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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

FINANCIAL HIGHLIGHTS

	For the year ended 31 December		
	2019	2018	
	RMB'000	*RMB'000*	*Change*
Revenue	**292,209**	281,625	3.8%
Profit from operations	**101,612**	93,733	8.4%
Profit attributable to equity shareholders of the Company	**54,854**	45,580	20.3%
Basic earnings per share	**RMB0.12**	RMB0.099	21.2%
Dividend per share			
– Interim	**Nil**	Nil	0%
– Proposed final	**HK$0.04**	HK$0.035	14.3%

	At 31 December		
	2019	2018	
	RMB'000	*RMB'000*	*Change*
Total assets	**1,170,621**	1,234,156	-5.1%
Total equity attributable to equity shareholders of the Company	**576,132**	542,487	6.2%
Net asset value per share[1]	**RMB1.26**	RMB1.18	6.8%
Net debt[2]	**440,942**	518,572	-15.0%
Total capital[3]	**1,017,074**	1,061,059	-4.1%
Gearing ratio[4]	**43.35%**	48.87%	-5.5%

Notes:

1. $\frac{\text{Total equity attributable to equity shareholders of the Company}}{\text{Number of ordinary shares in issue}}$

2. Total debts (including interest-bearing borrowings, shareholder's loan and lease liabilities) – Cash and cash equivalents

3. Total equity attributable to equity shareholders of the Company + Net debt

4. $\frac{\text{Net debt}}{\text{Total Capital}}$

The board (the “**Board**”) of directors (the “**Directors**”) of Puxing Clean Energy Limited (the “**Company**”) announces the consolidated annual results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2019, together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2019

	Note	2019 RMB’000	2018 (Note) RMB’000
Revenue	*4*	**292,209**	281,625
Operating expenses			
Fuel consumption		**(72,908)**	(69,402)
Depreciation and amortisation		**(58,455)**	(57,770)
Repairs and maintenance		**(2,867)**	(3,077)
Personnel costs	*5(b)*	**(28,903)**	(29,414)
Administrative expenses		**(22,618)**	(24,782)
Sales related taxes		**(3,073)**	(2,099)
Other operating expenses		**(1,773)**	(1,348)
Profit from operations		**101,612**	93,733
Finance income		**453**	311
Finance expenses		**(24,894)**	(29,707)
Net finance costs	*5(a)*	**(24,441)**	(29,396)
Other income		**6,611**	5,979
Profit before taxation	*5*	**83,782**	70,316
Income tax	*6*	**(28,931)**	(24,736)
Profit for the year		**54,851**	45,580
Attributable to:			
Equity shareholders of the Company		**54,854**	45,580
Non-controlling interests		**(3)**	–
Profit for the year		**54,851**	45,580
Earnings per share			
Basic *(RMB)*	*8(a)*	**0.120**	0.099
Diluted *(RMB)*	*8(b)*	**0.120**	0.099

Note:

The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 3.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	2019	2018
		(Note)
	RMB'000	*RMB'000*
Profit for the year	**54,851**	45,580
Other comprehensive income for the year (after tax and reclassification adjustments):		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	**(7,112)**	(12,939)
Total comprehensive income for the year	**47,739**	32,641
Attributable to:		
Equity shareholders of the Company	**47,742**	32,641
Non-controlling interests	**(3)**	–
Total comprehensive income for the year	**47,739**	32,641

Note:

The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 3.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

	Note	2019	2018
			(Note)
	Note	***RMB'000***	*RMB'000*
Non-current assets			
Property, plant and equipment		**1,058,397**	1,061,206
Lease prepayments		**–**	44,815
Intangible assets		**1,291**	1,898
Deferred tax assets		**3,217**	3,753
		1,062,905	1,111,672
Current assets			
Inventories		**14,697**	14,829
Trade and other receivables	*9*	**44,126**	32,795
Cash and cash equivalents		**48,893**	74,860
		107,716	122,484
Current liabilities			
Interest-bearing borrowings	*10*	**303,431**	257,705
Trade and other payables	*11*	**52,979**	52,767
Lease liabilities		**486**	–
Current taxation		**6,200**	3,186
		363,096	313,658
Net current liabilities		**(255,380)**	(191,174)
Total assets less current liabilities		**807,525**	920,498

	Note	2019	2018
			(Note)
	Note	***RMB'000***	*RMB'000*
Non-current liabilities			
Shareholder's loan		**135,075**	126,227
Interest-bearing borrowings	*10*	**50,500**	209,500
Lease liabilities		**343**	–
Deferred revenue		**11,735**	12,099
Deferred tax liabilities		**33,209**	29,651
		230,862	377,477
NET ASSETS		**576,663**	543,021
CAPITAL AND RESERVES			
Share capital		**40,149**	40,149
Reserves		**535,983**	502,338
Total equity attributable to equity shareholders of the Company		**576,132**	542,487
Non-controlling interests		**531**	534
TOTAL EQUITY		**576,663**	543,021

Note:

The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 3.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

1. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (IFRSs), which collective term includes all applicable individual International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs) and Interpretations issued by the International Accounting Standards Board ("**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). Significant accounting policies adopted by the Group are disclosed below.

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

2. BASIS OF PREPARATION

The consolidated financial statements for the year ended 31 December 2019 comprise the Company and its subsidiaries.

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

At 31 December 2019, the Group had net current liabilities of RMB255,380,000 (31 December 2018: RMB191,174,000). In view of this circumstance, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern.

Based on future projection of the Group's profit and cash inflows from operations and the anticipated ability of the Group to obtain continued bank loans and other financing facilities and financial support from an intermediate parent company, Shanghai Pu-Xing Energy Limited ("**Puxing Energy**"), the Directors believe that the Group will generate sufficient cash flows to meet its liabilities as and when they fall due in the next twelve months. Accordingly, the Directors consider that there are no material uncertainties related to events or conditions which, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern and have prepared the consolidated financial statements on a going concern basis.

3. CHANGES IN ACCOUNTING POLICIES

The IASB has issued a new IFRS, IFRS 16, *Leases*, and a number of amendments to IFRSs that are first effective for the current accounting period of the Group.

Except for IFRS 16, *Leases*, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

IFRS 16, Leases

IFRS 16 replaces IAS 17, *Leases*, and the related interpretations, IFRIC 4, *Determining whether an arrangement contains a lease*, SIC 15, *Operating leases – incentives*, and SIC 27, *Evaluating the substance of transactions involving the legal form of a lease*. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("**short-term leases**") and leases of low value assets. The lessor accounting requirements are brought forward from IAS 17 substantially unchanged.

IFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied IFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach. Comparative information has not been restated and continues to be reported under IAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(i) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. IFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in IFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases.

Accordingly, contracts that were previously assessed as leases under IAS 17 continue to be accounted for as leases under IFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

(ii) Lessee accounting and transitional impact

IFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by IAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under IAS 17, other than those short-term leases and leases of low-value assets. As far as the Group is concerned, these newly capitalised leases are primarily in relation to property, plant and equipment.

At the date of transition to IFRS 16 (i.e. 1 January 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 January 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 4.75%.

To ease the transition to IFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of IFRS 16:

(i) the Group elected not to apply the requirements of IFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of IFRS 16, i.e. where the lease term ends on or before 31 December 2019; and

(ii) when measuring the right-of-use assets at the date of initial application of IFRS 16, the Group relied on the previous assessment for onerous contract provisions as at 31 December 2018 as an alternative to performing an impairment review.

The following table reconciles the operating lease commitments as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019:

	1 January 2019 *RMB'000*
Operating lease commitments at 31 December 2018	**709**
Less: commitments relating to leases exempt from capitalisation:	
– short-term leases and other leases with remaining lease term ending on or before 31 December 2019	**(259)**
	450
Less: total future interest expenses	**(25)**
Present value of remaining lease payments, discounted using the incremental borrowing rate and total lease liabilities recognised at 1 January 2019	**425**

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position at 31 December 2018.

The following table summarises the impacts of the adoption of IFRS 16 on the Group's consolidated statement of financial position:

	Carrying amount at 31 December 2018 *RMB'000*	**Reclassification of land use rights under lease prepayments** *RMB'000*	**Capitalisation of operating lease contracts** *RMB'000*	**Carrying amount at 1 January 2019** *RMB'000*
Line items in the consolidated statement of financial position impacted by the adoption of IFRS 16:				
Property, plant and equipment	1,061,206	44,815	425	1,106,446
Lease prepayments	44,815	(44,815)	–	–
Total non-current assets	**1,111,672**	**–**	**425**	**1,112,097**
Lease liabilities (current)	–	–	148	148
Current liabilities	**313,658**	**–**	**148**	**313,806**
Net current liabilities	**(191,174)**	**–**	**(148)**	**(191,322)**
Total assets less current liabilities	**920,498**	**–**	**277**	**920,775**
Lease liabilities (non-current)	–	–	277	277
Total non-current liabilities	**377,477**	**–**	**277**	**377,754**
Net assets	**543,021**	**–**	**–**	**543,021**

(iii) Impact on the financial result of the Group

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a positive impact on the reported profit from operations in the Group's consolidated statement of profit or loss, as compared to the results if IAS 17 had been applied during the year.

The following tables may give an indication of the estimated impact of adoption of IFRS 16 on the Group's financial result for the year ended 31 December 2019 by adjusting the amounts reported under IFRS 16 in these consolidated financial statements to compute estimates of the hypothetical amounts that would have been recognised under IAS 17 if this superseded standard had continued to apply to 2019 instead of IFRS 16, and by comparing these hypothetical amounts for 2019 with the actual 2018 corresponding amounts which were prepared under IAS 17.

	2019				2018
	Amounts reported under IFRS 16	**Add back: IFRS 16 depreciation and interest expense**	**Deduct: Estimated amounts related to operating leases as if under IAS 17** *(note 1)*	**Hypothetical amounts for 2019 as if under IAS 17**	Compared to amounts reported for 2018 under IAS 17
	(A)	**(B)**	**(C)**	**(D=A+B-C)**	
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	*RMB'000*
Financial result for the year ended 31 December 2019 impacted by the adoption of IFRS 16:					
Profit from operations	**101,612**	**1,686**	**(1,646)**	**101,652**	93,733
Finance expenses	**(24,894)**	**31**	**–**	**(24,863)**	(29,707)
Net finance costs	**(24,441)**	**31**	**–**	**(24,410)**	(29,396)
Profit before taxation	**83,782**	**1,717**	**(1,646)**	**83,853**	70,316
Profit for the year	**54,851**	**1,717**	**(1,646)**	**54,922**	45,580

4. REVENUE

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

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

– Volume tariff revenue represents the sale of electricity to power grid companies.

– Capacity tariff revenue represents a subsidy income from power grid companies, following a reduction in the annual planned power generation volume of the Group's power plants for supply to the power grid companies and changes in the electricity tariff policies applicable to the Group since 2015, pursuant to the "*Notice Regarding the Trial Implementation of Dual Tariff for Natural Gas Power Generating Units in Zhejiang Province*" issued by Zhejiang Provincial Price Bureau in June 2015.

– Revenue from sales of heat represents the sale of heat to corporate entities.

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

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

(i) Disaggregation of revenue

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

	2019	2018
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products:		
Electricity:		
Volume tariff revenue	**45,445**	42,568
Capacity tariff revenue	**218,024**	213,158
	263,469	255,726
Heat:		
Revenue from sales of heat	**28,740**	25,899
	292,209	281,625

The Group's customer base is concentrated and includes only one customer with whom transactions have exceeded 10% of the Group's revenues. In 2019, volume tariff revenue and capacity tariff revenue from this customer (including its subsidiaries) amounted to RMB263,469,000 (2018: RMB255,726,000).

5. PROFIT BEFORE TAXATION

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

(a) Net finance costs

	2019	2018
		(Note)
	RMB'000	*RMB'000*
Interest income	**(446)**	(311)
Net foreign exchange gain	**(7)**	–
Finance income	**(453)**	(311)
Interest on interest-bearing borrowings and shareholder's loan	**24,831**	29,682
Interest on lease liabilities	**31**	–
Total interest expense recognised in profit or loss	**24,862**	29,682
Bank charges	**32**	25
Finance expenses	**24,894**	29,707
Net finance costs	**24,441**	29,396

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 3.

(b) Personnel costs

	2019	2018
	RMB'000	*RMB'000*
Wages, salaries and other benefits	**26,773**	27,253
Contribution to defined contribution plans	**2,130**	2,161
	28,903	29,414

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

The Group also operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance for all of its employees employed by the Group in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

(c) Other items

	2019	2018
	RMB'000	*RMB'000*
Net loss on disposal of property, plant and equipment	**1,120**	232
Depreciation charge		
– Owned property, plant and equipment	**56,162**	55,826
– Right-of-use assets – land use rights*	**1,337**	–
– Right-of-use assets – other properties*	**349**	–
Amortisation		
– Lease prepayments	**–**	1,337
– Intangible assets	**607**	607
Expense relating to short-term leases and other leases with remaining lease term ended on or before 31 December 2019	**618**	–
Total minimum lease payments for leases previously classified as operating leases under IAS 17*	**–**	1,122
Auditor's remuneration		
– audit services	**1,200**	1,180

* *The Group has initially applied IFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 January 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under IAS 17. After initial recognition of right-of-use assets at 1 January 2019, the Group as a lessee is required to recognise the depreciation of right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, comparative information is not restated. See note 3.*

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

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

	2019	2018
	RMB'000	*RMB'000*
Current tax		
PRC Corporate Income Tax	**21,385**	18,147
Over provision in respect of prior years	**(48)**	(417)
	21,337	17,730
Deferred tax		
Origination and reversal of temporary differences	**7,594**	7,006
Total income tax expense in the consolidated statement of profit or loss	**28,931**	24,736

(i) Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.

(ii) No provision for Hong Kong Profits Tax has been made for the subsidiaries located in Hong Kong as these subsidiaries did not have any assessable profits subject to Hong Kong Profits Tax for the years ended 31 December 2019 and 31 December 2018.

(iii) The provision for PRC Corporate Income Tax is based on the respective Corporate Income Tax rates applicable to the subsidiaries located in the PRC as determined in accordance with the relevant income tax rules and regulations of the PRC.

According to the Corporate Income Tax Law of PRC, the Group's subsidiaries in the PRC are subject to the unified tax rate of 25%.

The PRC Corporate Income Tax Law and its relevant regulations impose a withholding tax at 10%, unless reduced by a tax treaty or arrangement, for dividend distributions out of the PRC from earnings accumulated from 1 January 2008. Undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax. As at 31 December 2019, deferred tax liabilities of RMB33,209,000 (2018: RMB29,651,000) have been recognised in connection with the withholding tax that would be payable on the distribution of the retained profits of the Group's PRC subsidiaries.

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

	2019	2018
	RMB'000	*RMB'000*
Profit before taxation	**83,782**	70,316
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned	**25,135**	21,379
Tax effect of non-deductible expenses	**259**	250
Tax effect of unused tax losses not recognised	**(2)**	–
Tax effect of prior years' unrecognised temporary differences utilised	**(2,502)**	(2,555)
Recognition of previously unrecognised deductible temporary differences	**(969)**	–
Over provision in prior years	**(48)**	(417)
Withholding tax on profits retained by PRC subsidiaries	**7,058**	6,079
Actual tax expense	**28,931**	24,736

7. DIVIDENDS

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

	2019	2018
	RMB'000	*RMB'000*
Final dividend proposed after the reporting date of HK$0.04 (2018: HK$0.035) per share	**16,667**	13,768

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

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2019	2018
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the year of HK$0.035 (2018: HK$0.03) per share	**14,097**	11,493

8. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB54,854,000 (2018: RMB45,580,000) and the weighted average of 458,600,000 (2018: 458,600,000) ordinary shares in issue during the year.

(b) Diluted earnings per share

Diluted earnings per share was the same as basic earnings per share for the year ended 31 December 2019 and 31 December 2018 as there were no dilutive potential shares during both years.

9. TRADE AND OTHER RECEIVABLES

	2019	2018
	RMB'000	*RMB'000*
Trade receivables	**41,047**	29,888
Prepayments	**1,195**	1,567
Other receivables	**1,884**	1,340
	44,126	32,795

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

At 31 December 2019, aging analysis of trade receivables of the Group based on the invoice date is as follows:

	2019	2018
	RMB'000	*RMB'000*
Within 1 month	**41,047**	29,888

All of the trade receivables of the Group as at 31 December 2019 were fully settled up to the date of the issuance of these financial statements.

10. INTEREST-BEARING BORROWINGS

	2019	2018
	RMB'000	*RMB'000*
Current		
Unsecured loans from related parties *(i)*	**154,431**	35,000
Current portion of non-current unsecured bank loans guaranteed by a related party *(ii)*	**79,000**	77,500
Current portion of non-current unsecured loans from a related party *(iii)*	**70,000**	145,205
	303,431	257,705
Non-current		
Unsecured bank loans guaranteed by a related party *(ii)*	**40,500**	119,500
Unsecured loans from a related party *(iii)*	**10,000**	90,000
	50,500	209,500
	353,931	467,205

(i) Unsecured loans from related parties as at 31 December 2019 represented unsecured loan from Puxing Energy of USD19,700,000 (equivalent to RMB137,431,000) (2018: Current portion of non-current unsecured loans from a related party: USD19,700,000 (equivalent to RMB135,205,000)) and unsecured loan from Wanxiang Finance Co., Ltd. ("**Wanxiang Finance**") of RMB17,000,000 (2018: RMB35,000,000) respectively.

The unsecured loan from Puxing Energy of USD19,700,000 borne an interest rate of 4.45% per annum (2018: 4.45% per annum). The loan was renewed in 2019 and was repayable on 20 September 2020. The unsecured loan from Wanxiang Finance of RMB17,000,000 borne an interest rate of 4.35% per annum (2018: 4.35%-4.48% per annum) and was repayable on 26 August 2020.

(ii) The bank loans as at 31 December 2019 and 31 December 2018 were guaranteed by China Wanxiang Holding Co., Ltd. ("**China Wanxiang**"), the ultimate controlling company of the Group. The bank loans borne an interest rate of 4.9% per annum (2018: 4.9% per annum) and were repayable semi-annually till 28 February 2022.

The bank loans are subject to the fulfilment of financial covenants relating to certain financial ratios of Puxing (Anji) Gas Turbine Thermal Power Co., Ltd., which are commonly found in lending arrangements with financial institutions. As at 31 December 2019 and 31 December 2018, none of these covenants were breached.

(iii) Non-current unsecured loans from a related party of RMB10,000,000 as at 31 December 2019 represented a loan from Puxing Energy. The loan borne an interest rate of 4.75% per annum and was repayable on 25 June 2022.

Non-current unsecured loans from a related party of RMB90,000,000 as at 31 December 2018 represented loans from Puxing Energy, of which RMB20,000,000 was early repaid in 2019 and the remaining RMB70,000,000 was repayable on 22 September 2020. The loans borne an interest rate of 3.92% per annum (2018: 3.92% per annum).

(iv) The Group's interest-bearing borrowings are repayable as follows:

	2019	2018
	RMB'000	*RMB'000*
Within 1 year	**303,431**	257,705
Over 1 year but less than 2 years	**27,000**	169,000
Over 2 years but less than 5 years	**23,500**	40,500
	50,500	209,500
	353,931	467,205

11. TRADE AND OTHER PAYABLES

	2019	2018
	RMB'000	*RMB'000*
Trade payables	**1,468**	3,913
Other payables and accrued expenses	**51,511**	48,854
	52,979	52,767

As at 31 December 2019, the aging analysis of trade payables of the Group based on the invoice date, is as follows:

	2019	2018
	RMB'000	*RMB'000*
Within 3 months	**839**	3,480
Over 3 months but less than 6 months	**152**	36
Over 6 months but less than 1 year	**477**	397
	1,468	3,913

12. CAPITAL COMMITMENTS

Capital commitments outstanding at 31 December 2019 not provided for in the consolidated financial statements were as follows:

	2019	2018
	RMB'000	*RMB'000*
Authorised but not contracted for	**14,669**	11,681

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is mainly engaged in the development, operation and management of natural gas-fired power plants. The Group has four wholly-owned gas-fired power plants in Zhejiang Province, with an aggregate installed capacity of approximately 458MW (including 578kW photovoltaic power generating units) with a maximum heating capacity of approximately 160 tons/hour. To better reflect the future strategic direction and business focus of the Group and the relationship between the Company and its controlling shareholder, the Company was approved by the shareholders by way of a poll on 4 July 2019 to change the name of the Company to "Puxing Clean Energy Limited 普星潔能有限公司" with effect from 11 July 2019.

BUSINESS REVIEW

With the overall economic restructuring and the structural adjustment in electricity procurement demand of Zhejiang Province in 2019, the relevant government departments in Zhejiang Province optimised and adjusted the annual production plan of the Group's four power plants to meet the maximum demand within the power grid during the year. For the year ended 31 December 2019, the Group's overall power generation decreased by 5.07% to 84,015MWh as compared to 88,505MWh in the previous year. Meanwhile, in view of the overall decrease in electricity generation during the year, the consumption of natural gas for electricity generation decreased by 8.82% to 19,293,888m^3 from 21,160,000m^3 in the previous year. During the year, benefiting from the rise in heat selling price, while the heat sales volume decreased by 6.41% to 97,639 tons from 104,321 tons in the previous year, the revenue from sales of heat increased by 10.97% to RMB28,740,000 from RMB25,899,000 in the previous year, representing an increase of 7.05 percentage points in the gross margin to 10.23% from 3.18% in the previous year. Given the decrease in heat sales volume during the year, the consumption of natural gas for heating decreased by 7.89% to 9,175,600m^3 from 9,962,000m^3 in the previous year.

During the year, the Zhejiang Provincial Development and Reform Commission announced "Notice from the Zhejiang Provincial Development and Reform Commission Regarding the Adjustment of Gate Station Price for Natural Gas and On-grid Tariff" (Zhe Fa Gai Jia Ge [2019] No. 25), "Notice from the Zhejiang Provincial Development and Reform Commission Regarding the Adjustment of On-grid Tariff of Natural Gas Power Generating Units" (Zhe Fa Gai Jia Ge [2019] No. 210), "Notice from the Zhejiang Provincial Development and Reform Commission Regarding the Adjustment of Gate Station Price for Natural Gas" (Zhe Fa Gai Jia Ge [2019] No.200), "Notice from the Zhejiang Provincial Development and Reform Commission Regarding the Adjustment of Gate Station Price for Natural Gas" (Zhe Fa Gai Jia Ge [2019] No. 484) and "Notice from the Zhejiang Provincial Development and Reform Commission Regarding the Adjustment of On-grid Tariff of Natural Gas Power Generating Units" (Zhe Fa Gai Jia Ge [2019] No. 491) on 19 January 2019, 16 April 2019, 12 April 2019, 29 November 2019 and 4 December 2019 respectively to adjust the volume tariff of natural gas power generating units and gate station price for natural gas (inclusive of value-added tax ("VAT")). After several adjustments during the year, the volume tariff (inclusive of VAT) of each of Zhejiang Puxing Deneng Natural Gas Power Co., Ltd*（浙江普星德能然氣發電有限公司）(formerly known as "Zhejiang Amber De-Neng Natural Gas Power Generation Co., Ltd.*（浙江琥珀德能天然氣發電有限公司）") ("**Deneng Power Plant**"), Zhejiang Puxing Bluesky Natural Gas Power Co., Ltd.*（浙江普星藍天然氣發電有限公司）(formerly known as "Hangzhou Amber Blue Sky Natural Gas Power Generation Co., Ltd.*（杭州琥珀藍天天然氣發電有限公司）") ("**Bluesky Power Plant**") and Zhejiang Puxing Jingxing Natural Gas Power Co., Ltd.*（浙江普星京興然氣發電有限公司）(formerly known as "Zhejiang Amber Jing-Xing Natural Gas Power Generation Co., Ltd.*（浙江琥珀京興天然氣發電有限公司）") ("**Jingxing Power Plant**") under the Group was adjusted from RMB0.79/kWh at the beginning of the year to RMB0.686/kWh at the end of the year, representing a decrease of approximately 13.16%; the volume tariff (inclusive of VAT) of Puxing (Anji) Gas Turbine Thermal Power Co., Ltd.*（普星（安吉）燃機熱電有限公司）(formerly known as "Amber (Anji) Gas Turbine Thermal Power Co., Ltd.*（琥珀（安吉）燃機熱電有限公司）") ("**Anji Power Plant**") was adjusted from RMB0.73/kWh at the beginning of the year to RMB0.626/kWh at the end of the year, representing a decrease of approximately 14.25%; the price of natural gas (inclusive of VAT) of power plants under the Group was also lowered from RMB3.27/m^3 at the beginning of the year to RMB2.88/m^3 at the end of the year, representing a decrease of approximately 11.93%; the capacity tariff of the power plants (inclusive of VAT) remained unchanged.

Besides, the Ministry of Finance, the State Administration of Taxation and Customs issued the "Notice of Policies in Relation to the Deepening of Value-added Tax Reforms" (Announcement 2019 No. 39) during the year and announced that the VAT rates would be adjusted since 1 April 2019. In relation to the main business of the Group, the output VAT rate for electricity sales and heat sales was adjusted from 16% to 13% and the input VAT rate for natural gas was adjusted from 10% to 9%.

* *For identification purpose only*

Equity Installed Capacity

As at 31 December 2019, the equity installed capacity of power plants held and operated by the Group is as follows:

Power plant	Category	Installed capacity *(MW)*	Equity interest *(%)*	Equity installed capacity *(MW)*
Bluesky Power Plant	Natural gas	112	100	112
Deneng Power Plant	Natural gas	112	100	112
Jingxing Power Plant	Natural gas	75	100	75
	Photovoltaics	0.22	100	0.22
Anji Power Plant	Natural gas	158	100	158
	Photovoltaics	0.36	100	0.36
Total		**457.58**	**100**	**457.58**

On-grid Tariff

On-grid tariff is determined by the Zhejiang Provincial Development and Reform Commission after taking into account the types of fuel, cost structure and operating profit of similar power plants within the provincial grid. According 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, a dual tariff policy for natural gas power generation (the "**Dual Tariff Policy**") has been implemented in trial by Zhejiang Province since 1 January 2015. Affected by the relevant policy, the Group's tariff revenue is mainly divided into two parts, namely volume tariff revenue and capacity tariff revenue.

During the year, according to the adjustments made by Zhejiang Provincial Development and Reform Commission under "Notice from the Zhejiang Provincial Development and Reform Commission Regarding the Adjustment of Gate Station Price for Natural Gas and On-grid Tariff" (Zhe Fa Gai Jia Ge [2019] No. 25) and "Notice from the Zhejiang Provincial Development and Reform Commission Regarding the Adjustment of On-grid Tariff of Natural Gas Power Generating Units" (Zhe Fa Gai Jia Ge [2019] No. 210 and No. 491), the volume tariff (inclusive of VAT) of Deneng Power Plant, Bluesky Power Plant and Jingxing Power Plant under the Group was adjusted from RMB0.79/kWh at the beginning of the year to RMB0.686/kWh at the end of the year, representing a decrease of approximately 13.16%; the volume tariff (inclusive of VAT) of Anji Power Plant was adjusted from RMB0.73/kWh at the beginning of the year to RMB0.626/kWh at the end of the year, representing a decrease of approximately 14.25%. The capacity tariff (inclusive of VAT) of the power plants under the Group remained unchanged.

Production Volume

Natural Gas Power Generation

In order to facilitate the trial implementation of the Dual Tariff Policy by Zhejiang Province, the relevant government authorities have organised the 2019 production plan for natural gas power generating units based on the maximum demand within the power grid. In response to the adjustment to overall electricity procurement demand in Zhejiang Province in 2019 and in order to meet the maximum demand within the power grid, the relevant government authorities optimised and made adjustments to the annual production plan of the four power plants under the Group, which decreased the production tasks of the Group for the year accordingly. For the year ended 31 December 2019, the Group's production volume by natural gas was 84,015MWh (equivalent to approximately 183.8 hours of full load power generation), representing a decrease of 5.07% as compared to 88,505MWh (equivalent to approximately 193.7 hours of full load power generation) in the previous year.

Photovoltaics Power Generation

The installed capacity of the Group's photovoltaic generating units is 578kW. The electricity generated was mainly used to supplement the auxiliary power consumption rate of the power plant, and the remainder was sold to the power grid. For the year ended 31 December 2019, the Group's photovoltaics production volume was approximately 645MWh (2018: approximately 420MWh), of which approximately 89MWh (2018: approximately 75MWh) was sold to the power grid. During the year, the Group saved power consumption cost of RMB302,000 (2018: RMB185,000) from the above photovoltaic power generation and realised a revenue from sales of electricity of RMB174,000 (2018: RMB106,000).

Heat Sales Volume

Anji Power Plant under the Group provided steam for manufacturers in proximity to its heating pipelines with a maximum heating capacity of approximately 160 tons/hour.

In order to increase profits from the heating business, the Group raised the heat selling price during the year. For the year ended 31 December 2019, the average selling price of steam (inclusive of VAT) was approximately RMB322.28/ton, representing an increase of 18.84% as compared to approximately RMB271.18/ton in the previous year. During the year, as export enterprises had less demand for heat consumption under the influence of Sino-US trade war, the Group's heat sales volume during the year decreased by 6.41% to 97,639 tons as compared to 104,321 tons in the previous year. However, benefiting from the rise in heat selling price during the year, the Group's revenue from sales of heat for the year still increased by 10.97% to RMB28,740,000 as compared to RMB25,899,000 in the previous year, contributing a gross profit of RMB2,941,500 (2018: RMB823,000) to the Group, representing an increase in the gross margin of 7.05 percentage points to 10.23% from 3.18% in the previous year.

Fuel Cost and Natural Gas Usage

Bluesky Power Plant, Deneng Power Plant and Jingxing Power Plant under the Group all use natural gas as fuel for power generation, while Anji Power Plant uses natural gas as fuel for power generation and heating. Natural gas is the only source of fuel for the Group and is provided by Zhejiang Province Natural Gas Development Company, the sole supplier of the Group and in Zhejiang Province.

Natural gas prices in Zhejiang Province are determined by the Zhejiang Provincial Development and Reform Commission. According to the adjustments made by the Zhejiang Provincial Development and Reform Commission under "Notice from the Zhejiang Provincial Development and Reform Commission Regarding the Adjustment of Gate Station Price for Natural Gas and On-grid Tariff" (Zhe Fa Gai Jia Ge [2019] No. 25) and "Notice from the Zhejiang Provincial Development and Reform Commission Regarding the Adjustment of Gate Station Price for Natural Gas" (Zhe Fa Gai Jia Ge [2019] No. 200 and No. 484) during the year, the price of natural gas (inclusive of VAT) of power plants under the Group was adjusted downward from RMB3.27/m^3 at the beginning of the year to RMB2.88/m^3 at the end of the year, representing a decrease of approximately 11.93%.

As the production volume and heat sales volume declined during the year, for the year ended 31 December 2019, the Group's total consumption of natural gas was 28,469,488m^3 (including 9,175,600m^3 for heating), representing a decrease of 8.52% as compared to 31,122,000m^3 (including 9,962,000m^3 for heating) in the previous year. The Group's average unit fuel cost for power generation was approximately RMB587.99/MWh (2018: approximately RMB524.93/MWh), representing an increase of 12.01% as compared to the previous year. The average unit fuel cost for heating was approximately RMB240.76/ton (2018: approximately RMB219.93/ton), representing an increase of 9.47% as compared to the previous year. The increase in both the average unit fuel cost for power generation and for heating was mainly due to the rise in average price of natural gas (inclusive of VAT) for the year as compared to the previous year. For the year ended 31 December 2019, fuel costs amounted to RMB72,908,000, representing an increase of 5.05% as compared to RMB69,402,000 in the previous year. Fuel costs accounted for 98.51% of the related revenue (i.e., volume tariff revenue (excluded revenue from photovoltaics power generation) and revenue from sales of heat), representing a decrease of 3.29 percentage points as compared to 101.80% in the previous year. Since both the on-grid tariff and price of natural gas applicable to the Group are VAT inclusive, such decrease was mainly attributable to the greater decrease in output VAT rate applicable to the relevant revenue than the input VAT rate applicable to the relevant costs during the year, as well as an increase in average selling price of steam (inclusive of VAT) as compared to the previous year.

FINANCIAL REVIEW

Benefiting from the decrease in finance expenses and the positive influences of adjustments in VAT rates during the year, the profit attributable to equity shareholders of the Company for the year ended 31 December 2019 was RMB54,854,000, representing a significant increase of RMB9,274,000, or 20.35%, as compared to RMB45,580,000 in the previous year. For the year ended 31 December 2019, the basic and diluted earnings per share of the Company amounted to RMB0.12, representing an increase of 21.21% as compared to RMB0.099 in the previous year.

Revenue

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

Attributable to the decrease in output VAT rate applicable to the main business of the Group and an increase in the heat selling price during the year, revenue of the Group for the year ended 31 December 2019 amounted to RMB292,209,000, representing an increase of RMB10,584,000 or 3.76% as compared to RMB281,625,000 in the previous year.

Operating Expenses

During the year, the Group's operating expenses mainly comprised fuel consumption, depreciation and amortisation, staff costs and administrative expenses. For the year ended 31 December 2019, the Group's operating expenses were RMB190,597,000, representing an increase of RMB2,705,000, or 1.44% as compared to RMB187,892,000 in the previous year. The increase in operating expenses was a result of the increase in fuel cost as the relevant input VAT rate decreased and the rise in average price of natural gas (inclusive of VAT) for the year.

Profit from Operations

Benefiting from optimisation of power generation mode and the positive influences of adjustments in VAT rates, the Group's profit from operations for the year ended 31 December 2019 was RMB101,612,000, representing an increase of RMB7,879,000 or 8.41% as compared to RMB93,733,000 in the previous year.

Finance Costs

For the year ended 31 December 2019, net finance costs of the Group were RMB24,441,000, representing a decrease of RMB4,955,000 or 16.86% as compared to RMB29,396,000 in the previous year. The decrease in net finance costs was primarily due to the Group repaid certain interest-bearing borrowings during the year, resulting in a decrease in relevant finance expenses.

Income Tax

Pursuant to the Corporate Income Tax Law of the PRC, the Group's subsidiaries in the PRC are subject to the unified tax rate of 25%. For the year ended 31 December 2019, income tax expenses of the Group amounted to RMB28,931,000, representing an increase of RMB4,195,000 or 16.96% as compared to RMB24,736,000 in the previous year. The increase in income tax expenses for the year was due to the increase in profit before taxation for the year.

Earnings per Share and Final Dividend

For the year ended 31 December 2019, profit attributable to equity shareholders of the Group amounted to RMB54,854,000 (2018: RMB45,580,000). The basic and diluted earnings per share amounted to RMB0.12, representing an increase of 21.21% as compared to RMB0.099 in the previous year.

At the Board meeting held on 30 March 2020, the Board recommended the payment of a final dividend of HK$0.04 per share (2018: HK$0.035) for the year ended 31 December 2019. Based on the 458,600,000 (2018: 458,600,000) ordinary shares in issue as at 30 March 2020, the Board recommended the payment of a final dividend amounting to HK$18,344,000 (2018: HK$16,051,000).

Significant Investment Activities

During the year, the Group had no significant investment activity.

Major Acquisitions and Disposals

During the year, the Group had no major acquisition and disposal relating to its subsidiaries, associates and joint ventures.

Liquidity and Financial Resources

Cash and cash equivalents of the Group are denominated in Renminbi and Hong Kong Dollar. As at 31 December 2019, cash and cash equivalents of the Group amounted to RMB48,893,000 (31 December 2018: RMB74,860,000), of which RMB3,162,000 (31 December 2018: RMB2,977,000) was denominated in Hong Kong Dollar.

As at 31 December 2019, the Group had current assets of RMB107,716,000 (31 December 2018: RMB122,484,000), current liabilities of RMB363,096,000 (31 December 2018: RMB313,658,000) and net current liabilities of RMB255,380,000 (31 December 2018: RMB191,174,000) with a current ratio of 0.30 (31 December 2018: 0.39). The current ratio was declined mainly because certain loans were transferred from non-current liabilities to current liabilities with reference to the repayment schedule during the year.

Sources of funds of the Group are mainly cash inflows from operating activities and loans granted by banks and related parties. The Group regularly monitors its gearing ratio to control its capital structure. At the same time, the Group also regularly monitors its liquidity position, projected liquidity requirements and its compliance with lending covenants, as well as maintains long-term sound relationships with major banks to ensure that it has sufficient liquidity to meet its working capital requirements and future development needs.

Debts

All the debts of the Group are denominated in Renminbi, Hong Kong Dollar and United States Dollar. As at 31 December 2019, the Group had total debts of RMB489,835,000 (31 December 2018: RMB593,432,000), including related party loans of US$19,700,000 (equivalent to approximately RMB137,431,000) (31 December 2018: US$19,700,000 (equivalent to approximately RMB135,205,000)), shareholder's loan of HK$150,790,000 (equivalent to approximately RMB135,075,000) (31 December 2018: HK$144,062,000 (equivalent to approximately RMB126,227,000)) and lease liabilities of HK$400,000 (equivalent to approximately RMB358,000) (31 December 2018: HK$nil).

Details of the Group's debts as at 31 December of 2019 and 2018 are listed below:

	2019	2018
	RMB'000	*RMB'000*
Unsecured loans from related parties	**234,431**	270,205
Unsecured bank loans guaranteed by a related party	**119,500**	197,000
Shareholder's loan	**135,075**	126,227
Lease liabilities	**829**	–
Total	**489,835**	593,432

The above debts are repayable as follows:

	2019	2018
	RMB'000	*RMB'000*
Within 1 year	**303,917**	257,705
Over 1 year but less than 2 years	**27,343**	169,000
Over 2 years but less than 5 years	**158,575**	166,727
Total	**489,835**	593,432

Among the above debts, approximately RMB273,335,000 (31 December 2018: approximately RMB261,432,000) were fixed-rated debts, of which approximately RMB272,864,000 (31 December 2018: approximately RMB261,432,000) were denominated in United States Dollar and Hong Kong Dollar. The remaining debts were denominated in Renminbi and subject to adjustment in accordance with relevant regulations of the People's Bank of China, bearing interests calculated at an interest rate of 3.92% to 4.90% (2018: 3.92% to 4.90%) per annum.

Gearing Ratio

The Group's gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total debt (including interest-bearing borrowings, shareholder's loan and lease liabilities, as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as total equity attributable to equity shareholders of the Company (as shown in the consolidated statement of financial position) plus net debt. As at 31 December 2019, the Group's gearing ratio was 43.35% (31 December 2018: 48.87%).

Capital Commitments

Details of the capital commitments of the Group as at 31 December 2019 are set out in note 12 to the consolidated financial statements.

Pledge of Assets

As at 31 December 2019 and 2018, the Group had no assets pledged.

Contingent Liabilities

As at 31 December 2019 and 2018, the Group had no material contingent liability.

Exchange rate risk

The Group primarily operates its business in Mainland China and most of the transactions are settled in Renminbi. Except for certain cash, bank balances and borrowings that are denominated in Hong Kong Dollar and United States Dollar, the Group's assets and liabilities are mainly denominated in Renminbi. The Group considers that its current foreign exchange risk is insignificant and therefore has not hedged it through any derivative for the time being. However, the management of the Group will continue to monitor its foreign currency exposure and will consider hedging significant foreign exchange risks should the need arise.

Employees and Remuneration Policy

As at 31 December 2019, the Group had a total of 251 employees, excluding 2 temporary staff (31 December 2018: 265 employees, excluding 1 temporary staff). For the year ended 31 December 2019, total employees' remuneration (including Directors' remuneration and benefits) was RMB28,903,000 (2018: RMB29,414,000). The Group determines employees' remuneration according to industry practices, financial performance and employees' performance. In addition, the Group provides employees with training and benefits, such as insurance, medical benefits and mandatory provident fund contributions, with an aim to retain talents of all levels for further contribution to the Group.

Prospects

In 2020, the Group will push forward lean management, step up the management of human resources and deliver training sessions towards the essential goals of efficient management and optimal electricity generation model. Meanwhile, the Group notices that the energy system reform in Zhejiang Province will be continued in 2020 to accelerate the progress in the reform of energy operation, electric system and natural gas system. As a private clean energy operator based in Zhejiang Province, the Group will move forward in parallel with the reform and pursue new business breakthroughs on the basis of its own development.

Although the Group is exposed to a relatively higher policy risk as the current capacity tariff, volume tariff and gate station price for natural gas are determined by the Zhejiang Provincial Development and Reform Commission instead of the market, the Group still believes that natural gas-fired power generating business remains to be a promising industry for development in the next five to ten years. As an enterprise focusing on energy and embracing the great energy era, the Group will transform into an integrated energy supplier with "Energy + Technology" as the core philosophy and dedicate ourselves to exploring the development of diversified energy business for injecting fresh impetus into the Group and enhancing its long-term growth potential and shareholders' value.

In the coming few years, apart from focusing on expanding its installed capacity and heating business, the Group will pursue new businesses such as auxiliary power service, energy contracts management and energy storage as its future development goals in order to maximise benefits and returns to shareholders with its utmost efforts.

In 2020, the epidemic of novel coronavirus has brought significant social and economic impacts to China and across the world. Nevertheless, the Group and its power plants have conducted epidemic prevention measures in strict accordance with relevant national policies. The epidemic has not caused any material and adverse impacts to the Group's operation so far and its production activities have remained normal.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK$0.04 (2018: HK$0.035) per share for the year ended 31 December 2019. The proposed final dividend, if approved by the shareholders of the Company (the "**Shareholders**") at the forthcoming annual general meeting of the Company, is expected to be paid on 24 June 2020 to the Shareholders whose names appear on the register of members on Wednesday, 10 June 2020.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Thursday, 4 June 2020 (the "**AGM**"). A notice convening the AGM has been issued to the Shareholders together with this annual report, which is also available on the Company's website (www.pxcleanenergy.com) and the HKEXnews website (www.hkexnews.hk).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed in the following periods during which day no transfer of shares of the Company will be registered:

(i) from Monday, 1 June 2020 to Thursday, 4 June 2020 (both days inclusive), for the purpose of determining Shareholders' entitlement to attend and vote at the AGM. In order to be eligible to attend and to vote at the AGM, 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, Wan Chai, Hong Kong no later than 4:30 p.m. on Friday, 29 May 2020; and

(ii) on Wednesday, 10 June 2020, for the purpose of determining Shareholders' entitlement to the proposed final dividend. In order to be qualified for the proposed final dividend, 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, Wan Chai, Hong Kong no later than 4:30 p.m. on Tuesday, 9 June 2020.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities listed on The Stock Exchange of Hong Kong Limited.

CORPORATE GOVERNANCE

The Board has been adamant in upholding high standards of corporate governance to maximise operational efficiency, corporate values and shareholder returns. The Company has adopted and applied the principals of the code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules. The Company will continue to upgrade internal control system, strengthen risk control management and reinforce the corporate governance structure.

The Company has complied with the code provisions and, where appropriate, the applicable recommended best practices set out in the CG Code throughout the year ended 31 December 2019.

REVIEW OF ANNUAL RESULTS

The audit committee of the Company has reviewed the annual results of the Group for the year ended 31 December 2019.

SCOPE OF WORK OF KPMG ON THIS PRELIMINARY ANNOUNCEMENT

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2019 as set out in this preliminary announcement have been compared by the Group's auditor, KPMG, to the amounts set out in the Group's audited consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by KPMG on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the Company's website (www.pxcleanenergy.com) and the HKEXnews website (www.hkexnews.hk). The annual report of the Company for the year ended 31 December 2019 containing all the information required by the Listing Rules shall be despatched to the Shareholders and made available on the aforesaid websites in due course.

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

Hong Kong, 30 March 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.