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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)

- (1) SUBSCRIPTION AND ISSUANCE OF NEW SHARES UNDER
SPECIFIC MANDATE;
(2) APPLICATION FOR WHITEWASH WAIVER;
AND
(3) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

Financial Adviser to the Company



THE SUBSCRIPTION AND ISSUANCE OF NEW SHARES UNDER SPECIFIC MANDATE

The Board is pleased to announce that on 19 November 2019 (after trading hours), the Company and the Subscriber entered into the Subscription Agreement, pursuant to which, the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 7,176,943,498 Shares at the Subscription Price of HK\$0.25 per Subscription Share for a total cash consideration of HK\$1,794,235,874.5.

The Subscription Shares represent approximately (i) 47.06% of the issued share capital of the Company as at the date of this announcement; and (ii) 32.00% of the enlarged fully paid up issued share capital of the Company upon completion of the Subscription (assuming that there is no change in the issued share capital of the Company other than the issue of the Subscription Shares). The Subscription Shares will be issued pursuant to the Specific Mandate to be obtained at the SGM.

The Subscription Shares, when allotted and issued, will rank equally in all respects among themselves and with the Shares then in issue.

The issuance of the Subscription Shares is subject to, among other things, approval by the Independent Shareholders at the SGM. Resolutions will be proposed to the Shareholders at the SGM to approve, among other things, the Specific Mandate to allot and issue the Subscription Shares under the Subscription Agreement and the Whitewash Waiver.

APPLICATION FOR WHITEWASH WAIVER

As at the date of the Subscription Agreement, the Subscriber and parties acting in concert with it did not own or have control or direction over any Shares. Upon completion of the Subscription, the Subscriber will hold 7,176,943,498 Shares, representing approximately 32.00% of the enlarged fully paid up issued share capital of the Company (assuming there is no other change in the issued share capital of the Company save for the allotment and issuance of the Subscription Shares pursuant to the Subscription).

Under Rule 26.1 of the Takeovers Code, upon the allotment and issuance of the Subscription Shares at Completion (assuming there is no change in the issued share capital of the Company other than the allotment and issuance of the Subscription Shares), the Subscriber would be obliged to make a mandatory general offer to the Shareholder for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by the Subscriber and parties acting in concert with it unless Whitewash Waiver is granted by the Executive and the approval by 75% of the Independent Shareholders is obtained in accordance with the Takeovers Code.

In this regard, an application has been made to the Executive for the Whitewash Waiver in respect of the allotment and issuance of the Subscription Shares. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, the condition that respective resolutions relating to the Whitewash Waiver on one hand, and the Subscription Agreement and the grant of Specific Mandate on the other hand, being separately approved by at least 75% and more than 50% respectively of the votes cast by the Independent Shareholders at the SGM by way of poll. The Subscriber and parties acting in concert with it, and other Shareholders who are involved or interested in the Subscription Agreement and/or the Whitewash Waiver shall abstain from voting at the SGM in respect of the resolution(s) approving the Subscription Agreement and the transactions contemplated thereunder as well as the Whitewash Waiver.

The Whitewash Waiver may or may not be granted by the Executive and if granted, will, among others, be subject to the condition that respective resolutions relating to the Whitewash Waiver on one hand, and the Subscription Agreement and the grant of Specific Mandate on the other hand, being separately approved by at least 75% and more than 50% respectively of the votes cast by the Independent Shareholders at the SGM by way of poll. Completion of the Subscription is conditional upon, among other things, the Whitewash Waiver being granted by the Executive and approved by the Independent Shareholders.

ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, which comprises all the non-executive Directors and independent non-executive Directors in compliance with Rule 2.8 of the Takeovers Code, has been formed to advise the Independent Shareholders on the terms of the Subscription Agreement and the transactions contemplated thereunder as well as the Whitewash Waiver. None of the members of the Independent Board Committee has any interest or involvement in the transactions contemplated under the Subscription Agreement or the Whitewash Waiver.

Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder as well as the Whitewash Waiver. The Company will make another announcement upon the appointment of the Independent Financial Adviser.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The Board proposes to increase the authorised share capital of the Company from HK\$2,000,000,000.00 divided into 20,000,000,000 Shares of HK\$0.1 each to HK\$3,000,000,000.00 divided into 30,000,000,000 Shares of HK\$0.1 each by the creation of an additional 10,000,000,000 new Shares, which shall rank equally in all respects with the existing Shares.

The Increase in Authorised Share Capital is conditional upon the passing of an ordinary resolution by the Shareholders at the SGM to consider and, if thought fit, approve the proposed Increase in Authorised Share Capital.

THE SGM

The SGM will be held to consider and, if thought fit, pass resolutions to approve, among other matters, (a) the Subscription Agreement and transactions contemplated thereunder; (b) granting of the Specific Mandate; (c) the Whitewash Waiver; and (d) proposed Increase in Authorised Share Capital. The voting in relation to resolutions to be proposed at the SGM will be conducted by way of a poll.

A circular containing, among other things, (i) details of the Subscription, the Specific Mandate, the Whitewash Waiver and the proposed Increase in Authorised Share Capital; (ii) a letter of the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Subscription and the Whitewash Waiver; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscription and the Whitewash Waiver; and (iv) a notice of the SGM which will be despatched to the Shareholders in compliance with the requirements of the Listing Rules and the Takeovers Code, is expected to be despatched on or before 10 December 2019.

Warning: the Subscription is subject to certain conditions being fulfilled and may or may not proceed. Shareholders and potential investors of the Company are advised to exercise extreme caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers.

INTRODUCTION

Reference is made to the announcement issued by the Company on 2 August 2019 in relation to the MOU setting out parties' agreement about potential strategic cooperation.

On 19 November 2019 (after the trading hours), the Company and the Subscriber entered into the Subscription Agreement, pursuant to which, the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, a total of 7,176,943,498 Subscription Shares, at the Subscription Price of HK\$0.25 per Subscription Share.

(1) THE SUBSCRIPTION AGREEMENT

Date: 19 November 2019 (after trading hours)

Parties: Issuer: the Company; and
Subscriber: the Subscriber

As well as confirmed in writing by the Subscriber to the Company, each of the Subscriber and its ultimate beneficial owners does not own or have control or direction over any Shares as at the date of this announcement and is a party independent of the Company and the connected persons (as defined under the Listing Rules) of the Company. Please refer to the section headed "Information of the Subscriber" for more information of the Subscriber.

The Subscription Shares

Pursuant to the Subscription Agreement, the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 7,176,943,498 Shares at the Subscription Price of HK\$0.25 per Subscription Share.

The Subscription Shares represent approximately (i) 47.06% of the issued share capital of the Company as at the date of this announcement; and (ii) 32.00% of the enlarged fully paid up issued share capital of the Company upon completion of the Subscription (assuming that there is no change in the issued share capital of the Company other than the issue of the Subscription Shares). The Subscription Shares will be issued pursuant to the Specific Mandate to be obtained at the SGM. The aggregate nominal value of the Subscription Shares is HK\$717,694,349.8.

The Subscription Price

The Subscription Price of HK\$0.25 per Subscription Share represents:

- (i) a discount of approximately 21.88% to the closing price of HK\$0.32 per Share as quoted on the Stock Exchange on 2 August 2019, being the date of the MOU;
- (ii) a premium of approximately 7.76% over the closing price of HK\$0.232 per Share as quoted on the Stock Exchange on 19 November 2019, being the Last Trading Day;
- (iii) a premium of approximately 9.17% over the average closing price of approximately HK\$0.229 per Share for the last five consecutive trading days up to and including the Last Trading Day;
- (iv) a premium of approximately 10.13% over the average closing price of approximately HK\$0.227 per Share for the last ten consecutive trading days up to and including the Last Trading Day; and
- (v) a discount of approximately 48.98% to the unaudited consolidated net asset value per Share of the Company of approximately RMB0.44 (equivalent to approximately HK\$0.49) as at 30 June 2019.

The aggregate Subscription Price amounts to approximately HK\$1,794,235,874.5 which shall be payable in cash by the Subscriber. The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber after taking into account (i) the prevailing market price of the Shares, (ii) the volume of the Subscription Shares, (iii) the recognizable brand name, extensive network, solid financial prowess and well-qualified professionals of the Subscriber, (iv) the potential financial, operational, managerial and brand-promotional support from the Subscriber, (v) the credit enhancement guarantee to be provided by the Subscriber to lower the Group's financing costs and (vi) synergy effects to be brought by the Subscriber to the Group in future cooperation in the renewable energy industry where the Subscriber has mastered leading industry expertise. As of the date of this announcement, there is no concrete plan for the parties' future cooperation, and there is no profit forecast or other financial information available in relation to this future plan.

The Board (excluding the relevant Directors in their capacity as the members of the Independent Board Committee who will give their opinion after reviewing the advice from the Independent Financial Adviser) considers that the Subscription Price and the terms of the Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Conditions of the Subscription

The Subscription is conditional upon satisfaction (or waiver (i) by the Subscriber in the case of paragraphs (a) and (c) in respect of undertakings and warranties given by the Company or (ii) by the Company in the case of (b) and (c) in respect of the undertakings and warranties given by the Subscriber) of the following conditions:

- (a) the Subscriber having completed due diligence on the legal, financial, business and other aspects of the Company and the Group;
- (b) execution and delivery of an undertaking letter by the Subscriber and its affiliates (if applicable) in favour of the Company to provide RMB8,000,000,000 to RMB10,000,000,000 credit enhancement guarantee depending on the specific requirements of the Company in the upcoming three years;
- (c) the undertakings and warranties given by the Subscriber and the Company in the Subscription Agreement remaining true and accurate in all material respects;
- (d) prior to the Completion, there being no governmental action, court order, proceeding, inquiry or investigation to render the Subscription illegal or to impose a prohibition or restriction on the Subscription;
- (e) the Shareholders (or the Independent Shareholders, as the case may be) passing all necessary resolutions to be proposed at the SGM which are necessary for the transactions contemplated under the Subscription Agreement to be effective in compliance with the Listing Rules and the Takeovers Code, including but not limited, to approve:
 - i. the entering into, delivering and performance of the Subscription Agreement and the transactions contemplated thereunder;
 - ii. the granting of the Specific Mandate for the allotment and issuance of the Subscription Shares in accordance with the terms and conditions of the Subscription Agreement;
 - iii. the Whitewash Waiver; and
 - iv. the proposed Increase in Authorised Share Capital;
- (f) the Listing Committee of the Stock Exchange granting approval for the listing of and permission to deal in the Subscription Shares to be issued (and such approval not being subsequently revoked prior to the Completion);
- (g) the Executive granting the Whitewash Waiver to the Subscriber and parties acting in concert with it and the satisfaction of all conditions (if any) attached to the Whitewash Waiver granted; and

- (h) the Subscriber obtaining the following governmental approvals:
- i. approval from the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality;
 - ii. consent or waiver from the Anti-monopoly Bureau of the State Administration for Market Regulation; and
 - iii. consent or waiver from the Beijing Development and Reform Commission.

Warning: In relation to condition (b), the salient terms of any facility to be provided in connection with the guarantee will be further negotiated and agreed with the parties to the relevant transactions. Whether the Subscriber will charge any fees in connection with the provision of guarantee will be subject to the facility negotiation as well. In the event that any transaction in relation to the provision of facility or guarantee is subject to any applicable reporting, annual review and disclosure requirements under the Listing Rules, especially Chapter 14A of the Listing Rules, the Company will comply with the relevant requirements in due course. Furthermore, in the event that the Company and the Subscriber cannot agree on the terms of the credit enhancement guarantee, or condition (b) is waived by the Company or the Shareholders' approval cannot be obtained in relation to the grant of credit enhancement guarantee (if required), pursuant to the Listing Rules, subject to the satisfaction of the conditions set out above, the Subscription will proceed without the credit enhancement guarantee by the Subscriber.

Other than condition (h), each party to the Subscription Agreement is not aware of any other approval, permission, consent, authorisation, assurance, confirmation and certificates (if any) from the governmental, executive, regulatory, judicial bodies, court or arbitral organisation for the Subscription Agreement and the transactions contemplated thereunder.

As at the date of this announcement, none of the above conditions has been fulfilled or waived.

The Company and the Subscriber shall use their best endeavours to ensure the fulfilment of the above conditions precedent as soon as practicable. Save that the Subscriber has the right to waive conditions (a) and (c) in respect of undertakings and warranties given by the Company and the Company has the right to waive conditions (b) and (c) in respect of the undertakings and warranties given by the Subscriber, none of the above conditions can be waived by any party to the Subscription Agreement. In particular, if the Whitewash Waiver is not granted by the Executive or approved by the Independent Shareholders at the SGM, the Subscription will not proceed.

In the event that the conditions have not been fulfilled or waived (as the case may be) by three (3) months from the date of the SGM or any other date agreed by the parties, the Subscription Agreement will be terminated automatically and cease to be effective, and thereafter neither party shall have any obligations and liabilities towards each other save for any antecedent breach.

Completion

Completion shall take place at 10:00 a.m. on the Completion Day after the conditions of the Subscription have been fulfilled or waived (as the case may be) (or such other date and time as may be agreed between the Company and the Subscriber). At Completion, the Subscriber shall effect payment of the aggregate Subscription Price in full, and the Company shall simultaneously, among other things, allot and issue the Subscription Shares to the Subscriber.

Ranking

The Subscription Shares will rank equally in all respects with the Shares in issue as at the date of allotment and issuance of the Subscription Shares.

Mandate for the issue of the Subscription Shares

The allotment and issuance of the Subscription Shares are subject to approval by the Independent Shareholders at the SGM to be convened and held. Resolution(s) will be proposed at the SGM to approve, among other things, the Specific Mandate to allot and issue the Subscription Shares under the Subscription Agreement.

Listing application

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

INFORMATION OF THE SUBSCRIBER

The Subscriber is a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Beijing Energy Holding Co., Ltd. (北京能源集團有限責任公司), which is a state-owned company in the PRC indirectly wholly owned by the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality. The Subscriber and its subsidiaries are principally engaged in electricity production and supply, thermal heat production and supply, the production and sale of coal, property development and real estate management. The Subscriber and its ultimate beneficial owners are Independent Third Parties.

INFORMATION OF THE COMPANY AND THE GROUP

The Company is an investment holding company. The Group is a leading global eco-development solutions provider and is principally engaged in the development, investment, operation and management of solar power plants and other renewable energy projects.

Set out below is a summary of the audited financial results of the Group for the year ended 31 December 2018 extracted from the published annual report of the Group:

	For the year ended 31 December 2018 (RMB' million)
Net loss before taxation	470
Net loss after taxation	454
Net loss attributable to Shareholders	451
Net assets	5,870

Set out below is a summary of the unaudited results of the Group for the six months ended 30 June 2019 extracted from the published interim report of the Group:

	For the six months ended 30 June 2019 (RMB' million)
Net profit before taxation from continuing operations	139
Net profit after taxation from continuing operations	110
Net profit attributable to Shareholders from continuing operations	100
Net assets	7,286

Please note that the above figures are unaudited and are included for reference purpose only.

REASONS FOR THE SUBSCRIPTION

The Company has been actively looking for cooperation opportunities to improve its financial and operational capabilities. The Directors are of the view that the Subscription represents a good opportunity for the Company to raise funds to strengthen its capital base, to improve its financial position for the Company's future development and to introduce strategic investors to the Company. The Directors are also of the view that the Subscription represents an opportunity for the Group to bring in a solid strategic investor, namely the Subscriber, by doing so, the Company shall be able to enhance its credit rating, lower its financing costs and improve liquidity position of the Company, in particular to repay the outstanding US\$350 million senior unsecured bonds which will mature on 25 January 2020.

Furthermore, the Subscriber has leading expertise in wind power and photovoltaics development, and as a strategic investor to the Company, it would provide design and technical support to the Group's ongoing and future photovoltaics development projects. The Directors will explore opportunities for the Group to generate synergy with the Subscriber in the future. As at the date of this announcement, the Company does not have any concrete plan for acquisition, expansion or other synergy.

The Board (excluding the relevant Directors in their capacity as the members of the Independent Board Committee who will give their opinion after reviewing the advice from the Independent Financial Adviser) is therefore of the view that the Subscription is in the interests of the Company and the Shareholders as a whole.

Future intentions of the Subscriber regarding the Group

Upon Completion, the Subscriber will become a controlling shareholder (as defined under the Listing Rules) of the Company. The Subscriber considers and confirms that:

- (a) it is intended that the Group will continue with its existing business following the Completion;
- (b) it shares the view of the Board as disclosed in the paragraph headed "Reasons for the Subscription" above, in which it is mentioned that the Subscription is in the interests of the Group;
- (c) there is no intention to introduce any major changes to the existing business of the Group or the continued employment of the Group's employees and there is no intention to redeploy the fixed assets of the Group other than in its ordinary course of business;
- (d) the Subscriber recognises the asset quality of the Company and will assist the Company in reducing financing costs with its credit advantages; and
- (e) as both the Subscriber and the Company are involved in the renewable energy industry and have geographical overlap in project level, future cooperation in talent, technology and management could be further implemented to improve operational efficiency.

CHANGES TO THE COMPOSITION OF THE BOARD

At the date of this announcement, the Subscriber does not have any concrete and immediate plan to propose changes to the composition of the Board. Any proposed changes to the Board will be announced and further submitted to the Shareholders in accordance with the Listing Rules and the articles of association of the Company. Details of the professional qualifications and experience of each of the proposed Directors will be included in the relevant announcement and/or circular of the Company, as appropriate.

USE OF PROCEEDS

The gross proceeds of the Subscription is approximately HK\$1,794,235,874.5. The net proceeds of the Subscription is estimated to be approximately HK\$1,763,745,794.86 and the net proceeds raised per Subscription Share upon completion of the Subscription will be approximately HK\$0.2458 per Subscription Share.

All the net proceeds of the Subscription will be applied for repayment of outstanding debts, in particular for the outstanding US\$350 million senior unsecured bonds which will mature on 25 January 2020.

SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has a total of 15,251,004,934 Shares in issue, and a total of 315,111,000 Share Options and 871,075,858 unlisted warrants remain outstanding.

Set out below are the shareholding structure of the Company (i) as at the date of this announcement; (ii) upon Completion (assuming there is no change in the issued share capital of the Company other than the issue of the Subscription Shares); and (iii) upon Completion (assuming there is no change in the issued share capital of the Company other than the issue of the Subscription Shares and upon full exercise of the existing Share Options and unlisted warrants).

Shareholders	As at the date of this announcement ^(Note 1)		Upon Completion (assuming there is no change in the issued share capital of the Company other than the issue of the Subscription Shares) ^(Note 2)		Upon Completion (assuming there is no change in the issued share capital of the Company other than the issue of the Subscription Shares and upon full exercise of the existing Share Options and unlisted warrants) ^(Note 3)	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
The Subscriber	–	–	7,176,943,498	32.00	7,176,943,498	30.39
China Merchants New Energy Group Limited and its parties acting in concert	3,469,281,329 <i>(Note 4)</i>	22.75	3,469,281,329 <i>(Note 4)</i>	15.47	3,832,229,603	16.23
China Huarong Overseas Investment Holdings Co., Limited	3,048,927,933 <i>(Note 5)</i>	19.99	3,048,927,933 <i>(Note 5)</i>	13.59	3,048,927,933	12.91
Huaqing Solar Power Limited	3,048,750,000 <i>(Note 6)</i>	19.99	3,048,750,000 <i>(Note 6)</i>	13.59	3,048,750,000	12.91
Public Shareholders	5,684,045,672	37.27	5,684,045,672	25.35	6,507,284,256	27.56
Total	15,251,004,934	100.00	22,427,948,432	100.00	23,614,135,290	100.00

Notes:

1. These percentages are calculated based on 15,251,004,934 Shares in issue as at the date of this announcement.
2. These percentages are calculated based on 22,427,948,432 Shares in issue upon Completion (assuming there is no change in the issued share capital of the Company other than the issue of the Subscription Shares).
3. These percentages are calculated based on 23,614,135,290 Shares in issue upon Completion (assuming there is no change in the issued share capital of the Company other than the issue of the Subscription Shares and upon full exercise of the existing Share Options and unlisted warrants).
4. These shares are held by the associates of and the parties acting in concert with China Merchants New Energy Group Limited (招商新能源集團有限公司) * (“CMNEG”) pursuant to an agreement under Section 317 of the SFO. CMNEG is indirectly owned as to 79.36% by China Merchants Group Limited * (招商局集團有限公司) .
5. These shares are held by the subsidiaries of China Huarong Overseas Investment Holdings Co., Limited* (中國華融海外投資控股有限公司) , which is an indirectly wholly-owned subsidiary of Huarong Huaqiao Asset Management Co., Ltd.* (華融華僑資產管理股份有限公司) , owned as to 91% by Huarong Zhiyuan Investment & Management Co., Ltd.* (華融致遠投資管理有限責任公司) .
6. These shares are held by Huaqing Solar Power Limited, which is indirectly wholly-owned by Qingdao City Construction Investment (Group) Co., Ltd.* (青島城市建設投資(集團)有限責任公司) .

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has conducted the following fund raising activity in the past twelve months from the date of this announcement:

Date of announcement	Fund raising activities	Net Proceeds	Intended use of proceeds as announced	Actual use of proceeds
20 January 2019	The Company entered into subscription agreements with various existing shareholders and one existing debt holder for issuing and allotting approximately 5,721,193,467 subscription shares at HK\$0.3 for each subscription share.	Approximately HK\$797 million (equivalent to approximately RMB695 million) after setting-off against a loan of approximately HK\$915 million (equivalent to approximately RMB799 million) from one of the subscribers	Approximately HK\$781 million (representing approximately 98% of the net proceeds) were intended to be used for the repayment of indebtedness which became due by April 2019 and approximately HK\$16 million (representing approximately 2% of the net proceeds) were intended to be used for general working capital of the Group. Please refer to the announcements of the Company dated 20 January 2019, 21 February 2019, 18 March 2019 and 21 March 2019 respectively, and the circular of the Company dated 1 March 2019 for details.	All the net proceeds raised by the Company from the subscription of new Shares were fully used, according to the intentions as previously disclosed by the Company, and there was no material change or delay in the use of net proceeds.

The Subscriber does not have any agreement, arrangement, understanding or relationship with or is acting in concert with any of the subscribers to the subscription agreements dated 20 January 2019 as provided above.

Save as disclosed above, the Company has not conducted any fund raising activities in the past twelve months before the date of this announcement.

The Company does not believe that the Subscription will give rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If any concern should arise after the release of this announcement, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the circular. The Company notes that the Executive may not grant the Whitewash Waiver if the Subscription does not comply with other applicable rules and regulations.

INFORMATION REQUIRED UNDER THE TAKEOVERS CODE

Each of the Subscriber, its ultimate beneficial owners and/or the parties acting in concert with it has confirmed that neither it nor any person acting in concert with it:

- (a) has acquired or disposed of or entered into any agreement or arrangement to acquire or dispose of any voting rights in the Company within the six months prior to the date of the announcement dated 2 August 2019 in relation to the MOU (save for the strategic cooperation contemplated thereunder and the discussion with the Directors thereon);
- (b) will make any acquisitions or disposals of voting rights in the Company in the period between this announcement and the completion of the Subscription;
- (c) owns or has control or direction over any voting rights or rights over the Shares or any outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of Shares nor has entered into any outstanding derivative in respect of securities in the Company;
- (d) has any arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) with any other persons in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company or of the Subscriber which might be material to the transactions contemplated under the Subscription Agreement and/or the Whitewash Waiver;
- (e) other than the aggregate Subscription Price payable under the Subscription Agreement, has paid or will pay any other consideration, compensations or benefits in whatever form to the Company or any parties acting in concert with it in relation to the Subscription Shares;

- (f) has entered into any understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Subscriber or parties acting in concert with it on one hand and the Company and the Shareholders on the other hand;
- (g) has entered into any understanding, agreement, arrangement or special deal between the Company, its subsidiaries or associated companies on one hand and any Shareholders on the other hand;
- (h) has received any irrevocable commitment from any Independent Shareholders as to whether they will vote for or against the resolution approving the transactions contemplated under the Subscription Agreement and/or the Whitewash Waiver;
- (i) has any agreements or arrangements to which it is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the transactions contemplated under the Subscription Agreement or the Whitewash Waiver (including any such agreements or arrangements that would result in any break fees being payable); and
- (j) has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

SECURITIES OF THE COMPANY

As at the date of this announcement, details of all classes of relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by the Company are as follows:

- (a) a total of 15,251,004,934 Shares are in issue;
- (b) 20,400,000 outstanding Share Options granted under the Share Option Scheme, which may be exercised into 20,400,000 Shares at the exercise price of HK\$1.00 per Share Option;
- (c) 11,211,000 outstanding Share Options granted under the Share Option Scheme, which may be exercised into 11,211,000 Shares at the exercise price of HK\$0.564 per Share Option;
- (d) 213,500,000 outstanding Share Options granted under the Share Option Scheme, which may be exercised into 213,500,000 Shares at the exercise price of HK\$1.076 per Share Option;
- (e) 70,000,000 outstanding Share Options granted under the Share Option Scheme, which may be exercised into 70,000,000 Shares at the exercise price of HK\$1.132 per Share Option; and

- (f) outstanding unlisted warrants approved by the Shareholder on 28 November 2016 and issued on 20 March 2017, where 871,075,858 new Shares may be issued upon full exercise of such warrants at the exercise price of HK\$0.646 per warrant share (subject to adjustment).

Save as aforesaid, the Company has no other outstanding shares, options, warrants, derivatives or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) that carry a right to subscribe for or which are convertible into Shares.

DEALINGS DISCLOSURE

In accordance with Rule 3.8 of the Takeovers Code, the respective associates of the Company and the Subscriber (as defined under the Takeovers Code and including a person who owns or controls 5% or more of any class of relevant securities issued by the Company or the Subscriber) are hereby reminded to disclose their dealings in the securities of the Company pursuant to Rule 22 of the Takeovers Code. In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules of the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7-day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

(2) APPLICATION FOR WHITEWASH WAIVER

Upon completion of the Subscription, the Subscriber will hold 7,176,943,498 Shares, representing approximately 32.00% of the enlarged fully paid up issued share capital of the Company (assuming there are no other change in the issued share capital of the Company save for the allotment and issuance of the Subscription Shares pursuant to the Subscription).

Under Rule 26.1 of the Takeovers Code, upon the allotment and issuance of the Subscription Shares at Completion (assuming there is no change in the issued share capital of the Company other than the issue of the Subscription Shares), the Subscriber would be obliged to make a mandatory general offer to the Shareholders for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by the Subscriber and parties acting in concert with it unless Whitewash Waiver is granted by the Executive and the approval by 75% of the Independent Shareholders is obtained in accordance with the Takeovers Code.

In this regard, an application has been made to the Executive for the Whitewash Waiver in respect of the allotment and issuance of the Subscription Shares. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, the condition that respective resolutions relating to the Whitewash Waiver on one hand, and the Subscription Agreement and the grant of Specific Mandate on the other hand, being separately approved by at least 75% and more than 50% respectively of the votes cast by the Independent Shareholders at the SGM by way of poll.

The Whitewash Waiver may or may not be granted by the Executive. Completion of the Subscription is conditional upon, among other things, the Whitewash Waiver being granted by the Executive and approved by the Independent Shareholders. If the Whitewash Waiver is not granted by the Executive or not approved by the Independent Shareholders, the Subscription will not proceed.

ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee

The Independent Board Committee, which comprises all the non-executive Directors and independent non-executive Directors in compliance with Rule 2.8 of the Takeovers Code, has been formed to advise the Independent Shareholders on the terms of the Subscription Agreement and the transactions contemplated thereunder as well as the Whitewash Waiver. None of the members of the Independent Board Committee has any interest or involvement in the transactions contemplated under the Subscription Agreement or the Whitewash Waiver.

Appointment of the Independent Financial Adviser

The Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder as well as the Whitewash Waiver. The Company will make another announcement upon the appointment of the Independent Financial Adviser.

(3) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The Board proposes to increase the authorised share capital of the Company from HK\$2,000,000,000.00 divided into 20,000,000,000 Shares of HK\$0.1 each to HK\$3,000,000,000.00 divided into 30,000,000,000 Shares of HK\$0.1 each by the creation of an additional 10,000,000,000 new Shares, which shall rank equally in all respects with the existing Shares.

The Increase in Authorised Share Capital is conditional upon the passing of an ordinary resolution by the Shareholders at the SGM to consider and, if thought fit, approve the Increase in Authorised Share Capital. The approval of the proposed Increase in Authorised Share Capital by the Shareholders at the SGM is a condition precedent to the Completion.

GENERAL

The SGM will be held to consider and, if thought fit, pass resolutions to approve, among other matters, (a) the Subscription Agreement and transactions contemplated thereunder; (b) granting of the Specific Mandate; (c) the Whitewash Waiver; and (d) proposed Increase in Authorised Share Capital. The voting in relation to resolutions to be proposed at the SGM will be conducted by way of a poll.

A circular containing, among other things, (i) details of the Subscription, the Specific Mandate, the Whitewash Waiver, the proposed Increase in Authorised Share Capital; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Subscription and the Whitewash Waiver; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscription and the Whitewash Waiver; and (iv) a notice of the SGM which will be despatched to the Shareholders in compliance with the requirements of the Listing Rules and the Takeovers Code, is expected to be despatched on or before 10 December 2019.

Warning: The Subscription is subject to the fulfilment or waiver (as the case may be) of a number of conditions precedent set out under the section headed “Conditions of the Subscription” in this announcement, including approval at the SGM by the Independent Shareholders of the Subscription and the Whitewash Waiver, and the grant of the Whitewash Waiver by the Executive. As such, the Subscription may or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“acting in concert”	having the meaning ascribed to it under the Takeovers Code
“associates”	having the meaning ascribed to it under the Listing Rules
“Bermuda Act”	The companies act 1981 of Bermuda
“Board”	the board of Directors
“Business Day(s)”	a day on which the Stock Exchange is open for the transaction of business
“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 Shares of which are listed on the Main Board of the Stock Exchange (stock code: 686)
“Completion”	the completion of the Subscription pursuant to the terms and conditions of the Subscription Agreement
“Completion Day”	6 January 2020, or any other day agreed by the parties to the Subscription Agreement in writing
“Directors”	the directors of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of such Executive Director
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Increase in Authorised Share Capital”	proposed increase in the authorised share capital of the Company from HK\$2,000,000,000.00 divided into 20,000,000,000 Shares of HK\$0.1 each to HK\$3,000,000,000.00 divided into 30,000,000,000 Shares of HK\$0.1 each by the creation of an additional 10,000,000,000 new Shares

“Independent Board Committee”	an independent committee of the Board to be established which comprises all the non-executive Directors and independent non-executive Directors in compliance with Rule 2.8 of the Takeovers Code, who have no direct or indirect interest in the Subscription Agreement or the Whitewash Waiver
“Independent Financial Adviser”	an independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Subscription and the Whitewash Waiver
“Independent Shareholders”	Shareholder(s) other than: (i) the Subscriber and parties acting in concert with it and its associates; (ii) those who are involved in or interested in the Subscription and the Whitewash Waiver and the transactions contemplated thereunder; and (iii) those who are required to abstain from voting in the SGM to consider and approve the Subscription Agreement, the Whitewash Waiver and the transactions contemplated thereunder under the Listing Rules and the Takeovers Code
“Independent Third Party(ies)”	persons who themselves (and in the case of any corporate entities, their ultimate beneficial owners) are, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, third parties independent of, and not connected with, the Company and its connected persons
“Last Trading Day”	19 November 2019, being the last trading day of the Shares on the Stock Exchange before the release of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the memorandum dated 2 August 2019 entered into between the Company and Beijing Energy Holding Co., Ltd. (北京能源集團有限責任公司), which owns the entire issued shares of the Subscriber, setting out parties’ preliminary understanding for strategic cooperation
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC, and Taiwan

“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	a special general meeting of the Company to be convened and held for the Shareholders or the Independent Shareholders, as appropriate, to consider and, if thought fit, approve, among others, the Subscription and the transactions contemplated thereunder (including the Specific Mandate), the Whitewash Waiver and the Increase of Authorised Share Capital
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Share Option”	the outstanding share option(s), exercisable or not, granted by the Company under the Share Option Schemes
“Share Option Schemes”	the share option schemes adopted by the Company on 19 June 2012
“Subscriber”	Beijing Energy Investment Holding (Hong Kong) Co., Limited (北京能源投資集團(香港)有限公司), a company incorporated in Hong Kong with limited liability
“Specific Mandate”	the specific mandate to be granted by the Independent Shareholders to the Board at the SGM for the allotment and issuance of the Subscription Shares
“Subscription”	the subscription for the Subscription Shares by the Subscriber pursuant to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the conditional agreement dated 19 November 2019 and entered into between the Company and the Subscriber for the Subscription
“Subscription Price”	HK\$0.25 per Subscription Share

“Subscription Shares”	new Shares to be allotted and issued by the Company to the Subscriber pursuant to the Subscription Agreement
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs issued by SFC as amended from time to time
“Whitewash Waiver”	the whitewash waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of any obligation of the Subscriber and any parties acting in concert with it to make a mandatory general offer for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by the Subscriber and any parties acting in concert with it which might otherwise arise as a result of the Subscriber subscribing for the Subscription Shares under the Subscription Agreement
“%”	per cent

* *The English names of the Chinese entities are translation of their Chinese names and are included herein for identification purpose only. In the event of any inconsistency, the Chinese names prevail.*

For the purpose of this announcement, translations of RMB into HK\$ are made for illustration purposes only at the exchange rate of RMB1.00 to HK\$1.1172.

For and on behalf of
Panda Green Energy Group Limited
Lu Zhenwei
Chairman of the Board

Hong Kong, 19 November 2019

As at the date of this announcement, the executive directors of the Company are Mr. Lu Zhenwei (Chairman), Ms. Zhong Hui (Chief Executive Officer), Mr. Chen Qinglong and Mr. Xu Jianjun; the non-executive directors of the Company are Mr. Yu Qiuming, Mr. Li Hao, Ms. Xie Yi and Mr. Wang Heng; 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.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.