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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)

SUPPLEMENTAL ANNOUNCEMENT

(I) SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE

AND

(II) CONNECTED TRANSACTIONS INVOLVING

SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE

On 21 February 2019, the Company and the First Subscriber entered into the Supplemental First Subscription Agreement in relation to the alteration of the number of the First Subscription Shares to be subscribed by the First Subscriber, pursuant to which the First Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue the New First Subscription Shares of 3,048,750,000 new Shares. Save and except for the number of subscription shares, all other terms, namely the subscription price, the conditions precedent and the lock-up provision, of the First Subscription remain unchanged pursuant to the Supplemental First Subscription Agreement.

On 21 February 2019, the Company and the Fourth Subscriber entered into the Supplemental Fourth Subscription Agreement in relation to the alteration of the number of the Fourth Subscription Shares to be subscribed by the Fourth Subscriber, pursuant to which the Fourth Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue the New Fourth Subscription Shares of 382,396,814 new Shares. Save and except for the number of subscription shares, all other terms, namely the subscription price, the conditions precedent and the lock up provision, of the Fourth Subscription remain unchanged pursuant to the Supplemental Fourth Subscription Agreement.

As a result of the alterations and amendments pursuant to the Supplemental First Subscription Agreement and the Supplemental Fourth Agreement, the total number of Subscription Shares under the Subscriptions is 5,721,193,467, representing (i) approximately 60.03% of the existing issued share capital of the Company; and (ii) approximately 37.51% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. The aggregate nominal value of the Subscription Shares under the Subscriptions will be HK\$572,119,346.7.

The maximum gross proceeds of the Subscriptions are expected of approximately HK\$1,716 million. After excluding the subscription money under the New First Subscription where the subscription money will be set-off against the Huaqing Loan on dollar-for-dollar basis, the gross proceeds of the Subscriptions will be approximately HK\$802 million. After deducting the expenses of approximately HK\$4 million (which include the professional fees payable to financial advisers, Independent Financial Adviser, legal advisers and financial printer), the net proceeds (excluding the aggregate subscription money for the New First Subscription where the subscription money will be set-off against the Huaqing Loan on dollar-for-dollar basis) are expected of approximately HK\$798 million (representing a net issue price of approximately HK\$0.299 per Subscription Share). The Directors will apply approximately 98% of the proceeds for the repayment of indebtedness which will become due by April 2019 and approximately 2% of the proceeds for general working capital of the Group.

Reference is made to the Announcement, in relation to, the First Subscription, the Second Subscription I, the Second Subscription II, the Third Subscription and the Fourth Subscription and the transactions contemplated thereunder. Capitalised terms used herein shall have the same meanings as those defined in the Announcement unless the context requires otherwise.

(A) THE SUPPLEMENTAL FIRST SUBSCRIPTION AGREEMENT

On 21 February 2019, the Company and the First Subscriber entered into the Supplemental First Subscription Agreement in relation to the alteration of the number of the First Subscription Shares to be subscribed by the First Subscriber, pursuant to which the First Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue the New First Subscription Shares of 3,048,750,000 new Shares.

The New First Subscription Shares

The New First Subscription Shares of 3,048,750,000 new Shares to be allotted and issued represent (i) approximately 31.99% of the entire issued share capital of the Company as at the date of this announcement; (ii) approximately 24.24% of the entire issued share capital of the Company as enlarged by the allotment and issue of the New First Subscription Shares only; and (iii) approximately 19.99% of the entire issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

Upon the completion of the First Subscription Agreement (as amended by the Supplemental First Subscription Agreement), the Company and the First Subscriber will enter into a deed of set-off, pursuant to which all the aggregate subscription money under the New First Subscription in the sum of HK\$914,625,000 payable by the First Subscriber to the Company shall be set off against an equivalent amount of Huaqing Loan on a dollar-for-dollar basis.

Save and except for the number of subscription shares, all other terms, namely the subscription price, the conditions precedent and the lock-up provision, of the First Subscription remain unchanged pursuant to the Supplemental First Subscription Agreement.

Reason for entering into the Supplemental First Subscription Agreement

Pursuant to the First Subscription Agreement, it is the intention of the First Subscriber to subscribe for new Shares up to 19.99% of the shareholding of the Company on the fully diluted basis. However, in view of the amendment to and variation of the Fourth Subscription Shares, the First Subscriber would like to adjust the number of the First Subscription Shares so that after the completion of all the Subscriptions, its shareholding in the Company will remain 19.99% to prevent from invoking any implication under the relevant rules, regulations or codes in Hong Kong.

(B) THE SUPPLEMENTAL FOURTH SUBSCRIPTION AGREEMENT

On 21 February 2019, the Company and the Fourth Subscriber entered into the Supplemental Fourth Subscription Agreement in relation to the alteration of the number of the Fourth Subscription Shares to be subscribed by the Fourth Subscriber, pursuant to which the Fourth Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue the New Fourth Subscription Shares of 382,396,814 new Shares.

The New Fourth Subscription Shares

The New Fourth Subscription Shares of 382,396,814 new Shares to be allotted and issued represent (i) approximately 4.01% of the entire issued share capital of the Company as at the date of this announcement; (ii) approximately 3.86% of the entire issued share capital of the Company as enlarged by the allotment and issue of the New Fourth Subscription Shares only; and (iii) approximately 2.51% of the entire issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

Save and except for the number of subscription shares, all other terms, namely the subscription price, the conditions precedent and the lock-up provision, of the Fourth Subscription remain unchanged pursuant to the Supplemental Fourth Subscription Agreement.

Reason for entering into of the Supplemental Fourth Subscription Agreement

In recent years, due to the pressure of RMB depreciation and decrease of foreign-exchange reserves, the PRC authorities have tightened the control on foreign-exchange outflow. Remittance of funds out of the PRC is subject to the exchange restrictions imposed by the PRC government, especially on individuals.

As disclosed in the Announcement, the Fourth Subscription Agreement contains a conditional precedent, namely “all necessary consents, licenses and approvals required to be obtained on the part of the Fourth Subscriber in respect of the Fourth Subscription Agreement and the transactions contemplated thereunder having been obtained and remaining in full force and effect.”

Mr. He Bing, being a PRC resident and the ultimate beneficial owner of the Fourth Subscriber, is required to obtain approval from PRC authorities, including but not limited to State Administration of Foreign Exchange (“SAFE”), before he can transfer the fund to pay the total consideration under the Fourth Subscription. In view of the tight timeline for the completion of the Fourth Subscription, it is uncertain that SAFE approval can be obtained in a timely manner. After careful consideration and discussion, the Directors have decided to downsize the Fourth Subscription Shares so as to facilitate the fulfilment of all the conditions precedent under the Fourth Subscription Agreement (as amended by the Supplemental Fourth Subscription Agreement) on or before the Long Stop Date.

The New First Subscription Shares, the Second Subscription I Shares, the Second Subscription II Shares, the Third Subscription Shares and the New Fourth Subscription Shares of, in aggregate up to 5,721,193,467, representing (i) approximately 60.03% of the existing issued share capital of the Company; and (ii) approximately 37.51% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. The aggregate nominal value of the Subscription Shares under the Subscriptions will be HK\$572,119,346.7.

USE OF PROCEEDS FROM THE SUBSCRIPTIONS

As shown in the interim report of the Company, as at 30 June 2018, the Group had total borrowing of approximately RMB20,799 million and gearing ratio was approximately 73.1%. By 30 April 2019, approximately RMB939 million of indebtedness of the Group, including the principal and interest payment of bank borrowings, finance leasing, medium-terms notes, senior notes and other borrowings, in the respective amount of approximately RMB454 million, RMB294 million, RMB93 million, RMB96 million and RMB2 million, will become due. The Huaqing Loan in the principal amount of US\$123,375,000 will become due in December 2019.

The maximum gross proceeds of the Subscriptions are expected of approximately HK\$1,716 million. After excluding the subscription money under the New First Subscription where the subscription money will be set-off against the Huaqing Loan on dollar-for-dollar basis, the gross proceeds of the Subscriptions will be approximately HK\$802 million. After deducting the expenses of approximately HK\$4 million (which includes the professional fees payable to financial advisers, the Independent Financial Adviser, legal advisers and financial printer), the net proceeds (excluding the aggregate subscription money for the New First Subscription where the subscription money will be set-off against the Huaqing Loan on dollar-for-dollar basis) are expected of approximately HK\$798 million (representing a net issue price of approximately HK\$0.299 per Subscription Share). The Directors will apply approximately 98% of the proceeds for the repayment of indebtedness which will become due by April 2019 and approximately 2% of the proceeds for general working capital of the Group.

CHANGES IN SHAREHOLDING STRUCTURES

For illustration purposes, the changes of the shareholding structures of the Company as a result of the Subscriptions are as follows:

	As at the date of this announcement and immediately before completion of the Subscriptions		Scenario (1) Immediately after completion of the New First Subscription only		Scenario (2) Immediately after completion of the Second Subscription I and Second Subscription II only		Scenario (3) Immediately after completion of the Third Subscription only		Scenario (4) Immediately after completion of the New Fourth Subscription only		Scenario (5) Immediately after completion of all the Subscriptions	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
CMNEG and its parties acting in concert	2,117,288,763	22.22%	2,117,288,763	16.83%	2,117,288,763	20.02%	2,117,288,763	20.23%	2,117,288,763	21.36%	2,117,288,763	13.88%
Second Subscriber I	-	-	-	-	909,201,407 ⁽¹⁾	8.60%	-	-	-	-	1,216,793,309	7.98%
Second Subscriber II	-	-	-	-	135,199,257	1.28%	-	-	-	-	135,199,257	0.89%
Sub-total	2,117,288,763	22.22%	2,117,288,763	16.83%	3,161,689,427	29.90%	2,117,288,763	20.23%	2,117,288,763	21.36%	3,469,281,329	22.75%
First Subscriber	-	-	3,048,750,000	24.24%	-	-	-	-	-	-	3,048,750,000	19.99%
Third Subscriber and its subsidiaries	2,110,257,846	22.14%	2,110,257,846	16.78%	2,110,257,846	19.96%	3,048,311,933	29.12%	2,110,257,846	21.29%	3,048,311,933	19.99%
Fourth Subscriber and its sole shareholder	559,701,493	5.87%	559,701,493	4.45%	559,701,493	5.29%	559,701,493	5.35%	942,098,307	9.50%	942,098,307	6.18%
Director	15,919,000	0.17%	15,919,000	0.13%	15,919,000	0.15%	15,919,000	0.15%	15,919,000	0.16%	15,919,000	0.10%
Public Shareholders												
ORIX ⁽²⁾	1,074,138,234	11.27%	1,074,138,234	8.54%	1,074,138,234	10.16%	1,074,138,234	10.26%	1,074,138,234	10.84%	1,074,138,234	7.04%
Other public Shareholders	3,652,506,131	38.33%	3,652,506,131	29.03%	3,652,506,131	34.54%	3,652,506,131	34.89%	3,652,506,131	36.85%	3,652,506,131	23.95%
Total	9,529,811,467	100.00%	12,578,561,467	100.00%	10,574,212,131	100.00%	10,467,865,554	100.00%	9,912,208,281	100.00%	15,251,004,934	100.00%

Notes:

- According to the Second Subscription I Agreement, it is stipulated that CMNEG, its associates and their respective parties acting in concert shall in no event hold 30% or more shareholding of the Company as a result of the Second Subscriptions. If none of the Subscriptions have completed save for the Second Subscriptions, the Company has the absolute discretion to issue less Second Subscription I Shares, but no less than 909,201,407 new Shares, so that CMNEG, its associates and their respective parties acting in concert shall in no event hold 30% or more of the shareholding of the Company as a result of the Second Subscriptions.
- Prior to the completion of the Subscriptions, ORIX holds approximately 11.27% of the total shareholding of the Company while upon completion of the Subscriptions, ORIX holds 7.04% of the total shareholdings of the Company as enlarged by the allotment and issue of all Subscription Shares. ORIX is therefore regarded as a public shareholder upon completion of the Subscriptions.

DEFINITIONS

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

“Announcement”	the announcement of the Company dated 20 January 2019 in relation to the First Subscription, the Second Subscription I, the Second Subscription II, the Third Subscription and the Fourth Subscription
“Independent Financial Adviser”	Lego Corporate Finance Limited, a licensed corporation licensed to carry on type 6 (advising on corporate finance) regulated activity under the SFO, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the the Second Subscription I, the Second Subscription II, the Third Subscription and the New Fourth Subscription and the transactions contemplated thereunder
“New First Subscription”	the subscription for the New First Subscription Shares by the First Subscriber pursuant to the First Subscription Agreement (as amended by the Supplemental First Subscription Agreement)
“New First Subscription Share(s)”	3,048,750,000 new Shares to be allotted and issued pursuant to the First Subscription Agreement (as amended by the Supplemental First Subscription Agreement)
“New Fourth Subscription”	the subscription for the New Fourth Subscription Shares by the Fourth Subscriber pursuant to the Fourth Subscription Agreement (as amended by the Supplemental Fourth Subscription Agreement)
“New Fourth Subscription Share(s)”	382,396,814 new Shares to be allotted and issued pursuant to the Fourth Subscription Agreement (as amended by the Supplemental Fourth Subscription Agreement)
“Subscription Share(s)”	collectively, the New First Subscription Shares, the Second Subscription I Shares, the Second Subscription II Shares, the Third Subscription Shares and the New Fourth Subscription Shares
“Subscriptions”	collectively, the New First Subscription, the Second Subscription I, the Second Subscription II, the Third Subscription and the New Fourth Subscription

“Supplemental First Subscription Agreement”	the supplemental subscription agreement dated 21 February 2019 and entered into between the Company and the First Subscriber in respect of the New First Subscription
“Supplemental Fourth Subscription Agreement”	the supplemental subscription agreement dated 21 February 2019 and entered into between the Company and the Fourth Subscriber in respect of the New Fourth Subscription

In this announcement, translation of RMB into HK\$ based on the exchange rate of RMB1.00 to HK\$1.155. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in Hong Kong dollars or Renminbi have been, could have been or may be converted at such or any other rate or at all.

For and on behalf of
Panda Green Energy Group Limited
Li, Alan and Lu Zhenwei
Chairmen of the Board

Hong Kong, 21 February 2019

As at the date of this announcement, the executive Directors are Mr. Li, Alan (Chairman and Chief Executive Officer), Mr. Lu Zhenwei (Co-Chairman), Mr. Yu Qiuming (Co-Chief Executive Officer), Mr. Li Hong and Mr. Li Guangqiang; the non-executive Directors are Mr. Tang Wenyong, Mr. Li Hao and Ms. Xie Yi; and the independent non-executive Directors are Mr. Kwan Kai Cheong, Mr. Yen Yuen Ho, Tony, Mr. Shi Dinghuan and Mr. Chen Hongsheng.