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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
FINANCE LEASE ARRANGEMENT**

FINANCE LEASE AGREEMENT

On 7 December 2018, the Lessee, a wholly-owned subsidiary of the Company, and the Lessor entered into the Finance Lease Agreement, pursuant to which the Lessor agreed to (i) purchase the Leased Assets from the Lessee at the consideration of RMB200,000,000; and (ii) following the acquisition, lease back the Leased Assets to the Lessee for a term of eight years at an estimated Lease Consideration of RMB245,140,992.35 (subject to interest rate adjustment), payable in quarterly instalments in cash. The Lessee has a right to purchase the Leased Assets at a nominal consideration of RMB1 at the end of the lease period or upon exercise of its early repayment right.

LISTING RULES IMPLICATIONS

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 Agreement exceed 5% but all the applicable percentage ratios are below 25%, the entering into of the Finance Lease Agreement constitutes a discloseable transaction of the Company and is therefore subject to reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

The Board is pleased to announce that on 7 December 2018, the Lessee, a wholly-owned subsidiary of the Company, and the Lessor entered into the Finance Lease Agreement, pursuant to which the Lessor agreed to (i) purchase the Leased Assets from the Lessee at the consideration of RMB200,000,000; and (ii) following the acquisition, lease back the Leased Assets to the Lessee for a term of eight years.

FINANCE LEASE AGREEMENT

Date: 7 December 2018

Parties

- (1) Lessee: Hami Huiteng Photovoltaic Power Company Limited* (哈密輝騰光伏電力有限公司)
- (2) Lessor: CITIC Financial Leasing Co., Ltd* (中信金融租賃有限公司)

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 from the Lessee at the consideration of RMB200,000,000 and following the acquisition, the Lessor agreed to lease back the Leased Assets to the Lessee for a term of eight years at the Lease Consideration.

(i) Payment terms of Lease Consideration

The Lease Consideration payable by the Lessee to the Lessor under the Finance Lease Agreement is estimated to be RMB245,140,992.35 (subject to interest rate adjustment) and shall be payable in 32 quarterly instalments (including estimated interest based on the interest rate as at the date of the Finance Lease Agreement) as follows:

- (a) the first to third instalments each in the sum of RMB7,980,305.33;
- (b) the fourth instalment in the sum of RMB18,867,179.19;
- (c) the fifth to seventh instalments each in the sum of RMB7,497,832.73;
- (d) the eighth instalment in the sum of RMB20,390,199.62;

- (e) the ninth to eleventh instalments each in the sum of RMB6,850,256.50;
- (f) the twelfth instalment in the sum of RMB21,888,297.63;
- (g) the thirteenth to fifteenth instalments each in the sum of RMB5,969,793.48;
- (h) the sixteenth instalment in the sum of RMB23,371,740.27; and
- (i) the seventeenth to thirty-second instalments each in the sum of RMB4,733,063.22.

Should the Lessee elect to exercise its early repayment right one year after payment of the purchase price of the Leased Assets, the Lessee shall pay the accrued Leased Consideration as at the date of early repayment to the Lessor.

(ii) Interest rate

The interest rate under the Finance 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 term plus a 25% premium on such benchmark lending rate.

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

(iii) Service fee

Pursuant to the Finance Lease Agreement, the Lessee shall pay a service fee of RMB10,000,000 to the Lessor in four instalments as follows:

- (i) RMB4,000,000 to be paid before the Lessor pays the purchase price of the Leased Assets to the Lessee; and
- (ii) three instalments each in the sum of RMB2,000,000 to be paid when the Lessee pays each of the fourth, eighth and twelfth instalments of the Lease Consideration to the Lessor.

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

(iv) Ownership of the Leased Assets

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

After the payment of Lease Consideration and other related fees and subject to fulfilment of all its obligations under the Finance Lease Agreement, the Lessee will be entitled to purchase the Leased Assets at a nominal consideration of RMB1 from the Lessor.

As at the date of the announcement, the estimated book value of the Leased Assets was approximately RMB241,584,237. For the year ended 31 December 2016, the profit before tax and net profit attributable to the Leased Assets was approximately RMB21,852,375 and RMB21,852,375, respectively. For the year ended 31 December 2017, the profit before tax and net profit attributable to the Leased Assets was approximately RMB20,664,304 and RMB19,285,780, respectively.

2. SECURITY ARRANGEMENTS FOR THE FINANCE LEASE AGREEMENT

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

- (a) United Photovoltaics (Changzhou) Investment Group Limited* (聯合光伏(常州)投資集團有限公司), a wholly-owned subsidiary of the Company, agreed to provide a joint liability guarantee in favour of the Lessor in respect of obligations of the Lessee under the Finance Lease Agreement;
- (b) the sole shareholder of the Lessee, Changzhou Guangyu New Energy Company Limited* (常州光昱新能源有限公司), a wholly-owned subsidiary of the Company, agreed to pledge its equity interest in the Lessee to the Lessor;
- (c) the Lessee agreed to pledge to the Lessor its legal title to electricity tariffs generated by the Project pursuant to certain electricity supply agreement(s) (whether subsisting or future) and procure payment of the same into the escrow account;
- (d) the Lessee agreed to pledge the land use rights on which the Project is located to the Lessor; and
- (e) the Lessee agreed to pledge its interest in the Leased Assets to the Lessor.

3. REASONS FOR AND BENEFITS OF THE FINANCE LEASE AGREEMENT

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 Agreement and the transactions contemplated thereunder provide the Company with more financial resources for development of the Project and working capital of the Lessee. The Finance Lease Agreement also allows the Group to make more efficient utilisation of internal resources. The Company has been advised that the Finance Lease Agreement 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 of the Finance Lease Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

4. 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 wholly-owned subsidiary of the Company incorporated in the PRC. It is principally engaged in investment, construction, operation, maintenance and management of solar power plants.

The Lessor is a financial leasing company established in the PRC.

5. LISTING RULES IMPLICATIONS

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 Agreement exceed 5% but all the applicable percentage ratios are below 25%, the entering into of the Finance Lease Agreement constitutes a discloseable transaction of the Company and is therefore subject to reporting and announcement requirements pursuant to 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, 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 Agreement”	the finance lease agreement dated 7 December 2018 entered into between the Lessee and the Lessor in relation to the financial leasing of the Leased Assets
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lease Consideration”	the total lease consideration in relation to the financial leasing of the Leased Assets under the Finance Lease Agreement
“Leased Assets”	certain equipment, installation facilities and assets of the Project
“Lessee”	Hami Huiteng Photovoltaic Power Company Limited* (哈密輝騰光伏電力有限公司), a wholly-owned subsidiary of the Company
“Lessor”	CITIC Financial Leasing Co., Ltd* (中信金融租賃有限公司)
“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

“Project”	phases one and two of the Hami Huiteng solar plant project located in Hami City, Xinjiang, PRC with an aggregate installed capacity of 40MW owned by the Lessee
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 7 December 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 (Co-Chairman), Mr. Yu Qiuming (Co-Chief Executive Officer), Mr. Li Hong and Mr. Li Guangqiang; 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*