limited 琥珀能源有限公司”)

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 90)

MAJOR AND CONTINUING CONNECTED TRANSACTIONS AND NOTICE OF EXTRAORDINARY GENERAL MEETING

**Independent Financial Adviser to the
Independent Board Committee and the Independent Shareholders in relation to
the terms of the deposit services under the Financial Services Agreement**



Capitalised terms used in this cover page have the same meanings as defined in this circular.

A letter from the Independent Board Committee to the Independent Shareholders in relation to the terms of the deposit services under the Financial Services Agreement is set out on page 17 of this circular.

A letter from the Board is set out on pages 4 to 16 of this circular. A notice convening the EGM of the Company to be held at Kowloon Room I, Mezzanine Floor, Kowloon Shangri-La, 64 Mody Road, Kowloon, Hong Kong on Thursday, 12 March 2020 at 10:30 a.m. is set out on pages 39 to 40 of this circular. A form of proxy for use at the EGM is enclosed with this circular.

Whether or not you are able to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than forty-eight (48) hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the enclosed form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish and in such event, the form of proxy shall be deemed to be revoked.

21 February 2020

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DEFINITIONS

In this circular (other than in the notice of EGM), unless the context otherwise requires, the following expressions shall have the following meanings:

“5% Threshold”	the thresholds referred to in Rule 14A.76(2) of the Listing Rules;
“Announcement”	has the meaning as ascribed to it under the section headed “I. Introduction” in the letter from the Board contained in this circular;
“Puxing International”	Puxing International Limited (formerly known as “Amber International Investment Co., Ltd.”), a company incorporated under the laws of the British Virgin Islands, the controlling Shareholder interested in approximately 65.42% of the issued share capital of the Company as at the Latest Practicable Date;
“Articles of Association”	the articles of association of the Company;
“associate(s)”	has the meaning ascribed thereto under the Listing Rules;
“Board”	the board of Directors;
“Cap(s)”	has the meaning as ascribed to it under the section headed “II. Major and continuing connected transactions – (ii) Financial Services Agreement” in the letter from the Board contained in this circular;
“CBIRC”	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會) ;
“Company”	Puxing Clean Energy Limited 普星潔能有限公司 (formerly known as “Amber Energy Limited 琥珀能源有限公司”), a company incorporated in the Cayman Islands with limited liability;
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules;
“Director(s)”	the director(s) of the Company;

DEFINITIONS

“EGM”	the extraordinary general meeting of the Company to be convened on 12 March 2020 (or any adjournment thereof) to consider and approve the provision of the deposit services under the Financial Services Agreement and the proposed Caps;
“Financial Services Agreement”	the financial services framework agreement entered into between the Company and Wanxiang Finance on 22 January 2020;
“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. Tse Chi Man, Mr. Yao Xianguo and Mr. Yu Wayne W., being the independent non-executive Directors;
“Independent Financial Adviser”	Donvex Capital Limited, the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the provision of the deposit services by Wanxiang Finance to the Group under the Financial Services Agreement and the proposed Caps for the relevant periods;
“Independent Shareholders”	Shareholders who are not required to abstain from voting at the EGM;
“Latest Practicable Date”	17 February 2020, being the latest practicable date for the purpose of ascertaining certain information contained in this circular before its despatch;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Lu”	Mr. Lu Weiding (魯偉鼎先生), the ultimate controlling Shareholder;

DEFINITIONS

“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Wanxiang Finance”	Wanxiang Finance Co., Ltd.* (萬向財務有限公司), a company established in the PRC and a connected person of the Company;
“Wanxiang Group”	Wanxiang Group Corporation* (萬向集團公司), a company established in the PRC and a connected person of the Company; and
“%”	per cent.

References to time and dates in this circular are to Hong Kong time and dates.

* *For identification purposes only*

LETTER FROM THE BOARD

PUXING CLEAN ENERGY LIMITED 普星潔能有限公司

(formerly known as “Amber Energy Limited 琥珀能源有限公司”)

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 90)

Executive Directors:

Mr. WEI Junyong (*Chairman*)

Mr. GU Genyong

Independent non-executive Directors:

Mr. TSE Chi Man

Mr. YAO Xianguo

Mr. YU Wayne W.

Registered Office:

Cricket Square

Hutchins Drive

PO Box 2681

Grand Cayman, KY1-1111

Cayman Islands

Principal Place of Business in

Hong Kong:

Room 706, 7/F., Albion Plaza

2-6 Granville Road

Tsim Sha Tsui, Kowloon

Hong Kong

21 February 2020

To the Shareholders

Dear Sir or Madam,

MAJOR AND CONTINUING CONNECTED TRANSACTIONS AND NOTICE OF EXTRAORDINARY GENERAL MEETING

I. INTRODUCTION

Reference is made to the announcement of the Company dated 22 January 2020 (the “**Announcement**”) in relation to the Financial Services Agreement.

The purpose of this circular is to provide you with, *inter alia*, (i) details of the deposit services under the Financial Services Agreement; (ii) a letter from the Independent Board Committee to the Independent Shareholders in relation to the terms of the deposit services under the Financial Services Agreement; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the terms of the deposit services under the Financial Services Agreement; and (iv) a notice convening the EGM.

LETTER FROM THE BOARD

II. MAJOR AND CONTINUING CONNECTED TRANSACTIONS

(i) The Background

As announced in the Announcement, the Company entered into the Financial Services Agreement with Wanxiang Finance on 22 January 2020, pursuant to which Wanxiang Finance has agreed to provide certain financial services, including, *inter alia*, deposit services to the Group in accordance with the terms and conditions set out in the Financial Services Agreement. Wanxiang Finance is a non-banking financial institution regulated by the CBIRC.

The Group utilises the services of Wanxiang Finance on a voluntary and non-exclusive basis and is not under any obligation to engage Wanxiang Finance for any particular service. Wanxiang Finance is merely one of a number of financial institutions providing financial services to the Group.

(ii) Financial Services Agreement

Date: 22 January 2020

Parties: (1) The Company; and

(2) Wanxiang Finance.

The transactions under the Financial Services Agreement are non-exclusive and the Group has the right to decide whether it requires and accepts the financial services to be provided by Wanxiang Finance, and to choose the financial institution at its discretion to engage the financial services, with reference to its own business needs.

Effective date and term

The Financial Services Agreement shall become effective upon the approval of the deposit services under the Financial Services Agreement and the Caps at the EGM and has a term ending 31 December 2022. The term of the Financial Services Agreement can be extended on a mutually agreed basis subject to compliance with the relevant requirements of the Listing Rules.

LETTER FROM THE BOARD

Deposit services

Wanxiang Finance shall provide certain deposit services to the Group, the principal terms of which are as follows:

- (1) the provision of deposit services by Wanxiang Finance to the Group shall be within the scope approved by the CBIRC and in accordance with the relevant laws and regulations of the PRC;
- (2) the interest rate for the deposit of the Group's funds with Wanxiang Finance shall be determined on the basis of the base interest rate offered by the People's Bank of China for the same period, taking into consideration the interest rates for the same type of deposit for the same period offered by other commercial banks in the PRC to the Group, subject to compliance with the relevant requirements of the relevant regulatory bodies; and
- (3) the maximum daily balance (including interests) of the Group's deposit with Wanxiang Finance shall not exceed RMB170,000,000.

The Board, having considered (i) the historical cash position of the Group as at 31 December 2017, 31 December 2018 and 30 June 2019 of RMB75,862,000, RMB74,860,000 and RMB51,178,000, respectively; (ii) the expected cashflow generated from operating activities of the Group of approximately RMB128,416,000 as projected based on the cashflow generated from operating activities of the Group for the six months ended 30 June 2019 of RMB64,208,000; and (iii) the expected amount of interest income from Wanxiang Finance of approximately RMB0.4 million as projected on the basis of the interest income of the Group in the amount of approximately RMB0.2 million for the six months ended 30 June 2019, proposed that the maximum daily deposit balance (including interests) of the aggregated deposits placed by the Group with Wanxiang Finance under the Financial Services Agreement shall not exceed RMB170,000,000 for each of the three years ending 31 December 2022 and such have been set as the annual caps ("**Caps**") for the said deposit services.

LETTER FROM THE BOARD

Other terms of the Financial Services Agreement

In addition to the abovementioned deposit services, Wanxiang Finance has also agreed to provide the following financial services to the Group under the Financial Services Agreement:

(1) Credit facilities

Wanxiang Finance shall provide certain unsecured revolving credit facilities to the Group under the Financial Services Agreement. As the said credit facilities to be provided by Wanxiang Finance to the Group are on normal commercial terms or better to the Group and are for the benefit of the Group, and no security over the assets of the Group is granted in respect of such facilities, such credit facilities are exempt from the reporting, announcement and independent shareholders' approval requirements under the Listing Rules according to Rule 14A.90 of the Listing Rules.

For completeness, the major terms of the said credit facilities to be provided by Wanxiang Finance to the Group are set out below for the Shareholders' information:

- (a) the provision of credit facilities by Wanxiang Finance to the Group shall be within the scope approved by the CBIRC and in accordance with the relevant laws and regulations of the PRC;
- (b) the interest rate for the credit facilities to be provided by Wanxiang Finance to the Group shall be no higher than 5% above the benchmark lending rate announced by the People's Bank of China over the same period, and determined with reference to the interest rates for the same type of loan for the same period provided by other commercial banks in the PRC to the Group, subject to compliance with the relevant requirements of the relevant regulatory bodies;
- (c) the Group shall not be required to provide any security over its assets for the credit facilities; and
- (d) Wanxiang Finance shall provide credit facilities of up to RMB300,000,000 to the Group during the term of the Financial Services Agreement.

LETTER FROM THE BOARD

Based on the arm's length negotiations between the Group and Wanxiang Finance taking into account (i) the principal business of the Group in the PRC; (ii) the financial results, positions and the cashflow generated from the operating activities of the Group for the year ended 31 December 2018 and the six months ended 30 June 2019; (iii) the credit history of the Group in the PRC; and (iv) the future cashflow of the Group and the possible demand for additional financial services from Wanxiang Finance, Wanxiang Finance agreed to provide to the Group credit facilities of up to RMB300,000,000 during the term of Financial Services Agreement. The Board, having considered (i) the nature and the terms of the credit facilities and (ii) the market precedents of similar loans, considered that the above terms of the credit facilities offered by Wanxiang Finance (including the said interest rate) are on normal commercial terms or better.

(2) Miscellaneous financial services

Wanxiang Finance shall also provide certain other miscellaneous financial services to the Group under the Financial Services Agreement. Such miscellaneous financial services include settlement, bill discounting, designated loans, financial management and financial advice, etc. As such miscellaneous financial services shall be conducted on normal commercial terms or better to the Group, and the Group expects that all the percentage ratios (if applicable) of such relevant financial services to be engaged by the Group from Wanxiang Finance in aggregate will be less than 5% and the total consideration (with respect to the said financial management and financial advice) or value of financial assistance (with respect to the said settlement, bill discounting and designated loans) (as the case may be) will be less than HK\$3,000,000, the provision of such financial services by Wanxiang Finance to the Group will be exempt from the reporting, announcement and independent shareholders' approval requirements under the Listing Rules according to Rule 14A.76 of the Listing Rules. The financial management department of the Group will take all appropriate and necessary steps including monthly tracking and monitoring of the relevant transactions (if any) to ensure that all the percentage ratios of the said miscellaneous financial services to be engaged by the Group from Wanxiang Finance in aggregate for the relevant financial year will be less than 5% and the abovementioned total consideration or value of financial assistance (as the case may be) will be less than HK\$3,000,000.

LETTER FROM THE BOARD

For completeness, the major terms of the provision of such financial services to be provided by Wanxiang Finance to the Group are set out below for the Shareholders' information:

- (a) the provision of such miscellaneous financial services, including settlement, bill discounting, designated loans, financial management and financial advice, etc. to be provided by Wanxiang Finance to the Group, shall be within the scope approved by the CBIRC and in accordance with the relevant laws and regulations of the PRC; and
- (b) the fees to be charged by Wanxiang Finance for the provision of such services shall be determined in accordance with relevant laws and regulations on the basis of fair market prices, and shall not exceed the rates charged by independent third parties.

(iii) Internal control procedures

To safeguard the Shareholders' interests, Wanxiang Finance has given certain undertakings under the Financial Services Agreement and the Company has adopted certain internal control procedures, pursuant to which the financial management department of the Company conducts monthly tracking, monitoring and verification of the progress of the Company's transactions. The audit committee of the Board conducts a regular review of continuing connected transactions to ensure the effectiveness of the internal control measures relating to continuing connected transactions. The Board considers that the above internal control procedures adopted by the Company in respect of the transactions under the Financial Services Agreement are appropriate and that they will give sufficient assurance to the Shareholders that the transactions under the Financial Services Agreement will be appropriately monitored by the Company.

Prior to placing deposits or obtaining loans or engaging other financial services by the Group with Wanxiang Finance, the relevant member of the Group shall obtain at least three quotations from independent financial institutions for similar deposit services, loan services or other financial services of similar nature, to the extent commercially practicable. Such quotation(s) shall be compared to those offered by Wanxiang Finance. The manager of the financial management department will be responsible for deciding whether to accept the deposit conditions, obtain loans or engage other financial services, based on the above information, and seek approval from an executive Director. In case the relevant cap(s) for the relevant year in respect of the relevant transactions may be exceeded, the Group shall suspend those services with Wanxiang Finance for the remainder of such year until the relevant requirements of the Listing Rules (if any) are complied with. The Directors (including the independent non-executive Directors) are of the view that the abovementioned methods and procedures are sufficient to ensure that the said transactions with Wanxiang Finance will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders.

LETTER FROM THE BOARD

(iv) Reasons for and benefits of the Financial Services Agreement

The reasons for the Company to enter into the Financial Services Agreement with Wanxiang Finance are as follows:

- (1) Wanxiang Finance has a better understanding of the operations of the Group and therefore offers more convenient, efficient and flexible services to the Group than other commercial banks in the PRC;
- (2) the interest rates offered by Wanxiang Finance for the deposit services, and the rates and fees charged by Wanxiang Finance for the credit facilities and miscellaneous financial services to be provided to the Group shall be equal to or more favourable than those offered or charged by independent third parties in the market in the PRC; and
- (3) the credit risk the Company would be exposed to associated with the deposit services of Wanxiang Finance is the same as or lower than those of independent commercial banks in the PRC on the basis that:
 - (a) the activities of Wanxiang Finance are regulated by the CBIRC and Wanxiang Finance provides services within its approved scope in compliance with the relevant laws and regulations;
 - (b) the unaudited financial positions of Wanxiang Finance as at 31 December 2019 and unaudited financial results of Wanxiang Finance for the year ended 31 December 2019, and the audited financial positions of Wanxiang Finance as at 31 December 2018 and audited financial results of Wanxiang Finance for the year ended 31 December 2018, both prepared in accordance with generally accepted accounting principles in the PRC (certain key financial information of the same is set out below); and
 - (c) the key financial ratios of Wanxiang Finance (as set out below) which indicate that Wanxiang Finance is in compliance with the CBIRC requirements;
 - (d) according to the relevant laws and regulations promulgated by the CBIRC and the articles of association of Wanxiang Finance, in the event that Wanxiang Finance falls into financial difficulty, Wanxiang Group undertook that they will provide financial support to Wanxiang Finance to satisfy its capital need, such as injected additional capital into Wanxiang Finance, to restore its financial position.

LETTER FROM THE BOARD

The following table sets out the abovementioned (i) key financial information of Wanxiang Finance, according to its unaudited management accounts for the year ended 31 December 2019 and audited financial statements for the year ended 31 December 2018, respectively; and (ii) key financial ratios of Wanxiang Finance as at 31 December 2018 and 31 December 2019, respectively:

Key financial information of Wanxiang Finance

	For the year ended 31 December	
	2019	2018
	<i>RMB million</i>	<i>RMB million</i>
	(unaudited)	(audited)
Net interest income	332.1	413.2
Investment income/(loss)	137.6	(79.7)
(Impairment loss)	(131.2)	(113.0)
Profit after taxation	410.5	291.2
	As at 31 December	
	2019	2018
	<i>RMB million</i>	<i>RMB million</i>
	(unaudited)	(audited)
Assets		
Loans receivables	15,679.2	15,697.5
Cash and bank balances	1,836.5	1,913.2
Other assets	433.0	480.6
	<u>17,948.7</u>	<u>18,091.3</u>
Liabilities		
Deposit received	14,931.2	15,417.8
Other liabilities	471.9	332.6
	<u>15,403.1</u>	<u>15,750.4</u>
Equity		
Share capital	1,200.0	1,200.0
Reserves	1,345.6	1,140.9
	<u>2,545.6</u>	<u>2,340.9</u>

LETTER FROM THE BOARD

Key financial ratios of Wanxiang Finance

Financial ratios	Requirements of the CBIRC	As at 31 December	
		2019	2018
Capital adequacy ratio	Not less than 10%	14.1%	13.8%
Inter-bank borrowing balances to total capital ratio	Not more than 100%	3.8%	Nil
Total amount of outstanding guarantees to total capital ratio	Not more than 100%	25.4%	Nil
Total amount of investment to total capital ratio	Not more than 70%	6.4%	11.0%
Self-owned fixed assets to total capital ratio	Not more than 20%	0.4%	0.5%

Accordingly, the transactions under the Financial Services Agreement shall facilitate the Group to increase its efficiency in managing its operation funds with an aim to reduce its financing cost.

The Directors (excluding the independent non-executive Directors in respect of the provision of the deposit services under the Financial Services Agreement who will form their views after reviewing the advice of the Independent Financial Adviser) consider that the Financial Services Agreement has been negotiated on arm's length basis and is on normal commercial terms or better to the Group, taking into account (i) the unaudited financial positions of Wanxiang Finance as at 31 December 2019 and unaudited financial results of Wanxiang Finance for the year ended 31 December 2019, and the audited financial positions of Wanxiang Finance as at 31 December 2018 and audited financial results of Wanxiang Finance for the year ended 31 December 2018 (certain key financial information of the same is set out above); (ii) the key financial ratios of Wanxiang Finance (as set out above); and (iii) the financial qualification of Wanxiang Finance (being regulated by the CBIRC). The terms of the Financial Services Agreement, the transactions contemplated thereunder, the proposed Caps in respect of the deposit services are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The Board approved the Financial Services Agreement and the transactions contemplated thereunder on 22 January 2020. None of the Directors had a material interest in such transactions and was required to abstain from voting in respect of the resolutions approving such transactions.

LETTER FROM THE BOARD

(v) Listing Rules implications

Wanxiang Finance is a subsidiary of Wanxiang Group, the composition of a majority of the board of directors of which is controlled by Mr. Lu (being the ultimate controlling Shareholder indirectly interested in approximately 65.42% of the issued share capital of the Company as at the Latest Practicable Date). Accordingly, Wanxiang Group and Wanxiang Finance, both being associates of Mr. Lu, are connected persons of the Company. Therefore, the transactions contemplated under the Financial Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Wanxiang Group is directly and indirectly interested in Wanxiang Finance as to approximately 66.09% and 17.83%, respectively. The Company understands that Mr. Lu is the actual controller (實際控制人) of Wanxiang Group, being a collective-owned enterprise (集體所有制企業).

As one of the applicable percentage ratios calculated in accordance with the Listing Rules for the deposit services under the Financial Services Agreement exceeds 25% but all of which are less than 100%, the provision of the deposit services by Wanxiang Finance to the Group constitutes a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Further, as all of the applicable percentage ratios calculated in accordance with the Listing Rules for the deposit services under the Financial Services Agreement for the three years ending 31 December 2022 exceed the 5% Threshold, the provision of the deposit services by Wanxiang Finance to the Group and the proposed Caps for the relevant periods will be subject to the reporting, annual review, and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company will seek the Independent Shareholders' approval in respect of the provision of deposit services by Wanxiang Finance to the Group under the Financial Services Agreement and the proposed Caps for the relevant periods at the EGM. To the best knowledge of the Company, other than Puxing International (being ultimately controlled by Mr. Lu), which held 300,000,000 Shares (representing approximately 65.42% of the issued share capital of the Company) as at the Latest Practicable Date, no Shareholder is required to abstain from voting in respect of such resolution at the EGM.

LETTER FROM THE BOARD

(vi) Information on the parties

The Group

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

Wanxiang Finance

Wanxiang Finance is principally engaged in the operation of financial business under the financial license regulated by the CBIRC. The scope of business of Wanxiang Finance covers handling financial and financing consultation, credit authentication and related consultation and agency business for member companies; assisting member companies in collection and delivery of transaction payments; engaging in insurance brokerage business upon approval; providing guarantee for member companies; handling entrusted loans and entrusted investments among member companies; handling bill acceptance and discounting for member companies; handling the internal transfer settlement among member companies and formulating the relevant settlement and clearance schemes; taking deposits of member companies; handling loans and finance leasing for member companies; engaging in inter-bank lending; issuing financial corporate bonds upon approval; underwriting corporate bonds of member companies; investing in the equity of financial institutions; investing in securities with price; and providing consumption loan, purchaser loan and finance leasing of products of member companies.

(vii) Financial effect of the deposit services under the Financial Services Agreement

The Directors are of the opinion that the provision of deposit services by Wanxiang Finance to the Group under the Financial Services Agreement will not have material impact on the earnings, assets and liabilities of the Group.

III. EGM AND PROXY ARRANGEMENT

A notice convening the EGM to be held at Kowloon Room I, Mezzanine Floor, Kowloon Shangri-La, 64 Mody Road, Kowloon, Hong Kong on Thursday, 12 March 2020 at 10:30 a.m. is set out on pages 39 to 40 of this circular. At the EGM, an ordinary resolution will be proposed for the approval of the provision of deposit services by Wanxiang Finance to the Group under the Financial Services Agreement and the proposed Caps.

LETTER FROM THE BOARD

A form of proxy for use by the Shareholders at the EGM is enclosed with this circular. Whether or not you are able to attend and vote at the EGM in person, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than forty-eight (48) hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the EGM or any adjournment thereof should you so wish and in such event, the form of proxy shall be deemed to be revoked.

Pursuant to rule 13.39(4) of the Listing Rules, all votes of the Shareholders to be taken at the EGM shall be taken by a poll. Therefore, the chairman of the EGM will demand a poll for the ordinary resolution to be put forward at the EGM pursuant to article 66 of the Articles of Association. The Company will appoint scrutineers to handle vote-taking procedures at the EGM. The results of the poll will be published on the websites of the Stock Exchange and the Company as soon as possible after the EGM in accordance with rule 13.39(5) of the Listing Rules.

IV. CLOSURE OF REGISTER OF SHAREHOLDERS

The register of members of the Company will be closed for registration of transfer of Shares from Monday, 9 March 2020 to Thursday, 12 March 2020 (both days inclusive), for the purpose of determining Shareholders' entitlement to attend and vote at the EGM, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 6 March 2020.

V. RECOMMENDATION

Having considered the reasons set out in the section headed "II. Major and continuing connected transactions", the Directors (including the independent non-executive Directors), having considered the advice of the Independent Financial Adviser, are of the opinion that the terms of the deposit services provided by Wanxiang Finance to the Group under the Financial Services Agreement and the proposed Caps are fair and reasonable, on normal commercial terms or better to the Group and in the ordinary and usual course of business of the Company, and in the interests of the Company and its Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the resolution regarding the same.

LETTER FROM THE BOARD

The Independent Board Committee comprising the independent non-executive Directors (namely, Mr. Tse Chi Man, Mr. Yao Xianguo and Mr. Yu Wayne W.) has been appointed to consider the terms of the deposit services provided by Wanxiang Finance to the Group under the Financial Services Agreement and the proposed Caps. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of terms of the deposit services provided by Wanxiang Finance to the Group under the Financial Services Agreement and the proposed Caps. Your attention is drawn to (i) the letter setting out the advice from the Independent Board Committee to the Independent Shareholders, and (ii) the letter of advice from the Independent Financial Adviser setting out its advice to the Independent Board Committee and the Independent Shareholders in relation to the terms of the deposit services provided by Wanxiang Finance to the Group under the Financial Services Agreement and the proposed Caps, which are set out in this circular.

VI. FURTHER INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
By Order of the Board
Puxing Clean Energy Limited
WEI Junyong
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

PUXING CLEAN ENERGY LIMITED 普星潔能有限公司

(formerly known as “Amber Energy Limited 琥珀能源有限公司”)

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 90)

21 February 2020

*To the Independent Shareholders
of Puxing Clean Energy Limited*

Dear Sir or Madam,

MAJOR AND CONTINUING CONNECTED TRANSACTIONS

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders of Puxing Clean Energy Limited to consider the provision of deposit services by Wanxiang Finance to the Group under the Financial Services Agreement (as defined in the circular of the Company dated 21 February 2020) (the “**Circular**”) and the relevant proposed Caps (as defined in the Circular), details of which are set out in the section headed “II. Major and continuing connected transactions – (ii) Financial Services Agreement” in the “Letter from the Board” contained in the Circular. Unless the context otherwise requires, terms defined in the Circular shall have the same meanings when used in this letter.

Your attention is drawn to the “Letter from the Board”, the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the deposit services under the Financial Services Agreement as set out in the “Letter from the Independent Financial Adviser” as well as other additional information set out in other parts of the Circular.

Having taken into account the advice of, and the principal factors and reasons considered by the Independent Financial Adviser in relation thereto as stated in its letter, we consider that the terms of the deposit services provided by Wanxiang Finance to the Group under the Financial Services Agreement and the proposed Caps are fair and reasonable, on normal commercial terms (or better to the Group) and in the ordinary and usual course of business of the Company, and in the interest of the Company and its Shareholders as a whole. We therefore recommend that you vote in favour of the ordinary resolution to be proposed at the EGM to approve the provision of deposit services by Wanxiang Finance to the Group under the Financial Services Agreement and the proposed Caps.

Yours faithfully,
The Independent Board Committee

Tse Chi Man
*Independent
Non-executive Director*

Yao Xianguo
*Independent
Non-executive Director*

Yu Wayne W.
*Independent
Non-executive Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from Donvex Capital Limited setting out their advice to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



Unit 1305, 13th Floor
Carpo Commercial Building
18-20 Lyndhurst Terrace
Central
Hong Kong

21 February 2020

*The Independent Board Committee and the Independent Shareholders of
Puxing Clean Energy Limited*

Dear Sir/Madam,

MAJOR AND CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the deposit services under the Financial Services Agreement (the “**Deposit Services**”) and the proposed Caps, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 21 February 2020 to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used herein have the same meanings as those defined in the Circular unless otherwise stated.

Reference is made to the announcement dated 22 January 2020, the Company entered into the Financial Services Agreement, pursuant to which Wanxiang Finance has agreed to provide certain financial services, including, inter alia, Deposit Services to the Group in accordance with the terms and conditions set out in the Financial Services Agreement.

The Deposit Services constitute major and continuing connected transactions of the Company and are subject to the reporting, annual review, announcement and Independent Shareholders’ approval requirements of Chapters 14 and 14A of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all of the independent non-executive Directors, namely Mr. Tse Chi Man, Mr. Yao Xianguo, and Mr. Yu Wayne W., has been established to advise the Independent Shareholders on (i) whether the terms of the Deposit Services are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the Deposit Services are in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolution(s) to approve the Deposit Services, and the transactions contemplated thereunder at the EGM. In our capacity as the Independent Financial Adviser, our role is to advise the Independent Board Committee and the Independent Shareholders in this regard.

INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with or interest in the Company or any other parties that could reasonably be regarded as relevant to our independence.

We are independent from and not connected with the Group pursuant to Rule 13.84 of the Listing Rules and, accordingly, are qualified to advise the Independent Board Committee and the Independent Shareholders in respect of the Deposit Services, and the transaction contemplated thereunder. Apart from the normal advisory fee payable to us in connection with our appointment as the Independent Financial Adviser, no arrangement exists whereby we shall receive any other fees or benefits from the Company.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Directors and management of the Company. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have assumed that all statements, information, opinions and representations contained or referred to in the Circular, which have been provided by the Directors and management of the Company and for which they are solely and wholly responsible, were true and accurate at the time they were made and continue to be true until the date of the EGM.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no material facts and representations the omission of which would make any statement in the Circular or the Circular misleading.

We consider that we have reviewed sufficient information to reach an informed view regarding the Deposit Services, and to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have not, however, for the purpose of this exercise, conducted any form of independent in-depth investigation or audit into the businesses or affairs or future prospects of the Group, nor have we considered the taxation implication on the Group.

Our opinion is based on the financial, economic, market, and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion, and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise, or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell, or buy any Shares or any other securities of the Company.

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Deposit Services, and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation in respect of the Deposit Services (together with the proposed Caps thereof), we have taken into consideration the following principal factors and reasons:

1. Information on the Group

With reference to the Letter from the Board, the Company is an investment holding company and the Group is principally engaged in the development, operation and management of natural gas-fired power plants.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The table below sets forth a summary of the consolidated financial information of the Group for the six months ended 30 June 2019 (“**FP2019**”), 30 June 2018 (“**FP2018**”) and year ended 31 December 2018 (“**FY2018**”) as extracted from the Company’s interim report for FP2019:

	FP2019	FP2018
	<i>RMB’000</i>	<i>RMB’000</i>
	(Unaudited)	(Unaudited)
Revenue	137,640	141,798
Profit for the period	28,465	24,079

	As at	As at
	30 June	31 December
	2019	2018
	<i>RMB’000</i>	<i>RMB’000</i>
	(Unaudited)	(Audited)
Cash and cash equivalents	51,178	74,860
Net assets	554,983	543,021

According to the interim report for FP2019, the revenue of the Group decreased by RMB4.2 million or 2.9% from approximately RMB141.8 million for FP2018 to approximately RMB137.6 million for FP2019, which was mainly attributed to the net of (i) the decrease in revenue generated from sales of electricity of RMB6.7 million; and (ii) the growth of revenue generated from sales of heat of RMB2.5 million.

The profit for the period of the Group increased by RMB4.4 million or 18.2% from approximately RMB24.1 million for FP2018 to approximately RMB28.5 million for FP2019, which was mainly attributed to (i) the benefit from optimization of power generation mode; and (ii) the decrease in fuel consumption due to the reduction of production volume of electricity.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The cash and cash equivalents of the Group decreased by RMB23.7 million or 31.6% from approximately RMB74.9 million as at 31 December 2018 to approximately RMB51.2 million as at 30 June 2019, which was mainly attributed to dividends paid to Shareholders of RMB26.7 million.

The net assets of the Group increased from approximately RMB543.0 million as at 31 December 2018 to approximately RMB555.0 million as at 30 June 2019, which was mainly attributed to the net of (i) the profit for the period of RMB28.5 million for FP2019; and (ii) dividends declared and paid in respect of the previous years of RMB14.1 million.

2. Information on Wanxiang Finance

With reference to the Letter from the Board, Wanxiang Finance was established in the PRC as a non-banking financial institution on 22 August 2002. It is licensed and regulated by the CBIRC and is engaged in the provision of financial services which principally include deposit taking, provision of credit facilities, issue of corporate debentures, provision of designated loan, provision of financial advisory and other financial services. It has a registered capital of RMB1.2 billion and is a subsidiary of Wanxiang Group, the composition of a majority of the board of directors of which is controlled by Mr. Lu (being the ultimate controlling Shareholder indirectly interested in approximately 65.42% of the issued share capital of the Company).

The following table sets out the key financial information of Wanxiang Finance, as extracted from its unaudited management accounts for the year ended 31 December 2019 and its audited financial statements for the year ended 31 December 2018, respectively, both of which were prepared in accordance with the generally accepted accounting principles in the PRC:

	For the year ended 31 December	
	2019	2018
	<i>RMB million</i>	<i>RMB million</i>
	(unaudited)	(audited)
Net interest income	332.1	413.2
Investment income/(loss)	137.6	(79.7)
(Impairment loss)	(131.2)	(113.0)
Profit after taxation	410.5	291.2

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	As at 31 December	
	2019	2018
	<i>RMB million</i>	<i>RMB million</i>
	(unaudited)	(audited)
Assets		
Loans receivables	15,679.2	15,697.5
Cash and bank balances	1,836.5	1,913.2
Other assets	433.0	480.6
	17,948.7	18,091.3
	17,948.7	18,091.3
Liabilities		
Deposit received	14,931.2	15,417.8
Other liabilities	471.9	332.6
	15,403.1	15,750.4
	15,403.1	15,750.4
Equity		
Share capital	1,200.0	1,200.0
Reserves	1,345.6	1,140.9
	2,545.6	2,340.9
	2,545.6	2,340.9

As at 31 December 2019 and 2018, the deposit received of Wanxiang Finance was approximately RMB14.9 billion and RMB15.4 billion respectively, which mainly represented the deposit placed by member entities of Wanxiang Finance in relation to deposit services provided by Wanxiang Finance.

As a financial institution regulated by the CBIRC, Wanxiang Finance is required to operate in compliance with 《企業集團財務公司管理辦法》 (Measures for the Administration of Finance Companies of Enterprise Groups) (the “**Measures**”) to prevent possible financial risk, including credit risk. Pursuant to the Measures, it requires the following:

- (i) in the event that a financial institution is facing financial difficulties, its controlling shareholder(s) is required to increase its capital accordingly. Based on the articles of association of Wanxiang Finance, Wanxiang Group undertook that they will provide financial support to Wanxiang Finance to satisfy its capital needs in the event that Wanxiang Finance is facing financial difficulties; and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (ii) Wanxiang Finance is required to comply with certain financial ratio requirements set by the CBIRC from time to time. As provided by the Company, the below table sets out the key financial ratios of Wanxiang Finance as at 31 December 2018 and 31 December 2019 respectively:

Financial ratios	Requirements of the CBIRC	As at 31 December 2018	As at 31 December 2019
Capital adequacy ratio	Not less than 10%	13.8%	14.1%
Inter-bank borrowing balances to total capital ratio	Not more than 100%	Nil	3.8%
Total amount of outstanding guarantees to total capital ratio	Not more than 100%	Nil	25.4%
Total amount of investment to total capital ratio	Not more than 70%	11.0%	6.4%
Self-owned fixed assets to total capital ratio	Not more than 20%	0.5%	0.4%

As set out in the table above, Wanxiang Finance complied with the key financial ratio requirements set by CBIRC as at 31 December 2018 and 31 December 2019 respectively. As such, we are of the view that the Measure would mitigate the credit risk exposed by the Company when Wanxiang Finance provides the Deposit Services to the Company.

3. Principal terms of the Financial Services Agreement

Date: 22 January 2020

Parties: (a) the Company; and
(b) Wanxiang Finance

Transaction: Wanxiang Finance agreed to provide financial services, including deposit services and other financial services to the Group in accordance with the terms and conditions set out in the Financial Services Agreement.

Term ending: 31 December 2022

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Pricing policies of the Deposit Services: The deposit interest rate of the Group's funds with Wanxiang Finance shall be (i) determined on the basis of the base interest rate offered by the People's Bank Of China (the "PBOC") of the same type of deposits; and (ii) taken into consideration the interest rate of the same type of deposit offered by other commercial banks in the PRC engaged for the same period, subject to compliance with the relevant requirements of the relevant regulatory bodies.

Maximum daily balance (including interests): Shall not exceed RMB170 million

The proposed transactions under the Financial Services Agreement between the Group and Wanxiang Finance are on a non-exclusive basis. The Group has the right to decide whether it requires and accepts the financial services to be provided by Wanxiang Finance, and to select the financial institution at its discretion to engage the financial services, with reference to its own business needs.

4. Reasons for and benefits of the Deposit Services

With reference to the Letter from the Board, the benefits for the Company to conduct the Deposit Services with Wanxiang Finance are as follows:

- (i) Wanxiang Finance will offer proposals for centralised deposit and management of funds, enabling the Group to satisfy its flexible needs of funds through timely withdrawals;
- (ii) the interest rates offered by Wanxiang Finance for the Deposit Services to the Group shall be equal to or more favourable than those offered by major commercial banks in the PRC for the same type of financial services provided to the Group. The Group will be able to improve its interest income out of the Deposit Services;
- (iii) Wanxiang Finance has a better understanding of the operations of the Group and therefore offers more convenient, efficient and flexible services than other commercial banks in the PRC;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (iv) Wanxiang Finance is regulated by the CBIRC, and shall provide services in accordance with and in compliance with the rules and operational requirements of such regulatory authorities. Wanxiang Finance has adopted internal control and risk management measures to mitigate fund risks and guarantee fund safety, thereby protecting the overall interests of the Group.

As part of our due diligence work, we had reviewed (i) the annual report of the Company for FY2018 and interim report of the Company for FP2019; (ii) the Financial Services Agreement; (iii) the Circular; (iv) the group chart of the Wanixang Finance; (v) the internal control procedure in relation to the continuing connected transactions under the Financial Services Agreement; and (vi) the announcement of the Company in respect of the Financial Services Agreement dated 22 January 2020.

As advised by the Directors, to safeguard the interests of Shareholders, the Company adopted certain internal control procedures for utilizing the financial services provided by Wanxiang Finance. Details of the internal control procedures are set out under the section headed “INTERNAL CONTROL PROCEDURES” of the Letter from the Board. Accordingly, we consider that the effective implementation of the internal control procedures would help to ensure fair pricing of the Deposit Services according to the pricing policies.

Based on our discussion with staff of the Group’s financial management department, we understood that they are aware of the internal control procedures and will comply with internal control procedures when conducting transactions contemplated under the Financial Services Agreement.

Having considered the reasons and our review above, we are of the view that the Deposit Services are (i) normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

5. The proposed Caps

The table below sets forth the proposed annual caps for provision of deposit service under Financial Services Agreement for the three years ending 31 December 2022:

	Proposed annual cap		
	for the	for the	for the
	year ending	year ending	year ending
	31 December	31 December	31 December
	2020	2021	2022
Maximum daily deposit balance placed by the Group with Wanxiang Finance (including interests)	RMB170 million	RMB170 million	RMB170 million

To assess the fairness and reasonableness of the proposed Caps, we have discussed with the Board in respect of the basis of determination of the proposed Caps. With reference to the Letter from the Board, the proposed Caps have been determined based on (i) the historical cash position of the Group; (ii) expected growth of the business operations of the Group; and (iii) the expected amount of interest income from Wanxiang Finance.

(i) Historical cash position of the Group

Set out below are the breakdown of cash and cash equivalents of the Group as at 31 December 2017, 31 December 2018 and 30 June 2019 as extracted from the annual report of the Company for FY2018 and interim report for FP2019:

	As at	As at	As at
	31 December	31 December	30 June
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	75,862	74,860	51,178

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The proposed Caps are sufficient to cover the Group's historical cash position as at 31 December 2017, 31 December 2018 and 30 June 2019. As advised by the Directors, it is difficult to forecast the cash and cash equivalents for the three years ending 31 December 2022. As such, historical cash position of the Group was taken into consideration the determination of the basis of the proposed Caps.

As advised by staff of the Group's financial management department, the maximum daily deposit balance (including interests) placed by the Group with financial institutions in the PRC (the "**Historical Maximum Daily Deposit Balance**") was approximately RMB151 million, RMB114 million and RMB147 million for the year ended 31 December 2017 ("**FY2017**"), FY2018 and 31 December 2019 ("**FY2019**"). The proposed Caps represented approximately 112.6%, 149.1% and 115.6% of the Historical Maximum Daily Deposit Balance for FY2017, FY2018 and FY2019 respectively.

(ii) Expected growth of the business operation of the Group

As advised by the Directors, they have taken into consideration the cashflow generated from operating activities of the Group for FP2019 as the basis of expected growth of the business operation. Set out below are the net cash generated from operating activities of the Group for FY2018 and FP2019 as extracted from the annual report for FY 2018 and interim report for FP2019 respectively:

	FY2018	FP2019	FY2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			(Projected)
Net cash generated from operating activities	<u>130,283</u>	<u>64,208</u>	<u>128,416</u>

The projected cashflow generated from operating activities of the Group for FY2019 is approximately RMB128.4 million (the "**Operating Cashflow Projection**") which is expected to be similar to the cashflow generated from operating activities for FY2018. Taking into account that the sum of (i) the Operating Cashflow Projection and (ii) cash and cash equivalent of approximately RMB74.9 million as at 31 December 2018 (the "**Aggregate Amount**") is the result of expected growth of business operation for FY2019. The Aggregate Amount indicates the Group's possible demand of deposit services to be provided by other commercial banks and Wanxiang Finance.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(iii) Expected amount of interest income of the Group

As extracted from the interim report for FP2019, the interest income of the Group was approximately RMB0.2 million for FP2019. The expected amount of interest income is approximately RMB0.4 million for FY2019 (as there was no material change in the PBOC rate for FP2019). The total of (i) deposit with Wanxiang Finance of approximately RMB45.1 million as at 30 June 2019 and (ii) expected interest income of RMB0.4 million for FY2019 does not exceed the proposed Caps.

(iv) Market precedents

As part of our analysis, we have reviewed a number of Hong Kong Stock Exchange listed companies which had entered into continuing connected transactions involving the provision of deposit services by connected parties, where (i) the relevant proposed annual caps were range from RMB53 million to RMB3,000 million; and (ii) the date of the respective circulars fall within the preceding 12 months from the date of announcement of the Company dated 22 January 2020. To our best effort, we are aware five listed companies as follows:

Company name	Date of circular	Proposed annual cap (A) (million)	Historical maximum daily deposit balance in most recent year (B) (million)	Proposed annual cap to historical maximum daily deposit balance (A)/(B) (%)
Everbright Grand China Assets Limited (3699)	10-Dec-19	RMB53	RMB45	117.8
China Display Optoelectronics Technology Holdings Limited (334)	9-Dec-19	RMB895	RMB768	116.5
Beijing Properties (Holdings) Limited (925)	4-Dec-19	HK\$400	HK\$343	116.6
Cosco Shipping Ports Limited (1199)	20-Nov-19	RMB3,000	RMB2,395	125.3
Huaneng Renewables Corporation Limited (0958)	26-Sep-19	RMB3,000	RMB2,499	120.0
			Maximum	125.3
			Minimum	116.5
			Average	119.2
The Company (90)	21-Feb-20	RMB170	RMB147	115.6

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As set out in the table above, the proposed annual cap of the market precedents ranged from RMB53 million to RMB3,000 million and represented approximately 116.5% to 125.3% of their respective historical maximum daily deposit balance with an average of approximately 119.2%. The proposed Caps represented approximately 115.6% of the Historical Maximum Daily Deposit Balance, which is slightly lower than the average as stated above.

Having Taken into consideration that (i) the historical cash position of the Group as at 31 December 2017, 31 December 2018 and 30 June 2019 (ii) the historical maximum daily deposit balance of the Group for FY2017, FY2018 and FY2019; (iii) the result of expected growth of business operation of the Group for FY2019; (iv) the expected amount of interest income of the Group for FY2019; and (v) our review and analysis above, we are of the view that the proposed Caps is fair and reasonable so far as the Independent Shareholders are concerned and is in the interest of the Company and the Shareholders as a whole.

6. Listing rules implication

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules pursuant to which (i) the maximum values of the Deposit Services must be restricted by the proposed Caps for the period concerned under the Finance Services Agreement; (ii) the terms of the Deposit Services must be reviewed by the independent non-executive Directors annually; (iii) details of independent non-executive Directors' annual review on the terms of the Deposit Services must be included in the Company's subsequent published annual reports.

Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board and confirm whether anything has come to their attention that causes them to believe that the Deposit Services (i) have not been approved by the Board; (ii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (iii) have exceeded the Caps.

In the event that the maximum amounts of the Deposit Services are anticipated to exceed the Caps, or that there is any proposed material amendment to the terms of the Finance Services Agreement, as confirmed by the Directors, the Company shall comply with the applicable provisions of the Listing Rules governing continuing connected transaction.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

With the stipulation of the above requirements for continuing connected transactions pursuant to the Listing Rules, we are of the view that there are adequate measures in place to monitor the Deposit Services and hence the interest of the Independent Shareholders would be safeguarded.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (a) the terms of the Deposit Services are on normal commercial terms (or better to the Group) and are fair and reasonable so far as the Independent Shareholders are concerned; and (b) the Deposit Services are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group.

Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favor of the resolution to be proposed at the EGM to approve the Deposit Services and we recommend the Independent Shareholders to vote in favor of the resolution in this regard.

Yours faithfully,
For and on behalf of
Donvex Capital Limited
Doris Sy
Director

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019 is disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.pxcleanenergy.com):

- the Company's annual report for the year ended 31 December 2016 published on 25 April 2017 (pages 64 to 168), which can be accessed by the direct hyperlink below:
<https://www1.hkexnews.hk/listedco/listconews/sehk/2017/0425/ltn20170425401.pdf>
- the Company's annual report for the year ended 31 December 2017 published on 26 April 2018 (pages 81 to 187), which can be accessed by the direct hyperlink below:
<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0426/ltn20180426789.pdf>
- the Company's annual report for the year ended 31 December 2018 published on 25 April 2019 (pages 79 to 191), which can be accessed by the direct hyperlink below:
<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0425/ltn20190425423.pdf>; and
- the Company's interim report for the six months ended 30 June 2019 published on 16 September 2019 (pages 8 to 52), which can be accessed by the direct hyperlink below:
<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0916/ltn20190916085.pdf>.

2. INDEBTEDNESS

As at the close of business on 31 December 2019, the Group had outstanding borrowings of approximately RMB489,006,000 and lease liabilities of approximately RMB829,000, details of which are as follows:

	<i>RMB'000</i>
Unsecured and unguaranteed	
– Loan from Puxing International	135,075
– Loans from other related parties	234,431
Unsecured and guaranteed	
– Bank loans	119,500
Lease liabilities	829
	<hr/>
	489,835
	<hr/> <hr/>

Lease liabilities as at 31 December 2019 arose from the recognition of right-of-use assets and relevant lease liabilities under IFRS 16. Save as disclosed herein, the Group did not have any material outstanding loan capital or debt securities or non-convertible notes issued or authorised or otherwise created but unissued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases or finance lease commitments, guarantees or other material contingent liabilities.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account (i) the Group's financial resources (including but not limited to the internally generated cash flows and existing cash and bank balances); (ii) the credit facilities under the Financial Services Agreement; and (iii) the continuing financial support provided by Shanghai Pu-Xing Energy Limited (普星聚能股份公司), the intermediate parent company of the Company, the Group has sufficient working capital for its present requirements for at least 12 months from the date of this circular.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

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

For the year ended 31 December 2018, the profit attributable to equity Shareholders was approximately RMB45,580,000, representing an increase of 33.2% as compared with that of 2017. For the six months ended 30 June 2019, the profit attributable to equity Shareholders was approximately RMB28,465,000, representing an increase of 18.2% as compared with the corresponding period of 2018.

The change of the name of the Company in July 2019 marked the Group's strong shareholder background and the direction for future business development. Since the trial implementation of dual tariff policy pursuant to the "Notice Regarding the Trial Implementation of Dual Tariff for Natural Gas Power Generating Units in Zhejiang Province" issued by the Price Bureau of Zhejiang Province in June 2015, the Group's profit has become more reliant on the capacity tariff revenue. Since both the on-grid tariff and natural gas prices are determined by the Zhejiang Provincial Development and Reform Commission, the operation and profitability of the Group are exposed to significant policy risks.

Looking forward, the Group will transform its business structure by exploring and developing new businesses to inject fresh impetus into the Group and avoid bearing excessive policy risks. "Energy + Technology" will be the core and philosophy of the entire business structure transformation. The Group will upgrade and expand its industry chain of the existing clean energy business, and commit to explore and create new businesses such as auxiliary power services, energy contracts management and energy storage, which will be the future development direction of the Group.

5. MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, they were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2018, being the date to which the latest published audited consolidated financial statements of the Company were made up.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, none of the Directors nor the chief executive had an interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations that was recorded in the register required to be kept pursuant to Section 352 of the SFO, or as otherwise notified to the Company pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers.

The register of substantial Shareholders maintained by the Company pursuant to Section 336 of the SFO (including interests filed with the Stock Exchange) shows that as at the Latest Practicable Date, the following persons (other than the Directors and the chief executive) had the following interests and short positions (if any) in the Shares and underlying Shares:

Name of Shareholder	Capacity/ Nature of interests	Number of Shares/ underlying Shares held ^(note 1)	Percentage of issued share capital
Puxing International	Beneficial interest	300,000,000 (L)	65.42%
Shanghai Pu-Xing Energy Limited ("Puxing Energy") ^(note 2)	Interests in a controlled corporation	300,000,000 (L)	65.42%
China Wanxiang Holding Co., Ltd. ("China Wanxiang") ^(note 2)	Interests in a controlled corporation	300,000,000 (L)	65.42%

APPENDIX II

GENERAL INFORMATION

Name of Shareholder	Capacity/ Nature of interests	Number of Shares/ underlying Shares held ^(note 1)	Percentage of issued share capital
Minsheng Life Insurance Co., Ltd. ("Minsheng Life Insurance") ^(note 2)	Interests in a controlled corporation	300,000,000 (L)	65.42%
Mr. Lu ^(note 2)	Interests in a controlled corporation	300,000,000 (L)	65.42%
Ms. Li Li ^(note 3)	Interest of spouse	300,000,000 (L)	65.42%
BC Greater China Opportunities Fund SPC, acting on behalf of and for account of BC New Energy Fund SP (a segregated portfolio thereof)	Beneficial interest	40,000,000 (L)	8.72%
BC Asset Management Limited ^(note 4)	Interests in a controlled corporation	40,000,000 (L)	8.72%

Notes:

- (1) The letter "L" denotes the entity/person's long position in the Shares.
- (2) These Shares are held by Puxing International, which is owned as to 100% by Puxing Energy, which is owned as to 57.14% by China Wanxiang which in turn is, inter alia, 71.67% owned by Mr. Lu and 20% by 上海冠鼎澤有限公司 (Shanghai Guandingze Co., Ltd.), a company owned as to 86.67% by Mr. Lu. The remaining 42.86% of Puxing Energy is owned by Minsheng Life Insurance, which is owned as to 37.32% by China Wanxiang. Therefore, Puxing Energy, China Wanxiang, Minsheng Life Insurance and Mr. Lu are deemed to be interested in the Shares held by Puxing International.
- (3) Ms. Li Li is the spouse of Mr. Lu and is therefore deemed to be interested in the said Shares in which Mr. Lu is deemed to be interested.
- (4) These Shares are held by BC Greater China Opportunities Fund SPC, acting on behalf of and for account of BC New Energy Fund SP (a segregated portfolio thereof) which is owned as to 100% by BC Asset Management Limited.

Save as disclosed above, the Company had not been notified of any other relevant interests or short positions in the issued share capital of the Company as at the Latest Practicable Date.

As at the Latest Practicable Date, so far as is known to the Directors, Mr. Wei Junyong (the chairman of the Board and an executive Director) is the president and a director of Puxing Energy.

3. ARRANGEMENTS AND MATTERS CONCERNING DIRECTORS

- (a) None of the Directors has entered or proposed to enter into any service contract with the Group, which is not expiring or determinable by the Group within one year without payment of compensation (other than the payment of statutory compensation).
- (b) As at the Latest Practicable Date, none of the Directors was interested, directly or indirectly, in any assets which, since 31 December 2018, being the date to which the latest published audited consolidated financial statements of the Group were made up, had been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.
- (c) As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date and entered into by the Group since 31 December 2018, being the date to which the latest published audited consolidated financial statements of the Group were made up, and which was significant in relation to the business of the Group.
- (d) As at the Latest Practicable Date, none of the Directors or their respective close associates had any interest in a business which competed or might compete with the business of the Company.

4. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claims of material importance nor was any litigation or claims of material importance known to the Directors to be pending or threatened against any member of the Group.

5. QUALIFICATION AND CONSENT OF THE EXPERT

- (a) The following is the qualification of the expert which has given opinion or advice which is contained in this circular:

Name	Qualification
Donvex Capital Limited	A corporation licensed to carry out regulated activity type 6 under the SFO

- (b) As at the Latest Practicable Date, the Independent Financial Adviser did not have any shareholding in the Company or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did it have any interest, direct or indirect, in any assets which had, since the date to which the latest published audited consolidated financial statements of the Group were made up, been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.
- (c) The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and references to its name in the forms and contexts in which they appear. The letter of the Independent Financial Adviser contained herein was issued on 21 February 2020 and was made by the Independent Financial Adviser for incorporation in this circular.

6. MATERIAL CONTRACT

No contract (not being a contract entered into in the ordinary course of business) has been entered into by member(s) of the Group within the two years immediately preceding the date of this circular and is or may be material.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the Company's principal place of business in Hong Kong at Room 706, 7/F., Albion Plaza, 2-6 Granville Road, Tsim Sha Tsui, Kowloon, Hong Kong, from the date of this circular to 6 March 2020 (both days inclusive):

- (a) the memorandum of association of the Company and the Articles of Association;
- (b) the annual reports of the Company for the two years ended 31 December 2017 and 2018;
- (c) the interim report of the Company for the six months ended 30 June 2019;
- (d) the Financial Services Agreement;
- (e) the letter from the Independent Financial Adviser as set out in this circular;

- (f) the written consent of the Independent Financial Adviser as referred to in the paragraph headed “5. Qualification and consent of the expert” in this appendix;
- (g) the letter from the Independent Board Committee as set out in this circular; and
- (h) this circular.

8. MISCELLANEOUS

- (a) The company secretary of the Company is Mr. Lai Chi Fung, who is a fellow member of Hong Kong Institute of Certified Public Accountants.
- (b) The registered office of the Company is at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The head office of the Company is at Tower II, No. 32 Lingyin Road, Xihu District, Hangzhou 310007, Zhejiang Province, People’s Republic of China and its principal place of business in Hong Kong is at Room 706, 7/F., Albion Plaza, 2-6 Granville Road, Tsim Sha Tsui, Kowloon, Hong Kong. The share registrar of the Company is at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.
- (c) In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text.

NOTICE OF EGM

PUXING CLEAN ENERGY LIMITED

普星潔能有限公司

(formerly known as “Amber Energy Limited 琥珀能源有限公司”)

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 90)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (“EGM”) of Puxing Clean Energy Limited (the “**Company**”) will be held at Kowloon Room I, Mezzanine Floor, Kowloon Shangri-La, 64 Mody Road, Kowloon, Hong Kong on Thursday, 12 March 2020 at 10:30 a.m. (or any adjournment thereof) for the purpose of considering and, if thought fit, approve the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT** the Financial Services Agreement dated 22 January 2020 referred to in the section headed “II. Major and continuing connected transactions” in the “Letter from the Board” contained in the circular (the “**Circular**”) of the Company of which this notice forms part, the provision of deposit services contemplated thereunder and the proposed Caps (as defined in the Circular) be and are hereby approved.”

By Order of the Board
Puxing Clean Energy Limited
WEI Junyong
Chairman

Hong Kong, 21 February 2020

Principal Place of Business in Hong Kong:

Room 706, 7/F., Albion Plaza
2-6 Granville Road
Tsim Sha Tsui, Kowloon
Hong Kong

Registered Office:

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

NOTICE OF EGM

Notes:

- 1) Any member of the Company (the “**Shareholder(s)**”) entitled to attend and vote at the EGM is entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a Shareholder.
- 2) The form of proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.
- 3) Delivery of the form of proxy shall not preclude a Shareholder from attending and voting in person at the EGM or any adjournment thereof if so wish and in such event, the form of proxy shall be deemed to be revoked.
- 4) Where there are joint Shareholders, any one of such joint Shareholders may vote, either in person or by proxy, in respect of such shares as if he/she were solely entitled thereto, but if more than one of such joint Shareholders be present at the above meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint Shareholders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
- 5) The form of proxy and (if required by the board (the “**Board**”) of directors (the “**Directors**”) of the Company) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to the Company’s share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than forty-eight (48) hours before the time appointed for the holding of the EGM or any adjournment thereof.
- 6) The register of members of the Company will be closed for registration of transfer of shares from Monday, 9 March 2020 to Thursday, 12 March 2020 (both days inclusive), for the purpose of determining Shareholders’ entitlement to attend and vote at the EGM, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 6 March 2020.
- 7) If a Typhoon Signal No. 8 or above is hoisted or a Black Rainstorm Warning Signal is in force within a period of two (2) hours before the commencement of the EGM, the EGM will be postponed or adjourned. The Company will post an announcement on the websites of the Company (www.pxcleanenergy.com) and The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) to notify Shareholders of the date, time and place of the rescheduled meeting. The EGM will be held as scheduled when an Amber or a Red Rainstorm Warning Signal is in force. Shareholders should decide on their own whether they would attend the EGM under bad weather condition bearing in mind their own situations.
- 8) The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.

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