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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)**

**CONTINUING CONNECTED TRANSACTION  
IN RELATION TO FINANCE LEASE BUSINESS FRAMEWORK AGREEMENT**

**FINANCE LEASE BUSINESS FRAMEWORK AGREEMENT**

On 15 May 2020 (after trading hours), the Company and Shenzhen Jingneng Leasing entered into the Finance Lease Business Framework Agreement, pursuant to which Shenzhen Jingneng Leasing has agreed to provide financial leasing services to the Group for the three years ending 31 December 2022, subject to the terms and conditions provided therein.

**LISTING RULES IMPLICATIONS**

As at the date of this announcement, BEH is the controlling shareholder of the Company, indirectly holding approximately 32% of the issued share capital of the Company. Therefore, BEH is a connected person of the Company under the Listing Rules. As Shenzhen Jingneng Leasing is a subsidiary of BEH, Shenzhen Jingneng Leasing is also a connected person of the Company. Accordingly, the Finance Lease Business Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio of the Finance Lease Business Framework Agreement and the transactions contemplated thereunder exceeds 5%, the relevant financial leasing services constitutes a continuing connected transaction which is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **GENERAL**

The Company will convene an SGM to seek Independent Shareholders' approval on the Finance Lease Business Framework Agreement and the transactions contemplated thereunder. All Shareholders who have a material interest in any of the transactions contemplated by the Finance Lease Business Framework Agreement, together with their associates, will be required to abstain from voting at the SGM.

As Shenzhen Jingneng Leasing is a subsidiary of BEH, each of BEH, Shenzhen Jingneng Leasing and their respective associates are required to abstain from voting on the relevant resolution(s) to be proposed at the SGM.

The Company has established the Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Kwan Kai Cheong, Mr. Yen Yuen Ho, Tony, Mr. Shi Dinghuan and Mr. Chen Hongsheng to advise the Independent Shareholders on the Finance Lease Business Framework Agreement and the transactions contemplated thereunder. None of the members of the Independent Board Committee has any interest in the Finance Lease Business Framework Agreement and the transactions contemplated thereunder.

Gram Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the Finance Lease Business Framework Agreement and the transactions contemplated thereunder. The Independent Board Committee will form its view in respect of the Finance Lease Business Framework Agreement and the transactions contemplated thereunder after obtaining and considering the advice from Gram Capital.

A circular containing, among other things, (i) details of the Finance Lease Business Framework Agreement; (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders; (iii) a letter from Gram Capital, the independent financial adviser to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of SGM is expected to be despatched to the Shareholders on or around 5 June 2020 as the Company needs more time to prepare and finalize information to be included in the circular.

## **INTRODUCTION**

On 15 May 2020 (after trading hours), the Company and Shenzhen Jingneng Leasing entered into the Finance Lease Business Framework Agreement, pursuant to which Shenzhen Jingneng Leasing has agreed to provide financial leasing services to the Group for the three years ending 31 December 2022, subject to the terms and conditions provided therein.

## FINANCE LEASE BUSINESS FRAMEWORK AGREEMENT

The principal terms of the Finance Lease Business Framework Agreement are summarised as follows:

**Date:** 15 May 2020 (after trading hours)

**Parties:** (1) the Company  
(2) Shenzhen Jingneng Leasing

**Scope of finance lease services:** Pursuant to the Finance Lease Business Framework Agreement, Shenzhen Jingneng Leasing and/or its associates will provide financial leasing services, including but not limited to, direct leasing and sales and leaseback services to the Group. It is anticipated that assets which would be subject to finance leases contemplated under the Finance Lease Business Framework Agreement include power generation equipment for renewable energy.

**(1) Direct leasing services**

Upon the requests or instructions of the Group, Shenzhen Jingneng Leasing and/or its associates will provide financial leasing solutions to the Group for the purchase of equipment, and will make the payment for the equipment to the suppliers in accordance with the conditions set by the Group and charge the Group lease rental for the equipment according to the schedule. All lease rental will be settled by the Group in cash.

**(2) Sales and leaseback services**

According to the financing needs of the Group, Shenzhen Jingneng Leasing and/or its associates will purchase equipment owned by the Group that meet the requirements of leaseback business to the extent permitted by law, and lease such equipment to the Group and charge the Group lease rental. All lease rental will be settled by the Group in cash.

**Annual caps and basis for annual caps:**

The lease consideration consists of the lease interests and handling fees, etc. The lease consideration will be determined by the Group and Shenzhen Jingneng Leasing and/or its associates after arm's length negotiations and with reference to the market price of the same type of financial leasing assets.

Since the Finance Lease Business Framework Agreement is a new transaction between the Company and Shenzhen Jingneng Leasing, there is no historical transaction information.

The proposed annual caps for the Finance Lease Business Framework Agreement with Shenzhen Jingneng Leasing are RMB500 million for each of the three years ending 31 December 2022, which are determined taking into account, among other things, (i) the currently ongoing arrangements of certain financial leases between the Company and independent third parties; (ii) the nature and carrying value of lease assets; and (iii) the expected demand for the financial leasing services of the Group in accordance with the Company's current business strategy.

**Internal control measures:**

To safeguard the interests of our Shareholders as a whole, including the minority Shareholders, the Company has adopted internal approval and monitoring procedures relating to the transactions under the Finance Lease Business Framework Agreement, which include the following:

- Before entering into any new finance lease arrangement with Shenzhen Jingneng Leasing, the Company will obtain quotes from at least two other independent third parties for similar services and similar duration. Those quotes, together with the quote from Shenzhen Jingneng Leasing, will be reviewed with comprehensive comparison to ensure that the financial lease prices are in line with normal commercial terms or no less favorable than the terms offered by independent third parties, and the quote from Shenzhen Jingneng Leasing has to pass the internal approval process of the Company before it can be accepted; and
- the independent non-executive Directors and auditors of the Company will conduct annual review of the transactions under the Finance Lease Business Framework Agreement (including the rates and fees charged in respect of the transactions) and provide annual confirmations in accordance with the Listing Rules that the transactions are conducted in accordance with the terms of the agreement, on normal commercial terms and in accordance with the pricing policy.

## **INFORMATION ON THE PARTIES**

The Company is a company incorporated in Bermuda with limited liability and an investment holding company operating its business through its subsidiaries. The Group is principally engaged in the development, investment, operation and management of solar power plants and other renewable energy projects.

Shenzhen Jingneng Leasing is a financial leasing company incorporated in the PRC and a subsidiary of BEH. Shenzhen Jingneng Leasing primarily provides financing leasing services to the public and member enterprises within the BEH group.

BEH is a limited liability company incorporated in the PRC which principally engages in the businesses of generation and supplying of electricity and heat, production and sale of coal and development of real estate. BEH is wholly-owned by Beijing State-owned Capital Operation and Management Center.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE FINANCIAL LEASE BUSINESS FRAMEWORK AGREEMENT**

The Company intends to minimize incurring substantial amount of capital expenditure in acquiring large machinery equipment. The Finance Lease Business Framework Agreement enables the Company to control financing risk and financing cost in its course of operating current or investing in new renewable energy projects and satisfy the Company's demand of funds for project management and operation in a timely manner. Pursuant to the Finance Lease Business Framework Agreement, the Company would enjoy terms of finance lease that are on normal commercial terms or better from Shenzhen Jingneng Leasing and/or its associates.

Having considered the above, the Directors (excluding the independent non-executive Directors who will form their view after obtaining and considering the advice from Gram Capital) are of the view that the terms of the Finance Lease Business Framework Agreement have been negotiated on arm's length basis and the Finance Lease Business Framework Agreement is entered into in the ordinary and usual course of business of the Group and on normal commercial terms or better. The terms of the Finance Lease Business Framework Agreement and the transactions contemplated thereunder as well as the proposed annual caps are fair and reasonable and in the interests of the Company and Shareholders as a whole.

As Mr. Zhang Ping and Mr. Huang Hui are also the senior management of BEH, they have abstained from voting on the resolution approving the Finance Lease Business Framework Agreement in the Board meeting.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, BEH is the controlling shareholder of the Company, indirectly holding approximately 32% of the issued share capital of the Company. Therefore, BEH is a connected person of the Company under the Listing Rules. As Shenzhen Jingneng Leasing is a subsidiary of BEH, Shenzhen Jingneng Leasing is also a connected person of the Company. Accordingly, the Finance Lease Business Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio of the Finance Lease Business Framework Agreement and the transactions contemplated thereunder exceeds 5%, the relevant financial leasing service constitutes a continuing connected transaction which is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **GENERAL**

The Company will convene an SGM to seek Independent Shareholders' approval on the Finance Lease Business Framework Agreement and the transactions contemplated thereunder. All Shareholders who have a material interest in any of the transactions contemplated by the Finance Lease Business Framework Agreement, together with their associates, will be required to abstain from voting at the SGM.

As Shenzhen Jingneng Leasing is a subsidiary of BEH, each of BEH, Shenzhen Jingneng Leasing and their respective associates are required to abstain from voting on the relevant resolution(s) to be proposed at the SGM.

The Company has established the Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Kwan Kai Cheong, Mr. Yen Yuen Ho, Tony, Mr. Shi Dinghuan and Mr. Chen Hongsheng to advise the Independent Shareholders on the Finance Lease Business Framework Agreement and the transactions contemplated thereunder. None of the members of the Independent Board Committee has any interest in the Finance Lease Business Framework Agreement and the transactions contemplated thereunder.

Gram Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the Finance Lease Business Framework Agreement and the transactions contemplated thereunder. The Independent Board Committee will form its view in respect of the Finance Lease Business Framework Agreement and the transactions contemplated thereunder after obtaining and considering the advice from Gram Capital.

A circular containing, among other things, (i) details of the Finance Lease Business Framework Agreement; (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders; (iii) a letter from Gram Capital, the independent financial adviser to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of SGM is expected to be despatched to the Shareholders on or around 5 June 2020 as the Company needs more time to prepare and finalize information to be included in the circular.

## DEFINITIONS

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

“associate”	has the meaning as defined in Chapter 14A of the Listing Rules
“BEH”	Beijing Energy Holding Co., Ltd.* (北京能源集團有限責任公司), a limited liability company incorporated in the PRC and a controlling shareholder of the Company
“Board”	the board of Directors of the Company
“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 and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 686)
“Director(s)”	director(s) of the Company
“Finance Lease Business Framework Agreement”	the finance lease business framework agreement entered into on 15 May 2020 between the Company and Shenzhen Jingneng Leasing
“Gram Capital” or “Independent Financial Adviser”	Gram Capital Limited, a licensed corporation to carry on Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Finance Lease Business Framework Agreement and transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“Independent Shareholders”	Shareholders other than BEH and other Shareholders who are required under the Listing Rules to abstain from voting at the SGM for the resolution(s) approving the Financial Lease Business Framework Agreement

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purposes of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“SGM”	the special general meeting of the Company to be convened for considering and, if thought fit, approving the Finance Lease Business Framework Agreement
“Shareholder(s)”	holder(s) of issued shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning as ascribed to it under the Listing Rules
“Shenzhen Jingneng Leasing”	Shenzhen Jingneng Financial Leasing Co., Ltd.* (深圳京能融資租賃有限公司), a limited liability company incorporated in the PRC, which is a subsidiary of BEH and hence a connected person of the Company
“%”	per cent

For and on behalf of  
**Panda Green Energy Group Limited**  
**Zhang Ping**  
*Chairman of the Board*

Hong Kong, 15 May 2020

*As at the date of this announcement, the executive directors of the Company are Mr. Zhang Ping (Chairman and Chief Executive Officer), Mr. Huang Hui (Chief Financial Officer), Mr. Lu Zhenwei and Mr. Xu Jianjun; the non-executive directors of the Company are Mr. Wang Heng, Mr. Li Hao, Ms. Xie Yi and Mr. Yu Qiuming; and the independent non-executive directors of the Company are Mr. Kwan Kai Cheong, Mr. Yen Yuen Ho, Tony, Mr. Shi Dinghuan and Mr. Chen Hongsheng.*

\* for identification only