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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)

**DISCLOSEABLE TRANSACTION
FINANCE LEASE AGREEMENT**

On 14 August 2020 (after trading hours), the Lessor and the Lessees entered into the Finance Lease Agreement, pursuant to which the Lessor agreed to purchase the Leased Assets 1 from Lessee 1 at a consideration of RMB300,000,000, the Leased Assets 2 from Lessee 2 at a consideration of RMB100,000,000 and the Lease Assets 3 from Lessee 3 at a consideration of RMB100,000,000, following which the Lessor agreed to lease back such Leased Assets 1, Leased Assets 2 and Leased Assets 3 to the Lessees respectively for a term of one year from the date of purchase of such Leased Assets in return for a total lease payment of approximately RMB512,196,429.96.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio as defined under the Listing Rules in relation to the transactions contemplated under the Finance Lease Agreement is less than 25% but more than 5%, the transactions contemplated under the Finance Lease Agreement constitute discloseable transactions for the Company and are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

THE FINANCE LEASE AGREEMENT

On 14 August 2020 (after trading hours), the Lessor and the Lessees entered into the Finance Lease Agreement, pursuant to which the Lessor agreed to purchase the Leased Assets 1 from Lessee 1 at a consideration of RMB300,000,000, the Leased Assets 2 from Lessee 2 at a consideration of RMB100,000,000 and the Lease Assets 3 from Lessee 3 at a consideration of RMB100,000,000, following which the Lessor agreed to lease back such Leased Assets 1, Leased Assets 2 and Leased Assets 3 to the Lessees respectively for a term of one year from the date of purchase of such Leased Assets in return for a total lease payment of approximately RMB512,196,429.96.

The key terms of the Finance Lease Agreement are as follows:

Date:	14 August 2020 (after trading hours)
Parties:	Lessor: CITIC Financial Leasing Co., Ltd* (中信金融租賃有限公司) Lessees: Datong Panda Photovoltaic Power Co., Ltd.* (大同熊貓光伏發電有限公司) , an indirect wholly-owned subsidiary of the Company Hainan Zhouyahui New Energy Co., Ltd.* (海南州亞暉新能源電力有限公司) , an indirect wholly-owned subsidiary of the Company Zhongli Talesun Gonghe Photovoltaic Power Co., Ltd.* (中利騰暉共和光伏發電有限公司) , an indirect wholly-owned subsidiary of the Company
Consideration:	The consideration payable by the Lessor to Lessee 1 for purchase of the Leased Assets 1 is RMB300,000,000. The consideration payable by the Lessor to Lessee 2 for purchase of the Leased Assets 2 is RMB100,000,000. The consideration payable by the Lessor to Lessee 3 for purchase of the Leased Assets 3 is RMB100,000,000. The Lessor shall pay the consideration by ways of cash and one year bank's acceptance bill.

Lease period:	One year commencing on the date when the Lessor has made payment of the consideration for the Leased Assets.
Lease payment:	Pursuant to the Finance Lease Agreement, during the lease period, the Lessor is entitled to receive a lease payment from the Lessees, to be paid in quarterly instalment throughout the lease period. The lease payment consists of: - the principal lease amount, which is RMB500,000,000, being the same amount as the consideration; and - a floating interest rate, which is set at 3.85% as the loan prime rate (LPR) for loan over one-year announced by the People's Bank of China or its designated publisher. Based on the interest rate of the People's Bank of China on 1 August 2020, the total interest to be received by the Lessor during the lease period is estimated at approximately RMB12,196,429.96, assuming the interest rate of the People's Bank of China remains unchanged during the lease period.
Ownership of the Leased Assets:	The legal title of the Leased Assets shall vest in the Lessor throughout the lease period.
Buyback:	The relevant Lessees have the right to purchase the Leased Assets 1, the Leased Assets 2 and the Leased Assets 3 at an agreed nominal consideration of RMB1 respectively, which shall be paid together with the final instalment of the lease payment to the Lessor.
Securities and guarantees:	Obligations under the Finance Lease Agreement are jointly secured and guaranteed by the Company and United Photovoltaics (Changzhou) Investment Group Co., Ltd.* (聯合光伏(常州)投資集團有限公司) (a wholly-owned subsidiary of the Company).

The terms of the Finance Lease Agreement, including the purchase price for the Leased Assets, principal lease amount and interest rate, were determined after arm's length negotiations between the Lessor and the Lessees with reference to the prevailing market rates for the similar finance leasing arrangements.

REASONS AND BENEFITS FOR ENTERING INTO 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 solar power plants and other renewable power plants. The Finance Lease Agreement and the transactions contemplated thereunder provide the Company with more financial resources for development of projects and working capital of the Lessees. The Finance Lease Agreement also allows the Group to make more efficient utilisation of internal resources.

Having considered the above, the Directors are of the view that the transactions contemplated under the Finance Lease Agreement are entered into on normal commercial terms, and the terms set out in the Finance Lease Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION ON THE ASSETS

The Leased Assets under the Finance Lease Agreement include Leased Asset 1, Leased Asset 2 and Leased Asset 3. As at 31 December 2019, the book value of the Leased Asset 1, Leased Asset 2 and Leased Asset 3 was approximately RMB246 million, RMB431 million and RMB491 million, respectively.

	Year ended 31 December 2018 (Audited) (RMB' million)	Year ended 31 December 2019 (Unaudited) (RMB' million)
Leased Asset 1		
The profit before tax and net profit attributable to Leased Asset 1	20	21
The profit after tax and net profit attributable to Leased Asset 1	19	21
Leased Asset 2		
The profit before tax and net profit attributable to Leased Asset 2	21	19
The profit after tax and net profit attributable to Leased Asset 2	19	18

Year ended	Year ended
31 December	31 December
2018	2019
(Audited)	(Unaudited)
<i>(RMB' million)</i>	<i>(RMB' million)</i>

Leased Asset 3

The profit before tax and net profit attributable to Leased Asset 3	10	3
The profit after tax and net profit attributable to Leased Asset 3	10	3

In accordance with the requirements of Hong Kong Financial Reporting Standards, the transactions contemplated under the Finance Lease Agreement as a whole shall be accounted for as a secured borrowing and therefore would not give rise to any gain or loss.

INFORMATION OF THE PARTIES

The Lessor

The Lessor is a company established in the PRC with limited liability and is principally engaged in the provision of financial leasing business in the PRC. The Lessor is wholly-owned by China CITIC Bank Corporation Limited* (中信銀行股份有限公司) as at the date of this announcement.

To the best of the Directors' knowledge, information and belief having made all reasonable inquiry, the Lessor and its ultimate beneficial owner are Independent Third Parties.

The Lessees and the Group

Lessee 1 is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company and is principally engaged in operation and management of solar power plant.

Lessee 2 is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company and is principally engaged in operation and management of solar power plant.

Lessee 3 is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company and is principally engaged in operation and management of solar power plant.

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

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio as defined under the Listing Rules in relation to the transactions contemplated under the Finance Lease Agreement is less than 25% but more than 5%, the transactions contemplated under the Finance Lease Agreement constitute discloseable transactions for the Company and are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall have the meanings listed out below unless the context specifies otherwise:

“Board”	the board of Directors
“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 the Stock Exchange (stock code: 686)
“Director(s)”	the director(s) of the Company
“Finance Lease Agreement”	the Finance Lease Agreement entered into on 14 August 2020 between the Lessor and the Lessees in relation to the finance leasing arrangement over the certain leased assets
“Group”	the Company together with its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	persons(s) or company(ies) which is/are independent of any member of the Group, the Directors, the chief executives, the controlling shareholders, the substantial shareholders of the Company or its subsidiaries, and their respective associates (as defined under the Listing Rules)

“Leased Assets 1”	whole set of power station equipment for the 50MW photovoltaic power generation project in Datong of Lessee 1
“Leased Assets 2”	whole set of power station equipment for a 30 MW grid-connected photovoltaic power generation project of Lessee 2
“Leased Assets 3”	whole set of power station equipment for 20 MW grid-connected photovoltaic power generation project of Lessor 3
“Leased Assets”	Leased Assets 1, Leased Assets 2 and Leased Assets 3
“Lessor”	CITIC Financial Leasing Co., Ltd* (中信金融租賃有限公司) a company established in the PRC with limited liability
“Lessee 1”	Datong Panda Photovoltaic Power Co., Ltd.* (大同熊貓光伏發電有限公司) , a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Lessee 2”	Hainan Zhouyahui New Energy Co., Ltd.* (海南州亞暉新能源電力有限公司) , a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Lessee 3”	Zhongli Talesun Gonghe Photovoltaic Power Co., Ltd.* (中利騰暉共和光伏發電有限公司) , a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Lessees”	Lessee 1, Lessee 2 and Lessee 3
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, 14 August 2020

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

* *For identification purpose only*