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熊猫绿能
Panda Green

PANDA GREEN ENERGY GROUP LIMITED

熊貓綠色能源集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 686)

**DISCLOSEABLE TRANSACTION
IN RELATION TO
ACQUISITION OF (1) A 20 MW SOLAR POWER PLANT AND
(2) A 50 MW SOLAR POWER PLANT IN INNER MONGOLIA, THE PRC**

THE ACQUISITIONS

On 17 May 2018 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, and the Vendor entered into (a) Equity Transfer Agreement A, pursuant to which the Purchaser has agreed to acquire the entire equity interest in Target Company A, which owns and operates a solar power plant with an installed capacity of approximately 20MW and located in Ulanqab, Inner Mongolia, the PRC. The consideration is RMB17,781,483.87 (equivalent to approximately HK\$21,871,225.16); and (b) Equity Transfer Agreement B, pursuant to which the Purchaser has agreed to acquire 80% equity interest in Target Company B, which owns and operates a solar power plant with an installed capacity of approximately 50MW and located in Bayannur, Inner Mongolia, the PRC. The consideration is RMB81,220,929.42 (equivalent to approximately HK\$99,901,743.19).

LISTING RULES IMPLICATIONS

As at least one of the applicable percentage ratios in respect of the Equity Transfer Agreements (on an aggregate basis) is more than 5% but less than 25%, the transactions contemplated under the Equity Transfer Agreements constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements.

INTRODUCTION

The Board is pleased to announce that on 17 May 2018 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, and the Vendor entered into (a) Equity Transfer Agreement A, pursuant to which the Purchaser has agreed to acquire the entire equity interest in Target Company A, which owns and operates a solar power plant with an installed capacity of approximately 20MW and located in Ulanqab, Inner Mongolia, the PRC. The consideration is RMB17,781,483.87 (equivalent to approximately HK\$21,871,225.16); and (b) Equity Transfer Agreement B, pursuant to which the Purchaser has agreed to acquire 80% equity interest in Target Company B, which owns and operates a solar power plant with an installed capacity of approximately 50MW and located in Bayannur, Inner Mongolia, the PRC. The consideration is RMB81,220,929.42 (equivalent to approximately HK\$99,901,743.19).

THE ACQUISITIONS

Equity Transfer Agreement A

Date:

17 May 2018

Parties:

- (1) the Purchaser
- (2) the Vendor

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Vendor and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Equity interest and the plant to be acquired

Pursuant to Equity Transfer Agreement A, subject to the fulfillment of the conditions under Equity Transfer Agreement A, the Purchaser has agreed to purchase, and the Vendor has agreed to sell, the entire equity interest in Target Company A.

Target Company A owns and operates a solar power plant with an installed capacity of approximately 20MW located in Ulanqab, Inner Mongolia, the PRC. Please refer to the paragraph headed "Information on Target Company A and Target Company B" below for further information on Target Company A.

Consideration

The consideration is RMB17,781,483.87 (equivalent to approximately HK\$21,871,225.16) and shall be settled by the Purchaser in cash by two installments as follows:

- (a) the Purchaser shall pay 90% of the consideration (that is, RMB16,003,335.48 (equivalent to approximately HK\$19,684,102.64)) to the Vendor upon fulfillment of all of the following:
 - (i) Equity Transfer Agreement A having been signed and become effective;
 - (ii) the Vendor having procured the EPC general contractor of Target Project A and Target Company A to enter into an EPC supplemental contract (including technical contract) to the satisfaction of the Purchaser; and
 - (iii) the entire equity interest of Target Company A having been transferred from the Vendor to the Purchaser and a new business license having been issued to this effect, and all the company licenses, chops, bank account operation and financial materials having been handed over to the Purchaser.
- (b) the Purchaser shall pay the remaining 10% of the consideration (that is, RMB1,778,148.39 (equivalent to approximately HK\$2,187,122.52)) to the Vendor within five business days upon the fulfilment of the followings:
 - (i) the conditions set forth in paragraph (a) above remaining satisfied;
 - (ii) the Vendor having satisfied its obligations under Equity Transfer Agreement A and having completed the remedial measures (where applicable) pursuant to the due diligence performed by the Purchaser (or its designated intermediaries); and
 - (iii) Target Project A having satisfied the application requirements of the latest Renewable Energy Tariff Subsidy Catalogue (可再生能源電價附加資金補助目錄) of the PRC.

The Group will fund the payment of the consideration from its internal resources, bank borrowings or a combination of the above.

Under Equity Transfer Agreement A, the Vendor and the Purchaser confirmed that Target Company A had a total liability of RMB160,133,378.44 (equivalent to approximately HK\$196,964,055.48) as of 28 April 2018. If the actual total liability of Target Company A exceeded such amount, the Vendor shall indemnify Target Company A of such exceeded amount. Based on the unaudited balance sheet of Target Company A as of 28 April 2018 as shown in the Equity Transfer Agreement A, the current assets of Target Company A was RMB38,817,791.12 (equivalent to approximately HK\$47,745,883.08).

The consideration was arrived at after arm's length negotiations with reference to various factors, including the total cost of construction of Target Project A and the total liabilities and net assets of Target Company A as of 28 April 2018, the revenue from the sales of electricity generated by Target Project A and the Group's internal analysis of the financial model of Target Project A. Having considered the above factors and the fact that Target Project A provides steady income from sales of electricity, the Directors are of the view that the terms of Acquisition A (including the consideration) are fair and reasonable and in the interest of the Company and its shareholders as a whole.

Completion

Under Equity Transfer Agreement A, completion of Acquisition A will take place on the date on which a new business license reflecting registration of the transfer of the entire equity interest in Target Company A is issued. Upon completion of Acquisition A, Target Company A will become an indirect wholly-owned subsidiary of the Company.

Conditions

Completion of Acquisition A is conditional on the fulfillment of the following conditions:

- (a) Target Company A having been duly established and existing and having obtained all the requisite approvals, licenses and permits concerning its operation and business as set forth in its business license and all registered capital having been paid up;
- (b) the equity interest in Target Company A not being subject to any pledge, security or encumbrances (if consent from third party is required for Acquisition A, such consent having been obtained);
- (c) Target Company A having been the sole legal entity for the initial development, investment, construction and operation of Target Project A, and beneficially owns all rights and interests of Target Project A;
- (d) Target Company A having obtained filing documents and annual construction directives issued by the competent government departments in respect of Target Project A which are valid and subsisting; having obtained approval for on-grid connection of Target Project A; having obtained all valid documentation for land use rights for Target Project A; having entered into valid grid connection agreement(s) in relation to Target Project A; Target Project A having completed its construction and on-grid connection;
- (e) the Vendor having provided the Purchaser with the financial statements and relevant information of Target Company A, and which are complete, true and accurate;

- (f) the conducting of on-site due diligence inspection of Target Company A and Target Project A by the designated intermediaries of the Purchaser and the due diligence reports (including, but not limited to, legal, technical and financial due diligence reports) issued are to the satisfaction of the Purchaser;
- (g) the EPC general contractor of Target Project A having provided quality assurance on Target Project A to the satisfaction of the Purchaser and having entered into EPC general contracting agreement and/or EPC supplemental contract (where required) with Target Company A to the satisfaction of the Purchaser;
- (h) the actual deductible VAT input tax of Target Company A as of 31 December 2017 being not less than RMB10 million;
- (i) Target Company A having terminated the labour relationship with all its employees and there are no labour dispute;
- (j) Target Project A having obtained valid land use right of the land it occupied;
- (k) Target Project A having satisfied the application requirements of the latest Renewable Energy Tariff Subsidy Catalogue (可再生能源電價附加資金補助目錄) of the PRC;
- (l) each of the parties to Equity Transfer Agreement A having obtained their respective internal approvals for the transfer of equity interest in Target Company A;
- (m) Target Project A having satisfied all the requirements of the relevant financial institution(s) providing financing for Target Project A;
- (n) if consent is required to be obtained from the original project regulatory authority at the request of the government authorities; or such government authorities request Target Company A to obtain the consent of such other party in other agreements, contracts, documents, deeds and other documents in which Target Company A is a party; and such matters have affected or will affect the normal business operation or application of government subsidy of Target Company A, the written consent of the relevant government department or parties shall be required; and
- (o) other applicable approval(s) from the regulatory authorities in the PRC having been obtained in connection with Acquisition A.

Equity Transfer Agreement B

Date:

17 May 2018

Parties:

- (1) the Purchaser
- (2) the Vendor

Equity interest and the plant to be acquired

Pursuant to Equity Transfer Agreement B, subject to the fulfillment of the conditions under Equity Transfer Agreement B, the Purchaser has agreed to purchase, and the Vendor has agreed to sell, the 80% equity interest in Target Company B.

Target Company B owns and operates a solar power plant with an installed capacity of approximately 50MW located in Bayannur, Inner Mongolia, the PRC. Please refer to the paragraph headed "Information on Target Company A and Target Company B" below for further information on Target Company B.

Consideration

The consideration is RMB81,220,929.42 (equivalent to approximately HK\$99,901,743.19) and shall be settled by the Purchaser in cash by two installments as follows:

- (a) the Purchaser shall pay 80% of the consideration (that is, RMB64,976,743.54 (equivalent to approximately HK\$79,921,394.55)) to the Vendor within five business days upon the fulfilment of the followings:
 - (i) Equity Transfer Agreement B having been signed and become effective;
 - (ii) the Vendor and the Purchaser having entered into a quality assurance agreement on Target Project B to the satisfaction of the Purchaser, with the settlement of the disputes being confirmed by the Purchaser in writing;
 - (iii) the 80% equity interest of Target Company B having been transferred from the Vendor to the Purchaser and a new business license having been issued to this effect, and all the company licenses, chops, bank account operation and financial materials having been handed over to the Purchaser; and

- (iv) Target Company B having terminated the operation and maintenance contract with Guodian Power by entering into a written termination agreement to the satisfaction of the Purchaser, and the outstanding fees in relation to the operation and maintenance having been settled.
- (b) the Purchaser shall pay the remaining 20% of the consideration (that is, RMB16,244,185.88 (equivalent to approximately HK\$19,980,348.64)) to the Vendor within five business days upon the fulfilment of the followings:
 - (i) the conditions set forth in paragraph (a) above remaining satisfied;
 - (ii) the Vendor having satisfied its obligations under Equity Transfer Agreement B and having completed the remedial measures (where applicable) pursuant to the due diligence performed by the Purchaser (or its designated intermediaries); and
 - (iii) Target Project B having been included in the 7th batch of the Renewable Energy Tariff Subsidy Catalogue (可再生能源電價附加資金補助目錄 (第七批)) of the PRC.

The Group will fund the payment of the consideration from its internal resources, bank borrowings or a combination of the above.

Under Equity Transfer Agreement B, the Vendor and the Purchaser confirmed that Target Company B had a total liability of RMB437,914,156.20 (equivalent to approximately HK\$538,634,412.13) as of 28 April 2018. If the actual total liability of Target Company B exceeded such amount, the Vendor shall indemnify Target Company B of such exceeded amount. Based on the unaudited balance sheet of Target Company B as of 28 April 2018 as shown in the Equity Transfer Agreement A, the current assets of Target Company B was RMB171,129,440.79 (equivalent to approximately HK\$210,489,212.17).

The consideration was arrived at after arm's length negotiations with reference to various factors, including the total cost of construction of Target Project B and the total liabilities and net assets of Target Company B as of 28 April 2018, the revenue from the sales of electricity generated by Target Project B and the Group's internal analysis of the financial model of Target Project B. Having considered the above factors and the fact that Target Project B provides steady income from sales of electricity, the Directors are of the view that the terms of Acquisition B (including the consideration) are fair and reasonable and in the interest of the Company and its shareholders as a whole.

Completion

Under Equity Transfer Agreement B, completion of Acquisition B will take place on the date on which a new business license reflecting registration of the transfer of the 80% equity interest in Target Company B is issued. Upon completion of Acquisition B, Target Company B will become an indirect non-wholly owned subsidiary of the Company.

Conditions

Completion of Acquisition B is conditional on the fulfillment of the following conditions:

- (a) Target Company B having been duly established and existing and having obtained all the requisite approvals, licenses and permits concerning its operation and business as set forth in its business license and all registered capital having been paid up;
- (b) the equity interest in Target Company B not being subject to any pledge, security or encumbrances (if consent from third party is required for Acquisition B, such consent having been obtained);
- (c) the Vendor having procured Target Company B to terminate the operation and maintenance contract with Guodian Power such that Target Company B will not be liable for any breach of contract;
- (d) having obtained the written confirmation from CITIC Financial Leasing Co., Ltd.* (中信金融租賃有限公司) in respect of Acquisition B;
- (e) Target Company B having been the sole legal entity for the initial development, investment, construction and operation of Target Project B, and beneficially owns all rights and interests of Target Project B;
- (f) Target Company B having obtained filing documents and annual construction directives issued by the competent government departments in respect of Target Project B which are valid and subsisting; having obtained approval for on-grid connection of Target Project B; having obtained all valid documentation for land use rights for Target Project B; having entered into valid grid connection agreement(s) and electricity sale agreement(s) in relation to Target Project B; Target Project B having completed its construction and on-grid connection;
- (g) the Vendor having provided the Purchaser with the financial statements and relevant information of Target Company B, and which are complete, true and accurate;
- (h) the conducting of on-site due diligence inspection of Target Company B and Target Project B by the designated intermediaries of the Purchaser and the due diligence reports (including, but not limited to, legal, technical and financial due diligence reports) issued are to the satisfaction of the Purchaser;
- (i) the EPC general contractor of Target Project B having provided quality assurance on Target Project B to the satisfaction of the Purchaser and having entered into EPC general contracting agreement with Target Company B to the satisfaction of the Purchaser;

- (j) the actual deductible VAT input tax of Target Company B as of 31 December 2017 being not less than RMB30.42 million;
- (k) Target Company B having terminated the labour relationship with all its employees and there are no labour dispute;
- (l) Target Project B having obtained valid land use right of the land it occupied;
- (m) Target Project B having been included in the 7th batch of the Renewable Energy Tariff Subsidy Catalogue (可再生能源電價附加資金補助目錄 (第七批)) of the PRC;
- (n) each of the parties to Equity Transfer Agreement B having obtained their respective internal approvals for the transfer of equity interest in Target Company B;
- (o) Target Project B having satisfied all the requirements of the relevant financial institution(s) providing financing for Target Project B;
- (p) if consent is required to be obtained from the original project regulatory authority at the request of the government authorities; or such government authorities request Target Company B to obtain the consent of such other party in other agreements, contracts, documents, deeds and other documents in which Target Company B is a party; and such matters have affected or will affect the normal business operation or application of government subsidy of Target Company B, the written consent of the relevant government department or parties shall be required; and
- (q) other applicable approval(s) from the regulatory authorities in the PRC having been obtained in connection with Acquisition B.

INFORMATION ON TARGET COMPANY A AND TARGET COMPANY B

Target Company A

Target Company A is a limited liability company incorporated in the PRC, and is principally engaged in the business of solar photovoltaic power generation.

Based on the unaudited accounts of Target Company A, the unaudited total assets value and the net asset value of Target Company A as at 28 April 2018 are approximately RMB178.12 million (equivalent to approximately HK\$219.09 million) and approximately RMB17.99 million (equivalent to approximately HK\$22.13 million), respectively; and the audited net losses or profits (both before and after taxation) of Target Company A prepared under the PRC GAAP for the two financial years ended 31 December 2016 and 31 December 2017 are set out below:

	Year ended 31 December 2016 <i>RMB'000</i> audited <i>(approximately)</i>	Year ended 31 December 2017 <i>RMB'000</i> audited <i>(approximately)</i>
Net (loss)/profit before taxation	(2)	9,030
Net (loss)/profit after taxation	(2)	9,030

Target Company B

Target Company B is a limited liability company incorporated in the PRC, and is principally engaged in the business of solar photovoltaic power generation.

Based on the unaudited accounts of Target Company B, the unaudited total assets value and the net asset value of Target Company B as at 28 April 2018 are approximately RMB541.00 million (equivalent to approximately HK\$665.43 million) and approximately RMB88.49 million (equivalent to approximately HK\$108.84 million), respectively; and the audited net profits (both before and after taxation) of Target Company B prepared under the PRC GAAP for the two financial years ended 31 December 2016 and 31 December 2017 are set out below:

	Year ended 31 December 2016 <i>RMB'000</i> audited <i>(approximately)</i>	Year ended 31 December 2017 <i>RMB'000</i> audited <i>(approximately)</i>
Net profit before taxation	5,727	9,884
Net profit after taxation	5,727	10,346

INFORMATION ON THE VENDOR

The Vendor is a limited liability company incorporated in the PRC, and is principally engaged in (i) the development, maintenance and sale of energy-saving technologies and energy-saving equipment; and (ii) the technical maintenance for electrical energy-saving projects.

INFORMATION ON THE GROUP AND THE PURCHASER

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 Purchaser is a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company. It is principally engaged in the development, construction and operation of solar power plants.

REASONS FOR AND BENEFITS OF THE ACQUISITIONS

The Group, being principally engaged in the development, investment, operation and management of renewable power plants, has been identifying suitable investment opportunities to acquire renewable energy projects with good prospects and potential for stable returns. Target Project A and Target Project B have aggregate installed capacity of approximately 70MW. The Directors are of the view that the Acquisitions will supplement the Group's existing renewable power plant portfolio and further expand its scale of business in the renewable energy sector to enhance return to the shareholders of the Company.

LISTING RULES IMPLICATIONS

As at least one of the applicable percentage ratios in respect of the Equity Transfer Agreements (on an aggregate basis) is more than 5% but less than 25%, the transactions contemplated under the Equity Transfer Agreements constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements.

DEFINITIONS

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

“Acquisition A”	the acquisition of the entire equity interest in Target Company A by the Purchaser from the Vendor
“Acquisition B”	the acquisition of 80% equity interest in Target Company B by the Purchaser from the Vendor
“Acquisitions”	Acquisition A and Acquisition B
“Board”	the board of Directors
“business day(s)”	a day (other than a Saturday, Sunday or public holiday) on which banks in the PRC are generally open for business throughout their normal business hours
“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
“EPC”	engineering, procurement and construction
“Equity Transfer Agreement A”	the agreement dated 17 May 2018 entered into between the Purchaser and the Vendor in relation to Acquisition A
“Equity Transfer Agreement B”	the agreement dated 17 May 2018 entered into between the Purchaser and the Vendor in relation to Acquisition B
“Equity Transfer Agreements”	Equity Transfer Agreement A and Equity Transfer Agreement B
“Group”	the Company and its subsidiaries
“Guodian Power”	Guodian Power Inner Mongolia New Energy Development Co., Ltd.* (國電電力內蒙古新能源開發有限公司), a company established in the PRC with limited liability

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MW”	Megawatt, which equals to 1,000,000 watts
“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
“PRC GAAP”	the generally accepted accounting principles of the PRC
“Purchaser”	Chayouqianqi United Photovoltaics Electricity Co., Ltd.* (察右前旗聯合光伏發電有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company A”	Zhuozi Luyang New Energy Co., Ltd.* (卓資縣陸陽新能源有限公司), a company established in the PRC with limited liability
“Target Company B”	Hangjinhouqi Guodian Photovoltaics Electricity Co., Ltd.* (杭錦後旗國電光伏發電有限公司), a company established in the PRC with limited liability
“Target Project A”	a solar power plant project located in Ulanqab, Inner Mongolia, the PRC owned and operated by Target Company A with an installed capacity of approximately 20MW
“Target Project B”	a solar power plant project located in Bayannur, Inner Mongolia, the PRC owned and operated by Target Company B with an installed capacity of approximately 50MW

“Vendor”

Shenzhen Clou Energy Service Co., Ltd.* (深圳市科陸能源服務有限公司), a company established in the PRC with limited liability and the legal and beneficial owner of 100% equity interest in Target Company A and 80% equity interest in Target Company B

“%”

per cent.

* for identification purpose only

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

Hong Kong, 17 May 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. Li Hong, Ms. Qiu Ping, Maggie, Mr. Jiang Wei and Mr. Yu Qiuming; 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 illustrative purpose only, RMB is converted into HK\$ at the rate of RMB1 = HK\$1.23. No representation is made as to whether any amount in RMB has been or could be converted at the above rate or any other rate.