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## **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 FINANCIAL SERVICES AGREEMENT**

#### **FINANCIAL SERVICES AGREEMENT**

On 22 January 2020, the Company entered into the Financial Services Agreement with Wanxiang Finance, 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 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). 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.

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.

A circular containing, *inter alia*, (i) further 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, will be despatched to the Shareholders on or before 14 February 2020.

## I. INTRODUCTION

On 22 January 2020, the Company entered into the Financial Services Agreement with Wanxiang Finance, 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.

## **Deposit services**

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

- (i) 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;
- (ii) 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
- (iii) 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; (ii) the expected growth of the business operations of the Group; and (iii) the expected amount of interest income from Wanxiang Finance, 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.

## **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:

### ***(i) 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:

- (1) 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;
- (2) 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;
- (3) the Group shall not be required to provide any security over its assets for the credit facilities; and
- (4) Wanxiang Finance shall provide credit facilities of up to RMB300,000,000 to the Group during the term of the Financial Services Agreement.

**(ii) *Miscellaneous financial services***

Wanxiang Finance shall also provide certain other miscellaneous financial services to the Group under the Financial Services Agreement. 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 or value of financial assistance (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.

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:

- (1) 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
- (2) 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 secure 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.

#### **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:

- (i) 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;
- (ii) 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
- (iii) 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.

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. 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.

## **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). 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.

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.

## **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.

## **VII. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

An Independent Board Committee comprising the independent non-executive Directors (namely, Mr. Tse Chi Man, Mr. Yao Xianguo and Mr. Yu Wayne W.) will be appointed to consider the terms of the deposit services under the Financial Services Agreement and the relevant proposed Caps.

An Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the terms of the deposit services under the Financial Services Agreement and the relevant proposed Caps.

## **VIII. DESPATCH OF CIRCULAR**

The EGM will be convened for the purpose of considering, and if thought fit, approving the Financial Services Agreement, the transactions contemplated thereunder and the Caps.

A circular containing, *inter alia*, (i) further 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, will be despatched to the Shareholders on or before 14 February 2020.

## **IX. DEFINITIONS**

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

“5% Threshold”	the thresholds referred to in Rule 14A.76(2) of the Listing Rules;
“associate”	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. Financial Services Agreement” of this announcement;



“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;
“EGM”	the extraordinary general meeting of the Company to be convened 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;

“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;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	holder(s) of the shares of the Company;
“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.

By order of the Board  
**Puxing Clean Energy Limited**  
**WEI Junyong**  
*Chairman*

Hong Kong, 22 January 2020

*As at the date of this announcement, 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.*

\* *For identification purposes only*