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熊猫绿能
Panda Green

PANDA GREEN ENERGY GROUP LIMITED

熊猫绿色能源集团有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 686)

DISCLOSEABLE TRANSACTION FINANCE LEASE ARRANGEMENTS

FINANCE LEASE AGREEMENTS

On 30 August 2018, the Lessee and the Lessor entered into:

- (1) the Finance Lease (Direct Lease) Agreement, pursuant to which (i) the Lessor agreed to purchase the Leased Assets 1 from the Vendor at the consideration of RMB141,310,758.09; and (ii) following the acquisition, the Lessor agreed to lease the Leased Assets 1 to the Lessee for a term of three years at Lease Consideration 1 at the estimated total lease consideration of RMB166,692,216.51; and
- (2) the Finance Lease (Lease Back) Agreement, pursuant to which (i) the Lessor agreed to purchase the Leased Assets 2 from the Lessee at the consideration of RMB49,000,000.00; and (ii) following the acquisition, the Lessor agreed to lease back the Leased Assets 2 to the Lessee for a term of three years at Lease Consideration 2 at the estimated total lease consideration of RMB57,742,234.81.

LISTING RULES IMPLICATIONS

As the Finance Lease Arrangements were made by the parties within a 12-month period from the date of the Previous Finance Lease Agreements, and the Previous Finance Lease Agreements and the Finance Lease Agreements were both entered into by the Lessor and a subsidiary of the Company, the Previous Finance Lease Arrangements and the Finance Lease Arrangements would be aggregated as a series of transactions pursuant to Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Finance Lease Arrangements, when aggregated with the Previous Finance Lease Arrangements, exceeds 5% but all the applicable percentage ratios are below 25%, the entering into of the Finance Lease Arrangements constitutes a discloseable transaction of the Company and is therefore subject to reporting and announcement pursuant to Chapter 14 of the Listing Rules but exempt from the shareholders' approval requirements under Chapter 14 of the Listing Rules.

1. FINANCE LEASE (DIRECT LEASE) AGREEMENT

Date: 30 August 2018

Parties:

- (1) Lessee: Xiangcheng United Photovoltaics Development Co., Ltd.* (鄉城聯合光伏開發有限公司)
- (2) Lessor: CNNC Financial Leasing Co., Ltd.* (中核融資租賃有限公司)

The Directors confirm that to the best of their knowledge, information and belief, having made all reasonable enquiries, the Lessor and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Principal terms

The Lessor agreed to purchase the Leased Assets 1 from the Vendor at the consideration of RMB141,310,758.09; and following the acquisition, the Lessor agreed to lease the Leased Assets 1 to the Lessee for a term of three years at Lease Consideration 1.

(i) Payment Terms of Lease Consideration 1

The Lease Consideration 1 payable by the Lessee to the Lessor under the Finance Lease (Direct Lease) Agreement is estimated to be not exceeding RMB166,692,216.51. An initial lease payment in the amount of RMB1,310,758.09 shall be paid before the commencement of the lease period. Following the commencement of the lease period, the remaining amount of Lease Consideration 1 shall be payable in 12 instalments as follows:

- (a) The first and second instalments each in the sum of RMB125,000 together with the corresponding interests;

- (b) The third to the eleventh instalments each in the sum of RMB250,000 together with the corresponding interests; and
- (c) The remaining principal and interests are to be paid on the twelfth instalment.

If the actual cost for acquisition of the Leased Assets 1 exceeds the agreed consideration of such acquisition, the Lessor is entitled to adjust the Lease Consideration 1 according to the interest rate and payment terms of the Finance Lease (Direct Lease) Agreement.

(ii) Interest Rate

The interest rate under the Finance Lease (Direct Lease) Agreement is calculated at a floating rate and will be adjusted taking into account the corresponding benchmark lending rate promulgated by PBOC for RMB loans of the same terms plus a 30% premium on such benchmark lending rate.

The terms of the Finance Lease (Direct Lease) Agreement, including the Lease Consideration 1 and interest rate, were determined after arm's length negotiation between the parties with reference to, among other things, the value of the Leased Assets 1, Lessor's purchase cost of the Leased Assets 1, the interest rate and the prevailing market practice.

(iii) Service Fee and Security Deposit

Pursuant to the terms of the Finance Lease (Direct Lease) Agreement, the Lessee shall pay a service fee of RMB7,000,000 to the Lessor in 3 instalments as follows:

- (i) RMB4,200,000 to be paid before the Lessor pays the first instalment of the purchase price for the Leased Assets 1 to the Vendor;
- (ii) RMB1,400,000 to be paid before 15 June 2019; and
- (iii) RMB1,400,000 to be paid before 15 June 2020.

In addition, before the Lessor pays each instalment of the purchase price for the Leased Assets 1 to the Vendor, the Lessee shall pay to the Lessor a security deposit which is interest-free and equivalent to 3% of such instalment that is payable by the Lessor to the Vendor. When the final instalment of the Lease Consideration 1 becomes due and payable to the Lessor, the security deposit may be used by the Lessee to wholly or partially offset such instalment and the remaining amount of the security deposit (if any) shall be reimbursed to the Lessee upon the fulfilment of all the obligations of the Lessee under the Finance Lease (Direct Lease) Agreement, provided that there is no serious breach of contract committed by the Lessee or early termination of the contract by the Lessee without the written consent of the Lessor.

The service fee and security deposit were determined after arm's length negotiation between the parties with reference to, among other things, the value of the Leased Assets 1, the Lessor's purchase cost of the Leased Assets 1, the interest rate and the prevailing market practice.

(iv) Ownership of the Leased Assets 1

The ownership of the Leased Assets 1 shall be vested in the Lessor until the Lessee has fulfilled all of its obligations under the Finance Lease (Direct Lease) Agreement. Without the written consent of the Lessor, the Lessee may not transfer, donate, sub-let, mortgage, pledge, fund, abandon possession of the Leased Assets 1, in whole or in part, or undertake other acts that infringe the Lessor's ownership.

After the payment of Lease Consideration 1 and other related fees and subject to fulfilment of all of its obligations under the Finance Lease (Direct Lease) Agreement, the Lessee will be entitled to purchase the Leased Assets 1 at a nominal consideration of RMB10,000 from the Lessor.

As at the date of the Finance Lease (Direct Lease) Agreement, the book value of the Leased Assets 1 was RMB141,310,758.09.

(v) Effective Date

The Finance Lease (Direct Lease) Agreement shall become effective when it is duly signed by the parties or affixed with their respective company chops.

2. FINANCE LEASE (LEASE BACK) AGREEMENT

Date: 30 August 2018

Parties

(1) Lessee: Xiangcheng United Photovoltaics Development Co., Ltd. * (鄉城聯合光伏開發有限公司)

(2) Lessor: CNNC Financial Leasing Co., Ltd.* (中核融資租賃有限公司)

The Directors confirm that to the best of their knowledge, information and belief, having made all reasonable enquiries, the Lessor and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Principal terms

The Lessor agreed to purchase the Leased Assets 2 from the Lessee at the consideration of RMB49,000,000.00 and following the acquisition, the Lessor agreed to lease back the Leased Assets 2 to the Lessee for a term of three years at Lease Consideration 2.

(i) Payment Terms of Lease Consideration 2

The Lease Consideration 2 payable by the Lessee to the Lessor under the Finance Lease (Lease Back) Agreement is estimated to be not exceeding RMB57,742,234.81 and shall be payable in 12 instalments as follows:

- (a) The first and second instalments each in the sum of RMB125,000 together with the corresponding interests;
- (b) The third to the eleventh instalments each in the sum of RMB250,000 together with the corresponding interests; and
- (c) The remaining principal and interests are to be paid on the twelfth instalment.

(ii) Interest rate

The interest rate under the Finance Lease (Lease Back) Agreement is calculated at a floating rate and will be adjusted taking into account the corresponding benchmark lending rate promulgated by PBOC for RMB loans of the same terms plus a 30% premium on such benchmark lending rate.

The terms of the Finance Lease (Lease Back) Agreement, including the Lease Consideration 2 and interest rate, were determined after arm's length negotiation between the parties with reference to, among other things, the value of the Leased Assets 2, Lessor's purchase cost of the Leased Assets 2, the interest rate and the prevailing market practice.

(iii) Service Fee and Security Deposit

Pursuant to the terms of the Finance Lease (Lease Back) Agreement, the Lessee shall pay a service fee of RMB2,450,000 to the Lessor in 3 instalments as follows:

- (i) RMB1,470,000 to be paid before the Lessor pays the first instalment of purchase price for the Leased Assets 2 to the Lessee;

(ii) RMB490,000 to be paid before 15 June 2019; and

(iii) RMB490,000 to be paid before 15 June 2020.

In addition, before the Lessor pays each instalment of the purchase price for the Leased Assets 2 to the Lessee, the Lessee shall pay to the Lessor a security deposit which is interest-free and equivalent to 3% of such instalment that is payable by the Lessor to the Lessee. When the final instalment of the Lease Consideration 2 becomes due and payable to the Lessor, the security deposit may be used by the Lessee to wholly or partially offset such instalment and the remaining amount of the security deposit (if any) shall be reimbursed to the Lessee upon the fulfilment of all the obligations of the Lessee under the Finance Lease (Lease Back) Agreement, provided that there is no serious breach of contract committed by the Lessee or early termination of the contract by the Lessee without the written consent of the Lessor.

The service fee and security deposit were determined after arm's length negotiation between the parties with reference to, among other things, the value of the Leased Assets 2, Lessor's purchase cost of the Leased Assets 2, the interest rate and the prevailing market practice.

(iv) Ownership of the Leased Assets 2

The ownership of the Leased Assets 2 shall be vested in the Lessor until the Lessee has fulfilled all of its obligations under the Finance Lease (Lease Back) Agreement. Without the written consent of the Lessor, the Lessee may not transfer, donate, sub-let, mortgage, pledge, fund, abandon possession of the Leased Assets 2, in whole or in part, or undertake other acts that infringe the Lessor's ownership.

After the payment of Lease Consideration 2 and other related fees and subject to fulfilment of all of its obligations under the Finance Lease (Lease Back) Agreement, the Lessee will be entitled to purchase the Leased Assets 2 at a nominal consideration of RMB10,000 from the Lessor.

As at the date of the Finance Lease (Lease Back) Agreement, the book value of the Leased Assets 2 was RMB63,004,797.30.

(v) Effective Date

The Finance Lease (Lease Back) Agreement shall become effective when it is duly signed by the parties or affixed with their respective company chops.

3. SECURITY ARRANGEMENTS FOR THE FINANCE LEASE AGREEMENTS

The obligations of the Lessee under the Finance Lease Agreements are secured by the following arrangements:

- (a) the Lessee agreed to pledge to the Lessor its legal title to electricity tariffs;
- (b) the shareholder of the Lessee, Sichuan United Photovoltaics Company Limited* (四川聯合光伏有限公司), a wholly-owned subsidiary of the Company, agreed to pledge its equity interest in the Lessee to the Lessor; and
- (c) United Photovoltaics (Changzhou) Investment Limited* (聯合光伏(常州)投資有限公司), a wholly-owned subsidiary of the Company, has provided joint-liability guarantee in favour of the Lessor in respect of the obligations of the Lessee under the Finance Lease Agreements.

4. REASONS FOR AND BENEFITS OF THE FINANCE LEASE ARRANGEMENTS

The Company is an investment holding company and the Group is principally engaged in the development, investment, operation and management of renewable power plants. The Finance Lease Agreements and the transactions contemplated thereunder have been agreed under normal commercial terms and after arm's length negotiations between the parties and provides the Company with more financial resources for the development of the Project and this helps the Group make better allocation of resources. It was noted that the Finance Lease Arrangements will be treated as a long-term secured loan facility in accordance with the Hong Kong Financial Reporting Standards.

The Directors consider that the terms and conditions of the Finance Lease Agreements are fair and reasonable and in the interests of the Company and its shareholders as a whole.

5. INFORMATION ON THE COMPANY, LESSEE AND LESSOR

The Company is an investment holding company and the Group is principally engaged in the development, investment, operation and management of renewable power plants.

The Lessee is a non wholly-owned subsidiary of the Company incorporated in China. It is principally engaged in investment, construction, operation, maintenance and management of solar power plants.

The Lessor is a company established in the China (Shanghai) Pilot Free Trade Zone and is principally engaged in the provision of financial leasing and financial guarantees on clean energy-related projects including but not limited to nuclear energy, wind power and hydro power.

6. LISTING RULES IMPLICATIONS

As the Finance Lease Arrangements were made by the parties within a 12-month period from the date of the Previous Finance Lease Agreements, and the Previous Finance Lease Agreements and the Finance Lease Agreements were both entered into by the Lessor and a subsidiary of the Company, the Previous Finance Lease Arrangements and the Finance Lease Arrangements would be aggregated as a series of transactions pursuant to Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Finance Lease Arrangements, when aggregated with the Previous Finance Lease Arrangements, exceeds 5% but all the applicable percentage ratios are below 25%, the entering into of the Finance Lease Arrangements constitutes a discloseable transaction for the Company and is therefore subject to reporting and announcement pursuant to Chapter 14 of the Listing Rules but exempt from the shareholders' approval requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings as set out below:

“Board”	the board of Directors
“Company”	Panda Green Energy Group Limited (熊貓綠色能源集團有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Directors”	the directors of the Company
“Finance Lease (Direct Lease) Agreement”	the finance lease (direct lease) agreement dated 30 August 2018 entered into between the Lessee and the Lessor in relation to the financial leasing of Leased Assets 1
“Finance Lease (Lease Back) Agreement”	the finance lease (lease back) agreement dated 30 August 2018 entered into between the Lessee and the Lessor in relation to the financial leasing of Leased Assets 2
“Finance Lease Agreements”	the Finance Lease (Direct Lease) Agreement and Finance Lease (Lease Back) Agreement, collectively

“Finance Lease Arrangements”	the finance lease arrangements under the Finance Lease Agreements
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lease Consideration 1”	the total lease consideration in relation to the financial leasing of the Leased Assets 1 under the Finance Lease (Direct Lease) Agreement
“Lease Consideration 2”	the total lease consideration in relation to the financial leasing of the Leased Assets 2 under the Finance Lease (Lease Back) Agreement
“Leased Assets 1”	certain equipment and assets to be used for the Project
“Leased Assets 2”	certain construction and installation facilities to be used for the Project
“Lessee”	Xiangcheng United Photovoltaics Development Co., Ltd.* (鄉城聯合光伏開發有限公司), a non wholly-owned subsidiary of the Company
“Lessor”	CNNC Financial Leasing Co., Ltd.* (中核融資租賃有限公司)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MW”	Megawatt, which equals to 1,000,000 watts
“PBOC”	the People’s Bank of China
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Previous Finance Lease Agreements”	the finance lease agreements dated 9 July 2018 entered into between Luhuo United Photovoltaics Development Co., Ltd.* (爐霍聯合光伏開發有限公司), a non wholly-owned subsidiary of the Company, and the Lessee in relation to the Previous Finance Lease Arrangements for the estimated total lease consideration of RMB105,041,740.46, which were fully exempt from reporting and announcement under Chapter 14 of the Listing Rules, as none of the applicable percentage ratios exceeded 5%

“Previous Finance Lease Arrangements”	the finance lease arrangements under the Previous Finance Lease Agreements
“Project”	the second phase of the Luhuo county poverty-alleviation centralized solar power plant (15MW) and the first phase of the Daofu county poverty-alleviation centralized solar power plant (15MW)
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	the vendor(s) to be designated by the Lessee

For and on behalf of
Panda Green Energy Group Limited
Li, Alan
Chairman of the Board

Hong Kong, 30 August 2018

As at the date of this announcement, the executive directors of the Company are Mr. Li, Alan (Chairman and Chief Executive Officer), Mr. Lu Zhenwei, Mr. Yu Qiuming (Co-Chief Executive Officer), Mr. Li Hong and Mr. Jiang Wei; the non-executive directors of the Company are Mr. Tang Wenyong and Mr. Li Hao; and the independent non-executive directors of the Company are Mr. Kwan Kai Cheong, Mr. Yen Yuen Ho, Tony, Mr. Shi Dinghuan and Mr. Ma Kwong Wing.

* *for identification purpose only*