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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

DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF A SUBSIDIARY

THE DISPOSAL

On 19 March 2019 (after trading hours), the Seller, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Buyer, pursuant to which the Seller has agreed to sell, and the Buyer has agreed to buy, the Sale Shares, representing the entire issued share capital of the Target Company, at a consideration of GBP34,048,997.75. The Target Company owns six operational solar power plants with an aggregate installed capacity of approximately 82.5MW located in the UK. HSBC acted as the sole financial advisor to the Company.

Completion took place simultaneously with the signing of the Sale and Purchase Agreement. Upon Completion, the Target Company ceased to be a subsidiary of the Company and the financial results of the Target Group will no longer be consolidated to the financial statements of the Group.

LISTING RULES IMPLICATION

As some of the applicable percentage ratios in respect of the Sale and Purchase Agreement are more than 5% but less than 25%, the transaction contemplated under the Sale and Purchase Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to reporting and announcement requirements but is exempt from Shareholders' approval requirement under the Listing Rules.

The Board is pleased to announce that on 19 March 2019 (after trading hours), the Seller, an indirect wholly owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Buyer in relation to the disposal of the Sale Shares, representing the entire issued share capital of the Target Company. The Target Company owns, via the Target Group, six operational solar power plants with an aggregate installed capacity of approximately 82.5MW located in the UK. HSBC acted as the sole financial advisor to the Company.

THE SALE AND PURCHASE AGREEMENT

Date

19 March 2019

Parties to the Sale and Purchase Agreement

(a) the Seller; and

(b) the Buyer.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Buyer and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Assets to be disposed of

Pursuant to the Sale and Purchase Agreement, the Buyer has agreed to buy, and the Seller has agreed to sell, the Sale Shares.

The Target Company indirectly via the Target Group owns a portfolio comprising six solar power plants with an aggregate installed capacity of approximately 82.5MW located in the UK, all of which commenced operation in the first quarter of 2015.

Consideration

Pursuant to the Sale and Purchase Agreement, the Consideration is GBP34,048,997.75, which will be payable by the Buyer to the Seller in the following manner:

- (1) a sum of GBP 33,878,997.75 shall be paid to the Seller in cash on Completion; and
- (2) a sum of GBP 170,000 shall be withheld by the Buyer as holdback funds to be paid out on the second anniversary of the Sale and Purchase Agreement, less, if applicable, such amounts of any Historical Debt which is paid by any Target Group Member or has been requested to be paid by the relevant creditor for such Historical Debt after Completion.

The Consideration was arrived at after arm's length negotiations on normal commercial terms taking into considerations of prevailing market conditions, operational status of the Target Projects and financial position of the Target Group.

Completion

Completion took place simultaneously with the signing of the Sale and Purchase Agreement.

Upon Completion, the Target Company ceased to be a subsidiary of the Company and the financial results of the Target Group will no longer be consolidated to the financial statements of the Group.

INFORMATION OF THE TARGET GROUP

The Target Company is a private limited company incorporated in Luxembourg on 4 September 2014, and is principally engaged in investments in UK-based solar power plants. The Target Company, through six direct, wholly-owned subsidiaries incorporated in England and Wales, owns and operates the Target Projects. The Target Projects commenced commercial operation in the first quarter of 2015.

Set out below a summary of key financial data of the Target Group based on the unaudited financial statements for the two years ended 31 December 2017 and 31 December 2018 respectively:

	For the year ended	
	31 December	
	2018	2017
	(GBP'000)	(GBP'000)
Profit/(Loss) before taxation	1,367	(1,438)
Profit/(Loss) after taxation	1,016	(1,764)

The unaudited net asset value of the Target Group as at 31 December 2018 was approximately GBP30,136,000.

INFORMATION ON THE BUYER

Greencoat Solar is a platform within Greencoat Capital LLP managing two funds (Greencoat Solar I LP and Greencoat Solar II LP) with in excess of £ 1.2 billion in commitments. Greencoat Solar owns and operates ground mount solar PV generation assets.

Greencoat Capital LLP is a specialist asset manager dedicated to the resource efficiency and renewable energy sectors. It has offices in London and Dublin and more than £ 3bn under management, making it one of the largest such fund managers in Europe. It was founded in 2009 and currently has fund mandates with segregated strategies in wind infrastructure, solar infrastructure and private equity.

INFORMATION ON THE GROUP

The Company is an investment holding company and operates its businesses through its subsidiaries. The Group is principally engaged in development, investment, operation and management of renewable energy power plants.

FINANCIAL EFFECTS OF THE DISPOSAL AND USE OF PROCEEDS

It is estimated that the Company would recognise a gain of approximately GBP1.8 million from the Disposal (subject to audit) being the difference between (i) the Consideration, (ii) the unaudited consolidated total net asset value of the Target Company as recorded in the Group's financial statement as at the date of Completion; and (iii) the estimated expenses to be incurred from the Disposal. However, the calculations are only estimates provided for illustrative purposes. Shareholders should note that the actual amount of gain on the Disposal to be recorded by the Company will be subject to review by the auditors of the Company.

It is intended that the net proceeds will be used for repayment of indebtedness owed by the Group and general working capital of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

Given the operating environment of the solar energy industry in the UK and having considered the terms of the Sale and Purchase Agreement, the Board is of the view that the Disposal will be a good opportunity for the Group to realise its investment in the Target Group, and will improve the liquidity and deleveraging of the Group. The Disposal will enable the Group to free up capital for its operations and any potential new investment opportunities that can give a better return so as to enhance the shareholder value. The Board believes that the terms of the Disposal are fair and reasonable and in the interests of the Shareholders as a whole.

LISTING RULES IMPLICATION

As some of the applicable percentage ratios in respect of the Sale and Purchase Agreement are more than 5% but less than 25%, the transaction contemplated under the Sale and Purchase Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to reporting and announcement requirements but is exempt from Shareholders' approval requirements under the Listing Rules.

DEFINITIONS

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

“Board”	board of the Directors
“Buyer”	Greencoat Solar Assets II Limited, a company incorporated in England and Wales with limited liability
“Consideration”	The consideration of GBP34,048,997.75 payable by the Buyer for the Disposal pursuant to the Sale and Purchase Agreement
“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 issued shares of which are listed on the main board of Stock Exchange

“Completion”	the completion of the sale and purchase of the Sale Shares
“connected person(s)”	has the meanings ascribed to it under the Listing Rules
“Disposal”	the disposal of the Sale Shares by the Seller to the Buyer pursuant to the Sale and Purchase Agreement
“Directors”	the directors of the Company
“GBP”	British Pounds, the lawful currency of the UK
“Group”	the Company and its subsidiaries
“Historical Debt”	certain payables of the Target Group with invoice date on or before 1 January 2017
“Hong Kong”	The HongKong Special Administrative Region of the People’s Republic of China
“HSBC”	The HongKong and Shanghai Banking Corporation Limited
“Listing Rules”	the Rules Governing the Listing of Securities of the Stock Exchange
“Sale and Purchase Agreement”	the sale and purchase agreement dated 19 March 2019 entered into between the Seller and the Buyer in respect of the Disposal
“Seller”	Pearl International Investments, a private limited liability company incorporated in Grand Duchy of Luxembourg and an indirect wholly-owned subsidiary of the Company
“Share(s)”	ordinary share(s) of HK\$0.1 each in the issued share capital of the Company
“Sale Shares”	All the issued shares in the capital of the Target Company
“Shareholder(s)”	the holder(s) of the Shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Company”	Notus Investments 2 S.à r.l., a private limited liability company incorporated in Grand Duchy of Luxembourg, a wholly-owned subsidiary of the Company immediately before the Completion
“Target Group”	the Target Company and its direct, wholly-owned subsidiaries incorporated in England and Wales
“Target Group Member”	any company which is a member of the Target Group on the date of the Sale and Purchase Agreement
“Target Projects”	six operational solar power plants located in the UK, with an aggregate installed capacity of approximately 82.5MW
“UK”	the United Kingdom
“%”	per cent

By Order of the Board
Panda Green Energy Group Limited
Li, Alan and Lu Zhenwei
Chairmen of the Board

Hong Kong, 20 March 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.